



Trasy Gold Ex Limited

(Incorporated in the Cayman Islands with Limited Liability)



First Quarterly Report 2002

FIRST QUARTERLY REPORT 2002

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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 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 2002 of the Company and its subsidiaries (the "Group").

The Company has recently secured two important organizations to participate in our trading platform "TRASY" which include one international bank and one renowned local commission house. Total trading volume in TRASY amounted to the value of approximately US\$540 million for the first three months ended 31st March, 2002.

The Company has also continued to look for investment opportunities especially in China and a few projects are under consideration by the Directors of the Company.

FINANCIAL REVIEW

The Group has recorded a net profit attributable to shareholders for the three months ended 31st March, 2002 of approximately HK\$1,454,000, representing a basic earnings per share of 0.061 HK cents. The unaudited consolidated profit and loss account for the three months ended 31st March, 2002 and the comparisons with the corresponding period in 2001 are set out in page 5 herein.

For the first three months ended 31st March, 2002, the Group's consolidated turnover amounted to approximately HK\$868,000 (representing transaction fees from trading through TRASY of approximately 1.7 million ounces of gold and 11.6 million ounces of silver).

Upon comparing the result attributable to the shareholders for the same quarter in 2001, the performance of the Group in the three months ended 31st March, 2002 improved as an amount of profit attributable to the shareholders of approximately HK\$1,454,000 was recorded, which was mainly caused by the substantial amount of unrealised gain on gold bullion. Besides, the prudent cost management exercised by the Group since the beginning of the third quarter in 2001 also played a key role in the cost reduction process. Excluding the effect of unrealised gain/(loss) on gold bullion, the results for the first quarter in 2002 were substantially better than those recorded in the same period in 2001.

OPERATIONS REVIEW

Principal Recruitment

During the first quarter of 2002, the Company had continued its discussions with several major stockbrokers in Hong Kong and other countries around the region. These stockbrokers may act as a participating broker for TRASY, allowing an easy and convenient access for retail investors to trade in precious metals. The Company is in the final stage of negotiations with one of the Hong Kong stockbrokers.

The Company continues to promote TRASY to international precious metals market-makers in order to recruit them as Principals to TRASY.

Business Developments in the Middle-East and India

In the first quarter of 2002, the Company continued its discussions with potential business partners in the Middle-East and India. Negotiations of feasible business models and alliances are in progress, which would ensure a healthy expansion of TRASY's customer and usage network in these regions. The Company believes that the trading volume and number of retail investors involved in precious metals trading are very substantial in the Middle-East and India, thus it will further enhance the trading liquidity on TRASY.

TRASY's Back-Office Solutions

During the first quarter of 2002, the Company had received new requests from clients for new enhancements to be made to TRASY's Back-Office Solutions. This was a result of the Chinese Gold & Silver Exchange Society introducing a new trading product (namely Hong Kong Gold of 999.9 fine) to its members. The enhancements were completed and tested during the first quarter of 2002 and will be sold to new and existing clients.

New Products

On 22nd February, 2002, the Company had signed an agreement with AASTOCKS.COM Limited ("AASTOCKS.COM"). The basis of the agreement included the co-operation to develop a precious metal charting system to be sold by both parties to interested individuals or entities. The charting system will be an additional revenue stream to the Company by way of subscription from the public.

Further to the agreement signed with AASTOCKS.COM, a banner advertisement exchange on the related websites has been arranged as well as the broadcasting of TRASY's prices and news and commentary onto AASTOCKS.COM.

Business Alliances

Further to the Company's alliance with TheBullionDesk.com, the Company had increased the level of content exchange alliance by broadcasting TheBullionDesk.com's Top 10 PGM (Palladium and Platinum) News onto G9999.com in the first quarter of 2002, further broadening the Company's precious metals news coverage to readers.

In the first quarter of 2002, the Company continued to broaden its customer awareness by discussing business alliances with regional web sites for additional information to be broadcast on G9999.com and a more extensive distribution of the Company's precious metals information (especially TRASY's real-time dealable prices and in-house news and commentary).

Exploring Business Opportunities in the PRC

Furthermore, the Company continued its discussions with major gold market participants (jewelry manufacturers, mining companies and financial institutions) in Mainland China with the aim of promoting on-line precious metals trading through the use of TRASY. It is anticipated that there will be a high demand for precious metals trading when the Chinese market is liberalised.

Diversification of TRASY'S Usage

Discussions are continuing with an international financial institution regarding the expansion of TRASY into other financial products such as foreign exchange, other commodities and derivative products.

UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the three months ended 31st March, 2002

The board of Directors of the Company is pleased to announce the unaudited consolidated results of the Group for the three months ended 31st March, 2002 together with the comparative unaudited figures for the corresponding period in 2001 as follows:

		Three months ended 31st March	
		2002	2001
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	2	868	1,887
Unrealised gain/(loss) on gold bullion - net	2	4,266	(1,162)
Other revenue	2	117	32
		<u>5,251</u>	<u>757</u>
Staff costs		(2,284)	(2,946)
Depreciation		(83)	(82)
Marketing and promotion expenses		(224)	(304)
Other administrative and operating expenses		(1,206)	(1,605)
		<u>(3,797)</u>	<u>(4,937)</u>
Profit/(loss) before taxation		1,454	(4,180)
Taxation	3	-	-
Profit/(loss) attributable to shareholders		<u>1,454</u>	<u>(4,180)</u>
		<i>HK cents</i>	<i>HK cents</i>
Basic earnings/(loss) per share	4	<u>0.061</u>	<u>(0.176)</u>
Diluted earnings/(loss) per share	4	<u>N/A</u>	<u>N/A</u>

Remarks:

Appropriate reclassifications have been made to comparative figures for comparison purposes.

Notes:

1. Basis of presentation

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.

2. Revenue and 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. Revenue recognised during the three months period ended 31st March, 2002 are as follows:

	Three months ended 31st March	
	2002	2001
	HK\$'000	HK\$'000
Turnover		
Transaction fees	----- 868	----- 1,887
Unrealised gain/(loss) on gold bullion – net	----- 4,266	----- (1,162)
Other revenue		
Interest income	-	61
Realised gain/(loss) on gold bullion – net	80	(38)
Miscellaneous income	37	9
	<hr/> 117 <hr/>	<hr/> 32 <hr/>
Total revenue	<hr/> 5,251 <hr/>	<hr/> 757 <hr/>

3. Taxation

No provision for Hong Kong profits tax has been made in the accounts as the Group utilised tax losses brought forward from previous years to offset against the estimated assessable profit for the three months period ended 31st March, 2002.

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

4. Earnings/(loss) per share

(a) Basic earnings/(loss) per share

The basic earnings/(loss) per share for the three months ended 31st March, 2002 is based on the unaudited consolidated gain/(loss) attributable to shareholders of approximately HK\$1,454,000 (2001: (HK\$4,180,000)) and the weighted average number of 2,380,000,000 (2001: 2,380,000,000) ordinary shares in issue during the three months period ended 31st March, 2002.

(b) Diluted earnings/(loss) per share

No diluted earnings/(loss) per share is shown because the exercise of share options granted by the Company would have an anti-dilutive effect for the three months ended 31st March, 2002 and 2001.

5. Interim dividend

The Directors do not recommend the payment of an interim dividend for the period (2001: Nil).

6. Reserves

There were no movements in the reserves other than profit and loss for the three months ended 31st March respectively in 2002 and 2001.

DIRECTORS' INTEREST IN SHARES AND OPTIONS

(I) Shares

As at 31st March, 2002, the interests of the Directors and their associates in the share capital of the Company, or any of its associated corporations (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 of Director	Personal interest	Family interest	Corporate interest
	<i>(Note 1)</i>		
Sit Chun Sze	27,991,354	–	–
Chan Kee Chee, Keith	27,991,354	–	–

Note:

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

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

	% of entitlement under lock-up
From the listing of the Company’s shares on the GEM on 7th December, 2000 (“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

(II) Directors’ rights to acquire shares

On 6th November, 2000, a share option scheme (the “Scheme”) and a pre-IPO share option plan (the “Plan”) were approved pursuant to a written resolution of the Company.

- (i) Under the Scheme, the Directors may, at their discretion, grant options to any full-time employees or executives of the Group which entitle them to subscribe for shares representing up to a maximum of 10% of the shares in issue of the Company from time to time (excluding shares which have been allotted and issued pursuant to the Scheme and any other schemes). No share options were granted by the Company under the Scheme during the period under review. The Scheme was terminated and replaced by a new share option scheme at the annual general meeting of the Company held on 30th April, 2002.
- (ii) Under the Plan, the pre-IPO share options were granted to certain Directors 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 7th June, 2001.

Name of Director	Date of grant	Exercise price <i>HK\$</i>	No. of options outstanding as at 31st March, 2002	Expiry Date
Sit Chun Sze	29th November, 2000	0.21	44,152,000	28th November, 2010
Chan Kee Chee, Keith	29th November, 2000	0.21	44,152,000	28th November, 2010

The pre-IPO share options are exercisable in the following stages during the period commencing from the first day after the end of the first six months from the Listing Date and expiring on 28th November, 2010.

**Percentage of
the pre-IPO
share options that
can be exercised**

upon expiration of 6 months from the Listing Date	25%
upon expiration of 12 months from the Listing Date	50%
upon expiration of 24 months from the Listing Date	all the remaining outstanding options

All of these options have duration of ten years from the date of grant, but shall lapse where the grantee ceases to be employed by the Company, RNA Holdings Limited (“RNA”) or their respective subsidiaries.

Details of terms of the Scheme and the Plan are set out in pages from 193 to 202 of the Prospectus of the Company dated 30th November, 2000.

Except for the above, at no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable the Directors of the Company 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, 2002, 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 of Shareholder	<i>Notes</i>	Number of Shares	Percentage of Shareholding
Golden Rabbit Enterprises Limited	1	1,391,435,322	58.4637
RNA	2	1,391,435,322	58.4637

Notes:

1. Golden Rabbit Enterprises Limited (“Golden Rabbit”), a company incorporated in the British Virgin Islands with limited liability, is the immediate holding company of the Company and a wholly-owned subsidiary of RNA.
2. RNA, through its interest in Golden Rabbit, is deemed to be interested in the Company.

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, 2002, 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 2002 first quarterly report has been reviewed by 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, 2002. Neither the Company nor any of its subsidiaries purchased or sold any of the Company’s shares during the period.

By order of the Board
Sit Chun Sze
Chairman

Hong Kong, 7th May, 2002