



**THE STOCK EXCHANGE OF HONG KONG LIMITED**

(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

24 January 2006

**The GEM Listing Committee of The Stock Exchange of Hong Kong Limited (the “GEM Listing Committee”) censures the following parties for breaching the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”):**

- 1. Trasy Gold Ex Limited (the “Company” and, together with its subsidiaries, the “Group”);**
- 2. Mr Chan Kee Chee, Keith, a former executive director of the Company resigned on 20 January 2006 (“Mr Chan”); and**
- 3. Mr Sit Chun Sze, a former executive director of the Company resigned on 21 November 2003 (“Mr Sit”).**

On 1 November 2005, the GEM Listing Committee conducted a hearing into the conduct of the Company, Mr Chan and Mr Sit in relation to the obligations under, among other things, the then Rules 20.26, 20.35 and 20.36 of the GEM Listing Rules and the Director’s and Supervisor’s Forms (Form A) signed by each of Mr Chan and Mr Sit, in the form set out in Appendix 6a of the GEM Listing Rules (the “Director’s Undertaking”).

**Facts**

Pursuant to the then Rules 20.26, 20.35 and 20.36 of the GEM Listing Rules, listed issuers proposing to enter into continuing connected transactions in which the total consideration or value was or represented more than \$1 million and 0.03 per cent of the net tangible assets of the listed issuer, should, among other things:

- (i) publish an announcement to provide information of the transactions;
- (ii) within 21 days of the announcement, send a circular to its shareholders; and
- (iii) obtain shareholders’ prior approval.

At the material time from 2002 to May 2003, RNA Holdings Limited (“RNA” and the group of companies comprising RNA and its subsidiaries, the “RNA Group”), through Golden Rabbit Enterprises Limited, controlled approximately 50.07 per cent of the interest in the Company. RNA was hence the controlling shareholder of and a connected person to the Company.

Since March 2000, the RNA Group and its customers began to use the Company’s platform TRASY to conduct metal trading transactions (the “Metal Trading Transactions”). Transaction fees were charged by the Group on the RNA Group in respect of those Metal Trading Transactions. Pursuant to the GEM Listing Rules, the Metal Trading Transactions therefore constituted connected transactions of the Company.

Immediately prior to the Company’s listing and on 6 December 2000, the Company was granted a conditional waiver for strict compliance with the then Rules 20.35 and 20.36 in respect of, among other things, the Metal Trading Transactions (the “Waiver”). The Waiver covered the three financial years ended 31 December 2002 and expired on 31 December 2002. The Company applied for a renewal of the Waiver on 3 March 2003. The application for the renewal of the Waiver had been pending because certain information was not ready and a fresh waiver had never been granted for the Company’s continued Metal Trading Transactions for the year ended 31 December 2003 (the “2003 Metal Trading Transactions”).

Nonetheless, the Company continued with the 2003 Metal Trading Transactions. During the year ended 31 December 2003, the Group had charged the RNA Group transaction fees of approximately \$3.7 million in respect of the 2003 Metal Trading Transactions conducted which represented approximately 7.04 per cent of the Group’s net tangible assets at the material time. As such, the 2003 Metal Trading Transactions were subject to the requirements of the then Rules 20.26, 20.35 and 20.36. However, the Company did not comply with the said provisions.

### **Decision**

The GEM Listing Committee concluded that:

- (i) the Company breached the then Rules 20.26, 20.35 and 20.36 of the GEM Listing Rules; and
- (ii) Each of Mr Chan and Mr Sit breached the Director’s Undertaking by failing to use his best endeavours to procure the Company’s compliance with the then Rules 20.26, 20.35 and 20.36 of the GEM Listing Rules.

### **Sanction**

The GEM Listing Committee decided to impose a public censure on the Company, Mr Chan and Mr Sit for their respective breaches mentioned in (i) and (ii) above.

Richard Williams, Head of Listing commented: “The protection of minority shareholders when issuers are engaging in connected transactions is a matter of considerable concern to The Stock Exchange of Hong Kong Limited (the “Exchange”). In this case, by failing to comply with the announcement, reporting and shareholders’ approval requirements of the GEM Listing Rules, shareholders were deprived of their right to timely information and to a prior vote on the merits of the transactions before their execution.

The Executive Directors who are primarily responsible for managing the operations of a listed company have undertaken and are expected to use their best endeavours to procure the issuer’s compliance with the GEM Listing Rules and must take responsibility for failure to comply.

The facts of this matter show that the Executive Directors had full knowledge of the breach of the rules and allowed the breach to continue and persist without taking effective remedial action. This conduct is regarded by the Exchange as seriously prejudicial to the interest of the minority shareholders.”