



Trasy Gold Ex Limited

(Incorporated in the Cayman Islands with Limited Liability)



Third Quarterly Report 2002

THIRD-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 (the “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

I am pleased to present to the shareholders the Third Quarterly Report for 2002 of the Company and its subsidiaries (the "Group") for the nine months ended 30th September 2002.

The temporary downturn of the bullion market has slightly discouraged the interest of investors. Gold price dropped from US\$327 per ounce to a low of US\$301 per ounce while silver price reduced from US\$5.15 per ounce to US\$4.38 per ounce. However, the increased volatility in the market boosted the trading volume in our TRASY trading platform more than double in silver and about 70 per cent in gold as compared with the second quarter.

FINANCIAL HIGHLIGHTS

For the three months period ended

	30th September 2002 (HK\$'000)	30th June 2002 (HK\$'000)	31st March 2002 (HK\$'000)
Turnover	1,402	746	868
Unrealised gain on gold bullion – net	1,770	1,389	4,266
Staff costs	(1,821)	(2,171)	(2,284)
Marketing and promotion expenses	(244)	(268)	(224)
Other administrative and operating expenses	(1,435)	(1,160)	(1,206)
Profit/(loss) before taxation	(374)	(1,462)	1,454
Earnings/(loss) per share (<i>in HK cents</i>)	(0.014)	(0.061)	0.061

Note: The results for the three-month period ended 31st March and 30th June in 2002 are extracted from the first quarterly and half-year reports respectively in 2002.

FINANCIAL REVIEW

The Group recorded a net loss of approximately HK\$383,000 for the nine months ended 30th September 2002 (for the nine months ended 30th September 2001: a net loss of approximately HK\$4,815,000). The increase (approximately 61%) in unrealised gain on gold bullion and reduction (approximately 22%) in staff cost contributed to a substantial reduction in net loss when comparing with the corresponding period in 2001.

As mentioned in the Company's half-year report 2002, 399,000,000 equity shares were issued at a price of HK\$0.023 per share on 18th July 2002 (the "Subscription"). The net proceeds from the Subscription amounted to approximately HK\$9.1 million. Since the Company has not identified suitable investment opportunities, about 61% of the proceeds was used in the acquisition of gold bullion, which can be easily convertible into cash, and the remaining as working capital of the Group.

OPERATIONS REVIEW

Principal Recruitment

During the 3rd quarter of 2002, the Company made initial contacts with several stock brokers in Hong Kong. The Company has been inviting stockbrokers to act as participants on TRASY trading platform, and to offer their customers an additional product in which to invest. Two stockbrokers have shown strong interest in implementing TRASY into their precious metals business and are currently in further discussions on the technicalities of utilizing TRASY.

The Company has also continued its discussions with one UK based financial institution for implementation of TRASY and to participate by dealing on TRASY trading platform as a market maker.

Business Development in Middle-East and India

The Company continues to see a great future in the Middle-East and India for precious metals trading and the expansion of its services to this region. The Company is in the final stages of discussion with an existing principal to begin promotion and implementation of the TRASY trading platform with the principal's India based customers. Further, the Company continues its discussions with local based companies, seeking for partners and participants in the regions.

TRASY – AASTOCKS Precious Metals Charting System

In September 2002, the Company in partnership with AASTOCKS.COM launched the Company's new precious metals charting system to the investment community in Hong Kong and China. The Company had implemented its first stage of marketing program for the charting system and continues to push the product in the market.

The Perth Mint Certificate Program

In the 3rd Quarter of 2002, the Company signed an agreement with The Perth Mint (the "Mint"), Australia's oldest operating mint, established in 1899 to mint gold sovereigns for the British Empire. The Mint is owned by the Western Australian government and is Australia's specialist precious metals mint, producing collector and investment coins for world markets. The agreement has permitted the Company to become an approved dealer of The Perth Mint Certificate Program (the "PMCP"), which offers investors a unique range of precious metal storage options on attractive terms, under government guarantee. The PMCP is the only government guaranteed certificate program in the world.

Business Alliances

In the 3rd Quarter of 2002, traffic to the Company's precious metals' information website, www.g9999.com, continued to show strong growth. The Business Development Department is constantly searching for financial portals or gold related websites to develop business alliances to increase its content and distribution of TRASY's live and dealable prices. The Company has been exploring possibilities of including more China gold related information to g9999.com.

In July 2002, the Company began an alliance with AASTOCKS.COM which has involved banner advertisement exchange and the placing of TRASY's live and dealable prices onto their website.

Exploring Business Opportunities in PRC

The Company sponsored the 6th RNA China Gold Conference held in Shanghai on 9th September 2002. Gold mining companies and jewellery manufacturers throughout China, as well as other international bullion banks and traders attended the conference. At the conference the Company was able to carry out extensive marketing programs to the delegates as well as give live demonstrations of the TRASY system for precious metals trading.

Diversification of TRASY's Usage

The Company continues to seek the possibility of including other financial products on TRASY trading platform, such as foreign exchange, other commodities and derivatives products.

UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the three months and nine months ended 30th September 2002

The Board of Directors (the “Board”) of the Company is pleased to announce the unaudited consolidated results of the Group for the three months and nine months ended 30th September 2002 together with the comparative unaudited figures for the corresponding periods in 2001 as follows:

	Notes	Three months ended 30th September		Nine months ended 30th September	
		2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Turnover	2	1,402	1,258	3,016	4,468
Unrealised gain on gold bullion – net	2	1,770	3,773	7,425	4,623
Other revenue	2	38	(436)	240	(191)
		<u>3,210</u>	<u>4,595</u>	<u>(10,681)</u>	<u>8,900</u>
Staff costs		(1,821)	(2,315)	(6,276)	(8,004)
Depreciation		(84)	(83)	(250)	(247)
Marketing and promotion expenses		(244)	(324)	(736)	(1,073)
Other administrative and operating expenses		(1,435)	(1,216)	(3,801)	(4,391)
		<u>(3,584)</u>	<u>(3,938)</u>	<u>(11,063)</u>	<u>(13,715)</u>
Profit/(loss) before taxation		(374)	657	(382)	(4,815)
Taxation	3	(1)	–	(1)	–
Profit/(loss) attributable to shareholders		<u>(375)</u>	<u>657</u>	<u>(383)</u>	<u>(4,815)</u>
		<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Basic earnings/(loss) per share	4	<u>(0.014)</u>	<u>0.028</u>	<u>(0.015)</u>	<u>(0.202)</u>
Diluted earning/(loss) per share	4	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

Remark:

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

Notes:

1. Basis of presentation

The financial statements have been prepared in accordance with generally accepted accounting principals in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants. The financial statements are prepared under the historical cost convention. The accounting policies adopted are consistent with those set out in the annual financial statements for the year ended 31st December 2001.

2. Turnover and revenue

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 and nine months ended 30th September 2002 together with the comparative unaudited figures for the corresponding periods in 2001 are as follows:

	Three months ended 30th September		Nine months ended 30th September	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Turnover				
Transaction fees	<u>1,402</u>	<u>1,258</u>	<u>3,016</u>	<u>4,468</u>
Unrealised gain on gold bullion – net	<u>1,770</u>	<u>3,773</u>	<u>7,425</u>	<u>4,623</u>
Other revenue				
Interest income	–	3	–	67
Realised gain/(loss) on gold bullion – net	11	(439)	171	(267)
Miscellaneous income	<u>27</u>	<u>–</u>	<u>69</u>	<u>9</u>
	<u>38</u>	<u>(436)</u>	<u>240</u>	<u>(191)</u>
Total revenue	<u><u>3,210</u></u>	<u><u>4,595</u></u>	<u><u>10,681</u></u>	<u><u>8,900</u></u>

3. Taxation

No provision for Hong Kong profits tax has been made in the financial statements as the Group had no assessable profits in Hong Kong for the nine months ended 30th September 2002.

The taxation charge of approximately HK\$1,000 represents the surcharge for late submission of profits tax return of one of the Company's subsidiaries for the year of assessment 2000/01.

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 and nine months ended 30th September 2002 is based on the respective unaudited consolidated profit/(loss) attributable to shareholders of approximately HK\$(375,000) and HK\$(383,000) (2001: HK\$657,000 and HK\$(4,815,000)) and the weighted average number of 2,705,271,740 and 2,489,615,385 (2001: 2,380,000,000 and 2,380,000,000) ordinary shares in issue during the respective periods.

(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 and nine months ended 30th September 2002 and 2001.

5. Interim dividend

The Directors have resolved not to declare the payment of an interim dividend for the period (2001: Nil).

6. Reserves

	Share premium <i>HK\$'000</i>	Merger reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st January 2001	42,458	5,000	(16,541)	30,917
Loss for the period	<u>—</u>	<u>—</u>	<u>(5,472)</u>	<u>(5,472)</u>
At 30th June 2001	42,458	5,000	(22,013)	25,445
Profit for the period	<u>—</u>	<u>—</u>	<u>657</u>	<u>657</u>
At 30th September 2001	<u>42,458</u>	<u>5,000</u>	<u>(21,356)</u>	<u>26,102</u>
At 1st January 2002	42,458	5,000	(26,952)	20,506
Loss for the period	<u>—</u>	<u>—</u>	<u>(8)</u>	<u>(8)</u>
At 30th June 2002	42,458	5,000	(26,960)	20,498
Premium on issue of shares	5,187	—	—	5,187
Share issue expenses	(16)	—	—	(16)
Loss for the period	<u>—</u>	<u>—</u>	<u>(375)</u>	<u>(375)</u>
At 30th September 2002	<u>47,629</u>	<u>5,000</u>	<u>(27,335)</u>	<u>25,294</u>

DIRECTORS' INTEREST IN SHARES AND OPTIONS

(I) Shares

As at 30th September 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 <i>(Note)</i>	Family interest	Corporate interest
Mr. Sit Chun Sze	27,991,354	–	–
Mr. Chan Kee Chee, Keith	27,991,354	–	–

Note: 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 Listing Date	100
From the 7th month after the Listing Date up to the end of the 12th month after Listing Date	75
From the 13th month after the Listing Date up to the end of the 24th month after Listing Date	50

(II) Directors' rights to acquire shares

- (i) Under a new share option scheme (“Share Option Scheme”) adopted at the annual general meeting of the Company held on 30th April 2002, the Board may, at its discretion, grant options to any eligible participants which entitle 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 or

may be allotted and issued under other schemes). No share options were granted under the Share Option Scheme during the period under review. Details of the Share Option Scheme are set out in the circular of the Company dated 28th March 2002.

- (ii) Under the pre-IPO share option plan adopted by the Company on 6th November 2000 (the "Plan"), 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. Details of the Plan are set out in the prospectus of the Company dated 30th November 2000.

Details of the pre-IPO share options granted under the Plan to certain Directors are as follows:

Name of Director	Date of grant	Exercise price HK\$	No. of options outstanding as at		Expiry date
			30th September 2002		
Mr. Sit Chun Sze	29th November 2000	0.21	44,152,000		28th November 2010
Mr. 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 one month after the grantee ceases to be employed by the Company, RNA Holdings Limited ("RNA") or their respective subsidiaries.

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 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 30th September 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	50.07
RNA	2	1,391,435,322	50.07

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 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.

SPONSOR’S INTERESTS

As of 30th September 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 third quarterly accounts has been reviewed by the audit committee comprising 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 nine months period ended 30th September 2002. 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 November 2002