



Trasy Gold Ex Limited 卓施金網有限公司

(Incorporated in the Cayman Islands with limited liability)

Third Quarterly Report 2006

Internet Precious Metals Trading Platform



Trasy Gold

NYSE: GOLD Real-time (Markets)

	ASK	BID	LAST
GOLD	563.3	563.1	563.6
	563.65	563.3	563.65
	563.3	563.1	563.3
	563.95	563.65	563.95
	563.6	563.3	563.6

QUOTE	LAST	ASK	BID	ASK	ASK SIZE	HIGH	LOW
1200	563.1	563.1	562.6	2000	563.0	563	
20000	5.75	5.75	5.74	25000	5.74	5.75	
200	200	200	201	2000	201	200	
1000	1044	1000	1044	1048	1048	1044	

	Trade Order: 477, 000.00	Market Order: 1,000.00
Order	1,000.00	1,000.00
Price	563.10	563.10
Quantity	1,000.00	1,000.00
Total	563,100.00	563,100.00

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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 (“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 Third Quarterly Report 2006 in respect of Trasy Gold Ex Limited (the "Company") and its subsidiaries (collectively the "Group").

The Group achieved very significant improvement in every major aspect of the operation, financial performance and corporate governance for the nine months ended 30 September 2006 as comparing with those in the same period of last year. The Group recorded about 1.13 times growth in turnover to approximately HK\$52.06 million; about 3.4 times growth in transaction fees to approximately HK\$2.91 million; and about 5.5 times growth in the trading volume of gold to 10.46 million ounces traded on its internet-based precious metals trading platform (the "Trasy System"). Besides, there was a substantial increase in the average daily hit rate of the Group's website after it was revamped in December 2005. For the nine months ended 30 September 2006, it has increased to approximately 1.73 million, about 2.2 times growth in the average daily hit rate (approximately 0.54 million) 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.

As a first step forward to explore the potential value of the viewer base of the Trasy System, a strategic alliance was formed and a memorandum of understanding was signed in September 2006 with a strategic partner (who provides market commentary in various financial products including gold on a website) in relation to (a) a cross-referral and fee-sharing arrangement through the installation of a hyperlink on the websites of the Group and the strategic partner to provide their respective viewers with ready access to the other party's website; and (b) a co-marketing arrangement by organizing joint seminars to market the business of both companies. The Directors consider that the cross-referral arrangement would provide an effective means for the Group to promote its brand name and market for new business.

In November 2006, a resumption proposal (the "Proposal") was submitted to the Stock Exchange in response to its notice dated 19 May 2006. The Proposal contains updated information of the Group in terms of operation, financial position and performance, and corporate governance and internal control. The Directors believe that the current scale of operations of the Group is sufficient to warrant continued listing of the Company's shares (the "Shares") and that the Proposal adequately addressed the reasons that the Review Committee put forward at the Review Hearing for upholding the first decision to proceed to the cancellation of the Company's listing pursuant to Rule 9.14 of the GEM Listing Rules. The Board is cautiously optimistic that the lifting of the suspension of the Shares will be granted by the Stock Exchange within a reasonable period of time but no assurances can be given that this will occur or (if it does occur) when it will occur.

CHAIRMAN'S STATEMENT *(continued)*

Barring unforeseen circumstances, the Board expects continuous improvement in the Company's operations in the last quarter of this year.

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

FINANCIAL REVIEW

For the nine months ended 30 September 2006, the Group's unaudited consolidated turnover amounted to approximately HK\$52.06 million (2005: approximately HK\$24.39 million), representing an increase of approximately 113% as compared to that in the same period of last year. Transaction fees of about HK\$2.91 million (2005: about HK\$0.66 million) were earned for the nine months ended 30 September 2006, which is approximately 3.4 times more 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\$0.23 million (2005: a net realized loss of about HK\$0.07 million) on precious metals contract trading and about HK\$0.61 million (2005: about HK\$0.21 million) on treasury investments were recorded. Other revenue of approximately HK\$2.90 million (2005: approximately HK\$3.52 million) was recorded for the nine months ended 30 September 2006, which comprised mainly interest income of about HK\$2.53 million (2005: about HK\$0.57 million) earned from bank deposits and the short positions on precious metals contract trading.

The Group recorded a drop in net loss of about 39% over the corresponding period in 2005. The net loss was approximately HK\$3.22 million for the nine months ended 30 September 2006 (2005: approximately HK\$5.31 million), representing a basic loss per share of 0.116 HK cents (2005: approximately 0.191 HK cents).

OPERATIONS REVIEW AND OUTLOOK

Trasy System Business

The Trasy System business achieved substantial improvement for the nine months ended 30 September 2006. A total volume of approximately 10.46 million ounces of gold were transacted through the Trasy System (2005: approximately 1.60 million ounces). The Group attracted 8 new Trasy System users during the period under review. As at 30 September 2006 there were 18 Trasy System users.

The precious metals market has been very volatile during the nine months period under review and the trend is expected to continue in the remaining period 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 and to expand its user base so as to enhance the trading dynamics of the Trasy System.

OPERATIONS REVIEW AND OUTLOOK *(continued)*

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 nine months period under review, a net realized gain of approximately HK\$0.23 million and an unrealized loss of approximately HK\$0.25 million were recorded for precious metals contract trading. New trading facilities with market principals were obtained 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 nine months period under review, a net realized gain of approximately HK\$0.61 million (2005: approximately HK\$0.21 million) was recorded on investments in marketable securities, about 1.9 times more than that recorded in the same period of last year.

The Board is pleased to present the unaudited consolidated results of the Group for the three months and nine months ended 30 September 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 nine months ended 30 September 2006

	Notes	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
		2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
Turnover	2	19,256	23,408	52,060	24,386
Cost of sales		(17,943)	(23,281)	(48,306)	(23,698)
Gross profit		1,313	127	3,754	688
Other revenue	2	919	3,643	2,901	3,519
Staff costs		(1,474)	(723)	(5,200)	(2,260)
Depreciation		(44)	(43)	(129)	(96)
Other administrative and operating expenses		(1,007)	(1,363)	(3,470)	(3,138)
Realized loss on precious metals contract – net		-	(154)	-	(29)
Unrealized loss on precious metals contract – net		-	(3,045)	-	(3,391)
Other expenses		(235)	(266)	(251)	(551)
Loss from operating activities	3	(528)	(1,824)	(2,395)	(5,258)
Finance costs		(229)	(46)	(827)	(49)
Loss before taxation		(757)	(1,870)	(3,222)	(5,307)
Taxation	4	-	-	-	-
Loss attributable to equity holders of the Company		(757)	(1,870)	(3,222)	(5,307)
		HK cents	HK cents	HK cents	HK cents
Loss per share	5				
Basic		(0.027)	(0.067)	(0.116)	(0.191)
Diluted		N/A	N/A	N/A	N/A

Notes:

1. Basis of preparation

The Group's unaudited consolidated results for the three months and nine months ended 30 September 2006 have been prepared under the historical cost convention except for the revaluation of certain financial assets and in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". The accounting policies adopted in preparing the unaudited consolidated results 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 other revenue

	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
Turnover				
Provision and operation of an internet-based electronic trading system	1,149	261	2,908	662
Precious metals contract trading	132	(271)	233	(73)
Treasury investments	17,975	23,418	48,919	23,797
	<u>19,256</u>	<u>23,408</u>	<u>52,060</u>	<u>24,386</u>
Other revenue				
Dividend income	4	-	53	-
Interest income	790	339	2,525	565
Unrealized gain on gold bullion - net	-	3,234	-	2,884
Unrealized gain on investments in securities - net	20	-	8	-
Miscellaneous income	105	70	315	70
	<u>919</u>	<u>3,643</u>	<u>2,901</u>	<u>3,519</u>
Total revenue	<u>20,175</u>	<u>27,051</u>	<u>54,961</u>	<u>27,905</u>

Notes (continued):

3. Loss from operating activities

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

	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
Realized loss on gold bullion - net	-	66	-	351
Realized loss on precious metals contract - net	-	154	-	29
Unrealized gain on gold bullion - net	-	(3,234)	-	(2,884)
Unrealized loss on precious metals contract - net	-	3,045	-	3,391
Unrealized loss on precious metals contract trading - net	235	64	251	64
Unrealized (gain)/loss on investments in securities - net	(20)	135	(8)	136
	<u>(20)</u>	<u>135</u>	<u>(8)</u>	<u>136</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 three months and nine months ended 30 September 2006.

5. Loss per share

(a) Basic loss per share

The calculation of basic loss per share for the three months and nine months ended 30 September 2006 is based on the respective unaudited consolidated loss attributable to equity holders of approximately HK\$757,000 and HK\$3,222,000 respectively (three months and nine months ended 30 September 2005: approximately HK\$1,870,000 and HK\$5,307,000 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 nine months ended 30 September 2006 and 2005 as there were no dilutive potential ordinary shares.

6. Interim dividend

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

7. Reserves

There were no movement in the reserves other than those reflected in the results for the three months and nine months ended 30 September in 2006 and 2005 respectively.

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

As at 30 September 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 corporations, 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 dealing 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	Approximate
			of ordinary shares of the Company held	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 September 2006, none of the Directors and chief executive 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 September 2006, so far as is known to the Directors and chief executives of the Company, the interests or 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%
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%

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)*

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 required to be kept under section 336 of the SFO, the Company received a written notification from ITC indicating that Galaxyway holds approximately 34.52% of the issued ordinary share capital of ITC as at 30 September 2006.

(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 September 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.

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 nine months ended 30 September 2006.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the nine months ended 30 September 2006. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed securities during the period.

On behalf of the Board

Francis J. Chang Chu Fai

Chairman

Hong Kong, 10 November 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.