



TRASY GOLD EX LIMITED

卓施金網有限公司

(Incorporated in the Cayman Islands with limited liability)

ANNUAL 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 for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this report is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this report misleading; and (iii) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Chan Kee Chee, Keith
Ms. Chan Choi Ling*

* *Non-executive Director*

COMPLIANCE OFFICER

Mr. Chan Kee Chee, Keith

COMPANY SECRETARY

Mr. Tse Kam Fai, ACIS, ACS, MHKSI

QUALIFIED ACCOUNTANT

Mr. Chuang Tze Cheung, Christopher
BSC, ACA, CPA

AUTHORISED REPRESENTATIVE

Mr. Chan Kee Chee, Keith
Mr. Tse Kam Fai

AUDITORS

Moore Stephens
905 Silvercord, Tower II
30 Canton Road
Tsimshatsui
Kowloon Hong Kong

LEGAL ADVISERS

As to Hong Kong law
Louis K.Y. Pau & Company, Solicitors
24th Floor, Euro Trade Centre
Nos. 13-14 Connaught Road Central
Hong Kong

As to Cayman Islands law
Conyers Dill & Pearman
Century Yard
Cricket Square
Hutchins Drive
P.O. Box 2681GT
George Town
Grand Cayman
British West Indies

REGISTERED OFFICE

Century Yard
Cricket Square
Hutchins Drive
P.O. Box 2681GT
George Town
Grand Cayman
British West Indies

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

14th Floor, Cheung Fat Building
7-9 Hill Road
Western District
Hong Kong

COMPANY WEBSITES

www.trasy.com
www.g9999.com

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor
Services Limited
46th Floor, Hopewell Centre
183 Queen's Road East
Hong Kong

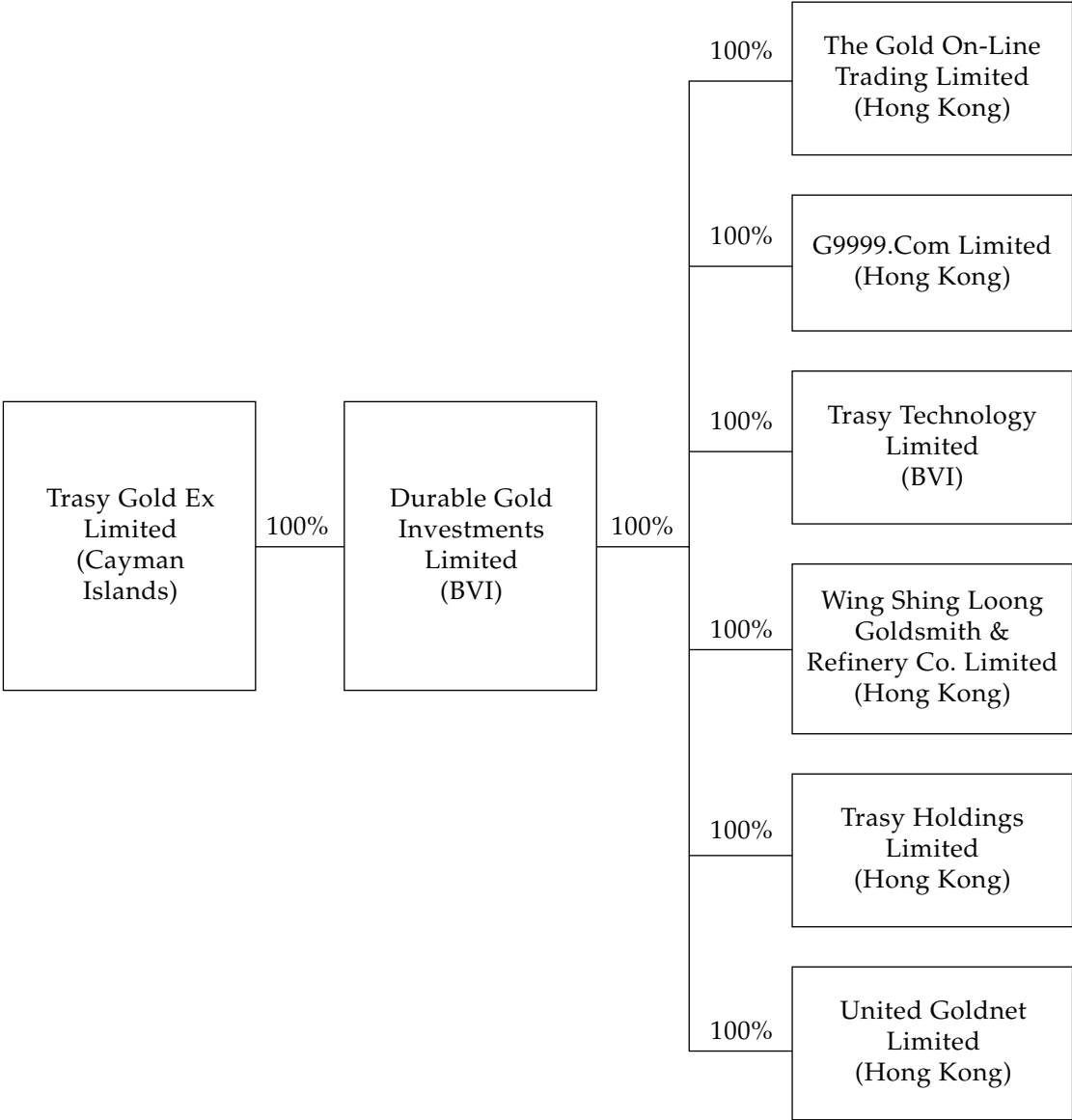
PRINCIPAL BANKERS

Bank of China, Hong Kong Branch
Wing Hang Bank, Limited

GEM STOCK CODE

8063

CORPORATE STRUCTURE



STATEMENT FROM THE EXECUTIVE DIRECTOR

I am pleased to present to the shareholders the 2004 Annual Report of Trasy Gold Ex Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 December 2004.

RESULTS

The total turnover of the Group was approximately HK\$1,920,000 (2003: approximately HK\$3,732,000) and net loss attributable to shareholders of approximately HK\$962,000 for the year ended 31 December 2004 (2003: net profit of approximately HK\$9,467,000).

DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2004 (2003: Nil).

BUSINESS REVIEW

The Company's on-line precious metals trading platform "TRASYS" recorded a total turnover of 3.2 million ounces of gold (2003: 6.3 million) and 35 million ounces of silver (2003: 65.3 million) for the whole year.

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

The Company entered into arrangements with parties in Malaysia and Taiwan for the use of its electronic platform for the trading of precious metals in the same countries for its wholesale and retail customers. The Company's discussions with selected participants in this region for cooperation are progressing well and beginning to take root. We expect that the geographical client base will continue to be widen in the coming year.

APPRECIATION

On behalf of the board, I would like to express our appreciation and gratitude to all staff for their support, hard work and dedication over the year.

Chan Kee Chee, Keith
Director

Hong Kong, 29 March 2005

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

For the quarter ended

	Q4 31 Dec 04 HK\$000	Q3 30 Sept 04 HK\$000	Q2 30 Jun 04 HK\$000	Q1 31 Mar 04 HK\$000
Turnover	384	437	498	601
Unrealized gain/(loss) on gold bullion – net	2,876	4,011	(5,312)	1,817
Staff costs	(266)	(275)	(332)	(702)
Marketing and promotion expenses	–	–	–	(1)
Profit/(loss) before taxation	<u>1,585</u>	<u>3,402</u>	<u>(6,848)</u>	<u>899</u>
Earnings/(loss) per share (in HK cent)	<u>0.057</u>	<u>0.122</u>	<u>(0.246)</u>	<u>0.032</u>

Note: The results for the three-month period ended 31 March, 30 June and 30 September are extracted from the first, second and third quarterly reports respectively in 2004.

FINANCIAL SUMMARY

Audited Consolidated Results for the year ended 31 December

	2004 HK\$000	2003 HK\$000	2002 HK\$000	2001 HK\$000	2000 HK\$000
Turnover	1,920	3,732	4,330	5,370	4,654
Unrealized gain on gold bullion – net	3,392	11,187	10,603	2,040	90
Operating expenditures*	(6,275)	(6,131)	(15,637)	(18,606)	(17,662)
(Loss)/profit before taxation	<u>(962)</u>	<u>9,467</u>	<u>(383)</u>	<u>(10,577)</u>	<u>(12,873)</u>
(Loss)/earnings per share (in HK cent)	<u>(0.035)</u>	<u>0.341</u>	<u>(0.015)</u>	<u>(0.445)</u>	<u>(0.712)</u>

* These include staff costs, software research and development costs, depreciation, marketing and promotion expenses, finance costs, administrative and other expenses.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL SUMMARY *(Continued)*

Assets and Liabilities (as at 31 December)

	2004 <i>HK\$000</i>	2003 <i>HK\$000</i>	2002 <i>HK\$000</i>	2001 <i>HK\$000</i>	2000 <i>HK\$000</i>
Non-current Assets	388	500	1,055	2,781	3,033
Current Assets	<u>67,267</u>	<u>65,006</u>	<u>55,072</u>	<u>47,257</u>	<u>54,364</u>
Total Assets	67,655	65,506	56,127	50,038	57,397
Current Liabilities	<u>(6,615)</u>	<u>(3,505)</u>	<u>(3,592)</u>	<u>(6,282)</u>	<u>(3,060)</u>
Shareholders' fund	<u>61,040</u>	<u>62,001</u>	<u>52,535</u>	<u>43,756</u>	<u>54,337</u>

Remark: The comparative figures for the years ended 31 December 2001, 2000 and 1999 have been restated to conform to the change in accounting policy as detailed in note 19 of Annual Report 2002.

FINANCIAL REVIEW

The Group recorded net loss of approximately HK\$962,000 for the year ended 31 December 2004 (2003: net profit of approximately HK\$9,467,000), representing a basic loss per share of 0.035 HK cent (2003: basic earnings per share of 0.341 HK cent), which was mainly due to fluctuations in the world gold price. The Group continued to exercise cost controls and effectively maintained the annual operating costs of the Company at a low level of approximately HK\$6 million.

Liquidity and financial resources

The liquidity of the Group remained healthy as the total amount of current assets as at 31 December 2004 was about 10.17 times of current liabilities (2003: 18.55 times); no long-term liabilities were borne by the Group as at 31 December 2004 (2003: Nil). The Group's gearing ratio, representing total long-term debts divided by total shareholders' equity, was zero as at 31 December 2004 (2003: Nil). In addition, 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 hedges were made by the Group.

Capital structure

There were no changes in the capital structure of the Company during the year (2003: Nil).

Material acquisitions and disposals during the year and future plans for material investments

There were no material acquisitions and disposals of investments by the Group during the years ended 31 December 2004 and 2003. The Group is now looking for the possibilities of forming alliances or any investment opportunities with some strategic partners. The Group intends to finance expansions by its internal resources or any other fund raising exercise, where appropriate.

MANAGEMENT DISCUSSION AND ANALYSIS

Employees

The total number of employees (including Directors) was 4 as at 31 December 2004 (2003: 4), and the total remuneration for the year ended 31 December 2004 was approximately HK\$1.57 million (2003: approximately HK\$2.27 million). Other benefits provided by the Group to the employees include share options.

Charges on Group assets

During the years ended 31 December 2004 and 2003, none of the Group's assets has been pledged.

Contingent liabilities

At the date of this report, the Group has no contingent liabilities except the Company has given an undertaking to provide continuing financial support to enable certain subsidiaries to meet their liabilities as and when they fall due for at least the next 12 months from the balance sheet date.

Segmental information

No analysis of the Group's turnover and its contribution to (loss)/profit before taxation by principal activities for the years ended 31 December 2004 and 2003 are presented as more than 90% of the Group's turnover and (loss)/profit before taxation related to provision and operation of an Internet-based electronic trading system to facilitate the trading of precious metals.

Dividend

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2004 (2003: Nil).

BUSINESS DEVELOPMENT

A. The TRASY's Trading Platform

The Company continues to market its trading platform and services to brokers and financial institutions as principals to the platform. By licensing TRASY's Trading Platform solution, these financial institutions may expand and diversify its range of financial products offered to their customers to the precious metals market. Furthermore, it will be a more cost-effective approach for these stockbrokers and financial institutions to license our technology to trade precious metals than to develop their own.

B. Market Development

As the overall gold market in Asia continues to deregulate, the Company continues to explore business opportunities in the region. The Company made marketing visits to brokers, banks and on-line payment companies to introduce TRASY's Trading Platform. The Company maintains the view that there exists huge demands, especially for investment by the retail sector in the gold market. Furthermore, in order to accommodate the emerging demand for per gram precious metals market in Asia, quotations per gram of gold, in addition to ounces, is broadcasted on our g9999.com website.

C. Information Licensing to Financial Content Providers and Web Alliances

One of the Group's missions is to provide an easy access to investors and the general public for precious metals market information, keeping investors well informed of the market and therefore improving market transparency. The price quotation on TRASY's Trading Platform represents the "best and dealable" price quotations, which are valuable information to the public. Therefore, the Group is able to license these price quotation information, as well as other contents from g9999.com such as market news and commentary, to some famous and popular online financial information providers. This not only enhances the public awareness of the precious metals market, but also acts as a marketing strategy to enhance the public exposure of TRASY's Trading Platform.

The Group had therefore continued its web alliances and information licensing activities with regional and international financial content providers, as well as several precious metals traders' website. These activities include banner and content exchange, and the broadcast of TRASY's trading platform's precious metals price quotations on their websites.

D. 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, graphics design and other value-added features and is one of the premier precious metals information websites in Asia and a major contributor globally with a commanding and sustained daily average hit rate of approximately 600,000 per day.

The g9999.com website continues to provide in both English and Chinese languages, daily market news and commentary and will expand into other languages in Asia. With such a network of customers from g9999.com, the Company has been reviewing business opportunities with additional products and services to develop through the website, and to seek for the viability of any additional revenue streams.

E. Negotiation for Strategic Partners

The Company is in discussion to form strategic partners in different geographical regions, including Asia and Europe. These business co-operations will allow TRASY's Trading Platform to localise in different regions in a more cost effective manner. Public seminars and promotional activities will be implemented via these co-operations when formed to promote and further build-up the brand name of TRASY's Trading Platform.

F. New Products and Services

The Company is continuing to examine ways to improve the functions and features of TRASY's Trading Platform. Additionally, the Company has entered into an agreement with a third party technology provider to upgrade the efficiency, capability and security of TRASY's Trading Platform.

Change in Controlling Shareholder

On 23 March 2005, the Company was informed that an independent third party has acquired 1,391,430,000 shares of the Company, representing approximately 50.07% of the entire issued share capital of the Company and become the Company's new controlling shareholder, further announcement will be made as soon as practicable.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

EXECUTIVE DIRECTOR

Mr. Chan Kee Chee, Keith (Age: 29)

Mr. Chan joined the Group in January 2000. He holds a Bachelor of Commerce degree from the University of Sydney, Australia, majoring in accounting and finance. He is responsible for the business development and promotion of TRASY and is involved in the planning and execution of any other technology related products and services for the Group. In 1998 he co-founded an Internet technology company carrying out research and development for e-business solutions, specializing in electronic trading. Mr. Chan is one of the founders of TRASY and has participated in the Group's business development since September 1998. Prior to returning to Hong Kong, he gained experience in strategic marketing and the promotion of investment funds in Europe, the Middle-East and Asia, and worked in London and Switzerland for a corporate finance and trade finance company.

NON-EXECUTIVE DIRECTOR

Ms. Chan Choi Ling (Age: 30)

Ms. Chan was appointed as an Independent Non-executive Director of the Company on 2 May 2002 and redesignated as Non-executive Director on 25 June 2004. She is a practicing solicitor in Hong Kong. Ms. Chan is an assistant solicitor of Louis K. Y. Pau & Company, Solicitors.

SENIOR MANAGEMENT

Mr. Chuang Tze Cheung, Christopher (Age: 37)
Chief Executive Officer and Qualified Accountant

Mr. Chuang was appointed as Chief Executive Officer of the Company on 7 January 2004. He is responsible for the general management and promotion of the business of the Company to the clients and the public. He holds a Bachelor of Science degree from the University of East Anglia, England, majoring in accountancy and market strategies. He is a qualified chartered accountant and a member of Hong Kong Institute of Certified Public Accountants. He has more than 12 years of solid experience in managing companies, IT consultancy, acquisition and disposal of IT companies and general audit and IPO assignments with international accountancy firms and other private groups in Hong Kong, PRC, Singapore and England. Mr. Chuang was also appointed as Qualified Accountant of the Company on 19 March 2004.

REPORT OF THE DIRECTORS

The Board of Directors (“Board”) of the Company is pleased to submit their report together with the audited financial statements of the Group for the year ended 31 December 2004.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the subsidiaries are set out in Note 13 to the financial statements.

No analysis of the Group’s turnover and its contributions to loss before taxation by principal activities for the year ended 31 December 2004 are presented as more than 90% of the Group’s turnover and loss before taxation relate to transaction fees earned in Hong Kong.

MAJOR CUSTOMERS

For the year ended 31 December 2004, the five largest customers of the Group accounted for 100% of the turnover of the Group and the largest customer, being Hing Fung Goldsmith And Refinery Limited (“HFGR”), contributed about 99.6% of the Group’s turnover. HFGR is a wholly-owned subsidiary of RNA, the then ultimate holding company of the Company.

Save as disclosed above, none of the Directors, their associates or any shareholders (which, to the knowledge of the Directors, owned more than 5% of the Company’s share capital) has a beneficial interest in the abovementioned major customers.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2004 are set out on page 20.

No interim dividend has been paid by the Company during the year and the Directors do not recommend the payment of a final dividend for the year ended 31 December 2004.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out on page 22.

FIXED ASSETS

Details of the movements in fixed assets of the Group are set out in Note 12 to the financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in share capital and share options of the Company are set out in Note 18 to the financial statements.

REPORT OF THE DIRECTORS

SHARE OPTION SCHEME

The Company adopted a new share option scheme (“New Scheme”) at the annual general meeting of the Company held on 30 April 2002. The purpose of the New Scheme is to enable the Board, at its discretion, grant options to any eligible participants (as defined in the circular of the Company dated 28 March 2002) as incentives or rewards for their contribution to the Group.

The principal terms of the New Scheme are summarized as follows:

- (i) The total number of shares may be issued upon exercise of all options to be granted under the New Scheme must not, in aggregate, exceed 10% of the issued share capital of the Company as at the date of adoption of the New Scheme, unless approval by its shareholders has been obtained, and which must not in aggregate exceed 30% of the shares in issue from time to time.
- (ii) The maximum entitlement of each participant under the New Scheme in any 12-month period up to the date of grant shall not exceed 1% of shares in issue as at the date of grant.
- (iii) An option may be accepted by a proposed grantee within 7 days from the date of the offer of grant of the option upon payment of HK\$1.00 to the Company by way of consideration for the grant.
- (iv) There is no minimum period for which an option must be held before it can be exercised. An option may be exercised in accordance with the terms of the New Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of ten years from that date.
- (v) The subscription price of a share in respect of any particular option granted under the New Scheme shall be determined by the Board and will not be less than the highest of (a) the closing prices of the shares as stated in the Stock Exchange’s daily quotations sheet on the date of grant; (b) the average of the closing prices of the shares as stated in the Stock Exchange’s daily quotations sheet for the five business days immediately preceding the date of grant; and (c) the nominal value of a share.
- (vi) Subject to earlier termination by the Company in general meeting, the New Scheme shall be valid and effective for a period of 10 years from the date of its adoption, i.e. 30 April 2002.

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

No share options were granted by the Company under the New Scheme since the adoption date of the New Scheme and during the year.

DISTRIBUTABLE RESERVES

Pursuant to Section 34 of the Companies Law (Revised) of the Cayman Islands and the Articles of Association of the Company, share premium of the Company is available for distribution to shareholders subject to a solvency test on the Company and the provisions of the Articles of Association of the Company. As at 31 December 2004, in the opinion of the Directors, the Company’s reserves available for distribution to shareholders, comprising share premium account less accumulated losses, amounted to HK\$24,168,025.

REPORT OF THE DIRECTORS

MANDATORY PROVIDENT FUND SCHEME

Details of the mandatory provident fund scheme are set out in Note 7 to the financial statements.

SUBSIDIARIES

Details of the Company's subsidiaries at 31 December 2004 are set out in Note 13 to the financial statements.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's shares during the year.

DIRECTORS

The Directors of the Company during the year and as at the date of this report were as follows:-

Executive Director

Mr. Chan Kee Chee, Keith

Non-executive Director

Ms. Chan Choi Ling (redesignated from Independent Non-executive Director on 25 June 2004)

Independent Non-executive Director

Ms. Cheung Lai Kai, Edwina (resigned on 25 June 2004)

The Non-executive Director is not appointed for a specified term, but is subject to the provision for retirement and rotation of directors under the Articles of Association of the Company.

As the Board consists of 2 Directors as at the date of this report, no Director will be subject to retirement by rotation at the forthcoming Annual General Meeting.

DIRECTORS' SERVICE CONTRACTS

None of the Director has entered into any service agreements with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

REPORT OF THE DIRECTORS

DIRECTORS' INTEREST IN SHARES AND OPTIONS

As at 31 December 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) Interest in underlying shares

Under the pre-IPO share option plan adopted by the Company on 6 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 7 June 2001. Details of the Plan are set out in the prospectus of the Company dated 30 November 2000.

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

Name of Director	Date of grant	No. of options outstanding as at 1 January 2004	No. of options outstanding as at 31 December 2004	Exercise price HK\$	Exercisable period
Mr. Chan Kee Chee, Keith	29 November 2000	44,152,000	44,152,000	0.21	7 June 2001 to 28 November 2010

REPORT OF THE DIRECTORS

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

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

All of these options have 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 year was the Company or any of its subsidiaries 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.

DIRECTORS' INTEREST IN CONTRACTS

No contract of significance in relation to the Company's business to which the Company, its subsidiaries or its holding company was a party and in which the Directors have material interest, whether directly or indirectly subsisted at the end of the year or at any time during the year.

COMPETING INTERESTS

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

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2004, the persons or corporations (not being Directors or chief executive of the Company) who have interests or short positions in the shares or 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 <i>(Note 1)</i>	50.07
RNA	Interest of a controlled corporation	1,391,435,322 <i>(Note 2)</i>	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.

REPORT OF THE DIRECTORS

Except for the above, as at 31 December 2004, the Directors are not aware of any other person or corporation (other than a Director or chief executive of the Company) having an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

CONNECTED TRANSACTIONS

For the year ended 31 December 2004, the Group has the following connected transactions:

Exempt Continuing Connected Transaction

1. Pursuant to the tenancy agreement entered into between The Gold On-Line Trading Limited ("GOL"), a wholly-owned subsidiary of the Company, as tenant and RNA Investments Limited ("RNA Investments"), a wholly-owned subsidiary of RNA, as landlord on 21 May 2003 which was subsequently amended by a supplemental agreement dated 22 May 2003 for the leasing of portion of 14/F of Cheung Fat Building, 7-9 Hill Road, Western District, Hong Kong, the Group made rental payment of HK\$432,000 to RNA Investments for the year ended 31 December 2004.
2. Pursuant to the agreement ("T/S Agreement") entered into between Giant Dragon Limited ("Giant Dragon"), a wholly-owned subsidiary of RNA, and GOL on 1 May 2003 for the provision of technical support to the "TRASYS" system, the real-time proprietary electronic precious metals trading system, the precious metal information website, to the Group, the Group made annual payment of HK\$40,000 to Giant Dragon for the year ended 31 December 2004. The T/S Agreement was terminated by a letter agreement on 28 February 2004.

Non-exempt Continuing Connected Transactions ("Transaction")

As HFGR is one of our principals, the total amount of transaction fees charged to HFGR for the year ended 31 December 2004 amounted to HK\$1,913,000, which is equivalent to the sum of transaction fees for trading 3,141,000 ounces of gold, 35,285,000 ounces of silver, 400 ounces of palladium and 200 ounces of platinum for the year ended 31 December 2004.

The Stock Exchange had granted a conditional waiver dated 6 December 2000 to the Company from strict compliance with the connected transactions requirements as set out in Rules 20.35 and 20.36 of the GEM Listing Rules in connection with, inter alia, the Transaction. The waiver was expired on 31 December 2002. Following the expiry of the waiver, the Transaction is subject to full disclosure and the approval of the independent shareholders' approval as required under Rules 20.35 to 20.36 of the GEM Listing Rules. In view of the cost and impracticality of seeking independent shareholders' approval or making public disclosure every time the Transaction arise, the Company would seek approval from independent shareholders' approval in respect of the Transaction. The Company has applied to the Stock Exchange for granting of another waiver from strict compliance with the connected transactions requirements as set out in Rules 20.35 and 20.36 of the GEM Listing Rules in connection with the Transaction since 2003 and yet to be issued by the Stock Exchange. During the year under review, the Company has breached Rules 20.35 and 20.36 of the GEM Listing Rules in respect of the announcement requirements and shareholders' approval requirements in respect of the Transaction.

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

REPORT OF THE DIRECTORS

AUDIT COMMITTEE

The Company established an audit committee (the "Committee") on 19 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 25 June 2004, the Company had insufficient members of the Committee. Thus, the audited consolidated results of the Group for the year ended 31 December 2004 has not been reviewed by the Committee.

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 effective as at 31 December 2004.

AUDITORS

The financial statements have been audited by Moore Stephens who shall retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment.

On behalf of the Board
Chan Kee Chee, Keith
Director

Hong Kong, 29 March 2005

REPORT OF THE AUDITORS

MOORE STEPHENS CERTIFIED PUBLIC ACCOUNTANTS

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AUDITORS' REPORT TO THE SHAREHOLDERS OF TRASY GOLD EX LIMITED

(Incorporated in the Cayman Islands with limited liability)

We have audited the financial statements on pages 20 to 38 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Company's directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

BASIS OF OPINION

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Institute of Certified Public Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 December 2004 and of the loss and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Moore Stephens
Certified Public Accountants

Hong Kong, 29 March 2005

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2004

	<i>Note</i>	2004 <i>HK\$</i>	2003 <i>HK\$</i>
TURNOVER	3	1,920,442	3,731,696
Unrealised gain on gold bullion – net	3	3,391,967	11,186,956
Other revenue	3	962	679,219
Staff costs		(1,574,682)	(2,272,538)
Depreciation		(201,439)	(515,378)
Marketing and promotion expenses		(640)	(124,160)
Other administrative and operating expenses		(4,498,236)	(3,219,220)
(LOSS)/PROFIT FROM OPERATING ACTIVITIES	5	(961,626)	9,466,575
Finance costs		–	–
(LOSS)/PROFIT BEFORE TAXATION		(961,626)	9,466,575
Taxation	8	–	–
(LOSS)/PROFIT ATTRIBUTABLE TO SHAREHOLDERS	9	(961,626)	9,466,575
		<i>HK cent</i>	<i>HK cent</i>
(LOSS)/EARNINGS PER SHARE	11		
Basic		(0.035)	0.341
Diluted		N/A	N/A

CONSOLIDATED BALANCE SHEET

31 December 2004

	<i>Note</i>	2004 HK\$	2003 HK\$
NON-CURRENT ASSETS			
Fixed assets	12	137,870	250,469
Other assets	14	<u>250,000</u>	<u>250,000</u>
		<u>387,870</u>	<u>500,469</u>
CURRENT ASSETS			
Accounts receivable, prepayments and deposits	16	1,145,790	1,020,008
Gold bullion	2(g)	66,117,917	63,971,710
Cash and bank balances		<u>2,918</u>	<u>13,973</u>
		<u>67,266,625</u>	<u>65,005,691</u>
CURRENT LIABILITIES			
Amount due to ultimate holding company	17	876,078	762,398
Other payables and accrued expenses		<u>5,738,677</u>	<u>2,742,396</u>
		<u>6,614,755</u>	<u>3,504,794</u>
NET CURRENT ASSETS		<u>60,651,870</u>	<u>61,500,897</u>
		<u>61,039,740</u>	<u>62,001,366</u>
CAPITAL AND RESERVES			
Share capital	18	27,790,000	27,790,000
Reserves	19	<u>33,249,740</u>	<u>34,211,366</u>
		<u>61,039,740</u>	<u>62,001,366</u>

Chan Kee Chee, Keith
Director

Chan Choi Ling
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2004

	Share capital <i>HK\$</i>	Share premium <i>HK\$</i>	Merger reserve <i>HK\$</i>	Accumulated losses <i>HK\$</i>	Total <i>HK\$</i>
31 December 2002	27,790,000	47,629,318	4,999,986	(27,884,513)	52,534,791
Profit for the year	–	–	–	9,466,575	9,466,575
31 December 2003	27,790,000	47,629,318	4,999,986	(18,417,938)	62,001,366
Loss for the year	–	–	–	(961,626)	(961,626)
31 December 2004	27,790,000	47,629,318	4,999,986	(19,379,564)	61,039,740

The merger reserve represents the difference between the net worth of the subsidiaries acquired over the value of the consideration shares in exchange pursuant to the Group reorganisation completed on 31 March 2000.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2004

	2004 <i>HK\$</i>	2003 <i>HK\$</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before taxation	(961,626)	9,466,575
Adjustments for:		
Bad and doubtful debts	–	6,552
Depreciation	201,439	515,378
Interest income	–	(4)
Loss on disposal of fixed assets	11,160	38,675
Unrealised gain on gold bullion – net	(3,391,967)	(11,186,956)
Realised (gain)/loss on disposal of gold bullion – net	(962)	2,194
Operating loss before working capital changes	(4,141,956)	(1,157,586)
Increase in accounts receivable, prepayments and deposits	(125,782)	(920,532)
Increase in amount due to ultimate holding company	113,680	2,289,009
Increase/(decrease) in other payables and accrued expenses	2,996,281	(849,329)
Cash used in operations	(1,157,777)	(638,438)
Interest received	–	4
Net cash used in operating activities	(1,157,777)	(638,434)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(100,000)	–
Proceeds from disposal of gold bullion	1,246,722	585,562
Net cash generated from investing activities	1,146,722	585,562
NET DECREASE IN CASH AND CASH EQUIVALENTS	(11,055)	(52,872)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	13,973	66,845
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	<u>2,918</u>	<u>13,973</u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<u>2,918</u>	<u>13,973</u>

COMPANY BALANCE SHEET

31 December 2004

	<i>Note</i>	2004 <i>HK\$</i>	2003 <i>HK\$</i>
NON-CURRENT ASSETS			
Interests in subsidiaries	13	52,829,546	62,740,974
CURRENT ASSETS			
Prepayments		4,388	22,620
Cash and bank balances		<u>169</u>	<u>169</u>
		4,557	22,789
CURRENT LIABILITIES			
Amount due to ultimate holding company	17	<u>876,078</u>	<u>762,398</u>
NET CURRENT LIABILITIES			
		<u>(871,521)</u>	<u>(739,609)</u>
		<u>51,958,025</u>	<u>62,001,365</u>
CAPITAL AND RESERVES			
Share capital	18	27,790,000	27,790,000
Reserves	19	<u>24,168,025</u>	<u>34,211,365</u>
		<u>51,958,025</u>	<u>62,001,365</u>

Chan Kee Chee, Keith
Director

Chan Choi Ling
Director

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 23 March 2000 as an exempted company with limited liability under the Companies Law (Revised) of the Cayman Islands. The shares of the Company have been listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited since 7 December 2000.

During the year, the Group was principally engaged in the provision and operation of an Internet-based electronic trading system to facilitate the trading of precious metals.

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

The financial statements have been prepared under the historical cost convention in accordance with accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The principal accounting policies and methods of computation used in the preparation of the financial statements for the year ended 31 December 2004, which are consistent with those adopted in the financial statements for the year ended 31 December 2003, are as follows:–

(a) Consolidation

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

All significant inter-company transactions and balances within the Group are eliminated on consolidation.

(b) Subsidiaries

A subsidiary is an enterprise controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities. Interests in subsidiaries are stated in the Company's balance sheet at cost less provisions for impairment, if any, as determined by the Directors. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(c) Fixed assets

Fixed assets are stated at cost, less provisions for depreciation and any impairment loss. Details are set out in note 12. The cost of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the fixed asset has been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the profit and loss account in the year in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the fixed asset, the expenditure is capitalised as an additional cost of the fixed asset. When an asset is sold, any gain or loss resulting from the disposal, being the difference between the net disposal proceeds and the carrying amount of the asset, is included in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND PRINCIPAL ACCOUNTING POLICIES (Continued)

(c) Fixed assets (Continued)

The carrying amounts of fixed assets are reviewed regularly to assess whether their recoverable amounts have declined below their carrying amounts. Expected future cash flows have not been discounted in determining the recoverable amount.

The gain or loss on disposal of a fixed asset is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the profit and loss account.

Depreciation is provided on the straight-line method, based on the estimated economic useful life of the individual assets.

The principal annual rates used for this purpose are as follows:-

Leasehold improvements	over individual lease terms
Furniture, fixtures and equipment	15%
Computer equipment	30%

(d) Other assets

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

(e) Impairment of assets

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

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

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

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

(f) Accounts receivable

Provision is made against accounts receivable to the extent that they are considered to be doubtful. Accounts receivable in the balance sheet are stated net of such provision.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND PRINCIPAL ACCOUNTING POLICIES (Continued)

(g) Gold bullion

Gold bullion is stated at the gold price prevailing at the close of business at the balance sheet date. Differences arising from changes in gold prices are dealt with in the profit and loss account.

(h) Revenue

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (i) transaction fees derived from the provision of an Internet-based electronic trading system are recognised when a transaction is duly executed on the trade date;
- (ii) commission from transaction handling services is recognised when the services are rendered; and
- (iii) interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

(i) Retirement benefit costs

The Group contributes to a mandatory provident fund scheme which is available to all employees. Contributions to the scheme represent amounts payable at rates specified in the terms of the scheme. The Group's contributions to this scheme are expensed as incurred and may be reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions.

(j) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Rentals applicable to such operating leases are charged to the profit and loss account on a straight line basis over the relevant lease term.

(k) Taxation

Taxation represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND PRINCIPAL ACCOUNTING POLICIES (Continued)

(k) Taxation (Continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

(l) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the applicable rates of exchange ruling at that date. All foreign currency transactions during the year are converted at the exchange rates existing on the respective transaction dates. All exchange differences are credited or charged, respectively, to the consolidated profit and loss account.

The exchange differences arising from the translation of the balance sheets of foreign subsidiaries using the closing rates of exchange prevailing on the balance sheet date are taken directly to reserve. Profit and loss accounts of foreign subsidiaries accounted for under the net investment method is translated into Hong Kong dollars using average rate for the year. The differences between the profit and loss account translated at average rate and at closing rate are taken directly to the reserve.

(m) Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

(n) Cash equivalents

For the purpose of the consolidated cash flow statement, cash equivalents represent cash at bank and in hand, demand deposits with banks and other financial institutions, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value having been within three months of maturity when acquired.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

3. REVENUE AND TURNOVER

The Group's turnover is derived from transactions fees earned from the provision and operation of an Internet-based electronic trading system that facilitates the trading of precious metals. An analysis of turnover and revenue is as follows:

	Group	
	2004	2003
	<i>HK\$</i>	<i>HK\$</i>
Turnover		
Transaction fees	1,920,442	3,731,696
Unrealised gain on gold bullion – net	3,391,967	11,186,956
Other revenue		
Interest income	–	4
Miscellaneous income	962	679,215
	<u>962</u>	<u>679,219</u>
Total revenue recognised during the year	<u>5,313,371</u>	<u>15,597,871</u>

4. SEGMENTAL INFORMATION

No analysis of the Group's turnover and its contribution to (loss)/profit before taxation by principal activities for the years ended 31 December 2004 and 2003 are presented as more than 90% of the Group's turnover and (loss)/profit before taxation relate to the provision and operation of an Internet-based electronic trading system to facilitate the trading of precious metals in Hong Kong.

5. (LOSS)/PROFIT FROM OPERATING ACTIVITIES

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

	Group	
	2004	2003
	<i>HK\$</i>	<i>HK\$</i>
Auditors' remuneration		
– current year provision	480,000	518,268
– over provision in respect of prior year	–	(179,110)
Bad and doubtful debts	–	6,552
Operating leases relating to land and buildings	432,000	552,000
Loss on disposal of fixed assets	11,160	38,675
	<u>11,160</u>	<u>38,675</u>

NOTES TO THE FINANCIAL STATEMENTS

(continued)

6. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

	Group	
	2004 HK\$	2003 HK\$
Fees	360,000	240,000
Basic salaries and allowances	–	788,461
Contributions to mandatory provident fund	–	7,000
Others	13,600	–
	373,600	1,035,461

All of the above were paid to the one (2003: two) executive director during the year. The independent non-executive directors and the non-executive director did not receive any fees or other emoluments during the years ended 31 December 2004 and 2003.

On 6 December 2000, 106,367,145 ordinary shares of HK\$0.01 each in the Company were issued to certain then executive directors at par for cash of approximately HK\$1,064,000 under a bonus share scheme. In addition, 178,448,000 options were granted to the then executive directors under a pre-IPO share option plan (the "Plan") which was adopted on 6 November 2000. Each of the options entitles the holder to subscribe for one share in the Company at HK\$0.21 each. A total of 44,152,000 share options granted to an executive director was outstanding as at 31 December 2004. These options are exercisable in stages in accordance with the terms of the Plan commencing on 7 June 2001. Details of the Plan are set out on pages 197 to 202 of the Company's prospectus dated 30 November 2000 (the "Prospectus").

Emoluments of the directors fell within the following bands:

	Group	
	Number of directors	
	2004	2003
HK\$ Nil	2	2
HK\$1 – HK\$1,000,000	1	2
	3	4

During the year ended 31 December 2004, an executive director (Director A) received and/or was to receive emoluments of approximately HK\$374,000 (2003: HK\$923,000) and the other executive director (Director B) received and/or was to receive emoluments of approximately HK\$Nil (2003: HK\$113,000).

There were no arrangements under which the directors waived or agreed to waive any emoluments during the year ended 31 December 2004.

In 2003, Director B waived his 2003 emoluments of HK\$1,016,000 and retrospectively waived his 2002 emoluments by HK\$132,000. Director B was resigned as an executive director of the Company on 21 November 2003.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

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

(b) Senior management's emoluments

The five highest paid individuals include an executive director whose emoluments are detailed above. The emoluments of the remaining highest paid individuals are analysed below:

	Group	
	2004	2003
	<i>HK\$</i>	<i>HK\$</i>
Basic salaries and allowances	1,168,510	697,635
Contributions to mandatory provident fund	30,405	20,750
	1,198,915	718,385

No share options were granted to the five highest paid individuals during the current year.

Emoluments of the non-director highest paid employees fell within the following bands:

	Group	
	Number of individuals	
	2004	2003
HK\$Nil – HK\$1,000,000	4	3

7. RETIREMENT BENEFIT COSTS

The retirement benefit costs charged to the profit and loss account represent contributions by the Group of HK\$30,405 (2003: HK\$10,619) to an approved defined contribution retirement benefits scheme for employees: a Mandatory Provident Fund Scheme under the Mandatory Provident Fund Schemes Ordinance. The amount is net of forfeited contributions of HK\$Nil (2003: HK\$679,165) relating to unvested benefits for employees who resigned from the Group during the year. The employer and employees contribute 5% of the employees' monthly gross earnings with a ceiling of HK\$1,000 per month.

Contributions totalling HK\$8,621 (2003: HK\$3,617) were payable to the scheme at the year end and are included in other payables.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

8. TAXATION

No provision for Hong Kong profits tax has been made as the Company and its subsidiaries incurred tax losses for the year.

A reconciliation of taxation to (loss)/profit before taxation in the consolidated profit and loss account is as follows:–

	Group	
	2004	2003
	<i>HK\$</i>	<i>HK\$</i>
(Loss)/profit before taxation	(961,626)	9,466,575
Tax at statutory rate of 17.5% (2003: 17.5%)	(168,000)	1,657,000
Tax effect of expenses that are not deductible in determining taxable profits	138,000	102,000
Tax effect of unused tax losses not recognised	30,000	–
Tax effect of utilisation of tax losses not previously recognised	–	(1,759,000)
Taxation	–	–

9. (LOSS)/PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The net loss attributable to shareholders dealt with in the financial statements of the Company amounted to HK\$10,043,340 (2003: HK\$12,672,066).

10. DIVIDEND

No dividend has been declared or paid by the Company in respect of the current year (2003: Nil).

11. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share is based on the net loss attributable to shareholders of HK\$961,626 (2003: net profit attributable to shareholders of HK\$9,466,575) and the weighted average of 2,779,000,000 (2003: 2,779,000,000) ordinary shares in issue during the year.

No diluted (loss)/earnings per share is shown for the years ended 31 December 2004 and 2003 because 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 year. No potential ordinary share under the Pre-IPO Plan is deemed to be issued for nil consideration; hence, no diluted earnings per share for the two years ended 31 December 2004 and 2003 are provided.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

12. FIXED ASSETS

Group	Leasehold improvements <i>HK\$</i>	Furniture, fixtures and equipment <i>HK\$</i>	Computer equipment <i>HK\$</i>	Total <i>HK\$</i>
Cost				
1 January 2004	472,423	159,958	1,419,728	2,052,109
Additions	100,000	–	–	100,000
Disposals	–	(29,800)	–	(29,800)
	<u>572,423</u>	<u>130,158</u>	<u>1,419,728</u>	<u>2,122,309</u>
Accumulated depreciation				
1 January 2004	472,423	92,162	1,237,055	1,801,640
Charge for the year	6,250	20,184	175,005	201,439
On disposals	–	(18,640)	–	(18,640)
	<u>478,673</u>	<u>93,706</u>	<u>1,412,060</u>	<u>1,984,439</u>
Net book value				
31 December 2004	<u><u>93,750</u></u>	<u><u>36,452</u></u>	<u><u>7,668</u></u>	<u><u>137,870</u></u>
31 December 2003	<u><u>–</u></u>	<u><u>67,796</u></u>	<u><u>182,673</u></u>	<u><u>250,469</u></u>

13. INTERESTS IN SUBSIDIARIES

	Company	
	2004 <i>HK\$</i>	2003 <i>HK\$</i>
Unlisted shares, at cost	8	8
Amounts due from subsidiaries	75,182,609	75,228,218
Less: provision for doubtful debts	(22,353,071)	(12,487,252)
	<u><u>52,829,546</u></u>	<u><u>62,740,974</u></u>

The amounts due from subsidiaries are unsecured, interest-free and they are not repayable within the next 12 months.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

13. INTERESTS IN SUBSIDIARIES *(Continued)*

The following is a list of the subsidiaries of the Company as at 31 December 2004:

Company	Place of incorporation	Issued and fully paid up capital	Principal activities
*Durable Gold Investments Limited	British Virgin Islands	Ordinary US\$1	Investment holding
The Gold On-Line Trading Limited	Hong Kong	Ordinary HK\$2	Operation of an Internet-based electronic trading system
G9999.Com Limited	Hong Kong	Ordinary HK\$2	Internet content provider
Wing Shing Loong Goldsmith & Refinery Co. Limited	Hong Kong	Ordinary HK\$9,000,000	Gold bullion licence holding
Trasy Technology Limited	British Virgin Islands	Ordinary US\$1	Dormant
Trasy Holdings Limited	Hong Kong	Ordinary HK\$2	Dormant
United Goldnet Limited	Hong Kong	Ordinary HK\$2	Dormant

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

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

All subsidiaries operate in Hong Kong.

14. OTHER ASSETS

	Group	
	2004 HK\$	2003 HK\$
Membership licences, at cost	1,180,000	1,180,000
Less: Impairment loss	(930,000)	(930,000)
	250,000	250,000

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

NOTES TO THE FINANCIAL STATEMENTS

(continued)

15. DEFERRED TAX ASSETS AND LIABILITIES

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

Group

	Fixed assets <i>HK\$</i>	Gold bullion <i>HK\$</i>	Tax losses <i>HK\$</i>	Total <i>HK\$</i>
1 January 2003	(32,000)	2,036,000	(2,004,000)	–
Effect of change in tax rate	–	191,000	(191,000)	–
Charge/(credit) to profit and loss account	20,000	1,955,000	(1,975,000)	–
31 December 2003	(12,000)	4,182,000	(4,170,000)	–
Charge/(credit) to profit and loss account	(34,000)	267,000	(233,000)	–
31 December 2004	(46,000)	4,449,000	(4,403,000)	–

As at 31 December 2004, deferred tax asset of HK\$1,481,000 (2003: HK\$1,451,000) in respect of unabsorbed tax losses has not been recognised in the financial statements due to the unpredictability of future profit streams.

Company

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

16. ACCOUNTS RECEIVABLE, PREPAYMENTS AND DEPOSITS

Accounts receivable, prepayments and deposits comprise:

	Group	
	2004 <i>HK\$</i>	2003 <i>HK\$</i>
Accounts receivable	4,177	2,028
Prepayments and deposits	1,141,613	1,017,980
	1,145,790	1,020,008

An aging analysis of accounts receivable is set out below:

	Group	
	2004 <i>HK\$</i>	2003 <i>HK\$</i>
0-30 days	3,085	624
31-60 days	1,092	741
61-90 days	–	663
	4,177	2,028

NOTES TO THE FINANCIAL STATEMENTS

(continued)

16. ACCOUNTS RECEIVABLE, PREPAYMENTS AND DEPOSITS (Continued)

The Group generally grants a credit period of 30 days to 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, on a monthly basis, on the aging of accounts receivable. Appropriate action is taken against those debtors whose account is more than 30 days overdue.

17. AMOUNT DUE TO ULTIMATE HOLDING COMPANY

The amount due to ultimate holding company is unsecured, interest-free and there are no fixed terms for repayment.

18. SHARE CAPITAL

	Group	
	2004	2003
	HK\$	HK\$
<i>Authorised:</i>		
180,000,000,000 ordinary shares of HK\$0.01 each	1,800,000,000	1,800,000,000
<i>Issued and fully paid:</i>		
2,779,000,000 ordinary shares	27,790,000	27,790,000

- (i) The Company adopted a new share option scheme ("New Scheme") at the annual general meeting of the Company held on 30 April 2002. Under the New Scheme, the board may, at its discretion, grant options to any eligible participants which enable them to subscribe for shares in aggregate not exceeding 30% of the shares in issue of the Company from time to time (including shares which have been allotted and issued pursuant to any other share option scheme). No share options were granted by the Company under the New Scheme during the year. Details of the New Scheme are set out in the circular of the Company dated 28 March 2002.
- (ii) Under the pre-IPO share option plan (the "Plan") of the Company adopted on 6 November 2000, the board of directors could, at its discretion, grant options to any full-time employees or executives of the Company and RNA and their respective subsidiaries on or before 29 November 2000 which would entitle them to subscribe for shares representing up to a maximum of 10% of the shares of the Company in issue on the date of listing on GEM on 7 December 2000 (the "Listing Date"). On 29 November 2000, 234,872,000 share options were granted under the Plan and 60,788,000 share options are still valid at 31 December 2004. These options are exercisable in stages in accordance with the terms of the Plan commencing on 7 June 2001. Details of the share options granted under the Plan are as follows:

Grantees	Exercise price HK\$	Balance at 1.1.2004	Exercised during the year	Lapsed during the year	Balance at 31.12.2004
A director of the Company	0.21	44,152,000	–	–	44,152,000
Employees of the RNA Group	0.21	19,074,000	–	(2,438,000)	16,636,000
Total		63,226,000	–	(2,438,000)	60,788,000

NOTES TO THE FINANCIAL STATEMENTS

(continued)

18. SHARE CAPITAL (Continued)

All of the above options have a duration of ten years from the date of grant, but 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.

19. RESERVES

Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 22 of the financial statements.

Company	Share premium HK\$	Accumulated losses HK\$	Total HK\$
31 December 2002	47,629,318	(745,887)	46,883,431
Loss for the year	–	(12,672,066)	(12,672,066)
31 December 2003	47,629,318	(13,417,953)	34,211,365
Loss for the year	–	(10,043,340)	(10,043,340)
31 December 2004	47,629,318	(23,461,293)	24,168,025

Pursuant to Section 34 of the Companies Law (Revised) of the Cayman Islands and the Articles of Association of the Company, share premium is available for distribution to shareholders subject to a solvency test on the Company and the provisions of the Articles of Association of the Company. As at 31 December 2004, in the opinion of the directors, the Company's reserves available for distribution to shareholders, comprising share premium account and accumulated losses, amounted to HK\$24,168,025 (2003: HK\$34,211,365).

20. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2004, the Group had minimum outstanding commitments under non-cancellable operating leases in respect of office facilities which fall due as follows:

	Group	
	2004 HK\$	2003 HK\$
Within one year	432,000	432,000
In the second to fifth years, exclusive	108,000	540,000
	540,000	972,000

NOTES TO THE FINANCIAL STATEMENTS

(continued)

21. RELATED PARTY TRANSACTIONS

Transactions with related parties during the year not disclosed elsewhere in the financial statements are as follows:

- (a) Transaction fees of HK\$1,913,184 (2003: HK\$3,709,875) were earned from Hing Fung Goldsmith And Refinery Limited (“HFG&R”);
- (b) Sales proceeds in the amount of HK\$Nil (2003: HK\$585,562) for disposal of gold bullion were received from HFG&R;
- (c) Pursuant to tenancy agreements entered into between the Group and RNA Investments Limited (“RNA Investments”), a fellow subsidiary, in year 2003, the Group made rental payments of HK\$432,000 (2003: HK\$552,000) to RNA Investments;
- (d) Sponsor fees of HK\$Nil (2003: HK\$100,000) were paid to RNA Holdings Limited, the ultimate holding company for sponsorship of trade exhibitions;
- (e) Provision of technical support of HK\$40,000 (2003: HK\$160,000) were paid to Giant Dragon Limited, a fellow subsidiary, for maintaining the website to trading system; and
- (f) Travelling expenses of HK\$130,528 (2003: HK\$Nil) were reimbursed to two directors of the ultimate holding company.

All of the above transactions were entered into between the parties under normal commercial terms.

22. CONTINGENT LIABILITIES

The Company has given an undertaking to provide continuing financial support to enable certain subsidiaries to meet their liabilities and obligations as and when they fall due for at least the next 12 months from the balance sheet date.

23. IMPACT OF RECENTLY ISSUED HONG KONG FINANCIAL REPORTING STANDARDS

The Hong Kong Institute of Certified Public Accountants has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards (“new HKFRSs”), which are effective for accounting periods beginning on or after 1 January 2005. The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31 December 2004. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a significant impact on its results of operations and financial position.

24. ULTIMATE HOLDING COMPANY AND CHANGE OF CONTROLLING SHAREHOLDER

The Company’s ultimate holding company was RNA Holdings Limited, which is incorporated in Bermuda and the shares of which are listed on the Main Board of the Stock Exchange of Hong Kong Limited.

On 23 March 2005, the Company was informed that an independent third party has acquired 1,391,430,000 shares of the Company, representing approximately 50.07% of the entire issued share capital of the Company and become the new controlling shareholder of the Company.

25. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 29 March 2005.