FORM 10-12G

Initial general form for registration of a class of securities pursuant to Section 12(g)

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TOPAZ GROUP INC

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As filed with the Securities and Exchange Commission on August 3, 2001

Registration No.

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10

GENERAL FORM FOR REGISTRATION OF SECURITIES
PURSUANT TO SECTION 12(b) OR 12(g)
OF THE SECURITIES EXCHANGE ACT OF 1934

THE TOPAZ GROUP, INC.
(Name of Issuer in its charter)

Nevada	91-1762285
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

126/1 Krungthonburi Road
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Bangkok 10600 Thailand
(Address of principal executive offices and zip code)

(Issuer's telephone number, including area code)

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Securities to be registered under Section 12(b) of the Act:

Title of each class to be so registered	Name of each exchange on which each class is to be registered
None	None

Securities to be registered under Section 12(g) of the Act:

Common Stock, par value $ 0.001 per share

(Title of Class)

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EXPLANATORY NOTE

The Topaz Group, Inc. is filing this registration statement on Form 10 in order to become a reporting company under the Securities Exchange Act of 1934. Topaz is currently traded on the Pink Sheets quotation service under the symbol TPAZ. Under current NASD rules, we must become a reporting company under the Exchange Act in order to have our stock traded on the OTC Bulletin Board.

SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

This registration statement on Form 10 contains forward-looking statements that involve risks and uncertainties that address:

- Business and growth strategies;
- Financial condition and results of operations;
- Forecasts; and
- Trends, including growth, in the gem and jewelry markets.

Forward-looking statements generally can be identified by the use of forward-looking terminology such as "believes," "expects," "may," "will," "intends," "plans," "should," "seeks," "pro forma," "anticipates," "estimates," "continues," or other variations thereof (including their use in the negative), or by discussions of strategies, opportunities, plans or intentions. Such statements include but are not limited to statements under the captions "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business," as well as captions elsewhere in this document. A number of factors could cause results to differ materially from those anticipated by such forward-looking statements, including those discussed under "Risk Factors" and "Business."

In addition, such forward-looking statements necessarily depend upon assumptions and estimates that may prove to be incorrect. Although we believe that the assumptions and estimates reflected in such forward-looking statements are reasonable, we cannot guarantee that our plans, intentions or expectations will be achieved. The information contained in this registration statement, including the section discussing risk factors, identifies important factors that could cause such differences.

ITEM 1 DESCRIPTION OF BUSINESS

The Topaz Group, Inc. and its subsidiaries (collectively referred thereto as The Topaz Group) is a vertically integrated manufacturing company engaged in manufacturing and selling fine jewelry products and a broad array of gemstones, including topaz, rubies, sapphires, emeralds, amethysts and a large variety of other semi-precious stones. Our jewelry products are sold throughout the world, with the United States representing our primary market. Our products are sold by department stores such as Sears, J.C. Penny, TJ Maxx and Marshalls, discount chains such as K-Mart, Wal-Mart, television marketers such as QVC and Home Shopping Network, large wholesalers such as Helen Andrews and Colibri, and e-tailers. Our strengths in sourcing, cutting and polishing gemstones and our ability to design, craft and produce jewelry strategically position us to be a significant source of virtually any gem and jewelry product. However, our production capacity is largely focused on producing topaz stones due to our ability to control the entire manufacturing process from the acquisition of raw gemstones through the final phases of production. This process includes:

- the sourcing of the highest quality materials directly from mines in various locations, including, primarily, Brazil, Africa and Sri Lanka;
- specialty gem cutting and polishing for mass production; and
- the treatment of the cut gemstones through an irradiation process through our exclusive licensing agreement with the University of Missouri for the use of its nuclear reactor.

BACKGROUND

Our History

The Topaz Group, Inc. is a Nevada corporation listed on the Pink Sheets Service under the trading symbol TPAZ. We were originally incorporated in Utah as H&H Energy Corporation. After several name changes, we changed domicile by merging into Technivision, Inc., a Nevada corporation, in June 1996. In November 1996, Technivision changed its name to Chancellor Corporation. In November 1998, Chancellor changed its name to The Topaz Group, Inc.

In April 1999, we entered into two separate exchange agreements with Best Worth Agents, Ltd., a British Virgin Islands corporation, to acquire all of the issued and outstanding preferred shares of Creative Gems and Jewelry Co., Ltd. and Advance Gems and Jewelry Co., Ltd., both Thai corporations. According to the terms of the exchange agreements, we acquired 99.7% of the voting and dividend participation rights in each Thai company from Best Worth in consideration for which Topaz issued 25,459,000 shares of series A convertible voting and participating preferred stock to Best Worth.

Our principal business is the manufacture and sale of fine jewelry and gemstones carried out through the operations of our subsidiaries, Creative Gems and Jewelry Company, Advance Gems and Jewelry Manufacturing Company and Advance Gems and Jewelry Company.

MARKET OVERVIEW

Our primary market, the United States jewelry market, is a diverse retail environment. Retail outlets served include independent jewelry stores, chain store operations, discount giants, television marketers, department stores, and e-tailers. We are a supplier to a large segment of each of these markets and sells its products at many levels of distribution. Our gemstone division is the main source of materials to our jewelry-manufacturing subsidiary which, in turn, sells finished jewelry products to wholesalers, importers and retailers.

NARRATIVE DESCRIPTION OF BUSINESS

We source a wide variety of raw gemstones, cuts and polishes them and then professionally enhances the quality and color of the stones with different treatments depending on the stone type. These treatments range from heating the stones to treating them under high pressure and irradiation. After treatment, the stones move to our jewelry-manufacturing subsidiary where our highly skilled craftsmen and craftswomen design, mould, cast, file, polish and assemble fine jewelry products. We provide a broad range of fashionable jewelry targeted at a wide customer base, and direct our marketing efforts at retail customers who are likely to purchase jewelry at frequent intervals as fashions and styles change. The most significant volume of our business is based upon the sale of topaz gemstones and jewelry. However, we also produce jewelry incorporating other gemstones, and we have entered into a joint venture agreement with Muthama Gemstones (Kenya) Limited, or MGK, for the sole supply of ruby material from the John Saul Mine, which we believe has one of the largest ruby deposits in the world.

Advance Manufacturing purchases all of the raw gemstones used by us including white topaz from mines in Africa, Sri Lanka and Brazil, and imports the raw gemstones into Thailand where they are cut and polished at our factories in Bangkok, MaeSai, Lop Buri, and Payao. After the stones have been cut and polished, Advance Manufacturing sells some of the stones to local customers and exports the bulk of the stones to The Topaz Group, Inc. in the United States, where the stones are irradiated and treated for color enhancement.

The stones are irradiated in a nuclear research reactor, a particle accelerator, or both, depending upon the color desired. Irradiation of the topaz in a particle accelerator is a necessary step in the enhancement of blue topaz stones. We have our topaz stones irradiated by Iotron Technologies Inc., which processes our stones in an accelerator that it operates in Canada. In order to produce stones with darker coloring, the clear topaz must first be processed through a nuclear research reactor.

We have also entered into an exclusive agreement with the Missouri University Research Reactor (MURR) to irradiate our white stones in their nuclear research reactor. Currently, there are very few reactor facilities in the world capable of enhancing topaz stones to dark hues, and MURR's facility has been set up to color topaz stones in massive quantities. As a result, we believe that our exclusive agreement with MURR is valuable for us in our efforts to continue to succeed in the topaz market, both today and in the future.

After the colorization process is complete and the required half-life has elapsed, the stones are shipped to Creative who sells the finished topaz stones into the industry or incorporates them into our jewelry.

We intend to capitalize on the expected expansion of the jewelry industry by promoting our lines of jewelry and cut stone through electronic distribution channels, further developing existing customer relationships by providing special services, and taking aggressive steps to expand into new mass distribution channels throughout the world.

PRODUCTS

We manufacture a comprehensive selection of quality jewelry and gemstone products including rings, pendants, earrings, bracelets, necklaces, pins, and men's jewelry. Currently, we categorize our products into amounts of gemstone sales as opposed to jewelry sales, Topaz products as opposed to other products and low-end products as opposed to high-end products:

Gemstone sales	42%	Jewelry Sales	58%
Topaz products	60%	Other products	40%
Low-end products	80%	High-end products	20%

MANUFACTURING PROCESS

Our principal manufacturing and assembly operations are performed by our subsidiaries, Advance and Creative, at their factories in Bangkok, Mae Sai, Lop Buri, and Payao, Thailand. We believe that Advance and Creative have the largest facilities in Thailand coupling jewelry manufacturing and stone cutting, employing 2,000 2

production workers, plus 800 "at will" full time contract employees under Her Majesty the Queen's and the Thai government's Royal Sponsored Women's program. We have access to an additional 1,700 independent contractors on an "as needed" basis who have been trained to meet our manufacturing specifications and perform the work from their homes. The employees perform a range of tasks from processing raw materials to the cutting and polishing of stones to jewelry design. The manufacturing of jewelry is performed by skilled workers under the supervision of technicians according to set specifications. We implement quality control measures at each level of production which include inspecting the raw materials prior to cutting and polishing the gemstones and producing our jewelry as well as inspecting the finished product.

CUTTING AND POLISHING STONES

Currently large amounts of gemstones are cut and polished in Thailand, and we are one of the largest gemstone producers in Thailand, producing in excess of 2,000,000 carats of loose stones each month.

We utilize a semi-mechanized process that we created which allows multiple stonecutters to produce an unlimited number of identical stones without incurring the prohibitive costs of a fully mechanized process. This process enables us to take advantage of low labor costs while producing quality identical pieces of jewelry on a large scale.

In addition, we have established an "art of producing gemstones" program to train local villagers in the art of cutting and polishing stones in conjunction with the Thai Department of Industrial Promotion and Her Majesty the Queen's Royal Sponsored Women's Program. This program is currently in place in more than 500 rural villages in 28 provinces of Thailand. To date, approximately 1,500 individuals have been trained under this program and 800 are "at will" employees. Through this program we gain additional capacity on a variable basis while contributing to and supporting rural communities throughout Thailand.

THE COLORING PROCESS

The coloring of topaz stones requires that the clear topaz stones be irradiated to differing degrees in order to achieve specific hues. We have relationships with two entities with the facilities to irradiate the topaz stones. We have the stones irradiated at a particle accelerator operated by Iotron Inc. and/or at Missouri University Research Reactor, or MURR, depending upon the color desired for the stones. After the stones are radiated and "cooled", we ship them to Creative to complete the cutting and polishing. Iotron processes approximately 60% of the stones while the remainder is processed by MURR, this being due to the present color fashion.

MURR is a nuclear research reactor licensed by the Nuclear Regulatory Commission, and it is the largest capacity reactor dedicated to the colorization of topaz stones. MURR uses a two-step process to color the stones. The first step is the irradiation of the stones in the research reactor. The second step is the storage of the stones during the process of radioactive decay during which the stones take on the desired color. Through our licensing agreement with the University, we control the entire process of colorization at MURR including the cool down holding facility.

QUALITY CONTROL

As part of our commitment to maintaining high standards of quality, we

employ specially trained quality control teams to check every step of production using state-of-the-art electronic testing and repair equipment. Upon completion of the manufacturing process, each individual piece is inspected for defects in workmanship and materials and only after an item has passed a final inspection is it shipped to our customer. In March 2001 the company received version 2000 ISO 9001 certification for gem and jewelry production and design process.

MANUFACTURING PLANTS

We operate four factories located in Bangkok, Mae Sai, Lop Buri, and Payao with production areas of 90,800 square feet, 11,000 square feet, 8,600 square feet and 5,250 square feet, respectively. Each factory is dedicated

to the cutting and polishing of stones, with our factory in Bangkok also serving as our primary jewelry production facility.

RAW MATERIALS AND SOURCES OF SUPPLY

We purchase gemstones and other raw materials from over 200 vendors. Our two largest vendors are Gold Corporation (Thailand) Ltd. and Little Rock Co., Ltd., that supply approximately 13% and 10%, respectively, of our total raw material purchases; but there are diversified sources and multiple vendors of raw materials available. On September 6, 1999 the company signed a joint venture agreement with MGK for the supply of rough ruby stones from a ruby mine in Kenya East Africa. The joint agreement stipulates that MGK is required to supply, upon request, four (4) parcels per annum with a capacity of $250,000 per quarter. Current volume under this agreement is at capacity. Management believes if the company is unable to purchase raw materials from any source, adequate alternative sources of raw materials are available so that our operations or production capacity will not be materially affected.

CUSTOMERS

We have a broad customer base including over 350 individual purchasers. Our four largest customers are, Goldmine Enterprises, Helen Andrews, (the wholesale distributor to K-Mart, QVC and TJ Maxx), Wal-Mart and Sears, which accounted for approximately 33% of all net sales in the year ended December 31, 2000, with Goldmine Enterprises accounting for approximately 13%. No other single customer accounted for 10% or more of net sales. Although the loss of one or more large customers could have a material adverse effect on our operating results, we maintain good relationships with our customers and do not currently anticipate the loss of any major customer.

BACKLOG

Backlog orders as of December 31, 2000 were $2,200,000 compared to $1,900,000 as of December 31, 1999. In the past, we allowed dealers to submit blank orders to guarantee shipment times. Now all orders are expected to be filled and shipped as ordered and considered firm. We do, however, allow modifications or cancellations of orders up to the time the product is loaded for shipment, although a cancellation at such a late stage is subject to a monetary penalty and is rare.

SALES AND MARKETING

Sales and marketing efforts are modest because the demand for our products exceeds our ability to meet working capital requirements for inventory purchases and growth. Our sales and marketing efforts focus on customer service and generating of repeat business. Sales and marketing towards our US based customers is carried out both from our Bellevue, Washington office and our Bangkok office, while our sales staff in Bangkok handles sales efforts directed at our non-US customers. In addition to direct sales and customer support, we are an active participant in the major jewelry trade shows held each year in Orlando and Las Vegas, USA, Hong Kong and Bangkok, Thailand.

COMPETITION

The jewelry manufacturing industry is highly competitive worldwide. Our competitors include domestic and foreign jewelry manufacturers, wholesalers and importers who operate on an international, national, regional or local scale. However, the number of jewelry manufacturers that combine stone and jewelry production is small, though still unquantifiable. We believe we are one of the largest manufacturers of topaz jewelry in the world and that our coloring process gives us a competitive advantage in the market place by enabling us to produce quality products at competitive prices. We believe that competition in the jewelry manufacturing business is based primarily on price, quality, design and customer service. The range of retail prices available for various product lines makes our products affordable to a wide range of customers. Additionally, as a vertically integrated operation, we believe we are able to deliver quality products faster and at a lower cost than

competitors using outside resources. There can be no assurance that our competitors, many of which may have greater financial, personnel, technical, and other resources, will not have a material adverse effect on future financial results of our operations.

INTELLECTUAL PROPERTY

We currently hold no patents, licenses or franchises. We own the Savanna trademark in the European Common Union. We have been granted the "CJ" trademark in the European Common Union, which is used in the jewelry and is stamped next to the karat to identify the source, Creative Jewelry. We do not consider our intellectual property rights to be material to our business.

ENVIRONMENTAL MATTERS

We are subject to Thai national, provincial and local environmental protection regulations. Thai environmental laws currently impose a graduated schedule of fees and possible plant closures for the improper discharge or cure of certain behavior causing environmental damage. Based upon our experience and information currently available to us, we believe that our environmental protection facilities and systems are in compliance with existing national and local environmental protection regulations in all material respects. However, there can be no assurance that Thai national or local authorities will not impose additional regulations, which would require additional expenditures on environmental matters in the future or have a material adverse effect on our financial condition, results of operations or liquidity.

We are also subject to environmental regulations in the United States. The United States Nuclear Regulatory Commission has established and oversees regulations governing the operation of a nuclear reactor and the storage of radioactive material. These regulations govern our topaz colorization process at MURR. If MURR is found to be in violation of the NRC's regulations either in the operation of the reactor, or in its storage of radioactive materials, and those violations result in MURR having to cease operations, such a finding could have a material adverse effect on our sales and operations.

STRATEGY

Our strategy is to strengthen our position as one of the leading sources of colored stones and jewelry containing colored stones in the world. This strategy includes, furthering our position as a leading producer of topaz jewelry and topaz stones in all market segments. Implementation of our strategy includes focus in four primary areas: increasing production and production efficiencies, broadening distribution channels, expanding ruby sales and the growth of the U.S. sales and marketing teams.

INCREASE PRODUCTION. We intend to obtain financing to increase production of our products by building additional production facilities or purchasing additional jewelry manufacturers.

BROADEN DISTRIBUTION CHANNELS. We seek to expand our distribution channels by entering into strategic alliances or acquisitions to be able to obtain access to more "mom and pop" shops.

EXPAND RUBY SALES. We intend to obtain financing so that we can exercise our rights under our joint venture agreement with the John Saul Mine in Kenya, one of the largest ruby mines in the world, so that we can exercise our right of first refusal to purchase all ruby stones produced by the mine. We believe that this will allow us to source a significant percentage of the world's supply of ruby stones.

EXPAND U.S. SALES AND MARKETING TEAM. We intend to expand our U.S. sales and marketing team so that we can increase sales made to existing U.S. customers which have domestic budgets. Many of our customers have both international and domestic budgets and most of our sales are made within their international budgets. We believe that an expanded U.S. Sales and Marketing Team will allow us to increase sales by allowing our U.S. customers to purchase products within their domestic budgets.

EMPLOYEES

As of June 1, 2001, the Topaz Group had approximately 2,000 employees plus 800 employees under the Queen's and the Thai government's Royal Sponsored Program. Our employees include designers, technicians, management, administrative personnel, marketing, sales, and factory personnel. All of our employees are "at will" employees.

Our employees are not currently members of a trade union. We have not experienced any strikes or other labor disputes that have interfered with its operations and we believe that our relations with our employees are good.

LEGAL PROCEEDINGS

Neither Topaz Group nor any of its subsidiaries is a party to, nor is any of their respective properties the subject of, any material pending legal or arbitration proceeding.

RISK FACTORS

RISKS RELATED TO OUR BUSINESS

WE MAY EXPERIENCE FLUCTUATIONS IN OUR QUARTERLY RESULTS.

Our operating results have varied significantly from quarter to quarter in the past and may continue to vary significantly from quarter to quarter in the future due to a variety of factors. Many of these factors are out of our control. These factors include:

- Fluctuations in the jewelry and gemstone market;
- Seasonality of the jewelry industry;
- Unexpected delays in importing gemstones or the manufacturing process;
- New competitors;
- A decline in economic conditions which effects people's discretionary spending; and
- Increases in expenses, whether related to sales and marketing, maintenance or repair costs, or administration.

We will continue to determine our investment and expense levels based on our expected future revenues, which may not grow at historical rates in future periods, if at all. A significant portion of our expenses is not variable in the short term and cannot be quickly reduced to respond to decreases in revenues. Therefore, if our revenues are below expectations, our operating results and net income are likely to be adversely affected. In addition, we may reduce our prices or accelerate our development activities in response to competitive pressures or to pursue new market opportunities. Any one of these activities may further limit our ability to adjust spending in response to revenue fluctuations.

IF DEMAND FOR TOPAZ JEWELRY AND GEMSTONES DECLINES, WE COULD EXPERIENCE A MATERIAL DECLINE IN RESULTS OF OPERATIONS.

Sales generated by topaz stones and topaz based jewelry will continue to account for a major portion of our revenues. Accordingly, our business and results of operations are dependent on the demand for this single product and any decrease in the demand for such product, whether as a result of competition, changes in fashion, economic conditions in Thailand, the United States of America and around the world or other factors, or restrictions on our ability to market this product for any reason, would have a material adverse effect on the our business, financial condition and results of operations.

WE DEPEND ON A LIMITED NUMBER OF SUPPLIERS.

We depend on a limited number of suppliers for the raw materials used in the production of our topaz jewelry, specifically precious metals and topaz stones. We have no guaranteed supply arrangements with any supplier, other than MGK. Any interruption in the supply of key materials and components for our products, which cannot be quickly remedied, could have a material adverse effect on our business, financial condition or results of operations.

IF WE ARE UNABLE TO CONTINUE OUR RELATIONSHIP WITH MURR, WE WILL NOT BE ABLE TO PRODUCE CERTAIN COLORS OF TOPAZ STONES.

We depend on the Missouri University Research Reactor to irradiate clear topaz stones in its nuclear research reactor to produce deeply colored topaz stones, sales of which account for approximately 40% of revenues. Although we have entered into an exclusive agreement with MURR to continue using its research reactor for the purpose of irradiating topaz stones, there can be no assurance that we will not be forced to cease using MURR for reasons beyond our control. If we are unable to continue irradiating stones at MURR, it may not be possible to find another entity willing or able to provide the same service. A decision by the MURR to discontinue its irradiation program would prevent us from fulfilling our orders and would have an immediate material adverse effect on our operating results, even though we might have recourse against MURR in a court of law for such an action. Further, if MURR were forced to cease operations for an extended period of time for any reason, our

results of operations could be adversely affected.

CLAIMS BY INJURED EMPLOYEES COULD SUBSTANTIALLY INCREASE OUR EXPENSES BECAUSE WE DO NOT CARRY WORKERS COMPENSATION INSURANCE.

Our business exposes us to potential liability risks that are inherent in the manufacturing process. Although we maintain product liability coverage, we do not maintain workers compensation insurance with respect to our factories, which is consistent with industry practice in Thailand. Historically, we have not experienced any workers compensation claims. However, there can be no assurance that personal injury claims would not have a direct material impact on our expenses.

WE DEPEND ON THE SERVICES OF OUR CHAIRMAN, JEREMY F. WATSON, OUR PRESIDENT, DR. APHICHART FUFUANGVANICH, AND OUR EXECUTIVE OFFICERS.

In 1999, we appointed Jeremy F. Watson as chairman of our board of directors and we have retained or recruited a number of other senior executives and other key employees. We are dependent on these personnel, who have been instrumental in designing and implementing our recent initiatives and are involved in the strategies for our future growth and profitability. The loss of services of Mr. Watson, Dr. Aphichart or our executive officers could have a material adverse effect on all aspects of our operations and have a significant negative impact on our financial condition. There can be no assurance that we will be able to attract and retain additional qualified personnel as needed in the future. We do not maintain key-man life insurance on our senior executives or other key employees.

RISKS RELATING TO OUR OPERATIONS IN THAILAND

ENFORCEMENT OF CIVIL LIABILITIES.

The vast majority of our assets are located in Thailand. There is doubt that the courts of Thailand would enforce, either in an original action or in an action for enforcement of judgments of United States courts, liabilities, which are predicated upon the securities laws of the United States.

OUR OPERATIONS ARE DEPENDENT UPON THE STABILITY OF THE THAI POLITICAL STRUCTURE AND THE CONTINUED STRENGTH OF THE THAI ECONOMY.

Our results of operations and financial condition may be influenced by the political situation in Thailand and by the general state of the Thai economy. The political situation in Thailand has been unstable from time to time in recent years and future political and economic instability in Thailand could have an adverse effect on our business and results of operations. Any potential investor in our securities should pay particular attention to the fact that we are governed in Thailand by a political, economic, legal and regulatory environment that may differ significantly from that which prevails in other countries.

Thailand is a constitutional monarchy. Under the constitution, the King is Head of State, Commander of the Armed Forces and Patron of all Religions. Executive power is vested in the cabinet while the elected bicameral

National Assembly exercises legislative power. Thailand has experienced several changes of government and changes in its political system since World War II. A new constitution became effective on October 11, 1997. There can be no assurance that Thailand's current government or political system will continue unchanged for the foreseeable future. Additionally, there can be no assurance that any future change in the government will be the result of democratic processes.

THE THAI ECONOMY HAS A RECENT HISTORY OF INSTABILITY.

Although Thailand's economy has been characterized in the past decade by high growth rates, in 1996 and particularly in 1997, economic growth slowed significantly in relation to historical levels. In late 1996 and throughout 1997, Thailand experienced significant economic weakness, resulting primarily from declines in the property and finance industries, a sharp reduction in financial liquidity and a general deterioration in investor confidence. In addition, the country has had recurring trade balance and current account deficits. The government of Thailand also agreed on August 5, 1997, to accept the austerity measures of the International Monetary Fund aimed at rehabilitating and restructuring the economy as a condition to receipt of IMF-led loans and financial assistance in the billions of dollars. International credit rating agencies, including Moody's Investors Service, Inc. and Standard & Poor's Corporation, had downgraded Thai sovereign as well as various Thai corporate and financial institutions' debt ratings. Between January 3, 1996 and December 31, 1997, the Stock Exchange of Thailand Index fell from 1,323.43 to 372.69. On December 8, 1997, the government terminated the operations of 56 of the 91 finance companies in Thailand.

There can be no assurance that our operations will not adversely be affected by:

- the economy in Thailand and in Southeast Asia generally;
- the interest rates and inflation in Thailand and other Southeast Asian countries;
- the lack of liquidity and stability in the Thai and other Southeast Asian finance industries; or
- other factors including measures taken by the government of Thailand in response to economic conditions.

Instability in the Thai economy could affect our ability to finance our working capital needs, collect on receivables for goods shipped or build market share internationally or in Thailand. Further, there can be no assurance that the economies of Thailand and Southeast Asia will not materially worsen.

THE THAI GOVERNMENT CONTROLS THE CURRENCY CONVERSION RATES AND SETS LIMITS ON THE AMOUNT OF CASH THAT A THAI ENTITY MAY MAINTAIN IN U.S. DOLLARS.

On January 6, 1998, the Thai Cabinet approved the issuance of a Ministry of Finance regulation to limit the U.S.$ holding period for exporters in an effort to curtail currency speculation and increase the U.S.$ supply in the local economy. Previously, exporters were required to be paid within 180 days and to sell or deposit the proceeds in a foreign currency account with an authorized bank in Thailand within 15 days of receiving such proceeds. However, according to the January 1998 Regulation, exporters must now be paid within 120 days, after which they have seven days in which to sell or deposit the proceeds in a foreign currency account in Thailand. This requirement applies to all export proceeds earned by a Thai company outside Thailand.

A Thai entity may open a foreign currency account under the following conditions:

- the account must be with an authorized bank in Thailand and the funds must originate from abroad;
- remittance abroad of funds deposited in such an account for payment of ordinary business transactions would require submission of supporting evidence and approval of the Bank of Thailand; and

- the total amount of daily outstanding balances in such an account must not exceed U.S.$5 million, otherwise, such excess amount would be required to be converted to Baht.

An exemption to these regulations allows a depositor to keep deposits in U.S.$ up to an amount not to exceed the depositor's obligations to foreign creditors and the international banking facilities of Thailand commercial banks payable within the next three months. Funds deposited in a foreign currency account may be withdrawn for, inter alia, payment of interest and principal due on offshore debt repayments. Proof that the payment of interest is required must be submitted with the bank in which the currency is deposited each and every time an application to withdraw and repatriate foreign currency is made. As a general matter, the outward remittance from Thailand of dividends, interest or capital gains from the transfer of securities after payment of any applicable Thai taxes, if any, may be made if the amount does not exceed U.S.$5,000 per remittance, beyond which amount, a report must be made to the Bank of Thailand.

Parties may apply for an exemption or relaxation from the "strict observance" of the above requirements. We were able to obtain waivers from the Bank of Thailand which would allow us to keep certain U.S.$ amounts of export earnings offshore in certain accounts for an amount not to exceed U.S.$130 million each year through the redemption of certain notes and debentures. Additionally, we were also granted an approval from the Bank of Thailand which would allow us to keep U.S.$ amounts in excess of U.S.$5 million in accounts in Thailand for an amount not to exceed our obligations in foreign currencies payable within three months from the date of deposit.

Any excess amount of foreign currencies must be converted into Baht. Such conversion would require us to bear exchange rate risks as many of our obligations are U.S.$ denominated. If we are unable to maintain these waivers and are required to convert such revenue into Baht, any devaluation of the Baht against the U.S.$ could have an adverse effect on our results of operations and could materially impair our ability to repay our U.S.$ obligations.

BECAUSE WE HAVE SIGNIFICANT BAHT DENOMINATED ASSETS AND LIABILITIES, WE ARE SUBJECT TO FLUCTUATIONS IN CURRENCY EXCHANGE RATES.

Prior to July 1997, the Bank of Thailand determined the value of the Baht based on a "basket," the composition of which was not made public but of which the U.S.$ was the principal component. Prior to July 1997, the Baht had a history of stability, trading in a narrow range of 24.47 Baht to 25.97 Baht to the U.S.$1.00, as a result of frequent intervention by the Bank of Thailand through purchases and sales of U.S.$. However, on July 2, 1997, under substantial market pressure, the Government floated the Baht and effectively ceased such intervention, and the value of the Baht, as reflected in the Noon Buying Rate, declined from 24.52 Baht per U.S.$1.00 on July 1, 1997 to 56.10 Baht per U.S.$1.00 on January 12, 1998 and stood at 39.15 Baht to U.S.$1.00 on May 15, 1998. There can be no assurance that the value of the Baht will not decline further, increase or continue to fluctuate widely against other currencies in the future. Adverse economic conditions in Thailand and the region incidental to the devaluation of the Baht may also reduce some of our customers' ability to pay, and there can be no assurance that such reduced demand will not have an adverse effect on us.

Our functional currency is the U.S. Dollar, however, we have significant Baht denominated assets and liabilities. Therefore, fluctuations in the value of the Baht relative to the U.S.$ may cause us to recognize material foreign exchange gains or losses which could adversely affect our results of operations and financial condition. Although we had not done this in the past, in the future, we may decide to hedge our currency positions to attempt to avert any adverse consequences of exchange rate fluctuations. There can be no assurance that we will be able to successfully hedge our exchange rate exposure or that we will be able to hedge such exposure at a satisfactory cost.

WE ARE SUBJECT TO THE THAI LEGAL SYSTEM IN WHICH CASE OUTCOMES AND THE APPLICATION OF LAW ARE UNPREDICTABLE.

The Thai legal system is based on written statutes and is a system, unlike common law systems, in which decided legal cases have little precedential value. The Thai system is similar to civil law systems in this regard. The basic laws, such as the Civil and Commercial Code, the Civil Procedures Code, and the Criminal Procedures Code are derived from similar codified laws in continental Europe.

RISKS ASSOCIATED WITH THE JEWELRY BUSINESS

IF GENERAL ECONOMIC CONDITIONS WORSEN, PURCHASES OF JEWELRY AND GEMSTONES ARE LIKELY TO DECLINE.

Jewelry purchases are discretionary for consumers and may be particularly affected by adverse trends in the general economy. The success of our operations depends to a significant extent upon a number of factors relating to discretionary consumer spending in markets where we operate. Some of the factors that impact consumer spending include economic conditions in the regions we serve, employment, wages and salaries, business conditions, interest rates, availability of credit and taxation. There can be no assurance that consumer spending will not be adversely affected by general economic conditions and negatively impact our results of operations or financial conditions.

Any significant deterioration in general economic conditions or increases in interest rates may inhibit consumers' use of credit and cause a material adverse affect on our net sales and profitability. Furthermore, any downturn in general or local economic conditions in the markets in which we operate could materially adversely affect our collection of outstanding customer accounts receivables.

THE JEWELRY BUSINESS IS HIGHLY SEASONAL.

We greatly depend on the success of our "Christmas Selling Season" for our success. The success of our Christmas season depends on many factors beyond our control, including general economic conditions and industry competition. Sales during the Christmas selling season typically account for approximately 40% of net sales and 45% of annual earnings. During our 2000 Christmas selling season net sales were $14,227,438.

WE ARE SUSCEPTIBLE TO FLUCTUATIONS IN THE PRICE OF GEMS AND PRECIOUS METALS.

We are subject to other supply risks, including fluctuations in the prices of precious gems and metals. Presently, we do not engage in any activities to hedge against possible fluctuations in the prices of precious gems and metals. If fluctuations in these prices are unusually large or rapid and result in prolonged higher or lower prices, we cannot assure that the necessary retail price adjustments can be made quickly enough to prevent us from being

adversely affected.

RISKS RELATED TO OWNERSHIP OF OUR SECURITIES

THE MARKET PRICE FOR OUR COMMON STOCK HAS BEEN HISTORICALLY VOLATILE AND IT MAY BE DIFFICULT TO PREDICT THE FUTURE PRICE OF OUR COMMON STOCK.

From time to time, there has been and may continue to be significant volatility in the market price for our common stock. Quarterly operating results, changes in general conditions in the Thailand economy, the U.S. economy, financial markets, natural disasters or other developments could cause the market price of our common stock to fluctuate substantially.

BECAUSE THE MARKET FOR OUR COMMON STOCK LACKS LIQUIDITY, IT MAY BE DIFFICULT TO PURCHASE OR SELL OUR STOCK ON THE PUBLIC MARKET.

Our common stock currently trades on the Pink Sheet Service and we expect to apply to have our shares traded on the OTC Bulletin Board after this registration statement clears the comment and review process of the United States Securities and Exchange Commission. Although we will apply to list our common stock on the NASDAQ Small Cap Market or American Stock Exchange, there can be no assurance that an active public market for our common stock will be created and sustained. Accordingly, investors may not be able to sell their common stock should they desire to do so, or may be able to do so only at lower than desired prices. While no prediction can be made as to the effect, if any, that future sales of shares of our common stock, or the availability of additional shares for future sales, will have on the market price of our common stock prevailing from time to time, sales of substantial amounts of our common stock or the perception that such sales could occur, would likely adversely affect the market price for our common stock.

YOU WILL BE UNABLE TO EXERCISE ANY CONTROL OVER OUR MANAGEMENT BECAUSE A SINGLE STOCKHOLDER CONTROLS 80% OF THE VOTING CONTROL OF TOPAZ GROUP, INC.

Ms. Jariya Sae-Fa, an officer and director of one of our subsidiaries and sister of Dr. Apichart, is the principal stockholder of Best Worth. Best Worth beneficially owns all of our outstanding series A and series B preferred stock and controls approximately 95% of all stockholder votes primarily as a result of its ownership of all of the 3,721,050 outstanding shares of our series A and all of the 1,006,513 outstanding shares of our series B preferred stock, which entitles the holder to 20 votes per share. Accordingly, Ms. Sae-Fa, as Managing Member of Best Worth, is in a position to elect all of our directors and to direct stockholder approval upon all issues to be voted upon by our stockholders.

OUR OFFICERS AND DIRECTORS ARE GRANTED LIMITED LIABILITY FOR THEIR ACTIONS BY OUR ARTICLES OF INCORPORATION AND BY-LAWS.

Our Articles of Incorporation and By-laws contain provisions limiting the liability of our directors for monetary damages to the fullest extent permissible under Nevada law. This is intended to eliminate personal liability of a director for monetary damages in an action brought by or in the right of Topaz Group, Inc. for breach of a director's duties to The Topaz Group, Inc. or its stockholders except in certain limited circumstances. In addition, the Articles of Incorporation and By-laws contain provisions requiring The Topaz Group, Inc. to indemnify directors, officers, employees and agents of The Topaz Group, Inc. serving at its request against expenses, judgments (including derivative actions), fines and amounts paid in settlement. This indemnification is limited to actions taken in good faith in the reasonable belief that the conduct was lawful and in or not opposed to the best interests of The Topaz Group, Inc. The Articles of Incorporation and By-laws provide for the indemnification of directors and officers in connection with civil, criminal, administrative or investigative proceedings when acting in their capacities as agents for Topaz Group, Inc. The foregoing provisions may reduce the likelihood of derivative litigation against directors and officers and may discourage or deter stockholders or management from suing directors or officers for breaches of their duties to Topaz Group Incorporated, even though such an action, if successful, might otherwise benefit Topaz Group, Inc. and its stockholders.

FUTURE SALES OF OUR COMMON STOCK MAY DEPRESS OUR STOCK PRICE.

Future sales of shares of common stock by existing stockholders under Rule 144 of the Securities Act of 1933, as amended, could materially adversely affect the market price of our common stock. A material reduction in the market price of our common stock could materially impair our future ability to raise capital through an offering of equity securities. A substantial number of shares of common stock are available for sale under Rule 144 in the public market or will become available for sale in the near future.

ITEM 2. SELECTED FINANCIAL INFORMATION

SELECTED CONSOLIDATED FINANCIAL DATA

The tables that follow present portions of our consolidated financial statements and are not complete. You should read the following selected consolidated financial information in conjunction with our consolidated financial statements and related notes and with "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this registration statement. The consolidated statements of operations data for the years ended December 31, 1998, 1999 and 2000 and the consolidated balance sheet data as of December 31, 1999 and 2000 are derived from our consolidated financial statements that have been audited by Grant Thornton LLP, independent auditors, which are included elsewhere in this registration statement. The consolidated statements of operations data for the years ended December 31, 1996 and 1997 and the consolidated balance sheet data as of December 31, 1996, 1997 and 1998 are derived from unaudited financial statements that are not included in this registration statement, which in our opinion reflect all adjustments necessary to present fairly our financial position and results of operations for the periods presented. The statement of operations data and balance sheet data for the three months ended March 31, 2000 and March 31, 2001 are derived from unaudited financial statements, which in our opinion reflect all adjustments necessary to present fairly our financial position and results of operations for the periods presented. The historical results presented below are not necessarily indicative of the results to be expected for any future year. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

<TABLE>
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	Year Ended December 31,					Three Months Ended March 31,	
	2000	1999	1998	1997	1996	2001	2000
				(unaudited)	(unaudited)	(unaudited)	(unaudited)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Sales	32,483,043	19,881,283	18,886,737	17,622,804	24,309,947	4,586,043	4,466,439
Cost of Sales	23,672,904	11,025,824	10,976,881	12,937,673	21,654,240	3,280,297	3,305,165
Gross Profit	8,810,139	8,855,459	7,909,856	4,685,131	2,655,707	1,305,985	1,161,274
Selling, General & Administrative Expenses	3,952,089	4,346,100	4,154,545	4,220,181	2,636,375	838,782	1,113,748
Operating (Loss)Income	4,858,050	4,509,359	3,755,311	464,950	19,332	467,203	47,526
Other Income and expense Net	(782,017)	1,826,234	884,299	4,845,289	(4,768,083)	775,089	(320,458)
Earnings (loss) before extraordinary item	4,076,033	6,335,593	4,639,610	5,310,239	(4,748,751)	1,242,292	(272,932)
Extraordinary item-gain on debt Restructuring	--	803,589	--	--	--	--	--
Net Earnings (loss)	4,076,033	7,139,182	4,639,610	5,310,239	(4,748,751)	1,242,292	(272,932)
Preferred stock dividends	--	(2,734,610)	(12,270,000)	--	--	--	--
Net Earnings (loss) available to common shareholders	$ 4,076,033	$ 4,404,572	$(7,630,930)	$ 5,310,239	$(4,748,751)	$1,174,886	$ (272,932)
Weighted average shares of Common Stock	829,727	763,000	763,000	763,000	763,000	1,171,974	763,000
Common stock and potentially issuable common stock	5,639,419	5,498,680	--	5,498,680	--	6,052,449	--
Net earnings (loss) per share							
Basic	$ 4.91	$ 5.77	$ (10.00)	$ 6.96	$ (5.47)	$ 1.06	$ (0.36)
Diluted	$ 0.72	$ 1.30	$ (10.00)	$ 0.97	$ (5.47)	$ 0.21	$ (0.36)

</TABLE>

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	December 31,					March 31, 2001	
	2000	1999	1998	1997	1996	2001	2000

			(Unaudited)	(Unaudited)	(Unaudited)	(unaudited)	
<S>	<C>	<C>	<C>	<C>	<C>		
Balance Sheet Data							
Cash and Cash Equivalents	321,734	574,439	1,782,897	293,002	842,078	163,469	399,987
Working Capital	17,941,917	14,632,923	5,483,459	12,314,174	4,113,516	18,981,401	14,315,077
Total Assets	26,622,838	24,374,159	23,846,301	20,491,681	16,846,513	26,768,989	23,428,840
Total Liabilities	11,345,249	13,232,603	16,186,882	5,772,247	9,851,553	10,249,108	9,168,487
Total Stockholders' Equity	15,277,589	11,141,556	7,659,419	14,719,254	6,994,960	16,519,881	14,260,353

</TABLE>

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

The following discussion of the financial condition and results of operations should be read in conjunction with the consolidated financial statements and related notes thereto. The following discussion contains certain forward-looking statements that involve risk and uncertainties. Our actual results could differ materially from those discussed herein. Factors that could cause or contribute to such differences include, but are not limited to, risks and uncertainties related to the need for additional funds, the rapid growth of the operations and our ability to operate profitably after the initial growth period is completed. We undertake no obligation to publicly release the results of any revisions to those forward-looking statements that may be made to reflect any future events or circumstances.

RESULTS OF OPERATIONS

THE THREE MONTHS ENDED MARCH 31, 2001 AND MARCH 31, 2000

SALES. Total sales for the first three months ended March 31, 2001 were $4,586,282 compared to $4,466,439 ended March 31, 2000, an increase of 2.68%. The increase in sales is primarily attributed to increased sales of existing jewelry lines to previous customers. The company realizes a significant amount of seasonal sales and the first quarter sales are historically the quarter that posts the lowest quarterly sales volume. Compared to the fourth quarter, sales represent approximately 40% of total annual revenues.

COST OF GOODS SOLD. Cost of goods sold was $3,280,297 or 71.5% of sales for the three months ended March 31, 2001 as compared to $3,305,165 or 74% of sales during the three months ended March 31, 2000. The decrease in cost of goods sold is due to reduced stone purchasing costs.

OPERATING COSTS. Operating costs were $838,782 for the three months ended March 31, 2001, compared to $1,113,748 for the three months ended March 31, 2000. The decrease is largely attributed to a provision for bad debt expense of $184,842 included in our March 21, 2000 operating costs and Baht devaluation for calendar 2000 to calendar 2001.

OPERATING PROFIT. Operating profit for the three months ended March 31, 2001 was $467,203 compared to $47,526 for the three months ended March 31, 2000. This increase in profit is largely attributed to a reduction in selling, general and administrative expenses.

OTHER INCOME. Other income and (expense) was $775,089 for the three months ended March 31, 2001 compared to ($320,458) for the three months ended March 31, 2000. The increase in other income is attributed to a net increase in the Currency Exchange Rate Gain and Remeasurement Gain of $1,099,693. Of the total gain $882,402 relates to remeasurement of the redeemable ordinary shares (liability). Our Thai subsidiaries maintain their books and records in Thai Baht. However, their functional currency is the US dollar. Monetary assets and liabilities and related income and expense items are remeasured using the current rates. Certain non-monetary assets (notably property and equipment) are remeasured at historical rates. Other nonmonetary balance sheet items and related revenues, expenses, gains and losses are remeasured using average exchange rates.

NET EARNINGS. We reported net earnings (loss) of $1,242,292 for the three months ended March 31, 2001 compared to ($272,932) for the three months ended March 31, 2000. The difference is largely attributed to a reduction in selling, general and administrative expenses plus currency exchange rate and remeasurement gain.

FISCAL YEARS ENDED DECEMBER 31, 2000 AND DECEMBER 31, 1999

SALES. Total sales were $32,483,043 in fiscal 2000 compared to $19,881,283 in fiscal 1999, an increase of 63.4%. The increase in sales is primarily attributed to increased sales of jewelry to existing customers, aggressive promotion of lower priced jewelry lines to new customers and the addition of new customers due to increased participation in jewelry shows in the United States of America and Hong Kong.

COST OF GOODS SOLD. Cost of goods sold was $23,488,062 in fiscal 2000, 72.3% of sales, compared to $11,025,824 in fiscal 1999, 55.4% of sales. The increase in Cost of Goods Sold is due in part to increased incentive programs

for new customers and lower gross margin sales of jewelry manufactured with lower grade stones.

OPERATING COSTS. Operating costs were $4,136,931 in fiscal 2000, 12.7% of revenues, compared to $4,346,100 in fiscal 1999, 21.8% of revenues. This decrease is due in part to reduced overtime pay for staff employees of approximately $105,153, and to a Baht devaluation when applying the 1999 exchange rate to our year 2000 expenses.

OPERATING PROFIT. Operating profit for fiscal 2000 was $4,858,050 compared to 1999 operating profit of 4,509,359 an increase of 7.7%. The increase is due primarily to reduced selling, general and administrative expenses.

OTHER INCOME. Other income and (expense) were ($782,017) in fiscal 2000 compared to $1,826,234 in fiscal 1999, due to gains (losses) resulting from currency fluctuations. Our Thai subsidiaries maintain their books and records in Thai Baht. However, their functional currency is the US dollar. Monetary assets and liabilities and related income and expense items are remeasured using the current rates. Certain non-monetary assets (notably property and equipment) are remeasured at historical rates. Other nonmonetary balance sheet items and related revenues, expenses, gains and losses are remeasured using average exchange rates.

NET EARNINGS. We reported net earnings of $4,076,033 for fiscal 2000 compared to $7,139,182 for fiscal 1999, a decrease of 42.9%. The difference between operating profit and net earnings is largely attributed to currency fluctuations and an extraordinary gain on debt restructuring that occurred during the year ended December 31, 1999.

FISCAL PERIODS ENDED DECEMBER 31, 1999 AND DECEMBER 31, 1998

SALES. Total sales were $19,881,283 in fiscal 1999 compared to $18,886,737 in fiscal 1998, an increase of 5.3%. The fiscal 1999 increase in revenue is primarily attributed to increased sales of jewelry to existing customers.

COSTS GOODS SOLD. Cost of goods sold was $11,025,824 in fiscal 1999 compared to $10,976,881 in fiscal 1998, an increase of 0.4%, due in part to reduced raw stone purchasing costs.

OPERATING COSTS. Operating costs were $4,346,100 in fiscal 1999 compared to $4,154,544 in fiscal 1998, an increase of 4.6%. This resulted from increased Baht valuation in the fiscal 1999. Plus increased salaries of approximately $159,759 also affected operating expenses.

OPERATING PROFIT. Operating profit for fiscal 1999 was $4,509,359 compared to 1998 operating profit of $3,755,311 an increase of 20.1%, in part from an increase in gross profit margin from 1998 to 1999 of 2.6%.

OTHER INCOME. Other income and (expense) were $1,826,234 in fiscal 1999 compared to $884,299 in fiscal 1998, an increase of 106.5%, resulting in part to a net increase in the Currency Exchange Rate Gain and a Remeasurement Gain of $917,753 or 106.9%. Our Thai subsidiaries maintain their books and records in Thai Baht. However, their functional currency is the US dollar. Monetary assets and liabilities and related income and expense items are remeasured using the current rates. Certain non-monetary assets (notably property and equipment) are remeasured at historical rates. Other non-monetary balance sheet items and related revenues, expenses, gains and losses are remeasured using average exchange rates.

EXTRAORDINARY ITEM. On July 30, 1999, Advance completed debt restructuring with an investor that purchased the rights to the debt from a failed financial institution, resulting in an extraordinary gain of $803,589. The debt restructuring occurred as a result of the failure of the financial institution and not Advance's ability to service the debt.

NET EARNINGS. We reported net earnings of $7,139,182 for fiscal 1999 compared to $4,639,610 for fiscal 1998, an increase of 53.9%. The difference in operating income from net income is largely attributed to currency fluctuations and extraordinary gain on debt restructuring for fiscal 1999.

LIQUIDITY AND CAPITAL RESOURCES

Our principal source of working capital is income from operations, borrowings under our revolving credit facilities and short-term loans from a company affiliate. At December 31 2000, we had a cash and cash equivalent balance of $321,734 and working capital of $17,941,917 compared to $574,439 of cash and cash equivalents and working capital of $14,632,923 at December 31 1999.

Our operating activities provided (used) cash of $951,618 and ($1,398,827) for fiscal 2000 and 1999. The increase in cash provided by operating activities resulted primarily from our fiscal 2000 profit of $4,076,033, less inventory growth of $2,137,554 and a non-cash gain of $752,760 on the remeasurement of redeemable ordinary shares. Operating cash flow increased from fiscal 1999 to 2000 because of a reduction in inventory growth when compared to 1999 inventory. Sales growth from 1999 to 2000 was 63.4% while inventories increased by only 11.6%. Selling, general and administrative expenses also decreased by $209,169 causing an increase in operating income. This increase is offset by a reduction in gross margin from 44.5% for fiscal 1999 to 27.7% for fiscal 2000. The reduction in gross margin is a result of lower profit jewelry sales manufactured with lower grade stones in fiscal 2000. The decrease in net cash provided by financing activities for 2000 and 1999 was $1,299,085, due primarily to $1,736,947 in payments on notes payable offset by $775,162 in additional net borrowings on our lines of credit. We have two line of credit arrangements with two Thai financial institutions entered into in October 1999 and April 2000. Both lines are renewable automatically on a yearly basis and are subject to the banks' periodic reviews resulting in adjustment of our credit limit.

The 1999 and 2000 lines bear interest at a rate equal to LIBOR plus two percent (8.208% December 31, 2000), The 1999 line is personally guaranteed by two of our directors and collateralized by various real estate properties belonging to us and one of our directors. The 2000 line is also guaranteed by two of our directors and secured by a deed on a real estate property owned by a related party. As of December 31, 2000, approximately $836,000 and $493,000 were available for borrowing under the 1999 and 2000 line, respectively. As of December 31, 2000, the outstanding balance under both lines of credit was $775,162.

Management believes we have the ability to meet our current and anticipated financing needs for the next twelve months with the facilities in place and funds from operations, however, given our growth prospects, we may need to seek increases in our credit facilities during the upcoming year to sustain further revenue growth.

Item 3. Description of Property

Topaz operates four fully integrated facilities in various parts of Thailand totaling 101,000 square feet.

Our headquarters, administrative facilities and primary manufacturing facilities are located in the Topaz Tower, a 15 story tower at 126/1 Krungthonburi Road, Banglampoo Lang, Klongsarn, Bangkok, Thailand that encompass approximately 90,800 square feet. We occupy 74,000 square feet of this space subject to a lease that expires February 28, 2011 at a cost of approximately $3,200 per month and we lease the remaining 16,800 square feet on a month to month basis. We also have manufacturing facilities located at Mai Sai, Thailand, which we occupy subject to a lease that expires August 15, 2004 at a cost of approximately $200 per month, Lop Buri, Thailand, which we occupy subject to a lease that expires April 19, 2002 at a cost of approximately $760 per month, and Prayao, Thailand, which we lease on a month to month basis. The factory at Mai Sai encompasses approximately 11,000 square feet, the factory at Lop Buri encompasses approximately 8,600 square feet and the factory at Prayao encompasses approximately 5,250 square feet. We expect that we will be able to renew our leases when they expire. If, however, we are unable to renew any of our leases, we believe that there is widely available commercial space for leasing in each of our locations and that we would be able to relocate our capital equipment into a new space without experiencing a material adverse impact on our results from operations or operating expenses.

We lease offices located in Bellevue, Washington which are subject to a lease that provides for monthly rent of $3,000, the offices are approximately 1,500 useable square feet with a termination date of September 1, 2001. We intend to lease approximately 2,100 square feed of office space for a term of five years in Issaquah, Washington.

ITEM 4. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding the beneficial ownership of our common stock and series A and series B preferred stock as of July 31, 2001 by:

- each person known by us to beneficially own more than 5% of the outstanding shares of common stock, preferred stock or series B preferred stock;
- each of our directors and named executive officers; and
- our directors and executive officers as a group.

Each share of common stock and series A preferred stock is entitled to one vote per share while each share of series B preferred stock is entitled to twenty votes per share. The shares of series A preferred are convertible into shares of common stock at anytime. The shares of series B preferred stock are convertible into shares of common stock upon specified events.

<TABLE>
<CAPTION>

	Common Stock		Series A Preferred Stock		Series B Preferred Stock	
Name and Address of Beneficial Owner (1)	No. Shares	Percent of Class	No. Shares	Percent of Class	No. Shares	Percent of Class
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Best Worth Agents, Ltd. (2)	--	--	3,721,050	100%	1,006,513	100%
U.S. Heritage Capital Corp. 5770 Wulff Run Road Cincinnati, OH 45233	148,000	11.17%	--	--	--	--
Ray L. Sloan 8728 CR 1016 Burleson, TX 76028	120,000	9.06%	--	--	--	--
Jeremy F. Watson	100,000	7.55%	--	--	--	--
Thammatinna Thammaradi	--	--	--	--	--	--
Leonard Orrin	--	--	--	--	--	--
David Dikinis	--	--	--	--	--	--
Dr. Aphichart Fufuangvanich	27,000	2.04%	--	--	--	--
Terrance C. Cuff	100,000	7.55%	--	--	--	--
Timothy Matula	101,250	7.64%	--	--	--	--
Thiti Fufuangvanich	--	--	--	--	--	--
Alson Lee	--	--	--	--	--	--
All Officers and Directors as a group (nine (9) persons,including the foregoing)	328,250	24.78%	--	--	--	--

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(1) Unless otherwise indicated, the address of each beneficial owner is the care of Topaz Group Incorporated, Inc., 126/1 Krungthonburi Road, Banglampoo Lang, Klongsarn, Bangkok 10600 Thailand.

(2) Jariya Sae-Fa is the beneficial owner of Best Worth Agents, Ltd. and the sister of Dr. Aphichart Fufuangvanich, who is also one of our directors.
</FN>
</TABLE>

ITEM 5. DIRECTORS AND EXECUTIVE OFFICERS

Our directors and executive officers and their present positions with us are as follows:

NAME	AGE	POSITION
Jeremy F. Watson	60	Chairman of the Board of Directors
Dr. Aphichart Fufuangvanich	51	Director and President
Thammatinna Thammaradi	40	Director and Executive Vice President
Terrance C. Cuff	38	Director and Chief Financial Officer
Timothy Matula	40	Director and Treasurer
Leonard T. Orrin	53	Director and Director of Sales
Thiti Fufuangvanich	22	Director and Director of Research and Development
David Dikinis	48	Independent Director

Alson Lee 74 Independent Director

JEREMY F. WATSON has served as Chairman of the Board of Directors since September 1999. From March 1996 to February 1998, he served as Regional Vice President for Fritz Gegauf, A.G. From October 1973 to February 1996, Mr. Watson served in various positions at The Singer Company, the last being Managing Director of China Operations. He is a Fellow of the Institute of Chartered Accountants in England and Wales.

DR. APHICHART FUFUANGVANICH has served us as president and as a director since February 2001. He has worked within the manufacturing and sales business for over 30 years. Dr. Aphichart Fufuangvanich has extensive experience within this field and has spent the last five years consulting to various stone manufacturing and sales companies, including Topaz Group. Dr. Apichart is the father of director Thiti Fufuangvanich.

THAMMATINNA THAMMARADI has served as an executive vice president since February 2000 and a director since September 1999, and has served as a director of Topaz Group since September 1999. She has been involved in the jewelry industry for over 10 years. She received an MBA in finance from the University of Denver and a Bachelors Degree in Economics from Thammasat University, Bangkok.

TERRANCE C. CUFF has served us as chief financial officer and as a director since February 2001. From January 1994 to February 2000, he was the President and a shareholder of Business Exchange Center, Inc., a merger & acquisitions firm. Prior to holding the President position he served as senior valuation analyst, from 1989 to 1994 with the same firm.

TIMOTHY MATULA has served us as treasurer and as a director since February 2001. He is currently a principal in Quantum Capital Advisors, a money management and corporate advisory firm. He is also currently a member of the Board of Directors at Eat at Joe's, Inc. From 1994 to 1997, Mr. Matula served as Assistant Vice President of and Quantum Portfolio Manager at Prudential Securities.

LEONARD T. ORRIN has served as director of sales and as a director for Topaz Group since September 1999 and the Director of Sales for Topaz Group's subsidiaries since August 1995. Previously, he provided consulting services to various stone manufacturing and sales firms.

THITI FUFUANGVANICH has served as a director and the director of research and development since February 2001. From 1996 to 1999, he was a member of the Faculty of Engineering at Chulalongkorn University. He was the President of Student Government at Chulalongkorn University in 1999. Thiti Fufuangvanich is the son of director Dr. Aphichart Fufuangvanich.

DAVID DIKINIS has served us as an independent director since February 2001. He is the founder of Gemstones.com, Amulet, Gemstone and Jewelry Catalog and Talisman Catalog each of which he established 1985. Mr. Dikinis is a Gemologist (GIA) and former board member of the American Gem Trade Association (AGTA).

ALSON LEE has served us as an independent director since February 2001. He served in various functions within The Singer Company, including Vice President Pacific Region. Since retiring from The Singer Company, he has worked as a volunteer executive with the International Executive Service Corps with project assignments in Estonia from November 1993 to December 1993, Russia from May 1996 to June 1996, and Kazakhstan from September 1997 to October 1997. Mr. Lee also is a certified public accountant in the State of New York and the District of Columbia.

ELECTION OF OFFICERS AND DIRECTORS

All of our directors hold office until the next annual meeting of shareholders and until their successors have been elected and qualified. Our officers are elected by the Board of Directors at the first Board of Directors' meeting after each annual meeting of shareholders and hold office until their death, until they resign or until they have been removed from office.

ITEM 6. EXECUTIVE COMPENSATION

The following table provides certain summary information concerning the compensation that will be paid on an annualized basis to the our chief executive officer and the three (3) other most highly paid executive officers for all services to be rendered in all capacities to us during the fiscal years ended December 31, 1998, 1999 and 2000.

Summary Compensation Table

<TABLE>
<CAPTION>

		Annual Compensation			Long-Term Compensation		
Name and Principal Position	Fiscal Year	Salary ($)	Bonus	Other Annual Compensation	Restricted Stock Awards	Securities Underlying Options	All Other Compensation
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Kasem Chitmunchaitham, President and Chief Executive Officer	2000	29,653	0	0	0	0	0
	1999	31,710	0	0	0	0	0
	1998	8,743	0	0	0	0	0

(1)

</TABLE>

We did not grant stock options in 2000.

No executive officer held stock options during the 2000 fiscal year. As of the date of this registration statement, no executive officer holds stock options.

2001 STOCK OPTION PLAN

Our board of directors adopted our stock option plan on May 15, 2001. Options granted under the plan may include those qualified as incentive stock options under Section 422 of the Internal Revenue Code of 1986, as amended, as well as non-qualified options. Employees as well as other individuals, such as outside directors and consultants of Topaz Group (and our affiliated corporations) who are expected to contribute to our future growth and success are eligible to participate in the plan. However, incentive stock options may only be granted to persons who are employees of Topaz Group or certain of our affiliates on the date of grant. As of July 30, 2001 no options had been granted under the plan.

and/or non-qualified option will be granted, the number of shares to be subject to each option, and the date or dates each option will become exercisable.

The following summary of the plan is qualified in its entirety by reference to the text of the plan, a copy of which is filed as an exhibit to this registration statement.

TYPES OF GRANTS AND AWARDS

The plan permits the grant of options which are intended to either be "incentive stock options" within the meaning of Section 422 of the Code, or "non-qualified stock options", which do not meet the requirements of Section 422 of the Code.

ELIGIBILITY

All employees (including officers), directors and consultants of Topaz Group and our affiliated corporations are eligible to be granted options under the plan. We currently have 2,000 employees. Employees under the Queen's Sponsored Program or outside subcontractors are not eligible for options.

STOCK SUBJECT TO THE PLAN

The total number of shares of common stock for which options may be granted under the plan may not exceed 1,000,000, subject to possible adjustment in the future, including adjustments in the event of a recapitalization, reclassification, stock dividend, stock split, reverse stock split or other similar transaction affecting our common stock. Any shares of common stock subject to any option, which for any reason expires, is canceled or is terminated unexercised will again become available for granting of options under the plan. However, once this registration statement becomes effective, none of our employees may be granted options individually with respect to more than 2,000,000 shares of common stock during any calendar year.

ADMINISTRATION

Once this registration statement becomes effective, the plan will be administered by a committee of the board of directors of two directors, each of whom is a "Non-Employee Director" within the meaning of regulations promulgated by the Securities and Exchange Commission and an "Outside Director," within the meaning of regulations promulgated by the U.S. Department of the Treasury. The stock option plan committee has the authority under the plan to determine the terms of options granted under the plan, including, among other things, the individuals who will receive options, the times when they will receive them, whether an incentive stock option and/or

non-qualified option will be granted, the number of shares to be subject to each option, the date or dates each option will become exercisable (including whether an option will become exercisable upon certain reorganizations, mergers, sales and similar transactions involving The Topaz Group, Inc.), and the date or dates upon which each option will expire. The stock option plan committee has the authority, subject to the provisions of the plan, to construe the terms of option agreements and the plan; to prescribe, amend and rescind rules and regulations relating to the plan; and to make all other determinations in the judgment of the stock option plan committee necessary or desirable for the administration of the plan.

EXERCISE PRICE

The exercise price of options granted under the plan is determined by the stock option plan committee, but in the case of an incentive stock option may not be less than:

- 100% of the fair market value of the common stock on the date the incentive stock option is granted; and

- 110% of such fair market value in the case of incentive stock options granted to an optionee who owns or is deemed to own stock possessing more than 10% of the total combined voting power of all classes of stock of Topaz Group.

The exercise price is payable by delivery of cash or a check to the order of The Topaz Group in an amount equal to the exercise price of such options, or by any other means (including, without limitation, cashless exercise), which the board of directors determines are consistent with the purpose of the plan and with applicable laws and regulations.

TERMS AND CONDITIONS

Options granted to employees and consultants may be granted for such terms as are established by the stock option plan committee, provided that, the term will be for a period not exceeding ten years from the date of the grant, and further provided that incentive stock options granted to a stockholder who is the beneficial owner of 10% of our common stock will be for a period not exceeding five years from the date of grant.

Except to the extent otherwise determined by the stock option plan committee at the time of grant of a non-qualified stock option, if an optionee's relationship with Topaz Group is terminated for any reason other than "disability" or death, the option may be exercised at any time within three months thereafter to the extent exercisable on the date of termination. However, in the event that the termination of such relationship is either (a) for cause, or (b) otherwise attributable to a breach by the optionee of an employment or confidentiality or non-disclosure agreement, such option will terminate immediately.

Except to the extent otherwise determined by the stock option plan committee at the time of grant of a non-qualified stock option, in the event of the death of an optionee while an employee of, or consultant or advisor to Topaz Group, within three months after the termination of such relationship (unless such termination was for cause or without the consent of Topaz Group) or within one year following the termination of such relationship by reason of the optionee's "disability", the option may be exercised, to the extent exercisable on the date of his or her death, by the optionee's legal representatives at any time within one year after death, but not thereafter and in no event after the date the option would otherwise have expired.

An option may not be transferred other than by will or the laws of descent and distribution and may be exercised during the lifetime of the optionee only by the optionee.

The stock option plan committee may accelerate the date or dates on which an option may be exercised, or extend the dates during which an option may be exercised, provided, that no such acceleration or extension with cause any option intended to be an incentive stock option to fail to qualify as an incentive stock option, or cause the plan or any option granted thereunder to fail to comply with applicable short-swing profit rules promulgated by the Securities and Exchange Commission.

The stock option plan committee may include additional provisions in option agreements, including without limitation, restrictions on transfer, repurchase rights, rights of first refusal, commitments to pay cash bonuses or to make, arrange for or guaranty loans or to transfer other property to optionees upon exercise of options, provided, that such additional provisions will not be inconsistent with the requirements of applicable law and such additional provisions will not cause any option intended to be an incentive

stock option to fail to qualify as an incentive stock option.

EMPLOYMENT AGREEMENTS

As of the date of this registration statement, Topaz Group has no employment agreements with any of its executive officers.

DIRECTOR COMPENSATION

There is no compensation for directors either on an annual basis or for attendance at board meetings.

ITEM 7. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

During the fiscal year ended December 31, 1999, we exchanged an aggregate of $905,369 of gemstones from Calibration of Gems Factory Co., Ltd., Well Gems & Jewelry Co., Ltd. and Trillion Royal Grand Company Limited, companies controlled by Dr. Aphichart Fufuangvanich. Dr. Aphichart is a director of the Topaz Group. These transactions were negotiated at arms length and the prices paid for the gemstones were no less favorable than those we could have obtained from independent parties on the open market.

Ms. Jariya Sae-Fa, a director of our wholly owned subsidiary Creative through January 2001 and the managing member of Best Worth Agents, Ltd., had loaned The Topaz Group the cumulative amount of $543,929 as of December 31, 2000, $460,300 of which remains due and payable to Ms. Sae-Fa as of March 31, 2001. The loans from Ms. Sae-Fa have no term and do not bear interest. The debts are classified as a current liability and expected to be paid within the fiscal year.

ITEM 8. LEGAL PROCEEDINGS

We are not presently a party to any litigation material to our ongoing business operations or financial condition.

ITEM 9. MARKET PRICE OF AND DIVIDENDS ON THE REGISTRANT'S COMMON EQUITY AND OTHER SHAREHOLDER MATTERS

EQUITY AND RELATED STOCKHOLDER MATTERS

Our common stock is quoted on the Pink Sheets Service under the symbol "TPAZ". The Pink Sheets Service is a quotation service operated by the National Quotation Bureau, LLC, a paper quotation medium printed weekly and distributed to brokers/dealers. The "Pink Sheets" does not impose listing standards or requirements, does not provide automatic trade executions, and does not maintain relationships with quoted issuers. Issuers whose securities are quoted on the "Pink Sheets" may experience a loss of market makers, a lack of readily available "bid" and "asked" prices for their securities, a greater spread between the "bid" and "asked" price for their securities, and a general loss of liquidity in their securities.

As of July 27, 2001, we had 1,324,886 shares of common stock outstanding held by 562 stockholders of record.

The following table sets forth the range of high and low bid prices of our common stock for the fiscal quarters of 1998, 1999 and 2000, and for the fiscal quarters ended March 31 and June 30, 2001. The quotations represent prices between dealers in securities, do not include retail mark-ups, markdowns or commissions and do not necessarily represent actual transactions.

	1ST QTR.		2ND QTR.		3RD QTR.		4TH QTR.	
	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
1998	5.00	2.38	2.88	.34	1.19	.38	.63	.16
1999	1.06	.25	3.75	.56	1.19	.38	.75	.38
2000	1.25	.38	1.03	.42	.75	.36	1.55	.31
2001	1.25	.70	2.70	1.25	N/A	N/A	N/A	N/A

The Topaz Group has not paid common stock dividends.

ITEM 10. RECENT SALES OF UNREGISTERED SECURITIES

We issued the following unregistered securities during the three-year period ended June 30, 2001.

In April 1999, we entered into two separate exchange agreements with Best Worth Agents, Ltd., a British Virgin Islands corporation, to acquire all of the issued and outstanding preferred shares of Creative Gems and Jewelry Co., Ltd. and Advance Gems and Jewelry Co., Ltd., both Thai corporations. According to the terms of the exchange agreements, Topaz acquired 99.7% of the voting and dividend participation rights in each Thai company from Best Worth in consideration for which Topaz issued to Best Worth all shares of series A convertible voting and participating preferred stock. The terms of the preferred stock provide Best Worth with the right to one vote for each share of preferred stock on all matters voted on by holders of our common stock, as well as the right to receive dividends paid to preferred shareholders by The Topaz Group Incorporated. We issued shares of our preferred stock to Best Worth in reliance on the exemption from registration provided by Section 4(2) of the Securities Act of 1933. We believe that the exemption afforded by Section 4(2) of the Securities Act is applicable to the Best Worth Transaction because it was a sale of securities by an issuer not involving a public offering, and the shares were offered to a single accredited investor in an offering not involving a general solicitation.

In September 2000, we issued warrants to purchase an aggregate of 32,884 shares of common stock to three consultants as compensation for services rendered to us. The names of the persons to whom these securities were issued and the number of shares of our common stock issuable to each person upon exercise of the warrants by such person are as follows:

NAME	COMMON SHARES ISSUABLE
Timothy Matula	4,933
Terrance C. Cuff	12,179
Herbert H. Wax	15,772

We issued these warrants to each consultant in reliance on the exemption from registration provided by Section 4(2) of the Securities Act of 1933. We believe that the exemption afforded by Section 4(2) of the Securities Act is applicable to this placements because it was a sale of securities by an issuer not involving a public offering, and the shares were offered to three accredited or sophisticated investors in an offering not involving a general solicitation.

On May 5, 1999, we issued 210,000 shares of common stock each to Jim Fain and Sakon, Ltd. In consideration for services rendered in connection with the share exchange between Topaz Group Incorporated and Best Worth Agents, Ltd. Both sales were made in reliance on the exemption from registration provided by Section 4(2) of the Securities Act.

ITEM 11. DESCRIPTION OF SECURITIES

The authorized capital stock of the Topaz Group consists of one hundred million shares of common stock, 1,324,886 of which were outstanding as of June 25, 2001, and held of record by approximately 562 shareholders, and fifty million shares of preferred stock. Of the preferred stock, we have authorized 26,000,000 shares of Series A and 10,000,000 shares of Series B, of which 3,721,050 and 1,006,513 shares, respectively, were issued and outstanding as of June 25, 2001. The following summaries of certain provisions of the common stock and certain of the rights and privileges of the preferred stock do not purport to be complete and are subject to, and qualified in their entirety by, the provisions of our Restated Articles of Incorporation, Bylaws, and the Certification of Designation of series A preferred stock and series B preferred stock, each of which is included as an exhibit to this registration statement, as well as and by the provisions of applicable law.

COMMON STOCK

The holders of our common stock:

are entitled to one vote per share on all matters to be voted on by stockholders generally, including the election of directors;

do not have cumulative voting rights;

do not have preemptive, subscription or conversion rights and there are no redemption or sinking fund provisions or rights applicable thereto;

are entitled to dividends and other distributions as may be declared from time to time by the board of directors out of any funds legally available for that purpose; and,

will, upon the liquidation, dissolution or winding up of Topaz Group

Incorporated, share ratably in the distribution of all of our assets remaining available for distribution after satisfaction of all of the our liabilities and the payment of the liquidation preference of any outstanding preferred stock, if such stock is at any time authorized, issued and outstanding.

All shares of our common stock now outstanding are fully paid and non-assessable. Reference is made to the our Articles of Incorporation, By-Laws and the applicable statutes of the State of Nevada for a more complete description of the rights and liabilities of the holders of our common stock.

SERIES A AND SERIES B PREFERRED STOCK

Our Board of Directors has authorized the issuance of two series of preferred stock, designated as series A preferred stock, consisting of 26,000,000 shares, par value $.001 per share and series B preferred stock, consisting of 10,000,000 shares, par value $.001 per share. A certificate of designation filed with the secretary of state of Nevada governs the terms and conditions of the series A and series B preferred stock. Except as otherwise provided herein, the series A preferred stock and the series B preferred stock shall rank on a parity with each other, shall have the same rights, preferences and privileges, and shall collectively referred to herein as the "preferred stock." The following is a brief description of key terms of the preferred stock.

DIVIDENDS.

The holders of shares of the preferred stock shall be entitled to receive, when, as and if declared by the Board of Directors, out of our assets legally available therefore, non-cumulative dividends on a pro rata basis with all other holders of preferred stock (as adjusted for any stock dividends, combinations or splits with respect to such stock).

Each fractional share of preferred stock outstanding shall be entitled to a ratably proportionate amount of any dividends or other distributions made with respect to each outstanding share of preferred stock, and all such distributions shall be payable in the same manner and at the same time as distributions on each outstanding share of preferred stock.

PREFERENCES ON LIQUIDATION.

In the event of any dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, the holders of preferred stock shall be entitled to receive out of our assets, for each share of preferred stock then outstanding, before any payment or distribution shall be made in respect of our common stock, cash in an amount equal to (i) $0.001 (as adjusted for any stock dividend, split, combination, recapitalization or similar transaction with respect to the capital stock of the Corporation), plus an amount equal to all accrued or declared but unpaid dividends thereon to the date of such payment, and (ii) the pro rata share of any proceeds, treating the preferred stock as if converted into shares of common stock.

If upon our liquidation, dissolution, or winding up, our assets available for distribution to our stockholders shall be insufficient to pay the holders of the preferred stock the full liquidation preference, the holders of the preferred stock shall all share in any distribution of assets, each getting a relative share of the distribution based on their relative holdings of the preferred stock.

CONVERSION RIGHTS

Each share of series A preferred stock shall be convertible, at the option of the holder thereof and without the payment of additional consideration by the holder thereof, at any time, into one share of common stock.

FORCED CONVERSION

We may force a conversion of the series A preferred stock if we sell our common stock in a public offering at a price to the public of at least $4.00 per share and in which we receive more than $5,000,000 in gross proceeds or if we sell all or substantially all of our assets or capital stock to another entity. The series B preferred stock will automatically convert into common stock on a one-to-one basis immediately prior to either the sale of all of our capital stock to a third party or the merger of The Topaz Group into another surviving company.

VOTING RIGHTS

Except as otherwise required by applicable law, the holders of preferred

stock shall be entitled to vote on all matters on which the holders of common stock shall be entitled to vote, in the same manner and with the same effect as the holders of common stock, voting together with the holders of common stock as a single class. For this purpose, the holders of preferred stock shall be given notice of any meeting of stockholders as to which the holders of common stock are given notice in accordance with our bylaws.

As to any matter on which the holders of preferred stock shall be entitled to vote, each holder of series A preferred stock shall have a number of votes per share equal to the number of shares of common stock into which such share of preferred stock is convertible.

As to any matter on which the holders of preferred stock shall be entitled to vote, each holder of series B preferred stock shall have a number of votes per share of series B preferred stock equal to twenty (20) times the number of shares of common stock into which such share of series B preferred stock is convertible.

So long as any shares of preferred stock are outstanding, we will not

(a) alter or change any of the powers preferences, privileges, or rights of the series A or series B preferred stock; or

(b) amend the provisions of the certificate of designation changing the seniority, liquidation, conversion or other rights of the series A or series B preferred stock, without first obtaining the approval of the holders of at least a majority of the outstanding shares of series A or series B preferred stock, as applicable.

ANTI-TAKEOVER EFFECTS OF OUR ARTICLES OF INCORPORATION AND BY-LAWS

Some provisions of our Articles of Incorporation and By-Laws may be deemed to have an anti-takeover effect and may delay, defer or prevent a tender offer or takeover attempt that a stockholder might consider in its best interest, including those attempts that might result in a premium over the market price for the shares held by our stockholders. These provisions include:

Authorized But Unissued Shares. The authorized but unissued shares of common stock are available for future issuance without stockholder approval. These additional shares may be utilized for a variety of corporate purposes including future public offerings to raise additional capital, corporate acquisitions and employee benefit plans. The existence of authorized but unissued and unreserved

common stock could render more difficult or discourage an attempt to gain control of us by means of a proxy contest, tender offer, merger or otherwise.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for our common stock is Transfer Online, Inc. and is located at 227 SW Pine Street, Suite 300, Portland Oregon 97204.

ITEM 12. INDEMNIFICATION OF OFFICERS AND DIRECTORS

LIMITATION ON DIRECTOR'S LIABILITY

Under Nevada Revised Statutes Section 78.7502 and 78.751, our articles of incorporation and bylaws provide us with the power to indemnify any of our directors, officers, employees or agents. The director, officer, employ or agent must have conducted himself in good faith and reasonably believe that his conduct was in, or not opposed to our best interests. In a criminal action the director, officer, employee or agent must not have had a reasonable cause to believe his conduct was unlawful. Advances for expenses may be made if the director affirms in writing that he believes he has met the standards and that he will personally repay the expense if it is determined he did not meet the standards.

We will not indemnify a director or officer adjudged liable due to his negligence or willful misconduct toward us, adjudged liable to us, or if he improperly received personal benefit. Indemnification in a derivative action is limited to reasonable expenses incurred in connection with the proceeding.

We have agreed to indemnify each of our directors and certain officers against certain liabilities, including liabilities under the Securities Act of 1933.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to our directors, officers and controlling persons pursuant to the provisions described above, or otherwise, we have been

advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than our payment of expenses incurred or paid by our director, officer or controlling person in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered for resale, we will, unless in the opinion of our counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

ITEM 13. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS

None

CONSOLIDATED FINANTIAL STATEMENTS AND
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

C O N T E N T S

Report of Independent Certified Public Accountants

Board of Directors
The Topaz Group, Inc.

We have audited the accompanying consolidated balance sheets of The Topaz Group, Inc. and Subsidiaries as of December 31, 1999 and 2000 and the related consolidated statements of earnings, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2000. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Topaz Group, Inc. and Subsidiaries as of December 31, 1999 and 2000 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States of America.

/s/ Grant Thornton LLP

Seattle, Washington
March 14, 2001 (except for note N as to which the
date is July 9, 2001)

The Topaz Group, Inc. and Subsidiaries

CONSOLIDATED BALANCE SHEETS

ASSETS

<TABLE>

	December 31, 1999	December 31, 2000	March 31, 2001 (unaudited)
<S>	<C>	<C>	<C>
CURRENT ASSETS			
Cash and cash equivalents	$ 574,439	$ 321,734	$ 163,469
Accounts receivable, net of allowance of $606,384, $923,474, and $788,037	2,089,413	3,299,161	2,745,612
Receivables from related parties	905,369	19,456	210,135
Inventories	18,488,948	20,626,502	21,013,738
Prepaid expenses and deposits	230,660	196,376	451,353
Total current assets	22,288,829	24,463,229	24,584,307
PROPERTY AND EQUIPMENT - NET	2,030,502	2,127,733	2,151,429
OTHER ASSETS	54,828	31,876	33,253
Total assets	$24,374,159	$26,622,838	$ 26,768,989
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Line of credit	$ --	$ 775,162	$ 493,425
Accounts payable	5,000,979	4,401,675	3,846,763
Accrued liabilities	301,711	473,177	513,727
Payables to related party	616,269	871,298	748,991
Notes payable	1,736,947	--	--
Total current liabilities	7,655,906	6,521,312	5,602,906
REDEEMABLE ORDINARY SHARES	5,576,697	4,823,937	4,646,202
COMMITMENTS	--	--	--
STOCKHOLDERS' EQUITY			
Class A preferred stock, liquidation preference of $9,252,879, $10,153,954 and $10,979,292	5,127,654	4,827,477	4,483,724
Class B preferred stock, liquidation preference of $0, $2,541,646 and $2,748,237	--	1,007	1,007
Common stock	763	1,025	1,325
Additional paid in capital	43,052	402,474	745,927
Retained earnings	5,970,087	10,045,606	11,287,898
	11,141,556	15,277,589	16,519,881
Total liabilities and stockholders' equity	$ 24,374,159	$26,622,838	$ 26,768,989

</TABLE>

The accompanying notes are an integral part of these statements.

The Topaz Group, Inc. and Subsidiaries (Loss)

CONSOLIDATED STATEMENTS OF EARNINGS

<TABLE>

	Year ended December 31,			Three months ended March 31,	
	1998	1999	2000	2000	2001
				(unaudited)	(unaudited)
<S>	<C>	<C>	<C>	<C>	<C>
Sales	$ 18,886,737	$ 19,881,283	$ 32,483,043	$ 4,466,439	$ 4,586,282
Cost of goods sold	10,976,881	11,025,824	23,488,062	3,305,165	3,280,297
Gross profit	7,909,856	8,855,459	8,994,981	1,161,274	1,305,985
Selling, general and administrative expenses	4,154,545	4,346,100	4,136,931	1,113,748	838,782
Earnings from operations	3,755,311	4,509,359	4,858,050	47,526	467,203
Other income (expense)					
Exchange rate gain (loss)	(3,722,629)	320,075	86,164	10,850	93,357
Interest expense	(235,932)	(79,399)	(101,256)	(14,054)	(14,603)
Interest income	153,434	18,224	4,114	--	--
Gain (loss) on remeasurement	4,580,806	1,455,855	(831,288)	(335,521)	681,665
Other, net	108,620	111,479	60,249	18,267	14,670
	884,299	1,826,234	(782,017)	(320,458)	775,089
Earnings (loss) before extraordinary item	4,639,610	6,335,593	4,076,033	(272,932)	1,242,292
Extraordinary item - gain on debt restructuring	--	803,589	--	--	--
Net earnings (LOSS)	$ 4,639,610	$ 7,139,182	$ 4,076,033	$ (272,932)	$ 1,242,292
Earnings (loss) per share before extraordinary item:					
Basic	$ (10.00)	$ 4.71	$ 4.91	$ (0.36)	$ 1.06
Diluted	$ (10.00)	$ 1.15	$ 0.72	$ (0.36)	$ 0.21
NET EARNINGS (LOSS) PER SHARE:					
Basic	$ (10.00)	$ 5.77	$ 4.91	$ (0.36)	$ 1.06
Diluted	$ (10.00)	$ 1.30	$ 0.72	$ (0.36)	$ 0.21

</TABLE>

The accompanying notes are an integral part of these statements.

The Topaz Group, Inc. and Subsidiaries

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
Years ended December 31, 1998, 1999 and 2000, and the three months ended March 31, 2001 (unaudited)

<TABLE>

	Thai Preferred Stock	Class A Preferred Stock	Class B Preferred Stock	Subscriptions Receivable	Ordinary Shares	Common Stock	Additional Paid-In Capital
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance at January 1, 1998	$-	$-	$-	$ (2,118,651)	$ 7,642,284	$ --	$ --
Subscriptions received	--	--	--	(1,883,729)	--	--	--
Dividends	--	--	--	--	--	--	--
Issuance of Class B Preferred and Ordinary shares totaling 9,800,000 and 200,000, respectively	2,404,920	--	--	--	49,080	--	--
Net earnings for the year	--	--	--	--	--	--	--

Balance at December 31, 1998	2,404,920	--	--	(4,002,380)	7,691,364	--	--
Issuance of Thai Preferred and Ordinary shares totaling 9,800,000 and 200,000, respectively, on February 19, 1999	2,593,080	--	--	--	52,840	--	--
Issuance of Thai Preferred and Ordinary shares totaling 490,000 and 510,000, respectively on March 1, 1999	129,654	--	--	--	134,742	--	--
Payment of subscription receivable	--	--	--	4,002,380	--	--	--
Share exchange agreement on May 1, 1999	(5,127,654)	5,127,654	--	--	(7,878,946)	763	3,052
Warrants issued for services	--	--	--	--	--	--	40,000
Dividends	--	--	--	--	--	--	--
Net earnings for the year	--	--	--	--	--	--	--
Balance at December 31, 1999	--	5,127,654	--	--	--	763	43,052
Conversion of preferred stock into common	--	(299,684)	--	--	--	262	299,422
Issuance of additional preferred shares under exchange agreement	--	514	--	--	--	--	--
Re-designation of preferred shares	--	(1,007)	1,007	--	--	--	--
Warrants issued for services	--	--	--	--	--	--	60,000
Net earnings for the year	--	--	--	--	--	--	--
Balance at December 31, 2000	--	4,827,477	1,007	--	--	1,025	402,474
Conversion of Preferred Stock into Common	--	(343,753)	--	--	--	300	343,453
Net earnings for the three months	--	--	--	--	--	--	--
Balance at March 31, 2001	$ --	$ 4,483,724	$ 1,007	$ --	$ --	$ 1,325	$ 745,927

<CAPTION>

	Retained Earnings	Total
<S>	<C>	<C>
Balance at January 1, 1998	$ 9,195,905	$ 14,719,538
Subscriptions received	--	(1,883,729)
Dividends	(12,270,000)	(12,270,000)
Issuance of Class B Preferred and Ordinary shares totaling 9,800,000 and 200,000, respectively	--	2,454,000
Net earnings for the year	4,639,610	4,639,610
Balance at December 31, 1998	1,565,515	7,659,419
Issuance of Thai Preferred and Ordinary shares totaling 9,800,000 and 200,000, respectively, on February 19, 1999	--	2,645,920
Issuance of Thai Preferred and		

Ordinary shares totaling 490,000 and 510,000, respectively on March 1, 1999	--	264,396
Payment of subscription receivable	--	4,002,380
Share exchange agreement on May 1, 1999	--	(7,875,131)
Warrants issued for services	--	40,000
Dividends	(2,734,610)	(2,734,610)
Net earnings for the year	7,139,182	7,139,182
Balance at December 31, 1999	5,970,087	11,141,556
Conversion of preferred stock into common	--	--
Issuance of additional preferred shares under exchange agreement	(514)	--
Re-designation of preferred shares	--	--
Warrants issued for services	--	60,000
Net earnings for the year	4,076,033	4,076,033
Balance at December 31, 2000	10,045,606	15,277,589
Conversion of Preferred Stock into Common	--	--
Net earnings for the three months	1,242,292	1,242,292
Balance at March 31, 2001	$ 11,287,898	$ 16,519,881

</TABLE>

The accompanying notes are an integral part of this statement.

The Topaz Group, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

<TABLE>

	Year ended December 31,			Three months ended March 31,	
Increase (Decrease) in Cash and Cash Equivalents	1998	1999	2000	2000	2001
<S>	<C>	<C>	<C>	<C>	<C>
Cash flows from operating activities					
Net earnings	$ 4,639,610	$ 7,139,182	$ 4,076,033	$ (272,932)	$ 1,242,292
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities					
Depreciation and amortization	163,685	161,605	145,307	37,329	32,634
Remeasurement of redeemable ordinary shares	--	(2,302,249)	(752,760)	(48,093)	(177,735)
Warrants granted for services	--	40,000	60,000	30,000	--
Changes in assets and liabilities:					
Receivables	(508,830)	1,015,271	(323,835)	296,965	362,870
Inventories	(5,454,770)	(8,483,736)	(2,137,554)	(1,619,534)	(387,236)
Prepaid expenses and deposits/other assets	2,378	730,997	57,236	8,211	(256,354)
Payables	1,608,092	294,217	(476,890)	(1,158,005)	(1,425,847)
Accrued liabilities	(46,803)	5,886	304,081	423,468	789,178
Net cash provided by (used in) operating activities	403,362	(1,398,827)	951,618	(2,302,591)	179,802
Cash flows from investing activities					
Purchases of property and equipment	--	(146,931)	(242,538)	(118,979)	(56,330)
Net cash used in investing activities	--	(146,931)	(242,538)	(118,979)	(56,330)
Cash flows from financing activities					
Payment on notes payable, net	516,262	(493,890)	(1,736,947)	1,869,823	--
Borrowings (payments) on line of credit, net	--	--	775,162	377,295	(281,737)
Proceeds from issuance of share	2,454,000	6,916,511	--	--	--

capital					
Subscriptions received	(1,883,729)	--	--	--	--
Dividends paid	--	(6,085,321)	--	--	--
Net cash provided by (used in) financing activities	1,086,533	337,300	(961,785)	2,247,118	(281,737)
Net increase (decrease) in cash and cash equivalents	1,489,895	(1,208,458)	(252,705)	(174,452)	(158,265)
Cash and cash equivalents at the beginning of period	293,002	1,782,897	574,439	574,439	321,734
Cash and cash equivalents at the end of period	$ 1,782,897	$ 574,439	$ 321,734	$ 399,987	$ 163,469
Supplemental disclosure of cash flow information:					
Cash paid during the period					
Interest	$ --	$ 79,279	$ 93,576	$ 14,000	$ 14,500
Noncash Financing Activities:					
Settlement of related party receivable in lieu of payment of declared and accrued dividends	$ 3,932,811	$ 4,986,478	$ --	$ --	$ --

</TABLE>

The accompanying notes are an integral part of these statements.

The Topaz Group, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1998, 1999 and 2000, and the
three months ended March 31, 2000 and 2001 (unaudited)

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Topaz Group, Inc. (the Company) is a Nevada corporation which, through its subsidiaries, is involved in the manufacture and sale of jewelry and the polishing, cutting, and selling of precious and semi-precious gemstones, principally topaz gemstones. Sales are primarily to companies within the United States of America.

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements follows.

1. BASIS OF PRESENTATION

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned Thailand subsidiaries, Creative Gems & Jewelry Limited (Creative), Advance Gems & Jewelry Limited (Advance) and Advance Gems Manufacturing Co., Ltd (Advance Manufacturing) (collectively, the Subsidiaries). All significant intercompany accounts and transactions have been eliminated.

Best Worth Agents Limited (Best Worth) owned 100% of the issued and outstanding preferred stock of Creative and Advance, which constituted 99.7% of the voting and dividend rights of Creative and Advance. On May 1, 1999, Best Worth entered into a share exchange agreement that was consummated on September 1, 1999. On September 1, 1999, Best Worth transferred 100% of its preferred shares in Advance and Creative in exchange for 100% (22,375,000 shares) of the voting convertible preferred stock of Chancellor Corporation, a non operating public shell company. Chancellor subsequently changed its name to Topaz Group, Inc. The transaction resulted in the Company becoming the accounting acquirer, whereby Creative and Advance become subsidiaries of the Company and the historical financial statements of Creative and Advance become those of The Topaz Group, Inc. and Subsidiaries. Ordinary shares of Creative and Advance, representing 0.3% voting rights, remain outstanding to individual shareholders of those companies (see note J).

During August 2000, the Company formed Advanced Gems Manufacturing Co., Ltd. The wholly-owned subsidiary of Advance was formed for Thailand statutory tax purposes.

2. REVENUE RECOGNITION

Revenue is recognized when goods are shipped to customers.

3. CASH AND CASH EQUIVALENTS

The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Company maintains its cash accounts in several Thai financial institutions. The Company has not experienced any losses in connection with its deposits.

4. INVENTORIES

Inventories are stated at the lower of cost or market. Cost is determined using a moving average method.

5. PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Depreciation and amortization is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, which range from five to twenty years. Leasehold improvements are amortized over the lives of the respective leases or the service lives of the improvements, whichever is shorter.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. ADVERTISING EXPENSES

The Company expenses the cost of advertising as it occurs. Advertising expenses for the years ended December 31, 1998, 1999 and 2000 totaled approximately $114,000, $93,000 and $341,000, respectively. Advertising expenses for the three months ended March 31, 2000 and 2001, were $56,000 and $78,000, respectively.

7. FUNCTIONAL CURRENCY AND REMEASUREMENT.

The Company's Thai subsidiaries maintain their books and records in Thai Baht. However, their functional currency is the US dollar. Monetary assets and liabilities and related income and expense items are remeasured using current rates. Certain nonmonetary assets (notably property and equipment) are remeasured at historical rates. Other nonmonetary balance sheet items and related revenues, expenses, gains and losses are remeasured using average exchange rates. Gains or losses on remeasurement to U.S. dollars from Thai Baht are included in the Consolidated Statements of Earnings.

8. SEGMENT INFORMATION

The Company has adopted Statement of Financial Accounting Standard No. 131, Disclosures About Segments of an Enterprise and Related Information, (SFAS 131) which requires companies to present financial information on individual segments. The Company currently operates in one segment, and therefore, the adoption had no effect on the Company's financial statements except for the inclusion of geographic areas information.

9. EARNINGS PER SHARE

Basic earnings per share is computed on the basis of the weighted average number of common shares outstanding. Diluted earnings per share is computed on the basis of the weighted average number of common shares outstanding plus the effect of outstanding preferred shares using the "if-converted" method, and outstanding stock warrants using the "treasury stock" method.

The components of basic and diluted earnings per share were as follows:
<TABLE>

	Year ended December 31,			Three months ended March 31,	
	1998	1999	2000	2000	2001
<S>	<C>	<C>	<C>	<C>	<C>
BASIC					
Net earnings (loss) before extraordinary item	$4,639,610	$6,335,593	$4,076,033	$(272,932)	$1,242,292
Preferred stock dividends	(12,270,000)	(2,734,610)	-	-	-

Net earnings (loss) available to common shareholders before extraordinary item	$(7,630,390)	$3,600,983	$4,076,033	$(272,932)	$1,242,292
Extraordinary item	-	803,589	-	-	-
Net earnings (loss) available to common shareholders after extraordinary item	$(7,630,390)	$4,404,572	$4,076,033	$(272,932)	$1,242,292
Weighted average outstanding shares of common stock	763,000	763,000	829,727	763,000	1,174,886

</TABLE>

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

<TABLE>

	Year ended December 31,			Three months ended March 31,	
	1998	1999	2000	2000	2001
<S>	<C>	<C>	<C>	<C>	<C>
Net earnings (loss) per share before extraordinary item	$ (10.00)	$ 4.71	$ 4.91	$ (0.36)	$ 1.06
Net earnings (loss) per share	$ (10.00)	$ 5.77	$ 4.91	$ (0.36)	$ 1.06
DILUTED					
Net earnings (loss) available to common shareholders before extraordinary item	$(7,630,390)	$3,600,983	$4,076,033	$ (272,932)	$1,242,292
Impact of assumed conversion of preferred stock	--	2,734,610	--	--	--
Net earnings (loss) available to common shareholders before extraordinary item (including effect of assumed conversion)	$(7,630,390)	$6,335,593	$4,076,033	$ (272,932)	$1,242,292
Extraordinary item	--	803,589	--	--	--
Net earnings (loss) available to common shareholders after extraordinary item (including effect of assumed conversion)	$(7,630,390)	$7,139,182	$4,076,033	$ (272,932)	$1,242,292
Weighted average outstanding shares of common stock	763,000	763,000	829,727	763,000	1,174,886

Dilutive effect of preferred shares (1)	--	4,735,680	4,809,692	--	4,877,563
Common stock and potentially issuable common stock	763,000	5,498,680	5,639,419	763,000	6,052,449
Net earnings (loss) per share before extraordinary item	$ (10.00)	$ 1.15	$ 0.72	$ (0.36)	$ 0.21
Net earnings (loss) per share	$ (10.00)	$ 1.30	$ 0.72	$ (0.36)	$ 0.21

(1) The dilutive effect of warrants outstanding during each of the presented periods was immaterial to these computations.
</TABLE>

10. FAIR VALUE OF FINANCIAL INSTRUMENTS

In assessing the fair value of financial instruments, the Company has used a variety of methods and assumptions, which are based on estimates of market conditions and risks existing at that time. For all financial instruments, including cash, accounts payable, accrued expenses, and notes payable, it was estimated that the carrying amount approximated fair value for these financial instruments because of their short maturities.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. NEW AUTHORITATIVE ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities, (SFAS 133). SFAS 133 (as amended by SFAS 138 in June 2000) establishes new standards of accounting and reporting for derivative instruments and hedging activities. SFAS 133 requires that all derivatives be recognized at fair value in the statement of financial position, and that the corresponding gains or losses be reported either in the statement of operations or as a component of comprehensive income, depending on the type of hedging relationship that exists. In July 1999, the Financial Account Standards Board issued SFAS No. 137 (SFAS 137), Accounting for Derivative Instruments and Hedging Activities-Deferral of Effective Date of SFAS 133. SFAS 137 deferred the effective date of SFAS 133 until the first quarter of fiscal years beginning after June 15, 2000. The Company does not currently hold derivative instruments or engage in hedging activities. The Company expects the adoption of SFAS 133, SFAS 137 and SFAS 138 will not have a material impact on its financial statements and related disclosures.

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101 (SAB 101), Revenue Recognition in Financial Statements. SAB 101 provides guidance on applying accounting principles generally accepted in the United States to revenue recognition in financial statements and is effective in the fourth quarter of all fiscal years beginning after December 15, 1999. The Company's accounting policies are consistent with the requirements of SAB 101, so the implementation of SAB 101 did not have an impact on the Company's operating results.

In April 2000, the Financial Accounting Standards Board issued FASB Interpretation No. 44 (FIN 44), Accounting for Certain Transactions Involving Stock Compensation, an interpretation of APB Opinion No. 25. FIN 44 is effective for transactions occurring after July 1, 2000. The application of FIN 44 did not have an impact on the Company's consolidated financial statements.

In June 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 141 (SFAS 141), Business Combinations. SFAS 141 applies to all business combinations initiated after June 30, 2001. The Statement also applies to all business combinations accounted for using the purchase method for which the date of acquisition is July 1, 2001, or later. The adoption of SFAS 141 did not have an impact on the Company's consolidated financial statements.

In June 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 142 (SFAS 142), Goodwill and Other

Intangible Assets. The provisions of SFAS 142 are required to be applied starting with fiscal years beginning after December 15, 2001 with earlier application permitted for entities with fiscal years beginning after March 15, 2001 provided that the first interim financial statements have previously been issued. The statement is required to be applied at the beginning of the entity's fiscal year and to be applied to all goodwill and other intangible assets recognized in its financial statements to that date. The initial application of the SFAS 142 will have no impact on the Company's consolidated financial statements.

12. USE OF ESTIMATES

In preparing the Company's consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities and equity, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

13. INTERIM FINANCIAL INFORMATION

The interim consolidated financial statements of the Company as of March 31, 2001 and for the three months ended March 31, 2000 and 2001, included herein, have been prepared by the Company, without audit, pursuant to the rules and regulations of the SEC on a basis consistent with the audited consolidated financial statements. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to the rules and regulations relating to the interim financial statements.

In the opinion of the management, the accompanying interim consolidated financial statements reflect all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the financial position, results of the Company's operations and its cash flows in accordance with generally accepted accounting principles. The accompanying unaudited interim consolidated financial statements are not necessarily indicative of full year results.

NOTE B - STOCK SPLITS AND OTHER CHANGES TO COMPOSITION OF EQUITY

On September 29, 2000, the Company authorized a "one for five" reverse split of its voting common stock. The split did not affect stock's par value and the number of authorized common stock shares. All references to number of shares in the financial statements have been adjusted to reflect this reverse stock split on a retroactive basis.

On January 22, 2001, the Company amended its Articles of Incorporation to re-designate 50,000,000 authorized preferred shares to create a new class of preferred stock, Series B Preferred. On January 25, 2001, the Company announced an exchange of 20,130,250 Series A preferred shares (representing five of each six shares outstanding per each Series A holder) into 1,006,513 shares of the Series B preferred stock.

The accompanying financial statements were adjusted to retroactively reflect January 25, 2001 recapitalization.

NOTE C - INVENTORIES

Inventories consist of the following:

	December 31,		March 31,
	1999	2000	2001
Raw materials	$2,271,893	$2,860,174	$3,057,839
Finished stones	14,648,674	17,087,679	17,259,081
Finished jewelry	1,568,381	678,649	696,818
	$18,488,948	$20,626,502	$21,013,738

The Topaz Group, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1998, 1999 and 2000, and the
three months ended March 31, 2000 and 2001 (unaudited)

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	December 31,		March 31,
	1999	2000	2001
Land and land improvements	$1,350,218	$1,352,813	$1,352,813
Buildings and improvements	362,709	381,014	387,193
Machinery and equipment	965,294	1,125,657	1,161,735
Office furniture and equipment	400,904	441,712	455,785
Vehicles	262,049	283,011	283,011
	3,341,174	3,584,207	3,640,537
Less accumulated depreciation and amortization	1,310,672	1,456,474	1,489,108
	$2,030,502	$2,127,733	$2,151,429

NOTE E - RELATED PARTY RECEIVABLES AND PAYABLES

The related party receivable as of December 31, 1999, consists principally of amounts advanced to a related company and was collateralized by precious and semi-precious gemstones. The related company has a common director with Creative. This balance was settled in 2000 when the Company acquired the collateral.

Payables to related parties consist of the following:

	December 31,		March 31,
	1999	2000	20001
Due to directors	$ 345,310	$ 543,929	$ 460,300
Accrued rent	194,754	327,369	288,691
Other	76,205	-	-
	$ 616,269	$ 871,298	$ 748,991

Related party accrued rent is owed to companies that are controlled by the Company's president.

NOTE F - LINES OF CREDIT

The Company has two line of credit arrangements with two Thai financial institutions entered into in October 1999 (1999 Line) and April 2000 (2000 Line). Both lines are renewable automatically on yearly basis and are subject to the banks' periodic review resulting in adjustment of the Company's credit limit.

The 1999 line bears interest at a rate equal to LIBOR plus two percent (8.208% and 8.136% as of December 31, 2000 and 1999, respectively), is personally guaranteed by two of the Company's directors and collateralized by various real estate properties belonging to the Company and one of the directors. As of December 31, 2000 and March 31, 2001 approximately $836,000 and $791,000, respectively, was available for borrowing under the 1999 line.

The interest rate on the 2000 line is the same as on the 1999 line. It is also guaranteed by two of the Company's directors and secured by a deed on a real estate property owned by a related party. As of December 31, 2000 and March 31, 2001, approximately $493,000 and $505,000, respectively, was available for borrowing under the 2000 Line.

The Topaz Group, Inc. and Subsidiaries

As of December 31, 1999 and 2000, and March 31, 2001, outstanding balance under both lines of credit was $0, $775,162 and $493,425, respectively.

NOTE G - NOTES PAYABLE

Notes payable consist of the following:

	December 31,		March 31,
	1999	2000	2001
Debt restructuring	$ 685,893	$ -	$ -
Notes payable - related party	989,402	-	-
Note payable to bank	61,652	-	-
	$1,736,947	$ -	$ -

Notes payable to related party were due to directors, without interest or fixed terms of repayment and were repaid during the year ended December 31, 2000.

NOTE H - EXTRAORDINARY ITEM

On July 30, 1999, Advance completed a debt restructuring with an investor that purchased the rights to the debt from a failed financial institution. The debt restructuring occurred as a result of the failure of the financial institution and not Advance's inability to service the debt. The debt restructuring was accomplished through the reduction of the face amount of the debt and accrued interest. The result was a gain on restructuring totaling approximately $804,000, which is reflected as an extraordinary item in the Consolidated Statements of Earnings. The remaining principal and interest of $610,470 was paid in full during January 2000. The debt restructuring was accounted for in accordance with Statement of Financial Accounting Standards No. 15, Accounting by Debtors and Creditors for Troubled Debt Restructurings. The net effect of the gain on the debt restructuring on basic and diluted earnings per share for the years ended December 31, 1999 was $1.06 and $0.15, respectively.

NOTE I - STOCKHOLDERS' EQUITY

The Company has the following types of equity securities authorized and outstanding:

PREFERRED STOCK - 50,000,000 shares authorized as of December 31, 1999 and 2000, and March 31, 2001.

Series A Preferred (see note B) $0.001 par value - 26,000,000 shares authorized, 22,375,000, 4,021,050, and 3,721,050 shares issued and outstanding as of December 31, 1999 and 2000, and March 31, 2001. Each share of preferred stock has liquidation preferences, and each preferred shareholder is entitled to one vote per share. General conversion provisions entitle each preferred share to be converted into one common stock share at the election of the holder. At any time after one year from the date of issuance, the preferred stock is subject to mandatory conversion at the rate of one share of preferred stock for one share of common stock, upon the undertaking by the Company of a public offering of its securities pursuant to the Securities Act of 1933, as amended. Holders of preferred stock are entitled to receive dividends from funds legally available, concurrent with the declaration of dividends on the Company's common stock.

Series B Preferred (see note B) $0.001 par value - 10,000,000 shares authorized, 1,006,513 shares issued and outstanding as of December 31, 1999 and 2000, and March 31, 2001. Series B preferred has the same rights, preferences, privileges and priority as Series A, except for voting rights which are twenty votes per each Series B preferred share.

COMMON STOCK - $0.001 par value - 100,000,000 authorized; 763,000, 1,024,886,

and 1,324,886 shares issued and outstanding as of December 31, 1999 and 2000, and March 31, 2001, respectively. The voting rights are one vote per share.

COMMON STOCK WARRANTS - On September 1, 1999, the Company authorized common stock warrants to be granted to three consultants in connection with future services. The warrants were granted monthly from September 1999 through June 2000. The number of the warrants issued in each tranche was determined as the fair value of the services provided (set at $10,000 total for each month) divided by the fair value of the underlying stock as determined on the date of each grant. The warrants' strike price on each grant date was equal to the fair value of the underlying stock on the date of each grant but not less than $2.50 per share. As of December 31, 1999 and 2000, the Company granted 14,759 and 32,884 warrants, respectively, resulting in $40,000 and $60,000 in additional expenses for the years ended December 31, 1999 and 2000, respectively. The warrants expire on July 27, 2005 and have strike prices varying from $2.50 to $5.16.

A rollforward of shares issued and outstanding is as follows:

	Class A Preferred Stock	Class B Preferred Stock	Common Stock
Shares issued as part of May 1, 1999 exchange agreement	22,375,000	--	763,000
Balance at December 31, 1999	22,375,000	--	763,000
Conversion of preferred stock	(1,307,700)	--	261,886
Issuance of additional preferred stock under May 1, 1999 exchange agreement	3,084,000	--	--
Shares issued in recapitalization	(20,130,250)	1,006,513	--
Balance at December 31, 2000	4,021,050	1,006,513	1,024,886
Conversion of Preferred Stock	(300,000)	--	300,000
Balance at March 31, 2001	3,721,050	1,006,513	1,324,886

NOTE J- REDEEMABLE ORDINARY SHARES

Advance and Creative have 10,710,000 ordinary shares issued and outstanding to related parties. Certain of these related parties are preferred shareholders of the Company. The voting rights of the ordinary shares, with respect to Advance and Creative, are one vote per share or 0.3% of the total outstanding voting shares. The Company controls the remaining 99.7% of Advance and Creative as a result of the share exchange consummated on May 1, 1999 (as discussed in note A). The ordinary shares are not publicly traded and are eligible to receive dividends in proportion to their voting rights. Since the ordinary shares do not represent equity of the Company and the Company has an obligation to repurchase the ordinary shares they have been accounted for as redeemable equity of the Thai subsidiaries. Accordingly the redeemable ordinary shares of the subsidiaries have been remeasured into U.S. dollars at the current rate as of December 31, 1999 and 2000, and March 31, 2001.

NOTE K- INCOME TAXES

The Subsidiaries have received a promotional privilege from the Thai Board of Investment under certificates dated May 30, 2000 (Creative) and September 8, 2000 (Advance Manufacturing) relating to the manufacture of gemstones and jewelry. The promotional privilege for Advance expired during 2000 and Advance is now inactive. Under this privilege, the Subsidiaries have received exemption from certain Thai taxes and duties including Thai corporate income tax on income derived from the promoted activities for a period of eight years commencing from the date

that the Subsidiaries have income derived from those activities. The Subsidiaries are required to comply with the terms and conditions specified in the promotional certificate. Management does not believe it will ever utilize the net operating loss (NOL) of the predecessor company, Chancellor Corporation, due to limitations on change of ownership.

The income tax expenses reconciled to the tax computed at the U.S. statutory rate were approximately as follows:

<TABLE>

	Year ended December 31,			Three months ended March 31,	
	1998	1999	2000	2000	2001
<S>	<C>	<C>	<C>	<C>	<C>
Tax expense (benefit) computed at federal statutory rate	$1,577,000	$2,427,000	$1,386,000	$ (93,000)	$ 86,000
Non U.S. income exempt from tax	(1,577,000)	(2,427,000)	(1,520,000)	-	(94,000)
Valuation allowance	-	-	134,000	93,000	8,000
	$ -	$ -	$ -	$ -	$ -

</TABLE>

Deferred tax assets and liabilities are measured using enacted tax rates that are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. A valuation allowance is recorded for deferred tax assets when it is more likely than not that such deferred tax assets will not be realized. Deferred income taxes reflect the net tax effects of temporary differences between the consolidated carrying amounts of assets and liabilities for financial reporting purposes and the respective amounts used for income tax purposes. Significant components of the Company's deferred tax assets are as follows:

	December 31, 2000	March 31, 2001
Deferred asset		
Net operating losses	$ 114,000	$ 122,000
Warrants	20,000	20,000
Valuation allowance	(134,000)	(142,000)
Net deferred tax asset	$ -	$ -

Internal Revenue Code Section 382 places a limitation on the amount of taxable income that can be offset by carryforwards after a change in control (generally greater than a 50% change in ownership). As a result of these provisions, utilization of the NOL and tax credit carryforwards may be limited.

NOTE L - COMMITMENTS

1. OPERATING LEASE AGREEMENTS

The Company conducts its operations in leased facilities under operating leases expiring through February 2011. The Company has the option of extending the lease terms beyond the current expiration date. The following is a schedule by year of approximate minimum rental payments under such operating leases.

Year ending December 31,	Third Party	Related Party	Total

2001	$ 21,400	$ 74,663	$ 96,063
2002	21,400	74,663	96,063
2003	16,645	74,663	91,308
2004	-	74,663	74,663
2005	-	74,663	74,663
Thereafter	-	385,758	385,758
	$ 59,445	$ 759,073	$818,518

Certain of the above leases provide for payment of taxes and other expenses by the Company. Rent expense for the leased facilities for the years ended December 31, 1998, 1999 and 2000 and the three months ended March 31, 2000 and 2001, was approximately $65,000, $77,000 and $72,000, $18,000 and $19,000, respectively.

2. LEGAL RESERVE

Under the provisions of Thailand's Civil and Commercial Code, the Subsidiaries are required to set aside a legal reserve of at least five percent of their net earnings at each dividend declaration until the reserve reaches ten percent of the contributed capital. The reserve is not available for dividend distribution. As of December 31, 1999 and 2000, and March 31, 2001 the reserve balance was $490,800, and was included in the Company's retained earnings.

NOTE M - RISK AND UNCERTAINTIES

1. COUNTRY RISK

A significant volume of the Company's operations are conducted in Thailand. Accordingly, the Company's business, financial position and results of operations may be influenced by the political, economic and legal environments in Thailand and the Pacific Rim region (PRR), and by the general state of the Thailand and Pacific Rim economies.

The Company's operations in the Pacific Rim are subject to special considerations and significant risks not typically associated with companies in North America and Western Europe. These include risks associated with, among others, the political, economic and legal environments and foreign currency exchange. The Company's results may be adversely affected by changes in the political and social conditions in the PRR, and by changes in governmental policies with respect to laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods of taxation, among other things.

2. CONCENTRATION OF CREDIT RISK

As of December 31, 1999 and 2000, and March 31, 2001 balances of two customers represented 13% and 12%, 13% and 8%, 11% and 6%, respectively, of the total accounts receivable.

The Company performs ongoing credit evaluation of each customer's financial condition and maintains reserves for potential credit losses. Such losses, in the aggregate, have not exceeded management's projections.

3. DEPENDENCE ON A LIMITED NUMBER OF IRRADIATION TREATMENT FACILITIES

The Company negotiated a contract with the University of Missouri to utilize the University's nuclear reactor for the

irradiation (coloration) of topaz gemstones. The contract gives the Company exclusive use of the reactor for the coloration of gemstones through March 2005 and may be extended on an annual basis upon mutual agreement of both parties. Management believes that there are fewer than five known facilities in the world that are capable of providing similar irradiation processing.

NOTE N - GEOGRAPHIC AREAS AND CONCENTRATIONS

a. Revenue (thousands)

Year ended December 31,			Three months ended March 31,	
1998	1999	2000	2000	2001

United States	$15,808	$16,972	$28,347	$ 3,874	$ 3,623
Thailand	3,079	2,909	4,136	592	963

b. Long-lived assets

	December 31,		March 31,
	1999	2000	2001
US	$ -	$ -	$ -
Thailand	2,030,502	2,127,733	2,151,429
Total	$2,030,502	$2,127,733	$2,151,429

c. Major customers

Details of individual customers accounting for more than 10% of the Company's sales are as follows:

	Sales (thousands)				
	Year ended December 31,			Three months ended March 31,	
	1998	1999	2000	2000	2001
Goldmine Enterprises, Inc.	$ 2,441	$4,579	$ 4,215	$ 969	$ 870
Helen Andrews	3,225	3,960	2,862	275	132

d. Major suppliers (thousands)

Details of individual suppliers accounting for more than 10% of the Company's purchases are as follows:

	Year ended December 31,			Three months ended March 31,	
	1998	1999	2000	2000	2001
Gold Corporation	$ 2,455	$3,271	$ 3,657	$ 618	$ 437
Little Rock	174	1,798	2,667	686	223

NOTE O - SELECTED QUARTERLY DATA (UNAUDITED)

<TABLE>

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
<S>	<C>	<C>	<C>	<C>
Year ended December 31, 1999				
Net sales	$3,716,087	$5,058,649	$5,935,431	$ 5,171,116
Gross profit	1,709,400	2,630,498	3,027,070	1,488,491
Earnings from operations	831,196	1,607,517	2,035,068	35,578
Net earnings (loss) before extraordinary item	2,781,833	1,627,997	2,129,701	(203,938)
Extraordinary item	-	-	803,589	-
Net earnings (loss)	2,781,833	1,627,997	2,933,290	(203,938)
Earnings (loss) per share from operations				
Basic	$ (2.49)	$ 2.11	$ 2.67	$ 0.05
Diluted	$ (2.49)	$ 0.29	$ 0.37	$ 0.01
Net earnings (loss) per share before				

extraordinary item				
Basic	$ 0.06	$ 2.13	$ 2.79	$ (0.27)
Diluted	$ 0.01	$ 0.30	$ 0.39	$ (0.27)
Net earnings (loss) per share				
Basic	$ 0.06	$ 2.13	$ 3.84	$ (0.27)
Diluted	$ 0.01	$ 0.30	$ 0.53	$ (0.27)

Year ended December 31, 2000

Net sales	$4,466,439	$5,989,268	$7,799,898	$14,227,438
Gross profit	1,161,274	1,976,458	2,183,971	3,673,278
Earnings from operations	47,526	1,041,967	1,092,637	2,675,921
Net earnings (loss)	(272,932)	1,152,582	1,198,819	1,997,564
Earnings per share from operations				
Basic	$ 0.06	$ 1.37	$ 1.43	$ 3.23
Diluted	$ 0.01	$ 0.19	$ 0.20	$ 0.48
Net earnings (loss) per share				
Basic	$ (0.36)	$ 1.51	$ 1.57	$ 2.41
Diluted	$ (0.36)	$ 0.21	$ 0.22	$ 0.35

Year ending December 31, 2001

Net sales	$4,586,282
Gross profit	1,305,985
Earnings from operations	467,203
Net earnings	1,242,292
Earnings per share from operations	
Basic	$ 0.40
Diluted	$ 0.08
Net earnings per share	
Basic	$ 1.06
Diluted	$ 0.21

</TABLE>

NOTE P - SUBSEQUENT EVENTS (UNAUDITED)

On May 15, 2001, the Board of Directors approved the 2001 Stock Option Plan and approved 1,000,000 common stock options to be granted to employees and directors of the consolidated entity.

On July 20, 2001, the Company filed with the State of Nevada to change the convertibility provisions of the Series B preferred stock. Under the new provisions, Series B preferred shares are only convertible into the Company's common stock in the events specified in the amended Series B Preferred agreement.

INDEX TO EXHIBITS

2.1	Agreement of Exchange among the Company, Best Worth Agents, Ltd and Advance Gems & Jewelry Co., Ltd., dated April 30, 1999
2.2	Agreement of Exchange among the Company, Best Worth Agents, Ltd and Creative Gems & Jewelry Co., Ltd., dated April 30, 1999
3(i)(a)	Amended and Restated Articles of Incorporation of the Company, dated November 17, 1998
3(i)(b)	Certificate of Change in the Number of Outstanding Shares of Common Stock, dated November 16, 2000
3(ii)	Bylaws of the Company, dated June 5, 1996
4.1	Amended and Restated Certificate of Designation of the Company's

Series A Preferred Stock and Series B Preferred Stock, dated July 20, 2001

4.2 2001 Stock Option Plan of the Company

10.1 Contract between the Company and the Curators of the University of Missouri, dated March 1, 2001

10.2 Joint Venture Agreement between Creative Gems & Jewelry Co., Ltd. and Muthama Gemstones (Kenya) Limited, dated September 6, 1999.

10.3 Credit Facilities Agreement between UOB Radanasin Bank Pcl and the Creative Gems & Jewelry Co. Ltd., dated April 12, 2000

21 Subsidiaries of the Registrant

24.1 Power of Attorney (Included on Signature Page)

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized in the City of Bangkok, State of Thailand, on the 27th day of July, 2001.

THE TOPAZ GROUP INCORPORATED

BY:/s/ Jeremy F. Watson

Jeremy F. Watson
Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints each of Jeremy F. Watson and Terrance C. Cuff and each of them with power of substitution, as his attorney-in-fact, in all capacities, to sign amendments to this registration statement (including post-effective amendments) and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that said attorney-in-facts or their substitutes may do or cause to be done by virtue hereof

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the date indicated.

NAME	TITLE	DATE
/s/ Jeremy F. Watson --- Jeremy F. Watson	Chairman and Chief Executive Officer	July 27, 2001
/s/ Aphichart Fufuangvanich --- Aphichart Fufuangvanich	Director and President	July 23, 2001
/s/ Thammatinna Thammaradi --- Thammatinna Thammaradi	Director and Executive Vice President	July 27, 2001
/s/ Leonard Orrin --- Leonard Orrin	Director and Director of Marketing	July 27, 2001
/s/ Timothy Matula --- Timothy Matula	Director and Treasurer	July 24, 2001
/s/ Terrance C. Cuff --- Terrance C. Cuff	Director and Chief Financial Officer	July 27, 2001

/s/ Thiti Fufuangvanich Thiti Fufuangvanich	Director and Director of Research and Development	July 27, 2001
/s/ Alson Lee Alson Lee	Director	July 24, 2001
/s/ David Dikinis David Dikinis	Director	July 25, 2001

AGREEMENT OF EXCHANGE
of convertible preferred voting stock of
TOPAZ GROUP, INC
for one hundred percent (100%) of the
issued and outstanding preferred shares of
ADVANCE GEMS & JEWELRY CO., LTD.

TOPAZ GROUP, INC. ("TOPAZ") is a development stage Co. presently listed for trading on the NASDAQ Bulletin Board; ADVANCE GEMS & JEWELRY CO. LTD. ("ADVANCE GEMS") is an operating company with its principal place of business located in Bangkok, Thailand; and BEST WORTH AGENTS, LTD. (B.V.I.) ("BEST WORTH") is the owner of one hundred percent (100%) of the issued and outstanding preferred stock of Advance Gems which stock constitutes all of the voting and dividend rights of Advance Gems. Topaz, Advance Gems, and Best Worth (sometimes collectively referred to herein, as the "Parties"), believe it is in their mutual best interests for Best Worth to exchange the preferred stock of Advance Gems it owns for convertible preferred stock of Topaz having both voting and dividend rights on the terms and conditions set forth in this Agreement of Exchange.

Now therefore, the Parties agree as follows:

ARTICLE I
AGREEMENT OF EXCHANGE

Section 1.01. Topaz, Advance Gems, and Best Worth agree to the exchange of stock as follows:

(a) Best Worth will transfer to Topaz 98,000,000 Baht shares of the preferred stock of Advance Gems, which constitutes all of the issued and outstanding shares of preferred stock of Advance Gems;

(b) In exchange for the transfer of shares by Best Worth in "a", Topaz will issue shares of its convertible preferred stock and cause appropriate shares certificates to be delivered to Best Worth as follows:

(i) upon consummation of this Agreement, eleven million (11,000,000) shares of the voting convertible preferred stock of Topaz representing forty-four percent (44%) of the voting and dividend rights of Topaz following such issuance; and

(ii) immediately upon receipt of the auditor's records of profits by Advance Gems, an additional number of shares of the voting convertible preferred stock of Topaz equal to the aggregate percentage increase in the 1999 profits of Advance Gems over 1998 aggregate profits of four million five hundred thousand dollars ($4,500,000). For example, if the combined 1999 profits of Advance Gems amount to an increase of fifty percent (50%) over into the combined 1998 profits, there would be an additional issuance to Best Worth of four million

(4,000,000) shares.

ARTICLE II
COVENANTS, REPRESENTATIONS AND WARRANTIES OF TOPAZ

LEGAL STATUS

Section 2.01. Topaz is a corporation duly organized, validly existing, and in good standing under the laws of the State of Nevada with corporate power to own property in carry on its business as it is now being conducted.

Section 2.02. Topaz presently has one subsidiary. U.S. Heritage Corporation and also owns one hundred percent (100%) of the issued and outstanding preferred stock of Creative Gems and Jewelry Company Limited ("Creative") which constitutes all of the voting and dividend rights of Creative. Following consummation of this Agreement, Topaz will additionally own one hundred percent (100%) of the issued and outstanding preferred stock of Advance Gems which will considerate all of the voting and dividend rights of said corporation.

CAPITALIZATION

Section 2.03. (a) Topaz has an authorized capitalization of 100,000,000 shares of common stock $.001 par value, of which 2,625,000 shares are issued and outstanding, fully paid, and nonassessable, and 26,000,000 shares of voting convertible preferred stock, $.001 par value, 11,375,000 of which are presently issued and outstanding.

(b) Pursuant to the Agreement of Exchange between Topaz and Creative dated April 3, 1999, Topaz shall, upon receipt of the auditor's report of profits by Creative for 1999, issue to Best Worth an additional number of shares of the voting convertible preferred stock of Topaz equal to the percentage increase in Creative's 1999 profits over its 1998 profits, times 8,000,000.

FINANCIAL STATEMENTS

Section 2.04. (a) Topaz has delivered to Best Worth the balance sheet of Topaz as of December 31, 1997, the related statements of income and retained earnings for the year then ended, prepared internally and subject to normal changes resulting from year-end audit.

(b) Other than changes in the usual and ordinary conduct of business since December 31, 1997, there have been, and at the closing date there will be, no changes in such financial statements.

TITLE TO PROPERTIES

Section 2.05. All book assets of Topaz are in existence, are in its possession, and are in good condition and repair. Topaz has good and marketable title to all of its assets and, except for any liens or encumbrances which are shown on its financial statements as of December 31, 1997, or which have arisen in the ordinary course of business since the date of such financial statements and which do not interfere with the conduct of its business in the ordinary course, holds such assets subject to no mortgage, lien, or encumbrance.

INDEBTEDNESS

Section 2.06. Except as set forth in the balance sheet of Topaz as of December 31, 1997, there is no outstanding indebtedness other than liabilities incurred in the ordinary course of business or in connection with this transaction. Topaz is not in default in respect of any terms or conditions of indebtedness.

NO LITIGATION OR PROCEEDING PENDING OR THREATENED

Section 2.07. Topaz is not a party to, nor has it been threatened with, any litigation or governmental proceeding which, if decided adversely to it, would have a material adverse effect upon the transaction contemplated hereby, or upon the financial condition, net worth, prospects, or business of Topaz.

NO RESTRICTIONS PREVENTING TRANSACTION

Section 2.08. Topaz is not subject to any charter, bylaw, mortgage, lien, lease, agreement, judgment, or other restriction of any kind which would prevent consummation of the transaction contemplated by this Agreement

STATUS OF RECEIVABLES

Section 2.09. None of the accounts receivable or contracts receivable indicated in the financial statements which Topaz has delivered to Best Worth is subject to any counterclaim or setoff, and all such accounts receivable and contracts receivable are good and collectible at the aggregate recorded amount thereof.

TAXES

Section 2.10. Topaz has filed all federal and state income tax or franchise tax returns which are required to be filed, has paid all taxes shown on said returns as have become due, and has paid all assessments received to the extent that such assessments have become due.

STATUS OF SHARES BEING TRANSFERRED

Section 2.11. The shares of stock of Topaz which are to be issued and delivered

to Best Worth pursuant to the terms of this Agreement, when so issued and delivered will be validly authorized and issued, and will be fully paid and nonassessable; no shareholder of Topaz will have any preemptive right of subscription or purchase in respect thereof.

AUTHORITY TO EXECUTE AGREEMENT

Section 2.12. Topaz has the legal power and right to enter this Agreement subject to the approval of the principal terms of this Agreement by the outstanding shares, as those terms are defined in the General Corporation Law of Nevada. Topaz has obtained approval of the transaction set forth in this Agreement by its outstanding shares as required by the Nevada Revised Statutes and as indicated in the "Written Consent of Shareholders" attached hereto as Exhibit "A".

DISCLOSURE

Section 2.13. At the date of this Agreement Topaz has, and at the closing date it will have, disclosed all events, conditions, and facts materially affecting the business and prospects of Topaz. Topaz has not now and will not have, at the closing date, withheld knowledge of any such events, conditions and facts which it knows, or has reasonable ground to know, may materially affect the business and prospects of Topaz. None of the representations and warranties of Topaz herein, contains or will contain any untrue statement of a material fact, or omits or will omit to state a material fact necessary in order to make the statements contained herein not misleading.

ARTICLE III
COVENANTS, REPRESENTATATIONS
AND WARRANTIES OF ADVANCE GEMS
AND BEST WORTH AS THEIR SOLE
PREFERRED SHAREHOLDER

LEGAL STATUS

Section 3.01. Advance Gems is a corporation duly organized, validly existing, and in good standing under the laws of Thailand with corporate power to own property and carry on its business as it is now being conducted.

SUBSIDIARIES

Section 3.02. Advance Gems has no subsidiaries nor any interest in any other corporation, firm or partnership.

CAPITALIZATION

Section 3.03. Advance Gems has an authorized capitalization of 102,000,000 Baht shares of common stock, all of which are issued and outstanding, fully paid, and nonassessable representing fifty-one percent (51%) of its total capitalization. Advance Gems is authorized to issue 98,000,000 Baht shares of preferred stock, all of which are issued and outstanding, fully paid, and nonassessable, representing forty-nine percent (49%) of its total capitalization. There are no outstanding options, contracts, calls, commitments, or demands relating to the authorized but unissued stock of Advance Gems.

FINANCIAL STATEMENTS

Section 3.04. (a) Advance Gems has delivered to Topaz its balance sheet as of December 31, 1998, the related statements of income and retained earnings for the year then ended, prepared internally and subject to normal changes resulting from year-end audit.

(b) Other than changes in the usual and ordinary conduct of the business since December 31, 1998, there have been, and at the closing date there will be, no changes in such financial statements.

TITLE TO PROPERTIES

Section 3.05. All books assets of Advance Gems are in existence, and in its possession, and are in good condition and repair and Advance Gems has good and marketable title to such assets. Except for any liens or encumbrances shown on the financial statements as of December 31, 1998, or which have arisen in the ordinary course of business since the date of such financial statements and which do not interfere with the conduct of its business in the ordinary course, such assets are not subject to any mortgage, lien, or encumbrance.

INDEBTEDNESS

Section 3.06. Except as set forth in the balance sheet of Advance Gems as of December 31, 1998, there is no outstanding indebtedness other than liabilities incurred in the ordinary course of business or in connection with this transaction. Advance Gems is not in default in respect of any terms or conditions of indebtedness.

NO LITIGATION OR PROCEEDING PENDING OR THREATENED

Section 3.07. Advance Gems is not a party to, nor has it been threatened with, any litigation or governmental proceeding which, if decided adversely to it, would have a material adverse effect upon the transaction completed hereby, or upon the financial condition, net worth, prospects, or business of the corporation.

NO RESTRICTION PREVENTING TRANSACTION

Section 3.08. Advance Gems is not subject to any charter, bylaw, mortgage, lien, lease, agreement, judgment, or other restriction of any kind which would prevent consummation of the transaction contemplated by this agreement.

STATUS OF RECEIVABLES

Section 3.09. None of the accounts receivable or contracts receivable indicated in the financial statements which Advance Gems has delivered to Topaz is subject to any counterclaim or setoff, and all such accounts receivable and contracts receivable are good and collectible at the aggregate recorded amount thereof.

TAXES

Section 3.10. Advance Gems has filed all applicable income, sales, and/or value added tax returns which are required to be filed, has paid all taxes shown on said returns as have become due, and has paid all assessments received to the extent that such assessments have become due.

STATUS OF SHARES BEING TRANSFERRED

Section 3.11. The shares of preferred stock of Advance Gems which are to be conveyed to Topaz pursuant to the terms of this Agreement, are validly authorized and issued, and are fully paid and nonassessable; no shareholder of Advance Gems will have any preemptive right of subscription or purchase in respect thereof.

AUTHORITY TO EXECUTE AGREEMENT

Section 3.12. Best Worth has the legal power and right to enter this Agreement and its consummation of this Agreement is not subject to the review or approval of any governmental or regulatory agency.

SHARES BEING ACQUIRED FOR INVESTMENT

Section 3.13. Best Worth is acquiring the shares of preferred stock of Topaz for investment and without any present intention to sell, distribute, transfer, or otherwise dispose of the shares. Best Worth will execute and deliver to Topaz on the closing date an investment letter substantially in the form attached hereto as Exhibit "B".

ACTIVITIES SINCE BALANCE SHEET DATE

Section 3.14. Since its balance sheet as of December 31, 1998, Advance Gems has not, and prior to the closing date will not have:

(a) Issued or sold any stock, bond, or other corporate securities.

(b) Except for current liabilities incurred and obligations under contracts entered into in the ordinary course of business, incurred any obligation or liability, absolute or contingent.

(c) Except for current liabilities shown on the balance sheet and current liabilities incurred since that date in the ordinary course of business, discharged or satisfied any lien or encumbrance, or paid any obligation or liability, absolute or contingent.

(d) Mortgaged, pledged, or subjected to lien or any other encumbrance, any of its assets, tangible or intangible.

(e) Except in the ordinary course of business, sold or transferred any of its tangible assets or canceled any debts or claims.

(f) Sold, assigned, or transferred any patents, formulas, trademarks, trade names, copyrights, licenses, or other intangible assets.

(g) Suffered any extraordinary losses, been subjected to any strikes or other labor disturbances, or waived any rights of any substantial value.

(h) Except for transactions contemplated by this agreement, entered into any transaction other than in the ordinary course of business.

DISCLOSURE

Section 3.15. At the date of this agreement Advance Gems has, and at the closing date it will have, disclosed all events, conditions, and facts materially affecting their business and prospects and it has not now and will not have, at the closing date, withheld knowledge of any such events, conditions, and facts which it knows, or has reasonable ground to know, may materially affect

their business and prospects. None of the representations and warranties made by Advance Gems herein, contains or will contain any untrue statement of a material fact, or omits or will omit to state a material fact necessary in order to make the statements contained herein not misleading.

ARTICLE IV
Conduct of Business of
Topaz Pending Closing

ACCESS TO INFORMATION AND DOCUMENTS

Section 4.01. (a) Topaz will afford Best Worth, from the date hereof until consummation of the Agreement, full access during normal business hours to all properties, books, accounts, contracts, commitments, and records of every kind of Topaz in order that Best Worth may have full opportunity to make such investigation as it shall desire to make of, and to keep itself informed with respect to, the affairs of Topaz.

(b) In addition, Topaz will permit Best Worth to make extracts or copies of all such books, accounts, contracts, commitments, and records and will furnish to Best Worth, within 10 days after demand, such further financial in operating data as other information with respect to the business and assets of Topaz as Best Worth shall reasonably request from time to time.

(c) Best Worth will use any information so secured only for its own purposes in connection with the consummation of the transaction contemplated hereby and will not divulge the information to any persons not entitled thereto.

CARRY ON BUSINESS AS USUAL

Section 4.02. Topaz look carry on its business in substantially the same manner as heretofore.

SATISFY CONDITIONS PRECEDENT

Section 4.03. Topaz we use its best efforts to cause the satisfaction of all conditions precedent contained in this Agreement.

ARTICLE V
Conduct of Business of
Advance Gems Pending Closing

ACCESS TO INFORMATION AND DOCUMENTS

Section 5.01. (a) Best Worth will cause Advance Gems to afford Topaz, from the date hereof until consummation of the Agreement, full access during normal business hours to all of the properties, books, accounts, contracts, commitments, and records of every kind in order that Topaz may have full opportunity to make such investigation as it shall desire to make of, and to keep itself informed with respect to, the affairs of Advance Gems.

(b) In addition, Best Worth will cause Advance Gems to permit Topaz to make extracts or copies of all such books, accounts, contracts commitments, and records and will furnish to Topaz, within 10 days after demand, such further financial and operating data and other information with respect to their respective businesses and assets as Topaz shall reasonably request from time to time.

(c) Topaz will use any information so secured only for its own purposes in connection with the consummation of the transaction contemplated hereby and will not divulge the information to any persons not entitled thereto.

SATISFY CONDITIONS PRECEDENT

Section 5.02. Best Worth will use its best efforts to cause the satisfaction of all conditions precedent contained in this Agreement.

ARTICLE VI
CONDITIONS PRECEDENT TO OBLIGATION
OF TOPAZ TO CLOSE

Section 6.01. The obligations of Topaz to consummate the Agreement shall be subject to the following conditions precedent:

TRUTH OF REPRESENTATIONS AND WARRANTIES AND
COMPLIANCE WITH COVENANTS

(a) Representations and warranties of Best Worth contained herein shall be true as of the closing date with the same effect as though made on the closing date. Best Worth shall have performed all obligations and complied with all covenants required by this Agreement to be performed or complied with by him prior to the closing date.

COMMITMENT AS TO INVESTMENT PURPOSE

(b) Best Worth shall have delivered to Topaz, prior to the closing date, a written commitment in form satisfactory to Topaz, that it is taking the shares of common stock of Topaz for purposes of investment and will not dispose of the shares received by it hereunder in a manner which would result in a violation of the Securities Act of 1933.

ACCEPTABILITY OF PAPERS AND PROCEEDINGS

(c) To the extent reasonably requested by Topaz, the form and substance of all papers and proceedings hereunder shall be reasonably acceptable to counsel for Topaz.

APPROVAL OF SHAREHOLDERS

(d) The principal terms of this Agreement shall have been approved by the outstanding shares of the stock of Topaz as required by the Nevada Revised Statutes.

FINANCIAL STATEMENTS

(e) Best Worth shall cause to be delivered to Topaz, unaudited financial statements of Advance Gems for the fiscal year ended December 31, 1998.

ARTICLE VII
CONDITIONS PRECEDENT TO
OBLIGATIONS OF BEST WORTH TO CLOSE

Section 7.01. The obligations of Best Worth to consummate the Agreement shall be subject to the following conditions precedent:

TRUTH OF REPRESENTATIONS AND WARRANTIES
AND COMPLIANCE WITH COVENANTS

(a) Representations and warranties of Topaz contained herein shall be true as of the closing date with the same effect as though made on the closing date. Topaz shall have performed all obligations and complied with all covenants required by this agreement to be performed or complied with by it prior to the closing date.

OPINION FROM COUNSEL FOR TOPAZ

(b) On the closing date, there shall be furnished to Best Worth an opinion from Counsel to Topaz dated the closing date and in form satisfactory to Best Worth ad/or its counsel, to the effect that Topaz is a corporation duly organized, validly existing, and in good standing under the laws of the State of Nevada and that the shares of preferred stock of Topaz delivered to Best Worth on the closing date have been duly authorized, issued and delivered and are validly issued and outstanding, fully paid in nonassessable shares of preferred stock of Topaz.

ARTICLE VIII
CONSUMMATION OF TRANSACTION

CONSIDERATION OF BEST WORTH

Section 8.01. Best Worth shall deliver to Topaz on the closing date, certificates representing all of the issued and outstanding shares of preferred stock of Advance Gems.

CONSIDERATION OF TOPAZ

Section 8.02. (a) Topaz shall deliver to Best Worth on the closing date, certificates representing 26,000,000 shares of common stock of Topaz.

(b) Upon delivery to Topaz of the auditor's report of the 1999 profits of Advance Gems, Topaz shall deliver to Best Worth, certificates representing the number of preferred shares of Topaz determined as provided in Section 1.01(b)(ii).

EXPENSES

Section 8.03. Topaz shall pay the expenses and costs incident to the consummation of this agreement.

ARTICLE IX
Interpretation and Enforcement

NOTICES

Section 9.01. Any notice or other communication required or permitted hereunder shall be deemed to be properly given when deposited in the United States mails for transmittal by certified or registered mail, postage prepaid, or deposited with a public telegraph company for transmittal, charges prepaid, if such communication is addressed.

(a) In the case of Topaz, to: 3030 BRIDGEWAY, SUITE 100, SAUSALITO, CA 94965

or to such other person or address as Topaz may from time to time furnish to Best Worth for that purpose.

(b) In the case of Best Worth to: 126/1 KRUNGTHONBURI ROAD, KLONGSARN, BANGKOK THAILAND or to such other person or address as Best Worth may from time to time furnish to Topaz for that purpose.

(c) In the case of Advance Gems to: 126/1 KRUNGTHONBURI ROAD, KLONGSARN, BANGKOK THAILAND.

or to such other person or address as Advance Gems may from time to time furnish to Topaz for that purpose.

ASSIGNMENT

Section 9.02. (a) Receipt as limited by the provisions of subsection (b), this Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the parties.

(b) Any assignment of this Agreement or the rights hereunder of any party, without the written consent of the other parties shall be void.

ENTIRE AGREEMENT; COUNTERPARTS

Section 9.03. This instrument and the exhibits hereto contain the entire Agreement between the parties with respect to the transaction contemplated

hereby. It may be executed in any number of counterparts each of which shall be deemed an original, but such counterparts together constitute only one in the sworn instrument.

CONTROLLING LAW

Section 9.04. The validity, interpretation and performance of this Agreement shall be controlled by and construed under the laws of the State of Nevada.

Executed on April 30, 1999 at SAUSALITO, CA

/s/

MS. JARIYA SAE-FA, MR. KIATTICHAI TANTIKITMANEE

/s/

JANE KELLY, SECRETARY TOPAZ GROUP, INC.

/s/

JARIYA SAE-FA, DIRECTOR BEST WORTH (BVI)

AGREEMENT OF EXCHANGE
of convertible preferred the voting stock of
CHANCELLOR CORPORATION
in exchange for one hundred percent (100%)
of the issued and outstanding preferred shares of
CREATIVE GEMS & JEWELRY CO., LTD.

Chancellor Corporation ("Chancellor") is a development stage company presently listed for trading on the NASDAQ Bulletin Board; Creative Gems & Jewelry Co., Ltd. ("Creative") is an operating company with its principal place of business located in Bangkok, Thailand; and Best Worth Agents Ltd. (B.V.I.) ("Best Worth") is the owner of one hundred percent (100%) of the issued and outstanding preferred stock of Creative which constitutes all of the voting and dividend rights of the Creative. Chancellor, Creative and Best Worth (sometimes collectively referred to herein as the "Parties"), believe it is in their mutual best interests for Best Worth to exchange the preferred stock of Creative it owns for stock representing a majority of Chancellor shareholders' voting and dividend rights on the terms and conditions set forth in this Agreement of Exchange.

Now therefore, the Parties agree as follows:

ARTICLE I
AGREEMENT OF EXCHANGE

Section 1.01. Chancellor, Creative, and Best Worth agree to the exchange of stock as follows:

(a) Best Worth will transfer to Chancellor 98,000,000 Baht shares of the preferred stock of Creative, which constitutes all of the issued and outstanding shares of preferred stock of Creative.

(b) In exchange for the transfer shares by Best Worth in "a", Chancellor will issue and cause appropriate share certificates to be delivered to Best Worth as follows:

(i) at the closing of this Agreement, 11,375,000 shares of the voting convertible preferred stock of Chancellor representing eighty-one and 25/100 percent (81.25%) of the voting and dividend rights of Chancellor, and

(ii) immediately upon receipt of the auditor's report of earnings by Creative for 1999, an additional number of shares of the voting convertible preferred stock of Chancellor equal to the percentage increase in Creative's 1999 earnings over 1998 earnings times eight million (8,000,000). (For example, and the 1999 earnings of Creative the amount to an increase of fifty percent (50%) over its 1998 earnings, there would be an additional issuance of four million (4,000,000) shares.

ARTICLE II
COVENANTS, REPRESENTATIONS AND WARRANTIES OF CHANCELLOR

LEGAL STATUS

Section 2.01. Chancellor is a corporation duly organized, validly existing, and in good standing under the laws of the State of Nevada, with corporate power to own property and to carry on its business as it is now being conducted.

SUBSIDIARIES

Section 2.02. Chancellor has one subsidiary, U.S. Heritage Corporation and no interest in any other corporation, firm, or partnership.

CAPITALIZATION

Section 2.03. Chancellor has an authorized capitalization of 100,000,000 shares of common stock $.001 par value, of which 2,625,000 shares are issued and outstanding, fully paid, and nonassessable, and 26,000,000 shares of preferred stock, $.001 par value, none of which are presently issued and outstanding. There are no outstanding options, contracts, calls, commitments, or demands relating to the authorized but unissued stock of Chancellor.

FINANCIAL STATEMENTS

Section 2.04. (a) Chancellor has delivered to Best Worth the balance sheet of Chancellor as of December 31, 1997, the related statements of income and retained earnings for that year then ended, prepared internally and subject to normal changes resulting from year-end audit.

(b) Other than changes in the usual and ordinary conduct of business since December 31, 1997, there have been, and at the closing date there will be, no changes in such financial statements.

TITLE TO PROPERTIES

Section 2.05. All book assets of Chancellor are in existence, are in its possession, and are in good condition and repair. Chancellor has good and marketable title to all of its assets and, except for any liens or encumbrances which are shown on its financial statements as of December 31, 1997, or which have arisen in the ordinary course of business since the date of such financial statements and which do not interfere with the conduct of its business in the ordinary course, holds such assets subject to no mortgage, lien, or encumbrance.

INDEBTEDNESS

Section 2.06. Except as set forth in the balance sheet of Chancellor as of December 31, 1997, there is no outstanding indebtedness other than liabilities incurred in the ordinary course of business or in connection with this transaction. Chancellor is not in default in respect of any terms or conditions of indebtedness.

NO LITIGATION OR PROCEEDING PENDING OR THREATENED

Section 2.07. Chancellor is not a party to, nor has it been threatened with, any litigation or governmental proceeding which, if decided adversely to it, would have a material adverse effect upon the transaction contemplated hereby, or upon the financial condition, net worth, prospects, or business of Chancellor.

NO RESTRICTION PREVENTING TRANSACTION

Section 2.08. Chancellor is not subject to any charter, bylaw, mortgage, lien, lease, agreement, judgment, or other restriction of any kind which would prevent consummation of the transaction contemplated by this agreement.

STATUS OF RECEIVABLES

Section 2.09. None of the accounts receivable or contracts receivable indicated in the financial statements which Chancellor has delivered to Best Worth is subject to any counterclaim or setoff, and all such accounts receivable and contracts receivable are good and collectible at the aggregate recorded amount thereof.

TAXES

Section 2.10. Chancellor had filed all federal and state income tax or franchise tax returns which are required to be filed, has paid all taxes shown on said returns as have become due, and has paid all assessments received to the extent that such assessments have become due.

STATUS OF SHARES BEING TRANSFERRED

Section 2.11. The shares of stock of Chancellor which are to be issued and delivered to Best Worth pursuant to the terms of this agreement, when so issued and delivered will be validly authorized and issued, and will be fully paid and nonassessable; no shareholder of Chancellor will have any preemptive right of subscription or purchase in respect thereof.

AUTHORITY TO EXECUTE AGREEMENT

Section 2.12. Chancellor has the legal power and right to enter this agreement subject to the approval of the principal terms of this agreement by the

outstanding shares, as those terms are defined in the General Corporation Law of Nevada. Chancellor has obtained approval of the transaction set forth in this agreement by its outstanding shares as required by the Nevada Revised Statutes and as indicated in the "Written Consent of Shareholders" attached hereto as Exhibit "A".

DISCLOSURE

Section 2.13. At the date of this agreement Chancellor has, and at the closing date it will have, disclosed all events, conditions, and facts materially affecting the business and prospects of Chancellor. Chancellor has not now and will not have, at the closing date, withheld knowledge of any such events, conditions, and facts which it knows, or has a reasonable ground to know, may materially affect the business and prospects of Chancellor. None of the representations and warranties of Chancellor herein, contains or will contain any untrue statement of a material fact, or omits or will omit to state a material fact necessary in order to make the statements contained herein not misleading.

ARTICLE III
COVENANTS. REPRESENTATIONS
AND WARRANTIES OF BEST WORTH AS SOLE
PREFERRED SHAREHOLDER OF CREATIVE

LEGAL STATUS

Section 3.01. Creative is a corporation duly organized, validly existing, and in good standing under the laws of Thailand with corporate power to own property and carry on its business as it is now being conducted.

SUBSIDIARIES

Section 3.02. Creative has no subsidiaries nor any interest in any other corporation, firm, or partnership.

CAPITALIZATION

Section 3.03. Creative has an authorized capitalization of 102,000,000 Baht shares of common stock, all of which are issued and outstanding, fully paid, and nonassessable and represent fifty-one percent (51%) of the total capitalization of Creative. Creative is authorized to issue 98,000,000 Baht shares of preferred stock, all of which are issued and outstanding, fully paid, and nonassessable and represent forty-nine percent (49%) of the total capitalization of Creative. There are no outstanding options, contracts, calls, commitments, or demands relating to the authorized but unissued stock of creative.

FINANCIAL STATEMENTS

Section 3.04. (a) Creative has delivered to Chancellor the balance sheet of Creative as of September 30, 1998, the related statements of income and retained earnings for the nine (9) months then ended, prepared internally and subject to normal changes resulting from year-end audit.

(b) Other than changes in the usual and ordinary conduct of the business since September 30, 1998, there have been, and at the closing there will be, no changes in such financial statements.

TITLE TO PROPERTIES

Section 3.05. All book assets of Creative are in existence, and in its possession, and are in good condition and repair and Creative has good and marketable title to all of its assets and, except for any liens or encumbrances which are shown on its financial statements as of September 30, 1998, or which have arisen in the ordinary course of business since the date of such financial statements and which do not interfere with the conduct of its business in the ordinary course, hold such assets subject to no mortgage, lien, or encumbrance.

INDEBTEDNESS

Section 3.06. Except as set forth in the balance sheet of Creative as of September 30, 1998, there is no outstanding indebtedness other than liabilities incurred in the ordinary course of business or in connection with this transaction. Creative is not in default in respect of any terms or conditions of indebtedness.

NO LITIGATION OR PROCEEDING PENDING OR THREATENED

Section 3.07. Creative is not a party to, nor has it been threatened with, any litigation or governmental proceeding which, if decided adversely to it, would have a material adverse effect upon the transaction completed hereby, or upon the financial condition, net worth, prospects, or business of Creative.

NO RESTRICTION PREVENTING TRANSACTION

Section 3.08. Creative is not subject to any charter, bylaw, mortgage, lien, lease, agreement, judgment, or other restriction of any kind which would prevent consummation of the transaction contemplated by this agreement.

STATUS OF RECEIVABLES

Section 3.09. None of the accounts receivable or contracts receivable indicated in the financial statements which Creative has delivered to Chancellor is

subject to any counterclaim or setoff, and all such accounts receivable and contracts receivable are good and collectible at the aggregate recorded amount thereof.

TAXES

Section 3.10. Creative has filed all applicable income, sales, and/or value added tax returns which are required to be filed, has paid all taxes shown on said returns as have become due, and has paid all assessments received to the extent that such assessments have become due.

STATUS OF SHARES BEING TRANSFERRED

Section 3.11. The shares of preferred stock of Creative which are to be conveyed to Chancellor pursuant to the terms of this agreement, are validly authorized and issued, and are fully paid and nonassessable; no shareholder of Creative will have any preemptive right of subscription or purchase in respect thereof.

AUTHORITY TO EXECUTE AGREEMENT

Section 3.12. Best Worth has the legal power and right to enter this agreement and its consummation of this Agreement is not subject to the review or approval of any governmental or regulatory agency.

SHARES BEING ACQUIRED FOR INVESTMENT

Section 3.13. Best Worth is acquiring the shares of preferred stock of Chancellor for investment and without any present intention to sell, distribute, transfer, or otherwise dispose of the shares. Best Worth will execute and deliver to Chancellor on the closing date an investment letter substantially in the form attached hereto as Exhibit "B".

ACTIVITIES SINCE BALANCE SHEET DATE

Section 3.14. Since its balance sheet as of September 30, 1998, Creative has not, and prior to the closing date will not have:

(a) Issued or sold any stock, bond, or other corporate securities.

(b) Except for current liabilities incurred and obligations under contracts entered into in the ordinary course of business, incurred any obligation or liability, absolute or contingent.

(c) Except for current liabilities shown on the balance sheet and current liabilities incurred since that date in the ordinary course of business, discharged or satisfied any lien or encumbrance, or paid any obligation or

liability, absolute or contingent.

(d) Mortgaged, pledged, or subjected to lien or any other encumbrance, any of its assets, tangible or intangible.

(e) Except in the ordinary course of business sold or transferred any of its tangible assets or canceled any debts or claims.

(f) Sold, assigned, or transferred any patents, formulas, trademarks, trade names, copyrights, licenses, or other intangible assets.

(g) Suffered any extraordinary losses, been subjected to any strikes or other labor disturbances, or waived any rights of any substantial value.

(h) Except for transactions contemplated by this agreement, entered into any transaction other than in the ordinary course of business.

DISCLOSURE

Section 3.15. At the date of this agreement Creative has, and at the closing date it will have, disclosed all events, conditions, and facts materially affecting the business and prospects of Creative and it has not now and will not have, at the closing date, withheld knowledge of any such events, conditions, and facts which it knows, or has reasonable ground to know, may materially affect the business and prospects of Creative. None of the representations and warranties made by Creative herein, contains or will contain any untrue statement of a material fact, or omits or will omit to state a material fact necessary in order to make the statements contained herein not misleading.

ARTICLE IV
CONDUCT OF BUSINESS OF
CHANCELLOR PENDING CLOSING

ACCESS TO INFORMATION AND DOCUMENTS

Section 4.01. (a) Chancellor will afford Best Worth, from the date hereof until consummation of the Agreement, full access during normal business hours to all properties, books, accounts, contracts, commitments, and records of every kind of Chancellor in order that Best Worth may have full opportunity to make such investigation as it shall desire to make of, and to keep itself informed with respect to, the affairs of Chancellor.

(b) In addition, Chancellor will permit Best Worth to make extracts or copies of all such books, accounts, contracts, commitments, and records and will furnish to Best Worth within 10 days after demand, such further financial in operating data as other information with respect to the business and assets of

Topaz as Best Worth shall reasonably request from time to time.

(c) Best Worth will use any information so secured only for its own purposes in connection with the consummation of the transaction contemplated hereby and will not divulge the information to any persons not entitled thereto.

CARRY ON BUSINESS AS USUAL

Section 4.02. Topaz look carry on its business in substantially the same manner as hereto for.

SATISFY CONDITIONS PRECEDENT

Section 4.03. Topaz will use its best efforts to cause the satisfaction of all conditions precedent contained in this Agreement.

ARTICLE V
CONDUCT OF BUSINESS OF
ADVANCE GEMS PENDING CLOSING

ACCESS TO INFORMATION AND DOCUMENTS

Section 5.01. (a) Best Worth will cause Advance Gems to afford Topaz, from the date hereof until consummation of the Agreement, full access during normal business hours to all of the properties, books, accounts, contracts, commitments, and records of every kind in order that Topaz may have full opportunity to make such investigation as it shall desire to make of, and to keep itself informed with respect to, the affairs of Advance Gem.

(b) In addition, Best Worth will cause Advance Gems to permit Topaz to make extracts or copies of all such books, accounts, contracts, commitments, and records and will furnish to Topaz, within 10 days after demand, such further financial and operating data and other information with respect to their respective businesses and assets as Topaz shall reasonably request from time to time.

(c) Topaz will use any information so secured only for its own purposes in connection with the consummation of the transaction contemplated hereby and will not divulge the information to any persons not entitled thereto.

SATISFY CONDITIONS PRECEDENT

Section 5.02. Best Worth will use its best efforts to cause the satisfaction of all conditions precedent contained in this Agreement.

ARTICLE VI

CONDITIONS PRECEDENT TO OBLIGATION
OF TOPAZ TO CLOSE

Section 6.01. The obligations of Topaz to consummate the Agreement shall be subject to the following conditions precedent:

TRUTH OF REPRESENTATIONS AND WARRANTIES AND
COMPLIANCE WITH COVENANTS

(a) Representations and warranties of Best Worth contained herein shall be true as of the closing date with the same effect as though made on the closing date. Best Worth shall have performed all obligations and complied with all covenants required by this agreement to be performed or complied with by him prior to the closing date.

COMMITMENT AS TO INVESTMENT PURPOSE

(b) Best Worth shall have delivered to Chancellor, prior to the closing date, a written commitment in form satisfactory to Chancellor, that it is taking the shares of common stock of Chancellor for purposes of investment and will not dispose of the shares received by it hereunder in a manner which would result in a violation of the Securities Act of 1933.

ACCEPTABILITY OF PAPERS AND PROCEEDINGS

(c) To the extent reasonably requested by Chancellor, the form and substance of all papers and proceedings hereunder shall be reasonably acceptable to counsel for Chancellor.

APPROVAL OF SHAREHOLDERS

(d) The principal terms of this agreement shall have been approved by the outstanding shares of the stock of Chancellor as required by the Nevada Revised Statutes.

FINANCIAL STATEMENTS

(e) Best Worth shall cause to be delivered to Chancellor, unaudited financial statements of Creative for the fiscal year ended December 31, 1998.

ARTICLE VII
CONDITIONS PRECEDENT TO
OBLIGATIONS OF BEST WORTH TO CLOSE

Section 7.01. The obligation of Best Worth to consummate the Agreement shall be subject to the following conditions precedent:

TRUTH OF REPRESENTATIONS AND WARRANTIES
AND COMPLIANCE WITH COVENANTS

(a) Representations and warranties of Chancellor contained herein shall be true as of the closing date with the same effect as though made on the closing date. Chancellor shall have performed all obligations and complied with all covenants required by this agreement to be performed or complied with by it prior to the closing date.

OPINION FROM COUNSEL FOR CHANCELLOR

(b) On the closing date, there shall be furnished to Best Worth an opinion from Counsel to Chancellor dated the closing date and in form satisfactory to Best Worth and/or its counsel, to the effect that Chancellor is a corporation duly organized, validly existing, and in good standing under the laws of the State of Nevada and that the shares of preferred stock of Chancellor delivered to Best Worth on the closing date have been duly authorized, issued, and delivered and are validly issued and outstanding, fully paid in nonassessable shares of preferred stock of Chancellor.

ARTICLE VIII
CONSUMMATION OF TRANSACTION

CONSIDERATION OF BEST WORTH

Section 8.01. Best Worth shall deliver to Chancellor on the closing date, certificates representing all of the issued and outstanding shares of preferred stock of Creative.

CONSIDERATION OF CHANCELLOR

Section 8.02. (a) Chancellor shall deliver to Best Worth on the closing date, certificates representing 11,375,000 shares of common stock of Chancellor.

(b) Upon delivery to Chancellor of the auditor's report of the 1999 earnings of Creative, Chancellor shall deliver to Best Worth, certificates representing the number of preferred shares of Chancellor determined as provided in Section 1.01(b)(ii).

EXPENSES

Section 8.03. Creative shall pay the expenses and costs incident to the consummation of this agreement.

ARTICLE IX
INTERPRETATION AND ENFORCEMENT

NOTICES

Section 9.01. Any notice or other communication required or permitted hereunder shall be deemed to be properly given when deposited in the United States mails for transmittal by certified or registered mail, postage prepaid, or deposited with a public telegraph company for transmittal, charges prepaid, if such communication is addressed:

(a) In the case of Chancellor, to: 3030 BRIDGEWAY, SUITE 100, SAUSALITO, CA 94965 or to such other person or address as Chancellor may from time to time furnish to Best Worth for that purpose.

(b) In the case of Best Worth to: 126/1 KRUNGTHONBURI ROAD, KLONGSARN, BANGKOK THAILAND or to such other person or address as Best Worth may from time to time furnish to Chancellor for that purpose.

(c) In the case of Creative to: 126/1 KRUNGTHONBURI ROAD, KLONGSARN, BANGKOK THAILAND or to such other person or address as Creative may from time to time furnish to Chancellor for that purpose.

ASSIGNMENT

Section 9.02. (a) Except as limited by the provisions of subsection (b), this agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the parties, as well as the parties.

(b) Any assignment of this agreement or the rights hereunder of any party, without the written consent of the other parties, shall be void.

ENTIRE AGREEMENT; COUNTERPARTS

Section 9.03. This instrument and the exhibits hereto contain the entire agreement between the parties with respect to the transaction contemplated hereby. It may be executed in any number of counterparts, each of which shall be deemed an original, but such counterparts together constitute only one in the same instrument.

CONTROLLING LAW

Section 9.04. The validity, interpretation and performance of this Agreement shall be controlled by and construed under the laws of the State of Nevada.

Executed on April 30, 1999 at SAUSALITO, CA

/s/

Ms. Jariya Sae-Fa, Mr. Kiattichai Tantikitmanee
(for Creative Gems & Jewelry Co. Ltd.)

/s/

Jane Kelly, Secretary Topaz Group, Inc.

/s/

Jariya Sae-Fa, Director Best Worth (BVI)

ARTICLES OF INCORPORATION
OF
TECHNIVISION, INC.

KNOW ALL MEN BY THESE PRESENTS:

That we the undersigned, have this day voluntarily associated ourselves together for the purpose of forming a corporation under the laws of the State of Nevada and we do hereby certify:

I.

The name of this corporation is TECHNIVISION, INC.

II.

The resident agent of said corporation shall be Pacific Corporate Services, Inc., 7631 Bermuda Road, Las Vegas, NV 89123 and such other offices as may be determined by the By-Laws in and outside of the State of Nevada.

III.

The objects to be transacted, business and pursuit and nature of the business, promoted or carried on by this corporation are and shall continue to be engaged in any lawful activity except banking or insurance.

IV.

The members of the governing board shall be styled Directors and the first Board of Directors shall consist of one (1). The number of stockholders of said corporation shall consist of one (1). The number of directors and shareholders of this corporation may, from time to time, be increased or decreased by an amendment to the By-Laws of this Corporation in that regard, and without the necessity of amending these Articles of Incorporation. The name and address of the first Board of Directors and of the incorporator signing these Articles is as follows:

Martin Newman	3030 Bridgeway, #117 Sausalito, CA 94965

V.

The Corporation is to have perpetual existence.

VI.

The total authorized capitalization of this Corporation shall be and is the sum of 25,000,000 shares common stock at $.001 par value, said shares to carry full voting power and the said shares shall be issued fully paid at such time as

the Board of Directors may designate in

exchange for cash, property, or services, the stock of other corporations or other values, rights or things, and the judgment of the Board of Directors as to the value thereof shall be conclusive.

VII.

The capital stock shall be and remain non-assessable. The private property of the stockholders shall not be liable for the debts or liabilities of the Corporation.

IN WITNESS WHEREOF, we have set our hands this 31st day of May, 1996.

/s/

Martin Newman

STATE OF CALIFORNIA)
) SS
COUNTY OF MARIN)

On this 31st day of May 1996, before me a notary public in and for said County and State, personally appeared Martin Newman, known to me to be the person whose name is subscribed to the foregoing instrument, and he duly acknowledged to me that he executed the same for the purpose therein mentioned.

IN WITNESS WHEREOF, I have set my hand and offered by official seal in said County and State the day and year in this Certificate first above written.

/s/ Susan Dupuis

Notary Public

FILED: STATE OF NEVADA
JUNE 19, 1996

OF

Prime Collateral, Inc., a Utah corporation

pursuant to the General Corporation Laws of the state of Utah

INTO

TECHNIVISION, INC., A Nevada corporation, as the Surviving Corporation

pursuant to Section 450 et seq. Nevada Revised Statutes

PLAN OF MERGER, dated this 3rd day of June, 1996, by and between Prime Collateral, Inc., a Utah corporation ("Prime"), and all of the Directors thereof, and TECHNIVISION, Inc., a Nevada corporation, ("TECHNIVISION"), and all of the Directors thereof, the two corporations being hereinafter sometimes called the Constituent Corporations.

WHEREAS, the Board of Directors of each of the Constituent Corporations deem it advisable for the welfare of the Constituent Corporations that these corporations merge under the terms and conditions hereinafter set forth, such merger to be effected pursuant to the statutes of the State of Utah and the statutes of the State of Nevada, and they have duly approved and authorized the terms of the Plan of Merger.

WHEREAS, Prime is a corporation duly organized under the laws of the State of Utah, having been incorporated on July 21, 1981 with authorized capital stock consisting of One Hundred Million (100,000,000) shares, all of which are of one class with a par value of $0.001 per share, of which 782,016 shares are issued and outstanding; and,

WHEREAS, TECHNIVISION is a corporation duly organized under the laws of the State of Nevada, having been incorporated on June 3, 1996, with authorized capital consisting of 25,000,000 shares of $.001 par value of which 500,000 shares are issued and outstanding; and,

WHEREAS, the laws of the State of Utah and Nevada permit such a merger, and the Constituent Corporations desire to merge under and pursuant to the provisions of the laws of their respective states;

WHEREAS, the Plan of Merger is contained within the Articles of Merger; and,

WHEREAS, there are no amendments to the Surviving Corporation's Articles of Incorporation, therefore, no Stockholder approval is required.

WHEREAS, the addresses of the respective corporations are as follows:

Prime Collateral, Inc.	Technivision, Inc.
3030 Bridgeway, #117	29425 C.R., #561
Sausalito, CA 94965	Tavares, FLA 32778

NOW, THEREFORE, in consideration of the premises and of the mutual agreements and covenants herein contained, it is agreed that Prime of Utah and TECHNIVISION of Nevada shall be merged, and that TECHNIVISION shall be the Surviving Corporation, and the terms and conditions of such merger and the mode of carrying it into effect are and shall be as follows:

1. NAME OF SURVIVING CORPORATION: The name of the corporation, which is sometimes hereinafter referred to as the Surviving Corporation, shall, and, from and after the effective date of the merger, be TECHNIVISION, INC. The separate existence of Prime, a Utah corporation, shall case at the effective time of the merger, except insofar as it may be continued by law or in order to carry out the purposes of this Agreement of Merger, and except as continued in the Surviving Corporation.

2. ARTICLES OF INCORPORATION OF SURVIVING CORPORATION: The Articles of Incorporation of the Surviving Corporation shall be the Articles of Incorporation of TECHNIVISION, Inc., a Nevada corporation, a copy of which is annexed as Exhibit 1, hereto.

3. BYLAWS OF THE SURVIVING CORPORATION: The Bylaws of TECHNIVISION, Inc., a Nevada corporation, at the effective time of the merger, shall be the Bylaws of the Surviving Corporation, until altered or replaced as provided herein.

4. BOARD OF DIRECTORS AND OFFICERS: The members of the Board of Directors and the officers of the Surviving Corporation immediately after the effective time of the merger shall be those persons who were the members of the Board of Directors and the officers, respectively, for the terms provided by law or in the Bylaws, or until their respective successors are elected and qualified.

5. AUTHORITY TO CONDUCT BUSINESS: TECHNIVISION of Nevada represents that the corporation has not filed an application for authority to do business in the State of Utah. The Surviving Corporation will conduct no such business in Utah without first filing and having such application approved.

6. CONVERSION OF SHARES: The manner of converting the shares of the Constituent Corporation into the shares of the Surviving Corporation shall be set forth in this paragraph, as follows: Immediately upon the effective date of the merger, each share of stock of Prime of Utah outstanding in the hands of the existing shareholders, being all of the shares of Prime outstanding, without any action on the part of the holders thereof, shall automatically become and be converted into common stock of the Surviving Corporation at the rate of one (1) shares of the Surviving Corporation for each one (1) share of the common stock of Prime of Utah and each outstanding certificate representing shares of the common stock of Prime of Utah shall thereupon be deemed, for all corporate purposes (other than the payment of dividends) to evidence the ownership of the number of fully paid, non-assessable shares of common stock of the Surviving Corporation into which such shares of common stock of Prime of Utah shall have been converted.

7. RIGHTS OF SHAREHOLDERS: After the effective time of the merger, each

holder of a certificate which theretofore represented shares of common stock of Prime of Utah shall case to have any rights as a shareholder of Prime, except such as are expressly reserved to such stockholder by statute. After the effective time of the merger, any holder of a certificate or certificates which theretofore represented shares of the common stock of Prime may, but shall not be required to, surrender the same to the Transfer Agent of the Surviving Corporation, Pacific Stock Transfer, Las Vegas, Nevada, and shall thereupon be entitled to receive in exchange therefore, a certificate or certificates representing the number of shares of common stock of the Surviving Corporation into which the shares of common

stock of Prime theretofore represented by each certificate or certificates, shall have been converted.

8. EFFECTIVE DATE OF MERGER:

(a) For all purposes of the laws of the State of Utah, this Agreement of Merger and the merger herein provided for shall become effective and the separate existence of Prime, except insofar as it may be continued by statute, shall case as soon as this Agreement shall have been adopted, approved, signed and acknowledged in accordance with the laws of the State of Utah, and certificates of its adoption and approval shall have been executed in accordance with such laws; and this Certificate and this Certificate and Agreement of Merger shall have been filed in the office of the Department of State of the State of Utah.

(b) For all purposes of the laws of the State of Nevada, this Agreement of Merger and the merger herein provided for shall become effective and the separate existence of Prime, except insofar as it may be continued by statute, shall cease as soon as this Agreement shall have been adopted, approved, signed and acknowledged in accordance with the laws of the State of Nevada and certificates of its adoption and approval shall have been executed in accordance with such laws; and this Certificate of Merger shall have been filed with the Secretary of State of the State of Nevada.

(c) The corporate identity, existence, purposes, powers, objects, franchises, rights and immunities of TECHNIVISION shall continue unaffected and unimpaired by the merger hereby provided for, and the corporate identities, existences, purposes, powers, objects, franchises, rights and immunities of Prime shall be continued in and merged into TECHNIVISION and TECHNIVISION shall be fully vested therewith.

(d) The date upon which this Agreement is filed in the offices mentioned above and upon which the Constituent Corporation shall so become a single corporation is the effective date of the merger.

9. AUTHORIZATION. The parties hereto acknowledge and respectively represent that this Merger Agreement is authorized by the laws of the respective jurisdictions of the Constituent Corporations and that the matter was approved at a special shareholders meeting of the respective corporation, at which the shareholders voted, as follows:

Name of Corporation	Shares Outstanding	Voted for	Voted Against
Prime Collateral, Inc.	782,016	608,000	None
TECHNIVISION, Inc.	500,000	500,000	None

10. FURTHER ASSURANCE OF TITLE: As and when requested by the Surviving Corporation, or by its successors or assigns, Prime will execute and deliver or cause to be executed and delivered all such deeds and instruments and will take or cause to be taken all such further action as the Surviving Corporation may deem necessary or desirable in order to vest in

and confirm to the Surviving Corporation, title to and possession of any property of any of the Constituent Corporations acquired by the Surviving Corporation by reason, or as a result, of the merger herein provided for and otherwise to carry out the intent and purposes hereof, and the officers and directors of Prime and the officers and directors of the Surviving Corporation are fully authorized in the name of the respective Constituent Corporations or otherwise, to take any and all such action.

11. SERVICE OF PROCESS OF SURVIVING CORPORATION: The Surviving Corporation agrees that it may be served with process in the State of Utah in any proceeding for enforcement of any obligation of Prime, as well as for the enforcement of any obligation of the Surviving Corporation arising from the merger, including any suit or other proceeding to enforce the right of any shareholder as determined in appraisal proceedings pursuant to the provisions of the General Corporation Law of the State of Utah, and hereby irrevocably appoints the Secretary of State of the State of Utah, as its agent to accept service or process in any suit or other proceedings. Copies of such process shall be mailed to TECHNIVISION, at:

c/o TECHNIVISION, Inc.
3030 Bridgeway, Suite 117
Sausalito, CA 94965

12. SHAREHOLDERS RIGHT TO PAYMENT: The Surviving Corporation agrees that subject to the provisions of the Corporate laws of the State of Utah, it will pay to the shareholders of Prime, the amounts, if any, to which such

shareholders may be entitled under the provisions of the above statutes or the laws of Utah, as the case may be.

13. ABANDONMENT: This Plan of Merger may be abandoned (a) by either Constituent Corporation, acting by its Board of Directors, at any time prior to its adoption by the shareholders of both of the Constituent Corporations, as provided by law, or (b) by the mutual consent of the Constituent Corporations, acting each by its Board of Directors, at any time after such adoption by such shareholders and prior to the effective time of the merger. In the event of the abandonment of this Agreement of Merger pursuant to (a) above, notice thereof shall be given by the Board of Directors of the Constituent Corporation and thereupon, or abandonment pursuant to (b) above, this Agreement of Merger shall become wholly void and of no effect and there shall be no further liability or obligation hereunder on the part of either the Constituent Corporations or of its Board of Directors or shareholders.

IN WITNESS WHEREOF, each of the Constituent Corporations, pursuant to authority granted by its Board of Directors, has caused this Agreement of Merger to be executed by a majority of its Board of Directors and by its President and its Secretary.

The respective Directors and Officers of the Constituent Corporations do hereby certify that the above merger Agreement was adopted as set forth in the above Agreement and that said resolutions have not been revoked or rescinded.

Prime Collateral, Inc.

/s/ Martin Newman

Its President

/s/ Jane Kelly

Its Secretary

ACKNOWLEDGEMENT BY NOTARY

STATE OF CALIFORNIA)
) SS.
COUNTY OF MARIN)

On June 3, 1996, personally appeared before me, Martin Newman, President, and Jane Kelly, Secretary, of Prime Collateral, Inc. who acknowledge to me that they were the signers of the foregoing Certificate and Agreement of Merger.

/s/ Susan Dupuis

Notary Public

TECHNIVISION, INC.

/s/ Martin Newman

Its President

/s/ Jane Kelly

Its Secretary

ACKNOWLEDGEMENT BY NOTARY

STATE OF CALIFORNIA)
) SS.
COUNTY OF MARIN)

On June 3, 1996, personally appeared before me, Martin Newman, President, and Jane Kelly, Secretary, of TECHNIVISION, Inc. who acknowledged to me that they were the signers of the foregoing Certificate and Agreement of Merger.

/s/ Susan Dupuis

Notary Public

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

State of California)
County of Marin)

On _____, before me, SUSAN DUPUIS, Notary Public, personally appeared
---

personally known to me OR _____ proven to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal

/s/

SUSAN DUPOIS, NOTARY PUBLIC

OPTIONAL SECTION

Though statute does not require the Notary to fill in the data below, doing so may prove invaluable to persons relying on the document.

INDIVIDUAL

X

CORPORATE OFFICER(S)
/S/ authorized signatory

TITLE(S)

PARTNER(S)

LIMITED

GENERAL

ATTORNEY-IN-FACT

---- TRUSTEE(S)
---- GUARDIAN/CONSERVATOR

OTHER:

SIGNER IS REPRESENTING:

NAME OF PERSON(S) OR ENTITY(IES)

THIS CERTIFICATE MUST BE ATTACHED TO THE DOCUMENT DESCRIBED AT RIGHT

TITLE OF TYPE OF DOCUMENT Articles & Plan of Merger

NUMBER OF PAGES 4

DATE OF DOCUMENT

Though the data requested here is not required by law, it could prevent fraudulent reattachment of this form.

SIGNER(S) OTHER THAN NAMED ABOVE

Filed: State of Nevada
November 8, 1996

AMENDMENT
TO
ARTICLES OF INCORPORATION
OF
TECHNIVISION, INC.

I, Gary Luttrell, Assistant Secretary hereby state:

FIRST: Pursuant to the provisions of Sec. 78.385 and 78.390 of the Nevada Business Corporation Act, the undersigned hereby adopt the following amendment to its Articles as follows:

ARTICLE I: The name of the corporation is:

TECHNIVISION, INC.

NEW ARTICLE I: The name of the corporation is:

CHANCELLOR CORPORATION

SECOND: The foregoing amendment to the Articles of Incorporation of the corporation were authorized and approved by a majority of the Shareholders on Oct. 15, 1996 holding over 80% of the Common Share Votes pursuant to Section 78.230 of the Nevada Business Corporation Act, a majority of the shareholders have consented to said amendment.

THIRD: The number of Directors of the Corporation is three (3):

President: Marilyn Bess, Director
Secretary/Treasurer: Cesar Yumall, Director
Assistant Secretary: Gary Luttrell, Director

/s/

Marilyn Bess, President

/s/

Gary Luttrell, Assist. Secretary

STATE OF CALIFORNIA)
)ss.
COUNTY OF MARIN)

On this 28th day of October, 1996, before me, a notary public in and for said County and State, personally appeared Marilyn Bess and Gary Luttrell, known to me to be the person whose name is subscribed to the foregoing instrument, and he duly acknowledged to me that he executed the same for the purpose therein mentioned.

IN WITNESS WHEREOF, I have set my hand and offered by official seal in said County and State the day and year in this Certificate first above written.

/s/ Susan Dupuis

NOTARY'S SIGNATURE

Filed: State of Nevada
November 4, 1997

RESTATED ARTICLES OF INCORPORATION

OF

CHANCELLOR CORPORATION

We, Martin Newman, President and Jane Kelly, Secretary, hereby declare:

FIRST: Pursuant to the provisions of Section 78.403 of the Nevada Business Corporation Act, the undersigned corporation adopts the following restated Articles of Incorporation:

ARTICLE I: The name of the corporation is:

Chancellor Corporation

ARTICLE II: The principal place of business of the corporation within the State of Nevada shall be:

Pacific Corporate Services, Inc.
7631 Bermuda Road
Las Vegas, Nevada 89123

ARTICLE III: The objects to be transacted, business and pursuit and nature of the business promoted or carried on by this corporation are and shall continue to be engaged in any lawful activity except banking or insurance.

ARTICLE IV: Article IV, which currently authorizes one director and one shareholder only is amended to provide for additional directors.

ORIGINAL ARTICLE IV FILED ON JUNE 3, 1996: The members of the governing board shall be styled Director and the first Board of Directors shall consist of one (1). The number of stockholders of said corporation shall consist of one (1). The number of directors and shareholders of this corporation may, from time to time, be increased or decreased by an amendment to the By-laws of this Corporation in that regard, and without the necessity of amending these Articles of Incorporation. The name and address of the first Board of Directors and of the incorporator signing these Articles is as follows:

Martin Newman	3030 Bridgeway, #117 Sausalito CA 94965

AMENDED ARTICLE IV FILED ON NOVEMBER 8, 1996: The number of Directors of the Corporation is three (3)

President:	Marilyn Bess, Director
Secretary/Treasurer:	Cesar Yumall, Director
Assistant Secretary:	Gary Luttrell, Director

AMENDED ARTICLE IV: The governing body of the corporation shall be known as directors, and the number, names and post office addresses of the Board of Directors, which shall consist of three (3) are:

Martin Newman	3030 Bridgeway, #100 Sausalito, CA 94965
Ronald Sparks	3030 Bridgeway, #100 Sausalito, CA 94965

Jane Kelly 3030 Bridgeway, #100
Sausalito, CA 94965

ARTICLE V: The Corporation is to have perpetual existence.

ARTICLE VI: Article VI, which currently provides for authorized common stock only is amended to provide authorization for common stock and preferred stock.

ORIGINAL ARTICLE VI: The total authorized capitalization of this Corporation shall be and is the sum of 25,000,000 shares common stock at $.001 par value, said shares to carry full voting power and the said shares shall be issued fully paid at such time as the Board of Directors may designate in exchange for cash, property, services, the stock of other corporations or other values, rights or things, and the judgment of the Board of Directors as to the value thereof shall be conclusive.

AMENDED ARTICLE VI: This corporation is authorized to issue two classes of shares designated respectively "Common Stock" and "Preferred Stock", and referred to herein as Common Stock or Common Shares and Preferred Stock or Preferred Shares, respectively. The number of shares of Common Stock is ONE HUNDRED MILLION (100,000,000) shares with a par value of one mil ($.001) per share and the number of Preferred Stock is TEN MILLION (10,000,000) shares with a par value of one mil ($.001) per share.

ARTICLE VII: A new Article VII is inserted to read:

NEW ARTICLE VII: The Preferred shares may be issued from time to time in one or more series. The Board of Directors is authorized to fix the number of shares of any series of Preferred Shares and to determine the designation of any such series. The Board of Directors is also authorized to determine or alter the rights, preferences, privileges, and restrictions granted to or imposed upon any wholly unissued series of Preferred Shares, and, within the limits and restrictions stated in any resolution or resolutions of the Board of Directors originally fixing the number of shares constituting any series, to increase or decrease (but not below the number of shares of such series than outstanding) the number of shares of any such series subsequent to the issue of shares of that series.

ARTICLE VIII: Former Article VII is now Article VIII and reads, as follows:

NEW ARTICLE VIII: The capital stock shall be and remain non-assessable. The private property of the stockholders shall not be liable for the debts or liabilities of the Corporation.

ARTICLE IX: A new Article IX is inserted to read:

ARTICLE IX: In accordance with Section 78.037 of the Nevada Business Corporation Code, the directors and officers of this corporation shall not be personally liable to the corporation or its stockholders for damages for breach of fiduciary duty as a director or officer, so long as the acts or omissions did not involve international misconduct, fraud or a knowing violation of law or as a result of the payment of dividends in violation of NRS 78.300.

SECOND: The foregoing Restated Articles of Incorporation of the corporation and any amendments were authorized and approved by a majority of the Board of Directors at a special meeting held on October 28, 1997, where, pursuant to Section 78.320 of the Corporation Laws of the State of Nevada, a majority of the shareholders, constituting 3,764,197 out of the 4,364,197 issued and outstanding, have consented to the amendment.

October 28, 1997.

/s/

Martin Newman
President

/s/

Jane Kelly
Secretary

State of California)
) ss.
County of Marin)

On October 28, 1997, personally appeared before me, Martin Newman, President and Jane Kelly, Secretary of Chancellor Corporation, who acknowledged to me that they were the signers of the foregoing Restated Articles of Incorporation.

SEAL

/s/ Susan Dupuis

Notary Public

FILED
IN THE OFFICE OF THE SECRETARY OF STATE OF THE

STATE OF NEVADA
NOV. 04, 1997
No. C12177-96

THIS FORM SHOULD ACCOMPANY AMENDED
ARTICLES OF INCORPORATION FOR A NEVADA CORPORATION

Name of Corporation: CHANCELLOR CORPORATION.....

Date of adoption of Amended and Restated Articles: ..10/28/97.....

3. If the articles were amended, please indicate what changes have been made:

(a) Was there a name change? Yes __ No X . If yes, what is the new name?
.....

(b) Did you change the resident agent? Yes __ No X . If yes, please indicate the new resident agent and address
.....
Please attach the resident agent acceptance certificate.

(c) Did you change the purposes? Yes __ No X . Did you add --- Banking? __, Gaming? __, Insurance? __. None of these? __

(d) Did you change the capital stock? Yes X No __. If yes, -- ---- what is the new capital stock? 100,000,000 common shares, $.001 par value;...10,000,000.. preferred shares....$0.001..par..value.....

(e) Did you change the directors? Yes X No___. If yes, ---- indicate the change: Martin Newman,...Ronald..Sparks...and...Jane Kelly replaced three previously named.....

(f) Did you add the directors liability provision? Yes X No__ --

(g) Did you change the period of existence? Yes __ No X . If --- yes, what is the new existence?.....

(h) If none of the above apply, and you have amended or modified the articles, how did you change your articles?.....
.....
.....

/s/.....
Name and Title of Officer
Jane Kelly, Secretary

Date 10/28/97

State of...California.....)
)
County of...Marin.....)

On...October..28,..1997....personally appeared before me, a Notary Public...Jane..Kelley......., who acknowledged that he/she executed the above document.

(notary stamp or seal)

/s/ Susan Dupuis.....
Notary Public

Filed: IN THE OFFICE OF THE
SECRETARY OF STATE OF THE
STATE OF NEVADA
November 17, 1998
No. C-12177-96

AMENDMENT
TO
ARTICLES OF INCORPORATION
OF
CHANCELLOR CORPORATION

I, Jane Kelly, Secretary hereby state:

FIRST: Pursuant to the provisions of Sec. 78.385 and 78.390 of the Nevada Business Corporation Act, the undersigned hereby adopt the following amendment to its Articles as follows:

ARTICLE I: The name of the corporation is:

CHANCELLOR CORPORATION

NEW ARTICLE I: The name of the corporation is:

TOPAZ GROUP INCORPORATED

SECOND: The foregoing amendment to the Articles of Incorporation of the corporation were authorized and approved by a majority of the shareholders on Nov. 6, 1998 holding over 80% of the Common Share Votes pursuant to Section 78.230 of the Nevada Business Corporation Act, a majority of the shareholders have consented to said amendment.

THIRD: The number of Directors of the Corporation is three (3):

President: Martin Newman, Director
Secretary/Treasurer: Jane Kelly, Director
Assistant Secretary: Gary Luttrell, Director

/s/

Martin Newman, President

/s/

Jane Kelly, Secretary

STATE OF CALIFORNIA)
)ss.
COUNTY OF MARIN)

On this 13th day of November, 1998, before me, a notary public in and for said County and State, personally appeared Jane Kelly and Martin Newman, known to me to be the person whose name is subscribed to the foregoing instrument, and they duly acknowledged to me that they executed the same for the purpose therein mentioned.

IN WITNESS WHEREOF, I have set my hand and offered by official seal in said County and State the day and year in this Certificate first above written.

/s/ Susan Dupuis

NOTARY'S SIGNATURE

Filed: In the Office of Dean Heller, Secretary of State
November 16, 2000

CERTIFICATE OF CHANGE IN NUMBER OF
OUTSTANDING SHARES OF COMMON STOCK
(Pursuant toss.ss.78.207 and 78.209 of the NGCL)

WHEREAS on November 1, 2000, the Board of Directors of the Topaz Group, Inc. (the "Company") approved resolutions pursuant to which the Company effected a one-for-five (1-for-5) reverse stock split of its Common Stock, par value $.001 (the "Reverse Split"), whereby the number of outstanding shares of the Company's common stock was reduced from Five Million One Hundred Twenty-Two Thousand Six hundred Ninety-Nine (5,122,699) to One Million Twenty-Four Thousand Five Hundred Forty (1,024,540) shares, par value $.001;

The Company does hereby certify as follows.

1. Currently and prior to effecting the Reverse Split, the Company has 100,000,000 authorized shares of Common Stock, par value $.001.

2. After effecting the Reverse Split, the Company will have 100,000,000 authorized shares of Common Stock, par value $.001.

3. Upon effecting the Reverse Split, the Company will issue one share of Common Stock in exchange for every Five Shares issued prior to the Reverse Split. As a result, the Company will issue One Million Twenty-Four Thousand Five Hundred Forty (1,024,540) shares of Common Stock in exchange for the Five Million One Hundred Twenty-Two Thousand Six hundred Ninety-Nine (5,122,699) shares of Common Stock currently outstanding.

4. No scrip or fractional shares of the Company's Common Stock shall be issued in connection with the Reverse Split. Holders who would be entitled to receive fractional shares hold a number of pre-Reverse Split shares not evenly divisible by five, will be entitled, upon surrender of certificates representing such pre-Reverse Split shares, to the issuance of one whole share for the fractional share such holder would have otherwise received.

5. Stockholder approval was not required to effect the Reverse Split.

6. The Reverse Split shall be effective immediately upon filing of this Certificate.

[Signatures on Next Page]

THE TOPAZ GROUP, INC.

By: /s/

Name: Kasem Chitmunchaitham
Title: President

Sworn to before me this 8 Nov 2000
day of November, 2000

/s/

Notary Public
Eugenia M. Sidereas
Vice Consul of the
United States of America

By: /s/

Name: Supanee Satasut
Title: Secretary

Sworn to before this 8 Nov 2000
day of November, 2000

/s/

Notary Public
Eugenia M. Sidereas
Vice Consul of the
United States of America

BYLAWS

OF

Chancellor Corporation

A Nevada Corporation

ARTICLE I

Offices

Section 1. The registered office of this corporation shall be in the County of Clark, State of Nevada.

Section 2. The corporation may also have offices at such other places both within and without the State of Nevada as the Board of Directors may from time to time determine or the business of the corporation may require.

ARTICLE II

Meetings of Stockholders

Section 1. All annual meetings of the stockholders shall be held at the registered office of the corporation or at such other place within or without the State of Nevada as the directors shall determine. Special meetings of the stockholders may be held at such time and place within or without the State of Nevada as shall be stated in the notice of the meeting, or in a duly executed waiver of notice thereof.

Section 2. Annual meetings of the stockholders, commencing with the year 1996, shall be held on the 31st day of May each year if not a legal holiday and, if a legal holiday, then on the next secular day following, or at such other time as may be set by the Board of Directors from time to time, at which the stockholders shall elect by vote a Board of Directors and transact

such other business as may properly be brought before the meeting.

Section 3. Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute or by the Articles of Incorporation, may be called by the President or the Secretary by resolution of the Board of Directors or at the request in writing of stockholders owing a majority in amount of the entire capital stock of the corporation issued and outstanding and entitled to vote. Such request shall state the purpose of the

proposed meeting.

Section 4. Notices of meetings shall be in writing and signed by the President or a Vice-President or the Secretary or an Assistant Secretary or by such other person or persons as the directors shall designate. Such notice shall state the purpose or purposes for which the meeting is called and the time and the place, which may be within or without this State, where it is to be held. A copy of such notice shall be either delivered personally to or shall be mailed, postage prepaid, to each stockholder of record entitled to vote at such meeting not less than ten nor more than sixty days before such meeting. If mailed, it shall be directed to a stockholder at his address as it appears upon the records of the corporation and upon such mailing of any such notice, the service thereof shall be complete and the time of the notice shall begin to run from the date upon which such notice is deposited in the mail for transmission to such stockholder. Personal delivery of any such notice to any officer of a corporation or association, or to any member of a partnership shall constitute delivery of such notice to such corporation, association or partnership. In the event of the transfer of stock after delivery of such notice of and prior to the holding of the meeting it shall not be necessary to deliver or mail notice of the meeting to the transferee.

Section 5. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

Section 6. The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in

person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute or by the Articles of Incorporation. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 7. When a quorum is present or represented at any meeting, the vote of the holders of a majority of the stock having voting power present in person or represented by proxy shall be sufficient to elect directors or to decide any question brought before such meeting, unless the question is one upon which by express provision of the statutes or of the Articles of Incorporation, a different vote is required in which case such express provision shall govern and control the decision of such question.

Section 8. Each stockholder of record of the corporation shall be

entitled at each meeting of stockholders to one vote for each share of stock standing in his name on the books of the corporation. Upon the demand of any stockholder, the vote for directors and the vote upon any question before the meeting shall be by ballot.

Section 9. At any meeting of the stockholders any stockholder may be represented and vote by a proxy or proxies appointed by an instrument in writing. In the event that any such instrument in writing shall designate two or more persons to act as proxies, a majority of such persons present at the meeting, or, if only one shall be present, then that one shall have and may exercise all of the powers conferred by such written instrument upon all of the persons so designated unless the instrument shall otherwise provide. No proxy or power of attorney to vote shall be used to vote at a meeting of the stockholders unless it shall have

been filed with the secretary of the meeting when required by the inspectors of election. All questions regarding the qualification of voters, the validity of proxies and the acceptance or rejection of votes shall be decided by the inspectors of election who shall be appointed by the Board of Directors, or if not so appointed, then by the presiding officer of the meeting.

Section 10. Any action which may be taken by the vote of the stockholders at a meeting may be taken without a meeting if authorized by the written consent of stockholders holding at least a majority of the voting power, unless the provisions of the statutes or of the Articles of Incorporation require a greater proportion of voting power to authorize such action in which case such greater proportion of written consents shall be required.

ARTICLE III

Directors

Section 1. The business of the corporation shall be managed by its Board of Directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the Articles of Incorporation or by these Bylaws directed or required to be exercised or done by the stockholders.

Section 2. The number of directors which shall constitute the whole board shall be seven (7). The number of directors may from time to time be increased or decreased to not less than one nor more than fifteen by action of the Board of Directors. The directors shall be elected at the annual meeting of the stockholders and except as provided in Section 2 of this Article, each director elected shall hold office until his successor is elected and qualified. Directors need not be stockholders.

Section 3. Vacancies in the Board of Directors including those caused by an increase in the number of directors, may be filled by a majority of the remaining directors, though less than a quorum, or by a sole remaining director, and each director

so elected shall hold office until his successor is elected at an annual or a special meeting of the stockholders. The holders of a two-thirds of the outstanding shares of stock entitled to vote may at any time peremptorily terminate the term of office of all or any of the directors by vote at a meeting called for such purpose or by a written statement filed with the secretary or, in his absence, with any other officer. Such removal shall be effective immediately, even if successors are not elected simultaneously and the vacancies on the Board of Directors resulting therefrom shall be filled only by the stockholders.

A vacancy or vacancies in the Board of Directors shall be deemed to exist in case of the death, resignation or removal of any directors, or if the authorized number of directors be increased, or if the stockholders fail at any annual or special meeting of stockholders at which any director or directors are elected to elect the full authorized number of directors to be voted for at that meeting.

The stockholders may elect a director or directors at any time to fill any vacancy or vacancies not filled by the directors. If the Board of Directors accepts the resignation of a director tendered to take effect at a future time, the Board or the stockholders shall have power to elect a successor to take office when the resignation is to become effective.

No reduction of the authorized number of directors shall have the effect of removing any director prior to the expiration of his term of office.

ARTICLE IV

Meetings of the Board of Directors

Section 1. Regular meetings of the Board of Directors shall be held at any place within or without the State which has been designated from time to time by resolution of the Board or by written consent of all members of the Board. In the absence of such designation regular meetings shall be held at the registered office of the corporation. Special meetings of the Board may be held either at a place so designated or at the registered office.

Section 2. The first meeting of each newly elected Board of Directors shall be held immediately following the adjournment of the meeting of stockholders and at the place thereof. No notice of such meeting shall be necessary to the directors in order legally to constitute the meeting, provided a quorum be present. In the event such meeting is not so held, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors.

Section 3. Regular meetings of the Board of Directors may be held without call or notice at such time and at such place as shall from time to time be fixed and determined by the Board of Directors.

Section 4. Special meetings of the Board of Directors may be called by the Chairman or the President or by any Vice-President or by any two directors.

Written notice of the tine and place of special meetings shall be delivered personally to each director, or sent to each director by mail or by other form of written communication, charges prepaid, addressed to him at his address as it is shown upon the records or is not readily ascertainable, at the place in which the meetings of the directors are regularly held. In case such notice is mailed or telegraphed, it shall be deposited in the United States mail or delivered to the telegraph company at least forty-

eight (48) hours prior to the time of the holding of the meeting. In case such notice is delivered as above provided, it shall be so delivered at least twenty-four (24) hours prior to the time of the holding of the meeting. Such mailing, telegraphing or delivery as above provided shall be due, legal and personal notice to such director.

Section 5. Notice of the time and place of holding an adjourned meeting need not be given to the absent directors if the time and place be fixed at the meeting adjourned.

Section 6. The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present, and if, either before or after the meeting, each of the directors not present signs a written waiver of notice, or a consent to holding such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 7. A majority of the authorized number of directors shall be necessary to constitute a quorum for the transaction of business, except to adjourn as hereinafter provided. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of directors, unless a greater number be required by law or by the Articles of Incorporation. Any action of a

majority, although not at a regularly called meeting, and the record thereof, if assented to in writing by all of the other members of the Board shall be as valid and effective in all respects as if passed by the Board in regular meeting.

Section 8. A quorum of the directors may adjourn any directors meeting to meet again at a stated day and hour; provided, however, that in the absence of a quorum, a majority of the directors present at any directors meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board.

ARTICLE V

Committees of Directors

Section 1. The Board of Directors may, by resolution adopted by a majority of the whole board, designate one or more committees of the Board of Directors, each committee to consist of two or more of the directors of the corporation which, to the extent provided in the resolution, shall have and may exercise the power of the Board of Directors in the management of the business and affairs of the corporation and may have power to authorize the seal of the corporation to be affixed to all papers which may require it. Such committee or committees shall have such name or names as may be determined from time to time by the Board of Directors. The members of any such committee present at any meeting and not disqualified from voting may, whether or not they constitute a quorum, unanimously appoint another member of the Board of Directors to act at the meeting in the place of any absent or disqualified member. At meetings of such committees, a majority of the members or alternate members shall constitute a quorum for the transaction of business, and the act of a majority of the members or alternate members at any meeting at which there is a quorum shall be the act of the committee.

Section 2. The committees shall keep regular minutes of their proceedings and report the same to the Board of Directors.

Section 3. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if a written consent thereto is signed by all members of the Board of Directors or of such committee, as the case may be, and such written consent is filed with the minutes of proceedings of the Board or committee.

ARTICLE VI

Compensation of Directors

Section 1. The directors may be paid their expenses of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as director. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like reimbursement and compensation for attending committee meetings.

ARTICLE VII

Notices

Section 1. Notices to directors and stockholders shall be in writing and delivered personally or mailed to the directors or stockholders at their addresses appearing on the books of the corporation. Notice by mail shall be deemed to be given at the time when the same shall be mailed. Notice to directors may also be given by telegram.

Section 2. Whenever all parties entitled to vote at any meeting, whether of directors or stockholders, consent, either by a writing on the records of the meeting or filed with the secretary, or by presence at such meeting and oral consent entered on the minutes, or by taking part in the deliberations at such meeting without objection, the doings of such meeting shall be as valid as if had at a meeting regularly called and noticed, and at such meeting any business may be transacted which is not excepted from the written consent or to the consideration of which no objection for want of notice is made at the time, and if any meeting be irregular for want of notice or of such consent, provided a quorum was present at such meeting, the proceedings of said meeting may be ratified and approved and rendered likewise valid and the irregularity or defect therein waived by a writing signed by all parties having the right to vote at such meeting; and such consent or approval of stockholders may be by proxy or attorney, but all such proxies and powers of attorney must be in writing.

Section 3. Whenever any notice whatever is required to be given under the provisions of the statutes, of the Articles of Incorporation or of these Bylaws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE VIII

Officers

Section 1. The officers of the corporation shall be chosen by the Board of Directors and shall be a President, a Secretary and a Treasurer. Any person may hold two or more offices.

Section 2. The Board of Directors at its first meeting after each annual meeting of stockholders shall choose a Chairman of the Board who shall be a director, and shall choose a President, a Secretary and a Treasurer, none of whom need be directors.

Section 3. The Board of Directors may appoint a Vice-Chairman of the Board, Vice-Presidents and one or more Assistant Secretaries and Assistant Treasurers and such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors.

Section 4. The salaries and compensation of all officers of the corporation shall be fixed by the Board of Directors.

Section 5. The officers of the corporation shall hold office at the pleasure of the Board of Directors. Any officer elected or appointed by the Board of Directors may be removed at any time by the Board of Directors. Any vacancy occurring in any office of the corporation by death, resignation, removal or otherwise shall be filled by the Board of Directors.

Section 6. The Chairman of the Board shall preside at meetings of the stockholders and the Board of Directors, and shall see that all orders and resolutions of the Board of Directors are carried into effect.

Section 7. The Vice-Chairman shall, in the absence or disability of the Chairman of the Board, perform the duties and exercise the powers of the Chairman of the Board and shall perform such other duties as the Board of Directors may from time to time prescribed.

Section 8. The President shall be the chief executive officer of the corporation and shall have active management of the business of the corporation. He shall execute on behalf of the corporation all instruments requiring such execution except to the extent the signing and execution thereof shall be expressly designated by the Board of Directors to some other officer or agent of the corporation.

Section 9. The Vice-President shall act under the direction of the President and in the absence or disability of the President shall perform the duties and exercise the powers of the President. They shall perform such other duties and have such other powers as the President or the Board of Directors may from time to time prescribe. The Board of Directors may designate one or more Executive Vice-Presidents or may otherwise specify the order of seniority of the Vice-Presidents. The duties and powers of the President shall descend to the Vice-Presidents in such specified order of seniority.

Section 10. The Secretary shall act under the direction of the President. Subject to the direction of the President he shall attend all meetings of the Board of Directors and all meetings of the stockholders and record the proceedings. He shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the President or the Board of Directors.

Section 11. The Assistant Secretaries shall act under the direction of the President. In order of their seniority, unless otherwise determined by the President or the Board of Directors, they shall, in the absence or disability of the Secretary, perform the duties and exercise the powers of the Secretary. They shall perform such other duties and have such other powers as the President or the Board of Directors may from time to time prescribe.

Section 12. The Treasurer shall act under the direction of the President. Subject to the direction of the President he shall have custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the Board of Directors. He shall disburse the funds of the corporation as may be ordered by the President or the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all his transactions as Treasurer and of the financial condition of the corporation.

Section 13. If required by the Board of Directors, he shall give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

Section 14. The Assistant Treasurer in the order of their seniority,

unless otherwise determined by the President or the Board of Directors, shall, in the absence or disability of the Treasurer, perform the duties and exercise the powers of the Treasurer. They shall perform such other duties and have such other powers as the President or the Board of Directors may from time to time prescribe.

ARTICLE IX

Certificates of Stock

Section 1. Every stockholder shall be entitled to have a certificate signed by the President or a Vice President and the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the corporation, certifying the number of shares owned by him in the corporation. If the corporation shall be authorized to issue more than one class of stock or more than one series of any class, the designations, preferences and relative, participating, optional or other special rights of the various classes of stock or series thereof and the qualifications, limitations or restrictions of such rights, shall be set forth in full or summarized on the face or back of the certificate which the corporation shall issue to represent such stock.

Section 2. If a certificate is signed (a) by a transfer agent other than the corporation or its employees or (2) by a registrar other than the corporation or its employees, the signatures of the officers of the corporation may be facsimiles. In case any officer who has signed or whose facsimile signature has been placed upon a certificate shall cease to be such officer before such certificate is issued, such certificate may be issued the same effect as though the person had not ceased to be such officer. The seal of the corporation, or a facsimile thereof, may, but need not be, affixed to certificates of stock.

Section 3. The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost or destroyed upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost or destroyed certificate or certificates, or his legal representative, to advertise the same in

such manner as it shall require and/or give the corporation a bond in such sum

as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost or destroyed.

Section 4. Upon surrender to the corporation or the transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the corporation, if it is satisfied that all provisions of the laws and regulations applicable to the corporation regarding transfer and ownership of shares have been complied with, to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

Section 5. The Board of Directors may fix in advance a date not exceeding sixty (60) days nor less than ten (10) days preceding the date of any meeting of stockholders, or the date for the payment of any dividend, or the date for the allotment of rights, or the date when any change or conversion or exchange of capital stock shall go into effect, or a date in connection with obtaining the consent of stockholders for any purpose, as a record date for the determination of the stockholders entitled to notice of and to vote at any such meeting, and any adjournment thereof, or entitled to receive payment of any such dividend, or to give such consent, and in such case, such stockholders, and only such stockholders as shall be stockholders of record on the date so fixed, shall be entitled to notice of and to vote at such meeting, or any adjournment thereof, or to receive payment of such dividend, or to receive such allotment of rights, or to exercise such rights, or to give such consent, as the cast may be, notwithstanding any transfer of any stock on the books of the corporation after any such record date fixed as aforesaid.

Section 6. The corporation shall be entitled to recognize the person registered on its books as the owner of shares to be the exclusive owner for all purposes including voting and dividends, and the corporation shall not be bound to recognize any equitable or other claim to or interest in such shares or shares on the part of any other person, whether or not it shall have express or

other notice thereof, except as otherwise provided by the laws of Nevada.

ARTICLE X

General Provisions

Section 1. Dividends upon the capital stock of the corporation, subject to the provisions of the Articles of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property or in shares of the capital stock,

subject to the provisions of the Articles of Incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends or for repairing or maintaining any property of the corporation or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

Section 3. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

Section 4. The fiscal year of the corporation shall be fixed by resolution of the Board of Directors.

Section 5. The corporation may or may not have a corporate seal, as may from time to time be determined by resolution of the Board of Directors. If a corporate seal is adopted, it shall have inscribed thereon the name of the corporation and the words "Corporate Seal" and "Nevada". The seal may be used by

causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

ARTICLE XI

Indemnification

Every person who was or is a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or a person of whom he is the legal representative is or was a director or officer of the corporation or is or was serving at the request of the corporation or for its benefit as a director or officer of another corporation, or as its representative in a partnership, joint venture, trust or other enterprise, shall be indemnified and held harmless to the fullest extent legally permissible under the General Corporation Law of the State of Nevada from time to time against all expenses, liability and loss (including attorneys' fees, judgments, fines and amounts paid or to be paid in settlement) reasonably incurred or suffered by him in connection therewith. The expenses of officers and directors incurred in defending a civil or criminal action, suit or proceeding must be paid by the corporation as they are incurred and in advance of the final disposition of the action, suit or proceeding upon receipt of an undertaking by or on behalf of the

director or officer to repay the amount if it is ultimately determined by a court of competent jurisdiction that he is not entitled to be indemnified by the corporation. Such right of indemnification shall be a contract right which may be enforced in any manner desired by such person. Such right of indemnification shall not be exclusive of any other right which such directors, officers or representatives may have or hereafter acquire and, without limiting the generality of such statement, they shall be entitled to their respective rights of indemnification under any bylaw, agreement, vote of stockholders, provision of law or otherwise, as well as their rights under this Article.

The Board of Directors may cause the corporation to purchase and maintain insurance on behalf of any person who is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a director or officer of another corporation, or a6 its representative in a partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred in any such capacity or arising out of such status, whether or not the corporation would have the power to indemnify such person.

The Board of Directors may from time to time adopt further Bylaws with respect to indemnification and may amend these and such Bylaws to provide at all times the fullest indemnification permitted by the General Corporation Law of the State of Nevada.

ARTICLE XII

Amendments

Section 1. The Bylaws may be amended by a majority vote of all the stock issued and outstanding and entitled to vote at any annual or special meeting of the stockholders, provided notice of intention to amend shall have been contained in the notice of the meeting.

Section 2. The Board of Directors by a majority vote of the whole Board at any meeting may amend these Bylaws, including Bylaws adopted by the stockholders, but the stockholders may from time to time specify particular provisions of the Bylaws which shall not be amended by the Board of Directors.

APPROVED AND ADOPTED this 3rd day of June, 1996.

/s/ Jane Kelly

Asst. Secretary

CERTIFICATE OF SECRETARY

I hereby certify that I am the Secretary of Chancellor Corp and that the foregoing Bylaws, consisting of 17 pages, constitute the code of Bylaws of _____, as duly adopted at a regular meeting of the Board of Directors of the corporation held June Fifth, 1996.

IN WITNESS WHEREOF I have hereunto subscribed my name this 1st day of January, 1998.

/s/ Jane Kelly

Secretary

AMENDED AND RESTATED

CERTIFICATE OF DESIGNATION

OF

TOPAZ GROUP INCORPORATED

Pursuant to Section 78.1955 of the General

Corporation Law of the State of Nevada

SERIES A PREFERRED STOCK AND
SERIES B PREFERRED STOCK

Topaz Group Incorporated, a Nevada corporation (the "Corporation"), hereby certifies that the following resolution has been duly adopted by the board of directors of the Corporation (the "Board"):

RESOLVED, that pursuant to the authority granted to and vested in the Board by the provisions of the certificate of incorporation of the Corporation (as amended, the "Certificate of Incorporation"), there hereby is created, out of the fifty million (50,000,000) shares of preferred stock, par value $.001 per share, of the Company authorized by Article IV of the Certificate of Incorporation ("Preferred Stock"), the Series A Preferred Stock consisting of 26,000,000 shares and the Series B Preferred Stock consisting of 10,000,000 shares, which series shall have the following powers, designations, preferences and relative, participating, optional and other special rights, and the following qualifications, limitations and restrictions:

The specific powers, preferences, rights and limitations of the Preferred Stock are as follows:

1. Designation; Rank. These series of Preferred Stock shall be designated and known as "Series A Preferred Stock" and "Series B Preferred Stock." The number of shares constituting the Series A Preferred Stock shall be twenty-six million (26,000,000) shares. The number of shares constituting the Series B Preferred Stock shall be 10 million (10,000,000) shares. Except as otherwise provided herein, the Series A Preferred Stock and the Series B Preferred Stock shall rank on a parity with each other, shall have the same rights, preferences and privileges, and shall collectively referred to herein as the "Preferred Stock." The Preferred Stock shall, with respect to dividend rights and rights on liquidation, winding up and dissolution, rank senior to (a) the Common Stock,

and (b) all classes and series of stock of the Corporation now or hereafter

authorized, issued or outstanding which by their terms do not expressly provide that they are senior to, or on parity with, to the Preferred Stock (collectively, "Junior Securities").

2. Dividends.

(a) The holders of shares of the Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors, out of assets of the Corporation legally available therefor, non-cumulative dividends on a pro rata basis with all other holders of Preferred Stock and all holders of Common Stock (as adjusted for any stock dividends, combinations or splits with respect to such stock).

(b) Each fractional share of Preferred Stock outstanding shall be entitled to a ratably proportionate amount of any dividends or other distributions made with respect to each outstanding share of Preferred Stock, and all such distributions shall be payable in the same manner and at the same time as distributions on each outstanding share of Preferred Stock.

3. Liquidation Preference.

(a) In the event of any dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, the holders of Preferred Stock shall be entitled to receive out of the assets of the Corporation, for each share of Preferred Stock then outstanding, before any payment or distribution shall be made in respect of any Junior Securities, cash in an amount equal to (i) $0.001 (as adjusted for any stock dividend, split, combination, recapitalization or similar transaction with respect to the capital stock of the Corporation), plus an amount equal to all accrued or declared but unpaid dividends thereon to the date of such payment, and (ii) the pro rata share of any proceeds, treating the Preferred Stock as if converted into shares of Common Stock.

(b) If the assets of the Corporation available for distribution to the holders of Preferred Stock upon any dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, shall be insufficient to pay the full preferential amount to which holders of Preferred Stock are entitled pursuant to Section 3(a) of this certificate of designation, (this "Designation"), no distribution shall be made in respect of any shares of any other class or series of stock ranking on a parity with the Preferred Stock upon liquidation, unless the distribution is made pro rata, so that the ratio of the amount distributed per share on the Preferred Stock to the amount distributed per share on each such other class or series of stock shall be the same as the ratio of the amount of the liquidation preference per share of the Preferred Stock to the amount of the liquidation preference per share of each such other

class or series of stock.

(c) If upon any dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, payment shall have been made to the holders of Preferred Stock of the full preferential amount to which they shall be entitled pursuant to Section 3(a) of this Designation, the entire remaining assets, if any, of the Corporation available for distribution to stockholders shall be distributed to the holders of Common Stock pro rata, treating the Preferred Stock as if converted into shares of Common Stock

(d) The Corporation shall give each holder of Preferred Stock written notice of any dissolution, liquidation or winding up not later than 15 days prior to any meeting of stockholders to approve such dissolution, liquidation or winding up or, if no meeting is to be held, not later than 30 days prior to the date of such dissolution, liquidation or winding up.

4. Optional Conversion of Series A Preferred Stock. The holders of Series A Preferred Stock shall have conversion rights as follows:

(a) Conversion Right. Each share of Series A Preferred Stock shall be convertible, at the option of the holder thereof and without the payment of additional consideration by the holder thereof, at any time, into one share of Common Stock (the "Conversion Rate") on the Optional Conversion Date (as hereinafter defined).

(b) Mechanics of Optional Conversion. To effect the optional conversion of shares of Series A Preferred Stock in accordance with Section 4(a) of this Designation, the holder of record thereof shall make a written demand for such conversion (for purposes of this Designation, a "Conversion Demand") upon the Corporation at its principal executive offices setting forth therein (i) the number of shares so to be converted, (ii) the certificate or certificates representing such shares, and (iii) the proposed date of such conversion, which shall be a business day not less than 15 nor more than 30 days after the date of such Conversion Demand (for purposes of this Designation, the "Optional Conversion Date"). Within five days of receipt of the Conversion Demand, the Corporation shall give written notice (for purposes of this Designation, a "Conversion Notice") to such holder setting forth therein (i) the address of the place or places at which the certificate or certificates representing the shares so to be converted are to be surrendered; and (ii) whether the certificate or certificates to be surrendered are required to be endorsed for transfer or accompanied by a duly executed stock power or other appropriate instrument of assignment and, if so, the form of such endorsement or power or other instrument of assignment. The Conversion Notice shall be sent by first class mail, postage prepaid, to such holder at such holder's address as may be set forth in the Conversion Demand or, if not set forth therein, as it appears on the records of the stock transfer agent for the Series A Preferred Stock, if any, or, if none, of the Corporation. On or before the Optional Conversion Date, the holder of the

Series A Preferred Stock so to be converted shall surrender the certificate or certificates representing such shares, duly endorsed for transfer or accompanied by a duly executed stock power or other instrument of assignment, if the Conversion Notice so provides, to the Corporation at any place set forth in such notice or, if no such place is so set forth, at the principal executive offices of the Corporation. As soon as practicable after the Optional Conversion Date and the surrender of the certificate or certificates representing such shares, the Corporation shall issue and deliver to such holder, or its nominee, at such holder's address as it appears on the records of the stock transfer agent for the Series A Preferred Stock, if any, or, if none, of the Corporation a certificate or certificates for the number of whole shares of Common Stock issuable upon such conversion in accordance with the provisions hereof.

(c) No Fractional Shares. No fractional shares of Common Stock or scrip shall be issued upon conversion of shares of Series A Preferred Stock. In lieu of any fractional

share to which the holder would be entitled but for the provisions of this Section 4(c), based on the full number of shares of Series A Preferred Stock held by such holder, the Corporation shall issue a number of shares to such holder rounded up to the nearest whole number of shares of Common Stock. No cash shall be paid to any holder of Series A Preferred Stock by the Corporation upon conversion of Series A Preferred Stock by such holder.

(d) Reservation of Stock. The Corporation shall, at all times when any shares of Series A Preferred Stock shall be outstanding, reserve and keep available out of its authorized but unissued stock, such number of shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of Series A Preferred Stock.

(e) Dividends; Rights. All outstanding shares of Series A Preferred Stock to be converted pursuant to the Conversion Notice shall, on the Optional Conversion Date, be converted into Common Stock for all purposes, notwithstanding the failure of the holder thereof to surrender any certificate representing such shares on or prior to such date. On and after the Optional Conversion Date, (i) no such share of Series A Preferred Stock shall be deemed to be outstanding or be transferable on the books of the Corporation or the stock transfer agent, if any, for the Series A Preferred Stock, and (ii) the holder of such shares, as such, shall not be entitled to receive any dividends or other distributions, to receive notices or to vote such shares or to exercise or to enjoy any other powers, preferences or rights thereof, other than the right, upon surrender of the certificate or certificates representing such shares, to receive a certificate or certificates for the number of shares of Common Stock into which such shares have been converted. On the Optional Conversion Date, all such shares shall be retired and canceled and shall not be reissued.

(f) Consolidation, Merger, Sale, Etc. In case the Corporation shall effect a Qualified Sale (as defined herein), then lawful and adequate provision shall be made whereby, subject to Section 3(a) of this Designation, each share of Series A Preferred Stock shall, after such Qualified Sale, be convertible into the kind and number of shares of stock or other securities or property of the Corporation or of the corporation resulting from such Qualified Sale, or to which assets shall have been sold in such Qualified Sale, to which the holder of shares of Series A Preferred Stock would have been entitled if it had held the Common Stock issuable upon the conversion of such shares of Series A Preferred Stock on the record date, or, if none, immediately prior to such Qualified Sale, at the Conversion Rate in effect on such date. The provisions of this Section 4(f) shall similarly apply to successive Qualified Sales.

(g) Stock Dividends, Splits, Combinations and Reclassifications. If the Corporation shall (i) declare a dividend or other distribution payable in Securities, (ii) split its outstanding shares of Common Stock into a larger number, (iii) combine its outstanding shares of Common Stock into a smaller number, or (iv) increase or decrease the number of shares of its capital stock in a reclassification of the Common Stock (including any such reclassification in connection with a merger, consolidation or other business combination in which the Corporation is the continuing entity), then in each instance the Conversion Rate in effect immediately prior to such dividend or other distribution, split, combination or reclassification, as the case may be,

shall forthwith be proportionally adjusted so that each holder of Series A Preferred Stock shall be entitled to receive the number of shares of Common Stock which such holder would have owned or been entitled to receive had such Series A Preferred Stock been converted immediately prior to the record date for such dividend or other distribution, split, combination or reclassification. Successive adjustments to the Conversion Rate shall be made upon each such dividend or other distribution, split, combination or reclassification.

(h) No Impairment. The Corporation shall not, by amendment of its certificate of incorporation or through any reorganization, sale, exchange or other disposition of assets, merger, consolidation, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed under this Section 4 by the Corporation, but will at all times in good faith carry out all the provisions of this Section 4 and take all such action as may be necessary or appropriate in order to protect the conversion rights of the holders of Series A Preferred Stock against impairment.

(i) Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of the Conversion Rate pursuant to this Section 4, the Corporation at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and cause its principal financial officer to verify such computation and prepare and furnish to each

holder of Series A Preferred Stock a certificate setting forth such adjustment or readjustment and setting forth in reasonable detail the facts upon which such adjustment or readjustment is based. The Corporation shall, upon the written request at any time of any holder of Series A Preferred Stock, furnish or cause to be furnished to such holder a like certificate setting forth: (i) such adjustments and readjustments; (ii) the Conversion Rate in effect at such time for the Series A Preferred Stock; and (iii) the number of shares of Common Stock and the amount, if any, of other property that at such time would be received upon the conversion of the Series A Preferred Stock.

(j) Notices of Record Date. In the event (i) any record date is fixed for the purpose of determining the holders of any class or series of stock or other securities who are entitled to receive any dividend or other distribution or (ii) of any recapitalization or reorganization of the capital stock of the Corporation, any merger or consolidation of the Corporation, or any sale, exchange or other disposition of all or substantially all the assets of the Corporation or any voluntary or involuntary dissolution, liquidation or winding up of the Corporation, the Corporation shall mail to each holder of Preferred Stock at least 20 days prior to the record date set forth therein a notice setting forth: (i) such record date and a description of such dividend or distribution; (ii) the date on which any such recapitalization, reorganization, merger, consolidation, disposition, dissolution, liquidation or winding up is expected to become effective; and (iii) the time, if any is to be fixed, as to when the holders of record of Common Stock (or other securities) shall be entitled to exchange their shares of Common Stock (or other securities) for securities or other property deliverable upon such recapitalization, reorganization, merger, consolidation, disposition, dissolution, liquidation or winding up.

(k) Issue Taxes. The Corporation shall pay any and all issue and other non-income taxes that may be payable in respect of any issue or delivery of shares of Common Stock on conversion of shares of Series A Preferred Stock.

(l) Minimum Adjustment: No Increase. No adjustment of the Conversion Rate shall be made in an amount less than one per centum, provided that any adjustment which is not made by reason of this Section 4(l) shall be carried forward and shall be taken into account in any subsequent adjustment. No adjustments of the Conversion Rate in accordance with Section 4 of this Designation shall have the effect of increasing the Conversion Rate above the Conversion Rate in effect immediately prior to such adjustment.

5. Mandatory Conversion of Series A Preferred Stock.

(a) Upon the closing of a Qualified Public Offering or a Qualified Sale (each as defined below), each share of Series A Preferred Stock shall automatically be converted into the number of shares of Common Stock into which

such shares of Series A Preferred Stock would be converted on the date of the closing of such Qualified Public Offering or Qualified Sale, as the case may be (the "Transaction Date"), in accordance with Section 4 of this Designation. For purposes of this Designation, (i) "Qualified Public Offering" means the sale of shares of Common Stock pursuant to a public offering of shares of Common Stock by the Corporation on a firmly underwritten basis, pursuant to a registration statement on Form S-1, S-2 or S-3 (or a similar form of general application prescribed by the Securities and Exchange Commission) filed under the Securities Act at a price to the public of at least $4.00 per share (as adjusted for any stock dividend, split, combination, recapitalization or similar transaction with respect to the capital stock of the Corporation) and in which at least $5,000,000 in gross proceeds is received by the Corporation, and (ii) "Qualified Sale" means the sale of all or substantially all of the assets of the Corporation or the outstanding shares of capital stock of the Corporation entitled to vote generally for the election of directors, in any such case for cash or securities having a value of at least $1.00 per share of Common Stock (as adjusted for any stock dividend, split, combination, recapitalization or similar transaction with respect to the capital stock of the Corporation), but excluding any such transaction in which the consideration received by the Corporation or its stockholders includes securities of the purchaser and such purchaser is not subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended.

(b) No fractional shares of Common Stock or scrip shall be issued upon conversion of shares of Series A Preferred Stock. In lieu of any fractional share to which the holder would be entitled but for the provisions of this Section 5(b), based on the full number of shares of Series A Preferred Stock held by such holder, the Corporation shall issue a number of shares to such holder rounded up to the nearest whole number of shares of Common Stock. No cash shall be paid to any holder of Series A Preferred Stock by the Corporation upon conversion of Series A Preferred Stock by such holder.

(c) The Corporation shall give to each holder of record of Series A Preferred Stock written notice of mandatory conversion at least 10 business days prior to the Transaction

Date, setting forth therein: (i) the Conversion Rate on the Transaction Date or a reasonable estimate thereof; (ii) the number of shares of Common Stock into which such holder's shares of Series A Preferred Stock are to be converted based on such Conversion Rate; (iii) the amount of cash, if any, to be paid in lieu of a fractional share pursuant to Section 5(b) of this Designation; (iv) that the conversion is to be effective on the Transaction Date; (v) the address of the place or places at which the certificate or certificates representing such holder's shares of Series A Preferred Stock are to be surrendered; and (vi) whether the certificate or certificates to be surrendered are required to be endorsed for transfer or accompanied by a duly executed stock power or other appropriate instrument of assignment and, if so, the form of such endorsement or

power or other instrument of assignment. Such notice shall be sent by first class mail, postage prepaid, to each holder of record of Series A Preferred Stock at such holder's address as it appears on the records of the stock transfer agent for the Series A Preferred Stock, if any, or, if none, of the Corporation. On or before the Transaction Date, each holder of Series A Preferred Stock shall surrender the certificate or certificates representing all such holder's shares, duly endorsed for transfer or accompanied by a duly executed stock power or other instrument of assignment, if the notice so provides, to the Corporation at any place set forth in such notice or, if no such place is so set forth, at the principal executive offices of the Corporation. As soon as practicable after the Transaction Date and the surrender of the certificate or certificates representing shares of Series A Preferred Stock, the Corporation shall issue and deliver to each such holder, or its nominee, at such holder's address as it appears on the records of the stock transfer agent for the Series A Preferred Stock, if any, or, if none, of the Corporation a certificate or certificates for the number of whole shares of Common Stock issuable upon such conversion in accordance with the provisions hereof, together with cash payable in lieu of any fraction of a share of Common Stock pursuant to Section 5(b) of this Designation.

(d) All outstanding shares of Series A Preferred Stock shall, on the Transaction Date, be converted into Common Stock for all purposes, notwithstanding the failure of any holder or holders thereof to surrender any certificate representing such shares on or prior to such date. On and after the Transaction Date, (i) no share of Series A Preferred Stock shall be deemed to be outstanding or be transferable on the books of the Corporation or the stock transfer agent, if any, for the Series A Preferred Stock, and (ii) each holder of Series A Preferred Stock, as such, shall not be entitled to receive any dividends or other distributions, to receive notices or to vote such shares or to exercise or to enjoy any other powers, preferences or rights in respect thereof, other than the right, upon surrender of the certificate or certificates representing such shares, to receive a certificate or certificates for the number of shares of Common Stock into which such shares shall have been converted. On the Transaction Date, all such shares shall be retired and canceled and shall not be reissued.

6. Mandatory Conversion of Series B Preferred Stock.

(a) The Series B Preferred Stock shall convert on a one-to-one basis in Common Stock (the "Series B Conversion Rate") automatically (i) immediately prior to a sale to

a third party of 100% of the Corporation's capital stock or (ii) immediately prior to the merger of the Corporation into another surviving corporation (other than in connection with a recapitalization, reorganization, change of domicile or like events).

(b) No fractional shares of Common Stock or scrip shall be issued upon conversion of shares of Series B Preferred Stock. In lieu of any fractional share to which the holder would be entitled but for the provisions of this Section 6(b), based on the full number of shares of Series B Preferred Stock held by such holder, the Corporation shall issue a number of shares to such holder rounded up to the nearest whole number of shares of Common Stock. No cash shall be paid to any holder of Series B Preferred Stock by the Corporation upon conversion of Series B Preferred Stock by such holder.

(c) The Corporation shall give to each holder of record of Series B Preferred Stock written notice of mandatory conversion at least 10 business days prior to the Transaction Date, setting forth therein: (i) the Series B Conversion Rate on the Transaction Date or a reasonable estimate thereof; (ii) the number of shares of Common Stock into which such holder's shares of Series A Preferred Stock are to be converted based on such Conversion Rate; (iii) the amount of cash, if any, to be paid in lieu of a fractional share pursuant to Section 6(b) of this Designation; (iv) that the conversion is to be effective on the Transaction Date; (v) the address of the place or places at which the certificate or certificates representing such holder's shares of Series A Preferred Stock are to be surrendered; and (vi) whether the certificate or certificates to be surrendered are required to be endorsed for transfer or accompanied by a duly executed stock power or other appropriate instrument of assignment and, if so, the form of such endorsement or power or other instrument of assignment. Such notice shall be sent by first class mail, postage prepaid, to each holder of record of Series B Preferred Stock at such holder's address as it appears on the records of the stock transfer agent for the Series B Preferred Stock, if any, or, if none, of the Corporation. On or before the Transaction Date, each holder of Series B Preferred Stock shall surrender the certificate or certificates representing all such holder's shares, duly endorsed for transfer or accompanied by a duly executed stock power or other instrument of assignment, if the notice so provides, to the Corporation at any place set forth in such notice or, if no such place is so set forth, at the principal executive offices of the Corporation. As soon as practicable after the Transaction Date and the surrender of the certificate or certificates representing shares of Series B Preferred Stock, the Corporation shall issue and deliver to each such holder, or its nominee, at such holder's address as it appears on the records of the stock transfer agent for the Series B Preferred Stock, if any, or, if none, of the Corporation a certificate or certificates for the number of whole shares of Common Stock issuable upon such conversion in accordance with the provisions hereof, together with cash payable in lieu of any fraction of a share of Common Stock pursuant to Section 6(b) of this Designation.

(d) All outstanding shares of Series B Preferred Stock shall, on the Transaction Date, be converted into Common Stock for all purposes, notwithstanding the failure of any holder or holders thereof to surrender any certificate representing such shares on or prior to such date. On and after the Transaction Date, (i) no share of Series B Preferred Stock shall be deemed to be outstanding or be transferable on the books of the Corporation or the stock transfer

agent, if any, for the Series B Preferred Stock, and (ii) each holder of Series B Preferred Stock, as such, shall not be entitled to receive any dividends or other distributions, to receive notices or to vote such shares or to exercise or to enjoy any other powers, preferences or rights in respect thereof, other than the right, upon surrender of the certificate or certificates representing such shares, to receive a certificate or certificates for the number of shares of Common Stock into which such shares shall have been converted. On the Transaction Date, all such shares shall be retired and canceled and shall not be reissued.

(e) Stock Dividends, Splits, Combinations and Reclassifications. If the Corporation shall (i) declare a dividend or other distribution payable in Securities, (ii) split its outstanding shares of Common Stock into a larger number, (iii) combine its outstanding shares of Common Stock into a smaller number, or (iv) increase or decrease the number of shares of its capital stock in a reclassification of the Common Stock (including any such reclassification in connection with a merger, consolidation or other business combination in which the Corporation is the continuing entity), then in each instance the Series B Conversion Rate in effect immediately prior to such dividend or other distribution, split, combination or reclassification, as the case may be, shall forthwith be proportionally adjusted so that each holder of Series B Preferred Stock shall be entitled to receive the number of shares of Common Stock which such holder would have owned or been entitled to receive had such Series B Preferred Stock been converted immediately prior to the record date for such dividend or other distribution, split, combination or reclassification. Successive adjustments to the Series B Conversion Rate shall be made upon each such dividend or other distribution, split, combination or reclassification.

(f) No Impairment. The Corporation shall not, by amendment of its certificate of incorporation or through any reorganization, sale, exchange or other disposition of assets, merger, consolidation, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed under this Section 6 by the Corporation, but will at all times in good faith carry out all the provisions of this Section 6 and take all such action as may be necessary or appropriate in order to protect the conversion rights of the holders of Series B Preferred Stock against impairment.

7. Voting.

(a) Except as otherwise required by applicable law, the holders of Preferred Stock shall be entitled to vote on all matters on which the holders of Common Stock shall be entitled to vote, in the same manner and with the same effect as the holders of Common Stock, voting together with the holders of Common Stock as a single class. For this purpose, the holders of Preferred Stock shall be given notice of any meeting of stockholders as to which the holders of

Common Stock are given notice in accordance with the bylaws of the Corporation. As to any matter on which the holders of Preferred Stock shall be entitled to vote, each holder of Series A Preferred Stock shall have a number of votes per share of Series A Preferred Stock held of record by such holder on the record date for the meeting of stockholders, if such matter is

subject to a vote at a meeting of stockholders, or on the effective date of any written consent, if such matter is subject to a written consent of the stockholders without a meeting of stockholders, equal to the number of shares of Common Stock into which such share of Series A Preferred Stock is convertible on such record date or effective date, as the case may be, in accordance with Section 4 of this Designation. As to any matter on which the holders of Preferred Stock shall be entitled to vote, each holder of Series B Preferred Stock shall have a number of votes per share of Series B Preferred Stock held of record by such holder on the record date for the meeting of stockholders, if such matter is subject to a vote at a meeting of stockholders, or on the effective date of any written consent, if such matter is subject to a written consent of the stockholders without a meeting of stockholders, equal to twenty (20) times the number of shares of Common Stock into which such share of Series B Preferred Stock would be convertible assuming a mandatory conversion on such record date or effective date, in accordance with Section 6 of this Designation.

(b) Notwithstanding anything herein to the contrary, the consent of the holders of a majority of all of the shares of the Series A Preferred Stock and the Series B Preferred Stock at the time outstanding shall be required to (i) authorize or issue any class or series of capital stock of the Corporation ranking senior to, or on parity with, the such class of Preferred Stock, or (ii) authorize or issue any class or series of capital stock or bonds, debentures, notes or other securities or obligations of the Corporation convertible into, or exercisable or exchangeable for, any class or series of capital of the Corporation ranking senior to, or on parity with, the Preferred Stock. The Consent of the holders of the Preferred Stock at the time outstanding shall not be required to (i) authorize or issue any class or series of capital stock of the Corporation ranking junior to such class of Preferred Stock, or (ii) authorize or issue any class or series of capital stock or bonds, debentures, notes or other securities or obligations of the Corporation convertible into, or exercisable or exchangeable for, any class or series of capital of the Corporation ranking junior to the Preferred Stock.

8. No Sinking Fund. The Corporation shall not be required to make any payment to any sinking fund or otherwise to deposit or set aside any funds or other assets of the Corporation in respect of the Preferred Stock.

9. Amount of Noncash Dividends, Distributions or Consideration. Whenever a dividend or distribution provided for in Section 2 or 3 of this Designation (except as otherwise provided therein with respect to the payment of dividends in shares of Preferred Stock) is to be made in, or any consideration received or

paid by the Corporation consists of securities or other property, other than cash, the amount of such dividend, distribution or consideration shall be the fair market value of such securities or other property as determined in good faith by the Board of Directors.

10. Definition of Certain Preferences. For purposes hereof, any class or series of stock of the Corporation shall be deemed to rank:

(a) senior to the Preferred Stock, either as to dividends or upon liquidation, if the holders of shares of that class or series of stock shall expressly be entitled to receive

dividends or amounts distributable upon dissolution, liquidation or winding up of the Corporation, as the case may be, in preference or priority to the holders of Preferred Stock;

(b) on a parity with the Preferred Stock, either as to dividends or upon liquidation, whether or not the dividend rates, dividend payment dates, redemption or liquidation prices per share or conversion or sinking fund provisions, if any, are different from those of the Preferred Stock, if the holders of shares of that class or series of stock shall expressly be entitled to receive dividends or amounts distributable upon dissolution, liquidation or winding up of the Corporation, as the case may be, in proportion to their respective dividend preferences (whether based on their respective dividend rates or the respective amounts of accumulated and unpaid dividends thereon) or their respective liquidation preferences, without preference or priority, one over the other, as between the holders of shares of that class or series of stock and the holders of shares of Preferred Stock; and

(c) junior to the Preferred Stock, either as to dividends or upon liquidation, if the holders of shares of Preferred Stock shall be entitled to receive dividends or amounts distributable upon dissolution, liquidation or winding up of the Corporation, as the case may be, in preference or priority to the holders of shares of that class or series of stock.

[The next page is the signature page]

IN WITNESS WHEREOF, the undersigned have duly signed this Certificate of Designation as of this ____ day of _____, 2001.

TOPAZ GROUP INCORPORATED

By:

Name: Thammatinna Thammaradi
Title: President

By:

Name: Supanee Satasut
Title: Secretary

STATE OF)
) ss.:
COUNTY OF)

On the __ day of _____, 2001 personally appeared before me Thammatinna Thammaradi who, being duly sworn, declared that she is the person who signed the within and foregoing Certificate of Designation as President of Topaz Group Incorporated, and that the statements contained therein are true.

Notary Public, residing at

My Commission Expires:

TOPAZ GROUP INCORPORATED

2001 STOCK OPTION PLAN

1. Purpose

The purpose of this plan (the "Plan") is to secure for Topaz Group Incorporated (the "Company") and its stockholders the benefits arising from capital stock ownership by employees, officers, directors and consultants of the Company and its affiliated corporations who are expected to contribute to the Company's future growth and success. The Plan is also designed to attract and retain other persons who will provide services to the Company. Those provisions of the Plan which make express reference to Section 422 of the Internal Revenue Code of 1986, as amended or replaced from time to time (the "Code"), shall apply only to Incentive Stock Options (as that term is defined in the Plan). The Plan was adopted by the Board of Directors of the Company (the "Board") on May 15, 2001, subject to the approval of the stockholders of the Company.

2. Type of Options and Administration

(a) Types of Options. Options granted pursuant to the Plan shall be authorized by action of the Board (or the committee appointed by the Board in accordance with Section 2(b) below) and may be either incentive stock options ("Incentive Stock Options") intended to meet the requirements of Section 422 of the Code or non-statutory options which are not intended to meet the requirements of Section 422 of the Code ("Non-Qualified Options").

(b) Administration. The Plan will be administered by the Board, in the case of options granted under the Plan to non-employee directors of the Company, or, in the case of all other options granted under the Plan, by the Board or a committee (the "Committee") consisting of two or more directors appointed by the Board, in each case whose construction and interpretation of the terms and provisions of the Plan shall be final and conclusive and binding upon the optionee and all other persons interested or claiming interests under the Plan. Notwithstanding the foregoing, if the Company is or becomes a corporation issuing any class of common equity securities required to be registered under section 12 of the Securities Exchange Act of 1934 (a "Reporting Company"), to the extent necessary to preserve any deduction under Section 162(m) of the Code or to comply with Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or any successor rule ("Rule 16b-3"), any Committee appointed by the Board to administer the Plan shall be comprised of two or more directors each of whom shall be a "non-employee director," within the meaning of Rule 16b-3, and an "outside director," within the meaning of Treasury Regulation Section 1.162-27(e)(3), (the "Committee") and the delegation of powers to the Committee shall be

consistent with applicable laws and regulations (including, without limitation, applicable state law and Rule 16b-3). The Board or Committee may in its sole discretion grant options to purchase shares of the Company's Common Stock, $0.001 par value per share ("Common Stock"), and issue shares upon exercise of such options as provided in the Plan. The Board or Committee shall have authority, subject to the express provisions of the Plan, to

construe the respective option agreements and the Plan; to prescribe, amend and rescind rules and regulations relating to the Plan; to determine the terms and provisions of the respective option agreements, which need not be identical; and to make all other determinations in the judgment of the Board or Committee necessary or desirable for the administration of the Plan. The Board or Committee may correct any defect or supply any omission or reconcile any inconsistency in the Plan or in any option agreement in the manner and to the extent it shall deem expedient to carry the Plan into effect and it shall be the sole and final judge of such expediency. No director or person acting pursuant to authority delegated by the Board shall be liable for any action or determination under the Plan made in good faith.

3. Eligibility

Options may be granted to persons who are, at the time of grant, employees, officers, directors or consultants of the Company or any parent or subsidiary of the Company, as respectively defined in Sections 424(e) and 424(f) of the Code (each such parent and subsidiary of the Company hereinafter individually and collectively called an "Affiliate"), provided, that Incentive Stock Options may only be granted to individuals who are employees (within the meaning of Section 3401(c) of the Code) of the Company or any Affiliate. Options may also be granted to other persons, provided that such options shall be Non-Qualified Options. A person who has been granted an option may, if he or she is otherwise eligible, be granted additional options if the Board or Committee shall so determine. Notwithstanding anything in the Plan to the contrary, if the Company is or becomes a Reporting Company, no employee of the Company or an Affiliate shall be granted options with respect to more than 2,000,000 shares of Common Stock during any calendar year.

4. Stock Subject to Plan

The stock subject to options granted under the Plan shall be shares of authorized but unissued or reacquired Common Stock. Subject to adjustment as provided in Section 15 below, the maximum number of shares of Common Stock of the Company which may be issued and/or sold under the Plan is 1,000,000 shares. If an option granted under the Plan shall expire, terminate or is cancelled for any reason without having been exercised in full, the unpurchased shares subject

to such option shall again be available for subsequent option grants under the Plan.

5. Forms of Option Agreements

As a condition to the grant of an option under the Plan, each recipient of an option shall execute an option agreement in such form not inconsistent with the Plan and as may be approved by the Board or the Committee. The terms of such option agreements may differ among recipients.

6. Purchase Price

(a) General. The purchase price per share of Common Stock issuable upon the exercise of an option shall be determined by the Board or the Committee at the time of grant of such option, provided, however, that in the case of an Incentive Stock Option, the exercise price shall not be less than 100% of the Fair Market Value (as hereinafter defined) of such Common Stock at the time of grant of such option, or less than 110% of such Fair Market Value in the case of options described in Section 11(b) of the Plan. "Fair Market Value" of a share of Common Stock of the Company as of a specified date for purposes of the Plan shall mean the average trading price of a share of the Common Stock on the principal securities exchange (including but not limited to The Nasdaq SmallCap Market or The Nasdaq National Market) on which such shares are traded on the day immediately preceding the date as of which Fair Market Value is being determined, or on the next preceding date on which such shares are traded if no shares were traded on such immediately preceding day, or if the shares are not traded on a securities exchange, Fair Market Value shall be deemed to be the average of the high bid and low asked prices of the shares in the over-the-counter market on the day immediately preceding the date as of which Fair Market Value is being determined or on the next preceding date on which such high bid and low asked prices were recorded. If the shares are not publicly traded, Fair Market Value of a share of Common Stock shall be determined in good faith by the Board.

(b) Payment of Purchase Price. Options granted under the Plan may provide for the payment of the exercise price by delivery of cash or a check to the order of the Company in an amount equal to the exercise price of such options, or by any other means (including, without limitation, cashless exercise) which the Board determines are consistent with the purpose of the Plan and with applicable laws and regulations (including, without limitation, the provisions of Rule 16b-3 if the Company is or becomes a Reporting Company).

7. Exercise Option Period

Subject to earlier termination as provided in the Plan, each option and all rights thereunder shall expire on such date as determined by the Board or the Committee and set forth in the applicable option agreement, provided, that such date shall not be later than ten (10) years after the date on which the option is granted.

8. Exercise of Options

Each option granted under the Plan shall be exercisable either in full or in installments at such time or times and during such period as shall be set forth in the option agreement evidencing such option, subject to the provisions of the Plan. Subject to the requirements in the immediately preceding sentence, if an option is not at the time of grant immediately exercisable, the Board or Committee may (i) in the agreement evidencing such option, provide for the acceleration of the exercise date or dates of the subject option upon the occurrence of specified events, and/or (ii) at any time prior to the complete termination of an option, accelerate the exercise date or dates of such option.

9. Nontransferability of Options

No option granted under this Plan shall be assignable or otherwise transferable by the optionee, except by will or by the laws of descent and distribution. An option may be exercised during the lifetime of the optionee only by the optionee.

10. Effect of Termination of Employment or Other Relationship

Except as provided in Section 11(d) of the Plan with respect to Incentive Stock Options and except as may otherwise be determined by the Board or Committee at the date of grant of an option, and subject to the provisions of the Plan, an optionee may exercise an option at any time within three (3) months following the termination of the optionee's employment or other relationship with the Company and its Affiliates or within one (1) year if such termination was due to the death or disability (within the meaning of Section 22(e)(3) of the Code or any successor provisions thereto) of the optionee (to the extent such option is otherwise exercisable at the time of such termination) but in no event later than the expiration date of the option. Notwithstanding the foregoing and except as may otherwise be determined by the Board or Committee,

if the termination of the optionee's employment is for cause or is otherwise attributable to a breach by the optionee of an employment or confidentiality or non-disclosure agreement, the option shall expire immediately upon such termination. The Board shall have the power to determine, in its sole discretion, what constitutes a termination for cause or a breach of an employment or confidentiality or non-disclosure agreement, whether an optionee has been terminated for cause or has breached such an agreement, and the date upon which such termination for cause or breach occurs. Any such determinations shall be final and conclusive and binding upon the optionee and all other persons interested or claiming interests under the Plan.

11. Incentive Stock Options

Options granted under the Plan which are intended to be Incentive Stock Options shall be subject to the following additional terms and conditions:

(a) Express Designation. All Incentive Stock Options granted under the Plan shall, at the time of grant, be specifically designated as such in the option agreement covering such Incentive Stock Options.

(b) 10% Shareholder. If any employee to whom an Incentive Stock Option is to be granted under the Plan is, at the time of the grant of such option, the owner of stock possessing more than 10% of the total combined voting power of all classes of stock of the Company (after taking into account the attribution of stock ownership rules of Section 424(d) of the Code), then the following special provisions shall be applicable to the Incentive Stock Option granted to such individual:

(i) the purchase price per share of the Common Stock subject to such Incentive Stock Option shall not be less than 110% of the Fair Market Value of one share of Common Stock at the time of grant; and

(ii) the option exercise period shall not exceed five (5) years from the date of grant.

(c) Dollar Limitation. For so long as the Code shall so provide, options granted to any employee under the Plan (and any other incentive stock option plans of the Company) which are intended to constitute Incentive Stock Options shall not constitute Incentive Stock Options to the extent that such options, in the aggregate, become exercisable for the first time in any one calendar year for shares of Common Stock with an aggregate Fair Market Value, as of the respective date or dates of grant, of more than $100,000.

(d) Termination of Employment, Death or Disability. No Incentive

Stock Option may be exercised unless, at the time of such exercise, the optionee is, and has been continuously since the date of grant of his or her option, employed by the Company or its Affiliate, except that:

(i) an Incentive Stock Option may be exercised within the period of three (3) months after the date the optionee ceases to be an employee of the Company or its Affiliate (or within such lesser period as may be specified in the applicable option agreement), to the extent it is otherwise exercisable at the time of such cessation,

(ii) if the optionee dies while in the employ of the Company or its Affiliate, or within three (3) months after the optionee ceases to be such an employee, the Incentive Stock Option may be exercised by the person to whom it is transferred by will or the laws of descent and distribution within the period of one (1) year after the date of death (or within such lesser period as may be specified in the applicable option agreement), to the extent it is otherwise exercisable at the time of the optionee's death, and

(iii) if the optionee becomes disabled (within the meaning of Section 22(e)(3) of the Code or any successor provisions thereto) while in the employ of the Company or its Affiliate, the Incentive Stock Option may be exercised within the period of one (1) year after the date the optionee ceases to be such an employee because of such disability (or within such lesser period as may be specified in the applicable option agreement), to the extent it is otherwise exercisable at the time of such cessation.

For all purposes of the Plan and any option granted hereunder, "employment" shall be defined in accordance with the provisions of Section 1.421-7(h) of the Treasury Regulations (or any successor regulations). Notwithstanding the foregoing provisions, no Incentive Stock Option may be exercised after its expiration date.

12. Additional Provisions

(a) Additional Option Provisions. The Board or the Committee may, in its sole discretion, include additional provisions in option agreements covering options granted under the Plan, including without limitation, restrictions on transfer, repurchase rights, rights of first refusal, commitments to pay cash bonuses or to make, arrange for or guaranty loans or to transfer other property to optionees upon exercise of options, or such other provisions as shall be determined by the Board or the Committee, provided, that such additional provisions shall not be inconsistent with the requirements of applicable law and such additional provisions shall not cause any Incentive Stock Option granted under the Plan to fail to qualify as an Incentive Stock Option within the

meaning of Section 422 of the Code.

(b) Acceleration, Extension, Etc. The Board or the Committee may, in its sole discretion (i) accelerate the date or dates on which all or any particular option or options granted under the Plan may be exercised, or (ii) extend the dates during which all, or any particular, option or options granted under the Plan may be exercised, provided, however, that no such acceleration or extension shall be permitted if it would (i) cause any Incentive Stock Option granted under the Plan to fail to qualify as an Incentive Stock Option within the meaning of Section 422 of the Code, or (ii) if the Company is or becomes a Reporting Company, cause the Plan or any option granted under the Plan to fail to comply with Rule 16b-3 (if applicable to the Plan or such option).

13. General Restrictions

(a) Investment Representations. The Board or Committee may require any person to whom an option is granted, as a condition of exercising such option or award, to give written assurances in substance and form satisfactory to the Board or Committee to the effect that such person is acquiring the Common Stock subject to the option or award for his or her own account for investment and not with any present intention of selling or otherwise distributing the same, and to such other effects as the Board or Committee deems necessary or appropriate in order to comply with applicable federal and state securities laws, or with covenants or representations made by the Company in connection with any public offering of its Common Stock, including any "lock-up" or other restriction on transferability.

(b) Compliance With Securities Law. Each option shall be subject to the requirement that if, at any time, counsel to the Company shall determine that the listing, registration or qualification of the shares subject to such option or award upon any securities exchange or automated quotation system or under any state or federal law, or the consent or approval of any governmental or regulatory body, or that the disclosure of non-public information or the satisfaction of any other condition, is necessary as a condition of, or in connection with the issuance or purchase of shares thereunder, except to the extent expressly permitted by the Board, such option or award may not be exercised, in whole or in part, unless such listing, registration, qualification, consent or approval or satisfaction of such condition shall have been effected or obtained on conditions acceptable to the Board or the Committee. Nothing herein shall be deemed to require the Company to apply for or to obtain such listing, registration, qualification, consent or approval, or to satisfy

such condition. In addition, Common Stock issued upon the exercise of options may bear such legends as the Company may deem advisable to reflect restrictions

which may be imposed by law, including, without limitation, the Securities Act of 1933, as amended, any state "blue sky" or other applicable federal or state securities law.

14. Rights as a Stockholder

The holder of an option shall have no rights as a stockholder with respect to any shares covered by the option (including, without limitation, any right to vote or to receive dividends or non-cash distributions with respect to such shares) until the effective date of exercise of such option and then only to the extent of the shares of Common Stock so purchased. No adjustment shall be made for dividends or other rights for which the record date is prior to the date of exercise.

15. Adjustment Provisions for Recapitalizations, Reorganizations and Related Transactions

(a) Recapitalizations and Related Transactions. If, through or as a result of any recapitalization, reclassification, stock dividend, stock split, reverse stock split or other similar transaction (i) the outstanding shares of Common Stock are increased, decreased or exchanged for a different number or kind of shares or other securities of the Company, or (ii) additional shares or new or different shares or other non-cash assets are distributed with respect to such shares of Common Stock or other securities, an appropriate and proportionate adjustment shall be made in (x) the maximum number and kind of shares reserved for issuance under or otherwise referred to in the Plan, (y) the number and kind of shares or other securities subject to any then-outstanding options under the Plan, and (z) the price for each share subject to any then-outstanding options under the Plan, without changing the aggregate purchase price as to which such options remain exercisable. Notwithstanding the foregoing, no adjustment shall be made pursuant to this Section 15 if such adjustment (A) would cause any Incentive Stock Option granted under the Plan to fail to qualify as an Incentive Stock Option within the meaning of Section 422 of the Code, (B) if the Company is or becomes a Reporting Company, would cause the Plan or any option granted under the Plan to fail to comply with Rule 16b-3 (if applicable to the Plan or such option), or (C) would be considered as the adoption of a new plan requiring stockholder approval.

[(b) Reorganization, Merger and Related Transactions. All outstanding options under the Plan shall become fully exercisable following the occurrence of any Trigger Event (as defined below), whether or not such options are then exercisable under the provisions of the applicable agreements relating thereto. For purposes of the Plan, a "Trigger Event" is any one of the following events, other than in connection with the initial public offering of the Common Stock:

(i) the date the Company acquires knowledge that any person or

group deemed a person under Section 13(d)-3 of the Exchange Act (other than the Company, any Affiliate, any employee benefit plan of the Company or of any Affiliate or any entity holding shares of Common Stock or other securities of the Company for or pursuant to the terms of any such plan or any individual or entity or group or affiliate thereof which

acquired its beneficial ownership interest prior to the date the Plan was adopted by the Board), in a transaction or series of transactions, has become the beneficial owner, directly or indirectly (with beneficial ownership determined as provided in Rule 13d-3, or any successor rule, under the Exchange Act), of securities of the Company entitling the person or group to 51% or more of all votes (without consideration of the rights of any class of stock to elect directors by a separate class vote) to which all stockholders of the Company would be entitled in the election of the Board were an election held on such date; provided, however, that the sale of voting securities by the Company, to a person or group, prior to such person or group acquiring such 51% of the voting securities, shall be excluded from the operation of this section 15(b)(i) with the advance approval of the Board of Directors;

(ii) the date, during any period of two (2) consecutive years, when individuals who at the beginning of such period constitute the Board cease for any reason to constitute at least a majority thereof, unless the election, or the nomination for election by the stockholders of the Company, of each new director was approved by a vote of at least a majority of the directors then still in office who were directors at the beginning of such period; and

(iii) the date of approval by the stockholders of the Company of an agreement (a "reorganization agreement") providing for:

(A) The merger or consolidation of the Company with another corporation (x) where the stockholders of the Company, immediately prior to the merger or consolidation, do not beneficially own, immediately after the merger or consolidation, shares of the corporation issuing cash or securities in the merger or consolidation entitling such stockholders to 50% or more of all votes (without consideration of the rights of any class of stock to elect directors by a separate class vote) to which all stockholders of such corporation would be entitled in the election of directors, or (y) where the members of the Board, immediately prior to the merger or consolidation, do not, immediately after the merger or consolidation, constitute a majority of the Board of Directors of the corporation issuing cash or securities in the merger or consolidation, or

(B) The sale or other disposition of all or substantially all the assets of the Company.]

(b) Board Authority to Make Adjustments. Any adjustments under this Section 15 will be made by the Board or the Committee, whose determination as to what adjustments, if any, will be made and the extent thereof will be final, binding and conclusive. No fractional shares will be issued under the Plan on account of any such adjustments.

16. No Employment Rights

Nothing contained in the Plan or in any option agreement shall confer upon any optionee any right with respect to the continuation of his or her employment or other relationship with the Company or any of its Affiliates or interfere in any way with the right of the Company or any of its Affiliates at any time to terminate such employment or relationship or to increase or decrease the compensation of the optionee.

17. Amendment, Modification or Termination of the Plan

(a) The Board may at any time modify, amend or terminate the Plan, provided that to the extent required by applicable law, any such modification, amendment or termination shall be subject to the approval of the stockholders of the Company.

(b) The modification, amendment or termination of the Plan shall not, without the consent of an optionee, affect his or her rights under an option previously granted to him or her. With the consent of the optionee affected, the Board or the Committee may amend or modify outstanding option agreements in a manner not inconsistent with the Plan. Notwithstanding the foregoing, the Board shall have the right (but not the obligation), without the consent of the optionee affected, to amend or modify (i) the terms and provisions of the Plan and of any outstanding Incentive Stock Option agreements granted under the Plan to the extent necessary to qualify any or all such options for such favorable federal income tax treatment (including deferral of taxation upon exercise) as may be afforded incentive stock options under Section 422 of the Code, (ii) if the Company is or becomes a Reporting Company, the terms and provisions of the Plan and the option agreements entered into in connection with any outstanding options to the extent necessary to ensure the qualification of the Plan and such options under Rule 16b-3 (if applicable to the Plan and such options), and (iii) if the Company is or becomes a Reporting Company, the terms and provisions of the Plan and the option agreements entered into in connection with any outstanding option to the extent that the Board

determines necessary to preserve the deduction of compensation paid to certain optionees who are "covered employees," within the meaning of Treasury Regulation Section 1.162-27(c)(2), as a result of the grant or exercise of options under the Plan.

18. Withholding

(a) The Company shall have the right to deduct and withhold from payments or distributions of any kind otherwise due to the optionee any federal, state or local taxes of any kind required by law to be so deducted and withheld with respect to any shares issued upon exercise of options under the Plan. Subject to the prior approval of the Company, which may be withheld by the Company in its sole discretion, the optionee may elect to satisfy such obligations, in whole or in part by (i) causing the Company to withhold shares of Common Stock otherwise issuable pursuant to the exercise of an option, (ii) delivering to the Company shares of Common Stock already owned by the optionee, or (iii) delivering to the Company cash or a check to the order of the Company in

an amount equal to the amount required to be so deducted and withheld. The shares delivered in accordance with method (ii) above or withheld in accordance with method (i) above shall have a Fair Market Value equal to such withholding obligation as of the date that the amount of tax to be withheld is to be determined. An optionee who has made (with the Company's approval) an election pursuant to method (i) or (ii) of this Section 18(a) may only satisfy his or her withholding obligation with shares of Common Stock which are not subject to any repurchase, forfeiture, unfulfilled vesting or other similar requirements.

(b) The acceptance of shares of Common Stock upon exercise of an Incentive Stock Option shall constitute an agreement by the optionee (i) to notify the Company if any or all of such shares are disposed of by the optionee within two (2) years from the date the option was granted or within one (1) year from the date the shares were issued to the optionee pursuant to the exercise of the option, and (ii) if required by law, to remit to the Company, at the time of and in the case of any such disposition, an amount sufficient to satisfy the Company's federal, state and local withholding tax obligations with respect to such disposition, whether or not, as to both (i) and (ii), the optionee is in the employ of the Company or its Affiliate at the time of such disposition.

19. Cancellation and New Grant of Options, etc.

The Board or the Committee shall have the authority to effect, at

any time and from time to time, with the consent of the affected optionee(s) the (i) cancellation of any or all outstanding options under the Plan and the grant in substitution therefor of new options under the Plan (or any successor stock option plan of the Company) covering the same or different numbers of shares of Common Stock and having an option exercise price per share which may be lower or higher than the exercise price per share of the cancelled options, or (ii) amendment of the terms of the option agreements entered into in connection with any and all outstanding options under the Plan to provide an option exercise price per share which is higher or lower than the then-current exercise price per share of such outstanding options.

20. Effective Date and Duration of the Plan

(a) Effective Date. The Plan shall become effective when adopted by the Board, but no Incentive Stock Option granted under the Plan shall become exercisable unless and until the Plan shall have been approved by the Company's stockholders. If such stockholder approval is not obtained within twelve (12) months after the date of the Board's adoption of the Plan, no options previously granted under the Plan shall be deemed to be Incentive Stock Options and no Incentive Stock Options shall be granted thereafter. Amendments to the Plan shall become effective as of the latest of (i) the date of adoption by the Board, (ii) the date set forth in the amendments or (iii) in the case of any amendment requiring stockholder approval (as set forth in Section 17), the date such amendment is approved by the Company's stockholders. Notwithstanding the foregoing, no Incentive Stock Option granted on or after the effective date of any such amendment requiring stockholder approval to qualify for incentive stock option treatment under Section 422 of the Code shall become exercisable unless and until such amendment shall have been approved by the Company's stockholders. If such stockholder approval is not obtained within twelve (12) months of

the Board's adoption of such amendment, no options granted on or after the effective date of such amendment shall be deemed Incentive Stock Options and no Incentive Stock Options shall be granted thereafter. Subject to above limitations, options may be granted under the Plan at any time after the effective date of the Plan and before the date fixed for termination of the Plan.

(b) Termination. Unless sooner terminated by the Board, the Plan shall terminate upon the close of business on the day next preceding the tenth anniversary of the date of its adoption by the Board. After termination of the Plan, no further options may be granted under the Plan; provided, however, that such termination will not affect any options granted prior to termination of the Plan.

21. Governing Law

The provisions of this Plan shall be governed and construed in accordance with the laws of the State of [Delaware] without regard to the principles thereof relating to the conflicts of laws.

CONTRACT

THIS AGREEMENT, made and entered into this 1st day of March, 2001 by and between TOPAZ GROUP, INC., a corporation organized and existing under the laws of the State of Nevada and licensed to do business in Missouri, hereinafter called "Licensee," and THE CURATORS OF THE UNIVERSITY OF MISSOURI, a public corporation of the State of Missouri, hereinafter called "University".

This Agreement constitutes the complete understanding among the parties hereto, and any alteration, amendment, or modification of any of the terms and conditions shall not be valid unless made pursuant to a written agreement signed by each of the parties. Any other agreement or understanding shall be null and void. Both parties represent that there is no conflict with any other agreement. This agreement shall be construed under and in accordance with the law of the State of Missouri.

WITNESSETH: That for and in consideration of the acceptance of Licensee's proposal and the award of this Contract to Licensee by University, and in further consideration of the agreements and undertakings of the parties hereinafter set forth, it is agreed by and between the parties hereto as follows:

1. Licensee shall receive Topaz Gemstone Irradiation Capacity as set forth in Licensee's proposal and as amended by letter dated April 4, 2000, in strict accordance with, and as described in the specifications entitled, "Topaz Gemstone Irradiation License," dated December 9, 1999, which were prepared by the Director, Procurement/Materials Management, University of Missouri-Columbia, Columbia, Missouri, and are on file in the Office of the Director, Procurement/Materials Management, University of Missouri-Columbia, Columbia, Missouri, said specifications being hereby made a part of this Contract as fully as if attached hereto, or set forth herein, said items to be furnished in strict accordance with the Contract Documents.

2. The Contract Documents shall consist of the following parts:

   a. This Instrument;

   b. Licensee's Bond for Performance;
   c. University's Request for Proposal dated December 9, 1999;
   d. Specifications referred to in the paragraph numbered 1 above, together with Addendum Numbers 1 and 2; e. Appendix A; f. Licensee's Proposal dated February 14, 2000, addressed to The Curators of the University of Missouri, Columbia, Missouri, and as amended by letter dated April 4, 2000; and g. Notice of Award.

3. This Instrument, together with the documents hereinabove mentioned, form the Contract, and they are as fully a part of this Contract as if

attached hereto or herein repeated. In the event that any provision in any of the component parts of

this Contract conflict with any provision of any other component parts, the provision in the component part first enumerated herein shall govern, except as otherwise specifically stated.

4. No member or officer of the Board of Curators of the University of Missouri incurs or assumes any individual or personal liability by the execution of this Contract or by reason of the default of University in the performance of any of the terms hereof. All such liability of members or officers of the Board of Curators of the University of Missouri as such is hereby released as a condition of and consideration for the execution of this Contract.

5. University agrees that it will not assert any immunity from attachment in aid of execution or from execution upon its property.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed, in triplicate, on the day and year first above written.

ATTEST

By /s/ Authorized Signatory

TOPAZ GROUP, INC.

/s/ Authorized Signatory

SELLER

THE CURATORS OF THE UNIVERSITY OF MISSOURI

By /s/ Authorized Signatory

(Insert Signature Block)

APPENDIX A

I. INTRODUCTION

This appendix shall provide detailed terms and conditions in support of an exclusive license Agreement, made and entered into by and between THE CURATORS

OF THE UNIVERSITY OF MISSOURI, a public corporation of the State of Missouri, contracting on behalf of the University of Missouri-Columbia Research Reactor Center (hereinafter "University")and THE TOPAZ GROUP, INC. (hereinafter Licensee). The exclusive license, awarded pursuant to Request for Bid (RFB)#H-012500, shall apply to University's Topaz Gemstone Irradiation Capacity.

Service provided to Licensee shall include irradiation service only. University shall irradiate topaz gemstones encapsulated within specialized irradiation containers. Licensee shall fabricate, at Licensee's expense, all irradiation containers not transferred to the Licensee at the inception of this Agreement and shall maintain all irradiation containers. Licensee shall submit to University irradiation containers loaded, sealed, and ready for irradiation. The licensee shall make all determinations concerning duration of radiation exposure and priority for each container. Following irradiation, irradiation containers shall be returned to the Licensee unopened. All assays and analyses for the purpose of release of radioactive byproduct material to the unlicensed public, domestic and abroad, shall be the responsibility of the Licensee.

II. TERM OF AGREEMENT

This Agreement shall be effective for a period of four (4)years, beginning on March 1, 2001, ending on February 28, 2005. Following completion of the initial four (4)year license agreement, this agreement may be extended on an annual basis upon mutual agreement of both parties. The start date of this Agreement may be modified upon mutual agreement of both parties.

III. FEES, INVOICING, and CONTRACT SECURITY

A. Fee for Irradiation Capacity

The fee for irradiation capacity shall be calculated using a charge rate of $15.38 per hour (based upon the annual projected on-line time (150 hours/week)and the irradiation capacity fee bid of $120,000.00 per position (see RFB#H012500)). The fee shall include:

1. Payment for irradiation container exposure hours. This component of the fee calculation shall be based upon the actual irradiation exposure hours, rounded to the nearest whole hour.

   a. If irradiation exposure time for an individual irradiation container is between 95% and 105% or within one (1)hour of the requested time, the actual irradiation hours for the container shall he applied to the fee for irradiation capacity.

   b. If irradiation exposure time for an individual container exceeds 105% of the requested time but is less than 200% of the requested time, the

irradiation exposure hours for the container equivalent to 105% of the requested time shall be applied to the fee for irradiation capacity.

c. If irradiation exposure time for an individual irradiation container exceeds 200% of the requested time, the irradiation container exposure hours for the container shall not be applied to the fee for irradiation capacity.

d. If irradiation exposure time for an individual irradiation container is less than 95% of the requested time, the actual irradiation hours for the container shall be applied to the fee for irradiation capacity.

2. Payment for all hours for which no irradiation containers have been submitted for irradiation by licensee. Irradiation containers shall not be considered submitted unless received twenty-four (24) hours prior to the requested start of irradiation.

3. Payment for all hours that irradiation exposure is ceased due to University operational limitations (see section IV. A.).

4. Payment for all hours that irradiation exposure is ceased due to non-compliance with University approved procedures and specifications (see section V.).

5. Payment for all hours that irradiation exposure is ceased due to a mechanical failure of a container that prohibits University's ability to irradiate containers.

B. Fee for Irradiation Container Handling

1. Fee for irradiation container handling shall be $300 per container, per irradiation. One (1)insertion is typically required to successfully perform an irradiation. If additional insertions are requested by the Licensee (scheduling change.. .)or are required due to a University operational limitation as described in section IV. A., the $300 handling fee shall be applied for each additional insertion.

C. Invoicing and Payments

1. The fee for irradiation capacity shall be paid monthly. On or before the start date of the contract period, the Licensee shall pay a $40,000.00 deposit to University. At the conclusion of each month of the contract period, an invoice will be generated corresponding to the actual irradiation capacity fee. At the

conclusion of the contract period and upon final settlement of charges, the deposit shall be returned to the Licensee.

2. The fee for irradiation container handling will be invoiced monthly.

3. All invoices must be paid within 30 days of the invoice date. If payment is not received within 30 days of the invoice date, University shall provide in

accordance with Section 14, Information For Respondents and General Conditions, University of Missouri Request For Proposal (RFP#HO12500).

D. Accountings

1. Upon delivery at University, Licensee shall provide to University a listing of the requested irradiation exposure hours and irradiation priority for each container.

2. University shall provide to Licensee a monthly written accounting of all charges included in the monthly invoices that depicts the official representation of the monthly charges. The accountings shall list each irradiation container irradiated including a verification of the requested run hours for each container. University operational anomalies known to have affected service shall be included in the report.

3. Licensee shall have the right to request an examination of University's books and records relative to such monthly written accounting. In that event, Licensee and University shall select a mutually agreed upon independent auditor to perform the examination. If there is a discrepancy between the results of such examination and the monthly written accounting, appropriate adjustments shall be made. If a dispute remains, Licensee shall so advise University in writing (together with furnishing University with written proof of the dispute), whereupon the parties shall negotiate in good faith in an attempt to resolve the dispute. If any such dispute is not resolved within thirty (30) days after University's receipt of such written notice and written results, either Licensee or University may submit the dispute to non-binding arbitration, under the rules of the American Arbitration Association. Subject to the foregoing, in the event the independent auditor's examination of University's books and records reveals

more than a 25% difference between the results of such examination and the monthly written accounting, University shall reimburse the Licensee for the cost of any and all expenses incurred by Licensee in conducting such examination. In the event the independent auditor's examination of University's books and records reveals no less than a 25% difference between the results of such examination and the monthly written accounting, Licensee shall bear the cost for any and all expenses incurred by Licensee in conducting such examination and shall reimburse University for costs of any and all expenses incurred by University in conjunction with said examination.

E. Contract Security

1. Licensee shall, at own expense, on or before the start date of this Agreement, furnish a performance bond equivalent to one (1)year irradiation capacity fee ($480,000) as security for the faithful performance of this Agreement. The bond provided shall be effective for a one year term beginning on the start date of this agreement and shall be renewable, via continuation certificate, for additional one year periods at the sole option of the surety. Failure of the surety to provide renewal(s) of this bond shall not constitute default under this agreement. However, if Licensee fails to secure a substitute surety, acceptable to University for any one-year period, that failure shall constitute default under this agreement. In no event shall the surety's total liability under this bond exceed $480,000.

2. The surety of such bond shall be a duly authorized surety company satisfactory to the University. Licensee shall furnish, at own cost, to University, on or before the start date of this Agreement, a properly certified copy of the current Certificate of Authority to transact business in the State of Missouri of the surety company, which proposes to execute the performance bond. Such certificate will remain on file with University. The University will approve no performance bond until such certificate is furnished, unless there already is on file with the University such a current certificate of such Surety Company, in which no additional certificate will be required during the period of time for which such current certificate remains in effect.

3. In the event of default, surety payment shall be remitted within thirty (30)days of the default date.

4. In the event of default, Licensee's property shall be disposed in accordance with Section III, subsection D (see addendum #2)of RFB #12500. If Licensee's property is abandoned at University, property shall be considered forfeited to University.

F. Addresses for Notifications

1. All notices, reports, invoices, accountings, and other correspondence specified in this agreement shall be sent to the following addresses unless either party notifies the other of a change of address.

University: University of Missouri - Columbia
Research Reactor Center
Columbia, MO 75211

TGI: The Topaz Group, Inc.
C/o Quali-Tech, Inc.
6200 Arrowhead Lake Dr.
Columbia, MO 65203

APPENDIX A

IV. OPERATIONAL CONDITIONS

A. University Operational Limitations

1. University Operational Capacity Limitations are as follows:

- Dry Storage Capacity: Forty-eight (48)irradiation containers
- Reactor Pool Storage Capacity: Twenty-four (24)irradiation containers
- Reactor Pool Irradiation Container Dose Limit for Removal: Measured rate of 300mr/hr
- Reactor Irradiation Positions: Four (4)irradiation containers

2. The total number of irradiation containers that may reside at University at any one time is seventy-six (76). Incoming shipments of irradiation containers shall not contribute to the total, provided that an equal or greater number of irradiation containers are shipped from MURR on the day of the incoming shipment.

3. Dose rate measurements for irradiation containers in the reactor pool may be executed no earlier than 7 days from the end of irradiation and a maximum of once daily Monday through Friday thereafter or as mutually agreed.

4. If "800 series" irradiation containers are utilized, two (2)or four (4)"800 series" containers must be irradiated simultaneously to fully utilize irradiation capacity. If one (1)"800 series" container is irradiated in a position, then one (1)adjacent irradiation container must remain empty.

5. University shall routinely store up to three (3)Licensee-owned and supplied fifty five (55)gallon drum-type transport containers for the purpose of shipping irradiation containers. The number, type, size, and storage location of transport containers may be modified upon mutual agreement by both parties.

B. Irradiation Container Contents and Damage

1. Topaz is the only material approved for irradiation under this agreement. Other materials may be irradiated, but require prior written approval from University. Said approval shall not be unreasonably withheld. Costs associated with University's evaluation of other materials shall be charged to the licensee.

2. University will be responsible for the actual replacement cost of any containers irreparably damaged during handling by University personnel. Cost to University for replacement of irradiation containers shall not exceed $15,000.00 per container. Licensee shall bear all costs for replacement of containers that require replacement as a result of normal operations and wear.

C. Receipt and Shipment of Irradiation Containers

1. Containers to be irradiated shall be received at University not less than twenty-four (24)hours prior to the requested start of irradiation or as mutually agreed.

2. Containers to be shipped from University must meet the University operational limit for removal from the reactor pool forty-eight (48)hours prior to scheduled shipment or as mutually agreed.

3. Shipments into or out of University may be executed on Wednesday's and/or Thursday's between the hours of 9:00 am and 4:00 pm Missouri local time unless another day or time is mutually agreed. Shipments may not be executed on days University is closed for holidays.

4. Shipment dates shall be scheduled and specific shipment contents

shall be reported to each party in writing no later than 4:00 pm on the Monday prior to shipment or as mutually agreed.

5. All shipments to University shall be made in accordance with University instructions and shall comply with all state, federal, and/or international laws governing the shipment of radioactive byproduct material. Shipments from University shall comply with all state, federal, and/or international laws governing the shipment of radioactive byproduct material.

6. All shipping costs shall be the responsibility of the Licensee. Commercial carriers shall be paid directly by the Licensee.

7. The Licensee shall be responsible for providing all transport containers. All costs associated with the purchase, maintenance, and regulatory compliance of transport containers and shipping supplies shall be the responsibility of the Licensee.

8. Transport containers and commercial carriers of all shipments are subject to University approval. Said approval shall not be unreasonably withheld.

V. PROCEDURES, DOCUMENTATION, and QUALITY ASSURANCE

As stated later in this section, some procedures used by the Licensee shall be subject to University approval. Such procedures shall be reviewed and approved by University on or before the start date of this Agreement. Procedures shall be issued to University via controlled copy and all subsequent revisions must be reviewed and approved by University prior to utilization.

A. Irradiation Containers

1. All procedures used for the construction, pre-irradiation handling, packing, sealing, and marking of irradiation containers must be approved by University. All irradiation containers submitted to University must

comply with University-approved design specifications and construction procedures detailed in RFB#HO12500 Technical Information Packet or another design/procedure approved by University.

2. University reserves the right to disqualify any irradiation

container that has an apparent abnormality or if irradiation, tests or analyses performed by University suggest that the characteristics or contents of an irradiation container are not in accordance with the terms of this Agreement or represent a substantial risk of damage to the reactor, its subsystems, or a safety hazard to University personnel. Tests and analyses performed by University may include any method up to and including opening and inspection of irradiation containers and contents. Irradiation containers opened by University prior to irradiation will be re-sealed by University. Irradiation containers opened by University after irradiation will not be re-sealed, but will be adequately secured for transport. Tests and analyses may be performed before or after irradiation but shall not substantially affect the flow of production.

B. Topaz

1. All procedures used for the handling and preparation of topaz immediately prior to encapsulation into irradiation containers must be approved by University.

C. Shipping

1. All procedures used for the packaging and shipment of irradiation containers must be approved by University.

D. Documentation

1. All documentation (forms and records)submitted to University or used by University for the purpose of documenting activities related to this Agreement must be approved by University.

E. Quality Assurance

1. University may perform quality assurance audits of Licensee's compliance with University approved procedures. Quality assurance audits may be performed prior to the start date of this Agreement and at any time during the term of the Agreement. Quality assurance audits may be performed at any site where University approved procedures are performed. If subcontractors or subsidiaries of the Licensee perform University approved procedures, the Licensee shall make all necessary arrangements for quality assurance audits at those sites owned and operated by subcontractors or subsidiaries. University shall provide Licensee with advance notice of quality assurance audits and quality assurance audits will be performed during normal business hours. University shall bear all costs to University associated with quality assurance audits.

VI. LICENSES AND REGULATORY COMPLIANCE

A. Licenses

1. Both parties shall maintain licenses, and permits where applicable, required to legally perform the activities described in this Agreement.

B. Regulatory Compliance

1. Both parties shall comply with all local, State, federal, and international laws and regulations while engaging in activities pursuant to this Agreement.

RIDER

1. Licensee shall have the right to request an examination of University's books and records relative to such monthly written accounting. In that event, Licensee and University shall select a mutually agreed upon independent auditor to perform the examination. If there is a discrepancy between the results of such examination and the monthly written accounting, appropriate adjustments shall be made. If a dispute remains, Licensee shall so advise University in writing (together with furnishing University with written proof of the dispute), whereupon the parties shall negotiate in good faith in an attempt to resolve the dispute. If any such dispute is not resolved within thirty (30) days after University's receipt of such written notice and written results, either Licensee or University may submit the dispute to non-binding arbitration, under the rules of the American Arbitration Association. Subject to the foregoing, in the event the independent auditor's examination of University's books and records reveals more than a 25% difference between the results of such examination and the monthly written accounting, University shall reimburse Licensee for the cost of any and all expenses incurred by Licensee in conducting such examination. In the event the independent auditor's examination of University's books and records reveals no less than a 25% difference between the results of such examination and the monthly written accounting, Licensee shall bear the cost for any and all expenses incurred by Licensee in conducting such examination and shall reimburse University for cost of any and all expenses incurred by University in conjunction with said examination.

2. Any legal notifications shall be sent to:

Jenkens & Gilchrist Parker Chapin LLP
The Chrysler Building
405 Lexington Avenue
New York, New York 10 174
Attn: Mitchell S. Nussbaum, Esq.

3. University agrees that it will not assert any immunity from attachment in aid of execution or from execution upon its property.

4. Licensee's corporate name should be Topaz Group Incorporated throughout.

Joint Venture Agreement

This AGREEMENT was made at the date 6 of September 1999, at TOPAZ GEMS GROUP INC., located at 126/1 Krungthonburi Road, Banglampoo Lang, Klongsarn, Bangkok 10600, THAILAND.

By and Between:

CREATIVE GEMS & JEWELRY COMPANY LIMITED, By Mr. Kiattichai Tantikitmanee and Miss Jariya Sae-Fa Authorized Director, Its Head Office located at 19/3 Moo 4, Tambol Thasala, Amphur Muang Lopburi, Lopburi Province, THAILAND, hereinafter referred to as "CREATIVE" of the one part.

And:

MUTHAMA GEMSTONES (KENYA) LIMITED, By Mr. Johnson Muthama Authorized Director, of Loita House, 13th Floor, Loita Street, Nairobi - Zip Code, KENYA EAST AFRICA, hereinafter referred to as "MGK" of the other part.

WHEREAS:

CREATIVE AND MGK are desirous of engaging in a joint venture business on partnership of procuring ROUGH RUBY STONES for cooking and polishing and ultimately selling the said polished gems at a profit.

AND WHEREAS

Both CREATIVE AND MGK shall have equal shareholding in the joint venture business.

NOW IT IS AGREED as follows;

1. (a) CREATIVE AND MGK shall purchase rough ruby stones from ROCKLAND KENYA LIMITED with funds provided equally by both CREATIVE AND MGK.

   (b) All purchases made from ROCKLAND KENYA LIMITED shall be settled within sixty (60) days from the date of shipment and as shown on the Airway Bill.

   (c) The cost of the Rough Ruby Stones shall be based on a set price as previous less a discount of 25%.

2. MGK guarantees procurement of the Rough Ruby Stones from ROCKLAND KENYA LIMITED as and when required and MGK confirms ROCKLAND KENYA LIMITED has capability of providing four (4) parcels per annum (i.e. about $250,000/= per quarter of various qualities i.e. NO. I, II, III in all sizes as before.

3. CREATIVE shall receive the Rough Ruby Stones for cooking and cutting the cost of which shall be borne equally by CREATIVE AND MGK and fixed at $135 per Kilogram for cooking and $ 0.60 per carat cutting respectively. These charges will be recovered from the sales proceeds. The cooking and cutting of all Joint Venture Ruby should be completed within Sixty (60) days from date of delivery of the material.

4. CREATIVE shall have the first priority to purchase the cut/polished Ruby Stones at a price to be set by both CREATIVE AND MGK, if creative appeared

in signed in negative of purchasing, creative shall have the rights to consider the third party purchaser(s).

5. Should the cut/polished Ruby Stones be sold to a third party as stated on clause (4) of this agreement, then CREATIVE shall be entitled to a 20% commission of the selling price of such sale, the commission sum as above shall have to submit to creative within 7 days

after received payment completely from the third party purchaser(s), in ordinary office hour of the local time of receiving.

6. That upon the sales of the cut/polished ruby stones, the proceeds thereof shall immediately be apportioned equally between CREATIVE AND MGK.

7. CREATIVE shall prepare and maintain the books of accounts which shall be joint verified (quarterly) by representatives of CREATIVE AND MGK.

8. Termination of this agreement shall be by a written notice of sixty (60) days by either party.

9. If this agreement should have to terminated in which from any caused else, the two parties agreed as follows;

   (A) Should CREATIVE breach any of the terms of this agreement and thereby caused its termination, MGK shall continue to procure and supply Rough Ruby Stones to CREATIVE for a further twelve (12) months but the procurement price shall be increased by 25% from the agreed price and conditions stated in clauses (2) and (3) of this agreement.

   (B) Should MGK breach any of the terms of the agreement herein and thereby caused its termination, MGK shall continue to procure and supply Rough Ruby Stones to CREATIVE for a further twelve (12) months but at a discount of 25% from the agreed price and conditions stated in clauses (2) and (3) of this agreement.

   (C) Should the termination appeared in the other caused from the above, MGK shall continue to procure and supply rough ruby stones to creative for a further twelve (12) months at the agreed price and conditions stated in clauses (2) and (3) of this agreement.

10. Should the Joint Venture Business ceased to operate, the both CREATIVE AND MGK shall share the net assets equally.

11. Should the termination appeared by breach of agreement of one part and caused damage(s) and/or loss(es) to the another part, the another part upholds the rights to use juristic procedure in any country stated as

below, to claim for business damage(s) and/or loss(es) value either direct or indirect damage(s) and/or loss(es) value.

12. All disputes and questions which may at any time arise between the parties hereto or their respective representatives or assigns touching or arising out of or in respect of this agreement shall be referred to a single arbitrator in accordance with the provisions of the Arbitration Laws of either Kenya or Thailand.

13. Any kind of law suit according to this agreement will be resolved by and decided according to the law and practices of any Court of competent jurisdiction of Thailand, Kenya, British Virgin Island and United States of America.

14. Any change(s), modification(s) or amendment(s) to this agreement must be in writing and signed by CREATIVE AND MGK.

This Agreement for Joint Venture was made in two copies, each copy shall be considered an original and binding document. Both parts acknowledged and accepted all conditions stated in this agreement. The parties hereto have executed and signed this agreement to the date first about written, in WITNESS HEREOF:

CREATIVE GEMS & JEWELRY COMPANY LIMITED
AUTHORIZED DIRECTOR

/s/ Jariya Sae-Fa

(MISS JARIYA SAE-FA)

/s/ Kiattichai Tantikitmanee

(MR. KIATTICHAI TANTIKITMANEE)

MUTHAMA GEMSTONES KENYA LTD.
AUTHORIZED DIRECTOR

/s/ Johnson Muthama

(MR. JOHNSON MUTHAMA)

WITNESS

/s/ Aphichart Fufuangvanich

(DR. APHICHART FUFUANGVANICH)

WITNESS

/s/ Authorized Signatory

Ref: CBD 1/0016

April 12, 2000

CREATIVE GEMS & JEWELRY COMPANY LIMITED
126/1 Krungthonburi Rd., Klongsan,
Bangkok 10600

Attention: Miss Jariya Sae-Fa
President

Subject: Credit Facilities

Dear Sirs,

UOB Radanasin Bank Public Company Limited ("the Bank") is pleased to offer you, the following credit facilities ("the Facilities") subject to the main terms and conditions stated herein.

1.	LINE OF CREDIT	Thai Baht 45,000,000/- (Thai Baht Fort Five Million Only)
1.1.	OVERDRAFT ("O/D")	
	PURPOSE	For working capital.
	AMOUNT	Thai Baht 5,000,000/-
	INTEREST	Rate At 2% per annum over the Bank's Minimum Overdraft Rate ("MOR") prevailing from time to time (currently 8.75% per annum) on a 365-day year basis with monthly rests.
	Other Condition	Repayable on demand.
1.2.	Letter Credit ("L/C"), and Trust Receipt (T/R")	
	Purpose	For opening irrevocable sight or usance L/C up to 180 days covering your imports to Thailand
	Amount	Thai Baht 10,000,000/-
	Commission and Interest Rate	
	a) L/C	0.25% flat per 3 months

	b) T/R	At 2% per annum over the Bank's Minimum Lending Rate ("MLR") prevailing from time to time (currently 8.5% per annum). Interest shall be calculated on a 365-day year basis and on the

	actual number of days elapsed and shall be payable on the maturity of each T/R.
Engagement	Fee 2.5% per annum, payable in advance for usance L/C.
Tenor	Not exceeding 180 days.
Repayment	Repayable on the maturity of each T/R.
Other Conditions	You are required to enter into a forward exchange contract immediately on the day of L/C issuance.

1.3. Packing Credit ("P/C") and Export Bills Negotiated ("EBN")

Purpose	For pre- Anderson post-export financing.
Amount	Thai Baht 20,000,000/-
Interest Rate	
a) P/C	At 2% per annum over the Bank's MLR prevailing from time to time. Interest shall be calculated on a 365-day year basis and on the actual number of days elapsed and shall be payable on the maturity of each P/C.
b) EBN	(Usance L/C) At 2% per annum over the Bank's MLR prevailing from time to time. Interest shall be calculated on a 365-day year basis and on the actual number of days elapsed and shall be discounted up-front.
Tenor	Not exceeding 180 days.
Repayment	Repayable on the maturity of each P/C.
Other Conditions	a) P/C against L/C, not to exceed 80% of L/C amount. b) P/C against purchase order/sales contract is subject to the Bank's approval and not to exceed 70% of purchase order/invoice amount. You are required to furnish the original L/C to the Bank within 3 months after date of financing failing which P/C will have to be repaid.

1.4. Export Bills Discounted ("EBD")

Purpose	For post-exporting financing

Amount	Thai Baht 10,000,000/-

Interest	Rate At 2% per annum over the Bank's MLR prevailing from time to time. Interest shall be calculated on a 365-day year basis and on the actual number of days elapsed and shall be discounted up-front.
Tenor	Not exceeding 180 days.
OTHER CONDITIONS	Drawees must be acceptable to the Bank.

2. COLLATERAL

The Facilities and all moneys owing by you from time to time shall be secured by:

i.) Registered mortgage over land title deed no.77527 with total land area of 3-2-31.8 Rais owned by Erchart Development Co., Ltd., at Bang-Pai, Pasri-Charoen, Bangkok. The mortgage value shall be B45m.

ii.) Joint & Several Personal Guarantee for Thai Baht 45,000,000/- from Miss Jariya Sae-Fa and Mr. Kiattichai Tantikitmanee.

iii.) Corporate Guarantee for Thai Baht 45,000,000/- from Erchart Development Co., Ltd.

3. IMPLEMENTATION

The Facilities ca be utilized only on completion of legal documentation and fulfillment of such conditions precedent as the Bank may require. The Bank has the right to implement a part of the Facilities and/or change the terms of its use from time to time.

4. PERIODIC REVIEW

Notwithstanding the above terms and conditions, you would appreciate that the availability of the Facilities are subject to the Bank's periodic review and that any subsequent change in the Facilities shall be at the Bank's sole discretion.

5. COSTS AND EXPENSES

All costs and expenses, legal or otherwise, connected with the provision

protection and realization of securities, and the processing implementation and recovery of moneys owing under the Facilities shall be payable by you on demand, on a full indemnity basis, together with interest from the date the costs and expenses are incurred to the date of full payment at such rate as the Bank may prescribe.

6. FINANCIAL STATEMENTS AND INFORMATION

You shall supply to the Bank on request all statements, information, materials and explanation relating to your business and financial position including, where appropriate, Annual Audited Financial Statements and Directors'/Auditors' Reports which shall be provided not later than 6 months after the close of each financial year.

7. REORGANIZATION/CHANGES IN MEMORANDUM & ARTICLES OF ASSOCIATION

You shall not, without the Bank's prior written consent (which will not be unreasonably withheld), undertake or permit any reorganization, amalgamation, reconstruction, take-over, substantial change of shareholders or any other schemes of compromise or arrangement affecting your present constitution or amend or alter any of the provisions in your Memorandum & Articles of Association relating to your borrowing powers and principal business activities.

8. ACCEPTANCE

If the above is acceptable to you, kindly confirm by signing and returning the duplicate of this letter to the Bank, together with your Board of Directors' Resolution of Acceptance. Unless extended by the Bank, this offer will be treated as lapsed and cancelled after 14 days from the date hereof.

We are pleased to be of service to you and look forward to a long and mutually beneficial relationship with you.

For UOB Radanasin Bank Public Company Limited

/s/ Amporn Suchiani	/s/ Steven Ngeo
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Mr. Amporn Suchinai	Mr. Steven Ngeo
Corporate Banking Department 1	Head, Commercial Banking Division

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We accept all the above terms and conditions and confirm that the directors who have signed herein are duly authorized in accordance with the latest status and all other documents submitted to the Bank

Signed on the 12th day of April, 2000.

/s/ Authorized Signatory

For and on behalf of
Creative Gems & Jewelry Company Limited
(AUTHORIZED DIRECTORS)

Exhibit 21.1

LIST OF SUBSIDIARIES

1. Creative Gems and Jewelry Co., Ltd.

2. Advance Gems and Jewelry Manufacturing Company