



# Trasy Gold Ex Limited

(Incorporated in the Cayman Islands with Limited Liability)

## Annual Report 2003



[www.trasy.com](http://www.trasy.com)

## Characteristics of The Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”)

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website at [www.hkgem.com](http://www.hkgem.com) in order to obtain up-to-date information on GEM-listed issuers.

*The Stock Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.*

*This report, 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 report 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 report misleading; and (iii) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

---

## Contents

---

	Page
Corporate Information	3
Corporate Structure	5
Notice of Annual General Meeting	6
Statement from the Executive Director	8
Management Discussion and Analysis	9
Directors and Senior Management Profile	14
Report of the Directors	16
Report of the Auditors	24
Consolidated Profit and Loss Account	25
Consolidated Balance Sheet	26
Consolidated Statement of Changes in Equity	27
Consolidated Cash Flow Statement	28
Company Balance Sheet	29
Notes to the Financial Statements	30

---

## Corporate Information

---

### BOARD OF DIRECTORS

Mr. Chan Kee Chee, Keith  
Ms. Cheung Lai Kai, Edwina\*  
Ms. Chan Choi Ling\*

\* *Independent Non-executive Directors*

### COMPLIANCE OFFICER

Mr. Chan Kee Chee, Keith

### COMPANY SECRETARY

Mr. Tse Kam Fai, *ACIS, ACS, MHKSI*

### QUALIFIED ACCOUNTANT

Mr. Chuang Tze Cheung, Christopher,  
*BSc, ACA, AHKSA*

### AUDIT COMMITTEE

Ms. Cheung Lai Kai, Edwina  
Ms. Chan Choi Ling

### AUTHORISED REPRESENTATIVES

Mr. Chan Kee Chee, Keith  
Mr. Tse Kam Fai

### AUDITORS

Moore Stephens  
905 Silvercord, Tower II  
30 Canton Road  
Tsimshatsui  
Kowloon Hong Kong

### LEGAL ADVISERS

*As to Hong Kong law*  
Chiu & Partners  
41st Floor, Jardine House  
1 Connaught Place  
Hong Kong

*As to Cayman Islands law*  
Conyers Dill & Pearman  
Century Yard  
Cricket Square  
Hutchins Drive  
P.O. Box 2681GT  
George Town  
Grand Cayman  
British West Indies

### REGISTERED OFFICE

Century Yard  
Cricket Square  
Hutchins Drive  
P.O. Box 2681GT  
George Town  
Grand Cayman  
British West Indies

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

14th Floor, Cheung Fat Building  
7-9 Hill Road  
Western District  
Hong Kong

### COMPANY WEBSITES

[www.trasy.com](http://www.trasy.com)  
[www.g9999.com](http://www.g9999.com)

---

## Corporate Information

---

*(Continued)*

### **HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE**

Computershare Hong Kong Investor  
Services Limited  
Shops 1712-1716, 17th Floor, Hopewell Centre  
183 Queen's Road East  
Hong Kong

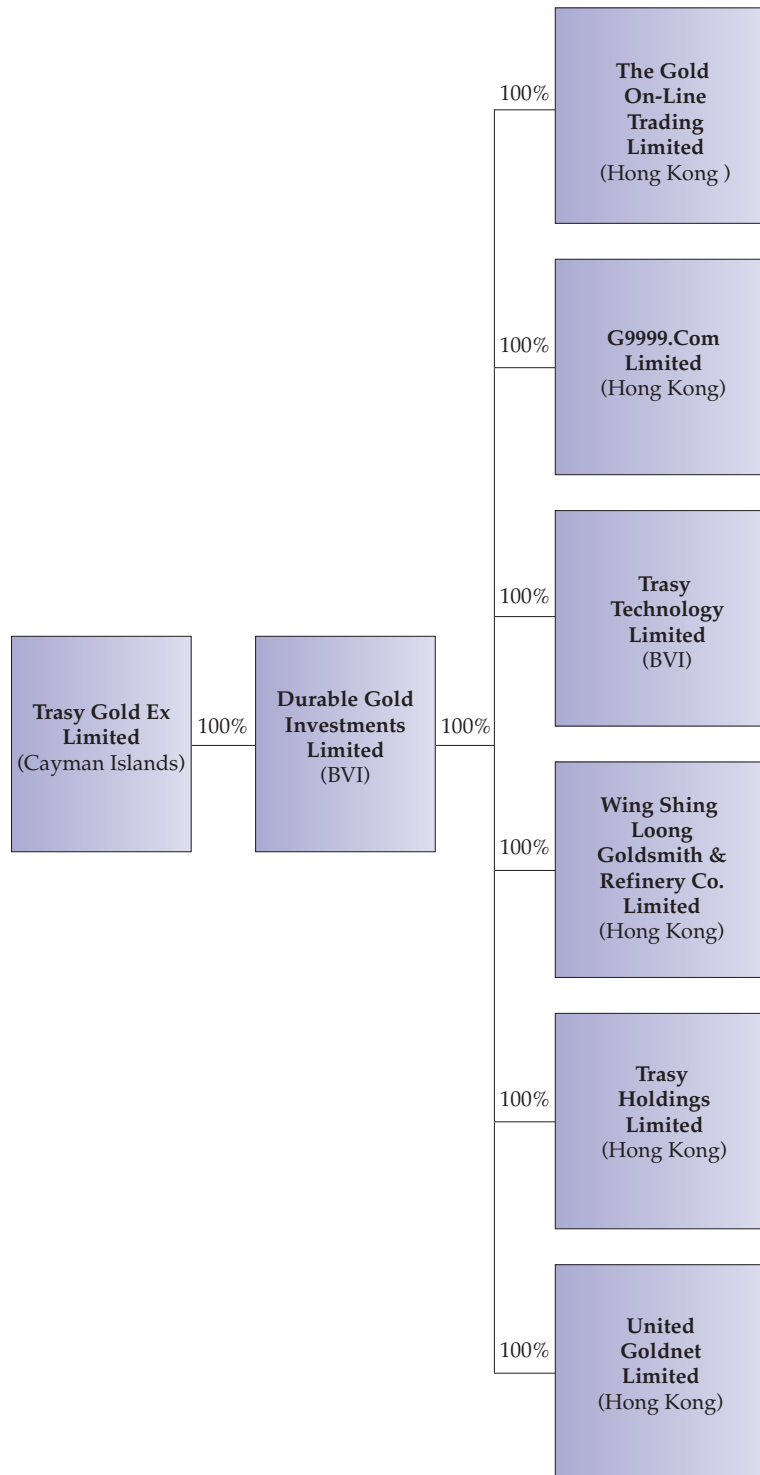
### **PRINCIPAL BANKERS**

Bank of China, Hong Kong Branch  
Wing Hang Bank, Limited

### **GEM STOCK CODE**

8063

# Corporate Structure



---

## Notice of Annual General Meeting

---

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of the Company will be held at 1st Floor, Cheung Fat Building, 7-9 Hill Road, Western District, Hong Kong on Friday, 23rd April 2004 at 9:30 a.m. for the following purposes:

1. To receive and consider the audited consolidated financial statements and the reports of the Directors and Auditors of the Company and its subsidiaries for the year ended 31st December 2003;
2. To re-elect Director and to authorize the Directors to fix their remuneration;
3. To re-appoint Moore Stephens as Auditors and to authorize the Directors to fix their remuneration; and
4. **“THAT:**
  - (i) subject to paragraph (iii) of this Resolution, and pursuant to the Rules Governing the Listing of Securities on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;
  - (ii) the approval in paragraph (i) of this Resolution shall authorize the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
  - (iii) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) by the Directors pursuant to the approval in paragraph (i) of this Resolution, otherwise than pursuant to (a) a Rights Issue; or (b) the exercise of subscription rights under any share option scheme of the Company or any other option, scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries or such other persons eligible to participate in any such scheme(s) or arrangement(s) of shares or rights to acquire shares of the Company; or (c) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares in accordance with the Articles of Association of the Company in force from time to time; or (d) any issue of shares in the Company upon the exercise of rights of subscription or conversion under the terms of any existing warrants of the Company or any existing securities of the Company which carry rights to subscribe for are convertible into shares of the Company, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of passing of this Resolution; and

## Notice of Annual General Meeting

(Continued)

(iv) for the purpose of this Resolution:

“Relevant Period” means the period from the date of the passing of this Resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period which the next annual general meeting of the Company is required by the Memorandum and Articles of Association of the Company, or any other applicable law of the Cayman Islands to be held; or
- (c) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this Resolution.

“Rights Issue” means an offer of shares in the Company, or offer or issue of warrants, options or other securities giving rights to subscribe for shares open for a period fixed by the Directors to holders of shares in the Company on the register on a fixed record date in proportion to their holdings of shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to the Company, or any recognized regulatory body or any stock exchange applicable to the Company).”

By Order of the Board  
**Tse Kam Fai**  
*Company Secretary*

Hong Kong, 29th March 2004

*Principal Place of Business:*  
14th Floor, Cheung Fat Building  
7-9 Hill Road, Western District  
Hong Kong

*Notes:*

1. A member entitled to attend and vote at the meeting, is entitled to appoint a proxy or more than one proxy (for member holding two or more shares) to attend and vote in his/her stead. A proxy need not be a member of the Company.
2. To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority must be deposited with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time for holding the meeting or adjourned meeting, and in default thereof the form of proxy shall not be treated as valid.



---

## Statement from the Executive Director

---

I am pleased to present to the shareholders the 2003 Annual Report of Trasy Gold Ex Limited (the “Company”) and its subsidiaries (collectively the “Group”) for the year ended 31st December 2003 .

### RESULTS

The total turnover of the Group was approximately HK\$3,732,000 (2002: approximately HK\$4,330,000) and net profit attributable to shareholders of approximately HK\$9,467,000 for the year ended 31st December 2003 (2002: net loss of approximately HK\$383,000).

### DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31st December 2003 (2002: Nil).

### BUSINESS REVIEW

The Group’s on-line precious metals trading platform “TRASY” recorded a total turnover of 6,300,000 ounces of gold (2002: 7,700,000 ounces) and 65,300,000 ounces of silver (2002: 67,800,000 ounces) for the whole year.

Our g9999.com precious metals information website had achieved record levels in the average daily hit rate, reaching approximately 900,000 hits during 2003. This shows that the public interests for precious metals market information had increased, and that g9999.com has successfully been recognized as a significant precious metals content provider on the Internet.

### PROSPECTS AND APPRECIATION

In the year ahead, the Group will continue to seek for suitable investment opportunities especially in gold-related business and business partners to expand financial products to be traded through our trading platform and seek to create business value on the substantial daily hit rates of g9999.com. Furthermore, the Group will seek to expand the number of participants on TRASY’s Trading Platform, including banks and brokers, so that investors have more access to trade on the precious metals marketplace via these participants. In terms of geographical expansion, the Group will focus on business development in China and other Asian countries, where discussion has already taken place with potential local partners.

On behalf of the board, I would like to express our appreciation and gratitude to all staff for their support, hard work and dedication over the year.

**Chan Kee Chee, Keith**  
*Director*

Hong Kong, 19th March 2004

## Management Discussion and Analysis

### FINANCIAL HIGHLIGHTS

#### For the quarter ended

	Q4 31st Dec 03 <i>HK\$000</i>	Q3 30th Sept 03 <i>HK\$000</i>	Q2 30th Jun 03 <i>HK\$000</i>	Q1 31st Mar 03 <i>HK\$000</i>
Turnover	668	787	1,072	1,205
Unrealized gain/(loss) on gold bullion – net	4,681	5,973	1,763	(1,230)
Staff costs				
– current period	(452)	(191)	(1,491)	(1,696)
– over-provision/waiver of previous period	–	–	1,557	–
Marketing and promotion expenses	(1)	(101)	(15)	(7)
Profit/(loss) before taxation	<u>4,156</u>	<u>5,775</u>	<u>2,383</u>	<u>(2,847)</u>
Earnings/(loss) per share (in HK cent)	<u>0.149</u>	<u>0.208</u>	<u>0.086</u>	<u>(0.102)</u>

*Note:* The results for the three-month period ended 31st March, 30th June and 30th September are extracted from the first, second and third quarterly reports respectively in 2003.

### FINANCIAL SUMMARY

#### Audited Consolidated Results for the year ended 31st December

	2003 <i>HK\$000</i>	2002 <i>HK\$000</i>	2001 <i>HK\$000</i>	2000 <i>HK\$000</i>	1999 <i>HK\$000</i>
Turnover	3,732	4,330	5,370	4,654	–
Unrealized gain on gold bullion – net	11,187	10,603	2,040	90	–
Operating expenditures*	(6,131)	(15,637)	(18,606)	(17,662)	(3,953)
Profit/(loss) before taxation	<u>9,467</u>	<u>(383)</u>	<u>(10,577)</u>	<u>(12,873)</u>	<u>(3,935)</u>
Earnings/(loss) per share (in HK cent)	<u>0.341</u>	<u>(0.015)</u>	<u>(0.445)</u>	<u>(0.712)</u>	<u>(0.223)</u>

\* These include staff costs, software research and development costs, depreciation, marketing and promotion expenses, finance costs, administrative and other expenses.

## Management Discussion and Analysis

(Continued)

### FINANCIAL SUMMARY (Continued)

#### Assets and Liabilities (as at 31st December)

	2003 HK\$000	2002 HK\$000	2001 HK\$000	2000 HK\$000	1999 HK\$000
Non-current Assets	500	1,055	2,781	3,033	1,519
Current Assets	<u>65,006</u>	<u>55,072</u>	<u>47,257</u>	<u>54,364</u>	<u>715</u>
Total Assets	65,506	56,127	50,038	57,397	2,234
Current Liabilities	<u>(3,505)</u>	<u>(3,592)</u>	<u>(6,282)</u>	<u>(3,060)</u>	<u>(1,256)</u>
Shareholders' fund	<u><u>62,001</u></u>	<u><u>52,535</u></u>	<u><u>43,756</u></u>	<u><u>54,337</u></u>	<u><u>978</u></u>

*Remark:* The comparative figures for the years ended 31st December 2001, 2000 and 1999 have been restated to conform to the change in accounting policy as detailed in note 19 of Annual Report 2002.

### FINANCIAL REVIEW

The Group recorded a net profit of approximately HK\$9,467,000 for the year ended 31st December 2003 (2002: a net loss of approximately HK\$383,000), representing a basic earning per share of 0.341 HK cent (2002: a basic loss per share of 0.015 HK cent). The unrealized gain on gold bullion contributed to a substantial improvement in results upon comparing the financial performance with the corresponding year in 2002.

For the year ended 31st December 2003, the Group's audited consolidated turnover amounted to approximately HK\$3,732,000 (2002: approximately HK\$4,330,000), mainly representing transaction fees from trading through TRASY of approximately 6,300,000 ounces of gold (2002: 7,700,000 ounces) and 65,300,000 ounces of silver (2002: 67,800,000 ounces). The Directors considered such performance was satisfactory under the global economic downturn environment in 2003.

Upon comparing the total expenses in 2002, the total expenses in 2003 decreased by about HK\$9,506,000. This indicates that the Company is being operated in a more cost-conscious manner, and can expect to become profitable in the foreseeable future.

### Liquidity and Financial Resources

The liquidity of the Group remained healthy as the total amount of current assets as at 31st December 2003 was about 18.55 times of current liabilities (2002: 15.33 times); no long-term liabilities were borne by the Group as at 31st December 2003 (2002: Nil). Up to the date of this report, no debt financing activities are currently in place or proposed. The Group's gearing ratio, representing total long-term debts divided by total shareholders' equity, was zero as at 31st December 2003 (2002: Nil). In addition, the Group's assets and liabilities are mainly denominated in Hong Kong dollars; the Directors do not consider that the Group is significantly exposed to any material foreign currency exchange risk and thereby no related hedges were made by the Group.

---

## Management Discussion and Analysis

---

(Continued)

### FINANCIAL REVIEW (Continued)

#### Capital Structure

There was no change in the capital structure of the Company during the year. (In 2002, the Company has increased its issued share capital of 399,000,000 shares of HK\$0.01 each and allotted for cash at a premium of HK\$0.013 each).

#### Material acquisitions and disposals during the year and future plans for material investments

There were no material acquisitions and disposals of investments by the Group during the two years ended 31st December 2003 and 2002. The Group is now looking for the possibilities of forming alliances or any investment opportunities with some strategic partners. The Group intends to finance the expansion by its internal resources or any other fund raising exercise, where appropriate.

#### Employees Information

The total number of employees (including Director) was 4 as at 31st December 2003 (31st December 2002: 17), and the total remuneration for the year 2003 was about HK\$2,273,000 (2002: about HK\$8,238,000). Other benefits provided by the Group to the employees include share options.

#### Charges on Group assets

During the years ended 31st December 2003 and 2002, none of the Group's assets has been pledged.

#### Contingent liabilities

Up to the date of this report, the Group has no contingent liabilities except the Company has given an undertaking to provide continuing financial support to enable certain subsidiaries to meet their liabilities as and when they fall due for at least the next 12 months from the balance sheet date.

#### Segmental information

No analysis of the Group's turnover and its contribution to profit/(loss) before taxation by principal activities for the years ended 31st December 2003 and 2002 are presented as more than 90% of the Group's turnover and profit/(loss) before taxation relate to provision and operation of an Internet-based electronic trading system in Hong Kong to facilitate the trading of precious metals.

#### Dividend

The Directors do not recommend the payment of a final dividend for the year ended 31st December 2003 (2002: Nil).

## Management Discussion and Analysis

(Continued)

### BUSINESS DEVELOPMENT

#### A. *The TRASY's Trading Platform*

The Company continues to market its trading platform and services to brokers and financial institutions as principals to the platform. By licensing TRASY's Trading Platform solution, these financial institutions may expand and diversify its range of financial products offered to their customers to the precious metals market. Furthermore, it will be a more cost-effective approach for these stockbrokers and financial institutions to license our technology to trade precious metals than to develop their own.

The Company had begun business development in Korea, where there exists a large demand for online precious metals information services. Discussions had begun with local companies for introduction of the g9999.com website and TRASY's Trading Platform.

#### B. *Business Development in China*

As the gold market in China continues the process of deregulation, the Company continues to explore business opportunities in the region. The Company made marketing visits to brokers, banks and on-line payment companies to introduce TRASY's Trading Platform. The Company maintains the view that there exists huge demand, especially for investment by the retail sector in the gold market, this can be shown by the huge proportion of viewers on the Chinese version recorded on our g9999.com website for market information. Furthermore, in order to accommodate the emerging demand for per gram precious metals market in Asia, quotations per gram of gold, in addition to ounces, is broadcasted on our g9999.com website.

Similar to previous years, the Company continued to be a sponsor of the 7th RNA China Gold & Precious Metals Conference held in Shenzhen and Hong Kong during September 2003. Gold mining companies and jewellery manufacturers throughout China, as well as other international bullion banks and traders attended the conference. This provided additional marketing exposure for the Company's trading platform in China.

#### C. *Information Licensing to Financial Content Providers and Web Alliances*

One of the Group's missions is to provide an easy access to investors and the general public for precious metals market information, keeping investors well informed of the market and therefore improving market transparency. The price quotation on TRASY's Trading Platform represents the "best and dealable" price quotations, which are valuable information to the public. Therefore, the Group is able to license these price quotation information, as well as other contents from g9999.com such as market news and commentary, to some famous and popular online financial information providers. This not only enhances the public awareness of the precious metals market, but also acts as a marketing strategy to enhance the public exposure of TRASY's Trading Platform.

The Group had therefore continued its web alliances and information licensing activities with regional and international financial content providers, as well as several precious metals traders' website. These activities include banner and content exchange, and the broadcast of TRASY's Trading Platform's precious metals price quotations on their websites.

---

## Management Discussion and Analysis

---

(Continued)

### *D. Precious Metals Information Website – g9999.com*

The Company's precious metals information website, g9999.com has been maintaining an average daily page hits of approximately 900,000 hits, which is approximately 5 times higher than the average daily page hits during 2002. This shows that g9999.com has developed and maintained a strong brandname and existence in the market as a premier online precious metals information provider.

The g9999.com website continues to provide in both English and Chinese languages, daily market news and commentary and will expand into other languages in Asia. Furthermore, the website provides a real-time precious metals quotations and charts, which are valuable information for retail investors in the market. These price quotations are electronically linked with our TRASY's Trading Platform's real-time dealable price quotations of precious metals. With such a network of customers from g9999.com, the Company has been reviewing business opportunities with additional products and services to develop through the website, and to seek for the viability of any additional revenue streams. Furthermore, the Company is continuing to discuss with other global gold related websites and especially Internet content providers in China to form any business alliance opportunities.

### *E. Negotiation for Strategic Partners*

The Company is in discussion to form strategic partners in different geographical regions, including Asia and Europe. These business co-operations will allow TRASY's Trading Platform to localise in different regions in a more cost effective manner. Public seminars and promotional activities will be implemented via these co-operations when formed to promote and further build-up the brand name of TRASY's Trading Platform.

### *F. New Products and Services*

The Company is exploring the feasibility to launch additional products for trading on TRASY's Trading Platform, one of which is the quotation of Hong Kong dollars per gram and U.S. dollar per gram contracts for gold. This would create a new product in preparation for the Asian market where trading of gold is mostly converted into metric.

In terms of technology, the Company is continuing to examine ways to improve the functions and features of TRASY's Trading Platform. Additionally, the Company has been discussing with third party technology providers to explore ways to efficiently allow the technology of TRASY's Trading Platform to expand additional products and services.

---

## Directors and Senior Management Profile

---

### EXECUTIVE DIRECTOR

#### **Mr. Chan Kee Chee, Keith** (Age: 28)

Mr. Chan joined the Group in January 2000. He holds a Bachelor of Commerce degree from the University of Sydney, Australia, majoring in accounting and finance. He is responsible for the business development and promotion of TRASY and is involved in the planning and execution of any other technology related products and services for the Group. In 1998, he co-founded an Internet technology company carrying out research and development for e-business solutions, specializing in electronic trading. Mr. Chan is one of the founders of TRASY and has participated in the Group's business development since September 1998. Prior to returning to Hong Kong, he gained experience in strategic marketing and the promotion of investment funds in Europe, the Middle-East and Asia, and worked in London and Switzerland for a corporate finance and trade finance company. He is currently serving as an Executive Committee member of The Chinese Gold & Silver Exchange Society.

### INDEPENDENT NON-EXECUTIVE DIRECTORS

#### **Ms. Cheung Lai Kai, Edwina** (Age: 42)

Ms. Cheung was appointed as an Independent Non-executive Director of the Company on 10th July 2000. She is a practicing solicitor. She graduated from the University of Leeds in England with an LL.B degree in 1986. She was admitted as a solicitor of the Supreme Court of England and Wales in 1989 and admitted as a solicitor of the High Court of Hong Kong in 1992. Ms. Cheung has over 10 years' experience in conveyancing, probate and tenancy matters. Ms. Cheung is currently a solicitor with a law firm.

#### **Ms. Chan Choi Ling** (Age: 29)

Ms. Chan was appointed as an Independent Non-executive Director of the Company on 2nd May 2002. She is a practicing solicitor in Hong Kong. Ms. Chan is an assistant solicitor of Louis K. Y. Pau & Company, Solicitors.

---

## Directors and Senior Management Profile

---

*(Continued)*

### SENIOR MANAGEMENT

**Mr. Chuang Tze Cheung, Christopher** (Age: 36)  
**Chief Executive Officer and Qualified Accountant**

Mr. Chuang was appointed as Chief Executive Officer of the Company on 7th January 2004. He is responsible for the general management and promotion of the business of the Company to the clients and the public. He holds a Bachelor of Science degree from the University of East Anglia, England, majoring in accountancy and market strategies. He is a qualified chartered accountant and a member of Hong Kong Society of Accountants. He has more than 11 years of solid experience in managing companies, IT consultancy, acquisition and disposal of IT companies and general audit and IPO assignments with international accountancy firms and other private groups in Hong Kong, PRC, Singapore and England. Mr. Chuang was also appointed as Qualified Accountant of the Company on 19th March 2004.



---

## Report of the Directors

---

The Board of Directors (“Board”) of the Company is pleased to submit their report together with the audited financial statements of the Group for the year ended 31st December 2003.

### PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the subsidiaries are set out in Note 14 to the financial statements.

No analysis of the Group’s turnover and its contributions to profit before taxation by principal activities for the year ended 31st December 2003 are presented as more than 90% of the Group’s turnover and profit before taxation relate to transaction fees earned in Hong Kong.

### MAJOR CUSTOMERS

For the year ended 31st December 2003, the five largest customers of the Group accounted for about 100% of the turnover of the Group and the largest customer, being Hing Fung Goldsmith And Refinery Limited (“HFGR”), contributed about 99.4% of the Group’s turnover.

Save as disclosed above, none of the Directors, their associates or any shareholders (which, to the knowledge of the Directors, owned more than 5% of the Company’s share capital) has a beneficial interest in the abovementioned major customers.

### RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st December 2003 are set out on page 25.

No interim dividend has been paid by the Company during the year and the Directors do not recommend the payment of a final dividend for the year ended 31st December 2003.

### RESERVES

Movements in the reserves of the Group and the Company during the year are set out in Note 20 to the financial statements.

### FIXED ASSETS

Details of the movements in fixed assets of the Group are set out in Note 13 to the financial statements.

### SHARE CAPITAL AND SHARE OPTIONS

Details of movements in share capital and share options of the Company are set out in Note 19 to the financial statements.

## Report of the Directors

*(Continued)*

### **DISTRIBUTABLE RESERVES**

Pursuant to Section 34 of the Companies Law (Revised) of the Cayman Islands and the Articles of Association of the Company, share premium of the Company is available for distribution to shareholders subject to a solvency test on the Company and the provisions of the Articles of Association of the Company. As at 31st December 2003, in the opinion of the Directors, the Company's reserves available for distribution to shareholders, comprising share premium less accumulated losses, amounted to HK\$34,211,365.

### **MANDATORY PROVIDENT FUND SCHEME**

Details of the mandatory provident fund scheme are set out in Note 8 to the financial statements.

### **SUBSIDIARIES**

Details of the Company's subsidiaries as at 31st December 2003 are set out in Note 14 to the financial statements.

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

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's shares during the year.

### **DIRECTORS**

The Directors of the Company during the year and as at the date of this report were as follows:

#### **Executive Directors**

Mr. Chan Kee Chee, Keith

Mr. Sit Chun Sze

*(resigned on 21st November 2003)*

#### **Non-executive Directors**

Mr. Ip Tak Chuen, Edmond

Dr. Leung Ping Hung, Karl Richard

*(resigned on 28th May 2003)*

*(resigned on 23rd April 2003)*

#### **Independent Non-executive Directors**

Ms. Cheung Lai Kai, Edwina

Ms. Chan Choi Ling

In accordance with Article 87(1) of the Articles of Association of the Company, the Non-executive Directors as with the Executive Directors (except the Chairman) are subject to retirement by rotation at the annual general meeting, Mr. Chan Kee Chee, Keith will retire by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election. All other remaining Directors continue in office.

## Report of the Directors

(Continued)

Independent Non-executive Directors are not appointed for a specified term, but are subject to the provision for retirement and rotation of directors under the Articles of Association of the Company.

### DIRECTOR'S SERVICE CONTRACTS

Mr. Chan Kee Chee, Keith, being an Executive Director, has entered into a service contract with the Group commencing on 3rd January 2000 with a term of 3 years. The service contract was expired on 2nd January 2003.

Save as disclosed, none of the Director has entered into any service agreements with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

### DIRECTORS' INTEREST IN SHARES AND OPTIONS

As at 31st December 2003, the interest or short positions of the Directors 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 ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rule 5.40 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

#### (I) Long position in shares

Name of Director	Capacity	Number of shares held	Percentage of shareholding
Mr. Chan Kee Chee, Keith	Beneficial owner	27,991,354	1.01

## Report of the Directors

(Continued)

### (II) Interests in underlying shares

- (i) Under a new share option scheme (“New Scheme”) adopted at the annual general meeting of the Company held on 30th April 2002, the Board may, at its discretion, grant options to any eligible participants which entitle them to subscribe for shares in aggregate not exceeding 30% of the shares in issue of the Company from time to time (including shares which have been or may be allotted and issued under other schemes). No share options were granted under the New Scheme during the year under review. Details of the New Scheme are set out in the circular of the Company dated 28th March 2002.
- (ii) Under the pre-IPO share option plan adopted by the Company on 6th November 2000 (the “Plan”), pre-IPO share options were granted to the grantees which entitle them to subscribe for shares in the Company which are exercisable in stages in accordance with the terms of the Plan commencing on 7th June 2001. Details of the Plan are set out in the prospectus of the Company dated 30th November 2000.

Details of the pre-IPO share options granted under the Plan to the Director are as follows:

Name of Director	Date of grant	No. of options outstanding as at	No. of options outstanding as at	Exercise price HK\$	Exercise period
		1st January 2003	31st December 2003		
Mr. Chan Kee Chee, Keith	29th November 2000	44,152,000	44,152,000	0.21	7th June 2001 to 28th November 2010

The pre-IPO share options are exercisable in the following stages during the period commencing from 7th June 2001 and expiring on 28th November 2010:

	<b>Percentage of the pre-IPO share options that can be exercised</b>
from 7th June 2001 to 6th December 2001	25%
from 7th December 2001 to 6th December 2002	50%
from 7th December 2002 to 28th November 2010	all the remaining outstanding options

All of these options have duration of ten years from the date of grant, but shall lapse one month after the grantee ceases to be employed by the Company, RNA Holdings Limited (“RNA”) or their respective subsidiaries.

## Report of the Directors

(Continued)

Except for the above, at no time during the year was the Company or any of its subsidiaries or any of its holding company a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### DIRECTORS' INTEREST IN CONTRACTS

No contract of significance in relation to the Company's business to which the Company, its subsidiaries or its holding company was a party and in which the Directors have material interest, whether directly or indirectly subsisted at the end of the year or at any time during the year.

### 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 which competes or may compete with the business of the Group.

### SUBSTANTIAL SHAREHOLDERS

As at 31st December 2003, the persons or corporations (not being Directors or chief executive of the Company) who have interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO are as follows:

Name of shareholder	Capacity	Number of shares held	Percentage of shareholding
Golden Rabbit Enterprises Limited	Beneficial owner	1,391,435,322 (Note 1)	50.07
RNA	Interest of a controlled corporation	1,391,435,322 (Note 2)	50.07
Most Choice Limited	Beneficial owner	183,200,000	6.59

Notes:

1. Golden Rabbit Enterprises Limited ("Golden Rabbit"), a company incorporated in the British Virgin Islands with limited liability, is the immediate holding company of the Company and a wholly-owned subsidiary of RNA.
2. By virtue of the SFO, RNA, through its interest in Golden Rabbit, is deemed to be interested in the Company.

Except for the above, as at 31st December 2003, the Directors are not aware of any other person or corporation having an interest or short position in the shares and underlying shares of the Company representing 5% or more of the issued share capital of the Company.

## Report of the Directors

(Continued)

### CONNECTED TRANSACTIONS

For the year ended 31st December 2003, the Group has the following connected transactions:

#### Exempt Continuing Connected Transactions

1. Pursuant to a sub-tenancy agreement entered into between The Gold On-Line Trading Limited ("GOL"), a wholly-owned subsidiary of the Company, as sub-tenant and Hing Fung Golden Rand Limited ("Golden Rand"), a wholly-owned subsidiary of RNA, as principal tenant on 2nd January 2003 for the leasing of portion of 4/F of Cheung Fat Building, 7-9 Hill Road, Western District, Hong Kong ("Cheung Fat Building"), the Group made payment of HK\$12,060 by way of reimbursement of the annual maintenance fee and line rental payable by Golden Rand for the year ended 31st December 2003.
2. Pursuant to the tenancy agreements entered into between GOL and RNA Investments Limited ("RNA Investments"), a wholly-owned subsidiary of RNA, in Year 2002 and Year 2003 for the leasing of portion of 14/F of Cheung Fat Building, the Group made rental payment of HK\$552,000 to RNA Investments for the year ended 31st December 2003.
3. Pursuant to the agreement entered into between Giant Dragon Limited ("Giant Dragon"), a wholly-owned subsidiary of RNA, and GOL on 1st May 2003 for the provision of technical support to the "TRASYS" system, the real-time proprietary electronic precious metals trading system, the precious metal information website, to the Group, the Group made payment of HK\$160,000 to Giant Dragon for the year ended 31st December 2003.
4. Hing Fung Goldsmith And Refinery Limited ("HFGR"), a wholly-owned subsidiary of RNA, acts as agent on behalf of GOL for the sales and purchases of gold bullion and HFGR receive no income from such transactions. During the year under review, sales proceeds in the amount of HK\$585,562 for disposal of gold bullion were received from HFGR.

## Report of the Directors

(Continued)

### Non-exempt Continuing Connected Transactions (“Transaction”)

As HFGR is one of our principals, the total amount of transaction fees charged to HFGR for the year ended 31st December 2003 amounted to HK\$3,709,875, which is equivalent to the sum of transaction fees for trading 6,253,000 ounces of gold, 65,170,000 ounces of silver and 500 ounces of platinum for the year ended 31st December 2003.

Save as disclosed therein, there were no other transaction which need to be disclosed as connected transactions in accordance with the requirements of the GEM Listing Rules.

The Independent Non-executive Directors have reviewed the Transaction and in their opinion, was entered into by the Group:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms; and
- (iii) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Stock Exchange had granted a conditional waiver dated 6th December 2000 to the Company from strict compliance with the connected transactions requirements as set out in Rules 20.35 and 20.36 of the GEM Listing Rules in connection with, inter alia, the Transaction. The waiver was expired on 31st December 2002. Following the expiry of the waiver, the Transaction is subject to full disclosure and the approval of the independent shareholders’ approval as required under Rules 20.34 to 20.36 of the GEM Listing Rules. In view of the cost and impracticality of seeking independent shareholders’ approval or making public disclosure every time the Transaction arise, the Company would seek approval from independent shareholders’ approval in respect of the Transaction. During the year under review, the Company has applied to the Stock Exchange for granting of another waiver from strict compliance with the connected transactions requirements as set out in Rules 20.35 and 20.36 of the GEM Listing Rules in connection with the Transaction and this has yet to be issued by the Stock Exchange. The Company will use its best effort to publish the press announcement and dispatch the circular containing, among other things, details of the Transaction, the recommendation from the independent board committee of the Company and the advice of the independent financial adviser to the shareholders of the Company and to convene an extraordinary general meeting for approval of the Transaction as soon as practicable. During the year under review, the Company has breached Rules 20.35 and 20.36 of the GEM Listing Rules in respect of the announcement requirements and shareholders’ approval requirements in respect of the Transaction.

---

## Report of the Directors

---

*(Continued)*

### AUDIT COMMITTEE

The Company established an audit committee (the “Committee”) on 19th October 2000 with written terms of reference in compliance with Rules 5.23 and 5.24 of the GEM Listing Rules. The primary duties of the Committee are to review and supervise the financial reporting process and internal control systems of the Group. The Committee comprises two members, Ms. Cheung Lai Kai, Edwina and Ms. Chan Choi Ling who are Independent Non-executive Directors of the Company.

During the year, the Committee has held four meetings to review the financial statements, interim report and quarterly reports of the Company.

### COMPLIANCE WITH RULES 5.28 TO 5.39 OF THE GEM LISTING RULES

The Company has complied with the board practices and procedures as set out in Rules 5.28 to 5.39 of the GEM Listing Rules during the year.

### AUDITORS

PricewaterhouseCoopers resigned as auditors of the Company with effect from 25th May 2001 and Moore Stephens were appointed as auditors of the Company to fill the casual vacancy with effect from 20th July 2001.

The financial statements have been audited by Moore Stephens who shall retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment.

On behalf of the Board  
**Chan Kee Chee, Keith**  
*Director*

Hong Kong, 19th March 2004



---

## Report of the Auditors

---

### **AUDITORS' REPORT TO THE SHAREHOLDERS OF TRASY GOLD EX LIMITED**

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

We have audited the financial statements on pages 25 to 46 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

The Company's directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### **BASIS OF OPINION**

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

### **OPINION**

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31st December 2003 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

**Moore Stephens**

*Certified Public Accountants*

Hong Kong  
19th March 2004

## Consolidated Profit and Loss Account

*For the year ended 31st December 2003*

	<i>Note</i>	<b>2003</b> <i>HK\$</i>	<b>2002</b> <i>HK\$</i>
<b>TURNOVER</b>	4	3,731,696	4,330,365
Unrealised gain on gold bullion – net	4	11,186,956	10,602,929
Other revenue	4	679,219	320,817
Staff costs		(2,272,538)	(8,238,028)
Depreciation		(515,378)	(829,137)
Marketing and promotion expenses		(124,160)	(1,377,530)
Other administrative and operating expenses		(3,219,220)	(4,257,207)
Impairment loss on other assets	15	–	(930,000)
<b>PROFIT/(LOSS) FROM OPERATING ACTIVITIES</b>	6	<b>9,466,575</b>	<b>(377,791)</b>
Finance costs		–	(5,074)
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		<b>9,466,575</b>	<b>(382,865)</b>
Taxation	9	–	–
<b>PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS</b>	10	<b>9,466,575</b>	<b>(382,865)</b>
		<i>HK cent</i>	<i>HK cent</i>
<b>EARNINGS/(LOSS) PER SHARE</b>	12		
Basic		<b>0.341</b>	<b>(0.015)</b>
Diluted		<b>N/A</b>	<b>N/A</b>

## Consolidated Balance Sheet

31st December 2003

	<i>Note</i>	2003 <i>HK\$</i>	2002 <i>HK\$</i>
<b>NON-CURRENT ASSETS</b>			
Fixed assets	13	250,469	804,522
Other assets	15	250,000	250,000
		500,469	1,054,522
<b>CURRENT ASSETS</b>			
Amount due from ultimate holding company	17	–	1,526,611
Accounts receivable, prepayments and deposits	18	1,020,008	106,028
Gold bullion	3 (f)	63,971,710	53,372,510
Cash and bank balances		13,973	66,845
		65,005,691	55,071,994
<b>CURRENT LIABILITIES</b>			
Amount due to ultimate holding company	17	762,398	–
Other payables and accrued expenses		2,742,396	3,591,725
		3,504,794	3,591,725
<b>NET CURRENT ASSETS</b>		61,500,897	51,480,269
		62,001,366	52,534,791
<b>CAPITAL AND RESERVES</b>			
Share capital	19	27,790,000	27,790,000
Reserves	20	34,211,366	24,744,791
		62,001,366	52,534,791
		62,001,366	52,534,791

Chan Kee Chee, Keith  
*Director*

Chan Choi Ling  
*Director*

## Consolidated Statement of Changes in Equity

*For the year ended 31st December 2003*

	Share capital <i>HK\$</i>	Share premium <i>HK\$</i>	Merger reserve <i>HK\$</i>	Accumulated losses <i>HK\$</i>	Total <i>HK\$</i>
31st December 2001	23,800,000	42,457,918	4,999,986	(27,501,648)	43,756,256
Issue of share capital	3,990,000	–	–	–	3,990,000
Premium on issue of shares	–	5,187,000	–	–	5,187,000
Share issue expenses	–	(15,600)	–	–	(15,600)
Loss for the year	–	–	–	(382,865)	(382,865)
31st December 2002	27,790,000	47,629,318	4,999,986	(27,884,513)	52,534,791
Profit for the year	–	–	–	9,466,575	9,466,575
<b>31st December 2003</b>	<b><u>27,790,000</u></b>	<b><u>47,629,318</u></b>	<b><u>4,999,986</u></b>	<b><u>(18,417,938)</u></b>	<b><u>62,001,366</u></b>

The merger reserve represents the difference between the net worth of the subsidiaries acquired over the value of the consideration shares in exchange pursuant to the Group reorganisation completed on 31st March 2000.

## Consolidated Cash Flow Statement

*For the year ended 31st December 2003*

	2003 HK\$	2002 HK\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(loss) before taxation	9,466,575	(382,865)
Adjustments for:		
Depreciation	515,378	829,137
Impairment loss on other assets	–	930,000
Interest income	(4)	(753)
Loss on disposal of fixed assets	38,675	–
Provision for bad and doubtful debts	6,552	60,000
Unrealised gain on gold bullion – net	(11,186,956)	(10,602,929)
Realised loss/(gain) on disposal of gold bullion – net	2,194	(189,101)
	<hr/>	<hr/>
Operating loss before working capital changes	(1,157,586)	(9,356,511)
Increase/(decrease) in amount due from/to ultimate holding company	2,289,009	(2,773,011)
(Increase)/decrease in accounts receivable, prepayments and deposits	(920,532)	999,511
Decrease in other payables and accrued expenses	(849,329)	(1,444,336)
	<hr/>	<hr/>
Cash used in operations	(638,438)	(12,574,347)
Interest received	4	753
Hong Kong profits tax refunded	–	1,600
	<hr/>	<hr/>
Net cash used in operating activities	(638,434)	(12,571,994)
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	–	(32,340)
Purchase of gold bullion	–	(5,642,853)
Proceeds from disposal of gold bullion	585,562	9,030,544
	<hr/>	<hr/>
Net cash from investing activities	585,562	3,355,351
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issue of ordinary shares	–	9,177,000
Share issue expenses	–	(15,600)
	<hr/>	<hr/>
Net cash from financing activities	–	9,161,400
	<hr/>	<hr/>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(52,872)</b>	<b>(55,243)</b>
<b>CASH AND CASH EQUIVALENTS AT 1ST JANUARY</b>	<b>66,845</b>	<b>122,088</b>
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT 31ST DECEMBER</b>	<b>13,973</b>	<b>66,845</b>
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
<b>ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	13,973	66,845
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

## Company Balance Sheet

31st December 2003

	<i>Note</i>	2003 <i>HK\$</i>	2002 <i>HK\$</i>
<b>NON-CURRENT ASSETS</b>			
Interests in subsidiaries	14	<u>62,740,974</u>	<u>73,127,421</u>
<b>CURRENT ASSETS</b>			
Amount due from ultimate holding company	17	–	1,526,611
Prepayments		22,620	18,960
Cash and bank balances		169	439
		<u>22,789</u>	<u>1,546,010</u>
<b>CURRENT LIABILITIES</b>			
Amount due to ultimate holding company	17	<u>762,398</u>	–
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<u>(739,609)</u>	<u>1,546,010</u>
		<u><b>62,001,365</b></u>	<u><b>74,673,431</b></u>
<b>CAPITAL AND RESERVES</b>			
Share capital	19	27,790,000	27,790,000
Reserves	20	34,211,365	46,883,431
		<u><b>62,001,365</b></u>	<u><b>74,673,431</b></u>

**Chan Kee Chee, Keith**  
*Director*

**Chan Choi Ling**  
*Director*

## Notes to the Financial Statements

### 1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 23rd March 2000 as an exempted company with limited liability under the Companies Law (Revised) of the Cayman Islands. The shares of the Company have been listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited since 7th December 2000.

During the year, the Group was principally engaged in the provision and operation of an Internet-based electronic trading system to facilitate the trading of precious metals.

### 2. ADOPTION OF STATEMENT OF STANDARD ACCOUNTING PRACTICE

During the current year, the Group has adopted SSAP12 (Revised) "Income Taxes" issued by the Hong Kong Society of Accountants which is effective for accounting periods commencing on or after 1st January 2003. The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. In prior years, deferred tax was provided using the income statement liability method on all significant differences to the extent it was probable that the liability would crystallise in the foreseeable future. A deferred tax asset was not recognised until its realisation was assured beyond reasonable doubt. SSAP 12 (Revised) requires the adoption of the balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, with limited exceptions. In the absence of any specific transitional requirements in SSAP 12 (Revised), the new accounting policy has been applied retrospectively. The adoption of SSAP 12 (Revised) has had no material effect on the results for the current or prior periods.

### 3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and in accordance with all applicable Hong Kong Financial Reporting Standards (which include all applicable Statements of Standard Accounting Practice ("SSAPs") and Interpretations) issued by the Hong Kong Society of Accountants, accounting principles generally accepted in Hong Kong and the requirements of the Companies Ordinance. The principal accounting policies are set out below. The accounting policies and methods of computation used in the preparation of the financial statements for the year ended 31st December 2003 are consistent with those adopted in the financial statements for the year ended 31st December 2002 except for the change in accounting policies, if any, as explained below.

#### (a) Consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31st December. The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from their effective date of acquisition to 31st December, or up to the effective date of disposal, as appropriate.

All significant inter-company transactions and balances within the Group are eliminated on consolidation.

## Notes to the Financial Statements

(Continued)

### 3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (Continued)

#### (b) Subsidiaries

A company is a subsidiary if more than 50 per cent of the issued voting capital is held for the long term or the composition of the board of directors is controlled. In the Company's balance sheet the interest in subsidiaries are stated at cost less any impairment losses. The results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

#### (c) Fixed assets

Fixed assets are stated at cost, less provisions for depreciation and any impairment loss. Details are set out in note 13. The cost of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the fixed asset has been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the profit and loss account in the year in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the fixed asset, the expenditure is capitalised as an additional cost of the fixed asset. When an asset is sold, any gain or loss resulting from the disposal, being the difference between the net disposal proceeds and the carrying amount of the asset, is included in the profit and loss account.

The carrying amounts of fixed assets are reviewed regularly to assess whether their recoverable amounts have declined below their carrying amounts. Expected future cash flows have not been discounted in determining the recoverable amount.

The gain or loss on disposal of a fixed asset is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the profit and loss account.

Depreciation is provided on the straight-line method, based on the estimated economic useful life of the individual assets.

The principal annual rates used for this purpose are as follows:

Leasehold improvements	over individual lease terms
Furniture, fixtures and equipment	15%
Computer equipment	30%



## Notes to the Financial Statements

*(Continued)*

### 3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *(Continued)*

#### **(d) Impairment of assets**

An assessment is made at each balance sheet date of whether there is any indication of impairment of any asset, or whether there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's value in use or its net selling price.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the profit and loss account in the period in which it arises, unless the asset is carried at a revalued amount, when the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years.

A reversal of an impairment loss is credited to the profit and loss account in the period in which it arises, unless the asset is carried at a revalued amount, when the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

#### **(e) Accounts receivable**

Provision is made against accounts receivable to the extent that they are considered to be doubtful. Accounts receivable in the balance sheet are stated net of such provision.

#### **(f) Gold bullion**

Gold bullion is stated at the gold price prevailing at the close of business at the balance sheet date. Differences arising from changes in gold prices are dealt with in the profit and loss account.

## Notes to the Financial Statements

(Continued)

### 3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (Continued)

#### (g) Revenue

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (i) transaction fees derived from the provision of an Internet-based electronic trading system are recognised when a transaction is duly executed on the trade date;
- (ii) commission from transaction handling services is recognised when the services are rendered; and
- (iii) interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

#### (h) Retirement benefit costs

The Group contributes to a mandatory provident fund scheme which is available to all employees. Contributions to the scheme represent amounts payable at rates specified in the terms of the scheme. The Group's contributions to this scheme are expensed as incurred and may be reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions.

#### (i) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Rentals applicable to such operating leases are charged to the profit and loss account on a straight line basis over the lease term.

#### (j) Taxation

Taxation represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible.

## Notes to the Financial Statements

(Continued)

### 3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (Continued)

#### (j) Taxation (Continued)

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

#### (k) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the applicable rates of exchange ruling at that date. All foreign currency transactions during the year are converted at the exchange rates existing on the respective transaction dates. All exchange differences are credited or charged, respectively, to the consolidated profit and loss account.

The exchange differences arising from the translation of the balance sheets of foreign subsidiaries using the closing rates of exchange prevailing on the balance sheet date are taken directly to reserve. Profit and loss accounts of foreign subsidiaries accounted for under the net investment method is translated into Hong Kong dollars using average rate for the year. The differences between the profit and loss account translated at average rate and at closing rate are taken directly to the reserve.

## Notes to the Financial Statements

(Continued)

### 3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (Continued)

#### (l) Related parties

Two parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

#### (m) Cash equivalents

For the purpose of the consolidated cash flow statement, cash equivalents represent cash at bank and in hand, demand deposits with banks and other financial institutions, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value having been within three months of maturity when acquired.

### 4. REVENUE AND TURNOVER

The Group's turnover is derived from transactions fees earned from the provision and operation of an Internet-based electronic trading system that facilitates the trading of precious metals. An analysis of turnover and revenue is as follows:

	2003 HK\$	2002 HK\$
Turnover		
Transaction fees	<u>3,731,696</u>	<u>4,330,365</u>
Unrealised gain on gold bullion – net	<u>11,186,956</u>	<u>10,602,929</u>
Other revenue		
Interest income	4	753
Miscellaneous income	<u>679,215</u>	<u>320,064</u>
	<u>679,219</u>	<u>320,817</u>
Total revenue recognised during the year	<u><u>15,597,871</u></u>	<u><u>15,254,111</u></u>

### 5. SEGMENTAL INFORMATION

No analysis of the Group's turnover and its contribution to profit/(loss) before taxation by principal activities for the years ended 31st December 2003 and 2002 are presented as more than 90% of the Group's turnover and profit/(loss) before taxation relate to the provision and operation of an Internet-based electronic trading system to facilitate the trading of precious metals in Hong Kong.

## Notes to the Financial Statements

(Continued)

### 6. PROFIT/(LOSS) FROM OPERATING ACTIVITIES

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

	2003 HK\$	2002 HK\$
Auditors' remuneration		
– current year provision	518,268	580,000
– over provision in respect of prior year	(179,110)	(108,676)
Operating leases relating to land and buildings	552,000	1,080,460
Provision for bad and doubtful debts	6,552	60,000
Loss on disposal of fixed assets	<u>38,675</u>	<u>–</u>

### 7. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

#### (a) Directors' emoluments

	2003 HK\$	2002 HK\$
Fees	240,000	–
Basic salaries and allowances	788,461	3,483,333
Contributions to mandatory provident fund	<u>7,000</u>	<u>148,300</u>
	<u>1,035,461</u>	<u>3,631,633</u>

All of the above were paid to the two (2002: two) executive directors during the year. The non-executive directors did not receive any fees or other emoluments during the years ended 31st December 2003 and 2002.

On 6th December 2000, 106,367,145 ordinary shares of HK\$0.01 each in the Company were issued to certain then executive directors at par for cash of approximately HK\$1,064,000 under a bonus share scheme. In addition, 178,448,000 options were granted to the then executive directors under a pre-IPO share option plan (the "Plan") which was adopted on 6th November 2000. Each of the options entitles the holder to subscribe for one share in the Company at HK\$0.21 each. A total of 44,152,000 share options granted to an executive director was outstanding as at 31st December 2003. These options are exercisable in stages in accordance with the terms of the Plan commencing on 7th June 2001. Details of the Plan are set out on pages 197 to 202 of the Prospectus.

## Notes to the Financial Statements

(Continued)

### 7. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

#### (a) Directors' emoluments (Continued)

Emoluments of the directors fell within the following bands:

	Group	
	2003	2002
HK\$ Nil – HK\$1,000,000	2	5
HK\$1,000,001 – HK\$2,000,000	–	2
	2	7
	2	7

During the year ended 31st December 2003, an executive director (Director A) received and/or was to receive emoluments of approximately HK\$923,000 (2002: HK\$1,951,000) and the other executive director (Director B) received and/or was to receive emoluments of approximately HK\$113,000 (2002: HK\$1,680,000).

In 2003, Director B waived his 2003 emoluments of HK\$1,016,000 and retroactively waived his 2002 emoluments by HK\$132,000.

There were no arrangements under which the directors waived or agreed to waive any emoluments during the year ended 31st December 2002.

#### (b) Senior management's emoluments

The five highest paid individuals include two executive directors whose emoluments are detailed above. The emoluments of the remaining highest paid individuals are analysed below:

	2003	2002
	HK\$	HK\$
Basic salaries and allowances	697,635	1,459,396
Contributions to mandatory provident fund	20,750	61,357
	718,385	1,520,753
	718,385	1,520,753

No share options were granted to the five highest paid individuals during the current year.

Emoluments of the non-director highest paid employees fell within the following bands:

	Number of individuals	
	2003	2002
HK\$Nil – HK\$1,000,000	3	3
	3	3

## Notes to the Financial Statements

(Continued)

### 8. RETIREMENT BENEFIT COSTS

The retirement benefit costs charged to the profit and loss account represent contributions by the Group of HK\$10,619 (2002: HK\$145,228) to an approved defined contribution retirement benefits scheme for employees: a Mandatory Provident Fund Scheme under the Mandatory Provident Fund Schemes Ordinance. The amount is net of forfeited contributions of HK\$679,165 (2002: HK\$201,408) relating to unvested benefits for employers who resigned from the Group during the year. The employer and employees contribute 5% of the employees' monthly gross earnings with a ceiling of HK\$1,000 per month in current year.

In previous years, the employer contributed additional voluntary contributions equal to 5% of the monthly basis salary for employees whose basic salary was higher than HK\$20,000. Employees could choose to contribute on top of the mandatory contribution a specified percentage of their basic salary or a fixed sum as employee voluntary contributions. The employer's mandatory contributions are fully and immediately vested to the employees. When an employee leaves the scheme, the accrued benefits from the employer's voluntary contributions will be withdrawn in accordance with the vesting scale as laid down in the scheme. If the employer's voluntary contributions are not fully vested to the employees, such forfeited contributions may be used by the employer to reduce its level of contributions.

Contributions totalling HK\$3,617 (2002: HK\$36,776) were payable to the scheme at the year end and are included in other payables.

### 9. TAXATION

No provision for Hong Kong profits tax has been made as the Company and its subsidiaries incurred tax losses for the year.

A reconciliation of tax expense to profit/(loss) before taxation is as follows:-

	2003 HK\$	2002 HK\$
Profit/(loss) before taxation	<u>9,466,575</u>	<u>(382,865)</u>
Tax at statutory rate of 17.5% (2002: 16%)	1,657,000	(61,000)
Tax effect of expenses that are not deductible in determining taxable profits	102,000	319,000
Tax effect of utilisation of tax losses not previously recognised	<u>(1,759,000)</u>	<u>(258,000)</u>
	<u>—</u>	<u>—</u>

---

## Notes to the Financial Statements

---

*(Continued)*

### 10. PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS

The net loss attributable to shareholders dealt with in the financial statements of the Company amounted to HK\$12,672,066 (2002: HK\$255,481).

### 11. DIVIDEND

No dividend has been declared or paid by the Company in respect of the current year (2002: Nil).

### 12. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the net profit attributable to shareholders of HK\$9,466,575 (2002: net loss attributable to shareholders of HK\$382,865) and the weighted average of 2,779,000,000 (2002: 2,561,463,014) ordinary shares in issue during the year.

No diluted earnings/(loss) per share is shown for the year ended 31st December 2003 and 2002 because the exercise price of the share options under the Pre-IPO Share Option Plan (the "Pre-IPO Plan") is higher than the average market value during the year. No potential ordinary share under the Pre-IPO Plan is deemed to be issued for nil consideration; hence, no diluted earnings per share for the two years ended 31st December 2003 and 2002 were provided.



## Notes to the Financial Statements

(Continued)

### 13. FIXED ASSETS

Group	Leasehold improvements <i>HK\$</i>	Furniture, fixtures and equipment <i>HK\$</i>	Computer equipment <i>HK\$</i>	Total <i>HK\$</i>
<b>Cost</b>				
1st January 2003	472,423	159,958	1,618,202	2,250,583
Disposals	—	—	(198,474)	(198,474)
	472,423	159,958	1,419,728	2,052,109
	472,423	159,958	1,419,728	2,052,109
<b>Accumulated depreciation</b>				
1st January 2003	404,295	68,258	973,508	1,446,061
Charge for the year	68,128	23,904	423,346	515,378
On disposals	—	—	(159,799)	(159,799)
	472,423	92,162	1,237,055	1,801,640
	472,423	92,162	1,237,055	1,801,640
<b>Net book value</b>				
31st December 2003	—	67,796	182,673	250,469
31st December 2002	68,128	91,700	644,694	804,522

### 14. INTERESTS IN SUBSIDIARIES

	Company	
	2003 <i>HK\$</i>	2002 <i>HK\$</i>
Unlisted shares, at cost	8	8
Amounts due from subsidiaries	75,228,218	73,127,413
Less: provision for doubtful debts	(12,487,252)	—
	62,740,974	73,127,421

The amounts due from subsidiaries are unsecured, interest-free and they are not repayable within the next 12 months.

## Notes to the Financial Statements

(Continued)

### 14. INTERESTS IN SUBSIDIARIES (Continued)

The following is a list of the subsidiaries of the Company as at 31st December 2003:

Company	Place of incorporation	Issued and fully paid up capital	Principal activities
* Durable Gold Investments Limited	British Virgin Islands	Ordinary US\$1	Investment holding
The Gold On-Line Trading Limited	Hong Kong	Ordinary HK\$2	Operation of an Internet – based electronic trading system
G9999.Com Limited	Hong Kong	Ordinary HK\$2	Internet content provider
Wing Shing Loong Goldsmith & Refinery Co. Limited	Hong Kong	Ordinary HK\$9,000,000	Gold bullion licence holding
Trasy Technology Limited	British Virgin Islands	Ordinary US\$1	Dormant
Trasy Holdings Limited	Hong Kong	Ordinary HK\$2	Dormant
United Goldnet Limited	Hong Kong	Ordinary HK\$2	Dormant

\* A wholly-owned subsidiary held directly by the Company

All subsidiaries are 100% held through Durable Gold Investments Limited.

All subsidiaries operate in Hong Kong.

## Notes to the Financial Statements

(Continued)

### 15. OTHER ASSETS

	Group	
	2003 HK\$	2002 HK\$
Membership licences, at cost	1,180,000	1,180,000
Less: Impairment loss	(930,000)	(930,000)
	<u>250,000</u>	<u>250,000</u>

The membership licences represent the costs of acquiring a Bullion Group Membership and an Ordinary Membership in The Chinese Gold and Silver Exchange Society.

### 16. DEFERRED TAX ASSETS AND LIABILITIES

The components of deferred tax (assets)/liabilities recognised in the consolidated balance sheet and the movements during the year are as follows:-

	Fixed assets HK\$	Gold bullion HK\$	Tax losses HK\$	Total HK\$
1st January 2002	–	341,000	(341,000)	–
Charge/(credit) to profit and loss account	(32,000)	1,695,000	(1,663,000)	–
31st December 2002	(32,000)	2,036,000	(2,004,000)	–
Effect of change in tax rate	–	191,000	(191,000)	–
Charge/(credit) to profit and loss account	20,000	1,955,000	(1,975,000)	–
31st December 2003	<u>(12,000)</u>	<u>4,182,000</u>	<u>(4,170,000)</u>	<u>–</u>

As at 31st December 2003, deferred tax asset of HK\$1,451,000 (2002: HK\$2,935,000) in respect of unabsorbed tax losses has not been recognised in the financial statements due to the unpredictability of future profit streams.

### 17. AMOUNT DUE FROM/TO ULTIMATE HOLDING COMPANY

The amount due from/to ultimate holding company is unsecured, interest-free and there are no fixed terms for repayment.

## Notes to the Financial Statements

(Continued)

### 18. ACCOUNTS RECEIVABLE, PREPAYMENTS AND DEPOSITS

Accounts receivable, prepayments and deposits comprise:

	2003 HK\$	2002 HK\$
Accounts receivable	2,028	41,142
Prepayments and deposits	1,017,980	64,886
	<u>1,020,008</u>	<u>106,028</u>

An ageing analysis of accounts receivable is set out below:

	2003 HK\$	2002 HK\$
0 – 30 days	624	11,045
31 – 60 days	741	5,000
61 – 90 days	663	429
Over 90 days	–	24,668
	<u>2,028</u>	<u>41,142</u>

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

### 19. SHARE CAPITAL

	2003 HK\$	2002 HK\$
<i>Authorised:</i>		
180,000,000,000 ordinary shares of HK\$0.01 each	<u>1,800,000,000</u>	<u>1,800,000,000</u>
<i>Issued and fully paid:</i>		
2,779,000,000 ordinary shares	<u>27,790,000</u>	<u>27,790,000</u>

## Notes to the Financial Statements

(Continued)

### 19. SHARE CAPITAL (Continued)

- (i) The Company adopted a new share option scheme (“New Scheme”) at the annual general meeting of the Company held on 30th April 2002. Under the New Scheme, the board may, at its discretion, grant options to any eligible participants which enable them to subscribe for shares in aggregate not exceeding 30% of the shares in issue of the Company from time to time (including shares which have been allotted and issued pursuant to any other share option scheme). No share options were granted by the Company under the New Scheme during the year. Details of the New Scheme are set out in the circular of the Company dated 28th March 2002.
- (ii) Under the pre-IPO share option plan (the “Plan”) of the Company adopted on 6th November 2000, the board of directors could, at its discretion, grant options to any full-time employees or executives of the Company and RNA and their respective subsidiaries on or before 29th November 2000 which would entitle them to subscribe for shares representing up to a maximum of 10% of the shares of the Company in issue on the Listing Date. On 29th November 2000, 234,872,000 share options were granted under the Plan and 63,226,000 share options are still valid at 31st December 2003. These options are exercisable in stages in accordance with the terms of the Plan commencing on 7th June 2001. Details of the share options granted under the Plan are as follows:

Grantees	Exercise price HK\$	Balance at 1.1.2003	Exercised during the year	Lapsed during the year	Balance at 31.12.2003
Directors of the Company	0.21	88,304,000	–	(44,152,000)	44,152,000
Employees of the Group	0.21	5,776,000	–	(5,776,000)	–
Sub-total		<u>94,080,000</u>	<u>–</u>	<u>(49,928,000)</u>	<u>44,152,000</u>
Employees of the RNA Group	0.21	24,718,000	–	(5,644,000)	19,074,000
Total		<u>118,798,000</u>	<u>–</u>	<u>(55,572,000)</u>	<u>63,226,000</u>

All of the above options have a duration of ten years from the date of grant, but lapse one month after the grantee ceases to be employed on a full-time basis by the Group or by the RNA Group. Details of the Plan are set out in pages 197 to 202 of the Prospectus.

## Notes to the Financial Statements

(Continued)

### 20. RESERVES

#### Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 27 of the financial statements.

Company	Share premium HK\$	Accumulated losses HK\$	Total HK\$
31st December 2001	42,457,918	(490,406)	41,967,512
Premium on issue of shares	5,187,000	–	5,187,000
Share issue expenses	(15,600)	–	(15,600)
Loss for the year	–	(255,481)	(255,481)
31st December 2002	47,629,318	(745,887)	46,883,431
Loss for the year	–	(12,672,066)	(12,672,066)
<b>31st December 2003</b>	<b><u>47,629,318</u></b>	<b><u>(13,417,953)</u></b>	<b><u>34,211,365</u></b>

Pursuant to Section 34 of the Companies Law (Revised) of the Cayman Islands and the Articles of Association of the Company, share premium is available for distribution to shareholders subject to a solvency test on the Company and the provisions of the Articles of Association of the Company. As at 31st December 2003, in the opinion of the directors, the Company's reserves available for distribution to shareholders, comprising share premium account and accumulated losses, amounted to HK\$34,211,365 (2002: HK\$46,883,431).

### 21. COMMITMENTS UNDER OPERATING LEASES

At 31st December 2003, the Group had minimum outstanding commitments under non-cancellable operating leases in respect of office facilities which fall due as follows:

	Group	
	2003 HK\$	2002 HK\$
Within one year	432,000	228,000
In the second to fifth years, exclusive	540,000	–
	<b><u>972,000</u></b>	<b><u>228,000</u></b>

## Notes to the Financial Statements

(Continued)

### 22. RELATED PARTY TRANSACTIONS

Transactions with related parties during the year not disclosed elsewhere in the financial statements are as follows:

- (a) Transaction fees of HK\$3,709,875 (2002: HK\$4,130,100) were earned from Hing Fung Goldsmith And Refinery Limited (“HFG&R”);
- (b) Sales proceeds in the amount of HK\$585,562 (2002: HK\$14,112,608) for disposal of gold bullion were received from HFG&R, and purchase consideration in the amount of HK\$Nil (2002: HK\$5,905,417) for acquisition of gold bullion were paid to HFG&R;
- (c) Pursuant to tenancy agreements entered into between the Group and RNA Investments Limited (“RNA Investments”), a fellow subsidiary, in Years 2002 and 2003, the Group made rental payments of HK\$552,000 (2002: HK\$1,040,000) to RNA Investments;
- (d) Sponsor fees of HK\$100,000 (2002: HK\$100,000) were paid to RNA Holdings Limited, the ultimate holding company for sponsorship of trade exhibitions; and
- (e) Provision of technical support of HK\$160,000 (2002: Nil) were paid to Giant Dragon Limited, a fellow subsidiary, for maintaining the website to trading system.

All of the above transactions were entered into between the parties under normal commercial terms.

### 23. CONTINGENT LIABILITIES

The Company has given an undertaking to provide continuing financial support to enable certain subsidiaries to meet their liabilities and obligations as and when they fall due for at least the next 12 months from the balance sheet date.

### 24. ULTIMATE HOLDING COMPANY

The directors consider the Company’s holding company to be RNA Holdings Limited, which is incorporated in Bermuda and the shares of which are listed on the Main Board of the Stock Exchange of Hong Kong Limited.

### 25. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 19th March 2004.