



## TRASY GOLD EX LIMITED

卓施金網有限公司

*(Incorporated in the Cayman Islands with limited liability)*

(Stock code: 8063)

### ANNOUNCEMENT OF HALF YEAR RESULTS 2007

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*This announcement for which the directors (the “Directors”) of TRASY GOLD EX LIMITED (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (“GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

## CHAIRMAN'S STATEMENT

On behalf of the Board of Directors (the "Board"), I am pleased to present to the shareholders the Half Year Results 2007 in respect of Trasy Gold Ex Limited (the "Company") and its subsidiaries (collectively the "Group").

The second quarter of 2007 was a very eventful one for the Group. Trading in the Company's shares resumed on 25 May 2007 after suspension for almost four years. Resumption of trading in the Company's shares has removed the uncertainty that clouded the Company's operations caused by the prolonged suspension.

Capitalizing on positive market sentiment, the Company issued 550,000,000 new shares at a price of HK\$0.20 each pursuant to a placing and subscription agreement entered into between the Company, ITC Corporation Limited ("ITC") and a placing agent in June 2007 which raised new equity of approximately HK\$106 million (net of expenses) for the Group to strengthen its capital and broaden its shareholder base. It is gratifying to see that the share prices of the Company have performed well since resumption of trading and the successful placing of 550 million shares shortly after resumption of trading reflects the market's confidence in the Group's future prospects.

On the operations side, the Group's performance continued to improve significantly. The operations were profitable for two consecutive quarters bringing a profit attributable to equity holders of the Company for the six months ended 30 June 2007 to approximately HK\$827,000 compared with a loss of approximately HK\$2,465,000 for the corresponding period of last year. Transaction fees from its internet-based precious metals trading platform (the "Trasy System") increased by approximately 88% to HK\$3,301,000 whereas turnover of treasury investments increased by approximately 22% to HK\$37.9 million compared with the corresponding period of last year and a contribution from the treasury investments of approximately HK\$1,097,000 was achieved in the first half of 2007.

To further capitalize on the window of opportunity presented by buoyant market conditions, the Group appointed Taifook Securities Company Limited as a placing agent (the "Placing Agent") to conditionally place 392,000,000 new shares and convertible notes ("CN") with a maximum principal amount of HK\$100,000,000 (the "Placing") on a best efforts basis whereas ITC conditionally agreed to subscribe for up to 340,000,000 new shares and subscribe for a principal amount of HK\$50,000,000 CN with an option to subscribe for up to a maximum aggregate principal amount of HK\$100,000,000 depending on the shortfall (if any) of the principal amount of CN not successfully placed by the Placing Agent (the "Subscription"). The Placing and Subscription are subject to, among other things, approval of independent shareholders of the Company and fulfillment of conditions precedent as stated in the Company's circular to its shareholders dated 23 July 2007. The Placing and Subscription were approved by the independent shareholders at an extraordinary general meeting held on 8 August 2007.

As of 30 June 2007, the Group had cash on hand amounting to approximately HK\$123,480,000. The Group is in a very healthy financial position with good liquidity. Subject to fulfillment of conditions precedent and successful completion of the Placing and Subscription, the Group would be able to raise additional cash of up to a maximum of approximately HK\$295 million from the net proceeds of the Placing and Subscription and its liquidity would be further enhanced. The Group is well placed to act swiftly to capitalize on suitable investment opportunities to diversify the Group's business activities and broaden its earnings base as and when they arise. The Group will target to look for strategic investments that would bring in attractive returns to it in medium term.

On behalf of the Board, I would like to take this opportunity to express our sincere gratitude to all staff for their devoted efforts and hard work over the period and the efforts of the working party in bringing resumption of trading of the Company to a success.

## **FINANCIAL REVIEW**

For the six months ended 30 June 2007, the Group's unaudited consolidated turnover amounted to approximately HK\$41,216,000 (six months ended 30 June 2006: approximately HK\$32,804,000). Transaction fees of about HK\$3,301,000 were earned for the six months ended 30 June 2007, which is approximately 1.88 times of that recorded in the same period of last year, as a result of an expanded user base. During the period under review, a net realized gain of approximately HK\$34,000 (six months ended 30 June 2006: approximately HK\$101,000) on precious metals contract trading and a contribution of approximately HK\$1,097,000 (six months ended 30 June 2006: approximately HK\$629,000) from treasury investments were recorded.

The Group recorded a profit attributable to equity holders of approximately HK\$827,000 for the six months ended 30 June 2007 (six months ended 30 June 2006: a loss of approximately HK\$2,465,000), representing a basic earnings per share of 0.0294 HK cent (six months ended 30 June 2006: a basic loss per share of approximately 0.0887 HK cent).

## **Liquidity and Financial Resources**

The liquidity of the Group was healthy as the total amount of current assets as at 30 June 2007 was about 16.98 times current liabilities (as at 31 December 2006: about 5.59 times); no long-term liabilities were carried by the Group as at 30 June 2007 and 31 December 2006. The increase in current ratio was mainly due to the net proceeds of approximately HK\$106 million raised from the top-up placing during the period. The Group's gearing ratio, representing total long-term debts divided by total shareholders' equity, was zero as at 30 June 2007 and 31 December 2006. In addition, the Group's assets and liabilities are mainly denominated in Hong Kong dollars and United States dollars. The Directors do not consider that the Group is significantly exposed to any material foreign currency risk and thereby no related hedges were made by the Group.

On 28 June 2007, the Company and the Placing Agent entered into a share placing agreement pursuant to which the Placing Agent conditionally agreed to place, on a best efforts basis, a maximum of 392,000,000 new shares of the Company at HK\$0.205 per share to independent third parties. The Company and ITC also entered into a share subscription agreement pursuant to which ITC conditionally agreed to subscribe for up to 340,000,000 new shares of the Company at HK\$0.205 per share. The number of shares being subscribed and held by ITC and

its concert parties will be a minimum of 38.58% but not exceeding 40% of the total issued share capital of the Company as enlarged by the share subscription and the share placing.

In addition, on 29 June 2007, the Company and the Placing Agent entered into a CN placing agreement pursuant to which the Placing Agent conditionally agreed to place, on a best efforts basis, up to a maximum principal amount of HK\$100,000,000 CN of the Company which are convertible into 416,666,666 conversion shares at an initial conversion price of HK\$0.24 per conversion share (subject to adjustments), to independent third parties. The Company and ITC also entered into a CN subscription agreement pursuant to which ITC conditionally agreed to subscribe for a principal amount of HK\$50,000,000 CN of the Company and may elect to subscribe for an additional amount up to HK\$50,000,000 (representing the principal amount out of the HK\$100,000,000 CN which have not been successfully placed by the Placing Agent (if any)).

For details of the aforesaid placing and subscription of shares and CN, please refer to the Company's announcement and circular dated 5 July 2007 and 23 July 2007 respectively.

### **Capital Structure**

During the six months ended 30 June 2007, the Company issued 550,000,000 shares pursuant to the placing and subscription agreement dated 12 June 2007, and issued 100,000 shares upon exercise of share options granted, and the issued share capital has been increased to 3,329,100,000 shares as at 30 June 2007. There was also the recognition of share-based payment reserve in view of the grant of share options during the six months ended 30 June 2007 (six months ended 30 June 2006: nil).

### **Significant Investments**

There were no significant investments during the six months ended 30 June 2007 and 2006.

### **Material Acquisitions and Disposals and Future Plans for Investments**

There were no material acquisitions and disposals of subsidiaries or affiliated companies by the Group during the six months ended 30 June 2007 and 2006. The Group intends to finance expansion by its internal resources, the proceeds from the placing and subscription as mentioned above or other fund raising exercise, where appropriate.

### **Employees and Remuneration Policies**

The total number of employees (including executive Directors) was 15 as at 30 June 2007 (as at 30 June 2006: 19), and total staff costs for the six months ended 30 June 2007 were approximately HK\$2,597,000 (six months ended 30 June 2006: HK\$3,726,000). Remuneration of the Group's employees is determined by reference to market terms, qualifications, experience and performance of individual employees. Other benefits to employees include mandatory provident fund and medical schemes.

The Company adopted a share option scheme on 30 April 2002 (the "Scheme"), pursuant to which the Board may, at its discretion grant options to, among others, the Directors and eligible participants (as defined in the Scheme), to enable them to subscribe for shares of the Company. During the period under review, a total of 5,400,000 share options were granted under the Scheme (six months ended 30 June 2006: nil) and the Group recognized an expense

of approximately HK\$69,000 as share-based payment expense for the six months ended 30 June 2007 in relation to the share options granted. For details of the movement in the share options, please refer to the section of “SHARE OPTIONS”.

### **Charges on Group Assets**

As at 30 June 2007 and 31 December 2006, none of the Group’s assets has been pledged.

### **Contingent Liabilities**

Up to the date of this announcement, no contingent liabilities were noted by the Directors.

## **OPERATIONS REVIEW AND OUTLOOK**

### **Trasy System Business**

The Group’s Trasy System business achieved further growth for the six months ended 30 June 2007 comparing with that in the same period of last year. A total volume of approximately 9.8 million ounces of gold was transacted through the Trasy System (six months ended 30 June 2006: approximately 6.5 million ounces).

The precious metals market was volatile during the six months period under review and the trend is expected to continue. The price volatility in precious metals has revived investors’ interest in gold as an alternative investment and substantial inflow of funds into precious metals trading has been seen. The Group will continue to exploit prevailing market opportunities to expand the Trasy System.

### **Precious Metals Contract Trading**

As a vertically-integrated business development, the Group’s precious metals contract trading complements the Trasy System business in providing additional liquidity for the Trasy System. For the six months period under review, a net realized trading gain of approximately HK\$34,000 and an unrealized trading loss of approximately HK\$66,000 were recorded for precious metals contract trading (six months ended 30 June 2006: a net realized trading gain of approximately HK\$101,000 and an unrealized trading loss of approximately HK\$16,000). The Group will continue to adopt prudent risk management and credit control policies to monitor and minimize the Group’s risk exposures on precious metals contract trading.

### **Treasury Management**

The Hong Kong stock market has been buoyant during the period under review. For the six months ended 30 June 2007, a contribution of approximately HK\$1,097,000 (six months ended 30 June 2006: approximately HK\$629,000) was recorded from treasury investments. The Group will continue to adopt a pro-active treasury management policy with a view to enhancing shareholder return through more effective deployment of its financial resources.

The Board is pleased to present the unaudited consolidated results of the Group for the three months and six months ended 30 June 2007 together with the unaudited comparative figures for the corresponding periods in 2006. The results have been reviewed by the Company's independent auditors, Moore Stephens and the Company's Audit Committee.

## UNAUDITED CONSOLIDATED INCOME STATEMENT

For the three months and six months ended 30 June 2007

|  | <i>Notes</i> | <b>(Unaudited)</b><br><b>Three months</b><br><b>ended 30 June</b> |                                | <b>(Unaudited)</b><br><b>Six months</b><br><b>ended 30 June</b> |                                |
|--|--------------|---|--------------------------------|---|--------------------------------|
|  |              | <b>2007</b><br><b>HK\$'000</b>                                    | <b>2006</b><br><b>HK\$'000</b> | <b>2007</b><br><b>HK\$'000</b>                                  | <b>2006</b><br><b>HK\$'000</b> |
| <b>Turnover</b>  | 2            | <b>30,093</b>   | 12,009                         | <b>41,216</b>   | 32,804                         |
| Cost of sales  |              | <b>(27,108)</b>   | (10,205)                       | <b>(36,576)</b>   | (30,363)                       |
| <b>Gross profit</b>  |              | <b>2,985</b>  | 1,804                          | <b>4,640</b>  | 2,441                          |
| Other revenue  |              | <b>926</b>  | 1,100                          | <b>1,860</b>  | 1,994                          |
| Staff costs  |              | <b>(1,241)</b>  | (2,159)                        | <b>(2,597)</b>  | (3,726)                        |
| Depreciation   |              | <b>(46)</b>   | (43)                           | <b>(91)</b>   | (85)                           |
| Other administrative<br>and operating expenses                             |              | <b>(900)</b>  | (1,177)                        | <b>(1,679)</b>  | (2,463)                        |
| Other expenses   |              | <b>(345)</b>  | (317)                          | <b>(346)</b>  | (28)                           |
| <b>Profit/(loss) from<br/>operating activities</b>                         | 3            | <b>1,379</b>  | (792)                          | <b>1,787</b>  | (1,867)                        |
| Finance costs  |              | <b>(697)</b>  | (339)                          | <b>(960)</b>  | (598)                          |
| <b>Profit/(loss) before taxation</b>                                       |              | <b>682</b>  | (1,131)                        | <b>827</b>  | (2,465)                        |
| Taxation   | 4            | <b>–</b>  | –                              | <b>–</b>  | –                              |
| <b>Profit/(loss) attributable to<br/>equity holders of the<br/>Company</b> |              | <b>682</b>  | (1,131)                        | <b>827</b>  | (2,465)                        |
| <b>Earnings/(loss) per share</b>   | 5            | <b>HK cent</b>  | <b>HK cent</b>                 | <b>HK cent</b>  | <b>HK cent</b>                 |
| Basic  |              | <b>0.0240</b>   | (0.0407)                       | <b>0.0294</b>   | (0.0887)                       |
| Diluted  |              | <b>0.0240</b>   | N/A                            | <b>0.0294</b>   | N/A                            |

## UNAUDITED CONSOLIDATED BALANCE SHEET

As at 30 June 2007

|   |              | (Unaudited)<br>30 June<br>2007 | (Audited)<br>31 December<br>2006 |
|---|--------------|--------------------------------|----------------------------------|
|   | <i>Notes</i> | <u>HK\$'000</u>                | <u>HK\$'000</u>                  |
| <b>NON-CURRENT ASSETS</b>                 |              |                                |                                  |
| Property, plant and equipment             | 7            | 534                            | 612                              |
| Available-for-sale investments            |              | 136                            | 136                              |
| Other assets                              |              | 250                            | 250                              |
|   |              | <u>920</u>                     | <u>998</u>                       |
| <b>CURRENT ASSETS</b>                     |              |                                |                                  |
| Accounts receivable and other receivables | 8            | 26,718                         | 9,418                            |
| Investments held for trading              |              | 14,438                         | 2,570                            |
| Time deposits                             |              | 122,949                        | 45,148                           |
| Cash and bank balances                    |              | 531                            | 820                              |
|   |              | <u>164,636</u>                 | <u>57,956</u>                    |
| <b>CURRENT LIABILITIES</b>                |              |                                |                                  |
| Accounts payable and other payables       | 9            | 9,697                          | 10,373                           |
| <b>NET CURRENT ASSETS</b>                 |              | <u>154,939</u>                 | <u>47,583</u>                    |
|   |              | <u>155,859</u>                 | <u>48,581</u>                    |
| <b>CAPITAL AND RESERVES</b>               |              |                                |                                  |
| Share capital                             | 10           | 33,291                         | 27,790                           |
| Reserves                                  |              | 122,568                        | 20,791                           |
|   |              | <u>155,859</u>                 | <u>48,581</u>                    |

## UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2007

|   | (Unaudited)                         |                                     |                                      |  |  |                          |
|---|-------------------------------------|-------------------------------------|--------------------------------------|--|--|--------------------------|
|   | Share<br>capital<br><i>HK\$'000</i> | Share<br>premium<br><i>HK\$'000</i> | Merger<br>reserve<br><i>HK\$'000</i> | Share-based<br>payment<br>reserve<br><i>HK\$'000</i> | Accumulated<br>losses<br><i>HK\$'000</i> | Total<br><i>HK\$'000</i> |
| 1 January 2007  | 27,790                              | 47,629                              | 5,000                                | –  | (31,838)                                 | 48,581                   |
| Recognition of equity-settled<br>share-based payments   | –                                   | –                                   | –                                    | 69   | –  | 69                       |
| Exercise of share options                               | 1                                   | 21                                  | –                                    | (2)  | –  | 20                       |
| Issue of shares   | 5,500                               | 104,500                             | –                                    | –  | –  | 110,000                  |
| Expenses incurred in connection<br>with issue of shares | –                                   | (3,638)                             | –                                    | –  | –  | (3,638)                  |
| Profit for the period                                   | –                                   | –                                   | –                                    | –  | 827                                      | 827                      |
| 30 June 2007  | <u>33,291</u>                       | <u>148,512</u>                      | <u>5,000</u>                         | <u>67</u>  | <u>(31,011)</u>                          | <u>155,859</u>           |
| 1 January 2006  | 27,790                              | 47,629                              | 5,000                                | –  | (28,235)                                 | 52,184                   |
| Loss for the period                                     | –                                   | –                                   | –                                    | –  | (2,465)                                  | (2,465)                  |
| 30 June 2006  | <u>27,790</u>                       | <u>47,629</u>                       | <u>5,000</u>                         | <u>–</u>   | <u>(30,700)</u>                          | <u>49,719</u>            |

## UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2007

|   | (Unaudited)<br>Six months<br>ended 30 June |                         |
|---|--|-------------------------|
|   | 2007<br><i>HK\$'000</i>                    | 2006<br><i>HK\$'000</i> |
| <b>Net cash (used in)/generated from operating activities</b> | <b>(28,937)</b>                            | 2,801                   |
| <b>Net cash generated from investing activities</b>           | <b>1,028</b>                               | 1,729                   |
| <b>Net cash generated from/(used in) financing activities</b> | <b>105,421</b>                             | (598)                   |
| <b>Net increase in cash and cash equivalents</b>              | <b>77,512</b>                              | 3,932                   |
| <b>Cash and cash equivalents at 1 January</b>                 | <b>45,968</b>                              | 48,040                  |
| <b>Cash and cash equivalents at 30 June</b>                   | <b><u>123,480</u></b>                      | <b><u>51,972</u></b>    |
| <b>Analysis of the balances of cash and cash equivalents</b>  |  |                         |
| Time deposits   | 122,949                                    | 51,220                  |
| Cash and bank balances  | 531  | 752                     |
|   | <b><u>123,480</u></b>                      | <b><u>51,972</u></b>    |



Notes:

## 1. Basis of preparation

The condensed interim financial statements have been prepared in accordance with the applicable provisions of the GEM Listing Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

These condensed interim financial statements should be read in conjunction with the 2006 annual financial statements.

The accounting policies and methods of computation used in the preparation of these condensed interim financial statements are consistent with those used in the 2006 annual financial statements except for the adoption of the new standards, amendments to standards and interpretations issued by the HKICPA which are effective for the annual periods beginning 1 January 2007. The following new standards, amendments to standards and interpretations are effective for the financial year ended 31 December 2007.

- (a) Amendment to HKAS 1 Presentation of Financial Statements: Capital Disclosures (effective for annual periods beginning on or after 1 January 2007)
- (b) HKFRS 7 Financial Instruments: Disclosures (effective for annual periods beginning on or after 1 January 2007)
- (c) HK(IFRIC) Interpretation 7 Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies (effective for annual periods beginning on or after 1 March 2006)
- (d) HK(IFRIC) Interpretation 8 Scope of HKFRS 2 (effective for annual periods beginning on or after 1 May 2006)
- (e) HK(IFRIC) Interpretation 9 Reassessment of Embedded Derivatives (effective for annual periods beginning on or after 1 June 2006)
- (f) HK(IFRIC) Interpretation 10 Interim Financial Reporting and Impairment (effective for annual periods beginning on or after 1 November 2006)

The adoption of these new standards, amendments to standards and interpretations has no material financial effect on the Group’s results and financial position for the current or prior periods.

The Group has not early adopted the following new/revised standards and interpretations that have been issued but not yet effective for the accounting period ending 31 December 2007. The Group is in the process of making an assessment of impact of these new/revised standards and interpretations to the Group’s results of operations and financial position in the period of initial application.

**Effective for  
annual periods  
beginning on or after**

|                             |  |                |
|-----------------------------|--|----------------|
| HKAS 23 (Revised)           | Borrowing Costs                                  | 1 January 2009 |
| HKFRS 8                     | Operating Segments                               | 1 January 2009 |
| HK(IFRIC) Interpretation 11 | HKFRS 2-Group and<br>Treasury Share Transactions | 1 March 2007   |
| HK(IFRIC) Interpretation 12 | Services Concession Arrangements                 | 1 January 2008 |

## 2. Turnover and segment information

### *Business segments*

For management purposes, the Group's operations are currently organized into three operating divisions, namely provision and operation of an internet-based electronic trading system, precious metals contract trading and treasury investments. These divisions are the basis on which the Group reports its primary segment information.

Analyses of the Group's turnover and contribution by business segments are as follows:

|  | (Unaudited)<br>Three months<br>ended 30 June |                         | (Unaudited)<br>Six months<br>ended 30 June |                         |
|--|--|-------------------------|--|-------------------------|
|  | 2007<br><i>HK\$'000</i>                      | 2006<br><i>HK\$'000</i> | 2007<br><i>HK\$'000</i>                    | 2006<br><i>HK\$'000</i> |
| <b>Turnover</b>  |  |                         |  |                         |
| Provision and operation of<br>an internet-based electronic<br>trading system | 1,722  | 1,166                   | 3,301                                      | 1,759                   |
| Precious metals contract trading   | 65   | 600                     | 34   | 101                     |
| Treasury investments   | 28,306                                       | 10,243                  | 37,881                                     | 30,944                  |
|  | <u>30,093</u>                                | <u>12,009</u>           | <u>41,216</u>                              | <u>32,804</u>           |
| <b>Segment results</b>   |  |                         |  |                         |
| Provision and operation of an<br>internet-based electronic<br>trading system | 1,535  | 1,014                   | 2,925                                      | 1,458                   |
| Precious metals contract trading   | 245  | 550                     | 412  | 530                     |
| Treasury investments   | 934  | 80                      | 1,097                                      | 629                     |
|  | <u>2,714</u>                                 | <u>1,644</u>            | <u>4,434</u>                               | <u>2,617</u>            |
| Unallocated corporate revenue  | 610  | 737                     | 1,234                                      | 1,383                   |
| Unallocated corporate expenses   | (1,945)                                      | (3,173)                 | (3,881)                                    | (5,867)                 |
| Finance costs  | (697)  | (339)                   | (960)                                      | (598)                   |
| Profit/(loss) before taxation  | <u>682</u>                                   | <u>(1,131)</u>          | <u>827</u>                                 | <u>(2,465)</u>          |

### *Geographical segments*

No geographical segment analysis is presented for the three months and six months ended 30 June 2007 as more than 90% of the Group's turnover is generated in Hong Kong.

### **3. Profit/(loss) from operating activities**

Profit/(loss) from operating activities is arrived at after charging/(crediting) the following:

|   | <b>(Unaudited)</b>                |                 | <b>(Unaudited)</b>              |                 |
|---|-----------------------------------|-----------------|---------------------------------|-----------------|
|   | <b>Three months ended 30 June</b> |                 | <b>Six months ended 30 June</b> |                 |
|   | <b>2007</b>                       | <b>2006</b>     | <b>2007</b>                     | <b>2006</b>     |
|   | <b>HK\$'000</b>                   | <b>HK\$'000</b> | <b>HK\$'000</b>                 | <b>HK\$'000</b> |
| Bank interest income                                      | <b>(505)</b>                      | (632)           | <b>(1,024)</b>                  | (1,173)         |
| Share-based payment expense                               | <b>69</b>                         | –               | <b>69</b>                       | –               |
| Unrealized loss on precious metals contract trading – net | <b>65</b>                         | 307             | <b>66</b>                       | 16              |
| Unrealized loss on investments held for trading – net     | <b>325</b>                        | <b>10</b>       | <b>280</b>                      | <b>12</b>       |

### **4. Taxation**

No provision for Hong Kong profits tax has been made as the Company and its subsidiaries incurred tax losses or utilized tax losses brought forward from prior years to offset against the estimated assessable profit for the six months ended 30 June 2007.

## 5. Earnings/(loss) per share

The calculation of the basic and diluted earnings/(loss) per share attributable to the ordinary equity holders of the Company for the three months and six months ended 30 June 2007 and 2006 is based on:

|  | <b>(Unaudited)</b>          |                             | <b>(Unaudited)</b>          |                             |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|  | <b>Three months</b>         |                             | <b>Six months</b>           |                             |
|  | <b>ended 30 June</b>        |                             | <b>ended 30 June</b>        |                             |
|  | <b>2007</b>                 | <b>2006</b>                 | <b>2007</b>                 | <b>2006</b>                 |
|  | <b>HK\$'000</b>             | <b>HK\$'000</b>             | <b>HK\$'000</b>             | <b>HK\$'000</b>             |
| <b>Earnings/(loss)</b>   |                             |                             |                             |                             |
| Profit/(loss) attributable to equity holders of the Company                                    | <b><u>682</u></b>           | <b><u>(1,131)</u></b>       | <b><u>827</u></b>           | <b><u>(2,465)</u></b>       |
|  |                             |                             |                             |                             |
|  | <b>(Unaudited)</b>          |                             | <b>(Unaudited)</b>          |                             |
|  | <b>Three months</b>         |                             | <b>Six months</b>           |                             |
|  | <b>ended 30 June</b>        |                             | <b>ended 30 June</b>        |                             |
|  | <b>2007</b>                 | <b>2006</b>                 | <b>2007</b>                 | <b>2006</b>                 |
| <b>Number of shares</b>  |                             |                             |                             |                             |
| Weighted average number of ordinary shares for the purposes of basic earnings/(loss) per share | <b>2,839,461,538</b>        | 2,779,000,000               | <b>2,809,397,789</b>        | 2,779,000,000               |
| Effect of dilutive potential ordinary shares: Share options                                    | <b><u>12,815</u></b>        | <u>–</u>                    | <b><u>6,443</u></b>         | <u>–</u>                    |
| Weighted average number of ordinary shares for the purposes of diluted earnings per share      | <b><u>2,839,474,353</u></b> | <b><u>2,779,000,000</u></b> | <b><u>2,809,404,232</u></b> | <b><u>2,779,000,000</u></b> |

Diluted loss per share is not presented for the three months and six months ended 30 June 2006 as there were no dilutive potential ordinary shares.

## 6. Interim dividend

The Board resolved not to declare the payment of an interim dividend for the period (six months ended 30 June 2006: Nil).

## 7. Property, plant and equipment

During the period, the Group spent approximately HK\$12,000 on acquisition of property, plant and equipment (six months ended 30 June 2006: approximately HK\$31,000).

## 8. Accounts receivable and other receivables

Included in accounts receivable and other receivables are accounts receivable of approximately HK\$21,298,000 (31 December 2006: approximately HK\$2,616,000) and their aging analysis is as follows:

|              | (Unaudited)<br>30 June<br>2007<br><u>HK\$'000</u> | (Audited)<br>31 December<br>2006<br><u>HK\$'000</u> |
|--------------|---|---|
| 0 – 30 days  | 19,045  | 2,616   |
| 31 – 60 days | 22  | –   |
| 61 – 90 days | 691   | –   |
| Over 90 days | 1,540   | –   |
|              | <u>21,298</u>                                     | <u>2,616</u>  |

The Group generally grants a credit period of 30 days to customers who have agreed to contribute tradable prices to the Group's trading platform. The management of the Group performs a regular review, on a monthly basis, on the aging of accounts receivable. Appropriate action is taken against those debtors whose account is overdue for more than 30 days.

## 9. Accounts payable and other payables

Included in accounts payable and other payables are accounts payable of approximately HK\$26,000 (31 December 2006: approximately HK\$26,000) and their aging analysis is as follows:

|              | (Unaudited)<br>30 June<br>2007<br><u>HK\$'000</u> | (Audited)<br>31 December<br>2006<br><u>HK\$'000</u> |
|--------------|---|---|
| 0 – 30 days  | –   | –   |
| 31 – 60 days | –   | 2   |
| 61 – 90 days | –   | 12  |
| Over 90 days | 26  | 12  |
|              | <u>26</u>   | <u>26</u>   |

## 10. Share capital

|                                    | (Unaudited)<br>30 June 2007 |                  | (Audited)<br>31 December 2006 |                  |
|------------------------------------|-----------------------------|------------------|-------------------------------|------------------|
|                                    | No. of shares               | HK\$'000         | No. of shares                 | HK\$'000         |
| Ordinary shares of HK\$0.01 each   |                             |                  |                               |                  |
| Authorized                         | <u>180,000,000,000</u>      | <u>1,800,000</u> | <u>180,000,000,000</u>        | <u>1,800,000</u> |
| Issued and fully paid:             |                             |                  |                               |                  |
| At beginning of period/year        | 2,779,000,000               | 27,790           | 2,779,000,000                 | 27,790           |
| Exercise of share options (note 1) | 100,000                     | 1                | –                             | –                |
| Issue of shares (note 2)           | <u>550,000,000</u>          | <u>5,500</u>     | <u>–</u>                      | <u>–</u>         |
| At end of period/year              | <u>3,329,100,000</u>        | <u>33,291</u>    | <u>2,779,000,000</u>          | <u>27,790</u>    |

### Notes:

- (1) On 11 June 2007, the Company issued 100,000 ordinary shares of HK\$0.01 each for consideration of HK\$0.2014 per share upon exercise of share options. The shares issued rank pari passu with other shares in all respects.
- (2) On 12 June 2007, the Company, ITC and the placing agent entered into a placing and subscription agreement, pursuant to which, (i) ITC agreed to place, through the placing agent, an aggregate of 550,000,000 shares of the Company at a price of HK\$0.20 per share to not less than six placees who were independent third parties and not parties acting in concert with ITC and with each other for the purposes of the Takeovers Code; and (ii) the Company agreed to issue and ITC has conditionally agreed to subscribe for 550,000,000 shares at a price of HK\$0.20 per share. The net proceeds of approximately HK\$106 million from issue of shares will be used as general working capital as the Group has not identified any particular project to invest in as at the date of this announcement. The new shares rank pari passu with other shares in issue in all respects.

## 11. Share-based payment transaction

The Company has a share option scheme for eligible participants of the Group. Details of the share options outstanding during the period are as follows:

|                               | <u>Number of<br/>share options</u> |
|-------------------------------|------------------------------------|
| Outstanding at 1 January 2007 | –                                  |
| Granted during the period     | <u>5,400,000</u>                   |
| Exercised during the period   | <u>5,400,000</u><br>(100,000)      |
| Outstanding at 30 June 2007   | <u>5,300,000</u>                   |

Details of the share options are set out below:

|  |                                       |                                       |
|--|---------------------------------------|---------------------------------------|
| Grant date of share options  | 1 June 2007                           | 6 June 2007                           |
| Number of share options granted  | 4,400,000                             | 1,000,000                             |
| Exercise price per share   | HK\$0.2194                            | HK\$0.2014                            |
| Option period  | Within 3 years<br>from the grant date | Within 3 years<br>from the grant date |
| Closing price of the Company's shares<br>immediate before the grant date | HK\$0.231                             | HK\$0.163                             |
| Fair value of the share options determined<br>at the grant date          | HK\$159,000                           | HK\$25,000                            |

The Binominal option pricing model has been used to estimate the fair value of the share options. The variables and assumptions used in computing the fair value of the share options are based on the Directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

The following parameters and assumptions were used to calculate the fair value of share options granted:

|  |             |             |
|--|-------------|-------------|
| Grant date of share options              | 1 June 2007 | 6 June 2007 |
| Weighted average share price             | HK\$0.2190  | HK\$0.1890  |
| Weighted average exercise price          | HK\$0.2194  | HK\$0.2014  |
| Expected life of options ( <i>note</i> ) | 3 years     | 3 years     |
| Expected volatility                      | 14.34%      | 14.34%      |
| Expected dividend yield                  | Nil         | Nil         |
| Risk free rate                           | 4.355%      | 4.355%      |

*Note:*

Share options granted thereunder are exercisable in stages during the option period in the following manner:

- (i) 1st one-third of share options granted become exercisable from the grant date;
- (ii) 2nd one-third of share options granted shall become exercisable one year after the grant date; and
- (iii) 3rd one-third of share options granted shall become exercisable two years after the grant date.

## DIRECTORS' INTEREST AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 30 June 2007, none of the Directors and chief executives of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation, within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register of the Company required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors as referred to in Rule 5.46 of the GEM Listing Rules.

## INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS/OTHER PERSONS RECORDED IN THE REGISTER KEPT UNDER SECTION 336 OF THE SFO

At 30 June 2007, so far as is known to the Directors and chief executives of the Company, the interests or short positions of substantial shareholders/other persons in the shares and underlying shares of the Company as recorded in the register of the Company required to be kept under section 336 of the SFO were as follows:

### Interests and short positions of substantial shareholders in shares and underlying shares of the Company

| Name   | Capacity                             | Long position/<br>Short position | Number<br>of ordinary<br>shares of the<br>Company held | Number<br>of underlying<br>shares of the<br>Company held | Approximate<br>percentage<br>of the issued<br>ordinary share<br>capital of<br>the Company |
|--|--------------------------------------|----------------------------------|--|--|---|
| Golden Hall Holdings Limited ( <i>Note 1</i> )           | Beneficial owner                     | Long position                    | 1,284,451,139  |  | 38.58%  |
| Fullhonour Limited ( <i>Note 1</i> )                     | Interest of a controlled corporation | Long position                    | 1,284,451,139  |  | 38.58%  |
| ITC Investment Holdings Limited ( <i>Note 1</i> )        | Interest of a controlled corporation | Long position                    | 1,284,451,139  |  | 38.58%  |
| ITC Corporation Limited ("ITC") ( <i>Notes 1 and 2</i> ) | Interest of a controlled corporation | Long position                    | 1,284,451,139  |  | 38.58%  |
|  | Beneficial owner                     | Long position                    | 340,000,000  |  | 10.21%  |
|  | Beneficial owner                     | Long position                    |  | 416,666,666  | 12.52%  |



*Notes:*

1. Golden Hall Holdings Limited is a wholly-owned subsidiary of Fullhonour Limited (“Fullhonour”) which in turn is wholly-owned by ITC Investment Holdings Limited (“ITCIH”). ITCIH is a wholly-owned subsidiary of ITC. Fullhonour, ITCIH and ITC are deemed to be interested in 1,284,451,139 shares of the Company held by Golden Hall Holdings Limited.
2. ITC was interested in:
  - (i) up to 340,000,000 shares of the Company to be subscribed by ITC or its nominee(s) pursuant to the conditional shares subscription agreement entered into between the Company and ITC on 28 June 2007;
  - (ii) derivative of 208,333,333 shares pursuant to the convertible notes subscription agreement entered into between the Company and ITC on 29 June 2007 (“CN Subscription Agreement”) whereby the Company shall issue convertible notes in the principal amount of HK\$50,000,000 to ITC or its nominee(s) convertible into 208,333,333 shares at the initial conversion price of HK\$0.24 (subject to adjustments); and
  - (iii) derivative of 208,333,333 shares pursuant to the additional amount of the convertible notes to be subscribed by ITC or its nominee(s) under the CN Subscription Agreement up to HK\$50,000,000 convertible into 208,333,333 shares at the initial conversion price of HK\$0.24 (subject to adjustments).

Save as disclosed above, no other parties were recorded in the register of the Company required to be kept under section 336 of the SFO as having interests or short positions in the shares or underlying shares of the Company as at 30 June 2007.

## SHARE OPTIONS

### Share Option Scheme of the Company adopted on 30 April 2002 (the “Scheme”)

The Board may, at its discretion, grant share options to the Directors and eligible participants (as defined in the Scheme) pursuant to the Scheme to enable them to subscribe for shares of the Company as incentives or rewards for their contribution to the Group.

Details of the movements in the share options during the six months ended 30 June 2007 under the Scheme are as follows:—

| Category of participants | Number of share options   |                           |                             |                             |                          |                             | Exercise price (HK\$) | Date of grant | Exercise Period                        |
|--------------------------|---------------------------|---------------------------|-----------------------------|-----------------------------|--------------------------|-----------------------------|-----------------------|---------------|--|
|                          | Balance at 1 January 2007 | Granted during the period | Exercised during the period | Cancelled during the period | Lapsed during the period | Outstanding at 30 June 2007 |                       |               |  |
| Eligible employees       | -                         | 3,500,000                 | -                           | -                           | -                        | 3,500,000                   | 0.2194                | 1 June 2007   | 1 June 2007 to 31 May 2010<br>(Note 1) |
| Eligible participants    | -                         | 900,000                   | -                           | -                           | -                        | 900,000                     | 0.2194                | 1 June 2007   | 1 June 2007 to 31 May 2010<br>(Note 1) |
| Eligible participant     | -                         | 1,000,000                 | (100,000)                   | -                           | -                        | 900,000                     | 0.2014                | 6 June 2007   | 6 June 2007 to 5 June 2010<br>(Note 2) |
|                          | <u>-</u>                  | <u>5,400,000</u>          | <u>(100,000)</u>            | <u>-</u>                    | <u>-</u>                 | <u>5,300,000</u>            |                       |               |  |

#### Notes:

1. (i) 1st one-third of options exercisable from 1 June 2007 to 31 May 2010, both days inclusive;
- (ii) 2nd one-third of options exercisable from 1 June 2008 to 31 May 2010, both days inclusive; and
- (iii) 3rd one-third of options exercisable from 1 June 2009 to 31 May 2010, both days inclusive.
2. (i) 1st one-third of options exercisable from 6 June 2007 to 5 June 2010, both days inclusive;
- (ii) 2nd one-third of options exercisable from 6 June 2008 to 5 June 2010, both days inclusive; and
- (iii) 3rd one-third of options exercisable from 6 June 2009 to 5 June 2010, both days inclusive.

## **COMPETING INTERESTS**

None of the Directors or the management shareholders (as defined in the GEM Listing Rules) of the Company had an interest in a business (as defined in Rule 11.04 of the GEM Listing Rules) which competes or may compete with the business of the Group.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the “CG Code”) as set out in Appendix 15 to the GEM Listing Rules which came into effect on 1 January 2005 as its own code of corporate governance practices.

During the six months ended 30 June 2007, the Company was in compliance with code provisions set out in the CG Code except that code provision A.4.1 of the CG Code provides that the non-executive Directors should be appointed for a specific term, subject to re-election. The non-executive Directors of the Company were not appointed for a specified term but they are subject to the retirement at the first general meeting after their appointment and thereafter subject to retirement by rotation at least once every three years and in accordance with the Articles of Association of the Company.

Save as the mentioned above and in the opinion of the Directors, the Company has met the code provisions set out in the CG Code for the six months ended 30 June 2007.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

During the six months ended 30 June 2007, the Company had complied with the code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings and its code of conduct regarding securities transactions by Directors.

## **AUDIT COMMITTEE**

The Audit Committee currently comprises three independent non-executive Directors, namely Messrs. Chung Koon Yan (as Chairman), Wong Kai Tat and Yue Wai Keung, with written terms of reference in compliance with the GEM Listing Rules. The Audit Committee has reviewed the unaudited consolidated results of the Group for the six months ended 30 June 2007.

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

The Company has not redeemed any of its shares during the six months ended 30 June 2007. Neither the Company nor any of its subsidiaries purchased or sold any of the Company’s listed securities during the period.

On behalf of the Board  
**Francis J. Chang Chu Fai**  
*Chairman*

Hong Kong, 13 August 2007

*As at the date of this announcement, the Board comprises Mr. Francis J. Chang Chu Fai as Chairman, Mr. Leung Man Pok, John as Managing Director, Ms. Cheung Wing Chi, Winnie as executive Director, and Messrs. Chung Koon Yan, Wong Kai Tat and Yue Wai Keung as independent non-executive Director.*

*This announcement will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the “Latest Company Announcements” page for at least 7 days from the date of its publication and on the Company’s website at [www.trasy.com](http://www.trasy.com).*