



Trasy Gold Ex Limited

(Incorporated in the Cayman Islands with Limited Liability)



First Quarterly Report 2001

FIRST QUARTERLY REPORT 2001

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.

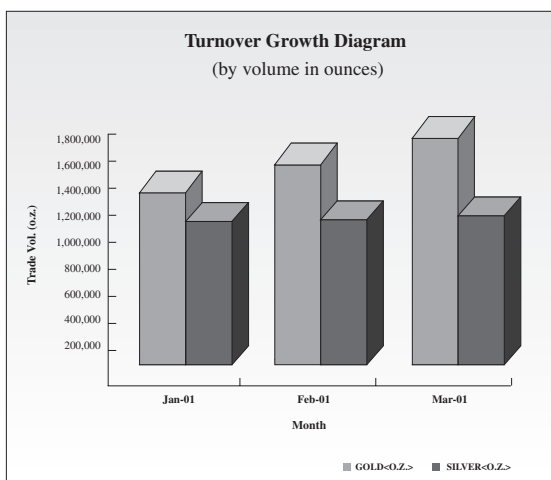
This report for which the directors (“the Directors”) of TRASY GOLD EX LIMITED (“the Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange for the purpose of giving information 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.

CHAIRMAN’S STATEMENT

I am pleased to present to the Shareholders the First Quarterly Report for 2001 of Trasy Gold Ex Limited (“the Company”) and its subsidiaries (collectively “the Group”).

For the first three months of 2001, the Group’s consolidated turnover showed a gradual increase. 4,661,850 ounces of gold and 3,527,500 ounces of silver from 1st January 2001 to 31st March 2001 of total value approximately equivalent to US\$1.2 billion was recorded.

The diagram below shows the monthly transaction volume of gold and silver traded through the Company’s on-line commodity trading platform “TRASY” for the three months ended 31st March 2001.



During the reporting period, the Company entered into an agreement with SocoFinance S.A., a reputable finance company in Geneva for promoting TRASY in the Middle-East and Europe. Founded in 1976, SocoFinance S.A. has established a wide spectrum of client base ranging from wealthy private investors to small and medium institutions located in the Middle-East and Europe. Participation from these clients is expected to begin shortly. Further discussions were also made with other counter-parties in Hong Kong, Taiwan, the PRC and Japan for promoting TRASY inside and outside Hong Kong.

In addition, several international bullion houses have shown their interest in TRASY and they are contacting the Company for further details about TRASY. The Directors of the Company (“the Directors”) anticipate that the number of participating international bullion houses, market principals and commission houses on TRASY will further increase in the future.

The Company will continue to launch intensive sales and marketing programs for promoting TRASY and educating the public about the precious metals market. The Company will also keep on looking for potential investments and strategic alliances that complement our operating businesses, to promote the Company's image and to enhance the contents provided by the Company's websites – www.trasy.com and www.g9999.com.

The recognition of TRASY for its efficiency and transparency has been growing locally and internationally. I believe that TRASY had already become one of the main on-line trading systems for the provision of real time dealing price in the bullion market .

FINANCIAL REVIEW

The Group recorded a net loss of approximately HK\$4,180,000 for the three months ended 31st March 2001, representing a basic loss per share of 0.176 HK cents. The unaudited consolidated profit and loss account for the three months ended 31st March 2001 and the comparisons with the corresponding period in 2000 are set out in page 6 herein.

For the first three months of 2001, the Group's consolidated turnover amounted to approximately HK\$1,900,000 (representing transaction fees from trading through TRASY of approximately 4.7 million ounces of gold and 3.5 million ounces of silver). Since the Company's shares were only listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited ("the Stock Exchange") on 7th December 2000, the Company is still in the early stage of investment and development. Therefore, the Directors considered such performance was satisfactory under the very challenging market conditions.

However, the Group still recorded a net loss attributable to shareholders of approximately HK\$4.2 million, an increase of about HK\$1.6 million compared with that in 2000. This could be mainly ascribed to the net aggregate effect of an increase in turnover and other revenues of approximately HK\$1.7 million, a decrease in software research and development costs of approximately HK\$0.8 million, an increase in staff costs of approximately HK\$1.9 million, and an increase in other administrative and operating expenses of approximately HK\$2 million.

A decrease in software research and development costs was due to the completion of a system development agreement dated 12th October 1999 entered into between the Group and Hing Fung Goldsmith And Refinery Limited, a wholly owned subsidiary of RNA Holdings Limited, the parent company of the Company.

Besides, as mentioned before, the Group is in its early stage of development, more staff was recruited as compared with the same period last year, hence inducing the increase in staff costs.

The largest increment of other administrative and operating expenses of about HK\$2 million was mainly attributable to the effects of revaluation of gold bullion as at 31st March 2001 and the rental expenses including rent, rates and management fee, representing about 41% and 14% respectively of the total other administrative and operating expenses for the period ended 31st March 2001.

OPERATIONS REVIEW

Principal Recruitment

During the first quarter 2001, the Company had several in-depth discussions with one of the major Loco-London Bullion Market Makers in Japan to be a Principal of TRASY.

Seminar and Exhibition

The Company participated in the Conference held by the Taiwan All Jewelers Association on 17th March 2001 in Taiwan. A speech was delivered to introduce TRASY and the Group's future development in Taiwan to the members of the Association. In addition, several meetings were held between the Company and the potential partners in Taiwan to discuss the business plan of the Group's expansion into the region.

Subsequent to the period ended 31st March 2001, the Company was invited by a commodity and stock brokerage company in Japan to exhibit and demonstrate the inaugural launch of the Japanese version of TRASY in the First World Money Conference held in Osaka, Japan on 9th and 10th April. Through the exhibition, the TRASY Japanese version has been preliminarily launched to the Japanese market. Discussions also began with this commodity and stock brokerage company concerning expansion of the Group's business in Japan.

Business Alliances

The Company formed business alliances with several well-known financial portals located in Hong Kong and overseas for broadcasting the news, commentary and/or live prices provided on the Group's website g9999.com through their websites, which are stated below:

- www.852001.com – Website operated by FinanceSec.com Limited to provide internet users with an easy on-line service for acquiring quotations of loans and other financial products.

- www.hkmoney.net – Website operated by Summer Way Limited to provide financial information for Chinese in Hong Kong, South China and North America.

- www.etnet.com.hk – Website operated by ET Net Limited to provide financial information for professional investors.

- www.iab.gov.tr – Website operated by The Istanbul Gold Exchange to provide gold market information to its exchange members

System Implementation in Middle–East Regions

The Company successfully invited SocoFinance S.A. to be one of TRASY's Principals. SocoFinance S.A. will provide precious metals trading services through TRASY to its clients in Europe and the Middle-East and to plan for an extensive marketing campaign after the system is fully tested in Geneva.

In March 2001, the Group's technical team installed TRASY trading platform for SocoFinance S.A. Training was also conducted for relevant staff in order to start the system testing period.

Diversification of TRASY's Usage

The Company has begun discussion in detail with some Hong Kong stock and futures brokerage houses regarding the possibility of licensing TRASY to them and their customers for trading stock indices.

Furthermore, preliminarily discussions have been made with other potential partners for the trading of foreign exchange by using TRASY's technology.

Exploring Business Opportunities in the PRC

The Company is seeking potential partners in the PRC and has held several meetings with the 深圳市黃金珠寶首飾行業協會 (Shenzhen Gold Jewelry Association) to discuss future business opportunities for introducing TRASY in the PRC after the liberalisation of the PRC gold market.

Conference

Subsequent to the period ended 31st March 2001, the Company has participated in the Australian Gold Conference on 9th and 10th April 2001 in Perth, Western Australia. The participants of the conference included major bullion banks, gold mining companies, other bullion market professionals and members of the Australian Gold Council. The Company had an exhibition booth to demonstrate TRASY to the participants. In addition, a workshop was held at the Conference on 10th April to deliver a speech about the Group's background, services provided and TRASY's model of electronic trading in the precious metals e-marketplace.

UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the three months ended 31st March 2001

The Board of Directors (“the Board”) of the Company is pleased to announce the unaudited consolidated results of the Group for the three months ended 31st March 2001 together with the comparative unaudited figures for the corresponding period in 2000 as follows:

		Three months ended 31st March	
		2001	2000
	<i>Notes</i>	<i>HK\$</i>	<i>HK\$</i>
Turnover	2	1,886,908	210,373
Other revenues		69,676	1,460
		<u>1,956,584</u>	<u>211,833</u>
		-----	-----
Software research and development costs		–	(780,000)
Staff costs		(2,946,329)	(1,022,563)
Depreciation		(81,476)	(64,215)
Marketing and promotion expenses		(304,267)	(77,439)
Other administrative and operating expenses		(2,804,525)	(848,211)
		<u>(6,136,597)</u>	<u>(2,792,428)</u>
		-----	-----
Loss before taxation		(4,180,013)	(2,580,595)
Taxation credit	3	–	2,901
		<u>(4,180,013)</u>	<u>(2,577,694)</u>
		-----	-----
		<i>HK cents</i>	<i>HK cents</i>
Loss per share	4	<u>(0.176)</u>	<u>(0.146)</u>
		-----	-----

Notes:

1. Basis of presentation

The Company was incorporated in the Cayman Islands on 23rd March 2000 as an exempted company with limited liability under the Companies Law (Revised) of the Cayman Islands.

Pursuant to a group reorganisation, which was completed on 31st March 2000, and as part of the rationalisation of the structure of the Group in preparation for the listing of the Company's shares on GEM of the Stock Exchange, the Company became the holding company of the subsidiaries now comprising the Group. The shares of the Company were listed on GEM on 7th December 2000 ("the Listing Date"). Further details of the group reorganisation are set out in the prospectus of the Company dated 30th November 2000 ("the Prospectus").

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

The Group comprising the Company and its subsidiaries resulting from the group reorganization is regarded as a continuing entity for the financial periods presented.

2. Turnover

Turnover represents transaction fees derived from the provision of internet-based electronic trading system and transaction fees are recognised when a transaction is duly executed on the trade date.

3. Taxation

No provision for Hong Kong profits tax has been made in the accounts as the Group had no assessable profits in Hong Kong for the three months period ended 31st March 2001.

The taxation credit for the three months ended 31st March 2000 represented the over provision in 1999.

Deferred taxation has not been accounted for as there were no significant timing differences.

4. Loss per share

(a) Basic loss per share

The basic loss per share for the three months ended 31st March 2001 is based on the unaudited consolidated loss attributable to shareholders of HK\$4,180,013 (2000: HK\$2,577,694) and the weighted average number of 2,380,000,000 (2000: 1,767,213,039) ordinary shares in issue during the three months period ended 31st March 2001. In determining the weighted average number of shares in issue, a total of 780 shares issued in connection with the incorporation of the Company together with the capitalisation issue of 1,767,212,259 shares were deemed to be in issue since 1st January 2000.

(b) Diluted loss per share

Diluted loss per share for the three months ended 31st March 2001 and 2000 was not presented as there were no dilutive potential ordinary shares.

5. Interim dividend

The Directors do not recommend the payment of an interim dividend for the period (2000: Nil)

6. Reserves

There were no movements in the reserves for the three months ended 31st March 2001 and 2000.

DIRECTORS' INTERESTS IN SHARES

As at 31st March 2001, the interest of the Directors and their associates in the share capital of the Company, and any of its associated companies (within the meaning of the Securities (Disclosure of Interests) Ordinance (“SDI Ordinance”)), as recorded in the register maintained by the Company pursuant to Section 29 of the SDI Ordinance were as follows:

Name	Personal interest <i>(Note 1)</i>	Family interest	Corporate interest	Pre-IPO Share Options <i>(Note 2)</i>
Sit Chun Sze	27,991,354	–	–	44,152,000
Chan Kee Chee, Keith	27,991,354	–	–	44,152,000
Tam Wai Kwan	50,384,437	–	–	44,152,000

Notes:

1. Personal interest represents ordinary shares of the Company obtained under Bonus Share Scheme pursuant to a written resolution dated 6th November 2000.

The bonus shares will be subject to “lock-up” arrangement as follows:

	% of entitlement under lock-up
From the listing of the Company’s shares on GEM on the Listing Date up to the end of the first 6 months after the Listing Date	100
From the 7th month after the Listing Date up to the end of the 12th month after the Listing Date	75
From the 13th month after the Listing Date up to the end of the 24th month after the Listing Date	50

2. Pre-IPO Share Options were granted to certain Directors under the Pre-IPO Share Option Plan, details of which are set out in the paragraphs headed “Pre-IPO Share Option Plan” in Appendix VI of the Prospectus.

DIRECTORS' RIGHT TO ACQUIRE SHARES

During the period for the three months ended 31st March 2001, no share options were granted by the Company under the share option scheme adopted by the Company on 6th November 2000. Details of the terms of the scheme are set out in the paragraphs headed "Share Option Scheme" in Appendix VI of the Prospectus.

Save as disclosed above, at no time during the three months ended 31st March 2001 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.

SUBSTANTIAL SHAREHOLDERS

As at 31st March 2001, the register of substantial shareholders maintained by the Company pursuant to Section 16(1) of SDI Ordinance showed that the following shareholders had interests representing 10% or more of the issued share capital of the Company:

Name	Notes	Number of Shares	Percentage of Shareholding
Golden Rabbit Enterprises Limited	1	1,391,435,322	58.4637
RNA Holdings Limited	2	1,391,435,322	58.4637
Tem Fat Hing Fung (Holdings) Limited	3	1,443,529,002	60.6526
Man Power Holdings Limited	4	238,095,238	10.0040

Notes:

- 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 Holdings Limited ("RNA").
- RNA, through its interest in Golden Rabbit, is deemed to be interested in the Company.
- Tem Fat Hing Fung (Holdings) Limited ("Tem Fat"), a company incorporated in Bermuda with limited liability, through its wholly-owned subsidiaries, Sky Lead International Limited and Chimstar Limited, owns more than one-third equity interest in RNA. Therefore, Tem Fat is deemed to be interested in the shares held by Golden Rabbit in addition to Tem Fat's direct interest of 52,093,680 shares in the Company.
- Man Power Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, holds an option to require RNA to transfer to it for 237,904,762 shares at HK\$0.21 per share within the 12-month period from 7th June 2001 to 6th June 2002.

COMPETING INTERESTS

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

SPONSOR’S INTERESTS

As of 31st March 2001, BOCI Asia Limited (“BOCI Asia”), its directors, employees or associates (as referred to in Note 3 to rule 6.35 of the GEM Listing Rules) did not have any interests in the shares of the Company or any rights to subscribe for or to nominate persons to subscribe for the shares of the Company.

Pursuant to the sponsorship agreement dated 30th November 2000 entered between the Company and BOCI Asia, BOCI Asia has been appointed as sponsor of the Company for the period from 7th December 2000 to 31st December 2002 and the Company shall pay an agreed fee to BOCI Asia for its provision of services.

AUDIT COMMITTEE

The Company established an audit committee on 19th October 2000 with written terms of reference for the purpose of reviewing and providing supervision over the financial reporting process and internal control of the Group. The audit committee comprises the Qualified Accountant of the Company and two Independent Non-executive Directors.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the three months period ended 31st March 2001. 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
Sit Chun Sze
Chairman

Hong Kong, 8th May 2001