



# Trasy Gold Ex Limited 卓施金網有限公司

(Incorporated in the Cayman Islands with limited liability)  
Stock Code: 8063

## Annual Report 2006

### Internet Precious Metals Trading Platform



**TRASY 2.0Bx**

Edr Edr Order Info

[GOLD] [SILVER] [PALLADIUM] [PLATINUM]

**GOLD**

SIZE	BID	ASK
1700	644.8	645.3
2300	644.75	645.35
3800	644.7	645.4
1700	644.65	645.5
2300	644.6	

BUY SELL **644.8** **645.3**

BEST QUOTE	LAST	BID SIZE	BID	ASK	ASK SIZE	HIGH	LOW
GOLD	644.8	1200	644.8	645.3	2300	645.35	644.7
SILVER	13.28	20000	13.27	13.3	25000	13.31	13.26
PALLADIUM	351	2200	347	352	2800	352	347
PLATINUM	1173	1000	1172	1177	1500	1175	1172

Trade Limit: 672,000.00    Available Pool: 12,278.00  
Credit Limit: 0.00    Margin Call: 0.00

Product	Total Lot (+/-)	Buy Price	Cash Balance	Realize P/L	Unrealize P/L	Total
Gold	1,000	644.300000	33,400.00	0,000.00	500.00	48,400.00
Ag			33,400.00	0,000.00	500.00	48,400.00

Working Order | Position Summary | Done Trade | Activity Log | Message

Logout    Account

## **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 (the “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.*

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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Francis J. Chang Chu Fai (*Chairman*)  
Leung Man Pok, John (*Managing Director*)  
Cheung Wing Chi, Winnie

### Independent Non-executive Directors

Chung Koon Yan  
Wong Kai Tat  
Yue Wai Keung

## COMPLIANCE OFFICER

Francis J. Chang Chu Fai

## COMPANY SECRETARY

Tse Kam Fai, *ACIS, ACS, MHKIoD*

## QUALIFIED ACCOUNTANT

Chan Wai Sze, Francis, *FCCA, CPA*

## AUDIT COMMITTEE

Chung Koon Yan (*Chairman*)  
Wong Kai Tat  
Yue Wai Keung

## REMUNERATION COMMITTEE

Yue Wai Keung (*Chairman*)  
Wong Kai Tat  
Leung Man Pok, John

## AUTHORIZED REPRESENTATIVES

Leung Man Pok, John  
Tse Kam Fai

## AUDITORS

Moore Stephens

## PRINCIPAL BANKER

Wing Hang Bank, Limited

## REGISTERED OFFICE

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman  
KY1-1111  
Cayman Islands

## PRINCIPAL PLACE OF BUSINESS

Rooms 301-302, 3/F,  
United Chinese Bank Building  
Nos. 31-37 Des Voeux Road Central  
Hong Kong

## HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

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

## WEBSITE

www.trasy.com

## GEM STOCK CODE

8063

## Chairman's Statement

The Group achieved very encouraging improvement in every major aspect of its operations in 2006. The Group recorded a hefty increase of approximately 127% in turnover amounting to approximately HK\$75 million; approximately 300% growth in transaction fees to approximately HK\$4 million; and approximately 369% growth in the trading volume of gold to approximately 15.16 million ounces traded on its internet-based precious metals trading platform (the "Trasy System"). There was a substantial increase in the average daily hit rate of the Group's website after it was revamped in December 2005. In 2006, the average daily hit rate increased by approximately 143% to approximately 1.58 million as compared with that in 2005. Loss attributable to equity holders of the Company has been reduced substantially by approximately 59% to approximately HK\$3.6 million in 2006. The user base of the Trasy System has expanded from 10 in last year to 19 by the end of 2006.

To explore the potential value of the viewer base of the Trasy System, a strategic alliance was formed with a strategic partner (who provides market commentary in various financial products including gold on a website) with respect to (a) a cross-referral and fee-sharing arrangement and (b) a co-marketing arrangement by organizing joint seminars to market the business of both companies. The Directors consider that the cross-referral arrangement would provide an effective means for the Group to promote its brand name and market for new business.

The corporate governance and internal controls of the Group have been further strengthened in 2006. The Board is committed to maintaining a high-standard of corporate governance and internal control system. Internal control policies and procedures for all key control areas, including financial, operational and compliance controls and risk management functions, have been established and put in place.

In November 2006, a resumption proposal (the "Proposal") was submitted to the Stock Exchange in response to its notice dated 19 May 2006. The Proposal contains an updated information of the Group in terms of operation, financial position and performance, and corporate governance and internal control. The Directors believe that the current scale of operations of the Group is sufficient to warrant continued listing of the Company's shares (the "Shares") and that the Proposal adequately addressed the reasons that the Review Committee put forward at the Review Hearing for upholding the first decision to proceed to the cancellation of the Company's listing pursuant to Rule 9.14 of the GEM Listing Rules. The Board is cautiously optimistic that the lifting of the suspension of the Shares will be granted by the Stock Exchange within a reasonable period of time but no assurances can be given that this will occur or (if it does occur) when it will occur.

The recent turmoil in the equity and foreign exchange markets has prompted some investors to look at gold as an alternative investment to diversify their investment risks, which is expected to lead to an increase in activities of the gold market with extremely high volatility anticipated. The Group would continue its efforts to broaden its client and revenue bases. Barring unforeseen circumstances, the Board expects a further improvement in the Group's business in 2007.

Finally, 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 year.

**Francis J. Chang Chu Fai**  
*Chairman*

Hong Kong, 23 March 2007

# Financial Highlights and Summary

## RESULTS AND FINANCIAL HIGHLIGHTS

For the quarter ended

	Q4 31 Dec 06 HK\$000	Q3 30 Sept 06 HK\$000	Q2 30 Jun 06 HK\$000	Q1 31 Mar 06 HK\$000
Turnover	22,757	19,256	12,009	20,795
Staff costs	(1,400)	(1,474)	(2,159)	(1,567)
Loss before taxation	<u>(381)</u>	<u>(757)</u>	<u>(1,131)</u>	<u>(1,334)</u>
Loss per share (in HK cent)	<u>(0.014)</u>	<u>(0.027)</u>	<u>(0.041)</u>	<u>(0.048)</u>

Note: The results for the three-month period ended 31 March, 30 June and 30 September were extracted from the first, second and third quarterly reports respectively in 2006.

## FINANCIAL SUMMARY

### Audited consolidated results

For the year ended 31 December

	2006 HK\$000	2005 HK\$000	2004 HK\$000	2003 HK\$000	2002 HK\$000
Turnover	74,817	32,765	1,920	3,732	4,330
Cost of sales	(69,395)	(31,854)	–	–	–
Unrealized gain on gold bullion – net	–	–	3,392	11,187	10,603
Other revenue	3,794	6,855	1	679	321
Operating expenditures *	<u>(12,819)</u>	<u>(16,621)</u>	<u>(6,275)</u>	<u>(6,131)</u>	<u>(15,637)</u>
(Loss)/profit before taxation	<u>(3,603)</u>	<u>(8,855)</u>	<u>(962)</u>	<u>9,467</u>	<u>(383)</u>
(Loss)/earnings per share (in HK cent)	<u>(0.130)</u>	<u>(0.319)</u>	<u>(0.035)</u>	<u>0.341</u>	<u>(0.015)</u>

\* These mainly included staff costs, depreciation, marketing and promotion expenses, finance costs, administrative and other expenses. A net realized loss on precious metals contract of about HK\$6,707,000 was included for the year ended 31 December 2005.

### Assets and liabilities

As at 31 December

	2006 HK\$000	2005 HK\$000	2004 HK\$000	2003 HK\$000	2002 HK\$000
Non-current assets	998	966	388	500	1,055
Current assets	<u>57,956</u>	<u>56,066</u>	<u>67,267</u>	<u>65,006</u>	<u>55,072</u>
Total assets	58,954	57,032	67,655	65,506	56,127
Current liabilities	<u>(10,373)</u>	<u>(4,848)</u>	<u>(6,615)</u>	<u>(3,505)</u>	<u>(3,592)</u>
Shareholders' fund	<u>48,581</u>	<u>52,184</u>	<u>61,040</u>	<u>62,001</u>	<u>52,535</u>

# Management Discussion and Analysis

## FINANCIAL REVIEW

For the year ended 31 December 2006, the Group's consolidated turnover amounted to approximately HK\$75 million (2005: approximately HK\$33 million), representing an increase of approximately 127% as compared to that in last year. Transaction fees of approximately HK\$4 million (2005: approximately HK\$1 million) was earned for the year ended 31 December 2006, which is approximately 3 times more than that recorded in last year as a result of the expanded user base. Besides, the Group also recorded a contribution of approximately HK\$1.3 million (2005: approximately HK\$0.3 million) from treasury investments.

All gold bullion had been disposed of during 2005 where a net realized gain of approximately HK\$5.6 million was recorded. Excluding the effect of disposal of gold bullion in 2005, other revenue, mainly represented by interest income arising from bank deposits and precious metals contract trading, was in fact recorded an increase of approximately HK\$2.6 million for the year ended 31 December 2006 upon comparing with that in last year.

The Group recorded a net loss of approximately HK\$3.6 million for the year ended 31 December 2006 (2005: approximately HK\$8.9 million), representing a basic loss per share of approximately 0.130 HK cent (2005: approximately 0.319 HK cent).

## LIQUIDITY AND FINANCIAL RESOURCES

The liquidity of the Group was healthy as the total amount of current assets as at 31 December 2006 was about 5.59 times of current liabilities (2005: about 11.56 times); no long-term liabilities were borne by the Group as at 31 December 2006 (2005: 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 31 December 2006 (2005: zero). 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 hedge was made by the Group.

## CAPITAL STRUCTURE

There were no changes in the capital structure of the Company during the year (2005: Nil).

## MATERIAL ACQUISITIONS AND DISPOSALS DURING THE YEAR AND FUTURE PLANS FOR MATERIAL INVESTMENTS

There was no material acquisition and disposal of investments by the Group during the years ended 31 December 2006 and 2005. The Group intends to finance its future expansion by internal resources, if necessary.

## EMPLOYEES AND REMUNERATION POLICIES

The total number of employees (including executive Directors) was 16 as at 31 December 2006 (2005: 16), and the total staff costs for the year ended 31 December 2006 was approximately HK\$6.6 million (2005: approximately HK\$4.5 million). 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, eligible employees and Directors, to subscribe for shares of the Company. No share option was granted under the Scheme since its adoption.

## CHARGES ON GROUP ASSETS

During the years ended 31 December 2006 and 2005, 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 that 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.

# Management Discussion and Analysis *(continued)*

## SEGMENTAL INFORMATION

An analysis of the Group's turnover and contributions to operating results for the year ended 31 December 2006 is set out in note 3 to the financial statements.

## DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2006 (2005: Nil).

## OPERATIONS REVIEW AND OUTLOOK

### Trasy System Business

The Trasy System business of the Group achieved substantial improvement for the year ended 31 December 2006 upon comparing with that in last year. A total volume of approximately 15.16 million ounces of gold (2005: approximately 3.23 million ounces) were transacted through the Trasy System. The Group attracted 9 new Trasy System users during the year. As at 31 December 2006, there were 19 Trasy System users.

The precious metals market has been very volatile in the year 2006 and the trend is expected to continue in the coming years. The price volatility in precious metals has revived investors' interest in gold as an alternative investment and substantial growth in commodities and precious metals funds has been seen. The Group will continue to commit resources in marketing the Trasy System and to expand its user base so as to enhance the trading dynamics of 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 year ended 31 December 2006, a net realized gain of approximately HK\$12,000 and an unrealized loss of approximately HK\$11,000 were recorded for the precious metals contract trading (2005: a net realized loss of approximately HK\$447,000 and an unrealized loss of approximately HK\$9,000). New trading facilities with market principals were obtained to enhance the Group's pricing resources. The Group will continue to adopt prudent risk management and internal control policies to monitor and minimize the Group's risk exposures in the precious metals contract trading.

### Treasury Investments

The Group continued to implement a pro-active yet prudent treasury management policy with a view to achieving better returns on its financial resources. For the year ended 31 December 2006, a contribution of approximately HK\$1.3 million (2005: approximately HK\$0.3 million) was recorded from treasury investments, representing approximately 3 times more than that recorded in last year.

# Biographies of Directors and Senior Management

## EXECUTIVE DIRECTORS

**Francis J. Chang Chu Fai**, aged 52, was appointed as the Chairman of the Company on 20 January 2006 and appointed as a director of various subsidiaries of the Group in January 2006. Mr. Chang is responsible for management of the Board and strategic planning of the Group. He is a registered person under the Securities and Futures Ordinance ("SFO"). Since 2000, Mr. Chang has been the managing director of Ceres Capital Limited, a licensed corporation under the SFO engaged in the provision of corporate finance advisory services. Mr. Chang has over 29 years of experience in banking, corporate finance, investment and management. He holds a Bachelor's Degree in Commerce from Concordia University in Montreal, Canada since 1976 and a Master's Degree in Business Administration from York University in Toronto, Canada since 1977. He is currently an executive director of Golden 21 Investment Holdings Limited, an independent non-executive director of Tian An China Investments Company Limited, Quality HealthCare Asia Limited and Chitaly Holdings Limited, all of which are listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Mr. Chang is interested in 5,950,000 shares of the Company, representing approximately 0.21% of the total issued shares of the Company, within the meaning of Part XV of the SFO.

**Leung Man Pok, John**, aged 55, was appointed as the Managing Director of the Company on 20 January 2006 and appointed as a director of various subsidiaries of the Group in January 2006. He is also a member of the Remuneration Committee of the Company. Mr. Leung is responsible for the day-to-day management of the Group's business. He was an associate director of LOCO Hongkong Limited between 19 December 2003 to 5 January 2006 with over 19 years of experience in precious metals trading, securities trading and accounting. Mr. Leung was formerly an executive director of operation of HSBC Broking Services (Asia) Ltd. and has extensive working experience in operational control and risk management of financial products.

**Cheung Wing Chi, Winnie**, aged 33, was appointed as an executive Director on 20 January 2006 and appointed as a director of all the subsidiaries of the Group in October 2005. She holds a Bachelor of Commerce degree from the University of Toronto, Canada. Ms. Cheung has worked as managerial positions in several listed companies in various sectors including property investment, entertainment and media, publishing and internet and has over 9 years' experience in corporate development, business administration, and sales and marketing. Currently, she is the head of the corporate development department of ITC Corporation Limited, the holding company of the Company which is listed on the Stock Exchange.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Chung Koon Yan**, aged 43, was appointed as an independent non-executive Director of the Company on 20 January 2006. He is also the Chairman of the Audit Committee of the Company. He is a fellow member of The Hong Kong Institute of Certified Public Accountants, The Association of Chartered Certified Accountants, and a member of The Institute of Chartered Accountants in England and Wales. He graduated from The Hong Kong Polytechnic University with a Master of Professional Accounting. Mr. Chung is a director of an accounting firm namely Chiu, Choy & Chung CPA Ltd. and has more than 16 years' experience in accounting, auditing and taxation. Mr. Chung is currently an independent non-executive director of Golden 21 Investments Holdings Limited, a company listed on the main board of the Stock Exchange.

**Wong Kai Tat**, aged 54, was appointed as an independent non-executive Director of the Company on 20 January 2006. He is also a member of each of the Audit Committee and Remuneration Committee of the Company. He is an associate member of The Institute of Chartered Accountants in Australia and The Hong Kong Institute of Certified Public Accountants. He is also a senior associate with the Financial Services Institute of Australasia. Mr. Wong holds an LLB (Honours) degree from the University of Hong Kong, a bachelor's degree of business administration from the University of Iowa, U.S.A., a master of business administration degree from the University of Strathclyde, Scotland, a master of applied finance degree from Macquarie University, Australia, a master of corporate finance degree from Hong Kong Polytechnic University and an honorary doctor of law degree from Armstrong University in the U.S.A. Mr. Wong is currently an executive director of T S Telecom Technologies Limited, a company listed on GEM and an executive director of T S Telecom Limited, (the holding company of T S Telecom Technologies Limited) listed on the Toronto Venture Exchange. He was an independent non-executive director of Daqing Petroleum and Chemical Group Limited, a company listed on the main board of the Stock Exchange during the period from September 2004 to December 2004.

## Biographies of Directors and Senior Management *(continued)*

### INDEPENDENT NON-EXECUTIVE DIRECTORS *(continued)*

**Yue Wai Keung**, aged 54, was appointed as an independent non-executive Director on 20 January 2006. He is also the chairman of the Remuneration Committee and a member of the Audit Committee of the Company. He is a member of CPPCC Shantou Committee. He is currently the chairman of Luen Fat Securities Company Limited as well as a director of a number of privately held securities and financial service companies. Mr. Yue is Honorary Advisor of The Chamber of Hong Kong Listed Companies since 2002. He was also a director of Hong Kong Stockbrokers Association from 1997 to January 2006. He was a vice chairman and non-executive director of Stockmartnet Holdings Limited, a company listed on GEM, from 2000 to 2005. Mr. Yue was a non-executive director of Prosper eVision Limited, a company listed on the main board of the Stock Exchange, from 2002 to 2003. He was a non-executive director of Hong Kong Exchanges and Clearing Limited from 2000 to 2003, deputy chairman of Hong Kong Securities Clearing Company Limited from 1997 to 2000 and council member of the Stock Exchange from 1993 to 2000. Mr. Yue was a member of the Departmental Advisory Board of Guangdong Academy of Social Science in 1997. He has over 30 years of experience in securities and futures industries.

### QUALIFIED ACCOUNTANT

**Chan Wai Sze, Francis**, aged 35, was appointed as the Qualified Accountant of the Company on 30 September 2005. Mr. Chan is a fellow member of The Association of Chartered Certified Accountants and an associate member of The Hong Kong Institute of Certified Public Accountants. He possesses over 10 years of solid experience in auditing, accounting and taxation. He previously joined the Company in April 2000 as the Qualified Accountant and was one of the Audit Committee members of the Company. He took part in the Company's IPO assignment and was responsible for the accounting and finance functions, and human resources & administrative functions. Mr. Chan left the Company in November 2002 to pursue his career development. In August 2005, he re-joined the Group as the Financial Controller and is now responsible for all functions as he used to be.

### COMPANY SECRETARY

**Tse Kam Fai**, aged 43, was appointed as the Company Secretary of the Company on 23 March 2000. Mr. Tse is an associate of The Institute of Chartered Secretaries and Administrators and of The Hong Kong Institute of Chartered Secretaries. He is also a member of the Hong Kong Institute of Directors. Mr. Tse is currently the company secretary of other two listed companies whose shares are listed on the Stock Exchange and has more than 15 years' experience in handling listed company secretarial and compliance related matters.

# Corporate Governance Report

The Company is committed to maintaining good corporate governance standard and procedures to ensure the integrity, transparency and quality of disclosure in order to enhance the shareholder value.

## 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.

For the year ended 31 December 2006, the Company was in compliance with the code provisions set out in the CG Code except for the following:

Deviation from the CG Code	Relevant CG Code provisions	Remedial steps have been taken to comply with the CG Code
1. The Company has not formally laid down a procedure agreed by the Board to enable Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances to assist the relevant Director(s) to discharge his/their duties to the Company.	A.1.7	The Company has adopted such procedure upon appointment of Directors on 20 January 2006.
2. The role and responsibilities between the Chairman and chief executive officer have not been divided.	A.2.1	Upon the appointment of Chairman and Managing Director on 20 January 2006, the Company has divided their roles and responsibilities clearly.
3. The 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 (the "Articles").	A.4.1	The non-executive Directors 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.
4. According to the then Articles, at each annual general meeting one-third of the Directors (or, if their number is not a multiple of three (3), the number nearest to but not greater than one-third) shall retire from office by rotation provided that the Chairman of the Board and/or the Managing Director of the Company shall not be subject to retirement by rotation.	A.4.2	A special resolution was passed at the annual general meeting of the Company held on 24 April 2006 whereby the Articles was amended so that all Directors appointed to fill a casual vacancy should be subject to election by the shareholders of the Company at the first general meeting after their appointment and every Director, including the Chairman and Managing Director and those appointed for a specific term, should be subject to retirement by rotation at least once every three years.
5. The Company has not set up a Remuneration Committee ("Remuneration Committee") until 20 January 2006.	B.1.1	The Company has established the Remuneration Committee on 20 January 2006 immediately following the appointment of independent non-executive Directors.

# Corporate Governance Report *(continued)*

## CODE ON CORPORATE GOVERNANCE PRACTICES *(continued)*

Deviation from the CG Code	Relevant CG Code provisions	Remedial steps have been taken to comply with the CG Code
6. The then terms of reference of the Audit Committee of the Company ("Audit Committee") have not comprised of all the duties of the Audit Committee as set out in the CG Code.	C.3.3	The Company adopted a new set of terms of reference of the Audit Committee to include at least the duties as set out in the CG Code upon the appointment of sufficient number of members of the Audit Committee on 20 January 2006.

Save as those mentioned above and in the opinion of the Directors, the Company has met the code provisions set out in the CG Code for the year ended 31 December 2006.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standards of dealings regarding securities transactions by Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. All the Directors have confirmed that they have complied with the required standards as set out in the GEM Listing Rules since their appointment on 20 January 2006.

## BOARD OF DIRECTORS

The Board is responsible for the leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance. The Executive Board and senior management were delegated with the authority and responsibility by the Board for the day-to-day operations of the Group while reserving certain key matters for the approval of the Board. In addition, the Board has also delegated various responsibilities to the Board committees. Further details of these committees are set out in this report.

The Board currently consists of six Directors including three executive Directors and three independent non-executive Directors who were all appointed on 20 January 2006:

### Executive Directors

Francis J. Chang Chu Fai (*Chairman*)  
Leung Man Pok, John (*Managing Director*)  
Cheung Wing Chi, Winnie

### Independent non-executive Directors

Chung Koon Yan  
Wong Kai Tat  
Yue Wai Keung

The Board members have no financial, business, family or other material/relevant relationships with each other. Such balanced board composition is formed to ensure strong independence exists across the Board and has met the recommended practice under the CG Code for the Board to have at least one-third of its members comprising independent non-executive Directors. The composition of the Board reflects the necessary of balanced skill and experience for effective leadership. The biographical information of the Directors are set out on pages 7 to 8 herein under the section headed "Biographies of Directors and Senior Management".

### Chairman and Managing Director

Upon appointment of the Chairman and Managing Director on 20 January 2006, the two positions are held separately by two individuals to ensure their respective independence, accountability and responsibility. Mr. Francis J. Chang Chu Fai, the Chairman, is in-charge of the management of the Board and strategic planning of the Group. Mr. Leung Man Pok, John, the Managing Director, is responsible for the day-to-day management of the Group's business.

# Corporate Governance Report *(continued)*

## BOARD OF DIRECTORS *(continued)*

### Independent non-executive Directors

The three independent non-executive Directors are persons of high caliber, with academic and professional qualifications in the fields of accounting and financial industries. With their experience gained from various sectors, they provide strong support towards the effective discharge of the duties and responsibilities of the Board. Each independent non-executive Director gives an annual confirmation of his independence to the Company, and the Company considers them to be independent under Rule 5.09 of the GEM Listing Rules.

The independent non-executive Directors are not appointed for a specific term but are subject to 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.

### Board Meetings

The Board has four scheduled meetings a year at quarterly interval and additional meetings are held as and when required. The four scheduled Board meetings for a year are planned in advance. During regular meetings of the Board, the Directors review the operation and financial performances and review and approve the annual, interim and quarterly results.

During the financial year ended 31 December 2006, the Board held five meetings. All Directors are given an opportunity to include any matter in the agenda for regular Board meetings and are given sufficient time to review documents and information relating to matters to be discussed in Board meetings in advance.

Name of Director	Number of attendance
Francis J. Chang Chu Fai	5/5
Leung Man Pok, John	5/5
Cheung Wing Chi, Winnie	5/5
Chung Koon Yan	5/5
Wong Kai Tat	5/5
Yue Wai Keung	5/5
Chan Kee Chee, Keith*	1/5
Chan Choi Ling*	1/5

\* These two Directors resigned on 20 January 2006 and only one Board meeting was held before their resignation.

Board minutes are kept by the Company Secretary and are open for inspection by the Directors. Every Board member is entitled to have access to Board papers and related materials and has unrestricted access to the advice and services of the Company Secretary, and has the liberty to seek external professional advice if so required.

## EXECUTIVE BOARD

The Company established an Executive Board on 20 January 2006 which consists of the executive Directors, currently being Mr. Francis J. Chang Chu Fai, Mr. Leung Man Pok, John and Ms. Cheung Wing Chi, Winnie. The Executive Board is delegated with authority to handle and/or monitor the management functions and operation of the day-to-day business of the Group.

## NOMINATION OF DIRECTORS

In considering the nomination of new Directors, the Board will take into account the qualification, ability, working experience, leadership and professional ethics of the candidates, especially their experience in the precious metals industry and/or other professional area.

Furthermore, as the full Board is responsible for the selection and approval of candidate for appointment as Director to the Board, therefore the Company has not established a Nomination Committee for the time being.

# Corporate Governance Report *(continued)*

## NOMINATION OF DIRECTORS *(continued)*

During the year ended 31 December 2006, the Board of Directors held one meeting on 20 January 2006 for approving, among others, appointment and resignation of Directors:

Name of Director	Number of attendance
Francis J. Chang Chu Fai	1/1
Leung Man Pok, John	1/1
Cheung Wing Chi, Winnie	1/1
Chung Koon Yan	1/1
Wong Kai Tat	1/1
Yue Wai Keung	1/1
Chan Kee Chee, Keith*	1/1
Chan Choi Ling*	1/1

\* At the above meeting, these two Directors resigned and the existing Directors were appointed.

## REMUNERATION OF DIRECTORS

The Company established the Remuneration Committee on 20 January 2006 which consists of two independent non-executive Directors, namely Mr. Yue Wai Keung (as Chairman) and Mr. Wong Kai Tat, and one executive Director, namely Mr. Leung Man Pok, John.

The Remuneration Committee is mainly responsible for making recommendations to the Board on the Company's remuneration policy of Directors and senior management and overseeing the remuneration packages of the executive Directors and senior management. The terms of reference of the Remuneration Committee are posted on the Company's website.

During the year ended 31 December 2006, the Remuneration Committee held one meeting for reviewing the remuneration packages of the Directors and senior management:-

Name of member	Number of attendance
Yue Wai Keung	1/1
Wong Kai Tat	1/1
Leung Man Pok, John	1/1

The Company has adopted a share option scheme on 30 April 2002. The purpose of the share option scheme is to enable the Board, at its discretion, to grant options to any eligible participants which include Directors and employees as incentives or rewards for their contribution to the Group. Details of the share option scheme are set out in the Directors' Report and note 22 to the financial statements. Details of the Directors' remuneration are set out in note 6 to the financial statements.

## AUDITORS' REMUNERATION

During the year under review, the remuneration in respect of audit and non-audit services provided by the Company's auditors, Moore Stephens, is set out below:-

Services rendered	Fee paid/payable HK\$'000
Audit services	828
Non-audit services	148

## AUDIT COMMITTEE

Three independent non-executive Directors, namely Mr. Chung Koon Yan (as Chairman), Mr. Wong Kai Tat and Mr. Yue Wai Keung were appointed as members of the Audit Committee on 20 January 2006.

# Corporate Governance Report *(continued)*

## AUDIT COMMITTEE *(continued)*

The Audit Committee shall meet not less than four times a year. The Audit Committee is mainly responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditors and to approve the remuneration and terms of engagement of the external auditors, and any questions of resignation or dismissal of such auditors; reviewing the quarterly, interim and annual reports and accounts of the Group; and overseeing the Company's financial reporting system and internal control procedures. The terms of reference of the Audit Committee are posted on the Company's website.

During the financial year ended 31 December 2006, the Audit Committee held four meetings.

Name of member	Number of attendance
Chung Koon Yan	4/4
Wong Kai Tat	4/4
Yue Wai Keung	4/4

During the year ended 31 December 2006, the Audit Committee reviewed the quarterly, interim and annual results of the Group together with the Auditors of the Company; which were in the opinion of the Audit Committee that the preparation of such results complied with the applicable accounting standards and the GEM Listing Rules. The Audit Committee also reviewed the corporate governance policies including the internal control policies of the Group.

## SHAREHOLDERS' RIGHTS

The right of shareholders and the procedures for demanding a poll on resolutions at shareholders' meetings are contained in the Articles. Details of such rights to demand a poll were included in the circular to shareholders in relation to the holding of general meeting and explained during the proceedings of the meeting.

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. The Chairman of the Board committees attended the 2006 annual general meeting to answer questions at the meeting.

## INVESTOR RELATIONS

The Company is committed to a policy of open and regular communication and reasonable disclosure of information to its shareholders, information of the Company is disseminated to the shareholders in the following manner:

- delivery of the quarterly, interim and annual results and reports to all shareholders;
- publication of announcements on the quarterly, interim and annual results on the Stock Exchange website, and issue of other announcements and shareholders' circulars in accordance with the continuing disclosure obligations under the GEM Listing Rules; and
- the general meeting of the Company is also an effective communication channel between the Board and shareholders.

## DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Board acknowledges its responsibility to prepare the Company's financial statements for each financial period and to ensure that the financial statements are in accordance with statutory requirements and applicable accounting standards. The Board also ensures the timely publication of the financial statements. The Directors, having made appropriate enquiries, confirm that they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

## INTERNAL CONTROL

The Board has overall responsibility for maintaining a proper and effective system of internal control of the Group. The internal control system includes safeguard of the interest of shareholders and the Group's assets. The Board has delegated to management the implementation of all relevant financial, operational, compliance controls and risk management function within a defined framework. During the year ended 31 December 2006, the Board has conducted a review of the system of internal control to ensure the effectiveness and adequacy of the system. The Board shall conduct such review at least once annually.

# Directors' Report

The Directors have pleasure to present their report and the audited financial statements of the Company and of the Group for the year ended 31 December 2006.

## PRINCIPAL ACTIVITIES

The Company is an investment holding company.

The principal activities of the Company's subsidiaries are set out in note 14 to the financial statements.

## MAJOR CUSTOMERS AND SUPPLIERS

The five largest customers in aggregate accounted for approximately 96% of the revenue from the Trasy System business of the Group for the year ended 31 December 2006. The largest customer, contributed about 69% of the Trasy System business revenue.

During the year ended 31 December 2006, there were no suppliers to the Group who provide goods or services which are specific to the Group's business and which are required on a regular basis to enable the Group to continue its business.

Save as disclosed above, as far as the Directors are aware, none of the Directors, their associates, within the meaning of the GEM Listing Rules, nor those shareholders which to the knowledge of the Directors own more than 5% of the Company's share capital have an interest in any of the five largest customers of the Group for the year ended 31 December 2006.

## RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2006 are set out in the consolidated income statement on page 21 of the annual report.

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 31 December 2006.

## ANNUAL GENERAL MEETING

The 2007 Annual General Meeting of the Company ("2007 AGM") will be held on 23 April 2007.

## CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the shareholders entitled to attend and vote at the 2007 AGM, the register of members of the Company will be closed from Thursday, 19 April 2007 to Monday, 23 April 2007, both days inclusive, during which no transfer of shares will be effected. All transfers accompanied by the relevant certificates must be lodged with the Company's transfer office and share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Wednesday, 18 April 2007.

## RESERVES

Details of the movements in the reserves of the Group and the Company during the year are set out in note 23 to the financial statements.

## FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 4 of the annual report.

## PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 13 to the financial statements.

## Directors' Report *(continued)*

### SUBSIDIARIES

Particulars of the subsidiaries of the Company are set out in note 14 to the financial statements.

### SHARE CAPITAL

Details of the movements in the share capital of the Company during the year are set out in note 22 to the financial statements.

### DISTRIBUTABLE RESERVES

Pursuant to Section 34 of the Companies Law (Revised) of the Cayman Islands and the Articles of Association of the Company (the "Articles"), 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. As at 31 December 2006, 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\$22,497,000.

### DIRECTORS

The Directors during the year and up to the date of this report were:

#### Executive Directors

Francis J. Chang Chu Fai ( <i>Chairman</i> )	(appointed on 20 January 2006)
Leung Man Pok, John ( <i>Managing Director</i> )	(appointed on 20 January 2006)
Cheung Wing Chi, Winnie	(appointed on 20 January 2006)
Chan Kee Chee, Keith	(resigned on 20 January 2006)

#### Non-executive Director

Chan Choi Ling	(resigned on 20 January 2006)
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#### Independent non-executive Directors

Chung Koon Yan	(appointed on 20 January 2006)
Wong Kai Tat	(appointed on 20 January 2006)
Yue Wai Keung	(appointed on 20 January 2006)

In accordance with Article 87(1) of the Articles, Messrs. Francis J. Chang Chu Fai and Leung Man Pok, John will retire by rotation at the forthcoming annual general meeting, and being eligible, offer themselves for re-election.

There is no specific length of the term of office for each of the independent non-executive Directors 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.

Mr. Leung Man Pok, John, being an executive Director and the Managing Director of the Company, has entered into a service contract with a subsidiary of the Company on 6 January 2006 for a term of three years but subject to termination with two months' notice in writing to the other party or payment in lieu of notice.

Save as disclosed above, no Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

## Directors' Report *(continued)*

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

As at 31 December 2006, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporations, 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 were as follows:

#### Interests and short positions in shares, underlying shares and debentures of the Company

Name of Director	Capacity	Long position/ Short position	Number of ordinary shares of the Company held	Approximate percentage of the issued ordinary share capital of the Company
Francis J. Chang Chu Fai	Joint owner	Long position	5,950,000	0.21%

*Note:* The above 5,950,000 shares were jointly held by Mr. Francis J. Chang Chu Fai and his spouse Ms. Teo Ai Jee.

Save as disclosed above and as at 31 December 2006, none of the Directors and chief executives of the Company had any interests and short positions in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of 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.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

#### 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 pursuant to the Scheme to subscribe for shares of the Company. No share option was granted under the Scheme since its adoption.

The principal terms of the Scheme are summarized as follows:

1. The total number of shares may be issued upon exercise of all options to be granted under the Scheme must not, in aggregate, exceed 10% of the issued share capital of the Company as at the date of adoption of the Scheme, unless approval by its shareholders has been obtained, and which must not in aggregate exceed 30% of the shares in issue from time to time.
2. The maximum entitlement of each participant under the Scheme in any twelve-month period up to the date of grant shall not exceed 1% of shares in issue as at the date of grant.
3. An option may be accepted by a proposed grantee within seven days from the date of the offer of grant of the option upon payment of HK\$1.00 to the Company by way of consideration for the grant.
4. There is no minimum period for which an option must be held before it can be exercised. An option may be exercised in accordance with the terms of the Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of ten years from that date.
5. The subscription price of a share in respect of any particular option granted under the Scheme shall be determined by the Board and will not be less than the highest of (a) the closing price of the shares as stated in the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; (b) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant; and (c) the nominal value of a share.

## Directors' Report *(continued)*

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES *(continued)*

#### Share Option Scheme of the Company adopted on 30 April 2002 (the "Scheme") *(continued)*

6. Subject to earlier termination by the Company in general meeting, the Scheme shall be valid and effective for a period of ten years from the date of its adoption, i.e. 30 April 2002.

Details of the Scheme are set out in the circular of the Company dated 28 March 2002.

### DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director had a 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.

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

As at 31 December 2006, so far as is known to the Directors and the 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:

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

Name	Capacity	Long position/ Short position	Number of ordinary shares of the Company held	Approximate percentage of the issued ordinary share capital of the Company
Golden Hall Holdings Limited	Beneficial owner	Long position	1,568,681,139	56.45%
Fullhonour Limited	Interest of a controlled corporation	Long position	1,568,681,139	56.45%
ITC Investment Holdings Limited	Interest of a controlled corporation	Long position	1,568,681,139	56.45%
ITC Corporation Limited ("ITC")	Interest of a controlled corporation	Long position	1,568,681,139	56.45%
Galaxyway Investments Limited	Interest of a controlled corporation	Long position	1,568,681,139	56.45%
Chinaview International Limited	Interest of a controlled corporation	Long position	1,568,681,139	56.45%
Chan Kwok Keung, Charles	Interest of a controlled corporation	Long position	1,568,681,139	56.45%
Ng Yuen Lan, Macy	Interest of spouse	Long position	1,568,681,139	56.45%

## Directors' Report *(continued)*

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

#### (a) Interests and short positions of substantial shareholders in shares and underlying shares of the Company *(continued)*

Notes:

- Golden Hall Holdings Limited is a wholly-owned subsidiary of Fullhonour Limited which in turn is wholly-owned by ITC Investment Holdings Limited ("ITCIH"). ITCIH is a wholly-owned subsidiary of ITC of which Galaxyway Investments Limited ("Galaxyway"), a wholly-owned subsidiary of Chinaview International Limited ("Chinaview"), holds approximately 33.5% of the issued ordinary share capital of ITC. Chinaview is wholly-owned by Dr. Chan Kwok Keung, Charles. Ms. Ng Yuen Lan, Macy ("Ms. Ng") is the spouse of Dr. Chan Kwok Keung, Charles. Fullhonour Limited, ITCIH, ITC, Galaxyway, Chinaview, Dr. Chan Kwok Keung, Charles and Ms. Ng are deemed to be interested in 1,568,681,139 shares of the Company held by Golden Hall Holdings Limited.
- In addition to the information as recorded in the register of the Company required to be kept under section 336 of the SFO, the Company received a written notification from ITC indicating that Galaxyway holds approximately 34.50% of the issued ordinary share capital of ITC as at 31 December 2006.

#### (b) Interests and short positions of other persons in shares and underlying shares of the Company

Name	Capacity	Long position/ Short position	Number of ordinary shares of the Company held	Approximate percentage of the issued ordinary share capital of the Company
Most Choice Limited	Beneficial owner	Long position	183,200,000	6.59%

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 31 December 2006.

### CONNECTED TRANSACTION

For the year ended 31 December 2006, the Group has the following connected transaction:

#### Exempt Continuing Connected Transaction

A tenancy agreement was entered into on 27 June 2005 between Trasy Holdings Limited, a wholly-owned subsidiary of the Company, as tenant and Central Town Limited (the "Landlord"), a 50% associated company of ITC, for the leasing of the premises (the "Premises") situated at Rooms 301 & 302, 3rd Floor, United Chinese Bank Building, Nos.31-37 Des Voeux Road Central, Hong Kong with gross floor area of 2,159 sq ft., for a term of two years commencing from 1 July 2005 and expiring on 30 June 2007, at a maximum annual rental (excluding the management fees) of HK\$336,000. The Premises are used by the Company as its head office in Hong Kong. For the year ended 31 December 2006, the Group made an aggregate rental payment of HK\$336,000 to the Landlord.

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

### RETIREMENT BENEFIT SCHEME

Details of the retirement benefit scheme are set out in note 7 to the financial statements.

## Directors' Report *(continued)*

### **CORPORATE GOVERNANCE**

A report on the principle corporate governance practices adopted by the Company is set out on pages 9 to 13 of the annual report.

### **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 audited financial statements of the Group for the year ended 31 December 2006.

### **CONFIRMATION OF INDEPENDENCE BY INDEPENDENT NON-EXECUTIVE DIRECTORS**

The Company has received the annual confirmation of independence from each of the independent non-executive Directors, as required under Rule 5.09 of the GEM Listing Rules. The Company considers all independent non-executive Directors to be independent.

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the year ended 31 December 2006, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

### **AUDITORS**

A resolution will be submitted to the forthcoming annual general meeting to re-appoint Messrs. Moore Stephens as auditors of the Company.

On behalf of the Board

**Leung Man Pok, John**

*Managing Director*

Hong Kong, 23 March 2007

# Independent Auditors' Report

## MOORE STEPHENS

CERTIFIED PUBLIC ACCOUNTANTS

905 Silvercord, Tower 2  
30 Canton Road  
Tsimshatsui  
Kowloon  
Hong Kong

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### To the Shareholders of Trasy Gold Ex Limited

(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Trasy Gold Ex Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 21 to 48, which comprise the consolidated and Company balance sheets as at 31 December 2006, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit 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.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2006 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

### Moore Stephens

Certified Public Accountants

Hong Kong, 23 March 2007

# Consolidated Income Statement

For the year ended 31 December 2006

	Notes	2006 HK\$'000	2005 HK\$'000
<b>Turnover</b>	4	<b>74,817</b>	32,765
Cost of sales		<b>(69,395)</b>	(31,854)
<b>Gross profit</b>		<b>5,422</b>	911
Other revenue	4	<b>3,794</b>	6,855
Staff costs		<b>(6,600)</b>	(4,547)
Depreciation		<b>(174)</b>	(139)
Other administrative and operating expenses		<b>(4,977)</b>	(5,028)
Realized loss on precious metals contract- net		<b>-</b>	(6,707)
Other expenses		<b>(15)</b>	(61)
<b>Loss from operating activities</b>	5	<b>(2,550)</b>	(8,716)
Finance costs	8	<b>(1,053)</b>	(139)
<b>Loss before taxation</b>		<b>(3,603)</b>	(8,855)
Taxation	9	<b>-</b>	-
<b>Loss attributable to equity holders of the Company</b>	10	<b>(3,603)</b>	(8,855)
<b>Loss per share</b>	12	<b>HK cent</b>	HK cent
Basic		<b>(0.130)</b>	(0.319)
Diluted		<b>N/A</b>	N/A

# Consolidated Balance Sheet

As at 31 December 2006

	Notes	2006 HK\$'000	2005 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	13	612	716
Available-for-sale investments	15	136	–
Other assets	16	250	250
		<b>998</b>	<b>966</b>
<b>Current assets</b>			
Accounts receivable and other receivables	18	9,418	2,802
Investments held for trading	19	2,570	5,224
Time deposits	20	45,148	47,354
Cash and bank balances	20	820	686
		<b>57,956</b>	<b>56,066</b>
<b>Current liabilities</b>			
Accounts payable and other payables	21	10,373	4,848
<b>Net current assets</b>			
		<b>47,583</b>	<b>51,218</b>
<b>Capital and reserves</b>			
Share capital	22	27,790	27,790
Reserves	23	20,791	24,394
		<b>48,581</b>	<b>52,184</b>

**Francis J. Chang Chu Fai**  
Director

**Leung Man Pok, John**  
Director

# Company Balance Sheet

As at 31 December 2006

	Notes	2006 HK\$'000	2005 HK\$'000
<b>Non-current assets</b>			
Interests in subsidiaries	14	50,732	52,353
<b>Current assets</b>			
Prepayments	18	42	–
Cash and bank balances	20	4	1
		<b>46</b>	1
<b>Current liabilities</b>			
Other payables	21	491	546
<b>Net current liabilities</b>			
		<b>(445)</b>	(545)
		<b>50,287</b>	51,808
<b>Capital and reserves</b>			
Share capital	22	27,790	27,790
Reserves	23	22,497	24,018
		<b>50,287</b>	51,808

Francis J. Chang Chu Fai  
Director

Leung Man Pok, John  
Director

## Consolidated Statement of Changes in Equity

For the year ended 31 December 2006

	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
<b>31 December 2004</b>	27,790	47,629	5,000	(19,380)	61,039
Loss for the year	-	-	-	(8,855)	(8,855)
<b>31 December 2005</b>	27,790	47,629	5,000	(28,235)	52,184
Loss for the year	-	-	-	(3,603)	(3,603)
<b>31 December 2006</b>	<b>27,790</b>	<b>47,629</b>	<b>5,000</b>	<b>(31,838)</b>	<b>48,581</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 reorganization completed on 31 March 2000.

# Consolidated Cash Flow Statement

For the year ended 31 December 2006

	Note	2006 HK\$'000	2005 HK\$'000
<b>Cash flows from operating activities</b>			
Loss before taxation		(3,603)	(8,855)
Adjustments for:			
Depreciation		174	139
Interest income		(3,309)	(1,018)
Finance costs		1,053	139
Loss on disposal of property, plant and equipment		3	60
Realized gain on disposal of gold bullion – net		–	(5,641)
Dividend income from investments held for trading		(65)	(21)
Unrealized loss on precious metals contract trading – net		11	9
Operating loss before working capital changes		(5,736)	(15,188)
Increase in accounts receivable and other receivables		(6,782)	(1,503)
Decrease/(increase) in investments held for trading		2,654	(5,224)
Decrease in amount due to ultimate holding company		–	(876)
Increase/(decrease) in accounts payable and other payables		5,679	(1,018)
<b>Net cash used in operating activities</b>		<b>(4,185)</b>	<b>(23,809)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(81)	(777)
Proceeds from disposal of property, plant and equipment		8	–
Proceeds from disposal of gold bullion		–	71,759
Purchase of available-for-sale investments		(136)	–
Interest received		3,310	982
Dividend received from investments held for trading		65	21
<b>Net cash generated from investing activities</b>		<b>3,166</b>	<b>71,985</b>
<b>Cash flows from financing activities</b>			
Unsecured loan from immediate holding company		–	1,114
Repayment of unsecured loan to immediate holding company		–	(1,114)
Interest paid		(1,053)	(139)
<b>Net cash used in financing activities</b>		<b>(1,053)</b>	<b>(139)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(2,072)</b>	<b>48,037</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>48,040</b>	<b>3</b>
<b>Cash and cash equivalents at end of year</b>	20	<b>45,968</b>	<b>48,040</b>

# Notes to the Financial Statements

For the year ended 31 December 2006

## 1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 23 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 (the "Stock Exchange") since 7 December 2000, but the Company's shares have been suspended from trading since 10 June 2003.

During the year, the Group was principally engaged in the provision and operation of an internet-based electronic trading system, precious metals contract trading and treasury investments.

## 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention (except for investments held for trading which have been measured at fair value) and in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which term collectively includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

The principal accounting policies and methods of computation used in the preparation of the financial statements for the year ended 31 December 2006 are consistent with those adopted in the preparation of financial statements for the year ended 31 December 2005, except for the adoption of the new and revised HKFRSs as explained below.

### a) Adoption of new and revised HKFRSs

During the current year, the Group has adopted the amendments to HKFRSs and Interpretations which are effective for accounting periods commencing on or after 1 January 2006. The amendments to HKFRSs and Interpretations which are relevant to the Group's operations are:

HKAS 39 (Amendment)	The Fair Value Option
HKFRS – Int 4	Determining whether an Arrangement contains a Lease

The adoption of these amendments to HKFRSs and Interpretations has had no material impact on the accounting policies of the Group and the methods of computation in the Group's financial statements.

### b) Judgment and estimates

The preparation of financial statements in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The directors have considered the development, selection and disclosure of the Group's critical accounting policies and estimates. There are no critical accounting judgments in applying the Group's accounting policies.

# Notes to the Financial Statements *(continued)*

For the year ended 31 December 2006

## 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND PRINCIPAL ACCOUNTING POLICIES

*(continued)*

### c) Basis of consolidation

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

All significant intercompany transactions and balances between group enterprises are eliminated on consolidation.

### d) Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at costs less any impairment losses.

### e) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost, less provisions for depreciation and impairment loss, if any. Details are set out in note 13. The cost of an item of property, plant and equipment 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 item has been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to the income statement in the year in which they are 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 item, the expenditure is capitalized as an additional cost of that item. When an item of property, plant and equipment is sold, its cost and accumulated depreciation are removed from the financial statements and any gain or loss resulting from the disposal, being the difference between the net disposal proceeds and the carrying amount of the item, is included in the income statement.

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	15%
Furniture, fixtures and equipment	15%
Computer equipment	30%
Motor vehicle	30%

### f) Investments in equity securities

Investments in equity securities, other than investments in subsidiaries, are initially stated at cost, which is their transaction price unless fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognized in the income statement as incurred. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognized in the income statement.

# Notes to the Financial Statements *(continued)*

For the year ended 31 December 2006

## 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND PRINCIPAL ACCOUNTING POLICIES

*(continued)*

### f) Investments in equity securities *(continued)*

Investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognized in the balance sheet at cost less impairment losses.

Investments in securities which do not fall into securities held for trading are classified as available-for-sale securities. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognized directly in equity, except foreign exchange gains and losses in respect of monetary items such as debt securities which are recognized directly in the income statement. Where these investments are interest-bearing, interest calculated using the effective interest method is recognized in the income statement. When these investments are derecognized or impaired, the cumulative gain or loss previously recognized directly in equity is recognized in the income statement.

Investments are recognized/derecognized on the date the Group commits to purchase/sell the investments or they expire.

### g) Other assets

Other assets are stated at cost less any impairment losses deemed appropriate by the directors.

### h) Impairment of assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized as expenses immediately, unless the relevant asset is land or buildings other than investment property carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### i) Derivative financial instruments

Derivative financial instruments relating to precious metals contracts are recognized initially at fair value. At each balance sheet date the fair value is remeasured. The gain or loss on remeasurement to fair value is charged immediately to income statement.

### j) Accounts receivable and other receivables

Accounts receivable and other receivables are initially recognized at fair value and thereafter stated at amortized cost less impairment losses for bad and doubtful debts.

# Notes to the Financial Statements *(continued)*

For the year ended 31 December 2006

## 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND PRINCIPAL ACCOUNTING POLICIES

*(continued)*

### k) 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 income statement.

### l) Revenue

Revenue is recognized 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 recognized when a transaction is duly executed on the trade date basis;
- ii) Sales of trading securities are recognized on a trade date basis;
- iii) Precious metals contract trading is recognized as income or debit to income when the contract is closed;
- iv) Interest income is recognized on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable; and
- v) Dividend income is recognized when the rights to receive payment have been established.

### m) Retirement benefit costs

The Group participates an approved defined contribution retirement benefits scheme for employees: a Mandatory Provident Fund ("MPF") Scheme under the Mandatory Provident Fund Schemes Ordinance. The MPF Scheme requires both the Group and its employees to contribute 5% of the employees' monthly gross earnings with a ceiling of HK\$ 1,000 per month. Under the scheme, the unvested benefits of employees terminating employment can be utilized by the Group to reduce its future levels of contributions. The assets of the scheme are held separately from those of the Group in an independently administered fund. The contributions payable to the scheme are charged to the income statement as incurred.

### n) Borrowing costs

Borrowing costs are expensed as incurred except where they relate to the financing of major capital projects where they are capitalized up to the date that the assets are brought into a working condition for their intended use.

### o) Leased assets

#### i) *Classification of assets leased to the Group*

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

#### ii) *Operating lease charges*

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to the income statement in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives received are recognized in the income statement as an integral part of the aggregate net lease payments made.

# Notes to the Financial Statements *(continued)*

For the year ended 31 December 2006

## 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND PRINCIPAL ACCOUNTING POLICIES

*(continued)*

### p) 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 income statement 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.

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 recognized for all taxable temporary differences, and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized 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 recognized 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 realized. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

### q) Accounts payable and other payables

Accounts payable and other payables are initially recognized at fair value and thereafter stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

### r) Foreign currency translation

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Foreign exchange gains and losses are recognized in the income statement.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

## Notes to the Financial Statements *(continued)*

For the year ended 31 December 2006

### 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND PRINCIPAL ACCOUNTING POLICIES

*(continued)*

#### s) **Related parties**

A party is considered to be related to the Group if:-

- i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence;
- ii) the party is a member of the key management personnel of the Group;
- iii) the party is a close member of the family of any individual referred to in i) or ii);
- iv) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in ii) or iii); or
- v) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

#### t) **Cash and cash equivalents**

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short term highly liquid investments that 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 at acquisition, less advances from banks repayable within three months from the date of the advance. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

# Notes to the Financial Statements *(continued)*

For the year ended 31 December 2006

## 3. SEGMENTAL INFORMATION

### Business segments

For management purpose, 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 bases on which the Group reports its primary segment information.

	Year ended 31 December 2006			Total HK\$'000
	Provision and operation of an internet-based electronic trading system HK\$'000	Treasury investments HK\$'000	Precious metals contract trading HK\$'000	
Turnover	4,192	70,613	12	74,817
Segment results	3,586	1,300	832	5,718
Unallocated corporate revenue				2,662
Unallocated corporate expenses				(10,930)
				(2,550)
Finance costs				(1,053)
Loss before taxation				(3,603)
ASSETS				
Segment assets	175	4,812	6,955	11,942
Unallocated corporate assets				47,012
Total assets				58,954
LIABILITIES				
Segment liabilities	-	-	8,021	8,021
Unallocated corporate liabilities				2,352
Total liabilities				10,373
Other segment information				
Depreciation				
- Segmental	8	-	44	52
- Unallocated				122
				174
Capital expenditure				
- Segmental	-	-	68	68
- Unallocated				13
				81

# Notes to the Financial Statements *(continued)*

For the year ended 31 December 2006

## 3. SEGMENTAL INFORMATION *(continued)*

### Business segments *(continued)*

	Year ended 31 December 2005			Total HK\$'000
	Provision and operation of an internet-based electronic trading system HK\$'000	Treasury investments HK\$'000	Precious metals contract trading HK\$'000	
Turnover	1,149	32,063	(447)	32,765
Segment results	693	301	(536)	458
Unallocated corporate revenue				6,701
Unallocated corporate expenses				(15,875)
				(8,716)
Finance costs				(139)
Loss before taxation				(8,855)
<b>ASSETS</b>				
Segment assets	82	5,377	2,250	7,709
Unallocated corporate assets				49,323
Total assets				57,032
<b>LIABILITIES</b>				
Segment liabilities	–	756	592	1,348
Unallocated corporate liabilities				3,500
Total liabilities				4,848
Other segment information				
Depreciation				
– Segmental	3	–	13	16
– Unallocated				123
				139
Capital expenditure				
– Segmental	26	–	113	139
– Unallocated				638
				777

### Geographical segments

No geographical segment analysis is presented for the years ended 31 December 2006 and 2005 as more than 90% of the Group's turnover, segment results and assets are derived from or located in Hong Kong.

# Notes to the Financial Statements *(continued)*

For the year ended 31 December 2006

## 4. TURNOVER AND OTHER REVENUE

Turnover comprises income from the provision and operation of an internet-based electronic trading system, precious metals contract trading and treasury investments.

	The Group	
	2006 HK\$'000	2005 HK\$'000
<b>Turnover</b>		
Provision and operation of an internet-based electronic trading system	4,192	1,149
Precious metals contract trading	12	(447)
Treasury investments	70,613	32,063
	<b>74,817</b>	<b>32,765</b>
<b>Other revenue</b>		
Dividend income	65	21
Realized gain on disposal of gold bullion – net	–	5,641
Interest income	3,309	1,018
Miscellaneous income	420	175
	<b>3,794</b>	<b>6,855</b>
<b>Total revenue</b>	<b>78,611</b>	<b>39,620</b>

## 5. LOSS FROM OPERATING ACTIVITIES

Loss from operating activities is arrived at after charging/(crediting) the following:–

	The Group	
	2006 HK\$'000	2005 HK\$'000
Auditors' remuneration		
– current year	800	465
– prior year underprovision	128	–
Depreciation	174	139
Operating lease rentals in respect of land and buildings	624	824
Retirement benefit scheme contributions		
– directors	13	9
– others	119	108
Staff costs (excluding retirement benefit scheme contributions)		
– directors' emoluments	2,529	1,704
– others	3,939	2,726
Loss on disposal of property, plant and equipment	3	60
Legal and professional fees		
– current year	2,570	4,382
– waiver/discount in respect of prior year	(113)	(1,228)
Realized loss on precious metals contract – net	–	6,707
Unrealized loss on precious metals contract trading – net	11	9
Unrealized loss on investments held for trading – net	4	52

# Notes to the Financial Statements *(continued)*

For the year ended 31 December 2006

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

### (a) Directors' emoluments

The aggregate amounts of emoluments paid/payable to the Directors of the Company are as follows:-

#### 2006

	Francis J. Chang Chu Fai HK\$'000	Leung Man Pok, John HK\$'000	Cheung Wing Chi, Winnie HK\$'000	Chung Koon Yan HK\$'000	Wong Kai Tat HK\$'000	Yue Wai Keung HK\$'000	Chan Kee Chee, Keith HK\$'000	Total HK\$'000
<b>Fees</b>	683	-	228	114	114	114	-	1,253
<b>Salaries and other allowances</b>	-	592	-	-	-	-	684	1,276
<b>Retirement benefit scheme contributions</b>	-	12	-	-	-	-	1	13
	<b>683</b>	<b>604</b>	<b>228</b>	<b>114</b>	<b>114</b>	<b>114</b>	<b>685</b>	<b>2,542</b>

#### 2005

<b>Fees</b>	-	-	-	-	-	-	1,560	1,560
<b>Salaries and other allowances</b>	-	-	-	-	-	-	144	144
<b>Retirement benefit scheme contributions</b>	-	-	-	-	-	-	9	9
	-	-	-	-	-	-	1,713	1,713

Chan Kee Chee, Keith was an executive Director of the Company. He resigned on 20 January 2006.

Chan Choi Ling, a non-executive Director of the Company, resigned on 20 January 2006 and did not receive any fees or other emoluments during the two years ended 31 December 2006.

No share option was granted to the Directors of the Company during the two years ended 31 December 2006. Further details are set out in note 22 to the financial statements.

There were no arrangements under which the directors waived or agreed to waive any emoluments during the two years ended 31 December 2006.

# Notes to the Financial Statements *(continued)*

For the year ended 31 December 2006

## 6. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS *(continued)*

### (b) Five highest paid individuals

Details of the five highest paid individuals, including three directors and two employees (2005: one director and four employees), and information regarding their emoluments are set out below:–

	The Group	
	2006 HK\$'000	2005 HK\$'000
Fees	683	1,560
Salaries and other allowances	2,476	988
Inducement fees	–	79
Discretionary bonus	160	–
Retirement benefit scheme contributions	37	36
	<b>3,356</b>	<b>2,663</b>

Their emoluments were within the following bands:

	The Group Number of individuals	
	2006	2005
HK\$Nil – HK\$1,000,000	5	4
HK\$1,500,001 to HK\$2,000,000	–	1
	<b>5</b>	<b>5</b>

No share option was granted to the two (2005: four) highest paid employees during the current year.

## 7. RETIREMENT BENEFIT SCHEME

The costs of retirement benefit scheme charged to the consolidated income statement represent contributions by the Group of approximately HK\$132,000 (2005: approximately HK\$117,000) to an approved defined contribution retirement benefit scheme for employees: a Mandatory Provident Fund Scheme under the Mandatory Provident Fund Schemes Ordinance. The amount is net of forfeited contributions of HK\$Nil (2005: HK\$Nil) relating to unvested benefits for employers who resigned from the Group during the year. The employer and employees respectively contribute 5% of the employees' monthly gross earnings with a ceiling of HK\$1,000 per month.

Contributions totalling approximately HK\$18,000 (2005: approximately HK\$21,000) were payable to the scheme at the year end and are included in other payables.

## 8. FINANCE COSTS

	The Group	
	2006 HK\$'000	2005 HK\$'000
Interest on unsecured loan from immediate holding company	–	3
Interest on precious metals contract trading	1,053	136
	<b>1,053</b>	<b>139</b>

# Notes to the Financial Statements *(continued)*

For the year ended 31 December 2006

## 9. 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 year.

A reconciliation of taxation to the loss before taxation is as follows:-

	<b>The Group</b>	
	<b>2006</b>	2005
	<b>HK\$'000</b>	HK\$'000
Loss before taxation	<b>(3,603)</b>	(8,855)
Tax at statutory rate of 17.5% (2005: 17.5%)	<b>(631)</b>	(1,550)
Tax effect of income that is not taxable in determining taxable profits	<b>(414)</b>	(101)
Tax effect of expenses that are not deductible in determining taxable profits	<b>270</b>	58
Tax effect of prior years' tax losses utilized	<b>(278)</b>	-
Tax effect of tax allowances over depreciation	<b>(61)</b>	-
Tax effect of unused tax losses not recognized	<b>1,114</b>	1,593
Taxation	<b>-</b>	-

## 10. LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The net loss attributable to equity holders of the Company dealt with in the financial statements of the Company amounted to approximately HK\$1,521,000 (2005: approximately HK\$150,000). Details are set out in note 23 to the financial statements.

## 11. DIVIDEND

No dividend has been declared or paid by the Company in respect of the current year (2005: Nil).

## 12. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to equity holders of the Company of approximately HK\$3,603,000 (2005: approximately HK\$8,855,000) and the weighted average of 2,779,000,000 (2005: 2,779,000,000) ordinary shares in issue during the year.

Diluted loss per share is not presented for the year ended 31 December 2006 and 2005 as there were no dilutive potential ordinary shares.

# Notes to the Financial Statements *(continued)*

For the year ended 31 December 2006

## 13. PROPERTY, PLANT AND EQUIPMENT

The Group	Leasehold improvements HK\$'000	Furniture, fixtures and equipment HK\$'000	Computer equipment HK\$'000	Motor vehicle HK\$'000	Total HK\$'000
<b>Cost</b>					
1 January 2005	572	130	1,420	–	2,122
Additions	252	239	273	13	777
Disposals	(572)	(81)	(603)	–	(1,256)
31 December 2005 and 1 January 2006	252	288	1,090	13	1,643
Additions	–	1	80	–	81
Disposals	–	–	(19)	(13)	(32)
31 December 2006	252	289	1,151	–	1,692
<b>Accumulated depreciation</b>					
1 January 2005	478	94	1,412	–	1,984
Charge for the year	66	30	41	2	139
On disposals	(529)	(66)	(601)	–	(1,196)
31 December 2005 and 1 January 2006	15	58	852	2	927
Charge for the year	38	41	95	–	174
On disposals	–	–	(19)	(2)	(21)
31 December 2006	53	99	928	–	1,080
<b>Net book value</b>					
31 December 2006	<b>199</b>	<b>190</b>	<b>223</b>	<b>–</b>	<b>612</b>
31 December 2005	237	230	238	11	716

## 14. INTERESTS IN SUBSIDIARIES

	The Company	
	2006 HK\$'000	2005 HK\$'000
Unlisted shares, at cost	–	–
Amounts due from subsidiaries	73,321	74,758
Amount due to a subsidiary	(236)	(52)
Less: impairment loss	(22,353)	(22,353)
	<b>50,732</b>	<b>52,353</b>

The amounts due from and to subsidiaries are unsecured, interest-free and they are not repayable within the next twelve months from the balance sheet date.

## Notes to the Financial Statements *(continued)*

For the year ended 31 December 2006

### 14. INTERESTS IN SUBSIDIARIES *(continued)*

The following is a list of the subsidiaries of the Company as at 31 December 2006:–

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	Provision and operation of an internet-based precious metals trading system
G9999.Com Limited	Hong Kong	Ordinary HK\$2	Internet content provider
Wing Shing Loong Goldsmith & Refinery Co. Limited	Hong Kong	Ordinary HK\$15,000,000	Gold bullion licence holding and precious metals contract trading
Trasy Technology Limited	British Virgin Islands	Ordinary US\$1	Dormant
Trasy Holdings Limited	Hong Kong	Ordinary HK\$2	Management services
United Goldnet Limited	Hong Kong	Ordinary HK\$2	Treasury management and securities trading

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

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

All subsidiaries are limited liabilities companies limited by shares.

# Notes to the Financial Statements *(continued)*

For the year ended 31 December 2006

## 15. AVAILABLE-FOR-SALE INVESTMENTS

	The Group	
	2006 HK\$'000	2005 HK\$'000
Unlisted equity securities, at cost	136	–

The cost of unlisted shares represents the investment cost in the shares of Hong Kong Precious Metals Exchange Limited, a subsidiary of The Chinese Gold & Silver Exchange Society.

## 16. OTHER ASSETS

	The Group	
	2006 HK\$'000	2005 HK\$'000
Membership licences, at cost	1,180	1,180
Less: Impairment loss	(930)	(930)
	250	250

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

## 17. DEFERRED TAX ASSETS AND LIABILITIES

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

### The Group

	Property, plant and equipment HK\$'000	Gold bullion HK\$'000	Tax losses HK\$'000	Total HK\$'000
1 January 2005	(46)	4,449	(4,403)	–
Charge/(credit) to the income statement	12	(4,449)	4,437	–
31 December 2005	(34)	–	34	–
Charge/(credit) to the income statement	34	–	(34)	–
31 December 2006	–	–	–	–

## Notes to the Financial Statements *(continued)*

For the year ended 31 December 2006

### 17. DEFERRED TAX ASSETS AND LIABILITIES *(continued)*

Details of unrecognized deferred tax assets/(liabilities) at the balance sheet date are as follows:-

	2006 HK\$'000	2005 HK\$'000
Excess of tax allowances over depreciation	(61)	-
Unabsorbed tax losses	3,910	3,074
	<b>3,849</b>	<b>3,074</b>

The deferred tax assets have not been recognized in the financial statements due to the unpredictability of future profit streams.

#### The Company

The Company did not have any unrecognized deferred tax assets and liabilities at the balance sheet date.

### 18. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	The Group		The Company	
	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
Accounts receivable	2,616	1,682	-	-
Deposits in principals' accounts	6,368	431	-	-
Prepayments and other deposits	393	479	42	-
Other receivables	41	210	-	-
	<b>9,418</b>	<b>2,802</b>	<b>42</b>	<b>-</b>

An aging analysis of accounts receivable is set out below:-

	The Group	
	2006 HK\$'000	2005 HK\$'000
0-30 days	2,616	1,669
31-60 days	-	-
61-90 days	-	-
Over 90 days	-	13
	<b>2,616</b>	<b>1,682</b>

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.

# Notes to the Financial Statements *(continued)*

For the year ended 31 December 2006

## 18. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES *(continued)*

Accounts receivable and other receivables are denominated in the following currencies:-

	The Group		The Company	
	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
United States dollars	6,755	1,960	-	-
Hong Kong dollars	2,663	842	42	-
	<b>9,418</b>	2,802	<b>42</b>	-

## 19. INVESTMENTS HELD FOR TRADING

	The Group	
	2006 HK\$'000	2005 HK\$'000
Equity securities listed in Hong Kong, at market value	2,570	5,224

## 20. TIME DEPOSITS, CASH AND BANK BALANCES

	The Group		The Company	
	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
Time deposits	45,148	47,354	-	-
Cash and bank balances	820	686	4	1
Cash and cash equivalents in consolidated cash flow statement	<b>45,968</b>	48,040	<b>4</b>	1

Time deposits, cash and bank balances are denominated in the following currencies:-

	The Group		The Company	
	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
United States dollars	32,259	23,755	-	-
Hong Kong dollars	13,709	24,285	4	1
	<b>45,968</b>	48,040	<b>4</b>	1

Cash at bank earns interest at floating rates based on daily bank deposit rates. Time deposits have an original maturity of three months or less and earn interest at short term time deposit rates. The effective interest rate of time deposits is approximately 4.4% (2005: 4%).

## Notes to the Financial Statements *(continued)*

For the year ended 31 December 2006

### 21. ACCOUNTS PAYABLE AND OTHER PAYABLES

	The Group		The Company	
	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
Accounts payable	26	1,058	-	-
Deposits received from customers	7,995	290	-	-
Accruals	855	400	-	-
Other payables	1,497	3,100	491	546
	<b>10,373</b>	<b>4,848</b>	<b>491</b>	<b>546</b>

An aging analysis of accounts payable is set out below:-

	The Group	
	2006 HK\$'000	2005 HK\$'000
0-30 days	-	1,043
31-60 days	2	15
61-90 days	12	-
Over 90 days	12	-
	<b>26</b>	<b>1,058</b>

Accounts payable and other payables are denominated in the following currencies:-

	The Group		The Company	
	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
United States dollars	8,032	592	-	-
Hong Kong dollars	2,341	4,256	491	546
	<b>10,373</b>	<b>4,848</b>	<b>491</b>	<b>546</b>

### 22. SHARE CAPITAL

	2006 HK\$'000	2005 HK\$'000
Authorized:		
180,000,000,000 ordinary shares of HK\$0.01 each	<b>1,800,000</b>	1,800,000
Issued and fully paid:		
2,779,000,000 ordinary shares	<b>27,790</b>	27,790

# Notes to the Financial Statements *(continued)*

For the year ended 31 December 2006

## 22. SHARE CAPITAL *(continued)*

- (i) The Company adopted a new share option scheme ("New Scheme") at the annual general meeting of the Company held on 30 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 option was granted by the Company under the New Scheme since its adoption. Details of the New Scheme are set out in the circular of the Company dated 28 March 2002.
- (ii) Under the pre-IPO share option plan (the "Plan") of the Company adopted on 6 November 2000, the Board could, at its discretion, grant options to any full-time employees or executives of the Company and RNA Holdings Limited ("RNA"), the former ultimate holding company of the Company, and their respective subsidiaries on or before 29 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 date of listing on GEM on 7 December 2000. On 29 November 2000, 234,872,000 share options were granted under the Plan. All the share options had a duration of ten years from the date of grant, but were either lapsed or cancelled in 2005 under the conditions set out on page 196 of the Company's prospectus dated 30 November 2000.

## 23. RESERVES

### The 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 24 of the annual report.

	Share premium HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
<b>The Company</b>			
31 December 2004	47,629	(23,461)	24,168
Loss for the year	–	(150)	(150)
31 December 2005	47,629	(23,611)	24,018
Loss for the year	–	(1,521)	(1,521)
<b>31 December 2006</b>	<b>47,629</b>	<b>(25,132)</b>	<b>22,497</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 31 December 2006, in the opinion of the Directors, the Company's reserves available for distribution to shareholders, comprising share premium account and accumulated losses, amounted to approximately HK\$22,497,000 (2005: approximately HK\$24,018,000).

# Notes to the Financial Statements *(continued)*

For the year ended 31 December 2006

## 24. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2006, the Group had minimum outstanding commitments under non-cancellable operating leases in respect of office facilities which fall due as follows:-

	The Group	
	2006 HK\$'000	2005 HK\$'000
Within one year	140	624
In the second to fifth years, inclusive	-	140
	<u>140</u>	<u>764</u>

## 25. 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\$Nil (2005: approximately HK\$301,000) were earned from Hing Fung Goldsmith And Refinery Limited ("HFG&R"), a former fellow subsidiary. HFG&R ceased to be a related company in March 2005;
- (b) Pursuant to tenancy agreements entered into between the Group and RNA Investments Limited ("RNA Investments"), a former fellow subsidiary, in year 2003, the Group made rental payments of HK\$Nil (2005: approximately HK\$108,000) to RNA Investments. RNA Investments ceased to be a related company in March 2005;
- (c) Staff secondment charges paid and payable to:
  - i. PYI Management Limited and Paul Y. Management Limited, both associated companies of the Company's ultimate holding company, were HK\$Nil (2005: approximately HK\$18,000) and approximately HK\$4,000 (2005: approximately HK\$2,000) respectively; and
  - ii. ITC Management Limited, a fellow subsidiary, was approximately HK\$308,000 (2005: approximately HK\$97,000);
- (d) Pursuant to the tenancy agreement entered into between the Group and Central Town Limited ("Central Town"), an associated company of the Company's ultimate holding company, in year 2005, the Group made rental payments of HK\$336,000 (2005: HK\$140,000) to Central Town; and
- (e) On 29 March 2005, Golden Hall Holdings Limited, the immediate holding company, granted a loan facility of up to HK\$2,000,000 to the Group. The loan was unsecured, carried interest at 3% above the Best Lending Rate of Hong Kong dollar per annum. During the year ended 31 December 2005, the Group drew down HK\$1,114,361 and the amount was fully repaid in 2005. The amount of interest paid in 2005 in respect of the loan was approximately HK\$3,000. The loan facility expired on 30 September 2005.

All of the above transactions were entered into with the parties at rates and terms under normal commercial terms.

In respect of the related party transactions stated above, only the transaction under note 25(d) constitutes an exempt continuing connected transaction subject to announcement and reporting requirements under Chapter 20 of the GEM Listing Rules and the Company has complied with the relevant disclosure requirements accordingly.

# Notes to the Financial Statements *(continued)*

For the year ended 31 December 2006

## 26. 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 twelve months from the balance sheet date.

## 27. FINANCIAL RISK MANAGEMENT AND ESTIMATION OF FAIR VALUES

### a) Financial risk management

The Group is exposed to a variety of financial risks which result from its operating and investing activities.

The Directors monitor the financial risk of the Group and take such measures as considered necessary from time to time to minimise such financial risks. The most significant financial risks to which the Group is exposed to are described below:-

#### i) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group is exposed to foreign currency risk primarily through trading that is denominated in a currency other than the functional currency of the operations to which they relate. The currency giving rise to this risk is primarily United States dollar. The Group mitigates this risk by conducting the trading in the same currency, whenever possible.

#### ii) Credit risk

Credit risk arises from the possibility that customers may not be able to settle obligations within the normal terms of transactions. The Group performs ongoing credit evaluation of the customers' financial condition and maintains an account for allowance for doubtful trade and other accounts receivable based upon the expected collectibles of all trade and other accounts receivable.

At the balance sheet date, there were no major concentrations of credit risk.

The maximum exposure to credit risk is therefore represented by the carrying amount of each financial asset as stated in the balance sheet.

Cash is held with financial institutions of good standing.

#### iii) Price risk

The Group is exposed to equity security price risk on its available-for-sale and held for trading investments. Management manages this exposure by maintaining a portfolio of investments with different risk profiles.

### b) Estimation of fair values

The notional amounts of financial assets and liabilities with a maturity of less than one year (including accounts receivable and payable, cash at bank, other receivables and payables) are assumed to approximate their fair values.

The fair values of balances due from/to subsidiaries have not been determined as the timing of the expected cash flows of these balances cannot be reasonably determined because of the relationship.

# Notes to the Financial Statements *(continued)*

For the year ended 31 December 2006

## 28. RECENT ACCOUNTING AND FINANCIAL REPORTING PRONOUNCEMENTS

The HKICPA has issued the following amendments, new standards and interpretations which may be/are relevant to the preparation of the Group's financial statements for the accounting period after 31 December 2006:-

		<b>Effective for accounting periods beginning on or after</b>
HK(IFRIC) – Int 7	Applying the Restatement Approach under HKAS 29 “Financial Reporting in Hyperinflationary Economies”	1 March 2006
HK(IFRIC) – Int 8	Scope of HKFRS 2	1 May 2006
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives	1 June 2006
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment	1 November 2006
HKAS 1 (Amendment)	Presentation of Financial Statements: Capital Disclosures	1 January 2007
HKFRS 7	Financial Instruments: Disclosures	1 January 2007
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions	1 March 2007

HK(IFRIC) – Interpretations 7, 8, 9 and 10 are not expected to have any material impact on the Group's financial statements.

HKAS 1 (Amendment) will affect the disclosures about qualitative information about the Group's objective, policies and processes for managing capital; quantitative data about what the company regards as capital; and compliance with any capital requirements and the consequences of any non-compliance.

HKFRS 7 requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments and also incorporates many of the disclosure requirements of HKAS 32.

The Group is in the process of making an assessment of the impact of HKAS 1 (Amendment) and HKFRS 7 upon initial application. So far, it has concluded that while the adoption of HKAS 1 (Amendment) and HKFRS 7 may result in new and amended disclosures, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

The Group has not yet evaluated the impact on its financial statements following the adoption of HK(IFRIC) – interpretation 11.

## Notes to the Financial Statements *(continued)*

*For the year ended 31 December 2006*

### **29. IMMEDIATE AND ULTIMATE HOLDING COMPANY**

The Company's immediate holding company is Golden Hall Holdings Limited, which is incorporated in Hong Kong.

The Directors consider the Company's ultimate holding company to be ITC Corporation Limited, which is incorporated in Bermuda, and the shares of which are listed on the Main Board of the Stock Exchange.

### **30. APPROVAL OF THE FINANCIAL STATEMENTS**

The financial statements were approved and authorized for issue by the Board on 23 March 2007.