



Trasy Gold Ex Limited 卓施金網有限公司

(Incorporated in the Cayman Islands with limited liability)

Half Year Report 2006

Internet Precious Metals Trading Platform



Trasy Gold									
BUY	SELL	563.1	563.6						
ASK	BID	563.1	563.6	ASK	ASK SIZE	HIGH	LOW	OPEN	CLOSE
1200	2000	563.1	563.6	2388	500.0	563.6	560.1	563.1	563.6
20000	200	563.1	563.6	25000	5.74	563.6	560.1	563.1	563.6
200	1044	563.1	563.6	1888	1040	563.6	560.1	563.1	563.6
1044	1000	563.1	563.6	1044	1044	563.6	560.1	563.1	563.6

Trade Value	275,000.00	Available Cash	21,275.00
Credit Limit	5.00	Margin Call	0.00
Total Buy/F-F Buy Order	20,400.00	Margin %	500.00
Order	20,400.00	Buying %	41.48%
Order	20,400.00	Order	41.48%

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

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

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

CHAIRMAN'S STATEMENT

On behalf of the board of Directors (the "Board"), I am pleased to present to the shareholders the Half Year Report 2006 in respect of Trasy Gold Ex Limited (the "Company") and its subsidiaries (collectively the "Group").

The Group achieved very encouraging growth in the trading volume of gold traded on its internet-based precious metals trading platform (the "Trasy System") which was about 10 times that of the corresponding period of 2005. Transaction fees derived from institutional clients and private clients were about HK\$1.7 million, which was split roughly on a 56/44 basis in the first half of 2006. Besides, there was a significant growth in the average daily hit rate of the Group's website after it was revamped in December 2005. For the first half of this year, it has increased to approximately 1.7 million, about 2.8 times the average daily hit rate of the same period in 2005. The Board is of the view that this viewer base represents tremendous untapped embedded value for the Group's future development of other internet-based businesses.

The gold market has been very robust with extremely high volatility in the first half of 2006 and is expected to remain so in the second half of this year. The Group will continue to explore various avenues to further expand its trading volume and user base. The thriving gold market offers very promising business prospects for the Group and we are well positioned to capitalize on market growth opportunities. Barring unforeseen circumstances, the outlook for the Group's business is expected to be promising in the second half of this year.

Currently the Group is in the process of preparing a viable resumption proposal in response to a notice from the Stock Exchange dated 19 May 2006 (the "Notice"). The Directors consider that the current scale of operations of the Group is sufficient to warrant continued listing of the Company's shares. The resumption proposal is expected to be submitted to the Stock Exchange within the six months period from the date of the Notice pursuant to Rule 9.15 of the GEM Listing Rules, failing which the Stock Exchange may give notice to cancel the listing of the Company on 18 November 2006.

Finally, on behalf of the Board, I would like to take this opportunity to express our gratitude to all staff for their devoted efforts and hard work over the period.

FINANCIAL REVIEW

For the six months ended 30 June 2006, the Group's unaudited consolidated turnover amounted to approximately HK\$32,804,000 (2005: approximately HK\$978,000). Transaction fees of about HK\$1,759,000 were earned for the six months ended 30 June 2006, which is approximately 4 times than that recorded in the same period of last year, as a result of an expanded user base. During the period under review, a net realized gain of about HK\$101,000 (2005: about HK\$141,000) on precious metals contract trading and about HK\$581,000 (2005: about HK\$19,000) on treasury investments were recorded.

The increase in other revenue by approximately HK\$1,768,000 compared with the corresponding period of last year was mainly due to the increase in interest income earned from bank deposits and the short positions on the precious metals contract trading by about HK\$1,166,000 and HK\$541,000 respectively.

The Group recorded a drop in net loss of about 28% over the corresponding period in 2005. The net loss was approximately HK\$2,465,000 for the six months ended 30 June 2006 (2005: approximately HK\$3,437,000), representing a basic loss per share of approximately 0.0887 HK cents (2005: approximately 0.1237 HK cents).

Liquidity and Financial Resources

The liquidity of the Group was healthy as the total amount of current assets as at 30 June 2006 was about 4.59 times of current liabilities (31 December 2005: about 11.56 times); no long-term liabilities were borne by the Group as at 30 June 2006 and 31 December 2005. The decrease in current ratio was mainly due to the increase in margin deposit money held on behalf of customers. As at 30 June 2006, the amount of margin deposit held was approximately HK\$7,075,000. Excluding the effect of the margin deposit, the current ratio would be about 8.47 times. Up to the date of this report, no debt financing activities are currently in place or proposed. The Group's gearing ratio, representing total long-term debts divided by total equity, was zero as at 30 June 2006 and 31 December 2005. In addition, the Group's assets and liabilities are mainly denominated in Hong Kong dollars and United States dollars. The Directors do not consider that the Group is significantly exposed to any material foreign currency risk and thereby no related hedges were made by the Group.

FINANCIAL REVIEW *(continued)*

Capital Structure

There were no changes in the capital structure of the Company during the six months ended 30 June 2006 and 2005.

Significant Investments

There were no significant investments during the six months ended 30 June 2006 and 2005.

Material Acquisitions and Disposals and Future Plans for Investments

There were no material acquisitions and disposals of subsidiaries or affiliated companies by the Group during the six months ended 30 June 2006 and 2005. The Group intends to finance expansion by its internal resources or other fund raising exercise, where appropriate.

Employees and Remuneration Policies

The total number of employees (including executive Directors) was 19 as at 30 June 2006 (30 June 2005: 22), and total staff costs for the six months ended 30 June 2006 were approximately HK\$3,726,000 (2005: approximately HK\$1,537,000). Remuneration of the Group's employees is determined by reference to market terms, qualifications, experience and performance of individual employees. Other benefits to employees include mandatory provident fund and medical schemes.

The Company adopted a share option scheme on 30 April 2002 (the "Scheme"), pursuant to which the Board may, at its discretion grant options to, among others, eligible employees and Directors, to subscribe for shares of the Company. During the period under review, no share options were granted under the Scheme.

Charges on Group Assets

As at 30 June 2006 and 31 December 2005, 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.

OPERATIONS REVIEW AND OUTLOOK

Trasy System Business

The Trasy System business achieved substantial improvement in the first half of 2006. A total volume of approximately 6.5 million ounces of gold were transacted through the Trasy System (2005: approximately 0.6 million ounces). The Group attracted 6 new Trasy System users during the period under review. As at 30 June 2006, the Trasy System users totaled 16.

The precious metals market has been very volatile during the six months period under review and the trend is expected to continue in the second half of 2006. The price volatility in precious metals has revived investors' interest in gold as an alternative investment and substantial growth in commodities and precious metals funds has been seen. The Group will continue to commit resources in marketing the Trasy System to expand its user base to enhance the trading dynamics of the Trasy System.

Precious Metals Contract Trading

As a vertically-integrated business development, the Group's precious metals contract trading complements the Trasy System business in providing additional liquidity for the Trasy System. For the six months period under review, a net realized gain of approximately HK\$101,000 and an unrealized loss of approximately HK\$16,000 were recorded for precious metals contract trading. New trading facilities with market principals were arranged to enhance the Group's pricing resources. The Group will continue to adopt prudent risk management and internal control policies to monitor and minimize the Group's risk exposures in precious metals contract trading.

Treasury Management

The Group continued to implement a pro-active yet prudent treasury management policy with a view to achieving better returns on its financial resources. For the six months period under review, a net realized gain of approximately HK\$581,000 was recorded on investments in marketable securities.

The Board is pleased to present the unaudited consolidated results of the Group for the three months and six months ended 30 June 2006 together with the unaudited comparative figures for the corresponding periods in 2005. The results have been reviewed by the Company's auditors, Moore Stephens and the Company's Audit Committee.

UNAUDITED CONSOLIDATED INCOME STATEMENT

For the three months and six months ended 30 June 2006

	Notes	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
		2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
Turnover	2	12,009	672	32,804	978
Cost of sales		<u>(10,205)</u>	<u>(417)</u>	<u>(30,363)</u>	<u>(417)</u>
Gross profit		1,804	255	2,441	561
Other revenue		1,100	1,306	1,994	226
Staff costs		(2,159)	(1,263)	(3,726)	(1,537)
Depreciation		(43)	(27)	(85)	(53)
Other administrative and operating expenses		(1,177)	(941)	(2,463)	(1,775)
Realized gain on precious metals contract – net		-	125	-	125
Unrealized loss on precious metals contract – net		-	(964)	-	(346)
Other expenses		(317)	<u>(286)</u>	(28)	<u>(635)</u>
Loss from operating activities	3	(792)	(1,795)	(1,867)	(3,434)
Finance costs		(339)	<u>(3)</u>	(598)	<u>(3)</u>
Loss before taxation		(1,131)	(1,798)	(2,465)	(3,437)
Taxation	4	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loss attributable to equity holders of the Company		<u>(1,131)</u>	<u>(1,798)</u>	<u>(2,465)</u>	<u>(3,437)</u>
		<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Loss per share	5				
Basic		<u>(0.0407)</u>	<u>(0.0647)</u>	<u>(0.0887)</u>	<u>(0.1237)</u>
Diluted		<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

UNAUDITED CONSOLIDATED BALANCE SHEET

As at 30 June 2006

		(Unaudited) 30 June 2006 HK\$'000	(Audited) 31 December 2005 HK\$'000
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment	7	651	716
Other assets		250	250
		<u>901</u>	<u>966</u>
CURRENT ASSETS			
Accounts receivable and other receivables	8	5,775	2,803
Investments in securities		4,680	5,224
Time deposits		51,220	47,354
Cash and bank balances		752	686
		<u>62,427</u>	<u>56,067</u>
CURRENT LIABILITIES			
Accounts payable and other payables	9	13,608	4,848
NET CURRENT ASSETS			
		<u>48,819</u>	<u>51,219</u>
		<u>49,720</u>	<u>52,185</u>
EQUITY			
Share capital	10	27,790	27,790
Reserves		21,930	24,395
TOTAL EQUITY			
		<u>49,720</u>	<u>52,185</u>

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*For the six months ended 30 June 2006*

	(Unaudited)				
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Merger reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
1 January 2006	27,790	47,630	5,000	(28,235)	52,185
Loss for the period	-	-	-	(2,465)	(2,465)
30 June 2006	<u>27,790</u>	<u>47,630</u>	<u>5,000</u>	<u>(30,700)</u>	<u>49,720</u>
1 January 2005	27,790	47,630	5,000	(19,380)	61,040
Loss for the period	-	-	-	(3,437)	(3,437)
30 June 2005	<u>27,790</u>	<u>47,630</u>	<u>5,000</u>	<u>(22,817)</u>	<u>57,603</u>

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT*For the six months ended 30 June 2006*

	(Unaudited) Six months ended 30 June	
	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Net cash generated from/(used in) operating activities	2,801	(7,143)
Net cash generated from investing activities	1,729	10,006
Net cash used in financing activities	(598)	-
Net increase in cash and cash equivalents	3,932	2,863
Cash and cash equivalents at 1 January	48,040	3
Cash and cash equivalents at 30 June	<u>51,972</u>	<u>2,866</u>
Analysis of the balances of cash and cash equivalents		
Time deposits	51,220	2,505
Cash and bank balances	752	361
	<u>51,972</u>	<u>2,866</u>

Notes:

1. Basis of preparation

The Group's interim financial statements have been prepared under the historical cost convention and in accordance with all applicable Hong Kong Financial Reporting Standards. The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2005.

2. Turnover and segment 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 investments. These divisions are the basis on which the Group reports its primary segment information.

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	
	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
Turnover				
Provision and operation of an internet-based electronic trading system	1,166	95	1,759	401
Precious metals contract trading	600	198	101	198
Treasury investments	10,243	379	30,944	379
	<u>12,009</u>	<u>672</u>	<u>32,804</u>	<u>978</u>
Segment results				
Provision and operation of an internet-based electronic trading system	1,014	(42)	1,458	245
Precious metals contract trading	550	152	530	152
Treasury investments	80	18	629	18
	<u>1,644</u>	<u>128</u>	<u>2,617</u>	<u>415</u>
Unallocated corporate revenue	737	1,420	1,383	340
Unallocated corporate expenses	(3,173)	(3,343)	(5,867)	(4,189)
Finance costs	(339)	(3)	(598)	(3)
	<u>(1,131)</u>	<u>(1,798)</u>	<u>(2,465)</u>	<u>(3,437)</u>
Loss before taxation	<u>(1,131)</u>	<u>(1,798)</u>	<u>(2,465)</u>	<u>(3,437)</u>

Notes (continued):

2. Turnover and segment information (continued)

Geographical segments

No geographical segment analysis is presented for the three months and six months ended 30 June 2006 as more than 90% of the Group's turnover is generated in Hong Kong.

3. Loss from operating activities

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

	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
Realized loss on gold bullion – net	-	285	-	285
Realized gain on precious metals contract – net	-	(125)	-	(125)
Unrealized (gain)/loss on gold bullion – net	-	(1,084)	-	350
Unrealized loss on precious metals contract – net	-	964	-	346
	<u> </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 2006.

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 2006 is based on the respective unaudited consolidated loss attributable to equity holders of approximately HK\$1,131,000 and HK\$2,465,000 respectively (three months and six months ended 30 June 2005: approximately HK\$1,798,000 and HK\$3,437,000 respectively) and the weighted average number of 2,779,000,000 (2005: 2,779,000,000) ordinary shares in issue during the respective period.

(b) Diluted loss per share

Diluted loss per share is not presented for the three months and six months ended 30 June 2006 and 2005 as there were no dilutive potential ordinary shares.

Notes (continued):

6. Interim dividend

The Board resolved not to declare the payment of an interim dividend for the period (six months ended 30 June 2005: Nil).

7. Property, plant and equipment

During the period, the Group spent approximately HK\$31,000 on acquisition of property, plant and equipment (six months ended 30 June 2005: approximately HK\$33,000).

8. Accounts receivable and other receivables

Included in accounts receivable and other receivables are accounts receivable of approximately HK\$20,000 (31 December 2005: approximately HK\$2,113,000) and their aging analysis is as follows:

	(Unaudited) 30 June 2006 HK\$'000	(Audited) 31 December 2005 HK\$'000
0 – 30 days	20	2,100
31 – 60 days	–	–
61 – 90 days	–	–
Over 90 days	–	13
	<u>20</u>	<u>2,113</u>

The Group generally grants a credit period of 30 days to the principals and customers who have agreed to contribute tradable prices to the Group'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 overdue for more than 30 days.

9. Accounts payable and other payables

Included in accounts payable and other payables are accounts payable of approximately HK\$4,419,000 (31 December 2005: approximately HK\$1,348,000) and their aging analysis is as follows:

	(Unaudited) 30 June 2006 HK\$'000	(Audited) 31 December 2005 HK\$'000
0 – 30 days	4,387	1,167
31 – 60 days	18	15
61 – 90 days	–	–
Over 90 days	14	166
	<u>4,419</u>	<u>1,348</u>

Notes (continued):

10. Share capital

	(Unaudited) 30 June 2006 <i>HK\$'000</i>	(Audited) 31 December 2005 <i>HK\$'000</i>
Authorized: 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>

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 30 June 2006, the interests and short positions of the Directors and chief executives of the Company 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 (the "SFO"), as recorded in the register of the Company required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

Interests and short positions in shares, underlying shares and debentures of the Company

Name of Director	Capacity	Long position/ Short position	Number of ordinary shares of the Company held	Approximate percentage of the issued ordinary share capital of the Company
Francis J. Chang Chu Fai	Joint owner	Long position	5,950,000	0.21%

Note: The above 5,950,000 shares were jointly held by Mr. Francis J. Chang Chu Fai and his spouse Ms. Teo Ai Jee.

Save as disclosed above, as at 30 June 2006, none of the Directors and chief executives of the Company had any interests and short positions in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register of the Company required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors as referred to in Rule 5.46 of the GEM Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Share Option Scheme of the Company adopted on 30 April 2002 (the "Scheme")

The Board may, at its discretion, grant share options to the Directors and eligible participants (as defined in the Scheme) pursuant to the Scheme to enable them to subscribe for shares of the Company as incentives or rewards for their contribution to the Group. No share options were granted since its adoption.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS/OTHER PERSONS RECORDED IN THE REGISTER KEPT UNDER SECTION 336 OF THE SFO

At 30 June 2006, so far as is known to the Directors and chief executives of the Company, the interests and short positions of substantial shareholders/other persons in the shares and underlying shares of the Company as recorded in the register of the Company required to be kept under section 336 of the SFO were 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 ordinary shares of the Company held	Approximate percentage of the issued ordinary share capital of the Company
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 ("ITC")	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%

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS/OTHER PERSONS RECORDED IN THE REGISTER KEPT UNDER SECTION 336 OF THE SFO *(continued)*

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

Name	Capacity	Long position/ Short position	Number of ordinary shares of the Company held	Approximate percentage of the issued ordinary share capital of the Company
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%

Notes:

- 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 33.5% 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.
- In addition to the information as recorded in the register of the Company requires to be kept under section 336 of the SFO, the Company received a written notification from ITC indicating that Galaxyway holds approximately 34.99% of the issued ordinary share capital of ITC as at 30 June 2006.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS/OTHER PERSONS RECORDED IN THE REGISTER KEPT UNDER SECTION 336 OF THE SFO *(continued)*

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

Name	Capacity	Long position/ Short position	Number of ordinary shares of the Company held	Approximate percentage of the issued ordinary share capital of the Company
Most Choice Limited	Beneficial owner	Long position	183,200,000	6.59%

Save as disclosed above, no other parties were recorded in the register of the Company required to be kept under section 336 of the SFO as having interests and short positions in the shares or underlying shares of the Company as at 30 June 2006.

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

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules which came into effect on 1 January 2005 as its own code of corporate governance practices.

CODE ON CORPORATE GOVERNANCE PRACTICES *(continued)*

During the six months ended 30 June 2006, the Company was in compliance with code provisions set out in the CG Code except the following:

<u>Deviation from the CG Code</u>	<u>Relevant CG Code provisions</u>	<u>Remedial steps have been taken to comply with the CG 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 has adopted such procedure upon appointment of Directors on 20 January 2006.
2. The role and responsibilities between the Chairman and chief executive officer have not been divided.	A.2.1	Upon the appointment of Chairman and Managing Director on 20 January 2006, the Company has divided their roles and responsibilities clearly.
3. The non-executive Directors are not appointed for a specified term but are subject to the provision for retirement and rotation of Directors under the Articles of Association of the Company (the "Articles").	A.4.1	The non-executive Directors are not appointed for a specified term but they are subject to the retirement at the first general meeting after their appointment and thereafter subject to retirement by rotation at least once every three years and in accordance with the Articles.

CODE ON CORPORATE GOVERNANCE PRACTICES *(continued)*

<u>Deviation from the CG Code</u>	<u>Relevant CG Code provisions</u>	<u>Remedial steps have been taken to comply with the CG Code</u>
<p>4. According to the then 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.</p>	<p>A.4.2</p>	<p>A special resolution was passed at the annual general meeting of the Company held on 24 April 2006 whereby the Articles was amended 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 the Chairman and Managing Director and those appointed for a specific term, should be subject to retirement by rotation at least once every three years.</p>
<p>5. The Company has not set up a Remuneration Committee ("Remuneration Committee") until 20 January 2006.</p>	<p>B.1.1</p>	<p>The Company has established the Remuneration Committee on 20 January 2006 immediately following the appointment of independent non-executive Directors.</p>
<p>6. The then 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 CG Code.</p>	<p>C.3.3</p>	<p>The Company adopted a new set of terms of reference of the Audit Committee to include at least the duties as set out in the CG Code upon the appointment of sufficient number of members of the Audit Committee on 20 January 2006.</p>

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the six months ended 30 June 2006, 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.

AUDIT COMMITTEE

The Audit Committee currently comprises three independent non-executive Directors, namely Messrs. Chung Koon Yan (as Chairman), Wong Kai Tat and Yue Wai Keung, with written terms of reference in compliance with the GEM Listing Rules. The Audit Committee has reviewed the unaudited consolidated results of the Group for the six months ended 30 June 2006.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the six months ended 30 June 2006. 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

Francis J. Chang Chu Fai

Chairman

Hong Kong, 8 August 2006

As at the date of this report, the Board comprises Mr. Francis J. Chang Chu Fai as Chairman, Mr. Leung Man Pok, John as Managing Director, Ms. Cheung Wing Chi, Winnie as executive Director, and Mr. Chung Koon Yan, Mr. Wong Kai Tat and Mr. Yue Wai Keung as independent non-executive Directors.

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

Introduction

We have been instructed by the Company to review the interim financial report set out on pages 5 to 12.

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 2006.

Moore Stephens
Certified Public Accountants
Hong Kong

8 August 2006