THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in Trasy Gold Ex Limited (the "Company"), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

TRASY GOLD EX LIMITED
卓 施 金 網 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 08063)

VERY SUBSTANTIAL ACQUISITION RELATING TO ACQUISITION OF THE ENTIRE EQUITY INTEREST IN AND SHAREHOLDER'S LOAN OF HARVEST WELL INTERNATIONAL LIMITED

A notice convening an extraordinary general meeting of the Company to be held at Gemini and Libra, 33rd Floor, Rosedale on the Park, 8 Shelter Street, Causeway Bay, Hong Kong at 10:00 a.m. on 15 March 2011 (the "EGM") is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM is also enclosed.

Whether or not you are able to attend the EGM and/or vote at the EGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Hong Kong share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof if you so wish.

This circular will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least seven days from the date of its posting and on the Company's website at www.trasy.com.

25 February 2011

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a high 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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

CONTENTS

Page

DEFINITIONS 1

INDUSTRY OVERVIEW 4

LETTER FROM THE BOARD

INTRODUCTION 17
THE AGREEMENT 18
INFORMATION ON HARVEST WELL 21
INFORMATION ON SAFE2TRAVEL 21
SERVICES PROVIDED BY SAFE2TRAVEL 21
BUSINESS MODEL OF SAFE2TRAVEL 23
LICENCES AND MEMBERSHIPS 24
SALES AND MARKETING 26
SETTLEMENT METHODS AND CREDIT TERMS WITH CUSTOMERS AND SUPPLIERS 27
AWARDS AND ACCOLADES 28
CUSTOMER SERVICE AND QUALITY CONTROL 28
HUMAN RESOUCES 29
INTELLECTUAL PROPERTY RIGHTS 32
FUTURE BUSINESS PLAN 33
FINANCIAL INFORMATION ON THE HARVEST WELL GROUP 33
FINANCIAL INFORMATION ON SAFE2TRAVEL 34
DUE DILIGENCE REVIEW ON THE HARVEST WELL GROUP 36
COMPETITIVE STRENGTHS OF SAFE2TRAVEL 36
REASONS FOR THE ACQUISITION 37
FINANCIAL EFFECTS OF THE ACQUISITION 39
FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP 40
GEM LISTING RULES IMPLICATIONS 41
RECOMMENDATION 41
ADDITIONAL INFORMATION 41

RISK FACTORS 42

APPENDIX I — FINANCIAL INFORMATION ON THE GROUP I-1

APPENDIX II — FINANCIAL INFORMATION ON THE HARVEST WELL GROUP . II-1

APPENDIX III — FINANCIAL INFORMATION ON SAFE2TRAVEL III-1

APPENDIX IV — UNAUDITED PRO FORMA FINANCIAL INFORMATION ON THE ENLARGED GROUP IV-1

APPENDIX V — GENERAL INFORMATION V-1

NOTICE OF THE EGM EGM-1

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

"Acquisition"	the acquisition of the Sale Share and the Sale Loan by Durable Gold pursuant to the terms and conditions of the Agreement
"Agreement"	the conditional sale and purchase agreement dated 17 September 2010 entered into among the Vendor, Durable Gold and the Company in relation to the Acquisition
"Board"	the board of Directors
"business day(s)"	a day (days) (other than a Saturday) on which licensed banks are open for business in Hong Kong
"BVI"	British Virgin Islands
"Company"	Trasy Gold Ex Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on GEM
"Completion"	completion of the sale and purchase of the Sale Share and the Sale Loan in accordance with the terms and conditions of the Agreement
"connected person(s)"	has the same meaning ascribed to it under Rule 1.01 of the GEM Listing Rules as extended by Rule 20.11 of the GEM Listing Rules
"Consideration"	the consideration payable by Durable Gold for the Sale Share and the Sale Loan under the Agreement
"Director(s)"	director(s) of the Company
"Durable Gold"	Durable Gold Investments Limited, a company incorporated in the BVI and a direct wholly-owned subsidiary of the Company
"EGM"	the extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder
"Enlarged Group"	the Group as enlarged by the Acquisition upon Completion
"GDP"	gross domestic product
"GDS"	global distribution system
"GEM"	Growth Enterprise Market of the Stock Exchange

"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM
"Group"	the Company and its subsidiaries
"Harvest Well"	Harvest Well International Limited, a company incorporated in the BVI with limited liability
"Harvest Well Group"	Harvest Well and Safe2Travel
"Hong Kong"	Hong Kong Special Administrative Region of the People's Republic of China
"IATA"	International Air Transport Association
"ISO"	International Organization for Standardization
"Latest Practicable Date"	23 February 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
"MICE"	meetings, incentives, conventions and exhibitions
"NATAS"	National Association of Travel Agents Singapore
"Net Profit"	the audited profit before tax attributable to shareholder of Safe2Travel for the year ended 31 December 2010 prepared in accordance with Singapore Financial Reporting Standards
"Safe2Travel"	Safe2Travel Pte Ltd, a company incorporated in Singapore and a direct wholly-owned subsidiary of Harvest Well
"Sale Loan"	the shareholder's loan owing by Harvest Well to the Vendor as at the date of Completion
"Sale Share"	being one issued ordinary share of US$1 in the capital of Harvest Well, representing the entire issued share capital of Harvest Well as at the date of the Agreement and Completion
"SFO"	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Singapore"	Republic of Singapore
"STB"	Singapore Tourism Board

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"TAA"	Travel Agents Act (Chapter 334 of the laws of Singapore)
"TA Regulations"	Travel Agents Regulations under the TAA
"TMIS"	Tourism Management Institute of Singapore
"U.S."	the United States of America
"Vendor"	Mr. Zhang Rong
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"S$"	Singapore dollars, the lawful currency of Singapore
"US$"	United States dollars, the lawful currency of the U.S.
"%"	per cent.

This circular contains translation between S$ and HK$ at the rate of S$1.00 = HK$5.809. This translation should not be taken as a representation that the relevant amounts in S$ could actually be converted into HK$ at that rate or at all.

INTRODUCTION

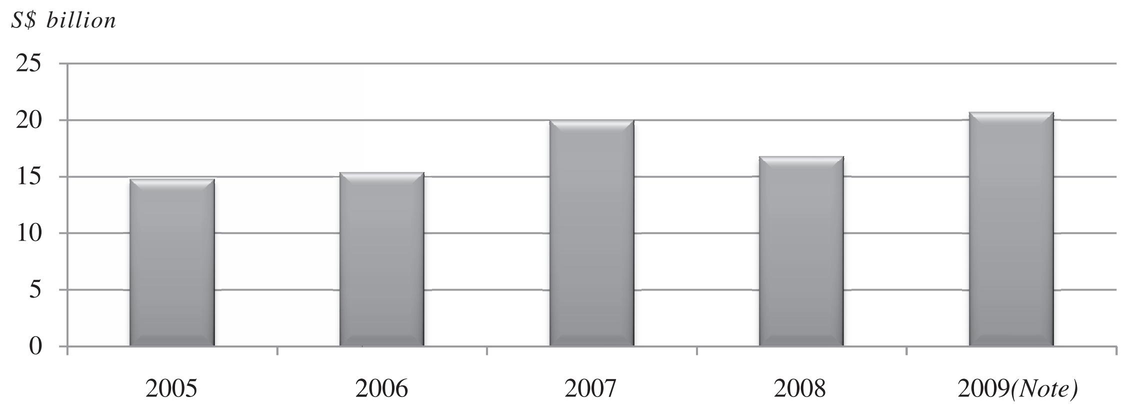
Harvest Well is an investment holding company incorporated in the BVI and its principal asset is its 100% shareholding in Safe2Travel. Safe2Travel is a company licensed under the TAA in Singapore to carry on travel agent business.

Being one of the largest homegrown travel agencies in Singapore licensed under TAA and a one-stop travel service provider, Safe2Travel offers a wide range of travel products and services, principally corporate travel management. Other services provided by it include MICE events management, wholesale of air tickets and hotel rooms, as well as corporate leisure travel services.

OVERVIEW OF SINGAPORE'S TRAVEL AND TOURISM INDUSTRY

Singapore is a cosmopolitan city that is brimming with diversity, as well as a multiplicity of culture, language, arts and architecture. It is always a popular travel destination in Asia that attracts million of tourists each year. The two diagrams below show the historical GDP and employment in travel and tourism industry of Singapore from 2005 to 2009.

GDP of travel and tourism industry

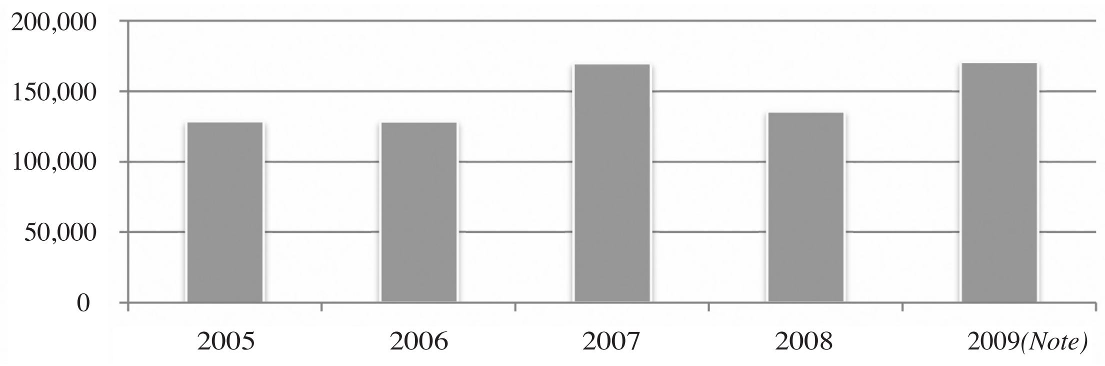


Source: Travel & Tourism Economic Impact Singapore 2010, World Travel & Tourism Council

Note: Estimate figure quoted from the website of World Travel & Tourism Council

Employment in travel and tourism industry

Number of people employed



Source: Travel & Tourism Economic Impact Singapore 2010, World Travel & Tourism Council

Note: Estimate figure quoted from the website of World Travel & Tourism Council

The GDP of travel and tourism industry experienced a slight decrease in 2008 which is probably affected by the financial tsunami triggered off by the sub-prime crisis in the U.S. Except for the aforesaid, the GDP of travel and tourism industry has shown continuous growth in the past few years since 2005. Over 150,000 people were employed in the travel and tourism industry in 2009, generating approximately 7.8% of Singapore's nationwide GDP. GDP of travel and tourism industry is calculated based on total income generated from travel and tourism activities, including infrastructure, transportation and recreational events.

The financial tsunami caused immediate adverse effect on the entire economy of Singapore, including the tourism and travel sector. The figure above shows that both GDP of travel and tourism industry and employment in travel and tourism industry have shrunk in 2008 under the gloomy econonic atmosphere.

SINGAPORE TOURISM BOARD

STB is a statutory board under the Ministry of Trade and Industry of Singapore as an agency to promote the country's tourism industry. Known for its partnership, innovation and excellence, STB champions tourism and builds it into a key economic driver for Singapore. While STB continues to perform its tourism promotion functions, it also fulfills a broader economic development role for the tourism sector.

STB aims to ensure that tourism remains a key economic pillar through long-term strategic planning in partnership with the public and private sector stakeholders. STB's goal is to create exciting and innovative experiences for the visitors, in close partnership with the trade industry, thus etching forever in visitors' minds an image of Singapore as a unique and compelling destination. To do so, STB has identified three key areas of focus: (i) strengthening Singapore's position as a leading convention and exhibition city in Asia; (ii) developing Singapore as a leading Asian leisure destination; and (iii) establishing Singapore as the services centre of Asia.

To achieve these targets, STB has formed strategic tourism units at its head office, which will be its engines of growth to create exciting and memorable experiences for visitors. STB revitalises traditional segments such as attractions and shopping, as well as continues to grow the food and beverage, cruise, events and MICE segments. It also actively taps into emerging and high yield segments such as healthcare and education services.

In addition, greater emphasis will be placed on improving service quality as Singapore's appeal rests, in part, on how visitors assess the level of service they receive. Through a more focused brand and destination communications unit, STB will continue to differentiate and market Singapore as a must-visit destination, offering enriching experiences through the "Your Singapore" branding.

OVERVIEW OF TRAVEL AGENT BUSINESS IN SINGAPORE

Services provided by travel agents in Singapore are principally categorised into three major types:

Travel agent

A travel agent conducts the business of selling travel related products and services to end-user customers on behalf of third party travel products and services suppliers, such as airlines, hotels, theme parks, tour companies, cruise lines, transportation suppliers and insurance companies. Travel agents who primarily work for tour operators and other travel arrangers may help to develop, arrange, and sell the company's own package tours and travel services. They may promote these services using telemarketing, direct mail, and the internet. They also make presentations to social and special-interest groups, arrange advertising displays, and suggest company-sponsored trips to business managers.

Travel agents advise their clients on travel arrangements in the selection of destinations, transportation, accommodations, car rentals, sight-seeing tours and leisure activities. It also acts as a channel for the resorts and specialty travel group to promote the travel packages. Some of the travel agents specialize in specific destinations or regions whereas others specialize in providing travel services to particular demographic groups, such as senior citizens or teenagers.

In general, travel agents provide details of the travel information to clients based on their needs, such as air fare, flight departure and arrival times, hotel accommodation, weather conditions, custom, attractions, exhibitions, customs regulations and required travel documents (passports, visas, and certificates of vaccination), and currency exchange rates.

In the event of changes during the trip, travel agents also can intercede on the clients' behalf to make alternate booking arrangements.

The advices and recommendations provided by the travel agents are generally based on various published and computer-based sources. Travel agents also keep evaluating the suppliers' products and services through their visits in person to the hotels, resorts and restaurants. By gathering all the information above, travel agents can provide tailor-made recommendations to their clients accordingly.

Travel consolidators or wholesalers

Travel consolidators or wholesalers, typically the suppliers to travel agents, are high volume travel products and services suppliers. They offer various types of products and services, including hotel reservations, flight reservations and car-rental, although they may or may not offer all of them at one single point of access. Most travel consolidators have niches in particular areas due to arrangements or contracted rates with certain travel products and services suppliers. Sometimes, different products and services are combined into vacation packages as a one-stop travel solution.

Air ticketing agents

To facilitate the sale of their air tickets, most airlines appoint ticketing agents to sell air tickets for them. There are generally three tiers of ticketing agents, namely: (i) general ticketing agents; (ii) corporate ticketing agents; and (iii) air ticket consolidators.

Airlines typically permit ticketing agents to sell and issue air tickets on their behalf to end customers. The minimum price of the air tickets is determined by the airlines and ticketing agents may not sell tickets below such minimum price.

General ticketing agents deal mainly with end users while corporate ticketing agents deal mainly with corporate customers such as small and medium size enterprises and multi-national corporations. Corporate ticketing agents are able to secure tickets from airlines at preferential rates as compared to general ticketing agents and achieve better margins from the sale of air tickets than a general ticketing agent due to the volume of business as well as executive class of travel.

Air ticket consolidators are ticketing agents who are permitted to sell air tickets to other ticketing agents, and to secure air tickets from airlines for sale at prices more favourable than that accorded to general ticketing agents due to the volume of business. Air ticket consolidators are the coveted tier of ticketing agents, and each airline typically appoints only a few selected agents as air ticket consolidators.

TRAVEL AGENTS ACT AND REGULATIONS

The TAA requires the licensing of any person carrying on the business of a travel agent. The TA Regulations provide certain duties to be complied with by a licensee, including minimum financial requirements, appointment and duties of key executive officers, appointment of tourist guides and advertisements.

The TAA provides that no person shall carry on the business of a travel agent unless he is the holder of a licence granted under the TAA to him or any other person on his behalf. Under the TAA, the carrying on of the business of a travel agent includes (i) the sale of tickets entitling an individual to travel, or otherwise arranges for a person a right of passage on any conveyance; (ii) the sale to, or arranging or making available for, a person rights of passage to, and hotel or other accommodation at, one or more places (being places within or outside Singapore, or some of which are within and others of which are outside Singapore); and (iii) the purchase for resale of the rights of passage on any conveyance. A person who carries on the business of a travel agent is required to make an application to the STB for a licence which, as prescribed under the TA Regulations, shall expire on 31 December of the year following that in which the licence was issued. All travel agents are required to renew their licences by 30 November of the year before the licence expires. The licence will lapse automatically at the end of the validity period if renewal is not made by the said date. Every licensee is also required under the TAA to pay such annual licence fee to STB as may be prescribed, which is S$300 under the TA Regulations in force as at the Latest Practicable Date.

The STB may revoke or suspend a licence if:

(i) the STB is satisfied that the licensee:

(a) has ceased to carry on the business for which he has been licensed or, if the licensee being a company, goes into liquidation or is wound up or otherwise dissolved;

(b) improperly obtained his licence contrary to the provisions of the TAA;

(c) is no longer a fit and proper person to continue to hold the licence;

(d) has been convicted of any offence involving dishonesty or moral turpitude or, if the licensee is a company, any of its officers holding a managerial or an executive position or, if the licensee is a firm, any member of the firm has been convicted of any offence involving fraud or moral turpitude;

(e) is carrying on or has carried on the business of a travel agent in such a manner as renders him unfit to continue to hold a licence;

(f) is contravening or has contravened any of the provisions of the TAA or any regulations made thereunder; or

(g) has been convicted of any offence under the TAA or any regulations made thereunder or, if the licensee is a company, any of its officers holding a managerial or an executive position has been convicted of any offence under the TAA or any regulations made thereunder; or

(ii) the STB considers it in the public interest to do so.

Under the TA Regulations, a licensee is not allowed to transfer or assign the benefit of his licence to any other person, and a licensee is required to ensure that at any time:

(i) where the licensee is a sole proprietor or partnership, the firm's capital and net worth are, respectively, not less than S$100,000; and

(ii) where the licensee is a company, its issued and paid-up capital and its net worth are, respectively, not less than S$100,000.

Where a licensee is unable to comply with the above requirements, the STB may require the licensee to furnish a banker's guarantee of such minimum value as may be determined by the STB.

COMPETITION

Travel agent business in Singapore operates in a competitive environment and is subject to competition from existing market players and new market entrants in the future.

A travel agent's licence is required for carrying on travel agent business. An applicant is required to register with the Registry of Companies and Business solely for the purpose of conducting the business of a travel agent. The registered company must have a key executive and a paid-up capital of at least S$100,000. Under the current TAA, there is no restriction on foreign investors investing in a licensed travel agent or holding a travel agent licence.

To the best of the knowledge of Safe2Travel, the following companies are considered to be the major competitors of Safe2Travel:

Corporate business travel

(i) American Express Travel (Singapore) Pte Ltd, a company under the American Express Group and one of the biggest corporate ticketing agents in Singapore with global networks around the world mainly focusing on multinational corporations with headquarters in the U.S.;

(ii) Carlson Wagonlit Singapore Pte Ltd, one of the biggest corporate ticketing agents in Singapore with global networks mainly specializing in business travel management. It serves companies of various sizes, as well as government institutions and non-governmental organizations, providing travel program and related service and assistance to its clients; and

(iii) Pacific Arena Private Limited, a Singapore based ticketing agent with strong client base in corporate and public sectors. It also extends its services to leisure business.

MICE

(i) Pacific World Singapore Pte Ltd, one of the leading destination management companies in Asia, mainly focusing on inward travel business from company incentive trips and corporate meetings of overseas multinational corporations; and

(ii) Tour East Singapore Pte Ltd, one of the leading destination management companies in Asia with a regional network and is part of Holiday Tours & Travel, mainly focusing on inward travel business from overseas corporate clients.

Air tickets and hotel rooms wholesaler

(i) New Shan Travel Services Pte Ltd, one of the biggest air ticket wholesalers in Singapore mainly serving Singapore-based travel agents; and

(ii) AT Reservation Network Pte Ltd, one of the major online hotel room wholesalers in Singapore. It is a subsidiary of Asiatravel.com Holdings Ltd, a public listed company in Singapore, with regional network in Asia through its own online portal Asiatravel.com.

The management of Safe2Travel considers that Safe2Travel has the following competitive advantages over its competitors:

(i) Safe2Travel has strong and long established reputation with a history of over 90 years in Singapore;

(ii) Safe2Travel has established relationships with its customers and a diversified customer base. Over 50% of the customers have business relationship with Safe2Travel for more than 9 years. Its clients include organisations from public government sector, global multinational corporations, Singapore-based multinational corporations and small to medium-sized enterprises;

(iii) Safe2Travel maintains long term working relationships with its suppliers to ensure travel products at competitive rates can be secured from the suppliers and offered to the customers; and

(iv) Safe2Travel has an experienced and capable management team (details of which are set out in the section headed "Human Resouces" in the letter from the Board contained in this circular).

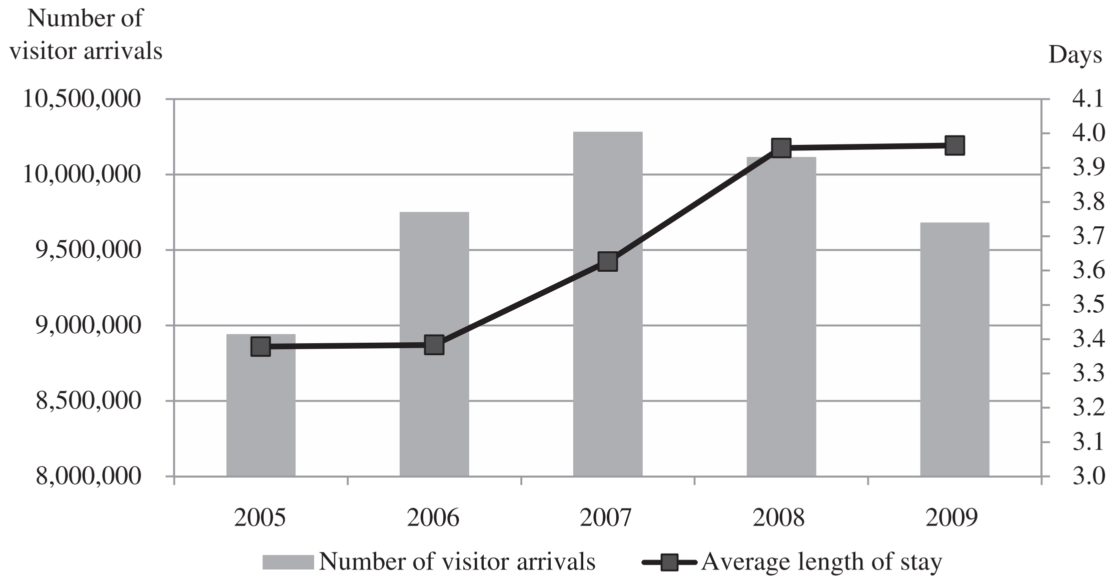
HISTORICAL PERFORMANCE OF TOURISM INDUSTRY IN SINGAPORE

Tourism is one of the most promising industries in Singapore in recent years. With the gradual development of infrastructures, enhancement of transportation network and introduction of new attractions such as casinos and theme parks, Singapore consolidates itself as a popular travel destination in Asia. Many tourists visit Singapore for various purposes such as business, leisure and events. Also, with its dynamic business environment, world-class infrastructures, skilled workforce and strong trade links, Singapore is always a favourite choice of destination for international companies to hold business and corporate events. STB plays an important role in promoting Singapore and attracting tourists through organizing a wide range of seasonal events annually, such as Singapore Food Festival, Barclays Singapore Open and Formula 1.

Key indicator and statistics

According to the annual reports of STB, the number of annual visitor arrivals to Singapore maintained in the region of 9 to 10 million consistently in recent years. As shown in the diagram below, from 2005 to 2008, the number of visitor arrivals increased by approximately 13%. Additionally, the average length of stay per visitor increased to 4 days in 2008. Despite the global economic downturn and outbreak of H1N1 virus in 2009, both figures were not significantly affected.

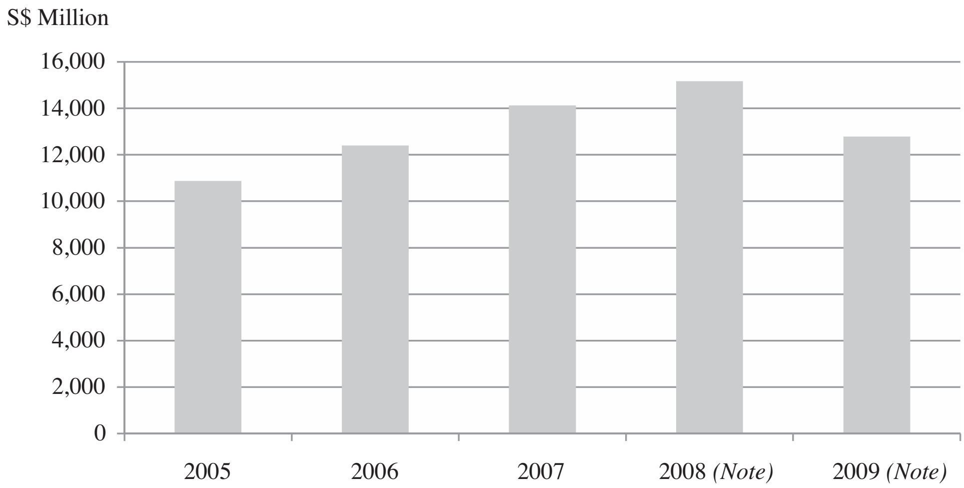
Number of visitor arrivals and average length of stay



Source: Annual Report on TOURISM STATISTICS 2009, STB

The graph below shows the tourism receipts in Singapore. Despite the outbreak of the global financial tsunami has caused immediate adverse impact on the Singapore economy, the tourism receipts still maintained an overall growth in 2008 due to the strong performance in the first three quarters. The financial tsunami in the second half of 2008 did not cause immediate adverse effect on the number of visitors and expenditure of the visitors. Tourism receipts for the entire year of 2008 is higher than 2007 which was mainly due to the increase in per capita expenditure of visitors according to the Tourism Statistics 2008. The adverse effects of the financial tsunami surfaced in 2009 as demonstrated by the significant drop in the number of visitors and tourism receipts in 2009 compared to those of 2008. Except for the above, the tourism receipts in Singapore have shown steady growth in the past few years since 2005.

Tourism receipts in Singapore from 2005 to 2009

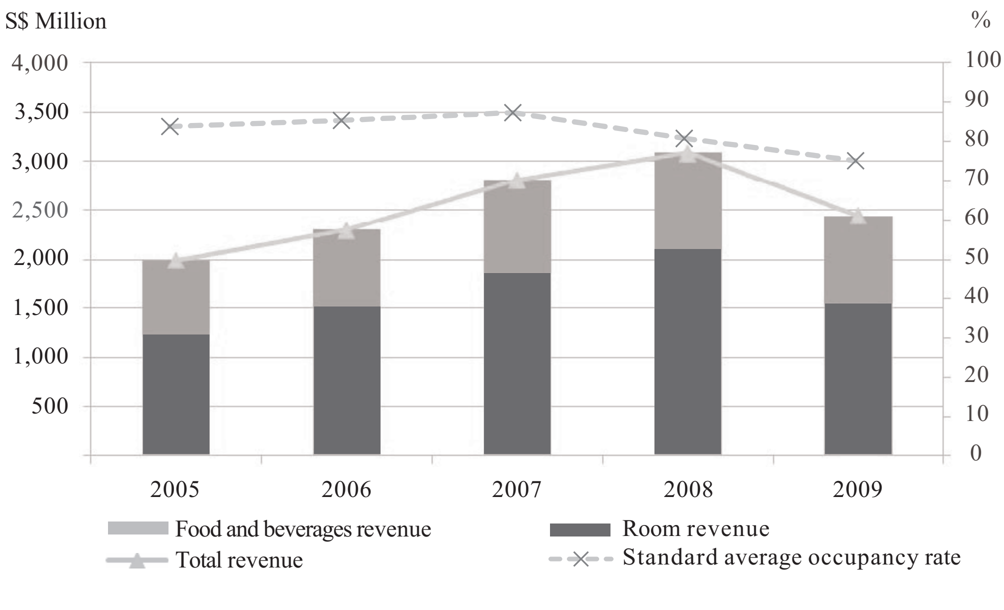


Source: Annual Report on TOURISM STATISTICS 2009, STB

Note: excluded visitor's expenditure of Formula I

The graph below shows the hotel revenue in Singapore during 2005 to 2009.

Hotel revenue from 2005 to 2009



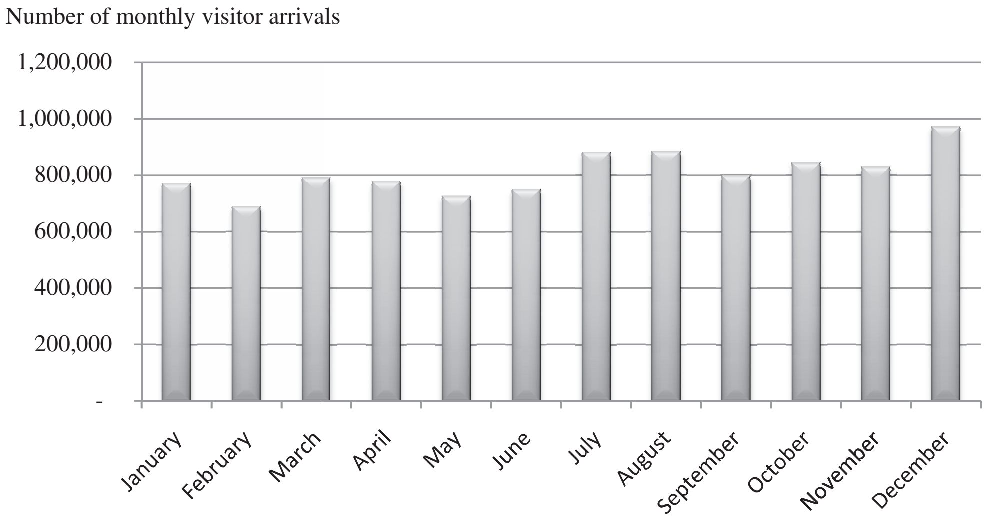
Source: Annual Report on TOURISM STATISTICS 2009, STB

As shown above, hotel revenue recorded a year-on-year growth of approximately 16% during 2005 to 2008. The figure experienced a significant drop in 2009 due to the aftermath of the financial tsunami.

Seasonal factors of the industry

The chart below shows the monthly visitor arrivals of Singapore in 2009. The monthly visitor arrivals may vary throughout the year due to different factors, and in general slightly higher number of visitor arrivals is seen in July, August and December due to summer holidays and Christmas holidays. However, significant fluctuation in visitor arrivals throughout the year due to seasonal factor is not considered significant.

Monthly visitor arrivals of Singapore in 2009



Source: Annual Report on TOURISM STATISTICS 2009, STB

TRANSPORTATION NETWORK AND TOURISM INFRASTRUCTURE OF SINGAPORE

Outbound transportation

The infrastructure and transportation planning undertaken in Singapore improve its connectivity globally and strengthen its position as a transportation hub in Asia.

Flight

Singapore Changi International Airport, with four terminals (including one budget terminal), is one of the most important air hubs in the region. The international airport is situated at the eastern tip of the main island, and serves 200 cities in 60 countries. The international airport handles over 42 million passengers a year.

In 2009, 14 new city links and six new airlines commenced operations at the Singapore Changi International Airport which facilitate the inflow of visitors.

Coach or bus, driving and train

Singapore has two bridges, located in Malay Peninsula, Causeway and Second Link, which are both connected to Malaysia. The rail network is also linked with Kuala Lumpur and Bangkok.

Travellers can take route on the train service starting from Hatyai in Thailand through Kuala Lumpur to Singapore.

Cruise or ferry

Sea transportation services can be found at Changi Ferry Terminal, Changi Point Ferry Terminal, Tanah Merah Ferry Terminal and Singapore Cruise Centre.

Singapore's new international cruise terminal located at Marina South is also under development. When it is completed, this new cruise terminal is expected to command a prominent waterfront location with the downtown Singapore skyline as its backdrop, and will serve as a key maritime gateway to Singapore.

Inbound transportation network

Cable Car

In 2010, the introduction of the Singapore Cable Car, piles between Mount Faber on main island of Singapore and resort island of Sentosa, offers an alternative access to Sentosa. The planning, construction and maintenance of the road network is overseen by the Land Transport Authority, and this extends to expressways in Singapore. They form key transport arteries between the distinct towns and regional centres as laid out in Singapore's urban planning, with the main purpose of allowing vehicles to travel from satellite towns to the city centre and vice-versa in the shortest possible distance.

SBS Transit and SMRT

SBS Transit is Singapore's major bus service operator. Operating convenient bus services all around Singapore, SBS Transit services also ply destinations that are less accessible. Most of their buses are equipped with air-conditioning and provide trunk, feeder, express, townlink and premium services. To discover Singapore's bustling nightlife, SBS Transit also provides special bus services called the Nite Owl, which operate on Fridays, Saturdays and the eve of public holidays.

SMRT, Singapore's mass-rapid transit operator, runs bus services primarily in the northern part of Singapore. It shares a duopoly with SBS Transit as part of Singapore's transport system. Its fleet of almost 800 buses from five interchanges. Similar to SBS Transit, SMRT also operates feeder, express and premium services. SMRT also operates the popular NightRider service, which is a safe and affordable alternative transport option for commuters who spend weekends partying till late.

The Mass Rapid Transit (MRT)

The MRT provides scenic views of the heartland and city areas, with great access to almost every part of Singapore. It offers a fast and reliable transport option to the travellers. Tourists can take any number of rides on most buses and trains operated by SBS Transit and SMRT by purchasing the Singapore Tourist Pass at MRT stations.

Tourism infrastructures

In recent years, Singapore undertook a series of infrastructure projects to create a diversity of tourism landscape and attractions.

Orchard Road

In 2009, the makeover of Orchard Road was completed with three new retail malls opening in expansion to 800,000 square metres of retail, dining and entertainment space.

Resorts World Sentosa and Marina Bay Sands

Resorts World Sentosa, one of the world's most extensive integrated resorts built in a record time of less than three years, opened ahead of schedule on 20 January 2010. Phase one opening of the integrated resort included four hotels: Festive Hotel, Hard Rock Hotel Singapore, Crockfords Tower and Hotel Michael, Marina Bay Sands integrated resort was also opened in the first half of 2010, which encompasses hotels, museum, luxury brands retail outlets, restaurants, theaters, night clubs and casino. Business visitors will also have access to extensive MICE facilities featuring technology, highly flexible exhibition halls, and a convention centre. The Fullerton Heritage, a historic wharf project featuring dining and retail and Fullerton Bay Hotel, and Singapore's second botanic garden, Gardens by the Bay, are expected to be opened in 2011.

FUTURE OPPORTUNITIES AND CHALLENGES

Travel and tourism industry is one of the world's most important sectors and has been one of the leading growth sectors. In July 2010, the IATA announced international scheduled traffic statistics for June 2010, showing that the travel industry is recovering. Europe recorded a passenger growth of 7.8% while Asia Pacific recorded a passenger growth of 15.5%.

According to 2010 Travel & Tourism Economic Research published by the World Travel & Tourism Council, the travel and tourism industry is forecast to grow by 4.4% per annum in real terms between 2010 and 2020, supporting over 300 million jobs by 2020 and account for 9.2% of all jobs and 9.6% of global GDP. These factors provide support for the industry's positive long term prospects and confirm that the industry will continue to grow in importance as one of the world's highest-priority sectors and employers.

The World Tourism Organization also forecasts that international arrivals are expected to reach 1.6 billion by the year of 2020, growing at an average annual rate of 4.1%, with Asia Pacific, Africa and the Middle East recording the highest growth rates of over 5.0% per year. Asia in particular is experiencing a very dynamic rebound, with strong results from Sri Lanka, Japan, Vietnam, Hong Kong, Macao, Singapore, Fiji and the Maldives. However, market uncertainties, market volatility and decline in both consumer and business confidence are expected to continue to take a toll on demand for tourism in the short to medium term. Nevertheless, as in previous occasions such as the Asian financial and economic crisis and the tsunami in 2004, Asia has once again shown a strong capacity for recovery. It is believed that the Asia Pacific region will continue to drive international tourism.

The continued strong expansion in emerging countries, both as tourism destinations and new outbound markets, supports the industry's positive long-term future prospects. Rising levels of disposable income due to strong economic growth of emerging economies and increasing globalization has also resulted in fast growth in outbound travel. These factors provide support for the travel industry's positive long term prospects.

As to the travel industry in Singapore, the STB has on 5 March 2010 announced its forecasts for the tourism industry for 2010 which are 11.5 to 12.5 million in visitor arrivals and S$17.5 to S$18.5 billion in tourism receipts. The optimistic forecasts for Singapore come on the back of a positive outlook for the tourism industry globally in 2010, with Asia expected to lead the growth, as well as a rebound in the performance of Singapore's tourism sector seen in the final quarter of 2009.

MICE industry is one of the fastest growing segments within the tourism industry, generating significant amounts of revenue for cities and countries, and Asia has been a major beneficiary of such tourism-related spending and investments. In June 2009, Singapore ranked number one in the Top International Meeting City in the Union of International Associations 2008 Global Rankings for the second consecutive year. Singapore continues to reign as Asia Pacific's top country and city for meetings, accounting for approximately 25% of the meetings held in the continent in 2008. These accolades reaffirm Singapore's position as a globally preferred business events destination. The management of Safe2Travel consider that the MICE industry in Singapore will continue to increase its share of the global MICE market in the future.

Based on the abovementioned statistics and forecasts, the management of Safe2Travel believes that travel demand, in particular for the Asia Pacific region, will continue to face good long-term growth prospects and that there is considerable potential for market development.

TRASY GOLD EX LIMITED
卓施金網有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 08063)

Executive Directors:
Mr. Tang Chi Ming
Mr. Tse Ke Li

Independent non-executive Directors:
Mr. Chung Koon Yan
Mr. Wong Kai Tat
Ms. Chan Ling, Eva

Registered office:
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Head office and principal place of business in Hong Kong:
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38 Connaught Road West
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Hong Kong

25 February 2011

To the Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL ACQUISITION RELATING TO ACQUISITION OF THE ENTIRE EQUITY INTEREST IN AND SHAREHOLDER'S LOAN OF HARVEST WELL INTERNATIONAL LIMITED

INTRODUCTION

On 22 September 2010, the Board announced that after trading hours of the Stock Exchange on 17 September 2010, Durable Gold, a direct wholly-owned subsidiary of the Company, and the Company entered into the Agreement with the Vendor, pursuant to which the Vendor has conditionally agreed to sell, and Durable Gold has conditionally agreed to acquire, the Sale Share and the Sale Loan at a total cash consideration of HK$240 million (subject to downward adjustment as described below). The Sale Share represents the entire issued share capital of Harvest Well. The Harvest Well Group is engaged in the business of licensed travel agent in Singapore.

The Acquisition constitutes a very substantial acquisition of the Company under the GEM Listing Rules and the Agreement and the transactions contemplated thereunder are therefore subject to the approval of the Shareholders at the EGM.

The purpose of this circular is to provide you with, among other things, details of the Acquisition, information relating to the business of the Harvest Well Group, the financial information on the Group and the Harvest Well Group, the unaudited pro forma financial information on the Enlarged Group, and the notice of the EGM together with the proxy form and other information as required under the GEM Listing Rules.

THE AGREEMENT

Date

17 September 2010

Parties

(a) Vendor: Mr. Zhang Rong

(b) Purchaser: Durable Gold, a direct wholly-owned subsidiary of the Company

(c) Guarantor: the Company (as guarantor to guarantee the obligations and liabilities of Durable Gold under the Agreement)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor is a third party independent of the Company and its connected persons.

Assets to be acquired

(a) the Sale Share, being 1 issued ordinary share of US$1 in the capital of Harvest Well, representing the entire issued share capital of Harvest Well as at the date of the Agreement; and

(b) the Sale Loan, being the outstanding shareholder's loan owing by Harvest Well to the Vendor as at the date of Completion.

The Sale Share and the Sale Loan shall be acquired together with all rights attached thereto as of the date of the Agreement. As at the date of the Agreement, the total shareholder's loan owing by Harvest Well to the Vendor amounted to approximately HK$52.3 million.

Consideration and payment terms

Pursuant to the Agreement, the Consideration (being the aggregate consideration for the Sale Share and the Sale Loan) shall be HK$240 million (subject to downward adjustment as described in the sub-paragraph headed "Profit guarantee and adjustment to the Consideration" below) shall be apportioned as follows:

(a) the portion of the Consideration attributable to the Sale Loan shall be equal to the face value of the Sale Loan; and

(b) the remaining balance of the Consideration shall be attributable to the Sale Share.

The Consideration shall be satisfied in cash by Durable Gold at Completion.

Conditions precedent

Completion of the Agreement is conditional on the following conditions:

(a) the Shareholders having passed an ordinary resolution at the EGM approving the Agreement and the transactions contemplated thereunder;

(b) Durable Gold being solely and absolutely satisfied with the results of the due diligence review on the assets, liabilities, operations and affairs of the Harvest Well Group;

(c) the representations, undertakings and warranties given by the Vendor in the Agreement remaining true and accurate and not misleading in any respect at Completion as if repeated at Completion and at all times between the date of the Agreement and Completion;

(d) Durable Gold having obtained a legal opinion issued by a firm of lawyers qualified to practise laws in Singapore in such form and substance to the satisfaction of Durable Gold covering such matters in relation to the transactions contemplated under the Agreement, including but not limited to the valid existence of Safe2Travel and the business carried on by it; and

(e) all other necessary consent from third parties (including governmental or official or regulatory authorities) and all other necessary consents and approvals required pursuant to any legal or regulatory requirement in respect of the sale and purchase of the Sale Share and the Sale Loan having been obtained.

Durable Gold may in its absolute discretion waive conditions in (b) to (d) above. As at the Latest Practicable Date, the management of Safe2Travel and the Company were not aware that any necessary approval or consents from STB or other regulatory authorities in Singapore is required in respect of the sale and purchase of the Sale Share and the Sale Loan. Based on the Singapore legal opinion obtained by the Company, travel agents in Singapore are required to apply for a travel agent licence under the TAA for their operations in Singapore. Travel agents in Singapore are also required to comply with the TA Regulations as well as any conditions stipulated by the STB. Neither the TAA nor TA Regulations state specifically that an acquisition of the type involving Safe2Travel, or a change of shareholding, will have to be approved by the STB.

If the conditions set out above have not been satisfied or waived (as the case may be) on or before 30 June 2011 (or such later date as Durable Gold may agree in writing), the Vendor and Durable Gold shall not be bound to proceed with Completion, and the Agreement will cease and determine and neither party shall have any obligations under the Agreement save for any antecedent breach. The conditions set out in (b) to (d) are intended to provide flexibility for the parties in implementing commercial transactions of the type of the Acquisition and are therefore capable of being waived. Other conditions in the Agreement which are indispensible and involve no element of subjectivity such as regulatory compliance and approvals are not waivable. The Company considers these to be normal commercial terms. As at the Latest Practicable Date, the Company has no present intention to waive any of the conditions.

Completion

Completion of the Agreement shall take place on the fifth business day following the fulfilment or wavier (as the case may be) of the conditions precedent to the Agreement (or such other date as Durable Gold shall agree in writing). Durable Gold is not obliged to complete the purchase of the Sale Share and the Sale Loan unless the sale and purchase of the Sale Share and the Sale Loan are completed simultaneously.

Profit guarantee and adjustment to the Consideration

Pursuant to the Agreement, the Vendor has warranted that the Net Profit shall not be less than S$5.0 million (equivalent to approximately HK$29.0 million). The guaranteed Net Profit was determined with reference to the audited profit before taxation of S$4.1 million (equivalent to approximately HK$23.8 million) of Safe2Travel for the year ended 31 December 2009.

In the event the Net Profit as reported on by the auditors of Safe2Travel (whose appointment shall have been consented by Durable Gold) is less than S$5.0 million, the Vendor shall pay an amount to Durable Gold, which is equivalent to 6.5 times of the shortfall between S$5.0 million and the Net Profit, within three business days upon written demand from Durable Gold. The aforesaid adjustment ratio of 6.5 times was determined with reference to the price-earnings multiple of approximately 6.3 times represented by the adjusted consideration over the guaranteed Net Profit as set out in the section headed "Reasons for the Acquisition" below.

As disclosed in the accountants' report of Safe2Travel contained in Appendix III to this circular, Safe2Travel recorded audited profit before tax of approximately S$2.0 million for the nine months ended 30 September 2010. As advised by the management of Safe2Travel, based on the management accounts of Safe2Travel, the unaudited profit before tax of Safe2Travel for the year ended 31 December 2010 was approximately S$5.1 million. Such significant increase in profit was mainly attributable to (i) the recognition of revenue of approximately S$1.5 million as a result of completion of a large MICE project in the fourth quarter of 2010; (ii) recognition of supplier incentives in an aggregate amount of approximately S$1.0 million in the fourth quarter of 2010; and (iii) the increased revenue from sale of air tickets (which is charged at a certain percentage on the fare of air tickets) due to a rise in air fare in the last quarter of 2010. Subject to any adjustments which may be made upon finalisation of the audited financial statements of Safe2Travel, the guaranteed Net Profit is met based on the unaudited management accounts of Safe2Travel and no adjustment to the Consideration is expected.

INFORMATION ON HARVEST WELL

Harvest Well is an investment holding company incorporated in the BVI on 2 July 2009 and is wholly owned by the Vendor. It became the holding company of Safe2Travel since 2 June 2010 and its principal asset is its 100% holding in Safe2Travel. Other than the investment in Safe2Travel, Harvest Well does not have any other material assets.

INFORMATION ON SAFE2TRAVEL

Safe2Travel is one of the largest homegrown corporate travel agencies in Singapore licensed under the TAA and a one-stop travel service provider offering a wide range of travel products and services. It is principally engaged in the provision of corporate travel management services. Other services provided by it include MICE and events management, wholesale of air tickets and hotel rooms, as well as corporate leisure travel services. At present, its business operations are based primarily in Singapore.

SERVICES PROVIDED BY SAFE2TRAVEL

Services provided by Safe2Travel can be categorised into four divisions as follows:

Corporate business travel

Safe2Travel provides a complete travel management solution for corporate travel customers. This includes air ticket enquiry services, reservation and ticketing matters, arrangements for land transportation and accommodation to meet the specific requirements for business travel of the corporate travel customers. Safe2Travel is a wholesaler of different airlines and hotel brands, offering air ticketing and hotel accommodation services at preferred price to the corporate travel customers. To provide an efficient service delivery to the corporate travel customers, most hotel reservations can be confirmed within 24 hours. Safe2Travel also works closely with car rental companies and land transportation service providers with a view to securing transport arrangement for its corporate travel customers at competitive rates.

Additionally, Safe2Travel provides comprehensive travel reports to serve the corporate travel customers' needs, such as pre-trip report, city pair report, class of travel report by airlines and cities, individual cost centre report, airline report and unused ticket report.

MICE

A vital business arm of Safe2Travel is called "S2T Mice Planners" which provides services relating to MICE events for corporate travel customers. Supported by an experienced and proficient team of staff in both inbound and outbound events planning, Safe2Travel offers a full range of services from conceptualization of MICE events (which includes design, budget management and pre-project management) to actual event management services such as venue selection, secretariat services, logistics management, on-site services, stage and design production, sound, light and video production and event marketing. In conjunction with the organization of MICE events, Safe2Travel also provides inbound and outbound travel management services which include flight management, air ticketing, accommodation arrangements, airport transfers, visa applications and tour guide services.

Safe2Travel has been organizing MICE events for established corporate travel customers and multi-national corporations, where the number of participants ranged from about 40 to over 1,000.

Air tickets and hotel rooms wholesale

Safe2Travel's air tickets and hotel rooms wholesale business represents the sale of air tickets and hotel rooms on behalf of suppliers to customers including other travel agents. To maintain steady supply of travel products, air tickets and hotel rooms are occasionally purchased from the suppliers and sold to retail customers during festive periods when travel demand is especially high.

Safe2Travel serves as an efficient distribution channel for its partner arlines to maximise their overall revenues and utilisation of their aircrafts. Being the air ticket consolidators for these airlines, an incentive bonus is received if Safe2Travel achieves a certain sales volume as prescribed by these airlines.

Corporate leisure

The corporate leisure division offers a full range of products and services for the corporate travel customers' vacation and personal trips such as air ticketing, hotel accommodation, land transportation and vacation packages. As a result of the established relationships with various partners around the world, Safe2Travel is able to offer customized vacation packages with exclusive tour products at competitive rates to its corporate travel customers by leveraging on negotiated fares and corporate association with the partner organizations.

Safe2Travel is an appointed agent for Tradewinds Holiday products, Insight Vacations, Trafalgar Tours, Japan Airlines, All Nippon Airways, Asiana Airlines, Korean Airlines, Cathay Pacific and a number of cruises including Crystal, Royal Caribbean, Carnival, Princess and Cunard.

BUSINESS MODEL OF SAFE2TRAVEL

Safe2Travel plays an intermediary role between customers and suppliers. From suppliers' perspective, they view Safe2Travel as an efficient distribution channel to maximize utilization and occupancy rates of their airlines and hotels. From customers' perspective, Safe2Travel provides comprehensive travelling services by aggregating air tickets and hotel room inventory from airlines and hotels and marketing them to customers, often at reduced and preferential rates. Due to the established relationship with the suppliers, Safe2Travel is often able to secure air tickets and hotel rooms during peak seasons or priority reservations and room upgrades for its customers.

Revenue

Revenue of Safe2Travel is principally derived from (i) the sale of air tickets and hotel rooms to its corporate travel customers; (ii) the sale of air tickets and hotel rooms on a wholesale basis to other travel agencies; (iii) commission income received from airlines and hotel operators for air tickets and hotel rooms sold on their behalf to customers or other travel agents; and (iv) service fees received from corporate travel customers for organizing MICE events which are charged with reference to the total cost for Safe2Travel organizing the MICE, including but not limited to air fare (except airport taxes), hotel transport and land arrangement for MICE business.

The revenue of Safe2Travel for the sale of air tickets and hotel rooms is derived principally from the difference between the price offered to its customers and the trade price paid to its travel suppliers (i.e. airlines and hotel operators) and is recognised on a net basis. Mark up or commission for air tickets sold to corporate clients varies depending on a number of factors including the overall business volume, class of travel, area of travel, airline and background of the corporate clients based on negotiated commercial terms. Mark up for sales of hotel rooms to travel agents varies in accordance with the business volume, class of hotels, types of hotel rooms, and credibility of the travel agents based on negotiated commercial terms.

Target customer

Safe2Travel focuses at serving corporate travel customers. Over its years of operations, Safe2Travel has built up its corporate travel customer base which includes sizeable and renowned multinational and local enterprises, such as insurance companies, technology companies, government organizations, professional firms and logistics companies.

Safe2Travel provides travel management services to corporate clients and handles MICE events. Services include sales of air tickets, car rental, visa applications, tour packages, hotel bookings, cruise, departure and arrival transport and insurance.

For the financial year ended 31 December 2009, the largest customer of corporate business of Safe2Travel accounted for approximately 3.9% of Safe2Travel's total revenue and the five largest customers of corporate business contributed approximately 8.5% of the total revenue of Safe2Travel.

Major customers of corporate business for the year ended 31 December 2009 included well-known investment houses headquartered in Singapore, international accounting firms, integrated logistics services providers in Asia, worldwide insurance companies, and government authorities and organizations.

For the financial year ended 31 December 2009, the largest customer of hotel wholesales business of Safe2Travel accounted for approximately 0.8% of Safe2Travel's total revenue and the five largest customers of hotel wholesales business contributed approximately 1.2% of the total revenue of Safe2Travel. Major customers of hotel wholesales business for the year ended 31 December 2009 were other travel agencies in Singapore and retails customers.

For the financial year ended 31 December 2009, the largest customer of MICE business of Safe2Travel accounted for approximately 18.9% of Safe2Travel's total revenue and the five largest customers of MICE business contributed approximately 25.5% of the total revenue of Safe2Travel. Major customers of MICE business for the year ended 31 December 2009 were government authorities, worldwide insurance companies, insurance companies based in Singapore and religious organisations.

Suppliers

The business of Safe2Travel is dependent on the ability to maintain access to inventory of suppliers including airlines, hotel operators and transportation services companies. During the past years of operations, Safe2Travel has built up established working relationship with its suppliers which enabled it to provide travelling products with competitive pricings to its corporate travel customers. The management of Safe2Travel believes that the relationship with suppliers was established based on its satisfactory past sales record, credit history and quality of services. As at the Latest Practicable Date, Safe2Travel has been accorded corporate ticketing agent status by more than 60 airlines and established wholesale arrangements, directly or through other wholesalers, with over 10,000 hotels worldwide which include leading hospitality groups with international brand names. Major airline suppliers of Safe2Travel include Singapore Airlines, Lufthansa Airlines, United Airlines, Qantas Airways, Air Finance, Thai Airways International, Silk Air, Cathay Pacific Airways, Delta Airlines and British Airways, while major suppliers of hotels as well as local operators and transport companies varies depending on customers' preference and requirement, destinations and seasonal factors. As a wholesaler of hotel rooms, Safe2Travel contracts with hotels and other wholesalers in advance to secure rooms at preferential rates and then re-sells these rooms to its corporate travel customers.

LICENCES AND MEMBERSHIPS

Licence under TAA

TAA requires the licensing of any person carrying on the business of a travel agent. The TA Regulations in turn provide certain duties to be complied with by a licensee, including minimum financial requirements, appointment and duties of key executive officers, appointment of tourist guides and advertisements.

In order to renew the TAA licence, the following documents must be submitted within the stipulated timeline to STB:

- audited financial statements of the company - within 6 months from its financial year end; and
- the particulars of the gross annual turnover for the preceding year - by 31 March of each year.

Safe2Travel is the holder of a licence issued by the STB under the TAA. This existing licence will expire on 31 December 2011 and is subject to annual renewal in accordance with the requirements of the TA Regulations. As advised by the management of the Harvest Well Group, Safe2Travel shall submit the latest management accounts of Safe2Travel for the renewal of the TAA licence within the prescribed timeframe of the TA Regulations. Based on the past experience of Safe2Travel and in light of the fact that Safe2Travel did not have any record of non-compliance with TA Regulations, Safe2Travel does not expect any difficulties in the successful renewal of its TAA licence.

Active member of NATAS

NATAS is as a national body in Singapore which aims to represent all travel agents which are licensed by the STB. Its objective is to strengthen and upgrade the professionalism and capabilities of the travel industry for sustainable growth and profitability. The affairs of NATAS are managed by an executive committee comprising a representative from STB and other officers elected by its members. NATAS has set out codes of ethics and business practices, with a view to promoting quality of travel solutions provided by its members to their customers.

Safe2Travel has been an active member of NATAS since 2000. As an active member of NATAS, it has voting rights at any of NATAS' meetings and the accredited representative is eligible to be elected to the executive committee of NATAS.

The qualifications, criteria and application process of an active member of NATAS are ruled by the constitution of NATAS. As a member, Safe2Travel is required to comply with NATAS Code of Ethics and Business Practices which was approved at the NATAS 27th annual general meeting on 28 April 2006.

IATA accredited agent

IATA is an international trade body which represents, leads and serves the airline industry in general. IATA at present represents over 200 airlines. Other industry partners such as travel agencies and tourism intermediaries can participate in different IATA programs and benefit from the resources pooled by IATA to carry out their operations.

An agent accredited by IATA has the access to the authorization of selling and issuing tickets on behalf of IATA airline members.

The qualifications, criteria and accreditation process of an IATA accredited agent are ruled by the Travel Agency Handbook and the Passenger Agency Resolutions.

Safe2Travel has been the holder of a certificate of accreditation issued by IATA since 2000. The certificate of accreditation granted by IATA to Safe2Travel will expire on 31 December 2011 and be subject to renewal annually.

Member of SACEOS

The Singapore Association of Convention and Exhibition Organisers and Suppliers ("**SACEOS**") is a government established industry-trade association. It represents four business sectors, which are (i) professional exhibition organizers; (ii) professional conference organizers; (iii) meeting and incentive organizers and suppliers of facilities; and (iv) services to the exhibition, convention and meeting industry such as audio-visual and equipment suppliers, freight forwarders, stand builders, venue operators, travel agents, hotels, printers and publishers.

Founded in 1979, SACEOS is a non-profit organisation offering members a range of educational opportunities and industry standards. SACEOS has also established a strong international network which provides global connections for its members. Safe2Travel has been a member of SACEOS since 2007.

Member of SITE

The Society of Incentive and Travel Executives ("**SITE**") is an international, non-profit, professional association devoted to provide educational seminars and information services to its members. Generally, its members are those who design, develop, promote, sell, administer, and operate motivational programs as an incentive to increase productivity in business. Safe2Travel has been a member of SITE since 2009.

Others

Safe2Travel is one of the travel agencies appointed by the High Commission of Malaysia to handle the visa applications for entry into Malaysia. It is also appointed by the Immigration and Checkpoint Authority of Singapore as a "Trusted Partner" which enables it to submit Singapore business and tourist visa applications online on behalf of its customers.

Based on the review of the statutory records of Harvest Well by the Company and the due diligence report of the Company's Singapore lawyer, the Company did not notice that the Harvest Well Group has any non-compliance history with the regulatory authorities.

SALES AND MARKETING

The sales and marketing team of Safe2Travel is responsible for formulating sales and marketing strategies for Safe2Travel. The team conducts market researches and surveys to study the buying patterns of customers on the website as well as in the offline market. Using the results of these researches and surveys, Safe2Travel varies its travel products packages regularly with a view to retaining existing customers and attracting new customers.

The team also conducts sales and marketing activities such as hosting seminars, disseminating product updates and travel destination updates and making corporate presentations to promote the travel products and services to existing and prospective customers. In addition, the team is also responsible for providing after-sales services by visiting existing customers to address any issues which the customers may encounter in relation to Safe2Travel's products and services.

Publicity and advertising

Safe2Travel promotes its products and services through various channels such as its corporate website, popular social network websites and newspapers either individually or in joint promotion with partners. It also has a daily in-house newsletter "Travel Alert" which is emailed to all the corporate accounts to keep them updated of latest travel news.

The website of Safe2Travel is embedded in most major search engines and Safe2Travel constantly monitors the listing positions in such search engines and make necessary modifications to the web pages for product layout, key words to be used, search methods and sequence. In collaboration with Abacus International Pte Ltd, the customers can obtain information on their bookings and reservations at any time. Promotions of air tickets and hotel rooms are available on the website and customers can contact the customer services team of Safe2Travel to make reservations by way of email, facsimile or phone.

Trade fairs and exhibitions

Safe2Travel participates regularly in trade fairs and exhibitions with its suppliers and partners such as the annual NATAS Travel Fair in Singapore, IMEX Trade Show Frankfurt, Asean Tourism Forum TRAVEX 2010, Macau Incentive Product Assessment Forum 2010, Australian Tourism Exchange Melbourne, Asean Tourism Forum 2009, Dreamtime 2009 Australia, Pacific Asia Travel Association Travel Mart 2009, Philippines I-Travel Explore, Tourism Rendezvous New Zealand 2009, Destination Britain & Ireland 2009, as well as Team Australia Business Events Educational 2009.

Pricing strategy

Safe2Travel adopts a pricing strategy which enables it to offer competitive prices to customers commensurate with the quality of services, as well as generate satisfactory return for its equity holders. In general, prices offered to customers are determined and negotiated on the merits of individual customers, taking into account factors such as historical sales volume, type and urgency of services requested and, for MICE, size of the project.

SETTLEMENT METHODS AND CREDIT TERMS WITH CUSTOMERS AND SUPPLIERS

Customers

Safe2Travel will assess the background and financial status of its customers to decide on the payment terms for sales which are either cash on delivery or with credit period granted up to 45 days. Clients will pay the required service fee by corporate travel credit cards, cheque or through bank. By making payments with the corporate travel credit cards, clients may effectively enjoy a longer credit term than the other settlement methods.

Suppliers

In general, suppliers allow credit terms ranging from 7 to 14 days to Safe2Travel. Safe2Travel normally settles its payables to suppliers by cheque or through bank transfers.

AWARDS AND ACCOLADES

Safe2Travel has consistently received numerous awards and accolades from many of the partner airlines. Set out below are the details of awards and accolades received by Safe2Travel in recent years:

Organisation	*Award*	*Year(s)*
Singapore Airlines	Top Agent Award	2006, 2007, 2008, 2009
United Airlines	Million Dollar Award	2006, 2007, 2008, 2009
Air France & KLM	Best Travel Partner	2009
Lufthansa	Top Agent Award — Revenue Achiever	2009
Lufthansa	Top Agent Award — Group Travel	2009
Ethihad Airways	Top Agent Award	2007, 2008
Abacus	Top Agent Award	2006, 2007, 2008, 2009
Abacus	Travel Agent Awards — Highest Sales Achieved	2007, 2008
National Day Parade Organising Committee	Certificate of Appreciation	2006, 2007, 2008, 2009 and 2010
SPRING Singapore	Excellent Service Award — 8 Silvers	2009
SPRING Singapore	Excellent Service Award — 15 Silvers and 2 Golds	2008
SPRING Singapore	Excellent Service Award — 4 Silvers	2007
Tourism Management Institute of Singapore	Top Travel Agent Award — Staff Training	2006
International Organization for Standardization	ISO 9001:2008	2010

CUSTOMER SERVICE AND QUALITY CONTROL

Safe2Travel is a certified ISO 9001 quality assurance company since 2003. Its management conducts random checks to ensure that standard corporate procedures are adhered to. Market surveys are also conducted regularly to ensure that the products are competitive and service standards are maintained.

Ticketing

When reservations are made, the passenger name record is verified for the lowest fare and accuracy. Tickets will be issued and delivered before 72 hours of departure (subject to ticketing time limit stipulated by various airlines). Safe2Travel also offers complimentary delivery of tickets to the customers located in Singapore.

Complimentary travel insurance coverage

Safe2Travel provides complimentary travel insurance coverage for all the corporate travel customers whose tickets are booked and issued by it. This complimentary travel insurance covers a range of situations including flight delay, flight missed connection, baggage delay and loss of baggage.

Hotline service

Safe2Travel maintains a customer service hotline, which is on a 24-hour for 7 days a week basis, to address enquiries or serve urgent travel needs of its customers.

After-sales service

The customer services team also offers after-sales services by conducting periodic visits to certain customers to obtain feedback on the quality standards of the products and to address any issues which the customers may encounter in relation to the products and services of Safe2Travel. For certain customers, an account manager is assigned to oversee each customer's account. This serves to maintain close contact with the customers and build up a long-term relationship by delivering consistent quality service and adding value to the products through customers' feedback.

HUMAN RESOURCES

Management

The day-to-day operations of Safe2Travel are entrusted to the chief executive officer and the directors of Safe2Travel who are assisted by an experienced and qualified team of executive officers. The business and working experience of the key executives is set out below:

Fung Chung Yuen, Steve, aged 45, was appointed as director of Safe2Travel in October 2009 and subsequently appointed as the Chief Executive Officer in 2010. Mr. Fung is responsible for the overall management, strategic planning and development of Safe2Travel.

Mr. Fung has substantial management experience in the travel industry, having worked with certain established public listed travel companies both in Hong Kong and Singapore. From 1986 to 1992, Mr. Fung was the commercial sales manager of Morning Star Travel Service Ltd. He joined Wing On Travel Services Limited in 1992 and was its deputy general manager until his departure in 2003. Mr. Fung worked for two Singapore-based travel agencies, Anglo-French Travel Pte Ltd and SingXpress Travel Pte Ltd, from 2006 to 2009 as director and chief executive officer respectively.

Mr. Fung was a director of the Hong Kong Association of Chinese Travel Organizers Limited from 2000 to 2005, an executive member of various sub-committees of the Travel Industry Council of Hong Kong from 1996 to 2006, an advisory board member for the associate degree program for the Tourism of Hong Kong Institute of Continuing Education in 2003 and an ordinary member of the Society of Incentive Travel Executive, USA since 1990. In 2010, Mr. Fung was awarded the Asia Pacific Entrepreneurship Award 2010 Most Outstanding Entrepreneurship Award Singapore in appreciation of this outstanding performance in his vision and brand strategy.

Mr. Heung Pik Lun, aged 49, was appointed as director of Safe2Travel in June 2010. He is currently an executive director of Hanny Holdings Limited and an independent non-executive director and member of audit committee and remuneration committee of See Corporation Limited, both companies whose shares are listed on the Main Board of the Stock Exchange.

Mr. Heung has substantial experience in general management and administration and he has established personal and business network. The board of Safe2Travel considered that Mr. Heung would assist Safe2Travel to expand its business and further develop the client base of Safe2Travel and therefore the appointment of Mr. Heung as director of Safe2Travel is in the interest of Safe2Travel. Mr. Heung graduated from the University of Windsor with a bachelor's degree of arts in 1985.

Leong Hoe Yin, Brendan, aged 58, was appointed as managing director of Safe2Travel in February 2006. Mr. Leong is responsible for the management and operations of Safe2Travel as well as formulating key business strategies for Safe2Travel.

Mr. Leong has substantial management experience in the travel industry. He worked as an administrative trainee with the Singapore Airlines from 1977 to 1978 before joining Ken-Air Tours Pte Ltd in 1978 and was its general manager before his departure in 1983. From 1983 to 2006, Mr. Leong was the managing director of GBC Pte Ltd.

Mr. Leong is appointed the chairman of the G13 Travel Management Alliance, a consortium of 15 travel management companies in Singapore, in 2010. He was also the chairman of Manpower and Training Committee in NATAS from 2002 to 2006 and sat on the Board of TMIS from 2004 to 2008.

Mr. Leong holds a bachelor of science degree in building from the University of Singapore.

Hong Heng Chow, Albert, aged 49, was as appointed deputy managing director of Safe2Travel in August 2010. Mr. Hong is responsible for the execution of the approved management policies and day-to-day operations of Safe2Travel as well as formulating key business strategies for Safe2Travel.

Mr. Hong has substantial management experience in the travel industry. He worked with Anglo-French Travel Pte Ltd from 1983 to 2009 with his last position as the chief executive officer. He then joined BCD Travel as its managing director in 2009.

Mr. Hong was the deputy chairman of the G13 Travel Management Alliance from 2008 to 2010. He was also the deputy chairman of the Air Transport Committee in NATAS and sat on the Executive Council of IATA from 2008 to 2010.

Soh Choon Lin, aged 45, was appointed chief information officer of Safe2Travel in December 2009. Mr. Soh is responsible for the management and implementation of the information technology system of Safe2Travel to increase information accessibility and integrated systems management. He is involved in analyzing and revitalising the existing business processes, identifying and developing the capability to use new tools, reshaping the physical infrastructure and network access, and identifying and exploiting the resources of Safe2Travel.

Mr. Soh has substantial management experience in various project management, business development and marketing management roles with Global Fortune 500 companies and top regional corporations. He was the delivery director of Virgin Mobile Asia from 2001 to 2002 and general manager of Sema Group, telecommunication from 2000 to 2001. Prior to his current appointment, he was a director of Abacus International, Asia's largest GDS (Global Distributions System) company from 2003 to 2009, with main responsibilities on business development, large account management and solutions delivery.

Mr. Soh holds a master degree of science in business systems analysis and design from the City University of London.

Gwee Gek Moi, aged 43, was appointed assistant financial controller of Safe2Travel in July 2010. Ms. Gwee is responsible for the assurance of accuracy and completeness of all accounting transactions, financial reporting, adequacy of internal controls and preparation of special analysis as required.

Ms. Gwee has substantial auditing, accounting and finance experience in public listed companies in the U.S. and Hong Kong and multi-national companies. Ms. Gwee holds a bachelor degree of accountancy from the National University of Singapore and she has been a certified public accountant in Singapore since 1995.

Chong Mei Sheng, aged 53, was appointed as senior finance and administration manager of Safe2Travel in January 2000. Ms. Chong is responsible for analysing financial information and preparing financial reports, maintaining record of assets, liabilities, profit and loss, taxation matters and other financial activities within Safe2Travel. She is also responsible for the entire administrative process management of Safe2Travel.

Ms. Chong has substantial accounting and finance experience in public listed companies in the U.S. and multi-national companies. Ms. Chong holds a bachelor degree in commerce from Nanyang University of Singapore.

Lee Fee Ling, aged 41, joined Safe2Travel in February 2006 and is the human resource and administration manager. Ms. Lee is responsible for developing and managing employment progress, salary and compensation, job evaluation, benefits, promotions, equal opportunity initiatives, and educational and training programs of Safe2Travel. Her expanded role includes administration function of Safe2Travel. Ms Lee has more substantial human resource and administration experience. Ms. Lee holds a diploma in business and human resource management.

Based on the preliminary due diligence review on the Harvest Well Group conducted by the Company and the discussions between the management of the Company and Safe2Travel, the chief executive officer and other key personnel of Safe2Travel intend to continue their employment with Safe2Travel and the Company intends to rely on the expertise of the existing staff of Safe2Travel in managing and operating the business of Safe2Travel after Completion. The Company may also look for suitable personnel to enhance the management of the new business.

As at the Latest Practicable Date, the Board did not have any intention to appoint the Vendor or the senior management of Safe2Travel as Directors.

Staff training

In order to maintain the quality of services delivered to the customers, Safe2Travel consistently provides in-house and external trainings to the staff. The in-house trainings provided by Safe2Travel include ticketing and product training, quality management, weekly product briefings and orientation program for new employees. External training courses include advanced course on air ticketing by IATA and the United Federation of Travel Agents' Associations, customer service training courses provided by TMIS and STB, Abacus whiz reservations ticketing training, effective communication workshop by Singapore Airlines and management of change by Singapore Airlines.

INTELLECTUAL PROPERTY RIGHTS

As at Latest Practicable Date, Safe2Travel did not have any registered trademark. However, based on the information provided by the Vendor, Safe2Travel has applied for the registration of the trademarks currently used by Safe2Travel with the Intellectual Property Office of Singapore, being **SAFE2TRAVEL, Safe2Travel, Safe2travel** and . The Company's Singapore legal advisers have conducted searches in Singapore and no identical marks have been registered. Assuming there being no objection to the applications filed, the management of Safe2Travel expects that the registration of these trademarks will be completed in August 2011.

The management of Safe2Travel also noted that the previous owner had registered certain trademarks of Safe2Travel used by Safe2Travel in the past. As advised by the management of Safe2Travel, Safe2Travel has ceased to use these previous trademarks. Nevertheless, to protect the interest of Safe2Travel, Safe2Travel is engaging in negotiation with its previous owner in relation to the assignment of these previous trademarks from its previous owner to Safe2Travel. The management of Safe2Travel considered that there will not be any material adverse effects on the business of Safe2Travel in the event that the previous owners does not assign the ownership of these previous trademarks to Safe2Travel as these previous trademarks are no longer in use. In addition, warranties were given by the Vendor in the Agreement in respect of the intellectual property rights regarding the business of the Harvest Well Group. In the event there being any breach of such warranties, Durable Gold would be indemnified according to the Agreement. Accordingly, the Directors consider the Group has been given sufficient protection in this regard given the circumstances.

FUTURE BUSINESS PLAN

At present, the Company intends to continue with its existing business in internet trading platform, securities management and precious metals trading after Completion, and will allocate appropriate resources to different business segments of the Group depending on the then business environment and performance of each segment. As at Latest Practicable Date, the Company has no agreement, arrangement, understanding, intention or negotiation about any disposal, termination or scaling-down of its existing business. Based on the interim report of the Company for the six months ended 30 June 2010, the Group had bank balances and cash of approximately HK$337.4 million as at 30 June 2010. Taking into account of the Consideration to be paid out of its internal resources, the Directors consider that the Group has sufficient resources for its business of bullion trading after Completion.

With regards to the business of Safe2Travel, the Group intends to adopt the following expansion plan and will allocate appropriate resources and capital to fund this future business plan.

Expansion of presence in the Asia Pacific region

At present, Safe2Travel's entire operations are based in Singapore. Recognising the potential growth for travel and tourism in the Asia Pacific region in both volume and percentage terms, Safe2Travel plans to expand its presence to other countries of the Asia Pacific region by opening travel management and services offices in places such as Hong Kong, Taiwan, Korea, Japan, Malaysia and Australia either by way of setting up new subsidiaries, establishment of joint ventures and/or acquisition of businesses and assets. The travel management and services office in Hong Kong is intended to serve as a base for expanding the corporate travel services and MICE services to the PRC.

Focus on developing and expanding the MICE business

As Singapore reinforces its status as a major financial hub in the world and with the opening of the two integrated resorts, namely Marina Bay Sands and Resorts World Sentosa, the management of Safe2Travel considers there will be increasing opportunities for significant MICE events to be held in Singapore. In addition, the Youth Olympics Games held in Singapore in September 2010 and the annual Formula One Grand Prix are two of the many other tourism developments and experiences that will continue to bolster Singapore's position as a major tourism and MICE hub. In light of these, Safe2Travel intends to focus on expanding the MICE business and partner with major MICE event organisers to secure more MICE engagements.

FINANCIAL INFORMATION ON THE HARVEST WELL GROUP

The accountants' report on the Harvest Well Group as set out in Appendix II to this circular has been prepared in accordance with the International Financial Reporting Standards. The Company has made enquiries with auditors of the Company and understands that the accountants' report on the

Harvest Well Group adopted accounting policies which are materially consistent with those of the Company. As disclosed in the aforesaid accountants' report, the Harvest Well Group recorded a revenue of approximately HK$49.0 million for the period from 2 July 2009 (date of incorporation) to 30 Septemer 2010, representing the revenue contributed by Safe2Travel since it was acquired by the Vendor on 23 October 2009. The Harvest Well Group recorded audited profit before taxation and audited profit after taxation for the period from 2 July 2009 to 30 September 2010 of approximately HK$10.3 million and HK$8.2 million respectively. As at 30 September 2010, the audited consolidated net asset value of the Harvest Well Group was approximately HK$59.8 million. Excluding the shareholder's loan owed by Harvest Well to the Vendor of approximately HK$56.6 million as at 30 September 2010, the audited consolidated net asset value of the Harvest Well Group would have been approximately HK$116.4 million.

FINANCIAL INFORMATION ON SAFE2TRAVEL

An accountants' report of Safe2Travel which has been prepared in accordance with the International Financial Reporting Standards has been included in Appendix III to this circular. The Company has made enquiries with the auditors of the Company and understands that the accountants' report on Safe2Travel adopted accounting policies which are materially consistent with those of the Company. Set out below are the audited financial information of Safe2Travel for the three years ended 31 December 2009, 2008 and 2007 and for the nine months ended 30 September 2010 as extracted from the said accountants' report:

	For the nine months ended 30 September	**For the year ended 31 December**		
	2010	**2009**	**2008**	**2007**
	S$ million	*S$ million*	*S$ million*	*S$ million*
Revenue	6.3	8.8	10.7	9.1
Profit before taxation	2.0	4.1	4.0	2.7
Profit after taxation	1.7	3.6	3.2	2.2

As at 30 September 2010, the audited total assets and net assets of Safe2Travel was approximately S$21.7 million and approximately S$11.3 million respectively.

The following table sets out a summary of Safe2Travel's statements of cash flow for the financial years ended 31 December 2009, 2008 and 2007 and for the nine months ended 30 September 2010:

	For the nine months ended 30 September	For the year ended 31 December		
	2010	2009	2008	2007
	S$ million	*S$ million*	*S$ million*	*S$ million*
Net cash flows (used in)/from operating activities	(9.0)	7.9	7.1	1.7
Net cash flows used in investing activities	(0.04)	(0.01)	(0.03)	(0.02)
Net cash flows from/(used in) financing activities	2.0	(10.9)	(6.5)	—
Net (decrease)/increase in cash and cash equivalent at the end of the period/year	(7.0)	(3.0)	0.5	1.7

In respect of the financial years ended 31 December 2007 and 2008, Safe2Travel generated net increase in cash and cash equivalent of approximately S$1.7 million and S$0.5 million respectively. Such cash inflow was mainly attributable to net cash flows from operating activities. For the financial year ended 31 December 2009, Safe2Travel generated net cash flows from operating activities of approximately S$7.9 million. Net cash flows used in financing activities was approximately S$10.9 million which represented dividend payment of S$0.9 million and capital reduction of S$10.0 million under Section 403(1) of the Singapore Companies Act (Cap 50). Safe2Travel therefore recorded a net decrease in cash and cash equivalent of approximately S$3.0 million. For the nine months ended 30 September 2010, Safe2Travel recorded a net decrease in cash and cash equivalent of approximately S$7.0 million which was mainly attributable to the increase in trade and other receivables of approximately S$9.9 million, partially offset by the discharge of a S$2.0 million fixed deposits pledged to a bank previously.

Safe2Travel has met its capital requirements principally from cash generated from its operations. As at 30 September 2010, Safe2Travel did not have any bank borrowings or any material capital commitment. As at 30 September 2010, Safe2Travel had net assets of S$11.3 million. The gearing ratio, calculated on the basis of total liabilities over the total assets of Safe2Travel, was 48.3% as at 30 September 2010. The management of Safe2Travel consider that the financial position of Safe2Travel is healthy and that the cash and cash equivalents on hand and cash flow from operations will allow Safe2Travel to meet its working capital requirements.

Following Completion, Harvest Well will be accounted for as a wholly-owned subsidiary of the Company and the results of the Harvest Well Group will be consolidated into the financial statements of the Group.

DUE DILIGENCE REVIEW ON THE HARVEST WELL GROUP

It is one of the conditions precedent to Completion that Durable Gold be satisfied with the results of its due diligence reviews on the assets, liabilities, operations and affairs of the Harvest Well Group as Durable Gold or its agents deem necessary, desirable or appropriate to undertake. In this connection, the Company has commenced performing due diligence review on the Harvest Well Group which mainly focused on Safe2Travel which is the sole operating subsidiary of the Harvest Well Group. The due diligence exercise covers, among other things, the provision of corporate travel managements and other travel products and services by Safe2Travel.

Interviews have been conducted with senior management of Safe2Travel regarding working relationship with customers of Safe2Travel. Besides, research on major corporate travel services and MICE customers of Safe2Travel including their background, financial status and market positioning have been conducted. Interviews were also conducted with some of Safe2Travel's major clients. Based on the results of the aforesaid due diligence review, the Company considers that Safe2Travel has maintained a good relationship with its major customers, as some of which have been conducting business with Safe2Travel for approximately nine years.

The Group has also performed due diligence review on suppliers of Safe2Travel, which are mainly airlines, hotels and transportation companies. Based on the review of hospitality groups and inspection of existing contracts and wholesale arrangements signed with these suppliers, the Group noted that Safe2Travel secures booking during peak seasons and major events at competitive preferential rates and establishes long business relationship with suppliers. The Group expects that these suppliers will continue the existing relationship with Safe2Travel after Completion, taking into account the long business relationship with Safe2Travel and the terms of the existing contracts and wholesale arrangements.

During the course of the due diligence review, the Group is not aware of any events which might significantly affect the business relationship of Safe2Travel with its major customers and suppliers.

The Company is satisfied with the results of its due diligence review on the Harvest Well Group so far, and will continue to conduct such review up to the date of Completion.

COMPETITIVE STRENGTHS OF SAFE2TRAVEL

The leading travel services providers in Singapore with an established reputation

Safe2Travel has an established reputation as one of the leading travel services providers in Singapore, particularly in the niche markets of corporate business travel, MICE and events planning. This is due to the comprehensive range of travel services and products offered to the customers, a good track record and established relationship with the customers and suppliers, as well as a diverse and strong customer base.

Established relationships with customers and diversified customer base

Safe2Travel has, over the past years, successfully developed and maintained good business relationships with many of its corporate travel customers from various industries and of varying sizes ranging from governmental bodies, large and multi-national corporations, to small and medium sized enterprises. Many of the customers have been working with Safe2Travel since its incorporation. The broad and diverse corporate travel customer base allows Safe2Travel to diversify and cater to different industries with different demands for travel products and services during different periods of the year.

Corporate ticketing agents for most of the major airlines operating in Singapore

Safe2Travel has been accorded corporate ticketing agent status by major airlines operating in Singapore. It has been able to achieve such status due to its established track record, good sales performance and its strong financial position, which has enabled it to provide the required guarantees and cash outlay for air tickets which Safe2Travel sells on behalf of its suppliers. As such, it is also able to secure air tickets from its suppliers and sell them at highly competitive rates to the customers. Additional revenue can also be derived from the incentive bonus that it will receive from the suppliers when it achieves a certain sales volume prescribed by the airlines.

Good long-term working relationships with the suppliers

The established track record, consistent high volume of business and strong financial position of Safe2Travel have enabled it to forge and maintain good long-term working relationships with its partner airlines, hotels and transportation companies. Having been able to consistently achieve the performance targets prescribed by the hotels and airlines, Safe2Travel is able to obtain direct and wholesale contracts with them at competitive rates and negotiate for availability of air tickets and hotel rooms for the customers even during peak seasons.

Experienced and capable management team and long-serving staff

Safe2Travel has an experienced and capable management team which is responsible for the implementation of strategic goals and policies of Safe2Travel. The management team is supported by dedicated and long-serving personnel with extensive experience in the travel industry.

REASONS FOR THE ACQUISITION

The Company is an investment holding company and the Group is principally engaged in the provision and operation of an internet-based electronic trading system, securities management and precious metals trading.

Affected by the global financial tsunami in previous years, the Group has been adopting a prudent approach in conducting its precious metals contract trading and securities management. Turnover of the Group has been maintained at a modest level, with losses of approximately HK$26.1 million and HK$7.1 million recorded for each of the two years ended 31 December 2008 and 2009 respectively. With a view to utilising its resources in a more efficient manner, the Company has been considering investment opportunities from time to time. The objective of the Group is to invest in business sectors providing high and healthy growth through acquisition and development of projects with promising prospects.

Singapore is a popular travel destination in Asia, with annual tourist arrivals maintaining consistently in the region of 9 to 10 million in the last few years. With the gradual additions of new tourist attractions such as casino and the Universal Studio Singapore theme park, visitor arrivals to Singapore have seen continuous growth. According to latest figures from STB, tourist arrivals from January to July 2010 were approximately 6.6 million, registering a 22.9% year-on-year growth. Visitor arrivals and visitor days in July 2010 also recorded a growth of 24.1% and 20.1% respectively in comparison with July 2009. The Directors believe that the efforts of the Singapore government in enhancing the transportation network of Singapore and developing new tourist attractions would continue to fuel the tourism industry in Singapore. In light of the profitable track record of Safe2Travel as described in the paragraph headed "Financial information on Safe2Travel" above, the Directors consider that the Acquisition represents an opportunity for the Group to enter into a profitable business that would meet the Group's investment objectives and bring immediate contributions to the Group, and is in the interests of the Company and the Shareholders as a whole.

The Consideration was determined taking into account the guaranteed Net Profit and the net asset value of the Harvest Well Group. The Consideration, less the unaudited net asset value of the Harvest Well Group of approximately HK$4.6 million and the outstanding balance of the shareholder's loan owing by Harvest Well of approximately HK$52.3 million as at the date of the Agreement, represents a price-earnings multiple of about 6.3 times of the guaranteed Net Profit. The Directors consider the aforesaid price-earnings multiple reasonable, taking into consideration the price-earnings multiples of Singapore listed companies which are engaged in similar business as the Harvest Well Group and the information relating to recent comparable transaction available in the public domain. At the time of entering into the Agreement, the Company did not take into account the amount of intangible assets of HK$54.5 million which may be recognised as a result of the Acquisition and in accordance with the applicable accounting standards. Based on the accountants' report of the Harvest Well Group as set out in appendix II to this circular, the Consideration, less the audited net assets value of the Harvest Well Group of HK$59.8 million, plus intangible assets of HK$54.5 million and less the outstanding balance of the shareholder's loan owning by Harvest Well of HK$56.6 million as at 30 September 2010, represents a price-earnings multiple of about 6.1 times of the guaranteed Net Profit. The aforesaid intangible assets of HK$54.5 million were recorded as a result of the acquisition of Safe2Travel by the Vendor on 23 October 2009, details of which are set out in Note 4 to the accountants' report of the Harvest Well Group as set out in Appendix II to this circular.

Taking into account the above, the Directors consider the terms of the Agreement including the Consideration to be fair and reasonable. The Consideration will be funded by internal resources of the Group.

In negotiating the terms of the Acquisition including the Consideration, the Board has not considered the acquisition cost paid by the Vendor to the previous owner of Safe2Travel (the "Third Party") in 2009 which the Board is of the view irrelevant. Further, as the Board does not have knowledge about the circumstances surrounding the negotiations between the Vendor and the Third

Party in 2009, nor is the Board aware of the basis of determining the acquisition cost of the Vendor in 2009, the Company does not consider that it is appropriate to use the acquisition cost of the Vendor as a reference point to assess the Consideration. The Company confirms that to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Third Party and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons; and there is no relationship (including prior business relationship) between the Third Party and its ultimate beneficial owners, the Vendor and any connected persons of the Company. Details of the acquisition of Safe2Travel by the Vendor are set out in Note 4 to the accountant's report of the Harvest Well Group in Appendix II to this circular.

FINANCIAL EFFECTS OF THE ACQUISITION

Based on the unaudited pro forma financial information on the Enlarged Group as set out in Appendix IV to this circular, the financial effects of the Acquisition are summarised below:

Earnings

According to the audited consolidated statement of comprehensive income of the Group for the year ended 31 December 2009, the loss of the Group for the year ended 31 December 2009 was approximately HK$7.1 million.

Assuming Completion had taken place on 1 January 2009, the unaudited pro forma comprehensive income of the Enlarged Group for the year ended 31 December 2009 would be approximately HK$1.8 million. The Directors are therefore of the view that the Acquisition would likely to have a positive impact on the future financial performance of the Enlarged Group.

Assets and liabilities

According to the unaudited consolidated balance sheet of the Group as at 30 June 2010, the Group had assets and liabilities of approximately HK$347.1 million and HK$4.0 million respectively. Assuming Completion had taken place on 30 June 2010, the unaudited pro forma assets and liabilities of the Enlarged Group would be HK$410.9 million (including intangible assets of approximately HK$27.6 million and goodwill of approximately HK$150.5 million) and HK$70.8 million respectively.

Gearing

According to the unaudited consolidated balance sheet of the Group as at 30 June 2010, the Group had a gearing ratio, calculated as total liabilities over total assets, of approximately 1.2%. Assuming Completion had taken place on 30 June 2010, the gearing ratio of the Enlarged Group, calculated as total liabilities over total assets, would increase to 17.2%.

For the purpose of preparing the unaudited pro forma consolidated statement of financial position of the Enlarged Group, the Directors assumed the fair value of the identifiable assets and liabilities of the Harvest Well Group are approximate to their respective carrying amounts as stated in the consolidated statement of financial position of the Harvest Well Group as at 30 September 2010, on the basis that the balance sheet of Safe2Travel mainly comprised monetary items and an immaterial amount of non-monetary items; and the Directors have assessed and concluded that there is no indication in respect of any impairment of the intangible assets of the Harvest Well Group. The excess of the Consideration over the fair value of the identifiable assets and liabilities of the Harvest Well Group was recognised as goodwill in the pro forma financial statement in accordance with applicable financial reporting standards in Hong Kong.

In assessing whether there is any impairment on goodwill and intangible assets for the purpose of the pro forma financial information, the Directors considered that the valuation of the Acquisition should have no material differences upon Completion and no impairment to the identifiable assets and liabilities of the Harvest Well Group is necessary, on the basis that the guaranteed Net Profit is expected to be met and the Consideration was determined with reference to price-earnings multiple which is considered to be reasonable in comparison with comparable companies and transactions.

Based on the above and information currently available to the Directors barring any unforeseeable circumstances, the Directors consider that there will not be any material differences between the pro forma financials and the financials of the Enlarged Group upon Completion. The allocation among the fair value of the identifiable assets and liabilities of the Harvest Well Group may be subject to reassessment and changes upon Completion. In the event that there are any changes of the fair value of the intangible assets, the amount of goodwill will be adjusted correspondingly. In the absence of significant changes in factors affecting the operations of Safer2Travel, the Directors will adopt accounting policies and principal assumptions consistent with those adopted for the purpose of the unaudited pro forma financial statements to assess the impairment of the Enlarged Group's intangible assets and goodwill in the forthcoming audited annual results.

The Directors have consulted with the auditors on the impairment review of intangible assets and goodwill regarding the accounting policies and principal procedures applied to ensure that there is no impairment in respect of the intangible assets and goodwill as shown in the unaudited pro forma consolidated statement of financial position of the Enlarged Group as at 30 June 2010.

FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

Following Completion the Group intends to continue with its existing business in internet-based electronic trading system, securities management and precious metals trading, and will allocate appropriate resources to different business segments of the Group depending on the then business environment and performance of each segment.

As explained in the paragraph headed "Reasons for the Acquisition" above, the Directors consider that the Acquisition represents an opportunity for the Group to diversify from its existing operations of internet-based electronic trading system, securities management and precious metals trading into a profitable business that would meet the Group's investment objectives and bring immediate contributions to the Group. With the expected growth in the travel and tourism industry in Singapore and capitalizing on the expertise of Safe2Travel in corporate, leisure and MICE management services, the Board will adopt the business plan as described in the paragraph headed "Future business plan" above to further expand the business of Safe2Travel, aiming at broadening the business horizon of the Enlarged Group and achieving improved return for the Enlarged Group.

GEM LISTING RULES IMPLICATIONS

The Acquisition constitutes a very substantial acquisition for the Company under the GEM Listing Rules which requires the approval of the Shareholders by way of poll at the EGM. As no Shareholder has a material interest in the Acquisition which is different from the other Shareholders, no Shareholder is required to abstain from voting on the resolution approving the Agreement and the transactions contemplated thereunder at the EGM.

The EGM will be held at Gemini and Libra, 33rd Floor, Rosedale on the Park, 8 Shelter Street, Causeway Bay, Hong Kong at 10:00 a.m. on Tuesday, 15 March 2011 for the purpose of considering and, if though fit, approving the Agreement and the transactions contemplated thereunder. The notice convening the EGM is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM is also enclosed to this circular.

Whether or not you are able to attend the EGM and/or vote at the EGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof if you so wish.

RECOMMENDATION

The Directors consider that the terms of the Agreement and the transactions contemplated thereunder are fair and reasonable and the Acquisition is in the interests of the Group and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Agreement and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is drawn to the information set out in the appendices to this circular and the notice of the EGM.

Yours faithfully,
For and on behalf of the Board
TRASY GOLD EX LIMITED
Tang Chi Ming
Executive Director

The Directors have identified the following risks associated with the investment in and the business of Safe2Travel.

RELATING TO THE ACQUISITION

New business sector for the Group

The Acquisition constitutes an investment in a new business sector, being the travel agent business in Singapore, in which the Group has no previous involvement. The new business may pose significant challenges to the Company's administrative, financial and operational resources and expose the Group to a risk profile which may be different from that of its existing business. Since the Company does not have significant experience in the new business, the operation and future expansion will rely on the expertise of the existing staff of Safe2Travel.

Country risk

The Company is entering into a new business in Singapore, in which the Company does not have any business presence. There can be a risk relating to changes in the business environment which may reduce the profitability of doing business in Singapore. The change of political and economic conditions in Singapore may also adversely affect Safe2Travel and in turn the Company.

RELATING TO THE BUSINESS OF SAFE2TRAVEL

Risk associated with suppliers' relationship

Safe2Travel's sale of travel products is largely dependent on the continuity of its established business relationships with all of its travel products and services suppliers. The level of access to the inventory of airlines, hotel operators and transportation services companies depends on the relationship with the suppliers.

In the event that there is an adverse change in the relationship with the suppliers, there may be an increase in the cost of the travel products which Safe2Travel sells on their behalf or the access to their inventory may be restricted. Failure to access the suppliers' inventory directly or access to this inventory is reduced significantly due to whatsoever reason may lead to the need of Safe2Travel to source for alternative travel product and services suppliers such as local travel agents. In such circumstances, a relatively higher cost may be required and the financial performance and position of Safe2Travel may consequently be adversely affected.

Risk associated with the terms of the supply agreements

Safe2Travel enters into supply agreements with travel products and services suppliers setting out key terms for the travel products and services such as pricing, level of cash deposits and bank guarantee required, incentives, commissions and credit terms. Most of these agreements are for a period of one year and a majority of them are non-exclusive.

There is no assurance that Safe2Travel will be able to continue to obtain wholesale or favourable prices from its current travel products and services suppliers or that the terms of supply would continue as currently agreed. There is also no assurance that the working relationship with its current travel products and services suppliers will continue after the existing supply agreements expire. In the event there is any unfavorably change of the terms of the supply agreements, the financial performance and position of Safe2Travel may be adversely affected.

Risk associated with the termination or non-renewal of customer contracts

Contracts with customers for the provision of travel services are generally for a term of one year and are generally non-exclusive. These contracts lay down certain key terms offered by Safe2Travel to and agreed with customers such as the basis of charging service fees, credit terms and value-added services required, and such terms will apply to all purchases by customers during the term of the contract. However, there is no assurance that customers which enter into contracts with Safe2Travel will purchase travel products or require the travel services from Safe2Travel. In addition, there is no assurance that a customer will renew the contract after the term of one year. In the event that the customers terminate or do not renew the contract or the customers who enter into contracts do not purchase any travel products from Safe2Travel, Safe2Travel's financial performance may be adversely affected.

Risk associated with customer payment risk

Safe2Travel grants credit terms to its customer for purchase of travel products ranging from 7 to 45 days. In the event that significant amounts of receivables are overdue or not recoverable, the financial liquidity of the Harvest Well Group may be adversely affected.

Risk associated with human resources

In addition to Safe2Travel's management, the operation of Safe2Travel depends on the ability to attract, motivate and retain competent and skilled employees. In the event that Safe2Travel fails to recruit relevant personnel and/or to retain its key employees, its operations and expansion plans may be adversely affected. Any material increase in employee turnover rates may also have a material adverse effect on the business operations and financial performance of Safe2Travel. In addition, the competition for competent and experienced staff from other players in the market may drive up the level of staff cost and adversely affect the profitability of Safe2Travel.

Risk associated with fixed transaction fee payments

For certain contracts with corporate travel customers, Safe2Travel's fees may be a fixed transaction amount payable on a per transaction basis. In the event that the cost of services is higher than expectation, the margin from the provision of fixed fee transactions may be squeezed. In such event, the usual practice is to renegotiate the terms of supply of the services with the customers so as to improve Safe2Travel's margin. However, there is no assurance that Safe2Travel is able to successfully negotiate a revision to the original terms of sales and pass on any unforeseen increase in costs to the customers, and the financial performance of Safe2Travel may accordingly be adversely affected.

Risk associated with the third party systems and services

Safe2Travel is dependent on the information technology systems/networks and integration of the systems networks with those of third party suppliers and service providers (such as the airlines and the GDS suppliers) to conduct the business. The operation of Safe2Travel may be adversely affected if these systems become unavailable in the future or if they no longer offer quality performance. In the event that the systems of Safe2Travel become outdated and cease to be compatible with the systems of third party suppliers and the service providers, the delivery of services by Safe2Travel to its customers may be adversely affected.

Risks associated with registration of trademarks

As at the Latest Practicable Date, applications had been filed by Safe2Travel to the Intellectual Property Office of Singapore for registration of the trademarks currently used by it. However, there is no guarantee that these trademarks will be successfully registered. In the event any of these trademarks cannot be successfully registered, the Group might need to consider adopting a new trademark, which might affect the brand recognition and accordingly the financial performance of the Group.

The business is exposed to possible claims for the infringement of third party intellectual property rights

Although Safe2Travel is not aware of any third party which is currently using a trademark or name similar to "Safe2Travel", it is unable to assure that the use of the name "Safe2Travel" would not infringe other third party's intellectual property rights or that there are no other parties passing off in the name. In the event it infringes a third party's intellectual property rights, Safe2Travel may be exposed to legal proceedings brought against it in respect of the use of the name "Safe2Travel". These legal proceedings may result in monetary liabilities in the form of damages and/or accounts of profits wrongfully derived from the infringement of another trademark, and prevent from using its name, "Safe2Travel". In the event there are person(s) passing off the provision of travel products and services in the name, it may have to initiate legal proceedings to protect its name and reputation and such litigations may incur substantial time and resources. The brand reputation or sales volume may also be adversely affected by such passing off. Accordingly, on occurrences of any of the above scenarios, it may be prevented from exploiting the brand effectively in countries where it fails to register the trademark and as a result, the financial performance of Safe2Travel may be adversely affected.

Foreign exchange

Safe2Travel is exposed to foreign exchange risks as the receipts from customers in local currencies may not match with the respective foreign currency denominated payments to suppliers at a later time. Payments of foreign currency denominated costs and receipts of foreign currency denominated sales are recorded at rates of exchange at the dates of payment and receipt respectively. The different exchange rates prevailing at the times of payment and receipt may give rise to foreign currency exchange gains and losses. At present, Safe2Travel does not enter into any forward or spot contracts to hedge the foreign exchange risk. In the event that there are significant fluctuations in foreign currency exchange rates, Safe2Travel may incur foreign exchange losses.

RELATING TO THE TRAVEL AGENT INDUSTRY

Intense competition in the travel industry

The travel industry in which Safe2Travel operates is subject to rapid change and intense competition from other travel services providers providing similar travel products and services. Some of the competitors may have longer operating histories, larger customer bases, larger teams of professional staff, greater brand recognition and greater financial, technical, marketing and other resources than Safe2Travel. As such, Safe2Travel may not be able to respond effectively to the competitors' pricing strategies, technological advances, strategic partnerships and other initiatives.

In the event that the competitors are able to provide travel products and services of comparable or better quality at competitive prices, Safe2Travel may have to reduce the prices for services or include additional services in the existing service offerings and may also have to spend more on sales and marketing in order to remain competitive. Therefore, pricing strategies of the competitors may have a material adverse effect on the revenue and profits of Safe2Travel.

Information technology advancement and competence

In order to maintain and improve the service standards as well as respond to the competitors' technological advances, Safe2Travel will continue to improve and upgrade its systems, technology, networks and infrastructure which will require committing substantial financial, operational and technical resources. However, there is no assurance that the implementation or integration of these new technologies and products will be effective or adapt to the customers' requirements on a timely basis or at all. In addition, in the event that there is any failure or interruption in the systems, technology, networks or infrastructure or in the access to them, or any deterioration in their performance, whether due to computer virus, computer hacking or otherwise, Safe2Travel would not be able to compete effectively and the business performance would be adversely affected.

Seasonal factors and fluctuation of operating results

The operating results of Safe2Travel may fluctuate throughout the year depending on the revenue contribution from different business segments. Revenue contribution from the corporate segment generally declines during the summer and festive holiday periods when there are less business travels by corporate travel customers, while revenue contribution from the air tickets and hotel rooms wholesale segment generally increases during the summer, school holidays and festive holiday periods. The travel activity is adversely affected by various factors such as occurrence of economic downturns, health epidemics, social and political unrests, terrorist activities, imposition of surcharges or price increases by airlines, strikes within the travel industry, travel-related accidents, increase in use of video-conferencing facilities and bad weather. Such events could materially disrupt travel activities in the regions in which Safe2Travel operates and have a negative impact on the financial results of Safe2Travel.

Dynamic corporate travel market

Safe2Travel mainly focuses on the corporate travel market and is therefore subject to the general trends and practices of the corporate travel market which may change from time to time. Some examples of such changes are (i) an increased number of corporate travel customers making direct bookings with airlines and hotels rather than through a travel services provider; (ii) more corporate travel customers setting up their own in-house travel department to take care of their own travel needs; or (iii) significant change in the operations of GDS suppliers, the airlines or other suppliers. There is no assurance that Safe2Travel is able to adapt as quickly as required to new developments and trends in the market.

1. FINANCIAL SUMMARY

Set out below is a summary of the audited financial information on the Group for the three years ended 31 December 2009, 2008 and 2007 extracted from the Company's relevant annual reports, and the unaudited financial information on the Group for the six months ended 30 June 2009 and 2010 extracted from the Company's relevant interim reports, respectively:

RESULTS

	For the six months ended 30 June		**For the year ended 31 December**		
	2010	**2009**	**2009**	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	*(unaudited)*	*(audited)*	*(audited)*	*(audited)* *(Note 1)*
Revenue	4,613	3,632	8,359	8,007	5,398
Cost of sales	(4,541)	(3,571)	(8,195)	(7,924)	—
Gross profit	72	61	164	83	5,398
Other income	3,329	3,324	6,711	6,931	5,426
Net gain/(loss) on investments held for trading	1,514	(670)	(1,588)	(22,335)	4,809
Administrative expenses	(5,842)	(5,323)	(12,045)	(10,717)	(13,978)
Finance costs	(69)	(192)	(360)	(48)	(2,548)
Loss for the period/year	(996)	(2,800)	(7,118)	(26,086)	(893)
Loss per share (in HK cents) — Basic and diluted *(Note 2)*	(0.83)	(2.34)	(5.94)	(22.61)	(1.31)

Notes:

1. The presentation of turnover, cost of sales and net gain/(loss) on investments held for trading for the year ended 31 December 2007 has been changed to reflect the nature of sales of investments held for trading in a more appropriate manner, and these figures are thereafter different from those set out in the 2007 annual report.

2. The loss per share in 2007 has been adjusted to reflect the effect of the rights issue on 14 February 2008 and the share consolidation on 14 August 2008.

3. No qualified opinion was issued by the Company's auditors in respect of the consolidated financial statements for the years ended 31 December 2007, 2008 and 2009.

ASSETS AND LIABILITIES

	As at 30 June 2010 HK$'000 (unaudited)	As at 31 December 2009 HK$'000 (audited)	2008 HK$'000 (audited)	2007 HK$'000 (audited)
Non-current assets				
Property, plant and equipment	647	1,057	114	540
Available-for-sale investments	136	136	136	136
Other non-current assets	250	250	250	250
	1,033	1,443	500	926
Current assets				
Other receivables	3,032	2,120	5,616	10,561
Inventory	—	884	—	—
Investments held for trading	5,575	14,229	17,842	41,919
Bank balances and cash	337,439	333,593	333,170	224,987
	346,046	350,826	356,628	277,467
Current liabilities				
Trade and other payables	(3,999)	(8,193)	(5,938)	(8,169)
Net current assets	342,047	342,633	350,690	269,298
Total assets less current liabilities	343,080	344,076	351,190	270,224
Capital and reserves				
Share capital	1,198	1,198	1,198	39,944
Share premium and reserves	341,882	342,878	349,992	230,280
Total equity	343,080	344,076	351,190	270,224

2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY FOR THE YEAR ENDED 31 DECEMEBER 2007

The audited consolidated financial statements of the Company for the year ended 31 December 2007, together with the accompanying notes thereto, are disclosed on pages 24 to 54 in the annual report of the Company for the year ended 31 December 2007 published on 27 March 2008. The same information is published on the website of GEM at *www.hkgem.com* and the website of the Company at *www.trasy.com*.

3. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY FOR THE YEAR ENDED 31 DECEMEBER 2008

The audited consolidated financial statements of the Company for the year ended 31 December 2008, together with the accompanying notes thereto, are disclosed on pages 22 to 56 in the annual report of the Company for the year ended 31 December 2008 published on 24 March 2009. The same information is published on the website of GEM at *www.hkgem.com* and the website of the Company at *www.trasy.com*.

4. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY FOR THE YEAR ENDED 31 DECEMBER 2009

The audited consolidated financial statements of the Company for the year ended 31 December 2009, together with the accompanying notes thereto, are disclosed on pages 22 to 54 in the annual report of the Company for the year ended 31 December 2009 published on 29 March 2010. The same information is published on the website of GEM at *www.hkgem.com* and the website of the Company at *www.trasy.com*.

5. UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY FOR THE SIX MONTHS ENDED 30 JUNE 2010

The unaudited consolidated financial statements of the Company for the six months ended 30 June 2010, together with the accompanying notes thereto, are disclosed on pages 6 to 16 in the interim report of the Company for the six months ended 30 June 2010 published on 12 August 2010. The same information is published on the website of GEM at *www.hkgem.com* and the website of the Company at *www.trasy.com*.

6. MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

Set out below is the management discussion and analysis of the Group's business and performance for the three years ended 31 December 2007, 2008 and 2009 and for the six months ended 30 June 2009 and 2010.

(i) ***For the year ended 31 December 2007***

FINANCIAL REVIEW

The Group's revenue for the year ended 31 December 2007 was approximately HK$5.4 million which was generated from the provision and operation of an internet-based electronic trading system and represented an increase of approximately 28.6% from HK$4.2 million for the year ended 31 December 2006.

Other income of HK$5.4 million for the year was mainly contributed by the interest income from the deposits in the financial institutions.

Net gain on investments held of trading of HK$4.8 million was recorded, which comprised realized gain on sales of listed securities and unrealised gain by marking the listed investments held for trading to open market values.

The administrative expenses and finance costs amounted to HK$14.0 million and 2.5 million respectively.

Loss for the year attributable to the equity holders of the Company was HK$0.9 million, compared to HK$3.6 million for the year ended 31 December 2006. Excluding the share based payment expense arising from share options issued to the eligible participants amounting to HK$3.2 million recognized during the year, the Group would have recorded a profit before share based payment for the fiscal year of approximately HK$2.3 million.

BUSINESS REVIEW AND OUTLOOK

Provision and operation of an internet-based electron trading system

For the year ended 31 December 2007, turnover and revenue from provision and operation of an internet-based electronic trading system were HK$5.4 million with profit contribution of HK$3.7 million.

Securities investments

For the year ended 31 December 2007, the gross proceeds from sales of investments held for trading was HK$182.2 million with the profit contribution of HK$1.0 million. For the year ended 31 December 2007, investments held for trading consisted of equity securities listed in Hong Kong and unlisted mutual funds.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

On 22 June 2007, 6 September 2007 and 21 September 2007, 550 million, 330 million and 335 million new ordinary shares were issued at HK$0.200, HK$0.190 and HK$0.162, respectively, per share. The total net proceeds from these issues were HK$219.2 million. There was also an issue of 410,000 shares as a result of exercise of employee share options.

The Group continues to maintain a healthy balance sheet. As at 31 December 2007, the Group had net current assets of HK$269.3 million (as at 31 December 2006: HK$47.6 million). Cash and cash equivalents as at 31 December 2007 increased by 389.1% to HK$225.0 million from HK$46.0 million as at 31 December 2006. The increase in cash and cash equivalents is primarily due to the cash proceeds received from issuance of new shares from the three top-up placings during the year.

As at 31 December 2007, the Group's current ratio was 34.0 times (as at 31 December 2006: 5.6 times). The Group has no borrowings or banking facilities as at both years ended 31 December 2007 and 2006 and the Group's gearing ratio of the year was 2.9%. No debt financing activities were in place or proposed.

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

SIGNIFICANT ACQUISITION AND DISPOSAL

During the year, the Group did not have any significant acquisition or disposal of investment.

SIGNIFICANT INVESTMENTS

There were no significant investments held by the Group as at 31 December 2007.

CHARGES ON GROUP ASSETS

During the years ended 31 December 2007 and 2006, none of the Group's assets has been pledged.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 December 2007 (as at 31 December 2006: Nil).

OUTLOOK AND FUTURE PROSPECTS

The Group managed to complete several fund raising exercises enabling it to continue to maintain a strong asset base to seize and grasp any investment opportunities once they arise. It is also the Company's corporate strategy to maintain sufficient cash balances for its business of securities investments. They will either be financed by the Group's internal resources, external borrowings, or raising of fund or a combination of the above.

As at the year end date, the Group has not identified any specific investment opportunity or any new products and services which may utilise the significant cash balance on hand.

EMPLOYEES AND REMUNERATION POLICIES

The total number of employees was 8 as at 31 December 2007 (as at 31 December 2006: 16 employees). The total staff costs of the Group, including the Directors' emoluments, for the year ended 31 December 2007 amounted to HK$8,846,000. The Group offers a competitive remuneration package to its employees, including mandatory retirement funds, insurance and medical coverage. In addition, discretionary bonus and share options may be granted to eligible employees based on the Group's and individual's performance.

The Group fixes and reviews the emoluments of its Directors and staff based on the qualification, experience, performance and the market rates from time to time so as to maintain the remunerations of the Directors and staff at a competitive level. Salary increment is normally approved annually or by special adjustment depending on length of services and performance when warranted. In addition to salaries, the Group provides employee benefits including medical insurance and provident fund. Share options and bonuses are also available to employees of the Group at the discretion of the Directors and depending upon the financial performance of the Group.

The Group maintains a mandatory provident fund (the "**MPF Scheme**") for all qualifying employees in Hong Kong. The Group's and employee's contributions to the MPF Scheme are based on 5% of the relevant income of the relevant employee (up to a cap of monthly relevant income of HK$20,000) and in accordance with the requirements of the Mandatory Provident Fund Schemes Ordinance and related regulations.

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

DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2007 (for the year ended 31 December 2006: Nil).

(ii) For the year ended 31 December 2008

FINANCIAL REVIEW

For the year ended 31 December 2008, the Group's revenue increased by 48% to HK$8.0 million from HK$5.4 million for the year ended 31 December 2007. After deducting cost of sales of HK$7.9 million, the gross profit was HK$83,000.

Other income has increased sharply by 28% to HK$6.9 million due to the significant increase in both dividend income from investments held for trading and interest income from financial assets. Dividend income from investments held for trading and interest income for the year ended 31 December 2008 amounted to HK$180,000 and HK$6,680,000 respectively (for the year ended 31 December 2007: HK$129,000 and HK$4,877,000 respectively).

Due to the financial tsunami in the second half of 2008, there was a significant net loss of HK$22.3 million on investments held for trading which are mainly from equity securities listed in Hong Kong. The administrative expenses and finance costs amounted to HK$10.7 million and HK$0.05 million respectively.

The Group recorded a loss attributable to equity holders of the Company of HK$26,086,000 for the year ended 31 December 2008 (for the year ended 31 December 2007: HK$893,000), representing a basic loss per share of HK22.61 cents (for the year ended 31 December 2007: HK1.31 cents).

BUSINESS REVIEW AND OUTLOOK

Precious metals trading

For the year ended 31 December 2008, revenue from trading in precious metals amounted to HK$8,007,000, with a profit contribution of HK$158,000. The Group continued to adopt prudent risk management and internal control policies to monitor and minimize the Group's risk exposures in precious metals trading.

Securities investments

For the year ended 31 December 2008, the proceeds from sales of investments held for trading amounted to HK$337,147,000. Under the continuing turmoil in global financial markets, the Group recorded a loss of HK$22.1 million from its securities investments. As part of its risk management philosophy, the Group continued to adopt a prudent and vigilant attitude towards treasury management 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

On 14 February 2008, the Company issued 1,997,205,000 rights shares at a price of HK$0.055 per rights share by way of the rights issue on the basis of one rights share for every two shares held on the 11 January 2008 (the "**Rights Issue**"), and raised net proceeds of HK$107,034,000. The new shares rank pari passu with the existing shares in all respects. The Board considered that the Rights Issue enabled the Group to strengthen its capital base and to enhance its financial position for future strategic investments as and when opportunities arise. The Company applied the entire net proceeds arising therefrom for the general working capital of the Group.

On 14 August 2008, the Company consolidated every 50 issued and unissued shares of HK$0.01 each into one consolidated share of HK$0.50 each (the "**Share Consolidation**"), and changed the board lot size for trading in the shares from 10,000 to 2,000 consolidated shares. Upon the Grant Court of the Cayman Islands granted the order on 31 October 2008 and fulfillment of other conditions precedent, the par value of each issued consolidated share was reduced from HK$0.50 to HK$0.01 by cancelling the paid-up capital to the extent of HK$0.49 on each issued consolidated share and sub-divide every unissued share of HK$0.50 each into 50 shares of HK$0.01 each (the "**Capital Reduction and Sub-division**") on 12 November 2008. As a result, HK$58,718,000 paid-up capital was cancelled, of which HK$26,129,000 was applied towards cancelling the accumulated loss of the Company and HK$32,589,000 was transferred to the distributable reserve of the Company.

As at 31 December 2008, the Group's current ratio was 60.1 times (as at 31 December 2007: 34.0 times). The Group has no bank borrowings or banking facilities as at both years ended 31 December 2008 and 2007 and the Group's gearing ratio for the year was 1.7%. No debt financing activities were in place or proposed.

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

CHANGE OF AUDITOR

Moore Stephens resigned as auditor of the Group with effect from 5 May 2008 and the Board appointed Deloitte Touche Tohmatsu on 6 May 2008 as auditor of the Group to fill the vacancy arising from the resignation of Moore Stephens, as the Company wants to obtain better international support and more auxiliary services to the Group to cope with its future business development. Deloitte Touche Tohmatsu holds office until the conclusion of the next annual general meeting of the Company. Moore Stephens confirmed that there were no circumstances connected with its resignation which it considered should be brought to the attention of the shareholders or creditors of the Group.

SIGNIFICANT ACQUISITIONS AND DISPOSALS

The Group did not have any significant acquisition or disposal during the year ended 31 December 2008.

SIGNIFICANT INVESTMENTS

There were no significant investments held by the Group as at 31 December 2008.

PLEDGE ON GROUP ASSETS

As at 31 December 2008, the carrying amount of investments held for trading which have been pledged as security is approximately HK$12,495,000 (as at 31 December 2007: HK$Nil). The carrying amount of the associated liability is approximately HK$4,515,000 (as at 31 December 2007: HK$Nil).

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 December 2008 and 2007.

OUTLOOK AND FUTURE PLANS RELATING TO MATERIAL INVESTMENT

During the year, the Group managed to complete a fund raising exercise enabling it to continue to maintain a strong asset base to seize and grasp any investment opportunities once they arise. They will either be financed by the Group's internal resources or external borrowings.

Taking into account the proceeds from the Rights Issue amounting to HK$107.0 million and the net proceeds from top-up placements last year amounting to HK$219.2 million, the Group has cash equivalent of HK$333.2 million (2007: HK$225.0 million) as at 31 December 2008. The Group continued to maintain sufficient cash balances for its businesses of securities investments and precious metals trading.

As at the year end date, the Group has not identified any specific investment opportunity or any new services or products.

EMPLOYEES AND REMUNERATION POLICIES

The total number of employees was 10 as at 31 December 2008 (as at 31 December 2007: 8 employees). The total staff costs of the Group, including the Directors' emoluments, for the year ended 31 December 2008 amounted to HK$3,628,000 (for the year ended 31 December 2007: HK$8,846,000).

The Group fixes and reviews the emoluments of its Directors and staff based on the qualification, experience, performance and the market rates from time to time so as to maintain the remunerations of the Directors and staff at a competitive level. Salary increment is normally approved annually or by special adjustment depending on length of services and performance when warranted. In addition to salaries, the Group provides employee benefits including medical insurance and provident fund. Share options and bonuses are also available to employees of the Group at the discretion of the Directors and depending upon the financial performance of the Group.

The Company adopted the Scheme at the annual general meeting of the Company held on 30 April 2002. Under the Scheme, the Directors 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). No share option has been granted or exercised during the year and 39,550,000 share options have been lapsed upon the changes in staff. As at 31 December 2008, 125,635 share options were still outstanding.

The Group maintains the MPF Scheme for all qualifying employees in Hong Kong. The Group's and employee's contributions to the MPF Scheme are based on 5% of the relevant income of the relevant employee (up to a cap of monthly relevant income of HK$20,000) and in accordance with the requirements of the Mandatory Provident Fund Schemes Ordinance and related regulations.

(iii) For the year ended 31 December 2009

FINANCIAL REVIEW

For the year ended 31 December 2009, the Group's revenue increased by 4.4% to HK$8,359,000 from HK$8,007,000 for the year ended 31 December 2008. After the deduction of the cost of sales of HK$8.2 million, the gross profit increased to HK$164,000 compared to HK$83,000 for the preceeding year.

Other income decreased slightly by 3% to HK$6.7 million, which mainly comprised interest income from financial institutions.

The Group still experienced a loss on the investments held for trading under the gloomy investment atmosphere. The net loss on the investments held for trading, which were mainly equity securities listed in Hong Kong, was HK$1.6 million.

The Group recorded a loss attributable to equity holders of the Company of HK$7,118,000 for the year ended 31 December 2009 (for the year ended 31 December 2008: HK$26,086,000), representing a basic loss per share of HK5.94 cents (for the year ended 31 December 2008: HK22.61 cents).

BUSINESS REVIEW AND OUTLOOK

Precious metals trading

For the year ended 31 December 2009, turnover from trading in precious metals and precious metals contracts amounted to HK$8,359,000 (for the year ended 31 December 2008: HK$8,007,000), with a profit contribution amounted to HK$164,000 (for the year ended 31 December 2008: HK$83,000). The Group continued to adopt prudent risk management and internal control policies to monitor and minimize the Group's risk exposures in precious metals and precious metals contract trading.

Securities management

Under the continuing turmoil in global financial markets, the Group recorded a net loss on investments held for trading of HK$1,588,000 (for the year ended 31 December 2008: HK$22,335,000), which mainly represented loss by marking the investments held for trading to open market values. As part of its risk management philosophy, the Group continued to adopt a prudent and vigilant attitude towards treasury management 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

As at 31 December 2009, the Group's current ratio was 42.8 times (as at 31 December 2008: 60.1 times). The Group has no bank borrowings or banking facilities as at both years ended 31 December 2009 and 2008 and the Group's gearing ratio for the year was 2.3%. No debt financing activities were in place or proposed.

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

SIGNIFICANT ACQUISITIONS AND DISPOSALS

The Group did not have any significant acquisition or disposal during the year ended 31 December 2009.

SIGNIFICANT INVESTMENTS

There were no significant investments held by the Group as at 31 December 2009.

PLEDGE ON GROUP ASSETS

As at 31 December 2009, the carrying amount of investments held for trading which have been pledged as security for the Group's borrowing amounted to approximately HK$10,953,000 (as at 31 December 2008: HK$12,495,000). The carrying amount of the associated liability is approximately HK$4,807,000 (as at 31 December 2008: HK$4,515,000).

CONTINGENT LIABILITIES

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

OUTLOOK AND FUTURE PLANS RELATING TO MATERIAL INVESTMENT

During the year, the Group continues to maintain a strong asset base to seize and grasp any investment opportunities once they arise. It is also the Company's corporate strategy to maintain sufficient cash balances for its businesses of securities investments and precious metals trading.

As at the year end date, the Group has not identified specific investment opportunity or any new products and services which may utilise its significant cash balance on hand.

EMPLOYEES AND REMUNERATION POLICIES

The total number of employees was 9 as at 31 December 2009 (as at 31 December 2008: 10 employees). The total staff costs of the Group, including the Directors' emoluments, for the year ended 31 December 2009 amounted to HK$5,560,000 (for the year ended 31 December 2008: HK$3,628,000).

The Group fixes and reviews the emoluments of its directors and staff based on the qualification, experience, performance and the market rates from time to time so as to maintain the remunerations of the directors and staff at a competitive level. Salary increment is normally approved annually or by special adjustment depending on length of services and performance when warranted. In addition to salaries, the Group provides employee benefits including medical insurance and provident fund. Share options and bonuses are also available to employees of the Group at the discretion of the directors and depending upon the financial performance of the Group.

The Company adopted the Scheme at the annual general meeting of the Company held on 30 April 2002. Under the Scheme, the Directors 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). Neither share option has been granted, exercised nor lapsed during the year. As at 31 December 2009, 125,635 share options were still outstanding.

The Group maintains the MPF Scheme for all qualifying employees in Hong Kong. The Group's and employee's contributions to the MPF Scheme are based on 5% of the relevant income of the relevant employee (up to a cap of monthly relevant income of HK$20,000) and in accordance with the requirements of the Mandatory Provident Fund Schemes Ordinance and related regulations.

(iv) For the six months ended 30 June 2010

FINANCIAL REVIEW

For the six months ended 30 June 2010, the revenue of the Group amounted to HK$4,613,000, representing a 27.0% increase compared to HK$3,632,000 for the six months ended 30 June 2009. After the deduction of the cost of sales of HK$4.5 million, the gross profit was HK$72,000.

Other income of HK$3,329,000 for the six months ended 30 June 2010 remained at a similar level compared to that for the six months ended 30 June 2009, which mainly represented interest income from banks.

Due to the gradual recovery in the global and Hong Kong economies, the Group recorded a net gain of HK$1.51 million on the investments held for trading.

The administrative expenses and finance costs amounted to HK$5.8 million and HK$69,000 respectively. The administrative expenses included staff salaries and allowances and Directors' remuneration amounting to HK$2.4 million and HK$0.5 million.

The Group recorded a loss attributable to equity holders of the Company of HK$996,000 for the six months ended 30 June 2010 (for the six months ended 30 June 2009: HK$2,800,000), representing basic loss per share of HK0.83 cents (for the six months ended 30 June 2009: HK2.34 cents).

BUSINESS REVIEW AND OUTLOOK

Precious metals trading

For the six months ended 30 June 2010, revenue from trading in precious metals and precious metals contracts amounted to HK$4,613,000, with a profit contribution amounted to HK$72,000. The Group continued to adopt prudent risk management and internal control policies to monitor and minimize the Group's risk exposures in precious metals and precious metals contract trading.

Securities management

Due to the gradual recovery in the global and Hong Kong economies and the recent upturn in the financial market, for the six months ended 30 June 2010, the Group recorded a net gain on investments in listed securities in Hong Kong held for trading of HK$1,514,000, which was significantly improved compared to a loss of HK$670,000 in the corresponding period last year.

As at 30 June 2010, the invetments held for trading of HK$5,575,000 represented investments in securities listed in Hong Kong.

Looking ahead, global economic and financial uncertainties will persist. As part of its risk management philosophy, the Group continued 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 2010, the Group had net current assets of HK$342,047,000 (as at 31 December 2009: HK$342,633,000), representing a slight decrease of 0.2% as compared to 31 December 2009. Cash and cash equivalents as at 30 June 2010 also maintained at a steady level of HK$337,439,000, compared with HK$333,593,000 as at 31 December 2009.

As at 30 June 2010, the Group's current ratio was 86.5 times (as at 31 December 2009: 42.8 times), calculated based on current assets of HK$346,046,000 (as at 31 December 2009: HK$350,826,000) and current liabilities of HK$3,999,000 (as at 31 December 2009: HK$8,193,000). The Group has no bank borrowings or banking facilities as at 30 June 2010 and 31 December 2009, and the gearing ratio was 1.2% as at 30 June 2010. No debt financing activities were 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 therefore no related hedge was made by the Group during the period.

PLEDGE ON GROUP ASSETS

As at 30 June 2010, the carrying amount of investments held for trading which have been pledged amounted to HK$2,239,000 (as at 31 December 2009: HK$10,953,000). The carrying amount of the associated liability amounted to HK$210,000 (as at 31 December 2009: HK$4,807,000).

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2010 and 31 December 2009.

FUTURE PLAN AND PROSPECTS

As set out in the Company's announcement dated 14 April 2010, the Company was in preliminary negotiations with an independent third party for the proposed acquisition of a business for which, as at the date of the aforesaid announcement and up to the date of the 2010 interim report, no agreement has been reached or entered into. As at the period end date, the Group has not yet identified specific investment opportunity and, any new products and services for use of the significant cash balance.

SIGNIFICANT ACQUISITION AND DISPOSAL DURING THE PERIOD

During the period, the Group neither had any significant acquisition nor disposal of investment. The Group maintains a strong asset base with a view to seizing and grasping any investment opportunities efficiently once they arise. The Board will consider financing investment opportunities either by the Group's internal resources, external borrowings or other capital market fund raising exercise, or a combination of these, depending on the size of the investment, the financial capability of the Group and the funding alternatives then available to the Company.

SIGNIFICANT INVESTMENTS

There were no significant investments held by the Group as at 30 June 2010.

EMPLOYEES AND REMUNERATION POLICIES

The total number of employees was 10 as at 30 June 2010. The total staff costs of the Group, including the Directors' emoluments, for the period ended 30 June 2010 amounted to HK$2,874,000. The Group fixes and reviews the emoluments of its directors and staff based on the qualification, experience, performance and the market rates from time to time so as to maintain the remunerations of the directors and staff at a competitive level. Salary increment is normally approved annually or by special adjustment depending on length of services and performance when warranted. In addition to salaries, the Group provides employee benefits including medical insurance and provident fund. Share options and bonuses are also available to employees of the Group at the discretion of the directors and depending upon the financial performance of the Group.

The Company adopted the Scheme at the annual general meeting of the Company held on 30 April 2002. Under the Scheme, the Directors 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). Neither share option has been granted nor exercised during the period, while 35,603 share options were lapsed during the period. As at 30 June 2010, 90,032 share options were still outstanding.

The Group maintains the MPF Scheme for all qualifying employees in Hong Kong. The Group's and employee's contributions to the MPF Scheme are based on 5% of the relevant income of the relevant employee (up to a cap of monthly relevant income of HK$20,000) and in accordance with the requirements of the Mandatory Provident Fund Schemes Ordinance and related regulations.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2010 (for the year ended 31 December 2009: Nil).

(iv) For the six months ended 30 June 2009

FINANCIAL REVIEW

For the six months ended 30 June 2009, the revenue of the Group amounted to HK$3,632,000. After the deduction of the cost of sales of HK$3,571,000, the gross profit amounted to HK$61,000.

The other income of HK$3.3 million was contributed by the dividend income from the investments held for trading and the interest income from financial institutions.

The Group recorded a net loss on investments held for trading. Under the gloomy investment atmosphere, the net loss on investments held for trading was HK$670,000.

The administrative expenses and finance costs amounted to HK$5.3 million and HK$0.2 million respectively.

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 HK2.34 cent (for the six months ended 30 June 2008: basic earnings per share of HK2.60 cent).

BUSINESS 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 with profit contribution amounting to HK$30,000. The Group continued 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 which primarily represented loss by marking those listed securities to the market value.

Looking ahead, global economic and financial uncertainties will persist. As part of its risk management philosophy, the Group continued 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 53.9 times (as at 31 December 2008: 60.1 times), calculated based on current assets of HK$353,147,000 (as at 31 December 2008: HK$356,628,000) and current liabilities of HK$6,578,000 (as at 31 December 2008: HK$5,938,000). The Group has no bank borrowings or banking facilities as at 30 June 2009 and 31 December 2008, and the gearing ratio was 1.9% as at 30 June 2009. 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. The Directors consider that the Group is not exposed to any significant foreign currency risk and therefore 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 INVESTMENTS

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 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 these. It is also the Company's corporate strategy to maintain sufficient cash balances for its business of securities investments.

EMPLOYEES AND REMUNERATION POLICIES

The total number of employees was 10 as at 30 June 2009 (31 December 2008: 10 employees). The total staff costs of the Group, including the Directors' emoluments, for the period ended 30 June 2009 amounted to HK$2,845,000. 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 the 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.

7. INDEBTEDNESS STATEMENT

As at the close of business on 31 December 2010, the Enlarged Group had shareholder's loan with an outstanding principal and carrying amount of approximately HK$57.9 million.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, as at the close of business on 31 December 2010, the Enlarged Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

8. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the presently available financial resources, the estimated net cash outflow arising from the Acquisition and estimated cash flow generated from the operation of the Enlarged Group, the Enlarged Group will have sufficient working capital for its business for the next twelve months from the date of this circular in the absence of unforeseen circumstances.

9. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial and trading position of the Group since 31 December 2009, being the date to which the latest published audited financial statements of the Company were made up.

1. ACCOUNTANTS' REPORT ON THE HARVEST WELL GROUP

The following is the text of an accountant's report on the Harvest Well Group received from the independent reporting accountants, Ernst & Young LLP, Public Accountants and Certified Public Accountants, for the purpose of inclusion in this circular.

ERNST & YOUNG
安 永

25 February 2011

The Board of Director
Harvest Well International Limited
Palm Grove House, P.O. Box 438
Road Town, Tortola,
British Virgin Islands

Dear Sirs,

We set out below our report on the financial information of Harvest Well International Limited (the "Company") and its subsidiary (collectively the "Group") for the period from 2 July 2009 (date of incorporation) to 30 September 2010 (the "Relevant Period") for inclusion in the shareholders' circular of Trasy Gold Ex Limited dated 25 February 2011 (the "Circular") in relation to the very substantial acquisition relating to the acquisition of the entire equity interest in and a shareholder's loan of the Company.

The Company was incorporated in the British Virgin Islands (the "BVI") with limited liability on 2 July 2009 and is principally engaged in investment holding. The Group is principally engaged in the provision of services of travel agent, tour operators and travel related activities.

No audited statutory financial statements for the Group and the Company have been prepared up to the date of this report as the Company was incorporated in the BVI where there were no statutory audit requirements.

The statutory financial statements (the "SFRS Financial Statements") of the Company's subsidiary were prepared in accordance with the Singapore Financial Reporting Standards ("SFRS") and were audited by us.

For the purpose of this report, the Director of the Company has prepared the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the Relevant Period, the consolidated balance sheet of the Group and balance sheet of the Company as at 30 September 2010, together with the notes thereto, set out in this report (collectively the "Financial Information") in accordance with

International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Financial Information set out in this report has been prepared based on the SFRS Financial Statements and the relevant management accounts of the Company and the Group without adjustment.

The Director of the Company is responsible for the preparation of the Financial Information in order to give a true and fair view. In preparing the Financial Information that gives a true and fair view, it is fundamental that appropriate accounting policies are selected and applied consistently, that judgements and estimates made are reasonable, and that the reasons for any significant departure from applicable accounting standards are stated.

For the purpose of this report, we have carried out independent audit procedures on the Financial Information in accordance with International Standards on Auditing ("ISA") issued by the International Auditing and Assurance Standards Board, and have carried out such additional procedures as are necessary in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the Hong Kong Institute Certified Public Accountant. It is our responsibility to form an independent opinion, based on our procedures, on the Financial Information and to report our opinion thereon.

Opinion

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of the Group and the Company as at 30 September 2010 and of the Group's results, changes in equity and cash flows for the Relevant Period.

Ernst & Young LLP
Public Accountants and
Certified Public Accountants

One Raffles Quay, North Tower,
Level 18, Singapore 048583
Singapore

Consolidated Statement of Comprehensive Income for the period from 2 July 2009 (date of incorporation) to 30 September 2010

	Notes	Group 2 July 2009 (date of incorporation) to 30 September 2010 *HK$*
Revenue		48,985,834
Other items of income		
Interest income		252,031
Other operating income	5	2,103,418
		2,355,449
Other items of expenses		
Selling expenses		(1,036,258)
General and administrative expenses		(30,347,462)
Other operating expenses		(9,685,671)
		(41,069,391)
Profit before taxation	6	10,271,892
Income tax expense	7(a)	(2,115,167)
Profit for the period		8,156,725
Other comprehensive income		
Foreign currency translation reserve	19	3,753,365
Total comprehensive income		11,910,090
Total profit for the year attributable to:		
Equity holder of the Company		8,156,725
Total comprehensive income attributable to:		
Equity holder of the Company		11,910,090

The accompanying accounting policies and explanatory notes form an integral part of the audited consolidated financial statements.

Balance Sheet as at 30 September 2010

		30 September 2010	
	Notes	**Group**	**Company**
		HK$	*HK$*
Non-current assets			
Property, plant and equipment	8	328,359	—
Investment in a subsidiary	4(c)	—	52,154,125
Intangible assets	9	54,478,746	—
		54,807,105	52,154,125
Current assets			
Trade receivables	10	102,729,034	—
Prepaid operating expenses	11	1,193,569	—
Other receivables	14	16,992,042	—
Cash and cash equivalents	12	7,449,814	—
		128,364,459	—
Current liabilities			
Trade payables	13	46,530,461	—
Other payables and accruals	13	13,501,691	—
Income tax payable		2,008,976	—
Shareholder's loan	15	56,586,313	56,586,313
		118,627,441	56,586,313
Net current assets/(liabilities)		9,737,018	(56,586,313)
Non-current liabilities			
Deferred tax liabilities	7(b)	4,755,934	—
Net assets/(liabilities)		59,788,189	(4,432,188)
Equity attributable to owners of the parent			
Share capital	17	8	8
Accumulated profits/(losses)		8,156,725	(4,432,196)
Merger reserve	18	47,878,091	—
Foreign currency translation reserve	19	3,753,365	—
Total equity/(deficit)		59,788,189	(4,432,188)

The accompanying accounting policies and explanatory notes form an integral part of the audited consolidated financial statements.

Consolidated Statement of Changes in Equity for the period from 2 July 2009 (date of incorporation) to 30 September 2010

	Share capital	Accumulated profits	Foreign currency translation reserve	Merger reserve	Total equity
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
	(Note 17)		*(Note 19)*	*(Note 18)*	
Balance at date of incorporation and issuance of subscriber's share	8	—	—	—	8
Profit for the period	—	8,156,725	—	—	8,156,725
Other comprehensive income for the period	—	—	3,753,365	—	3,753,365
Total comprehensive income for the period	—	8,156,725	3,753,365	—	11,910,090
Adjustment arising from acquisition of a subsidiary under common control	—	—	—	47,878,091	47,878,091
At 30 September 2010	8	8,156,725	3,753,365	47,878,091	59,788,189

The accompanying accounting policies and explanatory notes form an integral part of the audited consolidated financial statements.

Consolidated Statement of Cash Flows for the period from 2 July 2009 (date of incorporation) to 30 September 2010

	Group 2 July 2009 (date of incorporation) to 30 September 2010 *HK$*
Cash flows from operating activities	
Profit before taxation	10,271,892
Adjustments for:	
Amortisation of intangible assets	3,805,404
Depreciation of property, plant and equipment	111,959
Interest income	(252,031)
Loss on disposal of property, plant and equipment	355,155
Unrealised exchange difference	5,195,753
Currency re-alignment	791,422
Operating cash flows before changes in working capital	20,279,554
Increase in trade and other receivables	(42,971,694)
Increase in prepaid operating expenses	(1,027,931)
Decrease in trade and other payables	(7,288,593)
Cash flows used in operations	(31,008,664)
Interest income received	252,031
Income tax paid	(4,383,826)
Net cash flows used in operating activities	(35,140,459)
Cash flows used in investing activities	
Purchase of property, plant and equipment	(272,296)
Acquisition of a subsidiary *(Note 4)*	(11,109,416)
Net cash flows used in investing activities	(11,381,712)
Cash flows from financing activities	
Proceeds from issuance of share	8
Proceeds from shareholder's loan	52,263,306
Net cash flows generated from financing activities	52,263,314
Net increase in cash and cash equivalents	5,741,143
Effect of exchange rate changes in cash and cash equivalents	1,708,671
Cash and cash equivalents at end of period *(Note 12)*	7,449,814

The accompanying accounting policies and explanatory notes form an integral part of the audited consolidated financial statements.

Notes to the Consolidated Financial Statements - 30 September 2010

1. Corporate information

Harvest Well International Limited (the "Company" or "Harvest Well") is a limited liability company, which is incorporated in the British Virgin Islands. The Company is wholly-owned by an individual shareholder, Zhang Rong.

The registered office and principal place of business of the Company is located at Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiary are disclosed in the Note 4 to the financial statements. There is no significant change in the nature of the activity during the period.

1.1 Going concern uncertainty

As at 30 September 2010, the Company's current liabilities exceeded its current assets by HK$56,586,313 and net liabilities exceeded its net assets by HK$4,432,188. The ability of the Company to continue as a going concern depends on the shareholder's undertaking to provide continuing financial support to enable the Company to continue as a going concern.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The consolidated financial statements are presented in Hong Kong Dollars (HKD or HK$).

There are no prior year comparatives for the Company as this is the first set of audited financial statements since its incorporation on 2 July 2009.

2.2 Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Group's consolidated financial statements are listed below. This listing is of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt those standards when they become effective.

IAS 24 Related Party Disclosures (Revised)

The revised standard is effective for annual periods beginning on or after 1 January 2011. It clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government related entities. The Group does not expect any impact on its financial position or performance. Early adoption is permitted for either the partial exemption for government-related entities or for the entire standard.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 as issued reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2013. In subsequent phases, the IASB will address classification and measurement of financial liabilities, hedge accounting and derecognition. The completion of this project is expected to be in early 2011. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets. The Group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

Improvements to IFRSs (issued in May 2010)

The IASB issued Improvements to IFRSs, an omnibus of amendments to its IFRS standards. The amendments have not been adopted as they become effective for annual periods on or after either 1 July 2010 or 1 January 2011. The amendments listed below, are considered to have a reasonable possible impact on the Group:

- IFRS 3 Business Combinations
- IFRS 7 Financial Instruments: Disclosures
- IAS 1 Presentation of Financial Statements
- IAS 27 Consolidated and Separate Financial Statements

The Group, however, expects no impact from the adoption of the amendments on its financial position or performance.

2.3 Subsidiary and consolidated financial statements

(i) *Subsidiary*

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

(ii) *Consolidated financial statements*

The consolidated financial statements comprise the consolidated financial statements of the Company and its subsidiary as at the balance sheet date. The consolidated financial statements of the subsidiary are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

All intra-group balances, transactions, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Business combinations involving entities under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts in the consolidated financial statements. Any difference between the consideration paid and the net assets of the "acquired" entity is reflected within equity as merger reserve. The consolidated profit for the period reflects the results of the combining entities, the Company from 2 July 2009 to 30 September 2010 and its subsidiary from 23 October 2009 to 30 September 2010, 23 October 2009 being the effective date the entities come under common control. No comparatives are presented as the Group only existed since 23 October 2009.

Other than the above business combination involving entities under common control, acquisition of subsidiary are accounted for by applying purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measure initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the balance sheet. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in the profit for the period on the date of acquisition.

Subsidiary is consolidated from the date of acquisition, being the date on which the Group obtains control, and continues to be consolidated until the date that such control ceases.

*2.4 **Functional and foreign currencies***

The Group's consolidated financial statements are presented in HKD which is also the Company's functional currency. The subsidiary determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are measured in the functional currency of the Company and its subsidiary are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in the profit for the period except for exchange differences arising on monetary items that form part of the Group's net investment in a foreign operation, which are recognised initially in other comprehensive income and accumulated under the foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Group companies

The assets and liabilities of foreign operations are translated into HKD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the profit for the period.

2.5 ***Property, plant and equipment***

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Computers	—	3 years
Furniture and fittings	—	3 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit for the period the asset is derecognised.

2.6 ***Intangible assets***

(i) *Goodwill*

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments which arose on acquisitions of foreign operation are treated as assets and liabilities of the foreign operations and are recorded in the functional currencies of the foreign operations and are translated in accordance with the policy set out in Note 2.4.

(ii) *Other intangible assets*

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

a) Trade name

The trade name was acquired in a business combination. The useful life of the trade name is estimated to be indefinite because based on the current market share of the trade name, management believes there is no foreseeable limit to the period over which the trade name is expected to generate net cash inflows for the Group.

b) Customer relationships

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The customer relationships have a finite useful life of 9 years and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the customer relationships.

c) Outstanding customers' contracts

Outstanding customers' contracts acquired in a business combination are recognised at fair value at the acquisition date. These outstanding customers' contracts have finite useful lives of between 1 to 8 months and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the outstanding customers' contracts.

2.7 ***Impairment of non-financial assets***

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the profit for the period unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.8 ***Financial assets***

Initial recognition and measurement

Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in the profit for the period when the loans and receivables are derecognised or impaired, and through the amortisation process.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in the profit for the period.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

2.9 ***Cash and cash equivalents***

Cash and cash equivalents comprise cash on hand and at banks and unpledged fixed deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.10 ***Impairment of financial assets***

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the profit for the period.

When the asset becomes uncollectible, the carrying amount of the impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying amount of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the profit for the period.

2.11 ***Financial liabilities***

Initial recognition and measurement

Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of other financial liabilities, plus directly attributable transaction costs.

Subsequent measurement

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the profit for the period when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit for the period.

2.12 ***Employee benefits***

(i) *Defined contribution plans*

The Group makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to the national pension scheme are recognised as an expense in the period in which the related service is performed.

(ii) *Employee's leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to balance sheet date.

2.13 ***Operating Leases***

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases.

Operating lease payments are recognised as an expense in the profit for the period on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.14 ***Revenue***

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable, excluding discounts, rebates, and sales taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as a principal or agent. The Group has concluded that it is acting as an agent in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

a) *Rendering of services*

Revenue is generated from service fees charged for air tickets issuance; other services rendered for convention management, off-site meeting arrangements, booking of hotel rooms, car rental, vacation packages and cruises. Revenue is recognised upon completion of the service.

b) *Interest income*

Interest income is recognised using the effective interest method.

2.15 ***Income taxes***

(i) *Current tax*

Current income tax assets and liabilities for the current period is measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in the profit for the period except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) *Deferred tax*

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

— Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

— In respect of taxable temporary differences associated with an investment in a subsidiary, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

— Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

— In respect of deductible temporary differences associated with investment in a subsidiary, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(iii) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

— Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

— Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.16 ***Segment reporting***

The principal activities of the Group are the provision of services of travel agent, tour operators and travel related activities. The Director is of the view that the Group operates in one segment as defined in IFRS 8: Operating Segments. The Director, Chief Executive Officer and senior management reviews the profitability and operations of the Group as one business; provision of corporate travel management services, wholesale of air tickets and hotel rooms as well as corporate leisure travel services, and manage employees as central resources; distributes and sells their services through common platform and manage cash resources centrally.

In addition, no separate analysis of segment information by geographical segment is presented as the Group's revenue, assets and capital expenditure are principally attributable to a single geographical region, which is in Singapore.

2.17 ***Share capital***

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.18 ***Related parties***

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

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(b) the party is an associate;

(c) the party is a jointly-controlled entity;

(d) the party is a member of the key management personnel of the Group or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d); or

(f) 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 (d).

3. **Significant accounting estimates and judgements**

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 ***Key sources of estimation uncertainty***

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) *Depreciation of property, plant and equipment*

The costs of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within three years. The carrying amount of the Group's property, plant and equipment at the balance sheet date is disclosed in Note 8 to the consolidated financial statements. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) *Amortisation of intangible assets- customer relationships and outstanding customers' contracts*

The costs of customer relationships and outstanding customers' contracts are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these intangible assets to be within 1 month to 9 years. The carrying amounts of the customer relationships and outstanding customers' contracts at the balance sheet date are disclosed in Note 9 to the consolidated financial statements. Changes in the expected level of cashflow could impact the useful lives and the residual values of these assets, therefore future amortisation charges could be revised.

(iii) *Impairment of loans and receivables*

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the balance sheet date is disclosed in Note 10 to the consolidated financial statements.

(iv) *Impairment of intangible assets*

Intangible assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculation are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate to calculate the present value of those cash flows.

While it is believed that the assumptions used in the estimation of value in use reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse impact on the results of operations.

Further details of the key assumptions applied in the impairment assessment of intangible assets are given in Note 9 to the consolidated financial statements.

(v) *Fair value measurement of intangible assets on business combination*

Intangible assets, resulting from business combination, are valued at fair value at the acquisition date. The determination of the fair value is based on valuation techniques including the discounted cash flow model. The inputs to these models are derived from observable market data where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of model inputs regarding the future financial performance of the subsidiary, its customers' profile, and economic assumptions regarding the industry in which the subsidiary operates. The key assumptions take into consideration the probability of meeting each performance target. Changes in assumptions about these factors could affect the reported fair values of the intangible assets. The carrying amount of the intangible assets recognised on business combination is disclosed in Note 9 to the financial statements.

3.2 ***Judgements made in applying accounting policies***

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements.

(i) *Income taxes*

Significant judgement is involved in determining the Group's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the Group's and Company's income tax payable and deferred tax liabilities as at 30 September 2010 are HK$2,008,976 and HK$Nil; HK$4,755,934 and HK$Nil respectively.

(ii) *Functional currency*

The Company measures foreign currency transactions in its functional currency. In determining its functional currency, judgment is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales price of the goods and services. The functional currency of the Company are determined based on the management's assessment of the economic environment in which the entity operate and the entity's process of determining sales prices.

Based on the economic substance of the underlying circumstances relevant to the Company, the functional currency of the Company has been determined to be the HK$.

4. **Business combinations**

The Group was formed through a restructuring exercise (the “Restructuring Exercise”).

The Restructuring Exercise involved the following steps:

(a) Incorporation of the Company

On 2 July 2009, the Company was incorporated in the British Virgin Islands as an investment holding company.

(b) Acquisition of Safe2Travel Pte Ltd (“Safe2Travel”) by Zhang Rong

Pursuant to a sale and purchase agreement dated 14 August 2009, China Strategic Holdings Limited (“CS-BVI”), a private limited liability company incorporated in the British Virgin Islands and wholly owned by Zhang Rong, acquired 100% of the equity interest of Safe2Travel for a cash consideration of approximately HK$100,032,000 from its previous shareholder, Pacnet Internet Services (S) Pte Ltd. The acquisition was completed on 23 October 2009.

Prior to the above acquisition, the ultimate, penultimate and immediate holding companies of the subsidiary, Safe2Travel Pte Ltd were Pacnet Limited, Pacnet Internet (S) Pte Ltd and Pacnet Internet Services (S) Pte Ltd, respectively, as at 31 December 2008.

(c) Transfer of Safe2Travel to Harvest Well

Pursuant to a share transfer agreement dated 2 June 2010, CS-BVI in consideration of the sum of approximately HK$52,154,000 transferred 100% of the equity interest of Safe2Travel to the Company. Upon the completion of share transfer, Safe2Travel became a subsidiary of the Group.

As CS-BVI and the Company are entities under common control of an individual shareholder Zhang Rong, the acquisition of Safe2Travel from CS-BVI is accounted for by applying the pooling of interest method.

Under the pooling of interest method, 23 October 2009, being the date of acquisition of Safe2Travel by CS-BVI is the effective date the entities come under common control and the date Safe2Travel is consolidated into the Group.

On 17 September 2010, Durable Gold Investments Limited ("Durable Gold"), a wholly owned subsidiary of Trasy Gold Ex Limited ("Trasy Gold"), entered into a conditional sale and purchase agreement with Zhang Rong. Please refer to Note 24 for details.

Details of the subsidiary are as follows:

Name of subsidiary	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Company 30 September 2010
			%
Safe2Travel Pte Ltd*	Provision of services of travel agent, tour operators and travel related activities	Singapore	100

* Audited by Ernst & Young LLP, Singapore

Acquisition of a subsidiary

On 23 October 2009, the fair values of the identifiable assets and liabilities of Safe2Travel as at the date of acquisition were:

	Fair value recognised on date of acquisition *HK$'000*	Carrying amount before acquisition *HK$'000*
Assets		
Trade name	7,313	—
Customer relationships	22,641	—
Outstanding customers' contracts	1,499	—
Property, plant and equipment	497	497
Deferred tax asset	11	11
Trade and other receivables	75,340	75,340
Cash and short term deposits	41,045	41,045
Liabilities		
Trade payables and other payables	(66,318)	(66,318)
Income tax payable	(3,480)	(3,480)
Deferred tax liabilities	(5,347)	—
Net identifiable assets	73,201	47,095
Goodwill arising from acquisition	26,831	
Purchase consideration paid	100,032	

Consideration paid for the acquisition of Safe2Travel:

Cash consideration paid for 100% equity interest	100,032

Effect of the acquisition of Safe2Travel on cash flows:

Cash consideration paid by CS-BVI for 100% equity interest acquired	100,032
Less: merger reserve arising from pooling of interest method under common control	(47,878)
Cash consideration paid by Harvest Well	52,154
Less: Cash and short term deposits of subsidiary acquired	(41,045)
Net cash outflow on acquisition	11,109

Goodwill arising on acquisition

The acquisition of the 100% equity interest in Safe2Travel on 23 October 2009 gave rise to goodwill of approximately HK$26,831,000 which has been recognised in the balance sheet. The goodwill comprises the value of strengthening the Group's market position in Singapore, improved resilience to sector specific volatilities, and cost reduction synergies expected to arise from the acquisition. None of the goodwill recognised is expected to be deductible for income tax purposes.

Impact of the acquisition on income statement

From the acquisition date, Safe2Travel has contributed approximately HK$48,986,000 of Group's revenue and HK$15,747,000 to the Group's profit for the period. If the business combination had taken place at the beginning of the period, the Group's revenue would have been approximately HK$60,827,000 and the Group's profit net of tax would have been approximately HK$20,669,000.

5. **Other operating income**

	Group 2 July 2009 (date of incorporation) to 30 September 2010 *HK$*
Jobs Credit Scheme	717,508
Supplier incentive	1,146,374
Others	239,536
	2,103,418

During the period, the Singapore Finance Minister announced the introduction of a Jobs Credit Scheme ("Scheme"). Under this Scheme, the Group received a 12% cash grant on the first S$2,500 of each month's wages for each employee on their Central Provident Fund payroll, totalled to HK$717,508. In October 2009, the Singapore Government announced that the Jobs Credit scheme will be extended for half a year with another two payments at stepped down rates of 6% and 3% in March 2010 and June 2010 respectively.

6. **Profit before taxation**

The following items have been included in arriving at profit before taxation:

	Group 2 July 2009 (date of incorporation) to 30 September 2010
	HK$
Depreciation of property, plant and equipment	111,959
Loss on disposal of property, plant and equipment	355,155
Net foreign exchange loss	4,256,801
Office rental expenses	2,444,130
Staff costs	
- Salaries, wages, bonuses and other costs	22,768,341
- Central Provident Fund	2,438,196
Amortisation of intangible assets	3,805,404
Interest income	(252,031)

7. **Income tax expense/deferred tax**

(a) ***Income tax expense***

Major components of income tax expense

The major component of income tax expense is as follows:

	Group 2 July 2009 (date of incorporation) to 30 September 2010
	HK$
Consolidated statement of comprehensive income	
Current income tax	
Current income tax	2,789,820
Over provision in respect of prior years	(92,154)
	2,697,666
Deferred income tax	
Origination and reversal of temporary differences	(582,499)
	2,115,167

Relationship between tax expense and accounting profit

A reconciliation of the statutory tax rate to the Group's effective tax rate applicable to profit for the period ended 30 September 2010 is as follows:

	Group 2 July 2009 (date of incorporation) to 30 September 2010 *%*
Applicable statutory tax rate	—
Tax effect of different tax rates of overseas operations	17.0
Non-deductible expenses	7.6
Income not subject to tax	(0.6)
Over provision in respect of prior years	(0.9)
Effect of partial tax exemption	(1.4)
Others	(1.1)
	20.6

The Company is not subject to tax as it is incorporated in the British Virgin Islands, a tax haven country. The corporate income tax rate of the subsidiary is 17% for the year of assessment 2010 onwards.

(b) ***Deferred tax***

	30 September 2010 Group *HK$*
Deferred tax liabilities	
Fair value adjustment on acquisition of a subsidiary *(Note 4)*	5,347,034
Differences in amortisation of intangible assets	(646,919)
Differences in depreciation for tax purpose	55,819
Net deferred tax liabilities	4,755,934

Unrecognised temporary differences relating to investment in a subsidiary

At the end of the period, no deferred tax liability has been recognised for taxes that would be payable on the undistributed earnings of the Company's subsidiary as the Group has determined that undistributed earnings of its subsidiary will not be distributed in the foreseeable future.

8. **Property, plant and equipment**

Group	**Computers**	**Furniture and fittings**	**Total**
	HK$	*HK$*	*HK$*
Cost			
Acquisition of a subsidiary *(Note 4)*	167,611	329,910	497,521
Additions	272,296	—	272,296
Disposals	—	(355,155)	(355,155)
Currency re-alignment	411	25,245	25,656
At 30 September 2010	440,318	—	440,318
Accumulated depreciation			
Charge for the period	111,959	—	111,959
Disposals	—	—	—
At 30 September 2010	111,959	—	111,959
Net carrying amount			
At 30 September 2010	328,359	—	328,359

9. **Intangible assets**

Group	**Goodwill**	**Trade name**	**Customer relationships**	**Outstanding customer's contracts**	**Total**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Cost					
Acquisition of a subsidiary *(Note 4)*	26,831,011	7,312,737	22,641,029	1,499,373	58,284,150
At 30 September 2010	26,831,011	7,312,737	22,641,029	1,499,373	58,284,150
Accumulated amortisation					
Amortisation for the period	—	—	2,306,031	1,499,373	3,805,404
At 30 September 2010	—	—	2,306,031	1,499,373	3,805,404
Net carrying amount					
At 30 September 2010	26,831,011	7,312,737	20,334,998	—	54,478,746

Trade name

Trade name, Safe2Travel that was acquired in a business combination was estimated to have an indefinite useful life [Note 2.6(ii)(a)].

Customer relationships

Customer relationships acquired in a business combination have a remaining amortisation period of approximately 8 years [Note 2.6(ii)(b)].

Amortisation expense

The amortisation of customer relationships and outstanding customers' contracts are included in the "other operating expenses" line items in profit for the period.

Impairment testing of intangible assets

Goodwill, trade name, customer relationships and outstanding customers' contracts acquired through business combination have been allocated to the cash-generating unit (CGU) which resides at the subsidiary level.

The recoverable amount of the CGU has been determined based on its fair value less cost to sell. The fair value for the CGU has been obtained by making reference to the conditional sale and purchase agreement between Zhang Rong and Durable Gold. Under this agreement, the total cash consideration to be paid to acquire the entire business of its subsidiary is HK$240 million (Note 24). The total cash consideration to be paid by the buyer is above the carrying amount of the CGU, and hence management concluded that no impairment is required.

10. **Trade receivables**

	Group 30 September 2010 *HK$*
Trade receivables	102,729,034
Other receivables *(Note 14)*	16,992,042
Cash and cash equivalents *(Note 12)*	7,449,814
Total loans and receivables	127,170,890

Included in trade receivables are amounts due from a related company of HK$11,817,806. These amounts have been fully repaid as at the date of this report.

Trade receivables are non-interest bearing and are generally on 30-days' terms. They are recognized at their original invoice amounts which represent their fair values on initial recognition.

A bank has extended performance guarantees to the subsidiary amounting to approximately HK$90,565,000 of which the amounts utilised as at 30 September 2010 were approximately HK$44,125,000. The performance guarantees have been given in favour to international airlines. A floating charge has been pledged over the trade receivables of the subsidiary to the bank.

Trade and other receivables are denominated in Singapore Dollar.

Receivables that are past due but not impaired

The Group has trade receivables amounting to HK$35,185,141 that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

	Group 30 September 2010 *HK$*
Trade receivables past due:	
Less than 30 days	23,031,411
30 to 60 days	4,213,216
61 to 90 days	2,787,979
91 to 120 days	2,275,040
More than 120 days	2,877,495
	35,185,141

Receivables that are impaired

The Group does not have trade receivables that are impaired at the balance sheet date.

11. **Prepaid operating expenses**

Included in prepayments is an amount of HK$947,088 that relates to advance payments made by a subsidiary to supplier for a tour that was departing in October 2010.

12. **Cash and cash equivalents**

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following at the balance sheet date:

	Group
	30 September
	2010
	HK$
Cash at banks and on hand	7,449,814

Cash and bank balances are denominated in the following currencies:

	Group
	30 September
	2010
	HK$
Singapore Dollar ("SGD")	6,359,554
Australian Dollar ("AUD")	378,553
New Zealand Dollar ("NZD")	504,752
US Dollar	206,955
	7,449,814

Cash at banks earns interest at floating rates based on daily bank deposit rates.

During the period, fixed deposits are made for varying periods between 1 month to 3 months, depending on immediate cash requirements of the Group, and earned interests at rates ranging from 0.1% to 3.2% per annum.

During the period, fixed deposits of AUD 800,000 and NZD 1,000,000 which were previously pledged to a bank by a subsidiary, in order to fulfill the securities requirement of a corporate guarantee, were discharged on 22 January 2010.

13. **Trade payables, other payables and accruals**

	30 September 2010	
	Group	**Company**
	HK$	*HK$*
Deposits received	5,942,607	—
Accruals	4,425,042	—
Refunds payable	2,517,084	—
Staff costs payable	538,877	—
Others	78,081	—
Total other payables and accruals	13,501,691	—
Add: Trade payables	46,530,461	—
Shareholder's loan *(Note 15)*	56,586,313	56,586,313
Total financial liabilities carried at amortised cost	116,618,465	56,586,313

Trade payables are non-interest bearing, and are normally settled on 30-day terms.

Other payables are non-interest bearing, and have an average term of 30 to 90 days.

Trade payables, other payables and accruals are denominated in Singapore Dollar.

14. **Other receivables**

Included in other receivables are amounts due from a related company of HK$13,203,999. These amounts have been fully repaid as at the date of this report.

The amounts due from a related company are non-trade, unsecured, non-interest bearing and repayable on demand.

15. **Shareholder's loan**

The amount is unsecured, non-interest bearing and repayable by Durable Gold upon the completion of the conditional sale and purchase agreement (Note 24).

16. **Operating lease commitments**

Future minimum rentals payable under non-cancellable operating leases as at 30 September 2010 are as follows:

	Group 30 September 2010 *HK$*
Not later than one year	3,454,806
Later than one year but not more than 5 years	1,991,407
	5,446,213

17. **Share capital**

	Number of shares	*HK$*
At date of incorporation and issuance of subscriber's share	1	8

The holder of an ordinary share is entitled to receive dividends as and when declared by the Company. The ordinary share carries one vote per share without restrictions.

18. **Merger reserve**

The merger reserve records the difference between the purchase consideration and the net assets of the subsidiary restructured under common control.

19. **Foreign currency translation reserve**

The translation reserve is used to record exchange differences arising from the translation of the financial statements of a foreign operation whose functional currency is different from that of the Group's presentation currency.

	Group 30 September 2010 *HK$*
Net effect of exchange differences arising from translation of financial statements of foreign operation, and at end of period	3,753,365

20. **Related party transactions**

a) ***Sale and purchase of goods and services***

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and a related party took place at terms agreed between the parties during the period:

	Group 2 July 2009 (date of incorporation) to 30 September 2010
	HK$
Sales to a related party	89,421

b) ***Compensation of key management personnel***

	Group 2 July 2009 (date of incorporation) to 30 September 2010
	HK$
Short-term employee benefits	5,171,791
Central Provident Fund contributions	307,258
	5,479,049

The above compensation has been paid to key management personnel of the Group, other than Directors of the Company.

21. **Financial risk management objectives and policies**

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include liquidity risk, credit risk and foreign currency risk. The Director reviews and agrees policies and procedures for the management of these risks. It is, and has been throughout the period under review, the Group's policy that no derivatives shall be undertaken.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) ***Liquidity risk***

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

To manage liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effect of fluctuations in cash flows.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group and Company's financial assets and liabilities at the balance sheet date based on contractual undiscounted repayment obligations.

	Within 1 year	
	Group	**Company**
	HK$'000	*HK$'000*
30 September 2010		
Financial assets:		
Trade receivables	102,729	—
Other receivables	16,992	—
Cash and cash equivalents	7,450	—
Total undiscounted financial assets	127,171	—
Financial liabilities:		
Trade payables	46,530	—
Other payables and accruals	13,502	—
Shareholder's loan	56,586	56,586
Total undiscounted financial liabilities	116,618	56,586
Total net undiscounted financial assets/(liabilities)	10,553	(56,586)

The shareholder has agreed to provide continuing financial support to the Company.

Based on the sale and purchase agreement (Note 24), the shareholder loan is to be acquired by Durable Gold, upon completion of the conditional sale and purchase agreement.

(b) ***Credit risk***

The Group trades only with recognised and creditworthy third parties. All customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

It is the Group's policy to enter into transactions with a diversity of credit-worthy counterparties so as to mitigate any significant concentration of credit risk. The management believes that concentration of credit risk is limited due to ongoing credit evaluations on all customers and maintaining an allowance for doubtful debts, which the management believes will adequately provide for potential credit risks.

At 30 September 2010, approximately 20.9% of the Group's trade and other receivables were due from a related company. As at the date of this report, these amounts have been fully repaid.

The Group's maximum exposure to credit risk arises primarily from trade and other receivables and cash and cash equivalents. No other financial assets carry a significant exposure to credit risk.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents are placed with reputable banks and financial institutions with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 10 to the financial statements.

(c) ***Foreign currency risk***

The Group's exposure to foreign currency risk is restricted to the impact of foreign currency fluctuations on foreign currency denominated cash and cash equivalent balances.

The Group does not use any hedging instruments to hedge against the volatility associated with foreign-currency denominated assets created in the normal course of business.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit for the period to a reasonably possible change in the AUD and NZD exchange rates against the functional currency of its subsidiary, with all other variables held constant.

	Group
	30 September
	2010
	HK$
AUD/SGD	
- strengthened 3%	+11,359
- weakened 3%	-11,359
NZD/SGD	
- strengthened 3%	+15,141
- weakened 3%	-15,141

22. **Fair values of financial instruments**

Trade receivables, other receivables, cash and cash equivalents, trade payables, other payables and accruals, and shareholder's loan.

The carrying amounts of these financial assets and liabilities are reasonable approximation of their fair values due to their short-term nature.

23. **Capital management**

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital balance in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the period ended 30 September 2010.

Management monitors the Group's capital needs based on both short-term and long-term business requirements and plans. Capital comprises shareholder's equity and shareholder's loan.

24. **Event after balance sheet date**

On 17 September 2010, Durable Gold, a wholly owned subsidiary of Trasy Gold Ex Limited ("Trasy Gold"), entered into a conditional sale and purchase agreement with Zhang Rong, the shareholder and director of Harvest Well, pursuant to which he has conditionally agreed to sell, and Durable Gold has conditionally agreed to acquire, the entire equity interest in and shareholder's loan of Harvest Well at a total cash consideration of HK$240 million. As at the date of this report, the acquisition has not been completed.

25. **Authorisation of financial statements**

The consolidated financial statements for the period ended 30 September 2010 were authorised for issue in accordance with a resolution of the Director on 25 February 2011.

2. MANAGEMENT DISCUSSION AND ANALYSIS

Set out below are the management discussion and analysis of the Harvest Well Group from 2 July 2009 (the date of incorporation) to 30 September 2010. The financial year end date of Harvest Well is 31 December.

Results

The Harvest Well Group recorded revenue of HK$ 49.0 million for the period starting from 2 July 2009 (date of incorporation) to 30 September 2010. The revenue mainly represented revenue generated from external customers of Safe2Travel which is a wholly owned subsidiary of Harvest Well. The audited profit before and after taxation for the period from 2 July 2009 to 30 September 2010 of the Harvest Well Group amounted to approximately HK$10.3 million and HK$8.2 million respectively.

Revenue

The group's revenue consists of agency commission income, from both customers and suppliers, generated from the provision of travel related products and services, including air tickets, hotel rooms, Free Independent Traveller ("FIT") packages and ground transportation handling services.

Revenue for the group can be classified under corporate, wholesale, and MICE (Meetings, Incentives, Conventions and Exhibitions). Corporate customers are business travelers who require travel products and services for their travel purposes. Wholesale customers are usually travel services providers who purchase air tickets, hotel rooms, FIT packages and other travel related products from the group. MICE customers refer to customers who are mainly our corporate customers, convention organizers and special projects organizers who require our one stop professional MICE/special project/event management services.

During the reporting period, the group recorded a revenue of approximately HK$49.0 million, representing the revenue contributed by Safe2Travel from 23 October 2009 to 30 September 2010. Revenue from the corporate, wholesale and MICE segments were HK$37.5 million, HK$1.0 million and HK$10.5 million respectively, representing approximately 77%, 2% and 21%, respectively, of the total revenue.

During the reporting period, revenue to a related party was approximately HK$0.09 million, amounting to 0.18% of total revenue, which was not significant. These sales transactions relate to the sale of air tickets, application of visa as well as other travel related services to a related company.

Other income

Other income for the period amounting to HK$2.4 million mainly consists of interest income, foreign exchange gain, cash grants from the Singapore government for employers to preserve jobs and incentive from our GDS operator.

Taxation

For the period starting from 2 July 2009 to 30 September 2010, the income tax expenses of the Harvest Well Group amounted to approximately HK$2.1 million.

The overall effective tax rate was 20.6% for the period starting from 2 July 2009 to 30 September 2010.

Trade receivables balance and overdue situation

Management monitors closely the overdue situation. A weekly debtors' meeting is held by Finance team together with all sales teams & personnel to discuss the overdue accounts and follow-up actions to collect the debts.

The follow-up process is detailed as follows:

- After each monthly closing process, statement of account will be sent to all outstanding customers in the following month within 3 working days.

- Reminder letter cum statement of account will be sent to overdue clients every mid-month.

- If amounts are still unpaid after several phone calls from finance and after several visits by the account manager, a demand letter will be issued.

Risk of default is generally low as majority of the customers are government-linked companies and multi-national companies. The overdue receivables are usually collectible. For instance, 98% of trade receivables as at 30 September 2010 were collected as at 31 December 2010.

Prepaid operating expense and settlement

Prepaid operating expenses mainly comprise general and staff insurance (such as public liabilities and hospital & surgical), subscription fees, car park fee, repair & maintenance fees (phone equipment and HR system), membership fee, annual agent fee and consortium fees.

As at 30 September 2010, included in prepaid operating expenses is an amount of HK$947,088 that relates to advance payments to supplier for a tour that was departing in October 2010. Subsequently in October 2010, such amounts were reclassified from prepaid operating expenses to cost of sales.

Refunds payable

As per industry practice and adopted by travel agencies, monies can be refunded to customers in the following situation:

- Cancellation of air tickets after ticket is issued; or

- Air tickets have multiple segments but only a portion has been utilised. The remaining balance is thus refund.

The air tickets would be sent back to the airline for refund approval first. The group does not have the authority to approve these refunds as it is merely a travel agent. Upon approval from airlines, the amounts would be refunded to customers via credit note.

Liquidity, financial resources and capital structure

The Harvest Well Group managed its capital to ensure the entity would be able to continue as a going concern. The capital structure of the Harvest Well Group was equity financing. The directors of the Harvest Well reviewed the capital structure regularly and managed its capital structure, taking into consideration the future capital requirements of the Harvest Well Group, projected operating cash flows, projected capital expenditures and projected investment opportunities.

As at 30 September 2010, the Harvest Well Group had cash and cash equivalents amounted to HK$7.4 million, which were primarily denominated in Singapore Dollar. As at 30 September 2010, the audited consolidated net assets of the Harvest Well Group was approximately HK$ 59.8 million. Including in the consolidated net assets was the shareholder's loan owed by Harvest Well to the Vendor of approximately HK$56.6 million. The consolidated net asset of the Harvest Well Group would be approximately HK$116.4 million if the aforesaid shareholder's loan was excluded. The current ratio, which was calculated on the basis of current assets over current liabilities of the Harvest Well Group, was 1.1 at as 30 September 2010. The gearing ratio, which was calculated on the basis of total liabilities over the total assets of the Harvest Well Group, was 67% as at 30 September 2010.

Exchange rate risk

Foreign currency transactions have been translated into the functional currencies using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies were recognised in the income statement.

In the event of fluctuating foreign exchange rates, there is a risk exposure to the extent that settlement of payment for customers and suppliers may not be reconciled. The exposed amount of foreign currencies would be monitored regularly, forward contracts would be entered for hedging the risks if considered necessary.

The Harvest Well Group has been exposed to foreign currency risk as some of the transactions were denominated in foreign currencies, mainly Australian Dollar and New Zealand Dollar. The Harvest Well Group has not been using any hedging instruments to mitigate against the volatility of foreign-currency denominated purchases, and assets and liabilities in normal course of business.

Prospect of new business

As at 30 September 2010, Harvest Well Group has not identified new business opportunity.

Investment held and its performance

As at 30 September 2010, there was no investment held by the Harvest Well Group.

Significant acquisition and disposal

Pursuant to a share transfer agreement dated 2 June 2010, Harvest Well acquired 100% of the equity interest of Safe2Travel in consideration of the sum of approximately HK$52,154,000 from China Strategic Holdings Limited, a private limited liability company incorporated in the British Virgin Islands. Upon the completion of share transfer, Safe2Travel became a subsidiary of Harvest Well.

Except above-mentioned, Harvest Well did not have any significant acquisition or disposal of investment during the period.

Number of staff, total remuneration, remuneration policy staff costs and Central Provident Fund

As at 30 September 2010, the total number of employees of Harvest Well Group was 97. During the reported period, total staff costs incurred by the group amounted to HK$25.2 million. Harvest Well Group offers a competitive remuneration package to its employees, including defined contribution provident fund (see below), insurance and medical coverage. In addition, remuneration packages are maintained at a competitive level and reviewed on a periodic basis. Discretionary bonus will be paid to employees based on Harvest Well and its subsidiary's performance.

A subsidiary of the company makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme based on rates that vary among different age group stipulated by government. In the reported period, the contribution rate was 14.5% for employees below the age of 50 years old. For employees between the age of 50 and 55 years old, the contribution rate was 10.5%. These rates are charged over monthly salaries with a capped at S$4,500 (approximately equivalent to HK$26,600).

Other staff costs include medical expenses, training, recruitment, staff welfare (such as long service awards and joyride), meals and refreshment.

Charges on Harvest Well Group's assets

As at 30 September 2010, a floating charge has been pledged over the Harvest Well Group's trade receivables amounting to HK$102,729,034 to a bank.

Contingent liabilities

Harvest Well Group does not have any contingent liabilities as at 30 September 2010.

1. ACCOUNTANTS' REPORT ON SAFE2TRAVEL

The following is the text of an accountant's report on Safe2Travel received from the independent reporting accountants, Ernst & Young LLP, Public Accountants and Certified Public Accountants, for the purpose of inclusion in this circular.

ERNST & YOUNG
安 永

25 February 2011

The Board of Directors
Safe2Travel Pte Ltd
10 Eunos Road 8
#08-03 Singapore Post Centre
Singapore 408600

Dear Sirs,

We set out below our report on the financial information of Safe2Travel Pte Ltd (the "Company") for each of the three years ended 31 December 2007, 2008 and 2009 and for the nine months ended 30 September 2010 (the "Relevant Periods") and the nine months ended 30 September 2009 (the "30 September 2009 Corresponding Information") for inclusion in the shareholders' circular of Trasy Gold Ex Limited dated 25 February 2011 (the "Circular") in relation to the very substantial acquisition relating to the acquisition of the entire equity interest in and a shareholder's loan of Harvest Well International Limited, the holding company of the Company.

The Company was incorporated in Singapore as a private limited company on 8 April 2000 and is principally engaged in the provision of services of travel agent, tour operators and travel related activities.

The Company has adopted 31 December as its financial year end date for statutory reporting and management reporting purposes. The statutory financial statements (the "SFRS Financial Statements") of the Company for each of the Relevant Periods were prepared in accordance with the Singapore Financial Reporting Standards ("SFRS") and were audited by us.

For the purpose of this report, the Directors of the Company have prepared the statements of comprehensive income, the statements of changes in equity and the statements of cash flows of the Company for the Relevant Periods, the balance sheets of the Company as at 31 December 2007, 2008, 2009 and 30 September 2010, together with the notes thereto, set out in this report (collectively the "Financial Information") in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Financial Information set out in this report has been prepared based on the SFRS Financial Statements without adjustments.

The Directors of the Company are responsible for the preparation of the Financial Information in order to give a true and fair view. In preparing the Financial Information that gives a true and fair view, it is fundamental that appropriate accounting policies are selected and applied consistently, that judgements and estimates made are reasonable, and that the reasons for any significant departure from applicable accounting standards are stated.

Procedures performed in respect of the Financial Information

For the purpose of this report, we have carried out independent audit procedures on the Financial Information in accordance with International Standards on Auditing ("ISA") issued by the International Auditing and Assurance Standards Board ("IAASB"), and have carried out such additional procedures as are necessary in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the Hong Kong Institute of Certified Public Accountants. It is our responsibility to form an independent opinion, based on our procedures, on the Financial Information and to report our opinion thereon.

Procedures performed in respect of 30 September 2009 Corresponding Information

For the purpose of this report, we have reviewed the 30 September 2009 Corresponding Information, which is prepared in accordance with IFRSs and for which the Directors of the Company are responsible, in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the IAASB. Our responsibility is to express a conclusion on the 30 September 2009 Corresponding Information based on our review. A review principally consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures to the 30 September 2009 Corresponding Information. A review is substantially less in scope than an audit conducted in accordance with ISA 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 on the 30 September 2009 Corresponding Information.

Opinion in respect of the Financial Information for the Relevant Periods

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of the Company as at 31 December 2007, 2008 and 2009 and 30 September 2010 and of the Company's results and cash flows for each of the Relevant Periods.

Review Conclusion in respect of the 30 September 2009 Corresponding Information

Based on our review, which does not constitute an audit, for the purpose of this report, nothing has come to our attention that causes us to believe that the 30 September 2009 Corresponding Information does not give a true and fair view of the Company's results and cash flows for the nine months ended 30 September 2009.

Ernst & Young LLP
Public Accountants and
Certified Public Accountants

One Raffles Quay, North Tower,
Level 18, Singapore 048583
Singapore

Statements of Comprehensive Income for the financial years ended 31 December 2007, 2008, 2009 and nine months ended 30 September 2010
(Amounts in Singapore dollars)

		Nine months ended 30 September		Year ended 31 December		
	Notes	**2010**	**2009**	**2009**	**2008**	**2007**
		$	*$*	*$*	*$*	*$*
			(Unaudited)			
Revenue						
Sale of services		6,336,806	5,487,292	8,772,387	10,684,329	9,144,460
Other items of income						
Interest income		44,718	187,951	198,251	144,651	201,837
Other operating income	4	348,673	1,292,091	1,431,174	10,000	224,091
		393,391	1,480,042	1,629,425	154,651	425,928
Other items of expenses						
Selling expenses		(143,472)	(101,765)	(162,141)	(208,680)	(248,159)
General and administrative expenses		(4,341,341)	(4,424,704)	(5,904,926)	(6,227,579)	(6,402,326)
Other operating expenses		(233,384)	(164,348)	(235,636)	(382,668)	(240,388)
		(4,718,197)	(4,690,817)	(6,302,703)	(6,818,927)	(6,890,873)
Profit before taxation	5	2,012,000	2,276,517	4,099,109	4,020,053	2,679,515
Income tax expense	6(a)	(301,079)	(161,503)	(526,503)	(818,855)	(477,000)
Profit for the period/year		1,710,921	2,115,014	3,572,606	3,201,198	2,202,515
Total comprehensive income		1,710,921	2,115,014	3,572,606	3,201,198	2,202,515

The accompanying accounting policies and explanatory notes form an integral part of the audited financial statements.

Balance Sheets as at 31 December 2007, 2008, 2009 and 30 September 2010
(Amounts in Singapore dollars)

	Notes	30 September 2010	31 December 2009	31 December 2008	31 December 2007
		$	$	$	$
Non-current assets					
Property, plant and equipment	7	55,473	27,845	43,953	58,963
Goodwill	8	—	—	—	127,000
Deferred tax asset	6(b)	—	2,000	2,000	2,000
		55,473	29,845	45,953	187,963
Current assets					
Trade receivables	9	17,355,076	9,883,055	11,824,304	17,237,327
Amount due from penultimate holding company	13	—	—	2,061	19,554
Other receivables	9	2,870,641	460,217	115,325	120,695
Prepaid operating expenses	10	201,642	24,538	31,896	19,199
Cash and short term deposits	11	1,258,574	10,319,398	12,728,663	10,974,177
		21,685,933	20,687,208	24,702,249	28,370,952
Current liabilities					
Trade payables	12	7,860,871	6,717,306	3,083,671	6,258,494
Other payables and accruals	12	2,280,980	3,807,116	3,501,618	3,779,514
Amount due to immediate holding company	13	—	—	52,430	—
Amount due to penultimate holding company	13	—	—	398,930	211,000
Income tax payable		339,397	652,824	863,352	162,904
		10,481,248	11,177,246	7,900,001	10,411,912
Net current assets		11,204,685	9,509,962	16,802,248	17,959,040
Non-current liability					
Deferred tax liability	6(b)	9,430	—	—	—
Net Assets		11,250,728	9,539,807	16,848,201	18,147,003
Equity					
Share capital	16	9,981,000	9,981,000	19,962,000	19,962,000
Accumulated profits/(losses)		1,269,728	(441,193)	(3,113,799)	(1,814,997)
Total Equity		11,250,728	9,539,807	16,848,201	18,147,003

The accompanying accounting policies and explanatory notes form an integral part of the audited financial statements.

Statements of Changes in Equity for the financial years ended 31 December 2007, 2008, 2009 and nine months ended 30 September 2010
(Amounts in Singapore dollars)

	Share capital $ (Note 16)	Accumulated profits/ (losses) $	Total equity $
At 1 January 2007	19,962,000	(4,017,512)	15,944,488
Total comprehensive income for the year	—	2,202,515	2,202,515
At 31 December 2007 and 1 January 2008	19,962,000	(1,814,997)	18,147,003
Total comprehensive income for the year	—	3,201,198	3,201,198
Dividend paid on ordinary shares *(Note 20)*	—	(4,500,000)	(4,500,000)
At 31 December 2008 and 1 January 2009	19,962,000	(3,113,799)	16,848,201
Reduction of share capital *(Note 16)*	(9,981,000)	—	(9,981,000)
Total comprehensive income for the year	—	3,572,606	3,572,606
Dividend paid on ordinary shares *(Note 20)*	—	(900,000)	(900,000)
At 31 December 2009 and 1 January 2010	9,981,000	(441,193)	9,539,807
Total comprehensive income for the period	—	1,710,921	1,710,921
At 30 September 2010	9,981,000	1,269,728	11,250,728
Nine months ended 30 September 2009 (unaudited)			
At 1 January 2009	19,962,000	(3,113,799)	16,848,201
Total comprehensive income for the period	—	2,115,014	2,115,014
Dividend paid on ordinary shares *(Note 20)*	—	(900,000)	(900,000)
At 30 September 2009	19,962,000	(1,898,785)	18,063,215

The accompanying accounting policies and explanatory notes form an integral part of the audited financial statements.

Statements of Cash Flows for the financial years ended 31 December 2007, 2008, 2009 and nine months ended 30 September 2010

(Amounts in Singapore dollars)

	Nine months ended 30 September		Year ended 31 December		
	2010	2009	2009	2008	2007
	$	$	$	$	$
		(Unaudited)			
Cash flows from operating activities					
Profit before taxation	2,012,000	2,276,517	4,099,109	4,020,053	2,679,515
Adjustments for:					
Depreciation of property, plant and equipment	17,078	25,220	19,365	47,405	50,349
Interest income	(44,718)	(187,951)	(198,251)	(144,651)	(201,837)
Impairment loss on goodwill	—	—	—	127,000	—
Loss on disposal of property, plant and equipment	—	4,703	4,703	—	—
Unrealised exchange differences	55,571	(629,604)	(620,588)	782,833	(122,858)
Operating cash flows before changes in working capital	2,039,931	1,488,885	3,304,338	4,832,640	2,405,169
(Increase)/decrease in trade and other receivables	(9,882,445)	1,619,133	1,596,357	5,418,393	252,505
(Increase)/decrease in prepaid operating expenses	(177,104)	8,217	7,358	(12,697)	9,646
(Decrease)/increase in trade and other payables	(382,571)	204,218	3,939,133	(3,452,719)	(509,119)
Net (decrease)/increase in amounts due to holding companies	—	(4,847,456)	(449,299)	257,853	179,802
Cash flows (used in)/from operations	(8,402,189)	(1,527,003)	8,397,887	7,043,470	2,338,003
Interest income received	44,718	187,951	198,251	144,651	201,837
Income tax refund received	—	98,497	98,497	28,145	—
Income tax paid	(603,076)	(674,550)	(835,528)	(146,552)	(823,231)
Net cash flows (used in)/from operating activities	(8,960,547)	(1,915,105)	7,859,107	7,069,714	1,716,609

	Nine months ended 30 September		Year ended 31 December		
	2010	2009	2009	2008	2007
	$	*$*	*$*	*$*	*$*
		(Unaudited)			
Cash flows used in investing activity					
Purchase of property, plant and equipment	(44,706)	(72,000)	(7,960)	(32,395)	(17,373)
Net cash flows used in investing activity	(44,706)	(72,000)	(7,960)	(32,395)	(17,373)
Cash flows used in financing activities					
Dividends paid *(Note 20)*	—	(900,000)	(900,000)	(4,500,000)	—
Capital reduction *(Note 16)*	—	—	(9,981,000)	—	—
Fixed deposits discharged/(pledged) *(Note 11)*	2,000,302	—	—	(2,000,000)	—
Net cash flows from/(used in) financing activities	2,000,302	(900,000)	(10,881,000)	(6,500,000)	—
Net (decrease)/increase in cash and cash equivalents	(7,004,951)	(2,887,105)	(3,029,853)	537,319	1,699,236
Effect of exchange rate changes in cash and cash equivalents	(64,717)	635,166	629,432	(782,833)	122,858
Cash and cash equivalents at beginning of period/year	8,328,242	10,728,663	10,728,663	10,974,177	9,152,083
Cash and cash equivalents at end of period/year *(Note 11)*	1,258,574	8,476,724	8,328,242	10,728,663	10,974,177

The accompanying accounting policies and explanatory notes form an integral part of the audited financial statements.

Notes to the Financial Statements for the financial years ended 31 December 2007, 2008, 2009 and nine months ended 30 September 2010

1. Corporate information

Safe2Travel Pte Ltd (the "Company") is a private limited liability company, which is incorporated in Singapore. The holding company is Harvest Well International Limited, which is incorporated in the British Virgin Islands.

For the financial years ended 31 December 2007 and 31 December 2008, the ultimate, penultimate and immediate holding companies were Pacnet Limited, Pacnet Internet (S) Pte Ltd and Pacnet Internet Services (S) Pte Ltd respectively.

On 23 October 2009, the Company was acquired by China Strategic Holdings Limited ("CS-BVI"), a private limited liability company incorporated in the British Virgin Islands. On 2 June 2010, CS-BVI transferred 100% of its equity interest in the Company to Harvest Well International Limited.

The registered office and principal place of business is located at 10 Eunos Road 8, #08-03, Singapore Post Centre, Singapore 408600.

The principal activities of the Company are the provision of services of travel agent, tour operators and travel related activities. There have been no significant changes in the nature of these activities during the Relevant Periods.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or $).

2.2 Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and IFRIC interpretations:

- IFRS 2 Share-based Payment: Group Cash-settled Share-based Payment Transactions effective 1 January 2010

- IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended) effective 1 July 2009, including consequential amendments to IFRS 2, IFRS 5, IFRS 7, IAS 7, IAS 21, IAS 28, IAS 31 and IAS 39

- IAS 39 Financial Instruments: Recognition and Measurement — Eligible Hedged Items effective 1 July 2009

- IFRIC 17 Distributions of Non-cash Assets to Owners effective 1 July 2009

- Improvements to IFRSs (May 2008)

- Improvements to IFRSs (April 2009)

The above standards did not have any impact on the accounting policies, financial position or performance of the Company.

2.3 ***Standards issued but not yet effective***

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective.

IAS 24 Related Party Disclosures (Revised)

The revised standard is effective for annual periods beginning on or after 1 January 2011. It clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government related entities. The Company does not expect any impact on its financial position or performance. Early adoption is permitted for either the partial exemption for government-related entities or for the entire standard.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2013. In subsequent phases, the IASB will address classification and measurement of financial liabilities, hedge accounting and derecognition. The completion of this project is expected in early 2011. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Company's financial assets. The Company will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

Improvements to IFRSs (issued in May 2010)

The IASB issued Improvements to IFRSs, an omnibus of amendments to its IFRS standards. The amendments have not been adopted as they become effective for annual periods on or after either 1 July 2010 or 1 January 2011. The amendments listed below, are considered to have a reasonable possible impact on the Company:

- IFRS 7 Financial Instruments: Disclosures

- IAS 1 Presentation of Financial Statements

The Company, however, expects no impact from the adoption of the amendments on its financial position or performance.

*2.4 **Functional and foreign currencies***

The Company's financial statements are presented in Singapore Dollars which is also the Company's functional currency.

Transactions and balances

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the profit of the year.

*2.5 **Property, plant and equipment***

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Computers	—	3 years
Furniture and fittings	—	3 years
Office equipment	—	3 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful lives and the depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit for the year which the asset is derecognised.

2.6 ***Impairment of non-financial assets***

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. In determining fair value less costs to sell, an appropriate valuation model is used. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the profit for the year.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such a reversal is recognised in the profit for the year.

2.7 *Financial assets*

Initial recognition and measurement

Financial assets are recognised on the balance sheet when, and only when, the Company becomes a party to the contractual provisions of the financial instruments. The Company determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in the profit for the year when the loans and receivables are derecognised or impaired, and through the amortisation process.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in the profit for the year.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

2.8 *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and at banks and unpledged fixed deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.9 *Impairment of financial assets*

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the profit for the year.

When the asset becomes uncollectible, the carrying amount of the impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying amount of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the profit for the year.

2.10 ***Financial liabilities***

Initial recognition and measurement

Financial liabilities are recognised on the balance sheet when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of other financial liabilities, plus directly attributable transaction costs.

Subsequent measurement

After initial recognition, except for financial liabilities at fair value through profit or loss, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the profit for the year when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit for the year.

2.11 ***Employee benefits***

(i) *Defined contribution plans*

The Company makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to the national pension scheme are recognised as an expense in the period in which the related service is performed.

(ii) *Employee's leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to the balance sheet date.

2.12 ***Operating leases***

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases.

Operating lease payments are recognised as an expense in the profit for the year on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.13 ***Revenue***

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable, excluding discounts, rebates, and sales taxes or duty. The Company assesses its revenue arrangements to determine if it is acting as principal or agent. The Company has concluded that it is acting as an agent in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

a) *Rendering of services*

Revenue is generated from service fees charged for air tickets issuance; other services rendered for convention management, off-site meeting arrangements, booking of hotel rooms, car rental, vacation packages and cruises. Revenue is recognised upon completion of the service.

b) *Interest income*

Interest income is recognised using the effective interest method.

2.14 ***Income taxes***

(i) *Current tax*

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Current income taxes are recognised in the profit for the year except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income directly in equity.

(ii) *Deferred tax*

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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 deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(iii) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.15 ***Segment reporting***

The principal activities of the Company are the provision of services of travel agent, tour operators and travel related activities. The Directors are of the view that the Company operates in one segment as defined in IFRS 8: Operating Segments. The Company's Board of Directors, Chief Executive Officer and senior management reviews the profitability and operations of the Company as one business; provision of corporate travel management services, wholesale of air tickets and hotel rooms as well as corporate leisure travel services, and manage employees as central resources; distributes and sells their services through common platform and manage cash resources centrally.

In addition, no separate analysis of segment information by geographical segment is presented as the Company's revenue, assets and capital expenditure are principally attributable to a single geographical region, which is in Singapore.

2.16 ***Related parties***

A party is considered to be related to the Company if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with the Company; (ii) has an interest in the Company that gives it significant influence over the Company; or (iii) has joint control over the Company;

(b) the party is an associate;

(c) the party is a jointly-controlled entity;

(d) the party is a member of the key management personnel of the Company or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d); or

(f) 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 (d).

3. **Significant accounting estimates and judgements**

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 ***Key sources of estimation uncertainty***

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) *Depreciation of property, plant and equipment*

The costs of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within 3 years. The carrying amount of the Company's property, plant and equipment at the balance sheet date is disclosed in Note 7 to the financial statements. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) *Impairment of loans and receivables*

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Company's loans and receivables at the balance sheet date is disclosed in Note 9 to the financial statements.

3.2 ***Judgements made in applying accounting policies***

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements.

Income taxes

Significant judgement is involved in determining the Company's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Company's income tax payable at 30 September 2010 was $339,397 (31 December 2009: $652,824; 31 December 2008: $863,352 and 31 December 2007: $162,904).

4. **Other operating income**

	Nine months ended 30 September		Year ended 31 December		
	2010	**2009**	**2009**	**2008**	**2007**
	$	*$*	*$*	*$*	*$*
		(Unaudited)			
Jobs Credit Scheme	54,343	235,127	308,091	—	—
Supplier's incentive	203,402	480,000	515,836	—	—
Net foreign exchange gain	85,928	569,464	597,247	—	219,091
Others	5,000	7,500	10,000	10,000	5,000
	348,673	1,292,091	1,431,174	10,000	224,091

During the financial year ended 31 December 2009, the Singapore Finance Minister announced the introduction of a Jobs Credit Scheme ("Scheme"). Under this Scheme, the Company received a 12% cash grant on the first $2,500 of each month's wages for each employee on their Central Provident Fund payroll. In October 2009, the Singapore Government announced that the Jobs Credit scheme will be extended for half a year with another two payments at stepped down rates of 6% and 3% in March 2010 and June 2010 respectively.

5. **Profit before taxation**

The following items have been included in arriving at profit before taxation:

	Nine months ended 30 September		Year ended 31 December		
	2010	**2009**	**2009**	**2008**	**2007**
	$	*$*	*$*	*$*	*$*
		(Unaudited)			
Depreciation of property, plant and equipment	17,078	25,220	19,365	47,405	50,349
Loss on disposal of property, plant and equipment	—	4,703	4,703	—	—
Office rental expenses	380,160	287,808	383,552	395,736	408,236
Impairment loss on goodwill	—	—	—	127,000	—
Staff costs					
- Salaries, wages, bonuses and other costs	3,261,330	3,205,031	4,326,766	4,713,117	4,866,331
- Central Provident Fund	329,375	347,966	487,433	513,284	534,878
Interest income	(44,718)	(187,951)	(198,251)	(144,651)	(201,837)

6. **Income tax expense/deferred tax**

(a) Income tax expense

Major components of income tax expense

The major components of income tax expense are as follows:

	Nine months ended 30 September		Year ended 31 December		
	2010	**2009**	**2009**	**2008**	**2007**
	$	*$*	*$*	*$*	*$*
		(Unaudited)			
Statement of comprehensive income					
Current income tax					
- Current income taxation	306,000	260,000	625,000	847,000	477,000
- Over provision in prior years	(16,351)	(98,497)	(98,497)	(28,145)	—
Deferred income tax					
- Origination and reversal of temporary differences	11,430	—	—	—	—
	301,079	161,503	526,503	818,855	477,000

Relationship between tax expense and accounting profit

A reconciliation of the statutory tax rate to the Company's effective tax rate applicable to profit is as follows:

	Nine months ended 30 September		Year ended 31 December		
	2010	**2009**	**2009**	**2008**	**2007**
	$	*$*	*$*	*$*	*$*
		(Unaudited)			
Applicable statutory tax rate	17.0	17.0	17.0	18.0	18.0
Non-deductible expenses	0.2	0.2	1.9	3.7	0.5
Income not subject to tax	(0.5)	(4.8)	(3.3)	—	—
Over provision in respect of prior years	(0.8)	(4.3)	(2.4)	(0.7)	—
Effect of partial tax exemption	(1.3)	(1.1)	(0.6)	(0.7)	(1.0)
Others	0.4	0.1	0.3	0.1	0.3
	15.0	7.1	12.9	20.4	17.8

The corporate income tax rate of the Company was reduced from 18% to 17% for year of assessment 2010 onwards.

(b) ***Deferred tax***

	30 September	31 December		
	2010	**2009**	**2008**	**2007**
	$	*$*	*$*	*$*
Deferred tax liabilities:				
Differences in depreciation for tax purposes	(9,430)	—	—	—
Deferred tax assets:				
Other items	—	2,000	2,000	2,000
Net deferred tax (liability)/asset	(9,430)	2,000	2,000	2,000

7. **Property, plant and equipment**

	Computers	Furniture and fittings	Office equipment	Total
	$	$	$	$
Cost				
At 1 January 2007	358,646	333,431	318,384	1,010,461
Additions	9,790	7,583	—	17,373
Disposals	(285,216)	(5,200)	(39,240)	(329,656)
At 31 December 2007 and 1 January 2008	83,220	335,814	279,144	698,178
Additions	32,395	—	—	32,395
Disposals	(15,235)	—	(3,900)	(19,135)
At 31 December 2008 and 1 January 2009	100,380	335,814	275,244	711,438
Additions	7,960	—	—	7,960
Disposals	—	(335,814)	(258,653)	(594,467)
At 31 December 2009 and 1 January 2010	108,340	—	16,591	124,931
Additions	44,706	—	—	44,706
At 30 September 2010	153,046	—	16,591	169,637
Accumulated depreciation				
At 1 January 2007	319,654	282,726	316,142	918,522
Charge for the year	22,874	26,106	1,369	50,349
Disposals	(285,216)	(5,200)	(39,240)	(329,656)
At 31 December 2007 and 1 January 2008	57,312	303,632	278,271	639,215
Charge for the year	21,048	25,484	873	47,405
Disposals	(15,235)	—	(3,900)	(19,135)
At 31 December 2008 and 1 January 2009	63,125	329,116	275,244	667,485
Charge for the year	17,370	1,995	—	19,365
Disposals	—	(331,111)	(258,653)	(589,764)
At 31 December 2009 and 1 January 2010	80,495	—	16,591	97,086
Charge for the period	17,078	—	—	17,078
At 30 September 2010	97,573	—	16,591	114,164
Net carrying amount				
At 30 September 2010	55,473	—	—	55,473
At 31 December 2009	27,845	—	—	27,845
At 31 December 2008	37,255	6,698	—	43,953
At 31 December 2007	25,908	32,182	873	58,963

8. **Goodwill**

Goodwill acquired through business combinations have been allocated to the cash-generating unit which resides at the entity level.

In 2008, an impairment loss was recognised to write-off the carrying amount of the goodwill since no cash flow was generated from this cash-generating unit. The impairment loss of $127,000 had been recognised in the statement of comprehensive income under "general and administrative expenses".

9. **Trade receivables and other receivables**

	30 September	31 December		
	2010	**2009**	**2008**	**2007**
	$	*$*	*$*	*$*
Total trade receivables	17,355,076	9,883,055	11,824,304	17,237,327
Amount due from penultimate holding company	—	—	2,061	19,554
Other receivables	2,870,641	460,217	115,325	120,695
Cash and short term deposits *(Note 11)*	1,258,574	10,319,398	12,728,663	10,974,177
Total loans and receivables	21,484,291	20,662,670	24,670,353	28,351,753

Trade Receivables

As at 30 September 2010, included in trade receivables are amounts due from a related company of $1,996,504 (31 December 2009: $586,919; 31 December 2008: Nil; 31 December 2007: Nil). These amounts have been fully repaid at the date of this report.

Trade receivables are non-interest bearing and are generally on 30-days' terms. They are recognized at their original invoice amounts which represent their fair values on initial recognition.

During the nine months ended 30 September 2010, a bank has extended performance guarantees to the Company amounting to $15,300,000 (31 December 2009: $5 million) of which the amounts utilised as at 30 September 2010 were $7,454,500 (31 December 2009: $4.9 million). The performance guarantees have been given in favour to international airlines. A floating charge has been pledged over the trade receivables of the Company to the bank.

Other Receivables

As at 30 September 2010, included in other receivables are deposits of $639,972 (31 December 2009: $430,972; 31 December 2008: $76,030; 31 December 2007: $24,698).

As at 30 September 2010, included in other receivables are amounts due from related companies of $2,230,669 (31 December 2009: $29,245; 31 December 2008: $39,295; 31 December 2007: $95,997). These amounts are non-trade, unsecured, non-interest bearing and repayable on demand. These amounts have been fully repaid as at the date of this report.

Trade and other receivables are denominated in Singapore Dollar.

Receivables that are past due but not impaired

As at 30 September 2010, the Company has trade receivables amounting to $5,944,189 (31 December 2009: $5,533,208, 31 December 2008: $6,879,106, 31 December 2007: $10,743,582) that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

	30 September	31 December		
	2010	2009	2008	2007
	$	$	$	$
Trade receivables past due:				
Less than 30 days	3,890,934	4,349,611	5,396,790	7,780,102
30 to 60 days	711,782	898,177	818,397	1,570,790
61 to 90 days	471,002	209,873	431,958	1,055,181
91 to 120 days	384,346	9,179	176,132	191,305
More than 120 days	486,125	66,368	55,829	146,204
	5,944,189	5,533,208	6,879,106	10,743,582

Receivables that are impaired

The Company's trade receivables that are individually impaired at the balance sheet date are as follows:

	30 September	31 December		
	2010	**2009**	**2008**	**2007**
	$	*$*	*$*	*$*
Trade receivables	496,498	254,958	366,397	622,822
Less: Allowance for impairment	(57,717)	(71,496)	(71,496)	(71,496)
	438,781	183,462	294,901	551,326
Movement in allowance for impairment:				
At 1 January	71,496	71,496	71,496	71,496
Written off	(13,779)	—	—	—
At end of period/year	57,717	71,496	71,496	71,496

As at 30 September 2010, amount of $13,779 (31 December 2009: Nil, 31 December 2008: Nil, 31 December 2007: Nil) was written off. These debts are uncollectible as the companies have since been liquidated.

10. **Prepaid operating expenses**

As at 30 September 2010, included in prepaid operating expenses is an amount of $160,000 (31 December 2009: Nil, 31 December 2008: Nil, 31 December 2007: Nil) that relates to advance payments to supplier for a tour that was departing in October 2010.

11. **Cash and short term deposits**

	30 September 2010	31 December 2009	2008	2007
	$	$	$	$
Cash at banks and on hand	1,258,574	5,828,242	2,408,707	2,917,077
Fixed deposits	—	4,491,156	10,319,956	8,057,100
	1,258,574	10,319,398	12,728,663	10,974,177

Cash and short term deposits are denominated in the following currencies:

	30 September 2010	31 December 2009	2008	2007
	$	$	$	$
SGD	1,074,385	7,444,207	10,370,597	8,826,072
Australian Dollar ("AUD")	63,953	1,817,399	1,208,406	1,342,687
New Zealand Dollar ("NZD")	85,273	1,057,792	1,149,660	805,418
US Dollar	34,963	—	—	—
	1,258,574	10,319,398	12,728,663	10,974,177

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Fixed deposits are made for varying periods between 1 month to 1 year, depending on immediate cash requirements of the Company, and earn interests at rates ranging from 0.1% to 3.2% (31 December 2009: 0.1% to 8.0%; 31 December 2008: 0.3% to 8.0%; 31 December 2007: 1.7% to 7.0%) per annum.

As at 31 December 2008 and 2009, fixed deposits of AUD 800,000 and NZD 1,000,000, equivalent to $2,000,000 and $1,991,156, respectively, were pledged to a bank in order to fulfill the securities requirement of a corporate guarantee (Note 14a). These fixed deposits, which were equivalent to $2,000,302 have been discharged on 22 January 2010.

Cash and cash equivalents included in the statements of cash flows comprise the following at the balance sheet date:

	30 September	31 December		
	2010	2009	2008	2007
	$	$	$	$
Cash and short term deposits	1,258,574	10,319,398	12,728,663	10,974,177
Fixed deposits pledged	—	(1,991,156)	(2,000,000)	—
	1,258,574	8,328,242	10,728,663	10,974,177

12. **Trade payables, other payables and accruals**

	30 September	31 December		
	2010	2009	2008	2007
	$	$	$	$
Deposits received	1,003,946	1,502,946	1,023,420	832,610
Accruals	747,568	718,617	923,900	1,022,037
Refunds payable	425,237	859,719	1,194,715	1,193,850
Staff costs payable	91,038	163,520	161,801	170,962
Other payables — employees	—	—	—	244,920
Others	13,191	562,314	197,782	315,135
	2,280,980	3,807,116	3,501,618	3,779,514
Add:				
Trade payables	7,860,871	6,717,306	3,083,671	6,258,494
Amount due to immediate holding company	—	—	52,430	—
Amount due to penultimate holding company	—	—	398,930	211,000
Total financial liabilities carried at amortised cost	10,141,851	10,524,422	7,036,649	10,249,008

Trade payables are non-interest bearing, and are normally settled on 30-day terms.

Other payables are non-interest bearing, and have an average term of 30 to 90 days.

Included in others are amounts due to a related company of Nil (31 December 2009: Nil; 31 December 2008: $84,847; 31 December 2007: $192,000) and an advance received from a related party of Nil (31 December 2009: $550,000; 31 December 2008: Nil, 31 December 2007: Nil). These amounts are unsecured, non-interest bearing and repayable on demand.

Trade payables, other payables and accruals are denominated in Singapore Dollar.

13. **Amounts due from/(to) immediate holding and penultimate holding companies**

The amounts due from/(to) immediate holding and penultimate holding companies are non-trade, unsecured, non-interest bearing and repayable on demand.

The amounts due from/ (to) immediate holding and penultimate holding companies were repaid in 2009.

14. **Related party transactions**

(a) ***Sale and purchase of goods and services***

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Company and related parties took place at terms agreed between the parties during the financial year:

	Nine months ended 30 September		Year ended 31 December		
	2010	**2009**	**2009**	**2008**	**2007**
	$	*$*	*$*	*$*	*$*
		(unaudited)			
Sales to related parties	11,393	714	4,473	32,498	10,190
Sales to ultimate holding company	—	—	—	5,354	20,582
Interest income from ultimate holding company	—	68,754	68,754	—	—
Management fees paid to immediate holding company	—	—	—	49,000	87,000

In 2008, the ultimate holding company has given a corporate guarantee of $17.3 million (2007: $12.3 million) to a bank in respect of performance guarantee extended to the Company amounting to $9.0 million (2007: $8.0 million) of which the amount utilised as at 31 December 2008 was $8.5 million (31 December 2007: $7.8 million).

(b) ***Compensation of key management personnel***

	Nine months ended 30 September		Year ended 31 December		
	2010	2009	2009	2008	2007
	$	*$*	*$*	*$*	*$*
		(unaudited)			
Short-term employee benefits	729,652	441,415	723,341	679,105	606,909
Central Provident Fund contributions	45,026	28,844	41,454	42,433	39,928
	774,678	470,259	764,795	721,538	646,837

The above compensation has been paid to key management personnel, other than Directors of the Company.

15. **Operating lease commitments**

Future minimum rentals payables under non-cancellable operating leases as at 31 December 2007, 2008, 2009 and 30 September 2010, are as follows:

	30 September	31 December		
	2010	2009	2008	2007
	$	*$*	*$*	*$*
Not later than one year	583,656	583,656	316,056	414,734
Later than one year but not later than five years	336,429	267,291	134,042	162,290
	920,085	850,947	450,098	577,024

16. **Share capital**

	Number of shares	$
Issued and fully paid ordinary shares		
At 1 January 2007, 31 December 2007, 1 January 2008, 31 December 2008 and 1 January 2009	19,962,000	19,962,000
Reduction of share capital [1]	(9,981,000)	(9,981,000)
At 31 December 2009, 1 January 2010 and 30 September 2010	9,981,000	9,981,000

[1] In 2009, the Company reduced its share capital under Section 78A(1)(c) of the Singapore Companies Act (Cap 50) and has obtained relevant approvals from its shareholders and regulators.

Following the share capital reduction, the paid up capital reduced from $19,962,000 to $9,981,000.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. These ordinary shares have no par value.

17. **Financial risk management objectives and policies**

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include liquidity risk, credit risk and foreign currency risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks. It is, and has been throughout the years under review, the Company's policy that no derivatives shall be undertaken.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these rates.

(a) ***Liquidity risk***

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

To manage liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and mitigate the effect of fluctuations in cash flows.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Company's financial assets and liabilities at the balance sheet date based on contractual undiscounted repayment obligations.

	Within 1 year *$'000*
30 September 2010	
Financial assets:	
Trade receivables	17,355
Other receivables	2,871
Cash and short term deposits	1,259
Total undiscounted financial assets	21,485
Financial liabilities:	
Trade payables	7,861
Other payables and accruals	2,281
Total undiscounted financial liabilities	10,142
Total net undiscounted financial assets	11,343
31 December 2009	
Financial assets:	
Trade receivables	9,883
Other receivables	460
Cash and short term deposits	10,319
Total undiscounted financial assets	20,662
Financial liabilities:	
Trade payables	6,717
Other payables and accruals	3,807
Total undiscounted financial liabilities	10,524
Total net undiscounted financial assets	10,138

	Within 1 year
	$'000
31 December 2008	
Financial assets:	
Trade receivables	11,824
Amount due from penultimate holding company	2
Other receivables	115
Cash and short term deposits	12,729
Total undiscounted financial assets	24,670
Financial liabilities:	
Trade payables	3,084
Other payables and accruals	3,502
Amount due to immediate holding company	52
Amounts due to penultimate holding company	399
Total undiscounted financial liabilities	7,037
Total net undiscounted financial assets	17,633
31 December 2007	
Financial assets:	
Trade receivables	17,237
Amount due from penultimate holding company	20
Other receivables	121
Cash and short term deposits	10,974
Total undiscounted financial assets	28,352
Financial liabilities:	
Trade payables	6,258
Other payables and accruals	3,780
Amounts due to penultimate holding company	211
Total undiscounted financial liabilities	10,249
Total net undiscounted financial assets	18,103

(b) ***Credit risk***

The Company trades only with recognised and creditworthy third parties. All customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. Since the Company trades only with recognised and creditworthy third parties, there is no requirement for collateral.

It is the Company's policy to enter into transactions with a diversity of credit-worthy counterparties so as to mitigate any significant concentration of credit risk. The management believes that concentration of credit risk is limited due to ongoing credit evaluations on all customers and maintaining an allowance for doubtful debts, which the management believes will adequately provide for potential credit risks.

At the end of each reporting period, approximately 20.9% (2009: 6.0%; 2008: 0.3% and 2007 0.7%) of the Company's trade and other receivables were due from related parties. As at the date of this report, these amounts have been fully repaid.

The Company's maximum exposure to credit risk arises primarily from trade and other receivables, amounts due from immediate and penultimate holding companies and related companies, and cash and short term deposits. No other financial assets carry a significant exposure to credit risk.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Company. Cash and short term deposits are placed with reputable banks and financial institutions with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 8.

(c) ***Foreign currency risk***

The Company's exposure to foreign currency risk is restricted to the impact of foreign currency fluctuations on foreign currency denominated cash and short term deposits equivalent balances.

The Company does not use any hedging instruments to hedge against the volatility associated with foreign-currency denominated purchases, and assets and liabilities created in the normal course of business.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Company's profit for the year to a reasonably possible change in the AUD and NZD exchange rates against the functional currency of the Company, with all other variables held constant.

	30 September	31 December		
	2010	**2009**	**2008**	**2007**
	$	*$*	*$*	*$*
AUD/SGD				
- strengthened 3% (2009: 3%, 2008: 3%, 2007: 3%)	+1,919	+54,522	+36,262	+40,281
- weakened 3% (2009: 3%, 2008: 3%, 2007: 3%)	-1,919	-54,522	-36,262	-40,281
NZD/SGD				
- strengthened 3% (2009: 3%, 2008: 3%, 2007: 3%)	+2,558	+31,734	+34,490	+24,162
- weakened 3% (2009: 3%, 2008: 3%, 2007: 3%)	-2,558	-31,734	-34,490	-24,162

18. **Fair values of financial instruments**

Amount due from penultimate holding company, amounts due to immediate and penultimate holding companies, trade receivables, other receivables, cash and short term deposits, trade payables, and other payables and accruals.

The carrying amounts of these financial assets and liabilities are reasonable approximation of their fair values due to their short-term nature.

19. **Capital management**

The primary objective of the Company's capital management is to ensure that it maintains a healthy capital balance in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the nine months ended 30 September 2010 and financial years ended 31 December 2009, 2008 and 2007.

Management monitors the Company's capital needs based on both short-term and long-term business requirements and plans. Capital comprises shareholders' equity.

20. **Dividends**

	30 September	31 December		
	2010	2009	2008	2007
	$	$	$	$
Declared and paid during the financial year:				
- Final exempt (one-tier) dividend for 2008: 4.51 cents per share	—	900,000	—	—
- Final exempt (one-tier) dividend for 2007: 11.02 cents per share	—	—	2,200,000	—
- Interim dividend (one-tier) dividend for 2008: 11.52 cents per share	—	—	2,300,000	—
	—	900,000	4,500,000	—

21. **Event after balance sheet date**

On 17 September 2010, Durable Gold Investments Limited ("Durable Gold"), a wholly owned subsidiary of Trasy Gold Ex Limited ("Trasy Gold"), entered into a conditional sale and purchase agreement with Zhang Rong, the shareholder and Director of Harvest Well International Limited ("Harvest Well"), pursuant to which he has conditionally agreed to sell, and Durable Gold has conditionally agreed to acquire, the entire issued share capital and shareholder's loan of Harvest Well at a total cash consideration of HK$240 million. As at the date of this report, the acquisition has not been completed.

22. **Authorisation of financial statements**

The financial statements for the financial years ended 31 December 2007, 2008, 2009 and nine months ended 30 September 2010 were authorised for issue in accordance with a resolution of the Directors on 25 February 2011.

2. MANAGEMENT DISCUSSION AND ANALYSIS

For the nine months ended 30 September 2010

Results

Revenue from customers was approximately S$6.3 million for the nine months ended 30 September 2010. There was an increase of S$0.8 million, approximately 14.5%, compared to the revenue from customers of S$5.5 million for the nine months ended 30 September 2009. For the nine months ended 30 September 2010, revenue from the corporate, wholesale and MICE segments were S$5.3 million, S$0.1 million and S$0.9 million (for the nine months ended 30 September 2009: S$4.2 million, S$0.2 million and S$1.1 million), respectively, representing approximately 84%, 2% and 14% (for the nine months ended 30 September 2009: 76%, 4% and 20%), respectively, of the total revenue.

Other items of income amounted to approximately S$0.4 million and S$1.5 million for the nine months ended 30 September 2010 and 2009 respectively. The decrease of S$1.1 million was mainly due to decrease in net foreign exchange gain, incentive granted by a GDS operator and the Job Credit Scheme introduced by the Singapore Finance Minister. Government had extended the Jobs Credit scheme for half a year for 2010. It was based on 12% of each eligible employee's salary (subject to a cap of $2,500) in 2009. There were 2 payments at stepped-down rates in March and June 2010 at 6% and 3% respectively. Therefore, income from Jobs Credit Scheme decreased significantly for the period.

Safe2Travel recorded supplier's incentive of S$203,402 which was included in other operating income of Safe2Travel. The amount of supplier's incentives was based on specific terms agreed with each supplier. The amount consisted of fixed incentives and variable incentives based on the purchase from the suppliers.

Safe2Travel held certain cash dominated in Australian dollars, New Zealand dollars and US dollars which were revenue received from the corporate clients in previous years. The significant decrease of the net foreign exchange gain for nine month ended 30 September 2010 as compared to the corresponding period of 2009 was mainly due to the fluctuations on foreign currency held as Australian dollars, New Zealand dollars and US dollars experienced significant appreciation in 2009 compared to that of 2010. The net foreign exchange gain in 2009 was therefore much higher than that of 2010.

For the nine months ended 30 September 2010, revenue from a related party was S$11,393 which consists of 0.18% of total revenue and was not significant. These sales transactions relate to the sale of air tickets, application of visa as well as other travel related services to a related company.

Taxation

For the nine months ended 30 September 2010, Safe2Travel's income tax expenses amounted to approximately S$0.3 million. The overall effective tax rate was 15.0% for the nine months ended 30 September 2010. The Singapore statutory corporate tax rate for the nine months ended 30 September 2010 was 17%.

As a result of the aforesaid factors, the profit for the nine months ended 30 September 2010 decreased to S$1.7 million from S$2.1 million for the nine months ended 30 September 2009.

Liquidity, financial resources and capital structure

Safe2Travel managed its capital to ensure the entity would be able to continue as a going concern. The capital structure of Safe2Travel was equity financing. The directors of Safe2Travel reviewed the capital structure regularly and managed its capital structure, taking into consideration the future capital requirements of Safe2Travel, projected operating cash flows, projected capital expenditures and projected investment opportunities.

The decrease in balance of foreign currency as at 30 September 2010 was mainly attributable to the payment of certain trade payables in September 2010 while the corresponding trade receivables were received by Safe2Travel in October 2010.

The significant decrease in cash balances as at 30 September 2010 was mainly attributable to the increase in trade receivables resulting from higher sale of air tickets for the months of September 2010. These trade receivables were received by Safe2Travel in October 2010. Accordingly, the amount of account receivables as at 30 September 2010 was approximately 75.6% higher than that as at 31 December 2009. The decrease in cash balances was also due to the payment of certain trade payable regarding the purchase of air tickets and MICE related expenses.

As at 30 September 2010, Safe2Travel had cash and short term deposits amounted to S$1.3 million, which were primarily denominated in Singaporean Dollar. The current ratio, which was calculated on the basis of current assets over current liabilities, was 2.1 as at 30 September 2010. The gearing ratio, which was calculated on the basis of total liabilities over the total assets of Safe2Travel, was 48.3% as at 30 September 2010.

Exchange rate risk

Foreign currency transactions have been translated into the functional currencies using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies were recognised in the income statement.

In the event of fluctuating foreign exchange rates, there is a risk exposure to the extent that settlement of payment for customers and suppliers may not be reconciled. The exposed amount of foreign currencies would be monitored regularly, forward contracts would be entered for hedging the risks if considered necessary.

Safe2Travel has been exposed to foreign currency risk as some of the transactions were denominated in foreign currencies, mainly Australian Dollar and New Zealand Dollar. Safe2Travel has not been using any hedging instruments to mitigate the risk in the volatility of foreign-currency denominated purchases as the exposure is not material.

Trade receivable balance and overdue

The management of Safe2Travel monitors closely the overdue situation. A weekly debtors' meeting is held by the finance team together with all sales teams and personnel to discuss the overdue accounts and follow-up actions to collect the debts.

The follow-up process is as follows:

- After each monthly closing process, statement of account will be sent to all outstanding customers in the following month within 3 working days.
- Reminder letter cum statement of account will be sent to overdue clients every mid-month.
- If amounts are still unpaid after several follow-up phone calls from the finance team and after several visits by the account manager, a demand letter will be issued.

Risk of default is generally low as majority of the customers are government-linked companies and multinational corporations. The overdue receivables are usually collectible.

Prepaid operation expenses and settlement

Prepaid operating expenses mainly comprise general and staff insurance (such as public liabilities and hospital and surgical), subscription fees, car park fee, repair and maintenance fees (phone equipment, human resource system), membership fee, annual agent fee and consortium fees.

As at 30 September 2010, included in prepaid operating expenses is an amount of S$160,000 that relates to advance payments to supplier for a tour that was departing in October 2010. Subsequently in October 2010, such amounts were reclassified from prepaid operating expenses to cost of sales.

Nature of refunds payable

As per industry practice adopted by travel agencies, monies can be refunded to customers in the following situation:

a. Cancellation of air tickets after tickets are issued

b. Air tickets have multiple segments but only a portion has been utilised. The remaining balance is thus refundable.

The air tickets would be sent back to the airline for refund approval first. Safe2Travel does not have the authority to approve these refunds as it is merely a travel agent. Upon approval from airlines, the amounts would be refunded to customers via credit note.

Number of staff, total remuneration, remuneration policy, staff costs

As at 30 September 2010, the total number of employees of Safe2Travel was 97 (as at 31 December 2009: 98). For the nine months ended 30 September 2010, total staff costs incurred by Safe2Travel amounted to S$3.6 million (for the nine months ended 30 September 2009: S$3.6 million). Safe2Travel offers a competitive remuneration package to its employees, including defined contribution provident fund (see below), insurance and medical coverage. In addition, remuneration packages are maintained at a competitive level and reviewed on a periodic basis. Discretionary bonus will be paid to employees based on Safe2Travel's and individual staff performance.

Other staff costs include medical expenses, training, recruitment, staff welfare (such as long service awards and joyride), meals and refreshment.

Central Provident Fund

Safe2Travel makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme, based on rates that vary among different age group stipulated by the government. In the reported period, the contribution rate was 14.5% for employees below the age of 50 years old. For employees between the age of 50 and 55 years old, the contribution rate was 10.5%. These rates are charged over monthly salaries with a capped at S$4,500.

To illustrate, the monthly contribution amount of a 45 year-old employee who drew a salary of S$4,000 would be S$580. If he had drawn a salary of S$5,000, the contribution amount would be capped at S$652.50.

Prospect of new business

As at 30 September 2010, Safe2Travel has not identified new business opportunity.

Investment held and performance

As at 30 September 2010, there was no investment held by Safe2Travel.

Significant acquisition and disposal

During the period, Safe2Travel did not have any significant acquisition or disposal of investment.

Charges on assets

As at 30 September 2010, Safe2Travel's trade receivables amounting to S$17,355,076 (31 December 2009: S$9,883,055) was pledged to a bank by way of a floating charge.

Future plans for material investments and capital assets

There is no future plan for material investments and capital asset.

Contingent liabilities

As at 30 September 2010, Safe2Travel does not have any contingent liabilities.

For the period ended 30 September 2009

Results

Revenue from customers was approximately S$5.5 million for the nine months ended 30 September 2009. For the nine months ended 30 September 2009, revenue from the corporate, wholesale and MICE segments were S$4.2 million, S$0.2 million and S$1.1 million respectively, representing approximately 76%, 4% and 20% respectively of the total revenue.

Other items of income amounted to approximately S$1.5 million for the nine months ended 30 September 2009, which comprised supplier incentive, foreign exchange gain and job credit scheme granted.

For the nine months ended 30 September 2009, revenue from a related party was S$714 which consists of 0.01% of total revenue and was not significant. These sales transactions relate to the sale of air tickets, application of visa as well as other travel related services to related companies.

Taxation

For the nine months ended 30 September 2009, Safe2Travel's income tax expenses amounted to approximately S$0.2 million. The overall effective tax rate was 7.1% for the nine months ended 30 September 2009. The Singapore statutory corporate tax rate for the nine months ended 30 September 2009 was 17%.

Liquidity, financial resources and capital structure

Safe2Travel managed its capital to ensure the entity would be able to continue as a going concern. The capital structure of Safe2Travel was equity financing. The directors of Safe2Travel reviewed the capital structure regularly and managed its capital structure, taking into consideration the future capital requirements of Safe2Travel, projected operating cash flows, projected capital expenditures and projected investment opportunities.

The gearing ratio calculated on the basis of total liabilities over the total assets of Safe2Travel, was 31.1% as at 30 September 2009. The management of Safe2Travel considers that the financial position of Safe2Travel is healthy and that the cash and cash equivalents on hand and cash flow from operations will allow Safe2Travel to meet its working capital requirements.

Exchange rate risk

Foreign currency transactions have been translated into the functional currencies using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies were recognised in the income statement.

In the event of fluctuating foreign exchange rates, there is a risk exposure to the extent that settlement of payment for customers and suppliers may not be reconciled. The exposed amount of foreign currencies would be monitored regularly, forward contracts would be entered for hedging the risks if considered necessary.

Safe2Travel has been exposed to foreign currency risk as some of the transactions were denominated in foreign currencies, mainly Australian Dollar and New Zealand Dollar. Safe2Travel has not been using any hedging instruments to mitigate the risk of volatility of foreign currencies, as the risk exposure is not material.

Trade receivable balance and overdue

Safe2Travel's management monitors closely the overdue situation. A weekly debtors' meeting is held by the finance team together with all sales teams and personnel to discuss the overdue accounts and follow-up actions to collect the debts.

Risk of default is generally low as majority of the customers are government-linked companies and multinational corporations. The overdue receivables are usually collectible.

Prepaid operation expenses and settlement

Prepaid operating expenses mainly comprise general and staff insurance (such as public liabilities and hospital and surgical), subscription fees, car park fee, repair and maintenance fees (phone equipment, Human Resource system), membership fee, annual agent fee and consortium fees.

Nature of refunds payable

As per industry practice adopted by travel agencies, monies can be refunded to customers in the following situation:

a. Cancellation of air tickets after tickets are issued

b. Air tickets have multiple segments but only a portion has been utilised. The remaining balance is thus refundable.

The air tickets would be sent back to the airline for refund approval first. Safe2Travel does not have the authority to approve these refunds as it is merely a travel agent. Upon approval from airlines, the amounts would be refunded to customers via credit note.

Number of staff, total remuneration, remuneration policy, staff costs

As at 30 September 2009, the total number of employees of Safe2Travel was 101 (as at 31 December 2008: 107). For the nine months ended 30 September 2009, total staff costs incurred by Safe2Travel amounted to S$3.6 million. Safe2Travel offers a competitive remuneration package to its employees, including defined contribution provident fund (see below), insurance and medical coverage. In addition, remuneration packages are maintained at a competitive level and reviewed on a periodic basis. Discretionary bonus will be paid to employees based on Safe2Travel's and individual staff performance.

Other staff costs include medical expenses, training, recruitment, staff welfare (such as long service awards and joyride), meals and refreshment.

Central Provident Fund

Safe2Travel makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme, based on rates that vary among different age group stipulated by government. In the reported period, the contribution rate was 14.5% for employees below the age of 50 years old. For employees between the age of 50 and 55 years old, the contribution rate was 10.5%. These rates are charged over monthly salaries with a capped at S$4,500.

Prospect of new business

As at 30 September 2009, Safe2Travel has not identified new business opportunity.

Investment held and performance

As at 30 September 2009, there was no investment held by Safe2Travel.

Significant acquisition and disposal

During the period, Safe2Travel did not have any significant acquisition or disposal of investment.

Charges on assets

As at 30 September 2009, the Safe2Travel's trade receivables amounting to S$9,919,848 have been pledged to a bank by way of a floating charge.

As at 30 September 2009, fixed deposits equivalent to approximately S$2.0 million were pledged to a bank in order to fulfill the securities requirement of the corporate guarantee as disclosed in note 14(a) to the accountants' report on Safe2Travel in this appendix.

Future plans for material investments and capital assets

There is no future plan for material investments and capital asset.

Contingent liabilities

As at 30 September 2009, Safe2Travel does not have any contingent liabilities.

For the year ended 31 December 2009

Results

Revenue from customers was approximately S$8.8 million for the year ended 31 December 2009. There was a decrease of S$1.9 million, approximately 17.8%, compared to the revenue from customers of S$10.7 million for the year ended 31 December 2008. During the year, revenue from the corporate, wholesale and MICE segments were S$6.2 million, S$0.2 million and S$2.4 million (for the year ended 31 December 2008: S$7.2 million, S$0.3 million and S$3.2 million), representing approximately 70%, 2% and 28% (for the year ended 31 December 2008: 67%, 3% and 30%) of the total revenue. The decrease in revenue was mainly due to a decrease in MICE and special projects held in the year and also the weakened demand in corporate airway tickets, which was mainly attributable to the adverse impacts of the global financial crisis in late 2008.

Other items of income amounted to approximately S$1.6 million and S$0.2 million for the year ended 31 December 2009 and 2008 respectively. The increase of S$1.4 million was mainly attributable to net foreign exchange gain, incentive granted by a GDS operator and the Job Credit Scheme introduced by the Singapore Finance Minister. Other items of expenses amounted to approximately S$6.3 million and S$6.8 million for the year ended 31 December 2009 and 2008. The profit for the year ended 31 December 2009 increased to S$3.6 million from S$3.2 million for the year ended 31 December 2008.

Included in other items of income were incentive for business renewal bonus and technology funds received from a supplier of Safe2Travel.

Under the Job Credit scheme, there were 4 quarters of payment for year 2009. It was based on 12% of each eligible employee's salary (subject to a cap of S$2,500).

Taxation

For the year ended 31 December 2009, Safe2Travel's income tax expenses amounted to approximately S$0.5 million. Such decrease as compared to the year ended 31 December 2008 was mainly attributable to the decrease in Singapore statutory corporate tax rate to 17% from 18% as well as the increase in non-taxable income. The increase in profit before taxation to S$4.1 million for the year ended 31 December 2009 from S$4.0 million for the year ended 31 December 2008, on the other hand, off-set the effect brought by the decrease in tax rate.

The overall effective tax rate was 12.8% for the year ended 31 December 2009. The Singapore statutory corporate tax rate for the year ended 31 December 2009 was 17%.

Liquidity, financial resources and capital structure

Safe2Travel managed its capital to ensure the entity would be able to continue as a going concern. The capital structure of Safe2Travel was equity financing. The directors of Safe2Travel reviewed the capital structure regularly and managed its capital structure, taking into consideration the future capital requirements of Safe2Travel, projected operating cash flows, projected capital expenditures and projected investment opportunities.

As at 31 December 2009, Safe2Travel had cash and short term deposits amounted to S$10.3 million, which were primarily denominated in Singaporean Dollar. The current ratio, which was calculated on the basis of current assets over current liabilities, was 1.9 at as 31 December 2009. The gearing ratio, which was calculated on the basis of total liabilities over the total assets, was 54.0% as at 31 December 2009.

Pursuant to the Singapore laws, there is no requirement on a company to make good accumulated losses brought forward from the previous year(s) before it is allowed to declare or pay dividends. As such, a Singapore company can declare dividends out of the current financial year's profit, even though it was loss-making in previous years. However, that company cannot declare or pay dividends in excess of its profit earned in that current financial year. Safe2Travel paid final dividend of S$900,000 in 2009 out of the profit generated in 2008.

Exchange rate risk

Foreign currency transactions have been translated into the functional currencies using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies were recognised in the income statement.

Exchange gain in year 2009 mainly relate to the revaluation of foreign denominated currencies, Australian dollar and New Zealand dollar, which appreciated against Singapore dollar. As at 31 December 2009, Safe2Travel had bank balances and fixed deposits of S$1.8 million and S$1.1 million, denominated in Australian dollar and New Zealand dollar respectively.

In the event of fluctuating foreign exchange rates, there is a risk exposure to the extent that settlement of payment for customers and suppliers may not be reconciled. The exposed amount of foreign currencies would be monitored regularly, forward contracts would be entered for hedging the risks if considered necessary.

Safe2Travel has been exposed to foreign currency risk as some of the transactions were denominated in foreign currencies, mainly Australian Dollar and New Zealand Dollar. Safe2Travel has not been using any hedging instruments to mitigate the risk of volatility of foreign currencies as the exposure is not material.

Trade receivable balance and overdue

Safe2Travel management monitors closely the overdue situation. A weekly debtors' meeting is held by the finance team together with all sales teams and personnel to discuss the overdue accounts and follow-up actions to collect the debts.

Risk of default is generally low as majority of the customers are government-linked companies and multinational corporations. The overdue receivables are usually collectible.

Prepaid operation expenses and settlement

Prepaid operating expenses mainly comprise to general and staff insurance (such as public liabilities and hospital and surgical), subscription fees, car park fee, repair and maintenance fees (such as phone equipment and Human Resource system), membership fee, annual agent fee and consortium fees.

Nature of refunds payable

As per industry practice adopted by travel agencies, monies can be refunded to customers in the following situation:

a. Cancellation of air tickets after tickets are issued

b. Air tickets have multiple segments but only a portion has been utilised. The remaining balance is thus refundable.

The air tickets would be sent back to the airline for refund approval first. Safe2Travel does not have the authority to approve these refunds as it is merely a travel agent. Upon approval from airlines, the amounts would be refunded to customers via credit note.

Number of staff, total remuneration, remuneration policy, staff costs

As at 31 December 2009, the total number of employees of Safe2Travel was 98 (as at 31 December 2008: 107). For the year ended 31 December 2009, total staff costs incurred by Safe2Travel amounted to S$4.8 million (for the year ended 31 December 2008: S$5.2 million). Safe2Travel offers a competitive remuneration package to its employees, including defined contribution provident fund (see below), insurance and medical coverage. In addition, remuneration packages are maintained at a competitive level and reviewed on a periodic basis. Discretionary bonus will be paid to employees based on Safe2Travel's and individual staff performance.

Other staff costs include medical expenses, training, recruitment, staff welfare (such as long service awards and joyride), meal and refreshment.

Central Provident Fund

Safe2Travel makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme based on rates that vary among different age group stipulated by government. In 2009, the contribution rate was 14.5% for employees below the age of 50 years old. For employees between the age of 50 and 55 years old, the contribution rate was 10.5%. These rates were charged over monthly salaries with a capped at S$4,500.

Prospect of new business

As at 31 December 2009, Safe2Travel has not identified new business opportunity.

Investment held and performance

As at 31 December 2009, there was no investment held by Safe2Travel.

Significant acquisition and disposal

During the year, Safe2Travel did not have any significant acquisition or disposal of investment.

Charges on assets

As at 31 December 2009, Safe2Travel's trade receivables amounting to S$9,883,055 have been pledged to a bank by way of a floating charge.

As at 31 December 2009, fixed deposits equivalent to approximately S$2.0 million were pledged to a bank in order to fulfill the securities requirement of the corporate guarantee as disclosed in note 14(a) to the accountants' report on Safe2Travel set our in this appendix.

Future plans for material investments and capital assets

There is no future plan for material investments and capital asset.

Contingent liabilities

As at 31 December 2009, Safe2Travel does not have any contingent liabilities.

For the year ended 31 December 2008

Results

Revenue from customers was approximately S$10.7 million for the year ended 31 December 2008. There was an increase of S$1.6 million, approximately 17.6%, compared to the revenue from customers of S$9.1 million for the year ended 31 December 2007. For the year, revenue from the corporate, wholesale and MICE segments were S$7.2 million, S$0.3 million and S$3.2 million (for the year ended 31 December 2007: S$7.0 million, S$0.2 million and S$1.9 million), respectively, representing approximately 67%, 3% and 30% (for the year ended 31 December 2007: 77%, 2% and 21%), respectively, of the total revenue. The increase in revenue was mainly attributable to the increase in MICE and special projects. Safe2Travel had won two major special projects and two major incentive groups during the year 2008.

Other items of income amounted to approximately S$0.2 million and S$0.4 million for the year ended 31 December 2008 and 2007 respectively. The decrease of S$0.2 million was mainly attributable to depreciation of Singapore dollar against Australian dollar and New Zealand dollar in 2008. As a result, the profit for the year ended 31 December 2008 increased to S$3.2 million from S$2.2 million for the year ended 31 December 2007.

Taxation

For the year ended 31 December 2008, Safe2Travel's income tax expenses amounted to approximately S$0.8 million. Such increase as compared to the year ended 31 December 2007 was mainly attributable to the increase in profit compared to the corresponding period of 2007.

The overall effective tax rate was 20.4% for the year ended 31 December 2008. The Singapore statutory corporate tax rate for the year ended 31 December 2008 was 18%.

Liquidity, financial resources and capital structure

Safe2Travel managed its capital to ensure the entity would be able to continue as a going concern. The capital structure of Safe2Travel was equity financing. The directors of Safe2Travel reviewed the capital structure regularly and managed its capital structure, taking into consideration the future capital requirements of Safe2Travel, projected operating cash flows, projected capital expenditures and projected investment opportunities.

As at 31 December 2008, Safe2Travel had cash and short term deposits amounted to S$12.7 million, which were primarily denominated in Singaporean Dollar. The current ratio, which was calculated on the basis of current assets over current liabilities, was 3.1 at as 31 December 2008. The gearing ratio, which was calculated on the basis of total liabilities over the total assets, was 31.9% as at 31 December 2008.

Exchange rate risk

Foreign currency transactions have been translated into the functional currencies using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies were recognised in the income statement.

In the event of fluctuating foreign exchange rates, there is a risk exposure to the extent that settlement of payment for customers and suppliers may not be reconciled. The exposed amount of foreign currencies would be monitored regularly, forward contracts would be entered for hedging the risks if considered necessary.

Safe2Travel has been exposed to foreign currency risk as some of the transactions were denominated in foreign currencies, mainly Australian Dollar and New Zealand Dollar. Safe2Travel has not been using any hedging instruments to mitigate the risk of volatility of foreign currencies as the exposure is not material.

Trade receivable balance and overdue

Safe2Travel's management monitors closely the overdue situation. A weekly debtors' meeting is held by the finance team together with all sales teams and personnel to discuss the overdue accounts and follow-up actions to collect the debts.

Risk of default is generally low as majority of the customers are government-linked companies and multinational corporations. The overdue receivables are usually collectible.

Prepaid operation expenses and settlement

Prepaid operating expenses mainly comprise general and staff insurance (such as public liabilities and hospital and surgical), subscription fees, car park fee, repair and maintenance fees (such as phone equipment and Human Resource system), membership fee, annual agent fee and consortium fees.

Nature of refunds payable

As per industry practice and adopted by travel agencies, monies can be refunded to customers in the following situation:

a. Cancellation of air tickets after tickets are issued

b. Air tickets have multiple segments but only a portion has been utilised. The remaining balance is thus refundable.

The air tickets would be sent back to the airline for refund approval first. Safe2Travel does not have the authority to approve these refunds as it is merely a travel agent. Upon approval from airlines, the amounts would be refunded to customers via credit note.

Number of staff, total remuneration, remuneration policy, staff costs

As at 31 December 2008, the total number of employees of Safe2Travel was 107 (as at 31 December 2007: 107). For the year ended 31 December 2008, total staff costs incurred by Safe2Travel amounted to S$5.2 million (for the year ended 31 December 2007: S$5.4 million). Safe2Travel offers a competitive remuneration package to its employees, including defined contribution provident fund (see below), insurance and medical coverage. In addition, remuneration packages are maintained at a competitive level and reviewed on a periodic basis. Discretionary bonus will be paid to employees based on Safe2Travel's and individual staff performance.

Other staff costs include medical expenses, training, recruitment, staff welfare (such as long service awards and joyride), meal and refreshment.

Central Provident Fund

Safe2Travel makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme based on rates that vary among different age group stipulated by government. In the reported year, the contribution rate was 14.5% for employees below the age of 50 years old. For employees between the age of 50 and 55 years old, the contribution rate was 10.5%. These rates were charged over monthly salaries with a capped at S$4,500.

Prospect of new business

As at 31 December 2008, Safe2Travel has not identified new business opportunity.

Investment held and performance

As at 31 December 2008, there was no investment held by Safe2Travel.

Significant acquisition and disposal

During the year, the Safe2Travel did not have any significant acquisition or disposal of investment.

Charges on assets

As at 31 December 2008, fixed deposits equivalent to approximately S$2.0 million were pledged to a bank in order to fulfill the securities requirement of the corporate guarantee as disclosed in note 14(a) to the accountants' report on Safe2Travel as set out in this appendix.

Future plans for material investments and capital assets

There is no future plan for material investments and capital asset.

Contingent liabilities

As at 31 December 2008, Safe2Travel does not have any contingent liabilities.

For the year ended 31 December 2007

Results

Revenue from customers, other items of income and profit for the year amounted to S$9.1 million, S$0.4 million and S$2.2 million respectively.

For the year, revenue from the corporate, wholesale and MICE segments were S$7.0 million, S$0.2 million and S$1.9 million, respectively, representing approximately 77%, 2% and 21%, respectively, of the total revenue.

Taxation

For the year ended 31 December 2007, the Group's income tax expenses amounted to approximately S$0.5 million.

The overall effective tax rate was 17.8% for the year ended 31 December 2007. The Singapore statutory corporate tax rate for the year ended 31 December 2007 was 18%.

Exchange rate risk

Exchange gain in year 2007 mainly relate to the revaluation of foreign denominated currencies, Australian dollar and New Zealand dollar, which appreciated against S$. As at 31 December 2007, Safe2Travel had bank balances and fixed deposits of S$1.3 million and S$0.8 million, denominated in Australian dollar and New Zealand dollar respectively.

Trade receivable balance and overdue

Safe2Travel's management monitors closely the overdue situation. A weekly debtors' meeting is held by the finance team together with all sales teams and personnel to discuss the overdue accounts and follow-up actions to collect the debts.

Risk of default is generally low as majority of the customers are government-linked companies and multinational corporations. The overdue receivables are usually collectible.

Prepaid operation expenses and settlement

Prepaid operating expenses generally relate to general and staff insurance (such as public liabilities and hospital and surgical), subscription fees, car park fee, repair and maintenance fees (such as phone equipment and Human Resource system), membership fee, annual agent fee and consortium fees.

Nature of refunds payable

As per industry practice adopted by travel agencies, monies can be refunded to customers in the following situation:

a. Cancellation of air tickets after tickets are issued

b. Air tickets have multiple segments but only a portion has been utilised. The remaining balance is thus refundable.

The air tickets would be sent back to the airline for refund approval first. Safe2Travel does not have the authority to approve these refunds as it is merely a travel agent. Upon approval from airlines, the amounts would be refunded to customers via credit note.

Number of staff, total remuneration, remuneration policy, staff costs

As at 31 December 2007, the total number of employees of Safe2Travel was 107. For the year ended 31 December 2007, total staff costs incurred by Safe2Travel amounted to S$5.4 million. Safe2Travel offers a competitive remuneration package to its employees, including defined contribution provident fund (see below), insurance and medical coverage. In addition, remuneration packages are maintained at a competitive level and reviewed on a periodic basis. Discretionary bonus will be paid to employees based on Safe2Travel's and individual staff performance.

Other staff costs include medical expenses, training, recruitment, staff welfare (such as long service awards and joyride), meal and refreshment.

Central Provident Fund

Safe2Travel makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme based on rates that vary among different age group stipulated by government. In the reported year, the contribution rate was 13% before 1 July 2007 and 14.5% subsequently for employees below the age of 50 years old. For employees between the age of 50 and 55 years old, the contribution rate was 9% before 1 July 2007 and 10.5% subsequently. These rates were charged over monthly salaries with a capped at S$4,500.

To illustrate, the monthly contribution amount of a 45 year employee who drew a salary of S$4,000 would be S$520 and S$580 before and after 1 July 2007 respectively. If he had drawn a salary of S$5,000, the contribution amount would be capped at S$585 and S$652.50 before and after 1 July 2007 respectively.

Prospect of new business

As at 31 December 2007, Safe2Travel has not identified new business opportunity.

Investment held and performance

As at 31 December 2007, there was no investment held by Safe2Travel.

Significant acquisition and disposal

During the year, the Safe2Travel did not have any significant acquisition or disposal of investment.

Charges on assets

There is no charges on assets as at 31 December 2007.

Future plans for material investments and capital assets

There is no future plan for material investments and capital asset.

Contingent liabilities

As at 31 December 2007, Safe2Travel does not have any contingent liabilities.

Liquidity, financial resources and capital structure

Safe2Travel managed its capital to ensure the entity would be able to continue as a going concern. The capital structure of Safe2Travel was equity financing. The directors of Safe2Travel reviewed the capital structure regularly and managed its capital structure, taking into consideration the future capital requirements of Safe2Travel, projected operating cash flows, projected capital expenditures and projected investment opportunities.

As at 31 December 2007, Safe2Travel had cash and short term reports amounted to S$11.0 million, which were primarily denominated in Singaporean Dollar. The current ratio, which was calculated on the basis of current assets over current liabilities of Safe2Travel, was 2.7 at as 31 December 2007. The gearing ratio, which was calculated on the basis of total liabilities over the total assets of Safe2Travel, was 36.5% as at 31 December 2007.

Exchange rate risk

Foreign currency transactions have been translated into the functional currencies using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies were recognised in the income statement.

In the event of fluctuating foreign exchange rates, there is a risk exposure to the extent that settlement of payment for customers and suppliers may not be reconciled. The exposed amount of foreign currencies would be monitored regularly, forward contracts would be entered for hedging the risks if considered necessary.

Safe2Travel has been exposed to foreign currency risk as some of the transactions were denominated in foreign currencies, mainly Australian Dollar and New Zealand Dollar. Safe2Travel has not been using any hedging instruments to mitigate the risk of volatility of foreign currencies as the exposure is not material.

The following are unaudited pro forma financial information of the Enlarged Group and text of the accountants' report thereon from the reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, prepared for the purpose of inclusion in this circular.

A. INTRODUCTION

On 17 September 2010, the Group entered into the Agreement to acquire the entire equity interest in Harvest Well and the outstanding shareholder's loan owed by Harvest Well to the Vendor at a consideration of HK$240,000,000 (subject to downward adjustment). The accompanying unaudited pro forma financial information of the Enlarged Group has been prepared to illustrate the effect of the Acquisition.

The unaudited pro forma consolidated statement of financial position of the Enlarged Group as at 30 June 2010 is prepared based on (i) the unaudited consolidated statement of financial position of the Group as at 30 June 2010, as extracted from the interim report of the Company for the period then ended; (ii) the audited consolidated statement of financial position of Harvest Well Group as at 30 September 2010, as extracted from the accountants' report thereon set out in Appendix II to this circular, after making pro forma adjustments relating to the Acquisition, as if the Acquisition had been completed on 30 June 2010.

The unaudited pro forma consolidated statement of comprehensive income and consolidated statement of cash flows of the Enlarged Group for the year ended 31 December 2009 are prepared based on (i) the audited consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year ended 31 December 2009, as extracted from the annual report of the Company for the year then ended; (ii) the audited consolidated statement of comprehensive income and consolidated statement of cash flows of Harvest Well Group for the period from 2 July 2009 (date of incorporation) to 30 September 2010, as extracted from the accountants' report thereon set out in Appendix II to this circular, after making pro forma adjustments relating to the Acquisition, as if the Acquisition had been completed at the beginning of the year.

The unaudited pro forma financial information is prepared to provide information on the Enlarged Group as a result of the completion of the Acquisition. As it is prepared for illustration purposes only, it does not purport to present what the financial position or the results or cash flows of the Enlarged Group will be on completion of the Acquisition.

The transaction is to be accounted for in the unaudited pro forma financial information as acquisition of business as Harvest Well Group constitutes a business under Hong Kong Financial Reporting Standard 3 (Revised 2008) "Business Combination" ("HKFRS 3").

B. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE ENLARGED GROUP

	The Group 30 June 2010 *HK$'000*	Harvest Well Group 30 September 2010 *HK$'000*	Subtotal *HK$'000*	Pro forma adjustments *HK$'000*		Enlarged Group *HK$'000*
NON-CURRENT ASSETS						
Property, plant and equipment	647	328	975			975
Goodwill	—	26,831	26,831	123,626	(b)	150,457
Intangible assets	—	27,648	27,648			27,648
Available-for-sale investments	136	—	136			136
Other non-current assets	250	—	250			250
	1,033	54,807	55,840			179,466
CURRENT ASSETS						
Trade receivables	—	102,729	102,729			102,729
Prepaid operating expenses	—	1,194	1,194			1,194
Other receivables	3,032	16,992	20,024			20,024
Investments held for trading	5,575	—	5,575			5,575
				(240,000)	(a)	
Bank balances and cash	337,439	7,450	344,889	(3,000)	(c)	101,889
	346,046	128,365	474,411			231,411
CURRENT LIABILITIES						
Trade payables	12	46,531	46,543			46,543
Other payables	3,987	13,502	17,489			17,489
Income tax payable	—	2,009	2,009			2,009
Shareholder's loan	—	56,586	56,586	(56,586)	(d)	—
	3,999	118,628	122,627			66,041
NET CURRENT ASSETS	342,047	9,737	351,784			165,370
NON-CURRENT LIABILITIES						
Deferred tax liabilities	—	4,756	4,756			4,756
	—	4,756	4,756			4,756
NET ASSETS	343,080	59,788	402,868			340,080
CAPITAL AND RESERVES						
Share capital	1,198	—	1,198			1,198
				(59,788)	(e)	
Share premium and reserves	341,882	59,788	401,670	(3,000)	(c)	338,882
TOTAL EQUITY	343,080	59,788	402,868			340,080

Notes:

(a) Pursuant to the Agreement, the cash consideration to be paid for the Acquisition amounts to HK$240,000,000, which is subject to downward adjustment for the potential shortfall between the guaranteed profit before tax of S$5,000,000 (equivalent to approximately HK$30,000,000) ("Guaranteed Profit") and the audited profit before tax of Harvest Well Group for the year ending 31 December 2010 ("Audited Profit"). Should the Audited Profit be less than the Guaranteed Profit, the consideration is to be reduced by an amount which is equivalent of 6.5 times of the shortfall between the Audited Profit and the Guaranteed Profit. For the purpose of preparing the unaudited pro forma financial information of the Enlarged Group, it is assumed that there is no downward adjustment after taking into consideration the latest management account of Harvest Well Group and the entire consideration of HK$240,000,000 is to be settled by cash from internal resources. The effect of the downward adjustment on consideration will be assessed upon the completion of the Acquisition.

(b) For the purpose of preparing the unaudited pro forma consolidated statement of financial position of the Enlarged Group, the Directors assumed the fair value of the identifiable assets and liabilities of Harvest Well Group, which includes intangible assets, are approximate to their respective carrying amounts as stated in the consolidated statement of financial position of Harvest Well Group as at 30 September 2010.

The Group has applied the acquisition method in accordance with HKFRS 3 "Business Combinations" (Revised 2008) to account for the Acquisition and the calculation of goodwill is as follow:

	As at 30 September 2010
	HK$'000
Net assets of Harvest Well Group per accountants' report	59,788
Adjustment on shareholder's loan (note d)	56,586
	116,374
Goodwill	123,626
Total consideration	240,000

The fair value of the identifiable assets and liabilities of Harvest Well Group, including goodwill and intangible assets, will be re-assessed at the completion date of the Acquisition by reference to a valuation to be carried out by professional valuer and is therefore subject to change.

The Directors have assessed whether there is any impairment on the intangible assets and goodwill as at 30 September 2010 in accordance with HKAS 36 "Impairment of Assets" and concluded that there is no impairment in respect of the intangible assets and goodwill with an assumed fair value of approximately HK$27,648,000 and HK$150,457,000 respectively, as shown in the pro forma consolidated statement of financial position of the Enlarged Group as at 30 June 2010.

The Directors confirmed that they will apply consistent accounting policies and principal assumptions to assess impairment of intangible assets and goodwill in subsequent reporting periods in accordance with the requirement of HKAS 36.

(c) This represents the effect of accrual of professional fees and expenses attributable to the Acquisition amounting to HK$3,000,000.

(d) The adjustment represents acquisition of shareholder's loan of HK$56,586,000 owing by Harvest Well to the Vendor.

(e) The adjustment represents the elimination of pre-acquisition reserve.

C. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF THE ENLARGED GROUP

	The Group for the year ended 31 December 2009	Harvest Well Group for the period from 2 July 2009 to 30 September 2010	Subtotal	Pro forma adjustments	Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	8,359	48,986	57,345		57,345
Cost of sales	(8,195)	—	(8,195)		(8,195)
Gross profit	164	48,986	49,150		49,150
Other income	6,711	2,355	9,066		9,066
Selling expenses	—	(1,036)	(1,036)		(1,036)
Administrative expenses	(12,045)	(36,228)	(48,273)	(3,000) (a)	(51,273)
Amortization of intangible assets	—	(3,805)	(3,805)		(3,805)
Finance costs	(360)	—	(360)		(360)
Net loss on investments held for trading	(1,588)	—	(1,588)		(1,588)
(Loss) profit before income tax	(7,118)	10,272	3,154		154
Income tax expense	—	(2,115)	(2,115)		(2,115)
(Loss) profit for the year/period	(7,118)	8,157	1,039		(1,961)
Other comprehensive income					
Exchange differences arising on translation of foreign operations	—	3,753	3,753		3,753
Other comprehensive income for the year	—	3,753	3,753		3,753
Total comprehensive (expense) income for the year	(7,118)	11,910	4,792		1,792
Total comprehensive (expense) income attributable to:					
Equity holders of the Company	(7,118)	11,910	4,792		1,792

Note:

(a) This represents the professional fees and expenses attributable to the Acquisition amounting to HK$3,000,000.

D. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS OF THE ENLARGED GROUP

	The Group for the year ended 31 December 2009	Harvest Well Group for the period from 2 July 2009 to 30 September 2010	Subtotal	Pro forma adjustments		Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*		*HK$'000*
OPERATING ACTIVITIES						
(Loss) profit before taxation	(7,118)	10,272	3,154	(3,000)	(a)	154
Adjustments:						
Depreciation of property, plant and equipment	690	112	802			802
Loss on disposal of property, plant and equipment	—	355	355			355
Amortization of intangible assets	—	3,805	3,805			3,805
Share-based payment expenses	4	—	4			4
Interest income	(6,648)	(252)	(6,900)			(6,900)
Finance costs	360	—	360			360
Net loss on investments held for trading	1,588	—	1,588			1,588
Dividend income from investments in securities	(47)	—	(47)			(47)
Unrealised exchange difference	—	5,196	5,196			5,196
Currency re-alignment	—	792	792			792
Operating cash flows before movements in working capital	(11,171)	20,280	9,109			6,109
Increase in inventories	(884)	—	(884)			(884)
Decrease (increase) in trade and other receivables	3,496	(42,972)	(39,476)			(39,476)
Increase in prepaid operating expenses	—	(1,028)	(1,028)			(1,028)

	The Group for the year ended 31 December 2009	Harvest Well Group for the period from 2 July 2009 to 30 September 2010	Subtotal	Pro forma adjustments		Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*		*HK$'000*
Decrease in investments held for trading	2,025	—	2,025			2,025
Increase (decrease) in trade and other payables	2,255	(7,289)	(5,034)			(5,034)
Cash flows used in operations	(4,279)	(31,009)	(35,288)			(38,288)
Profits Tax paid	—	(4,384)	(4,384)			(4,384)
NET CASH USED IN OPERATING ACTIVITIES	(4,279)	(35,393)	(39,672)			(42,672)
INVESTING ACTIVITIES						
Purchase of property, plant and equipment	(1,633)	(272)	(1,905)			(1,905)
Interest income received	6,648	252	6,900			6,900
Dividend received from investments in securities	47	—	47			47
				(240,000)	(b)	
Acquisition of a subsidiary	—	(11,109)	(11,109)	52,263	(c)	(198,846)
NET CASH FROM (USED IN) INVESTING ACTIVITIES	5,062	(11,129)	(6,067)			(193,804)
FINANCING ACTIVITIES						
Proceed from shareholder's loan	—	52,263	52,263	(52,263)	(c)	—
Finance costs	(360)	—	(360)			(360)

	The Group for the year ended 31 December 2009	Harvest Well Group for the period from 2 July 2009 to 30 September 2010	Subtotal	Pro forma adjustments	Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(360)	52,263	51,903		(360)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	423	5,741	6,164	(243,000)	(236,836)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD	333,170	—	333,170		333,170
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	—	1,709	1,709		1,709
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD	333,593	7,450	341,043	(243,000)	98,043

Notes:

(a) This represents the professional fees and expenses attributable to the Acquisition amounting to HK$3,000,000.

(b) This represents the consideration of HK$240,000,000 for the Acquisition which is settled by cash.

(c) This represents the elimination of the shareholder's loan as if the loan from the Vendor were advanced to Harvest Well Group immediately prior to the Acquisition and the Acquisition were completed at the beginning of the period.

Deloitte.
德勤

ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION TO THE DIRECTORS OF TRASY GOLD EX LIMITED

We report on the unaudited pro forma financial information of Trasy Gold Ex Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the very substantial acquisition relating to acquisition of the entire equity interest in and shareholder's loan of Harvest Well International Limited ("Harvest Well") (the "Acquisition") might have affected the financial information presented, for inclusion in Appendix IV to the circular dated 25 February 2011 (the "Circular"). The basis of preparation of the unaudited pro forma financial information is set out on page IV-1 to IV-8 to the Circular.

Respective responsibilities of directors of the Company and reporting accountants

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma financial information in accordance with paragraph 31 of Chapter 7 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by paragraph 31(7) of Chapter 7 of the GEM Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the unaudited pro forma financial information as disclosed pursuant to paragraph 31(1) of Chapter 7 of the GEM Rules.

The unaudited pro forma financial information is for illustrative purposes only, based on the judgments and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in future and may not be indicative of the financial position of the Group as at 30 June 2010 or any future date; or the results and cash flows of the Group for the year ended 31 December 2009 or any future period.

Opinion

In our opinion:

a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;

b) such basis is consistent with the accounting policies of the Group as far as such policies relate to the transaction; and

c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 31(1) of Chapter 7 of the GEM Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
25 February 2011

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests of the Directors or chief executive of the Company

As at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (c) were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange.

(b) Person holding 5% or more interests

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Enlarged Group or had any option in respect of such capital:

Interest in the Company

Name of Shareholder	Capacity	Number of Share(s) held	Percentage of the issued ordinary share capital of the Company
Mr. Tse Young Lai	Beneficial owner	23,966,460(L)	20.00
Mr. Li Jinsong	Beneficial owner	7,278,000(L)	6.07

L denotes long position in Shares

As at the Latest Practicable Date, save as disclosed above, so far as was known to the Directors or chief executive of the Company, no other persons (not being a Director or chief executive of the Company) had any interests or short positions in the Shares or underlying Shares which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, nor were there any persons, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Enlarged Group or held any option in respect of such capital.

(c) **Competing interests**

As at the Latest Practicable Date, none of the Directors or their respective associates was interested in any business apart from the Enlarged Group which competes or is likely to compete, either directly or indirectly, with the businesses of the Enlarged Group.

(d) **Other interests**

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had, since 31 December 2009 (being the date to which the latest published audited consolidated financial statements of the Company were made up), been (i) acquired or disposed of by; or (ii) leased to; or (iii) proposed to be acquired or disposed of by; or (iv) proposed to be leased to, any member of the Enlarged Group. None of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Enlarged Group.

3. MATERIAL CONTRACT

Save for the Agreement, no contracts (not being contracts entered into in the ordinary course of business) had been entered into by the Enlarged Group within the two years immediately preceding the Latest Practicable Date and which are or may be material.

4. CLAIMS AND LITIGATION

As at the Latest Practicable Date, no member of the Enlarged Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Enlarged Group.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Enlarged Group which does not expire or is not determinable by the Enlarged Group within one year without payment of compensation (other than statutory compensation).

6. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have been named in this circular or have given opinions or advice which are contained in this circular:

Name	Qualification
Deloitte Touche Tohmatsu ("DTT")	Certified public accountants in Hong Kong
Ernst & Young LLP ("E&Y")	Public accountants and certified public accountants in Singapore

Each of DTT and E&Y has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, neither DTT nor E&Y had any shareholding, directly or indirectly, in any member of the Enlarged Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Enlarged Group.

As at the Latest Practicable Date, neither DTT nor E&Y had any direct or indirect interests in any assets which had been, since 31 December 2009 (being the date to which the latest published audited financial statements of the Company were made up), (i) acquired or disposed of by; or (ii) leased to; or (iii) proposed to be acquired or disposed of by; or (iv) proposed to be leased to, any member of the Enlarged Group.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the Company's principal place of business in Hong Kong at 1/F., Talon Tower, 38 Connaught Road West, Sheung Wan, Hong Kong from the date of this circular and up to and including the date of the EGM:

(i) the memorandum and articles of association of the Company;

(ii) the Agreement;

(iii) the published annual reports of the Company for each of the three financial years ended 31 December 2007, 2008 and 2009 and the published interim report of the Company for the six months ended 30 June 2010;

(iv) the accountants' report on the Harvest Well Group, the text of which is set out in Appendix II to this circular;

(v) the accountants' report on Safe2Travel, the text of which is set out in Appendix III to this circular;

(vi) the accountants' report on the unaudited pro forma financial information on the Enlarged Group, the text of which is set out in Appendix IV to this circular; and

(vii) the letters of consent referred to in the paragraph headed "Experts and consents" in this appendix.

8. MISCELLANEOUS

(i) The company secretary of the Company is Mr. Tse Kam Fai. He is an Associate Member of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries. He is also a Member of The Hong Kong Institute of Directors.

(ii) The compliance officer of the Company is Mr. Tse Ke Li, an executive Director.

(iii) As at the Latest Practicable Date, the audit committee of the Company comprised three independent non-executive Directors, namely Mr. Chung Koon Yan (as Chairman), Mr. Wong Kai Tat and Ms. Chan Ling, Eva.

Mr. Chung Koon Yan, aged 47, was appointed as an independent non-executive Director on 20 January 2006. He is also the chairman of the Audit Committee and the Remuneration Committee of the Company. Mr. Chung is a fellow member of The Hong Kong Institute of Certified Public Accountants and 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, Chiu, Choy & Chung C.P.A. Limited, and has more than 20 years' experience in accounting, auditing and taxation. Mr. Chung is currently an independent non-executive director of each of China Financial Leasing Group Limited and Shenzhen High-Tech Holdings Limited, companies listed on the main board of the Stock Exchange, and Great World Company Holdings Ltd ("Great World"), a company listed on GEM. Save as aforesaid, Mr. Chung did not hold any directorship in other listed public companies in the past three years.

Mr. Wong Kai Tat, aged 58, was appointed as an independent non-executive Director on 20 January 2006. He is also a member of the Audit Committee and the 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 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 The 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 Great World and an independent non-executive director of Shenyang Public Utility Holdings Company Limited, a H-share company listed on the Stock Exchange. Save as aforesaid, Mr. Wong did not hold any directorship in other listed public companies in the past three years.

Ms. Chan Ling, Eva, aged 45, was appointed as an independent non-executive Director on 16 November 2007. She is also a member of the Audit Committee and the Remuneration Committee of the Company. She has over 21 years of experience in auditing, accounting and finance in both international accounting firms and listed companies. She is a member of the Institute of Chartered Accountants in Australia, a fellow member of the Association of Chartered Certified Accountants and also a practicing member of the Hong Kong Institute of Certified Public Accountants. Ms. Chan is the managing director of Rosedale Hotel Holdings Limited (formerly known as Wing On Travel (Holdings) Limited) and an executive director of China Strategic Holdings Limited, both companies' shares are listed on the Stock Exchange. She is also the deputy chairman of China Enterprises Limited (which shares are trading on the over-the-counter (OTC) securities markets in the United States) and a director of MRI Holdings Limited which shares were previously listed on the Australian Securities Exchange. The recommendation by the directors of MRI Holdings Limited to return the assets to its shareholders by way of members' voluntary liquidation was approved by its shareholders on 29 April 2010. Ms. Chan has been an independent non-executive director of Wonson International Holdings Limited (now known as "China Ocean Shipbuilding Industry Group Limited") which shares are listed on the Stock Exchange up to 13 August 2008. Save as aforesaid, Ms. Chan did not hold any directorship in other listed public companies in the past three years.

The Audit Committee is mainly responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of such auditor; reviewing the quarterly, interim and annual reports and financial statements of the Group; and overseeing the Company's financial reporting system and internal control procedures.

(iv) The Hong Kong share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(v) The English texts of this circular, the notice of the EGM and the accompanying form of proxy prevail over their respective Chinese texts.

TRASY GOLD EX LIMITED
卓 施 金 網 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 08063)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Trasy Gold Ex Limited (the "**Company**") will be held on Tuesday, 15 March 2011 at 10:00 a.m. at Gemini and Libra, 33rd Floor, Rosedale on the Park, 8 Shelter Street, Causeway Bay, Hong Kong, for the purpose of considering and, if thought fit, passing, with or without modification, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT**:

(a) the conditional sale and purchase agreement dated 17 September 2010 (the "**Agreement**", a copy of which has been produced to this meeting marked "**A**" and initialled by the chairman of the meeting for the purpose of identification) entered into among Mr. Zhang Rong (the "**Vendor**"), Durable Gold Investments Limited ("**Durable Gold**") and Trasy Gold Ex Limited (the "**Company**") in relation to the acquisition by Durable Gold of (i) the entire issued share capital of Harvest Well International Limited ("**Harvest Well**"); and (ii) the shareholder's loan owing by Harvest Well to the Vendor, the performance and implementation of the transactions contemplated under the Agreement be and are hereby confirmed, approved and ratified; and

(b) the directors of the Company be and are hereby authorised to do all such acts and things and execute all such documents as they in their absolute discretion consider necessary or expedient to give effect to the Agreement and the implementation of all transactions contemplated thereunder."

Yours faithfully,
By order of the Board
TRASY GOLD EX LIMITED
Tang Chi Ming
Executive Director

Hong Kong, 25 February 2011

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

Head office and principal place of business in Hong Kong:
1/F., Talon Tower
38 Connaught Road West
Sheung Wan
Hong Kong

Notes:

(1) A member entitled to attend and vote at the above meeting may appoint a proxy to attend and, on a poll, vote on his behalf and such proxy need not be a member of the Company. A form of proxy for use at the meeting is enclosed.

(2) In order to be valid, the form of proxy, together with any power of attorney or authority under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company's Hong Kong share registrar and transfer office, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

(3) Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the meeting convened or any adjournment thereof and in such event, the authority of the proxy shall be deemed to be revoked.

(4) In case of joint holders of any share, if more than one of such joint holders be present at any meeting, the vote of the senior who tenders a vote shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.

As at the date hereof, the board of directors of the Company comprises:

Executive Directors:
Mr. Tang Chi Ming
Mr. Tse Ke Li

Independent non-executive Directors:
Mr. Chung Koon Yan
Mr. Wong Kai Tat
Ms. Chan Ling, Eva