



Trasy Gold Ex Limited

(Incorporated in the Cayman Islands with Limited Liability)

Half-year Report 2004

HALF-YEAR REPORT 2004

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

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

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

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

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

This report for which the directors (the "Directors") of TRASY GOLD EX LIMITED (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange ("GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this report is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this report misleading; and (iii) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

STATEMENT FROM THE DIRECTORS

We are pleased to present to the shareholders the Half-year Report for 2004 in respect of the Trasy Gold Ex Limited (the "Company") and its subsidiaries (collectively the "Group").

The Group has recorded a trading volume of 1,836,400 ounces of gold and 19,625,000 ounces of silver on our electronic trading platform for the six months ended 30th June 2004 despite of the adverse impact on the Group's operations caused by the continued suspension of trading of the shares of the Company on GEM.

The management of the Group continued to pursue ways to make the Group more competitive and expand its client base and markets. During the period under review, it has launched live precious metals quotations for certain products in HKD/Tael, NTD/Tael, HKD/Gram and USD/Gram.

On 24th July 2004, the Company entered into an agreement with a party in Malaysia for the exclusive use of its electronic trading platform for the trading of precious metals in Malaysia for its wholesale and retail customers. The Company's discussions with selected participants in the region for co-operation are progressing well and beginning to take shape. The Company's geographical client base is expected to be further widened when co-operation with the targeted participants is put in place.

FINANCIAL REVIEW

The Group recorded a net loss of approximately HK\$5,949,000 for the six months ended 30th June 2004 (for the six months ended 30th June 2003: a net loss of approximately HK\$464,000), representing a basic loss per share of 0.2141 HK cent (2003: a basic loss per share of 0.0167 HK cent), which was mainly due to the fluctuation in world gold prices. Total expenses for the period ended 30th June 2004 as compared to the corresponding period in 2003 decreased by about HK\$248,000, which is resulted from the continued streamlining of the Group's operation and sub-contracting certain supporting functions to outside parties.

Liquidity and financial resources

As at 30th June 2004, the total amount of current assets was about 9.62 times more than that of current liabilities (as at 31st December 2003: 18.55 times more); no long-term liabilities were carried by the Group as at 30th June 2004 (as at 31st December 2003: Nil). Up to the date of this report, no debt financing activities are currently in place or proposed. The Group's gearing ratio, representing total long-term debts divided by total shareholders' equity, was zero as at 30th June 2004 (as at 31st December 2003: Nil). In addition, as the Group's assets and liabilities are mainly denominated in Hong Kong dollars, the Directors do not consider that the Group is significantly exposed to any material foreign currency exchange risk and thereby no related hedge transactions were undertaken by the Group.

Capital structure

There were no changes in the capital structure of the Group during the period ended 30th June 2004.

Significant investments

There were no significant investments held by the Group as at 30th June 2004.

Material acquisitions and disposals during the period and future plans for investments

There were no material acquisitions and disposals of investments by the Group during the period under review. The Group will continue to look for possibilities of expanding its products and markets geographically.

New products and services

During the period under review, there were no new products or services launched by the Company.

Employee information

The total number of employees (including the Directors) was 4 as at 30th June 2004 (30th June 2003: 3), and the total remuneration for the six months ended 30th June 2004 was about HK\$1 million (30th June 2003: HK\$1.6 million).

Charges on Group assets

During the six months ended 30th June 2004 and the year ended 31st December 2003, none of the Group's assets was pledged.

Contingent liabilities

Up to the date of this report, no contingent liabilities were noted by the Directors.

Segmental information

No analysis of the Group's turnover and its contribution to loss before taxation by principal activities for the three months and six months ended 30th June 2004 and 2003 is presented as more than 90% of the Group's turnover and loss before taxation related to provision and operation of an Internet-based electronic trading system to facilitate the trading of precious metals in Hong Kong.

OPERATIONS REVIEW

The TRASY System

On 24th July 2004, the Company entered into an agreement with a party in Malaysia for the exclusive use of its electronic trading platform for the trading of precious metals in Malaysia for its wholesale and retail customers. The Company continues to market its trading platform and services to brokers and banks as principals on the platform to offer to the investors an easy access and an efficient solution in the precious metals market.

Precious Metals Information Website – g9999.com

Besides the successful launch of live precious metals quotations for certain products in HKD/Tael, NTD/Tael, HKD/Gram and USD/Gram, the Group has continued to provide comprehensive updated market information to investors. G9999.com has ongoing enhancement on content enrichment, graphic design and other value-added features and is one of the premier precious metal information websites in Asia and a major contributor globally with a commanding and sustained daily average hit rate of approximately 870,000 hits per day.

UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the three and six months ended 30th June 2004

The Board of Directors (the “Board”) of the Company announces the unaudited consolidated results of the Group for the three and six months ended 30th June 2004 together with the comparative unaudited figures for the corresponding periods in 2003 as follows:

	Note	Three months ended 30th June		Six months ended 30th June	
		2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Turnover	2	498	1,072	1,099	2,277
Unrealised gain on gold bullion – net	2	-	1,763	-	533
Other revenue	2	-	504	-	527
		<u>498</u>	<u>3,339</u>	<u>1,099</u>	<u>3,337</u>
Unrealised loss on gold bullion – net		<u>(5,312)</u>	<u>-</u>	<u>(3,495)</u>	<u>-</u>
Staff costs					
- current period		(332)	(1,491)	(1,034)	(3,187)
- over-provision/waiver in respect of previous period		-	1,557	-	1,557
Depreciation		(54)	(141)	(166)	(350)
Marketing and promotion expenses		-	(15)	(1)	(22)
Other administrative and operating expenses		<u>(1,648)</u>	<u>(866)</u>	<u>(2,352)</u>	<u>(1,799)</u>
		<u>(2,034)</u>	<u>(956)</u>	<u>(3,553)</u>	<u>(3,801)</u>
Profit/(Loss) before taxation		(6,848)	2,383	(5,949)	(464)
Taxation	3	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit/(Loss) attributable to shareholders		<u>(6,848)</u>	<u>2,383</u>	<u>(5,949)</u>	<u>(464)</u>
		HK cent	HK cent	HK cent	HK cent
Basic earnings/(loss) per share	4	<u>(0.2464)</u>	<u>0.0858</u>	<u>(0.2141)</u>	<u>(0.0167)</u>
Diluted earnings/(loss) per share	4	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

UNAUDITED CONSOLIDATED BALANCE SHEET

As at 30th June 2004

		(Unaudited) 30th June 2004 HK\$'000	(Audited) 31st December 2003 HK\$'000
	<i>Note</i>		
NON-CURRENT ASSETS			
Fixed assets	6	73	250
Other assets	7	250	250
		<u>323</u>	<u>500</u>
CURRENT ASSETS			
Accounts receivable, prepayments and deposits	8	1,706	1,020
Gold bullion		60,476	63,971
Cash and bank balances		9	14
		<u>62,191</u>	<u>65,005</u>
CURRENT LIABILITIES			
Amount due to ultimate holding company		1,343	762
Other payables and accrued expenses		5,119	2,742
		<u>6,462</u>	<u>3,504</u>
NET CURRENT ASSETS			
		<u>55,729</u>	61,501
		<u>56,052</u>	<u>62,001</u>
CAPITAL AND RESERVES			
Share capital	9	27,790	27,790
Reserves	10	28,262	34,211
		<u>56,052</u>	<u>62,001</u>

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June 2004

	Share Capital <i>HK\$'000</i>	Share Premium <i>HK\$'000</i>	Merger reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at 31st December 2001	23,800	42,458	5,000	(27,502)	43,756
Issue of share capital	3,990	-	-	-	3,990
Premium on issue of shares	-	5,187	-	-	5,187
Share issue expenses	-	(15)	-	-	(15)
Loss for the year	-	-	-	(383)	(383)
Balance at 31st December 2002	27,790	47,630	5,000	(27,885)	52,535
Profit for the year	-	-	-	9,466	9,466
Balance at 31st December 2003	27,790	47,630	5,000	(18,419)	62,001
Loss for the period	-	-	-	(5,949)	(5,949)
Balance at 30th June 2004	<u>27,790</u>	<u>47,630</u>	<u>5,000</u>	<u>(24,368)</u>	<u>56,052</u>

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

For the six months period ended 30th June 2004

	<i>Note</i>	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Net cash used in operating activities	11	(5)	(603)
Investing activities			
Proceeds from disposal of gold bullion		-	586
Net cash from investing activities		-	586
Net decrease in cash and cash equivalents		(5)	(17)
Cash and cash equivalents at 1st January		14	66
Cash and cash equivalents at 30th June		9	49
Analysis of the balances of cash and cash equivalents			
Cash and bank balances		9	49

Notes:

1. Basis of presentation

The interim financial statements have been prepared in accordance with generally accepted accounting principles in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants. The financial statements have been prepared under the historical cost convention.

2. Revenue and turnover

Turnover represents transaction fees derived from the provision of TRASY and transaction fees are recognised when a transaction is duly executed on the trade date. Revenue recognised during the three months and six months ended 30th June 2004 together with the comparative unaudited figures for the corresponding periods in 2003 are as follows:

	Three months ended 30th June		Six months ended 30th June	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Turnover				
Transaction fees	<u>498</u>	<u>1,072</u>	<u>1,099</u>	<u>2,277</u>
Unrealised gain on gold bullion – net	<u>-</u>	<u>1,763</u>	<u>-</u>	<u>533</u>
Other revenue				
Miscellaneous income	<u>-</u>	<u>504</u>	<u>-</u>	<u>527</u>
	<u>498</u>	<u>504</u>	<u>1,099</u>	<u>527</u>
Total revenue	<u><u>498</u></u>	<u><u>3,339</u></u>	<u><u>1,099</u></u>	<u><u>3,337</u></u>

3. Taxation

No provision for Hong Kong profits tax has been made in the financial statements as the Group incurred tax losses for the six months ended 30th June 2004.

4. Earnings/(Loss) per share

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share for the three months and six months ended 30th June 2004 is based on the unaudited consolidated loss attributable to shareholders of HK\$6,848,000 and HK\$5,949,000 (2003: profit of HK\$2,383,000 and loss of HK\$464,000) and the weighted average number of 2,779,000,000 (2003: 2,779,000,000) ordinary shares in issue during the respective periods.

(b) Diluted earnings/(loss) per share

Diluted loss per share for the three months and six months ended 30th June respectively in 2004 and 2003 were not presented as the exercise of share options granted by the Company would have an anti-dilutive effect. Besides, as the exercise price of the share options under the Pre-IPO Share Option Plan (the "Pre-IPO Plan") is higher than the average market value during the period from 1st January to 30th June respectively in 2004 and 2003, no potential ordinary share under the Pre-IPO Plan is deemed to be issued; hence, no diluted earnings per share for the three months and six months ended 30th June 2004 and 2003 is provided.

5. Interim dividend

The Board resolved not to declare the payment of an interim dividend for the period (2003: Nil).

6. Fixed assets

Group	Leasehold improvements HK\$'000	Furniture, fixtures and equipment HK\$'000	Computer equipment HK\$'000	Total HK\$'000
Cost				
1st January 2004	472	160	1,419	2,051
Additions	-	-	-	-
Disposals	-	(30)	-	(30)
30th June 2004	472	130	1,419	2,021
Accumulated depreciation				
1st January 2004	472	92	1,237	1,801
Charge for the period	-	11	155	166
Disposals	-	(19)	-	(19)
30th June 2004	472	84	1,392	1,948
Net book value				
30th June 2004	-	46	27	73
31st December 2003	-	68	182	250

7. Other assets

	(Unaudited) 30th June 2004 HK\$'000	(Audited) 31st December 2003 HK\$'000
Membership licences, at cost	1,180	1,180
Less: Impairment loss	<u>(930)</u>	<u>(930)</u>
	<u>250</u>	<u>250</u>

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

8. Accounts receivable and prepayments

Accounts receivable and prepayments comprised of:

	(Unaudited) 30th June 2004 HK\$'000	(Audited) 31st December 2003 HK\$'000
Accounts receivable	1	2
Prepayments and deposits	<u>1,705</u>	<u>1,018</u>
	<u>1,706</u>	<u>1,020</u>

Prepayments and deposits included a rental prepayment of approximately HK\$756,000 (2003: HK\$972,000) to an affiliate company pursuant to a lease agreement.

An ageing analysis of accounts receivable is set out below:

	(Unaudited) 30th June 2004 HK\$'000	(Audited) 31st December 2003 HK\$'000
0 – 30 days	1	1
31 – 60 days	-	1
61 – 90 days	-	-
Over 90 days	<u>-</u>	<u>-</u>
	<u>1</u>	<u>2</u>

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

9. Share capital

	(Unaudited) 30th June 2004 HK\$'000	(Audited) 31st December 2003 HK\$'000
Authorised:		
180,000,000,000 ordinary shares of HK\$0.01 each	<u>1,800,000</u>	<u>1,800,000</u>
Issued and fully paid:		
2,779,000,000 ordinary shares (2002: 2,779,000,000 ordinary shares)	<u>27,790</u>	<u>27,790</u>

- (i) The Company adopted a new share option scheme ("New Scheme") at the annual general meeting of the Company held on 30th April 2002. Under the New Scheme, the Board may, at its discretion, grant options to any eligible participants which enable them to subscribe for shares in aggregate not exceeding 30% of the shares in issue of the Company from time to time (including shares which have been allotted and issued pursuant to any other share option scheme). No share options have been granted by the Company under the New Scheme during the period or since its adoption. Details of the New Scheme are set out in the circular of the Company dated 28th March 2002.
- (ii) Under the pre-IPO share option plan (the "Plan") of the Company adopted on 6th November 2000, the Board could, at its discretion, grant options to any full-time employees or executives of the Company and RNA Holding Limited ("RNA", together with its subsidiaries, the "RNA Group") and their respective subsidiaries on or before 29th November 2000 which would entitle them to subscribe for shares representing up to a maximum of 10% of the shares of the Company in issue on the date of commencement of listing of the shares on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited. On 29th November 2000, 234,872,000 share options were granted under the Plan and 60,788,000 share options are still valid at 30th June 2004. These options are exercisable in stages in accordance with the terms of the Plan commencing on 7th June 2001. Details of the share options granted under the Plan are as follows:

Grantees	Exercise price HK\$	Balance at 1st Jan 2004	Exercised during the period	Lapsed during the period	Balance at 30th June 2004
Directors of the Company	0.21	44,152,000	-	-	44,152,000
Employees of the Group	0.21	-	-	-	-
Sub-total		<u>44,152,000</u>	<u>-</u>	<u>-</u>	<u>44,152,000</u>
Employees of the RNA Group	0.21	<u>19,074,000</u>	<u>-</u>	<u>2,438,000</u>	<u>16,636,000</u>
Total		<u><u>63,226,000</u></u>	<u><u>-</u></u>	<u><u>2,438,000</u></u>	<u><u>60,788,000</u></u>

All of the above options have a duration of ten years from the date of grant, but shall lapse one month after the grantee ceases to be employed on a full-time basis by the Group or by the RNA Group. Details of the Plan are set out in pages 197 to 202 of the prospectus of the Company dated 30th November 2000.

10. Reserves

There were no movements in the reserves other than profit and loss for the six months ended 30th June respectively in 2004 and 2003.

11. Reconciliation of loss before taxation to net cash used in operating activities

	Six months ended 30th June	
	2004	2003
	HK\$'000	HK\$'000
Loss before taxation	(5,949)	(464)
Adjustments for:		
Depreciation	166	350
Proceeds from disposal of fixed assets	11	-
Unrealised gain /(loss) on gold bullion – net	3,495	(533)
Realised loss on gold bullion – net	-	<u>2</u>
Operating loss before working capital changes	(2,277)	(645)
Increase in accounts receivable and prepayments	(686)	(1,197)
Increase in amount due to ultimate holding company	581	2,511
Increase/(decrease) in other payables and accrued expenses	2,377	<u>(1,272)</u>
Cash used in operations	(5)	<u>(603)</u>
Net cash used in operating activities	(5)	<u>(603)</u>

DIRECTORS' INTEREST IN SHARES AND UNDERLYING SHARES

At 30th June 2004, the interest or short positions of the Directors in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(I) Long position in shares

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

(II) Interests in underlying shares

Under the pre-IPO share option plan adopted by the Company on 6th November 2000 (the “Plan”), pre-IPO share options were granted to the grantees which entitle them to subscribe for shares in the Company which are exercisable in stages in accordance with the terms of the Plan commencing on 7th June 2001. Details of the Plan are set out in the prospectus of the Company dated 30th November 2000.

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

Name of Director	Date of grant	No. of options outstanding as at 1st January 2004	No. of options outstanding as at 30th June 2004	Exercise price HK\$	Exercise period
Mr. Chan Kee Chee, Keith	29th November 2000	44,152,000	44,152,000	0.21	7th June 2001 to 28th November 2010

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

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

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

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

SUBSTANTIAL SHAREHOLDERS

At 30th June 2004, the persons or corporations (not being Directors or chief executive of the Company) who have interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO are as follows:

Name of shareholder	Capacity	Number of Shares	Percentage of Shareholding
Golden Rabbit Enterprises Limited	Beneficial owner	1,391,435,322	50.07
RNA	Interest of a controlled Corporation	1,391,435,322	50.07
Most Choice Limited	Beneficial owner	183,200,000	6.59

Notes:

1. Golden Rabbit Enterprises Limited ("Golden Rabbit"), a company incorporated in the British Virgin Islands with limited liability, is the immediate holding company of the Company and a wholly-owned subsidiary of RNA.

2. By virtue of the SFO, RNA, through its interest in Golden Rabbit, is deemed to be interested in the Company.

Except for the above, as at 30th June 2004, the Directors are not aware of any other person or corporation having an interest or short position in the shares and underlying shares of the Company representing 5% or more of the issued share capital of the Company.

COMPETING INTERESTS

None of the Directors or the management shareholders (as defined in the GEM Listing Rules) of the Company had an interest in a business (as defined in rule 11.04 of the GEM Listing Rules) which competes or may compete with the business of the Group.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the six months period ended 30th June 2004. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's shares during the period.

COMPLIANCE WITH RULES 5.34 TO 5.45 OF THE GEM LISTING RULES

The Company has complied with the board practices and procedures as set out in Rules 5.34 to 5.45 of the GEM Listing Rules during the six months ended 30th June 2004.

AUDIT COMMITTEE

The Company established an audit committee on 19th October 2000 with written terms of reference for the purpose of reviewing and providing supervision over the financial reporting process and internal control of the Group. Upon the resignation of Ms. Cheung Lai Kai, Edwina as an independent non-executive Director of the Company on 25th June 2004, the Company has insufficient member of audit committee. The 2004 Half-Year Report have been reviewed by the external auditors, Moore Stephens.

On behalf of the Board
Chan Kee Chee, Keith
Director

Hong Kong, 11th August 2004

INDEPENDENT REVIEW REPORT TO THE BOARD OF DIRECTORS OF TRASY GOLD EX LIMITED

Introduction

We have been instructed by the Company to review the interim financial report set out on pages 5 to 14.

Directors' responsibilities

The Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with Statement of Standard Accounting Practice 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the directors.

It is our responsibility to form an independent conclusion, based on our review on the interim financial report, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility or accept liability to any other person for the contents of this report.

Review work performed

We conducted our review in accordance with Statement of Auditing Standards 700 "Engagements to review interim financial reports" issued by the Hong Kong Society of Accountants. A review consists principally of making enquiries of group management and applying analytical procedures to the interim financial report and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

Review conclusion

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30th June 2004.

Moore Stephens

Certified Public Accountants
Hong Kong

11th August 2004