



Trasy Gold Ex Limited

(Incorporated in the Cayman Islands with Limited Liability)

(Stock code: 8063)

Half-year Report 2005

HALF-YEAR REPORT 2005

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

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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 Half-year Report for 2005 in respect of Trasy Gold Ex Limited (the “Company”) and its subsidiaries (collectively the “Group”).

The general offer by ITC Corporation Limited (“ITC”) was closed on 25 May 2005. The board of Directors (the “Board”) is most encouraged by the low level of acceptances from the general offer which is a clear indication of the confidence the independent shareholders have in the business of the Company. Immediately upon the close of the general offer, ITC continues to be the major shareholder of the Company, holding approximately 56.45% shares in issue.

The Board is committed to continue, strengthen and grow the business of the provision and operation of an electronic trading system for precious metals (the “Trasy System”). In addition, the Company is continuing to seek resumption of trading in the shares of the Company on the Stock Exchange.

FINANCIAL REVIEW

For the six months ended 30 June 2005, the Group’s consolidated turnover amounted to approximately HK\$1,103,000 (six months ended 30 June 2004: HK\$1,099,000). During the second quarter of 2005, the Group’s major customer of the Trasy System ceased business with the Group. Therefore, the turnover from transaction fees through the Trasy System for the six months ended 30 June 2005 has declined by approximately HK\$698,000 compared with the same period of last year. The Board has taken initiatives to expand the user base of Trasy System during the second quarter of 2005, and discussions have been very positive. The decrease in turnover from the transaction fees was offset by revenue from precious metals contract trading and treasury investment of approximately HK\$323,000 and HK\$379,000 respectively.

The Group recorded a net loss of approximately HK\$3,437,000 for the six months ended 30 June 2005 (six months ended 30 June 2004: a net loss of approximately HK\$5,949,000), representing a basic loss per share of 0.1237 HK cent (six months ended 30 June 2004: a basic loss per share of 0.2141 HK cent).

OPERATIONS REVIEW

The Trasy System

With the objective of diversifying and expanding the user base of the Trasy System, the Company has been negotiating with several financial institutions to become new licensed users of the Trasy System during the second quarter of 2005. Up to the date of this report, there have been 6 newly licensed Trasy System users and several other institutional users are in the final stages of documentation or negotiation. On 8 August 2005, the Company relocated its head office to Central. Further to this relocation, newly licensed Trasy System users commenced business with the Group. This represents an important new chapter in the Group's development since the change in controlling shareholder of the Company.

Vertically Integrated Business Expansion

As a vertically integrated business, the Group has commenced the business of trading in precious metals. This business expansion will not only provide additional income potential for the Group, but more importantly it complements the Group's existing Trasy System business. The Company has currently become a user of the Trasy System and therefore provides transaction volume which in turn attracts additional new users. A conservative internal control and risk management policy are in place, and the Board will continue to review the progress and development of this trading business.

Treasury Management

Further to the business review conducted by ITC and together with treasury management expertise from ITC, a more pro-active yet prudent treasury management policy in relation to its substantial liquid assets has been implemented. In order to diversify the Group's substantial liquid resources, the Group will invest its liquid resources into a wider range of liquid instruments and marketable assets, including but not limited to the trading of securities. The objective is to enhance returns on the Group's liquid assets, within acceptable risk levels which are being and will continue to be evaluated and monitored by the Board.

Precious Metals Information Website – g9999.com

The Group's information portal (www.g9999.com) maintains a popular audience reach, with an average daily "hit rate" of approximately 602,000 during the first and second quarters of 2005. The Board maintains the view that this portal provides an effective marketing channel through which to promote market awareness of the Trasy System.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2005, the Group's total amount of current assets was about 18.18 times more than that of its current liabilities (31 December 2004: 10.17 times more); no long-term liabilities were carried by the Group as at 30 June 2005 (31 December 2004: Nil). As at the date of this report, no debt financing activities are currently in place or proposed. The Group's gearing ratio, represented by the Group's total long-term debt divided by its total shareholders' equity, was zero as at 30 June 2005 (31 December 2004: zero). 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 therefore no hedging transactions have been entered into by the Group.

CAPITAL STRUCTURE

There were no changes in the capital structure of the Group during the period ended 30 June 2005.

SIGNIFICANT INVESTMENTS

There were no significant investments held by the Group as at 30 June 2005.

MATERIAL ACQUISITIONS AND DISPOSALS DURING THE PERIOD AND FUTURE PLANS FOR INVESTMENTS

There were no material acquisitions or 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.

EMPLOYEE INFORMATION

Currently, the total number of employees of the Group (including the executive Director) is 13, and the total remuneration for the six months ended 30 June 2005 was approximately HK\$1.5 million (six months ended 30 June 2004: approximately HK\$1 million).

CHARGE ON GROUP ASSETS

As at 30 June 2005 and 31 December 2004, none of the Group's assets have been pledged.

CONTINGENT LIABILITIES

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

RESUMPTION OF TRADING IN THE COMPANY'S SHARES

The Company is seeking a resumption in trading of its shares and has been liaising with the Stock Exchange on the matter. Following the Company's recent change in control and subsequent to the detailed business review conducted recently by ITC and the Board, the Board has resolved to focus on its core business as a first step, namely, inter alia, by expanding its Trasy System user base. The Board will continue to update the Stock Exchange on the Company's latest development and hopes to obtain approval from the Stock Exchange for resumption of trading in the Company's shares on the Stock Exchange as soon as possible.

BUSINESS OUTLOOK

The Company's immediate mission is to continue expanding the user base of the Trasy System and thereby enhancing the Trasy System's liquidity as well as trading volume, which in turn will enhance the revenue of the Trasy System business. In addition to institutional users, the Company plans to build transaction volume via the establishment of a local and overseas private client user base mainly in Hong Kong, and in specific regional markets, namely Taiwan, Macau, Malaysia and Korea. Furthermore, the Company will seek opportunities to publicise and promote the Trasy System via organized public events, trade fairs, and by sponsoring seminars on precious metals trading.

Regarding the business of trading in precious metals, the Board will continue to monitor its progress as well as to review the risk management policy adopted by the Company on a regular basis. The Company's institutional customers and private clients for the business of direct trading in precious metals will be complimentary to the Trasy System business because trading will be encouraged to conduct through the Trasy System.

The Company will continue to adopt an active treasury management policy, thereby enhancing the return on the Company's liquid assets within reasonable risks levels.

With the Company information website (www.g9999.com), the Board intends to capitalize the popularity of this portal and launch its marketing campaign to gain further business, including advertising revenue and the licensing fees for Trasy's precious metals market information, which has been requested by financial content providers and financial brokerage houses in Hong Kong.

The Board presents the unaudited consolidated results of the Group for the three and six months ended 30 June 2005 together with the unaudited comparative figures for the corresponding periods in 2004 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the three and six months ended 30 June 2005

	Note	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
		2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Turnover	2	797	498	1,103	1,099
Cost of sales		(417)	-	(417)	-
Gross profit		380	498	686	1,099
Other revenue		222	-	226	-
Staff costs		(1,263)	(332)	(1,537)	(1,034)
Depreciation		(27)	(54)	(53)	(166)
Marketing and promotion expenses		-	-	-	(1)
Other administrative and operating expenses		(941)	(1,648)	(1,775)	(2,352)
Other expenses		(166)	(5,312)	(981)	(3,495)
Finance costs		(3)	-	(3)	-
Loss before taxation	3	(1,798)	(6,848)	(3,437)	(5,949)
Taxation	4	-	-	-	-
Loss attributable to shareholders		(1,798)	(6,848)	(3,437)	(5,949)
		HK cent	HK cent	HK cent	HK cent
Loss per share	5				
Basic		(0.0647)	(0.2464)	(0.1237)	(0.2141)
Diluted		N/A	N/A	N/A	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2005

	<i>Note</i>	(Unaudited) 30 June 2005 <i>HK\$'000</i>	(Audited) 31 December 2004 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Fixed assets	7	118	138
Other assets		250	250
		<u>368</u>	<u>388</u>
CURRENT ASSETS			
Debtors, deposits and prepayments	8	1,351	1,146
Investments in securities		905	-
Gold bullion		55,444	66,118
Cash and bank balances		2,866	3
		<u>60,566</u>	<u>67,267</u>
CURRENT LIABILITIES			
Other payables and accrued expenses		2,985	6,615
Precious metals contracts		346	-
		<u>3,331</u>	<u>6,615</u>
NET CURRENT ASSETS		<u>57,235</u>	60,652
		<u>57,603</u>	<u>61,040</u>
CAPITAL AND RESERVES			
Share capital	9	27,790	27,790
Reserves		29,813	33,250
		<u>57,603</u>	<u>61,040</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2005

	Share Capital <i>HK\$'000</i>	Share Premium <i>HK\$'000</i>	(Unaudited) Merger Reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at 1 January 2005	27,790	47,630	5,000	(19,380)	61,040
Loss for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,437)</u>	<u>(3,437)</u>
Balance at 30 June 2005	<u>27,790</u>	<u>47,630</u>	<u>5,000</u>	<u>(22,817)</u>	<u>57,603</u>
Balance at 1 January 2004	27,790	47,630	5,000	(18,419)	62,001
Loss for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,949)</u>	<u>(5,949)</u>
Balance at 30 June 2004	<u>27,790</u>	<u>47,630</u>	<u>5,000</u>	<u>(24,368)</u>	<u>56,052</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2005

	(Unaudited)	
	Six months	
	ended 30 June	
	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash used in operating activities	(7,143)	(5)
Net cash from investing activities	10,006	-
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	2,863	(5)
Cash and cash equivalents at 1 January	<hr/> 3	<hr/> 14
Cash and cash equivalents at 30 June	<hr/> 2,866	<hr/> 9
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	<hr/> 2,866	<hr/> 9

Notes:

1. Basis of presentation

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 six months ended 30 June 2005 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2004, except that the Group has undertaken precious metals contract trading for the first time in the current period and this 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. A net realised gain of approximately HK\$323,000 and net unrealised loss of HK\$346,000 were recognised in respect of the Group's derivative precious metals contract trading. The adoption of HKAS 32 and HKAS 39 has had no material effect on the results for prior periods.

2. Turnover and segmental information

Business segments

For management purposes, the Group's operations are currently organized into three operating divisions namely provision and operation of an Internet-based electronic trading system, precious metals contract trading and treasury investment. These divisions are the basis on which the Group reports its primary segment information.

2. Turnover and segmental information *(continued)*

Analyses of the Group's turnover and contribution by business segments are as follows:

	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Turnover				
Provision and operation of an Internet-based electronic trading system	95	498	401	1,099
Precious metals contract trading	323	-	323	-
Treasury investment	379	-	379	-
	797	498	1,103	1,099
Segment results				
Provision and operation of an Internet-based electronic trading system	(42)	419	245	940
Precious metals contract trading	(483)	-	140	-
Treasury investment	18	-	18	-
	(507)	419	403	940
Unallocated corporate expenses	(1,288)	(7,267)	(3,837)	(6,889)
Finance costs	(3)	-	(3)	-
Loss before taxation	(1,798)	(6,848)	(3,437)	(5,949)

The Group's turnover is generated in Hong Kong.

3. Loss before taxation

	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Loss before taxation is arrived at after charging:				
Unrealised loss on gold bullion – net	-	5,312	350	3,495
Unrealised loss on precious metals contracts – net	964	-	346	-
and after crediting:				
Unrealised gain on gold bullion – net	<u>1,084</u>	<u>-</u>	<u>-</u>	<u>-</u>

4. 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 30 June 2005.

There was no significant unprovided deferred tax as at 30 June 2005.

5. Loss per share

(a) Basic loss per share

The calculation of basic loss per share for the three months and six months ended 30 June 2005 is based on the respective unaudited consolidated loss attributable to shareholders of HK\$1,798,000 and HK\$3,437,000 respectively (2004: HK\$6,848,000 and HK\$5,949,000 respectively) and the weighted average number of 2,779,000,000 (2004: 2,779,000,000) ordinary shares in issue during the respective period.

5. Loss per share (continued)

(b) Diluted loss per share

Diluted loss per share is not presented for the three months and six months ended 30 June 2005 as there were no dilutive potential ordinary shares in existence for the three months and six months ended 30 June 2005.

Diluted loss per share for the three months and six months ended 30 June 2004 were not presented as the exercise of share options granted by the Company would have an anti-dilutive effect. Besides, as the exercise price 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 30 June 2004, no dilutive potential ordinary share under the Pre-IPO Plan is deemed to be issued for nil consideration; hence, no diluted loss per share for the three months and six months ended 30 June 2004 were presented.

6. Interim dividend

The Board resolved not to declare the payment of an interim dividend for the period (six months ended 30 June 2004: HK\$Nil).

7. Fixed assets

During the period, the Group spent approximately HK\$33,000 on acquisition of fixed assets (six months ended 30 June 2004: HK\$Nil).

8. Debtors, deposits and prepayments

Included in debtors, deposits and prepayments are trade debtors of approximately HK\$8,000 (31 December 2004: HK\$4,000) and their aged analysis is as follows:

	(Unaudited) 30 June 2005 <i>HK\$'000</i>	(Audited) 31 December 2004 <i>HK\$'000</i>
0 – 30 days	4	3
31 – 60 days	-	1
61 – 90 days	3	-
Over 90 days	1	-
	<u>8</u>	<u>4</u>

8. Debtors, deposits and prepayments *(continued)*

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 is taken against those debtors whose account is more than 30 days overdue.

9. Share capital

	(Unaudited) 30 June 2005 HK\$'000	(Audited) 31 December 2004 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 of HK\$0.01 each	<u>27,790</u>	<u>27,790</u>

- (i) The Company adopted a share option scheme ("Option Scheme") at the annual general meeting of the Company held on 30 April 2002. Under the Option 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 Option Scheme during the period and since its adoption.
- (ii) Under the pre-IPO share option plan (the "Plan") of the Company adopted on 6 November 2000, the Board could, at its discretion, grant options to any full-time employees or executives of the Company and the former controlling shareholder of the Company, 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 commencement of listing of the shares on the Growth Enterprise Market of the Stock Exchange. On 29 November 2000, 234,872,000 share options were granted under the Plan and no share option granted under the Plan is still valid at 30 June 2005.

9. Share capital *(continued)*

Details of the share options granted under the Plan are as follows:

Grantees	Exercise price HK\$	Balance at 1 Jan 2005	Exercised during the period	Lapsed during the period	Balance at 30 June 2005
A Director of the Company	0.21	44,152,000	-	44,152,000	-
Employees of the former controlling shareholder of the Company	0.21	16,636,000	-	16,636,000	-
Total		60,788,000	-	60,788,000	-

DIRECTORS' INTEREST IN SHARES AND UNDERLYING SHARES

At 30 June 2005, the interest and 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”)) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules were as follows:

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

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 30 June 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 30 June 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	1,568,681,139	56.45
Fullhonour Limited	Interest of a controlled corporation	Long position	1,568,681,139	56.45
ITC Investment Holdings Limited	Interest of a controlled corporation	Long position	1,568,681,139	56.45
ITC Corporation Limited	Interest of a controlled corporation	Long position	1,568,681,139	56.45
Galaxyway Investments Limited	Interest of a controlled corporation	Long position	1,568,681,139	56.45
Chinaview International Limited	Interest of a controlled corporation	Long position	1,568,681,139	56.45
Chan Kwok Keung, Charles	Interest of a controlled corporation	Long position	1,568,681,139	56.45
Ng Yuen Lan Macy	Interest of spouse	Long position	1,568,681,139	56.45

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 Corporation Limited (“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, ITC, Galaxyway, Chinaview, Dr. Chan Kwok Keung, Charles and Ms. Ng are deemed to be interested in 1,568,681,139 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

Save as disclosed above, as at 30 June 2005, the Directors or chief executive of the Company were not aware of any other person (other than the directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under section 336 of the SFO.

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.

CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 June 2005, the Company was in compliance with the code provisions set out in the Code on Corporate Governance Practices (“Code”) in Appendix 15 of the GEM Listing Rules effective on 1 January 2005, except for the following:

<u>Deviation from the Code</u>	<u>Relevant Code provisions</u>	<u>Remedial steps to be / has been taken to comply with the Code</u>
1. The Company has not formally laid down a procedure agreed by the Board to enable Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances to assist the relevant Director(s) to discharge his/their duties to the Company.	A.1.7	The Company will formally adopt such procedure upon appointment of additional Directors, including the required number of independent non-executive Directors, to the Board.
2. The responsibilities between the chairman and chief executive officer have not been divided.	A.2.1	The Company has not appointed any chairman or chief executive officer and shall divide their responsibilities upon such offices having been filled.
3. 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 (“Articles”).	A.4.1	The Company will negotiate with the non-executive Director to determine the tenure of her appointment and to procure any future appointment of non-executive Director with a specific term and subject to retirement.
4. According to the existing Articles, at each annual general meeting one-third of the Directors (or, if their number is not a multiple of three (3), the number nearest to but not greater than one-third) shall retire from office by rotation provided that the chairman of the Board and/or the managing director of the Company shall not be subject to retirement by rotation.	A.4.2	A resolution will be proposed at the next general meeting of the Company to seek the approval of the shareholders of the Company to amend the Articles so that all Directors appointed to fill a casual vacancy should be subject to election by the shareholders of the Company at the first general meeting after their appointment and every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

<u>Deviation from the Code</u>	Relevant Code provisions	Remedial steps to be / has been taken to comply with the Code
5. The Company has not established written guidelines for relevant employees in respect of dealings in the securities of the Company.	A.5.4	The Company has adopted on 12 August 2005 the written guidelines for relevant employees in respect of dealings in the securities of the Company.
6. The Company has not set up a remuneration committee.	B.1.1	The Company has not appointed independent non-executive Directors and therefore is not able to establish remuneration committee, and upon the appointment of sufficient number of independent non-executive Directors, the Company shall establish the remuneration committee as soon as practicable.
7. The existing terms of reference of the Audit Committee of the Company (“Audit Committee”) have not comprised of all the duties of the Audit Committee as set out in the Code.	C.3.3	The Company will adopt a new set of terms of reference of Audit Committee to include at least the duties as set out in the Code upon the appointment of sufficient number of members of Audit Committee.
8. The Company has not formalized the functions reserved to the Board and those delegated to management in written form.	D.1.2	The Company has implemented a division of work among the Board and senior management since January 2005 and formally formalized in writing on 12 August 2005.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the six months ended 30 June 2005, the Company had complied with the code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings and its code of conduct regarding securities transactions by Directors.

NON-COMPLIANCE WITH THE GEM LISTING RULES

Rule 5.05(1) and 5.02(2)

Upon the resignation of Ms. Cheung Lai Kai, Edwina as an independent non-executive Director of the Company on 25 June 2004, the Company has no independent non-executive Director and therefore, fails to meet the minimum number required under Rule 5.05(1) of the GEM Listing Rules and the requirement set out in Rule 5.05(2) of the GEM Listing Rules regarding qualification of the independent non-executive Director. The Company is now looking for suitable candidates to be appointed as independent non-executive Directors.

Rule 5.15

Upon the resignation of Mr. Chuang Tze Cheung, Christopher as qualified accountant of the Company on 7 July 2005, the Company is not able to comply with Rule 5.15 of the GEM Listing Rules. The Company is now identifying suitable person to take up the post of qualified accountant.

AUDIT COMMITTEE

The Company established the Audit 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 Audit Committee does not has sufficient members and therefore, the Company fails to meet the minimum number and qualification requirements set out in Rule 5.28 of the GEM Listing Rules. The Company is now looking for suitable candidates to be appointed as Audit Committee members as soon as practicable. Thus, the Half-year Report 2005 has not been reviewed by the Audit Committee but has been reviewed by the Company's auditors, Moore Stephens.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the six months ended 30 June 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 August 2005

As at the date of this report, the Board comprises of Mr. Chan Kee Chee, Keith as executive Director and Ms. Chan Choi Ling as non-executive Director.

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 6 to 15.

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 Hong Kong Accounting Standard 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public 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 Institute of Certified Public Accountants. A review consists principally of making enquiries of the 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 30 June 2005.

Moore Stephens

Certified Public Accountants

Hong Kong

12 August 2005