



Trasy Gold Ex Limited

(Incorporated in the Cayman Islands with Limited Liability)



First Quarterly Report 2003

FIRST QUARTERLY REPORT 2003

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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 2003 in respect of the Company and its subsidiaries (the "Group").

Two major events happened during the first quarter of 2003 that had a significant effect on the gold price and indeed the global economy. During February 2003, the war between Iraq and US intensified. This influenced the gold price to reach a high of US\$388.50 per ounce, which was a historical high for Trasy's Trading Platform since its launch in February 2000. The volatility of the gold price due to the war effect attracted considerable interest from the public in the gold market. The second event that occurred was the outbreak of SARS especially in Hong Kong and China. This greatly affected the business environment and the whole economy in Hong Kong. Investors' trading activities on Trasy's Trading Platform declined with the outbreak of SARS. Therefore, the trading volume of the Trading Platform during the first quarter of 2003 slightly declined by 6.5% for gold, and 12% for silver when compared with the fourth quarter of 2002.

FINANCIAL REVIEW

The Group has recorded a net loss attributable to shareholders for the three months ended 31st March 2003 of approximately HK\$2,847,000, representing a basic loss per share of 0.1 HK cent. The unaudited consolidated profit and loss account for the three months ended 31st March 2003 and the comparisons with the corresponding period in 2002 are set out on page 3 herein.

For the first three months ended 31st March 2003, the Group's consolidated turnover amounted to approximately HK\$1,205,000 (representing transaction fees from trading through TRASY of approximately 2 million ounces of gold and 20.7 million ounces of silver).

The Group incurred a loss attributable to the shareholders of HK\$2,847,000 for the first three months ended 31st March 2003, while a profit attributable to shareholders of HK\$1,454,000 was recorded for the same quarter in 2002. The deterioration in results was mainly because of the net unrealised loss on gold bullion of HK\$1,230,000 incurred in the first three months ended 31st March 2003 when compared with net unrealised gain on gold bullion of HK\$4,266,000 for the corresponding period in the previous year. Excluding the effect of net unrealised loss/gain on gold bullion, the amount of loss for the first quarter in 2003 was less than that recorded in the same period in 2002.

OPERATIONS REVIEW

Precious Metals Information Website – g9999.com

In order to provide comprehensive updated market information to investors, g9999.com has ongoing enhancement on content enrichment, graphic design and other value-added features. G9999.com has become a premiere precious metals information website in Asia and a major contributor globally.

Due to the increased amount of exposure of our website g9999.com, as well as additional precious metals' content and other value-added features on g9999.com, www.g9999.com, continued to show strong growth. Average monthly hit rates were well over 8 million per month during the quarter. The Business Development Department is in continual search for financial portals or gold related websites to develop business alliances. Additional alliances will assist to increase awareness of the Company's products and services, increase the content within the site and also develop additional revenue streams for the Company. The Company is currently in the final stages of discussing an alliance with a global gold related website.

During the quarter, the Company continued discussions with a financial information provider for the re-packaging and distribution of precious metals market news and information.

The TRASY System

During the first quarter, the Company continued its discussions with a stockbroker in Hong Kong to implement the TRASY system for its precious metals services. This stockbroker also highlighted its desire to incorporate non-precious metal commodities to be traded on the TRASY system, which corresponds with the future ambitions of the Company.

UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the three months ended 31st March 2003

The board of Directors (the “Board”) of the Company announces the unaudited consolidated results of the Group for the three months ended 31st March 2003 together with the comparative unaudited figures for the corresponding period in 2002 as follows:

		Three months ended 31st March	
		2003	2002
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
Turnover	2	1,205	868
Unrealised gain on gold bullion – net	2	–	4,266
Other revenue	2	23	117
		<u>1,228</u>	<u>5,251</u>
Unrealised loss on gold bullion – net		<u>(1,230)</u>	–
Staff costs		(1,696)	(2,284)
Depreciation		(209)	(83)
Marketing and promotion expenses		(7)	(224)
Other administrative and operating expenses		(933)	(1,206)
		<u>(2,845)</u>	<u>(3,797)</u>
(Loss)/Profit before taxation		(2,847)	1,454
Taxation	3	–	–
(Loss)/Profit attributable to shareholders		<u>(2,847)</u>	<u>1,454</u>
		HK cent	<i>HK cent</i>
Basic (loss)/earnings per share	4	<u>(0.1)</u>	<u>0.061</u>
Diluted (loss)/earnings per share	4	<u>N/A</u>	<u>N/A</u>

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 an 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 2003 are as follows:

	Three months ended 31st March	
	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover		
Transaction fees	1,205	868
	-----	-----
Unrealised gain on gold bullion – net	–	4,266
	-----	-----
Other revenue		
Interest income	–	–
Realised gain on gold bullion – net	–	80
Miscellaneous income	23	37
	-----	-----
	23	117
	-----	-----
Total revenue	1,228	5,251
	=====	=====

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 2003.

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

4. (Loss)/Earnings per share

(a) Basic (loss)/earnings per share

The basic (loss)/earnings per share for the three months ended 31st March 2003 is based on the unaudited consolidated loss attributable to shareholders of approximately HK\$2,847,000 (2002: profit of HK\$1,454,000) and the weighted average number of 2,779,000,000 (2002: 2,380,000,000) ordinary shares in issue during the three months period ended 31st March 2003.

(b) Diluted (loss)/earnings per share

No diluted (loss) per share is shown for the three months ended 31st March 2003 because the exercise of share options granted by the Company would have an anti-dilutive effect and no diluted earnings per share is shown for the three months ended 31st March 2002 as there were no potential ordinary shares which were granted to eligible persons in accordance with the terms of the Pre-IPO Share Option Plan (the "Plan") as the exercise price under the Plan was higher than the average market value during the period from 1st January 2002 to 31st March 2002.

5. Interim dividend

The Board resolved not to declare the payment of an interim dividend for the period (2002: Nil).

6. Reserves

There were no movements in the reserves other than profit and loss for the three months ended 31st March respectively in 2003 and 2002.

DIRECTORS' INTEREST IN SHARES AND OPTIONS

(I) Shares

At 31st March 2003, 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
Mr. Sit Chun Sze	27,991,354 <i>(Note)</i>	–	–
Mr. Chan Kee Chee, Keith	27,991,354 <i>(Note)</i>	–	–

Note: These ordinary shares were obtained under Bonus Share Scheme pursuant to a written resolution of the Company dated 6th November 2000.

(II) Directors' rights to acquire shares

- (i) Under a new share option scheme (the "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 Scheme during the period under review. Details of the 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	No. of options outstanding as at 1st January 2003	No. of options outstanding as at 31st March 2003	Exercise price HK\$	Exercise period
Mr. Sit Chun Sze	29th November 2000	44,152,000	44,152,000	0.21	7th June 2001 to 28th November 2010
Mr. Chan Kee Chee, Keith	29th November 2000	44,152,000	44,152,000	0.21	7th June 2001 to 28th November 2010

The pre-IPO share options are exercisable in the following stages during the period commencing from 7th June 2001 and expiring on 28th November 2010:

	Percentage of the pre-IPO share options that can be exercised
from 7th June 2001 to 6th December 2001	25%
from 7th December 2001 to 6th December 2002	50%
from 7th December 2002 to 28th November 2010	all the remaining outstanding options

All of these options have a duration of ten years from the date of grant, but lapse when 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

At 31st March 2003, 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 Rules Governing the Listing of Securities on GEM (“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.

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 2003 first quarterly report has been reviewed by the audit committee which comprises 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 2003. 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, 9th May 2003