



Trasy Gold Ex Limited

(Incorporated in the Cayman Islands with Limited Liability)

First Quarterly Report 2005

FIRST QUARTERLY REPORT 2005

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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 First Quarterly Report for 2005 in respect of the Company and its subsidiaries (the “Group”).

On 23 March 2005, ITC Corporation Limited (“ITC”) (a company whose shares are listed on the main board of The Stock Exchange of Hong Kong Limited), through its wholly-owned subsidiary, acquired a majority interest of approximately 50.07% in the Company. Accordingly, RNA Holdings Limited (“RNA”) ceased to be a controlling shareholder of the Company on the same date. Pursuant to the requirements under the Hong Kong Code on Takeovers and Mergers, ITC announced on 6 April 2005 that its wholly-owned subsidiary (the “Offeror”) would make cash offers to acquire all the shares of the Company and for cancellation of all outstanding options of the Company (other than those owned by the Offeror and its concert parties). As stated in the offer document to the shareholders of the Company dated 27 April 2005, the Offeror has stated its intention for the Company to carry on its existing business in the provision and operation of an electronic trading system (“TRASY System”) to facilitate trading of precious metals. The Offeror is conducting a detailed review on the business operation and financial position of the Group in order to formulate business and/or financing plans and strategies for the Group’s future business development with a view to strengthen the Group’s overall business performance; and should suitable opportunities arise and subject to the results of the financial and operational review, ITC may consider diversifying the business of the Group with a view to broadening its income stream and capturing further business opportunities.

During the first quarter of 2005, the Company continued to take all necessary steps to facilitate the resumption of trading of the shares of the Company. Regarding the principal business of the Company’s electronic trading system, the Group continued to focus on widening its client base on its electronic trading platform and sought to create business value on the highly visited website g9999.com. The management will continue to solicit strategic participants such as banks, brokers and financial institutions on its electronic trading platform to enhance its presence in the precious metals industry. Furthermore, in line with the Group’s strategy to broaden its income base, the Company is considering to commence a related business of trading in precious metals as a principal to customers on a trial basis.

On 5 May 2005, the board of Directors (the “Board”) of the Company made a clarification announcement (“Announcement”) in response to the articles published in various newspapers on 5 May 2005 (“Articles”) relating to the investigation by the Commercial Crimes Bureau (“CCB”) in connection with a HK\$1.5 billion alleged false-accounting and fraud involving RNA. The Articles also mentioned that the CCB had raided the office of the Company and taken away documents from the office. The Board clarified in the Announcement and stated that there was no investigation being conducted against the Company and no documents of the Company were taken away, save for the trading log in respect of transactions conducted through the TRASY System for the period from November 2001 to April 2003 including those with RNA and its subsidiaries. No staff member or member of management of the Company was arrested or under investigation by the CCB. The Board also stated that although the said trading log was taken away by the CCB, there would be no adverse impact on the operations of the Company.

FINANCIAL REVIEW

The Group recorded a net loss of approximately HK\$1,639,000 for the three months ended 31 March 2005 (for the three months ended 31 March 2004: net profit of approximately HK\$899,000), representing a basic loss per share of 0.059 HK cent (2004: basic earnings per share of 0.032 HK cent).

For the three months ended 31 March 2005, the Group's consolidated turnover amounted to approximately HK\$306,000 (representing transaction fees from trading through the TRASY System of approximately 509,000 ounces of gold and 5,570,000 ounces of silver).

The Company has undertaken a gold trading contract in March 2005, and this results in an unrealised gain of approximately HK\$619,000 for the three months ended 31 March 2005.

OPERATIONS REVIEW

The TRASY System

The Company has begun discussions with a number of respected institutional merchants aiming to have them to transact their precious metals trading through the TRASY System so as to diversifying the Company's customer base. The TRASY System is believed to be one of the most cost effective and efficient tool for these banks, brokers and financial institutions who license the Company's technology to trade precious metals, rather than developing their own. Further, the Company will continue to further develop its business in Taiwan and Malaysia and to consider expanding into other Asian countries.

The Company will continue to review the TRASY System together with a reputable technology company with an aim to upgrade its functions and features.

Precious Metals Information Website – g9999.com

G9999.com continues to be one of the premier precious metals information websites in Asia and a major contributor globally with a commanding average daily hit rate of 696,000 during the first quarter of 2005.

There are plans being formulated to closely look into the possibilities of converting the high hit rate into revenue streams for the Company. The Group is also in continual search for financial portals or gold related websites to develop business alliances. Any new alliances will definitely increase awareness of the Group's products and services, which may help create new revenue streams for the Group.

Diversifying to a Related Business

In line with the Group's strategy to broaden its income base, the Group is considering to diversify into the business of trading in precious metals as a principal with customers primarily comprising retail and local institutional customers. Such business will be subject to a proper credit and risk management policy which will be reviewed from time to time. The Group is considering to have a "trial run" of such business, and will review the progress from time to time to determine if it will be commercially viable to commit further resources to expand such business.

UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the three months ended 31 March 2005

The Board is pleased to announce the unaudited consolidated results of the Group for the three months ended 31 March 2005 together with the comparative unaudited figures for the corresponding period in 2004 as follows:

	Notes	Three months ended 31 March	
		2005 HK\$'000	2004 HK\$'000
Turnover	2	306	601
Unrealised gain on gold bullion – net	2	-	1,817
Unrealised gain on gold trading contract - net	2	619	-
Other revenue	2	4	-
		<u>929</u>	<u>2,418</u>
Unrealised loss on gold bullion – net		<u>(1,434)</u>	<u>-</u>
Staff costs		(274)	(702)
Depreciation		(26)	(112)
Marketing and promotion expenses		-	(1)
Other administrative and operating expenses		<u>(834)</u>	<u>(704)</u>
		<u>(1,134)</u>	<u>(1,519)</u>
(Loss) / Profit before taxation		(1,639)	899
Taxation	3	<u>-</u>	<u>-</u>
(Loss) / Profit attributable to shareholders		<u>(1,639)</u>	<u>899</u>
		<i>HK cents</i>	<i>HK cents</i>
Basic (loss) / earnings per share	4	<u>(0.059)</u>	<u>0.032</u>
Diluted earnings per share		<u>N/A</u>	<u>N/A</u>

Notes:

1. Basis of preparation

The Group's unaudited consolidated results have been prepared in accordance with accounting principles generally accepted in Hong Kong, accounting standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance and the GEM Listing Rules. They are prepared under the historical cost convention as amended by the revaluation of gold bullion and financial instruments accounted for under HKAS 39.

The HKICPA has issued a number of new Hong Kong Accounting Standards (“HKASs”) and Hong Kong Finance Reporting Standards (new “HKFRSs”) which are effective for accounting periods beginning on or after 1 January 2005. The adoption of the new HKFRSs had no material impact on the Group’s results of operations and financial position.

The accounting policies adopted in preparing the unaudited consolidated results for the three months ended 31 March 2005 are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2004, except the Group has undertaken a gold trading contract for the first time in March 2005 and this contract has been accounted for under HKAS 32 “Financial Instruments: Disclosure and Presentation” and HKAS 39 “Financial Instruments: Recognition and Measurement”.

In accordance with the provisions of HKAS 39, changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the profit and loss account as they arise. An unrealised gain of approximately HK\$619,000 was recognised in respect of the Group’s derivative gold trading contract. The adoption of HKAS 32 and HKAS 39 has had no material effect on the results for prior periods.

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 ended 31 March 2005 together with the comparative unaudited figures for the corresponding period in 2004 is as follows:

	Three months ended 31 March	
	2005	2004
	<i>HK\$’000</i>	<i>HK\$’000</i>
Turnover		
Transaction fees	306	601
Unrealised gain on gold bullion – net	-	1,817
Unrealised gain on gold trading contract – net	619	-
Other revenue		
Miscellaneous income	4	-
Total revenue	<u>929</u>	<u>2,418</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 three months ended 31 March 2005.

4. (Loss) / Earnings per share

(a) Basic (loss) / earnings per share

The calculation of basic loss per share for the three months ended 31 March 2005 is based on the unaudited consolidated loss attributable to shareholders of approximately HK\$1,639,000 (2004: profit attributable to shareholders of approximately HK\$899,000) and the weighted average number of 2,779,000,000 (2004: 2,779,000,000) ordinary shares in issue during the three months ended 31 March 2005.

(b) Diluted earnings per share

Diluted loss per share for the three months ended 31 March 2005 and 2004 has not been 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 1 January to 31 March respectively in 2005 and 2004, no potential ordinary share under the Pre-IPO Plan is deemed to be issued; hence, no diluted earnings per share for the three months ended 31 March 2005 and 2004 is provided.

5. Interim dividend

The Board resolved not to declare the payment of an interim dividend for the period (2004: Nil).

6. Reserves

There were no movements in the reserves other than those reflected in the results for the three months ended 31 March 2005 and 2004.

DIRECTORS' INTEREST IN SHARES AND UNDERLYING SHARES

At 31 March 2005, the interests 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	Approximate 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 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 Director are as follows:-

Name of Director	Date of grant	No. of options outstanding as at 1 January 2005	No. of options outstanding as at 31 March 2005	Exercise price HK\$	Exercise period
Mr. Chan Kee Chee, Keith	29 November 2000	44,152,000	44,152,000	0.21	7 June 2001 to 28 November 2010

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 a duration of ten years from the date of grant, but lapse one month after the grantee ceases to be employed by the Company or its 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.

Save as disclosed above, none of the Directors had, as at 31 March 2005, any interests or short positions in any shares, underlying shares or debentures of, the Company, or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be 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.

SUBSTANTIAL SHAREHOLDERS

At 31 March 2005, 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:

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

Name	Capacity	Long position / Short position	Number of shares	Approximate percentage of shareholding
Golden Hall Holdings Limited	Beneficial owner	Long position	1,391,430,000	50.07
Fullhonour Limited	Interest of a controlled corporation	Long position	1,391,430,000	50.07
ITC Investment Holdings Limited	Interest of a controlled corporation	Long position	1,391,430,000	50.07
ITC Corporation Limited	Interest of a controlled corporation	Long position	1,391,430,000	50.07
Galaxyway Investments Limited	Interest of a controlled corporation	Long position	1,391,430,000	50.07

Name	Capacity	Long position / Short position	Number of shares	Approximate percentage of shareholding
Chinaview International Limited	Interest of a controlled corporation	Long position	1,391,430,000	50.07
Chan Kwok Keung, Charles	Interest of a controlled corporation	Long position	1,391,430,000	50.07
Ng Yuen Lan Macy	Interest of spouse	Long position	1,391,430,000	50.07

Note: Golden Hall Holdings Limited is a wholly-owned subsidiary of Fullhonour Limited which in turn is wholly-owned by ITC Investment Holdings Limited (“ITCIH”). ITCIH is a wholly-owned subsidiary of ITC of which Galaxyway Investments Limited (“Galaxyway”), a wholly-owned subsidiary of Chinaview International Limited (“Chinaview”), holds approximately 33.55% of the issued ordinary share capital of ITC. Chinaview is wholly-owned by Dr. Chan Kwok Keung, Charles. Ms. Ng Yuen Lan, Macy (“Ms. Ng”) is the spouse of Dr. Chan Kwok Keung, Charles. Fullhonour Limited, ITCIH, Galaxyway, Chinaview, Dr. Chan Kwok Keung, Charles and Ms. Ng are deemed to be interested in 1,391,430,000 shares of the Company held by Golden Hall Holdings Limited.

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

Name	Capacity	Long position / Short position	Number of shares	Approximate percentage of shareholding
Most Choice Limited	Beneficial owner	Long position	183,200,000	6.59

Saved as disclosed above, no other parties were recorded in the register of the Company required to be kept under section 336 of the SFO who has interests and short positions in the shares and underlying shares of the Company as at 31 March 2005.

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.

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 First Quarterly Report 2005 have not been reviewed by the Committee but the external auditors, Moore Stephens.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the three months ended 31 March 2005. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's shares during the period.

On behalf of the Board
Chan Kee Chee, Keith
Director

Hong Kong, 12 May 2005