



Trasy Gold Ex Limited
卓施金網有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 08063



2009 INTERIM REPORT

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. 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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim 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 (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.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the six months ended 30 June 2009, the consolidated revenue of Trasy Gold Ex Limited (the “Company”) and its subsidiaries (collectively, the “Group”) amounted to HK\$6,956,000 (for the six months ended 30 June 2008: HK\$6,393,000), which represented proceeds from precious metals trading, dividend income from investments held for trading and interest income.

Dividend income from investments held for trading, which represent investments in listed securities, and interest income for the six months ended 30 June 2009 amounted to HK\$15,000 and HK\$3,294,000 respectively (for the six months ended 30 June 2008: HK\$120,000 and HK\$1,693,000 respectively). During the period, most listed companies significantly cut their dividend payouts under the continuing turmoil in global economic environment, thus the Group recorded a significant decrease in dividend income from investments held for trading. The increase in interest income during the period compared to the corresponding period in 2008 was primarily due to the increase in bank balances resulted from the funds raised amounting to HK\$107,034,000 from the rights issue on 14 February 2008.

The Group recorded a loss attributable to equity holders of the Company of HK\$2,800,000 for the six months ended 30 June 2009 (for the six months ended 30 June 2008: a profit of HK\$2,891,000), representing basic loss per share of HK 2.34 cent (for the six months ended 30 June 2008: basic earnings per share of HK 2.60 cent).

OPERATIONS REVIEW AND OUTLOOK

Precious Metals Trading

For the six months ended 30 June 2009, revenue from precious metals trading amounted to HK\$3,632,000 (for the six months ended 30 June 2008: HK\$4,510,000), with profit contribution amounting to HK\$61,000 (for the six months ended 30 June 2008: HK\$12,000). The Group will continue to adopt prudent risk management and internal control policies to monitor and minimize the Group's risk exposures in precious metals trading.

Securities Investments

During the period, the global financial crisis continued to adversely affect economies and financial markets of Hong Kong and globally. For the six months ended 30 June 2009, the Group recorded a net loss on investments held for trading of HK\$670,000 (for the six months ended 30 June 2008: a net gain on investments held for trading of HK\$4,553,000), which primarily represented loss by marking those listed securities to the market value.

Looking ahead, global economic and financial uncertainties will persist. As a part of risk management philosophy, the Group will continue to adopt a prudent and vigilant attitude towards securities investments policy with a view to achieving better returns on its financial resources and maintaining a more balanced and healthy portfolio of investments.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The Group continues to maintain a sound financial position in term of liquidity. As at 30 June 2009, the Group had net current assets of HK\$346,569,000 (as at 31 December 2008: HK\$350,690,000), representing a slight decrease of 1.2% as compared to 31 December 2008. Cash and cash equivalents as at 30 June 2009 also maintained at a steady level of HK\$332,065,000, compared with HK\$333,170,000 as at 31 December 2008.

As at 30 June 2009, the Group's current ratio was 53.7 times (as at 31 December 2008: 60.1 times) based on current assets of HK\$353,147,000 (31 December 2008: HK\$356,628,000) and current liabilities of HK\$6,578,000 (31 December 2008: HK\$5,938,000). The Group has no bank overdraft, short and long term interest-bearing borrowings as at 30 June 2009 and 31 December 2008, and therefore the gearing ratio is zero as at 30 June 2009 and 31 December 2008. Up to the date of this report, no debt financing activities are currently in place or proposed.

The Group's assets and liabilities are mainly denominated in Hong Kong dollars and the United States dollars. Therefore, the Directors consider that the Group is not exposed to any significant foreign currency risk and thereby no related hedge was made by the Group during the period.

CHARGES ON GROUP ASSETS

As at 30 June 2009, the carrying amount of investments held for trading which have been pledged amounted to HK\$12,133,000 (31 December 2008: HK\$12,495,000). The carrying amount of the associated liability amounted to HK\$4,668,000 (31 December 2008: HK\$4,515,000).

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2009 and 31 December 2008.

SIGNIFICANT INVESTEMENTS

There were no significant investments during the six months ended 30 June 2009 and 2008.

SIGNIFICANT ACQUISITION AND DISPOSAL DURING THE PERIOD AS WELL AS OUTLOOK AND FUTURE PROSPECTS

During the period, the Group neither had any significant acquisition nor disposal of investment. The Group maintains a strong asset base to seize on and grasp any investment opportunities once they arise. They will be either financed by the Group's internal resources, external borrowings, or raising of fund or a combination of both.

EMPLOYEES AND REMUNERATION POLICIES

The total number of employees was 10 as at 30 June 2009 (31 December 2008: 10 employees). The Group offers a competitive remuneration package to its employees, including mandatory provident fund, insurance and medical coverage. In addition, remuneration packages are maintained at a competitive level and reviewed on a periodic basis. Discretionary bonus and share options may be granted to eligible employees based on the Group's and individual's performance.

The Company adopted a share option scheme ("Scheme") at the annual general meeting of the Company held on 30 April 2002. Under the Scheme, the Directors of the Company may, at their 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).

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months period ended 30 June 2009 (2008: Nil).

INDEPENDENT REVIEW REPORT

Deloitte.
德勤**TO THE BOARD OF DIRECTORS OF TRASY GOLD EX LIMITED****Introduction**

We have reviewed the interim financial information set out on pages 6 to 18, which comprises the condensed consolidated statement of financial position of Trasy Gold Ex Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as of 30 June 2009 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The GEM Listing Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
11 August 2009

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2009

	Three months ended		Six months ended	
	30 June		30 June	
	2009	2008	2009	2008
NOTES	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	1,445	3,706	3,632	4,510
Cost of sales	<u>(1,442)</u>	<u>(3,726)</u>	<u>(3,571)</u>	<u>(4,498)</u>
Gross profit (loss)	3	(20)	61	12
Other income	1,673	1,625	3,324	1,883
Administrative expenses	(2,682)	(2,297)	(5,323)	(3,546)
Net gain (loss) on investments held for trading	5,632	2,299	(670)	4,553
Finance costs	(88)	(3)	(192)	(11)
Profit (loss) and total comprehensive income (expense) for the period attributable to owners of the Company	5	<u>1,604</u>	(2,800)	<u>2,891</u>
Earnings (loss) per share	7			
Basic (HK cent)	<u>3.79</u>	<u>1.34</u>	<u>(2.34)</u>	<u>2.60</u>
Diluted (HK cent)	<u>3.79</u>	<u>1.34</u>	<u>(2.34)</u>	<u>2.60</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2009

	<i>NOTES</i>	30 June 2009 HK\$'000 (Unaudited)	31 December 2008 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	8	1,439	114
Available-for-sale investments		136	136
Other non-current assets		250	250
		<u>1,825</u>	<u>500</u>
CURRENT ASSETS			
Inventories		723	—
Other receivables		3,607	5,616
Investments held for trading		16,752	17,842
Bank balances and cash		332,065	333,170
		<u>353,147</u>	<u>356,628</u>
CURRENT LIABILITIES			
Trade and other payables	9	6,578	5,938
NET CURRENT ASSETS		<u>346,569</u>	<u>350,690</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>348,394</u>	<u>351,190</u>
CAPITAL AND RESERVES			
Issued capital	10	1,198	1,198
Share premium and reserves		347,196	349,992
TOTAL EQUITY		<u>348,394</u>	<u>351,190</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the period ended 30 June 2009

	Issued capital	Share Distributable premium	Distributable reserve	Merger reserve	Share options reserve	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000 (note)	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2009 (audited)	1,198	341,858	32,589	5,000	381	(29,836)	351,190
Loss and total comprehensive expense for the period	—	—	—	—	—	(2,800)	(2,800)
Recognition of equity-settled share-based payments	—	—	—	—	4	—	4
At 30 June 2009 (unaudited)	1,198	341,858	32,589	5,000	385	(32,636)	348,394
At 1 January 2008 (audited)	39,944	254,796	—	5,000	3,215	(32,731)	270,224
Profit and total comprehensive income for the period	—	—	—	—	—	2,891	2,891
Recognition of equity-settled share-based payments	—	—	—	—	13	—	13
Transfer to accumulated losses upon lapse of share options	—	—	—	—	(2,852)	2,852	—
Issue of shares	19,972	89,874	—	—	—	—	109,846
Transaction costs attributable to issue of shares	—	(2,812)	—	—	—	—	(2,812)
At 30 June 2008 (unaudited)	59,916	341,858	—	5,000	376	(26,988)	380,162

Note: The distributable reserve of the Group at 1 January 2009 represented the amount arising from the capital reduction by reducing the nominal value of share from HK\$0.50 each to HK\$0.01 each. The capital reduction was carried out by the Company during the year ended 31 December 2008.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the period ended 30 June 2009

	Six months ended	
	30 June	
	2009	2008
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net cash from (used in) operating activities	94	(1,244)
Net cash (used in) from investing activities	(1,199)	1,693
Net cash from financing activities:		
Proceeds from issue of shares	—	109,846
Transaction costs attributable to issue of shares	—	(2,812)
	—	107,034
Net (decrease) increase in cash and cash equivalents	(1,105)	107,483
Cash and cash equivalents at 1 January	333,170	224,987
Cash and cash equivalents at 30 June		
represented by bank balances and cash	332,065	332,470

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 June 2009

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

2. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments that are measured at fair values, as appropriate.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2008.

In the current interim period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations (“new or revised HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning on 1 January 2009.

HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure. HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor standard, HKAS 14 Segment Reporting, required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group’s primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group’s reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 (see note 3). The adoption of the new and revised HKFRSs has had no material effect on the reported results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of improvements to HKFRSs issued in 2008 ¹
HKFRSs (Amendments)	Improvements to HKFRSs 2009 ²
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ¹
HKAS 39 (Amendment)	Eligible Hedged Items ¹
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions ⁴
HKFRS 3 (Revised in 2008)	Business Combinations ¹
HK(IFRIC) - Int 17	Distributions of Non-cash Assets to Owners ¹
HK(IFRIC) - Int 18	Transfers of Assets from Customers ³

¹ Effective for annual periods beginning on or after 1 July 2009

² Amendments that are effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate

³ Effective for transfers on or after 1 July 2009

⁴ Effective for annual periods beginning on or after 1 January 2010

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition dates are on or after 1 January 2010. HKAS 27 (Revised in 2008) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary that do not result in loss of control of the subsidiary. Those changes will be accounted for as equity transactions. The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

The Group has adopted HKFRS 8 Operating Segments with effect from 1 January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor Standard (HKAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's 'system of internal financial reporting to key management personnel' serving only as the starting point for the identification of such segments. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

In both interim reporting periods, the Group's operations are organised into three operating divisions, namely provision and operation of an internet-based electronic trading system, precious metals trading and treasury investments.

3. SEGMENT INFORMATION *(Continued)*

The following is an analysis of the Group's gross proceeds, revenue and profits (losses) by operating segment for the periods under review:

	Segment gross proceeds		Segment revenue		Segment (losses) profits	
	Six months ended		Six months ended		Six months ended	
	June 30		June 30		June 30	
	2009	2008	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Provision and operation of an internet-based electronic trading system	—	—	—	—	(130)	(86)
Precious metals trading	3,632	4,510	3,632	4,510	30	(14)
Treasury investments	420	331,183	—	—	(660)	4,531
Total	<u>4,052</u>	<u>335,693</u>	<u>3,632</u>	<u>4,510</u>	<u>(760)</u>	<u>4,431</u>
Unallocated corporate income					3,308	1,763
Unallocated corporate expense					(5,156)	(3,292)
Finance costs					<u>(192)</u>	<u>(11)</u>
(Loss) profit for the period					<u><u>(2,800)</u></u>	<u><u>2,891</u></u>

3. SEGMENT INFORMATION *(Continued)*

	Segment gross proceeds		Segment revenue		Segment (losses) profits	
	Three months ended		Three months ended		Three months ended	
	June 30		June 30		June 30	
	2009	2008	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Provision and operation of an internet-based electronic trading system	—	—	—	—	(89)	(43)
Precious metals trading	1,445	3,706	1,445	3,706	(7)	8
Treasury investments	394	246,940	—	—	5,643	2,123
Total	1,839	250,646	1,445	3,706	5,547	2,088
Unallocated corporate income					1,673	1,624
Unallocated corporate expense					(2,594)	(2,105)
Finance costs					(88)	(3)
Profit for the period					4,538	1,604

All of the segment gross proceeds and segment revenue reported above are from external customers.

Segment profits (losses) represent the profit (loss) earned (incurred) by each segment without allocation of unallocated corporate income (which mainly includes bank interest income), unallocated corporate expenses (which mainly include corporate administrative costs and directors' salaries) and finance costs. This is the measure reported to the key management personnel for the purposes of resource allocation and assessment of segment performance.

4. INCOME TAX CHARGE

No provision for Hong Kong Profits Tax has been made as the group entities either incurred tax losses or the estimated assessable profit is wholly absorbed by tax losses brought forward from prior years.

5. PROFIT (LOSS) FOR THE PERIOD

Profit (loss) for the period is arrived at after charging (crediting):

	Three months ended		Six months ended	
	30 June		30 June	
	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	208	37	274	90
Loss on disposal of property, plant and equipment	—	272	—	272
Unrealised loss on gold bullion	17	35	17	35
Interest income	<u>(1,658)</u>	<u>(1,624)</u>	<u>(3,294)</u>	<u>(1,693)</u>

6. DIVIDENDS

No dividends were paid, declared or proposed. The directors do not recommend the payment of an interim dividend during the period (2008: Nil).

7. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share is based on the following data:

	Three months ended		Six months ended	
	30 June		30 June	
	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Earnings (loss)				
Earnings (loss) for the purposes of basic and diluted earnings (loss) per share (profits (loss) for the period attributable to owners of the Company)	<u>4,538</u>	<u>1,604</u>	<u>(2,800)</u>	<u>2,891</u>

Number of shares

Weighted average number of ordinary shares for the purposes of basic and diluted earnings (loss) per share (in thousand shares)	<u>119,832</u>	<u>119,832</u>	<u>119,832</u>	<u>111,077</u>
---	-----------------------	----------------	-----------------------	----------------

The weighted average number of ordinary shares for the purposes of calculating basic and diluted earnings (loss) per share for the three months ended and six months ended 30 June 2008 have been retrospectively adjusted to reflect the effect of rights issue and share consolidation during the year ended 31 December 2008.

The calculation of diluted earnings (loss) per share does not take into account the effect of the outstanding share options because the exercise prices of the outstanding share options are higher than the average market price of its shares. Therefore, both the diluted earnings (loss) per share and basic earnings (loss) per share are the same for the three months ended and six months ended 30 June 2008 and 2009 respectively.

8. PROPERTY, PLANT AND EQUIPMENT

During the period ended 30 June 2009, the Group spent approximately HK\$1.6 million (2008: Nil) on the leasehold improvement for new office premises.

9. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of approximately HK\$12,000 (31 December 2008: approximately HK\$12,000) and the ageing analysis is as follows:

	30 June 2009 HK\$'000 (Unaudited)	31 December 2008 HK\$'000 (Audited)
Over 90 days	<u>12</u>	<u>12</u>

10. ISSUED CAPITAL

Issued capital as at 30 June 2009 amounted to HK\$1,198,000. There were no movements in the issued capital of the Company in current interim reporting period. In the prior interim reporting period, the Company issued 1,997,205,000 ordinary shares of HK\$0.01 each at a subscription price of HK\$0.055 per share by the way of rights issue (before adjusting the effect of share consolidation), and raised net proceeds of HK\$107,034,000. The new shares rank pari passu with the then existing shares in all respects.

11. SHARE-BASED PAYMENT TRANSACTIONS

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

For the period ended 30 June 2009

Date of grant	Adjusted exercise price per share HK\$ (Note)	Outstanding at 1 January 2009	Granted during the period	Lapsed during the period	Outstanding at 30 June 2009
1 June 2007	10.72	17,187	—	—	17,187
6 June 2007	9.84	18,416	—	—	18,416
9 July 2007	16.13	90,032	—	—	90,032
		<u>125,635</u>	<u>—</u>	<u>—</u>	<u>125,635</u>
Exercisable at the end of the period					<u>125,635</u>

11. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*
For the period ended 30 June 2008

Date of grant	Adjusted exercise price per share HK\$ (Note)	Outstanding at 1 January 2008	Granted during the period	Lapsed during the period	Outstanding at 30 June 2008	Adjusted outstanding at 30 June 2008 (Note)
1 June 2007	10.72	3,390,000	—	(2,550,000)	840,000	17,187
6 June 2007	9.84	900,000	—	—	900,000	18,416
9 July 2007	16.13	41,400,000	—	(37,000,000)	4,400,000	90,032
		<u>45,690,000</u>	<u>—</u>	<u>(39,550,000)</u>	<u>6,140,000</u>	<u>125,635</u>
Exercisable at the end of the period					<u>5,460,000</u>	<u>111,725</u>

Note: Adjustments had been made to the exercise price and the number of share options outstanding in accordance with the terms of the share option scheme as a result of the rights issue and capital reorganisation during the year ended 31 December 2008.

Share options granted on 1 June 2007 and 6 June 2007 are vested and exercisable in stages during the option period in the following manner:

- (i) first one-third of share options granted may be vested and exercised at any time from the grant date;
- (ii) second one-third of share options granted may be vested and exercised from one year from the grant date; and
- (iii) third one-third of share options granted may be vested and exercised from two years from the grant date.

Share options granted on 9 July 2007 were fully vested and became exercisable on the grant date.

DIRECTORS' AND CHIEF EXECUTIVES' INTEREST AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2009, 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 Divisions 7 and 8 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 in underlying shares of the Company

Under the share option scheme of the Company adopted on 30 April 2002 (the "Scheme"), the Board may, at its discretion, grant options to the Directors and eligible participants (as defined in the Scheme) pursuant to the Scheme to enable them to subscribe for shares of the Company as incentives or rewards for their contribution to the Group.

Name of Director	Nature of interest	Date of grant	Exercisable period	Exercise price per share (HK\$)	Number of ordinary shares to be issued under the options	Approximate percentage of the issued ordinary share capital of the Company
Mr. Chung Koon Yan	Personal interest	9 July 2007	9 July 2007 to 8 July 2010	16.125	30,693	0.03
Mr. Wong Kai Tat	Personal interest	9 July 2007	9 July 2007 to 8 July 2010	16.125	30,693	0.03

Save as disclosed above, none of the Directors and chief executives of the Company nor their associates had any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to 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 as at 30 June 2009.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2009, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed that the following shareholder had notified the Company of relevant interests in the issued share capital of the Company.

Long positions

Ordinary shares of HK\$0.01 each of the Company

Name of shareholder	Capacity	Number of ordinary shares of the Company held	Percentage of the issued ordinary share capital of the Company
Mr. Tse Young Lai	Beneficial owner	23,966,460	20.00

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 June 2009.

SHARE OPTIONS

Details of the movements in the share options of the Company during six months ended 30 June 2009 are set out in note 11 to the condensed consolidated financial statements.

COMPETING INTERESTS

None of the Directors, the management shareholders of the Company nor their respective associates (as defined under the GEM Listing Rules) had any interest in a business which causes or may cause significant competition with the business of the Group.

CODE ON CORPORATE GOVERNANCE PRACTICES

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

During the six months ended 30 June 2009, the Company was in compliance with the code provisions set out in the CG Code except that:

1. code provision A.2.1 of the CG Code provides that the roles and responsibilities of chairman and chief executive officer should be divided. The roles and responsibilities between the Chairman and chief executive officer have not been divided. The roles and functions of the Chairman and chief executive officer have been performed by the two executive Directors of the Company collectively;
2. code provision A.4.1 of the CG Code provides that the non-executive directors should be appointed for a specific term. The non-executive Directors of the Company are not appointed for a specific term but they are subject to retirement at the first general meeting after their appointment and thereafter subject to retirement by rotation at least one every three years in accordance with the Articles of Association of the Company; and
3. code provision E.1.2 provides that the chairman of the board should attend the annual general meeting. The Chairman of the Board did not attend the 2009 annual general meeting of the Company due to illness.

Save as those mentioned above, in the opinion of the Directors, the Company has met the code provisions set out in the CG Code during the six months ended 30 June 2009.

DIRECTORS' SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standards of dealings regarding securities by Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standards set out in the GEM Listing Rules during the six months ended 30 June 2009.

AUDIT COMMITTEE

The Audit Committee of the Company currently comprises three independent non-executive Directors, namely Mr. Chung Koon Yan (as Chairman), Mr. Wong Kai Tat and Ms. Chan Ling, Eva, with written terms of reference in compliance with the GEM Listing Rules. The Audit Committee of the Company has reviewed the unaudited consolidated results of the Group for the six months ended 30 June 2009.

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

The Company has not redeemed any of its shares during the six months ended 30 June 2009. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed securities during the period.

On behalf of the Board

Tse Ke Li

Executive Director

Hong Kong, 11 August 2009

As at the date of this report, the Board comprises Mr. Yu Kam Kee, Lawrence as non-executive Chairman, Mr. Tang Chi Ming and Mr. Tse Ke Li as executive Directors, and Mr. Chung Koon Yan, Mr. Wong Kai Tat and Ms. Chan Ling, Eva as independent non-executive Directors.