



Trasy Gold Ex Limited  
卓施金網有限公司

(Incorporated in the Cayman Islands with limited liability)  
Stock Code : 8063

Internet Precious Metals Trading Platform

**Trasy**

**GOLD**

BUY SELL **685.5** **686**

BEST QUOTE	LAST	BID	SIZE	ASK	AGE	APR/SZ	PCR	QTY	HS/PR
GOLD	685	1290	685.5	686	2990	13.54	11.41	2600	
SILVER	372	2289	371	376	2680	3.36	369	1200	
PALLADIUM	1337	1688	1337	1338	1680	13.57	1128	300	

Trade Limit: 100,000.00    Available Total: 1,100.00    Total Order: 10,000.00  
 Credit Limit: 0.00    Order Size: 1.00    Order Size: 100.00  
 Max Lot: 100    Max Lot: 100,000.00    Max Lot: 100,000.00

Working Order    Position Statement    Open Order    Activity Log    Message

[www.trasy.com](http://www.trasy.com)

First Quarterly Report 2007

## **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.**

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*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 (“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 First Quarterly Report 2007 in respect of Trasy Gold Ex Limited (the "Company") and its subsidiaries (collectively the "Group").

The Group returned to profit in the first quarter of 2007 and achieved a substantial increase of 166% in transaction fees amounting to approximately HK\$1.6 million and approximately 92% growth in the trading volume of gold transacted on the Trasy System to approximately 4.8 million ounces when compared with the corresponding period of last year. The operating figures in the first quarter of 2007 are very promising. The Group's return to profit further proves the strengthened management team's capability in turning around the Group's business and the viability of its operations.

In November 2006, a resumption proposal (the "Proposal") was submitted to the Stock Exchange. The Proposal provides the Stock Exchange with updated information about the Group in terms of its operations, 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 the continued listing of the Company's shares (the "Shares"). This is further supported by the Group's return to profit in the first quarter of 2007. The Directors also believe that the Proposal adequately addresses the Stock Exchange's concerns about the Company's continued suitability for listing. However, the Stock Exchange has not reverted with its decision and has not provided any feedback on the Proposal since mid December 2006 despite the Company's regular follow-ups with the Stock Exchange. In May 2007, the financial advisor of the Company submitted a letter to the Stock Exchange with the purpose of expediting the processing of this matter. 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.

The gold market remained extremely volatile which presented good business opportunities to the Group and yet prudent risk management has become all the more important amid high volatility. The Group will continue its efforts to broaden its client and revenue bases. Barring unforeseen circumstances, the Board expects a further improvement in the Group's business in 2007.

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

## FINANCIAL REVIEW

For the three months ended 31 March 2007, the Group's turnover amounted to approximately HK\$11 million (three months ended 31 March 2006: approximately HK\$21 million). Transaction fees of approximately HK\$1.6 million (three months ended 31 March 2006: approximately HK\$0.6 million) was earned for the three months ended 31 March 2007, which is approximately 1.7 times more than that recorded in the same period of last year as a result of an expanded user base. Besides, the Group also recorded a contribution of approximately HK\$0.1 million (three months ended 31 March 2006: approximately HK\$0.5 million) from treasury investments.

The Group recorded a profit attributable to equity holders of approximately HK\$0.1 million for the three months ended 31 March 2007 (three months ended 31 March 2006: a loss of approximately HK\$1.3 million), representing a basic earnings per share of approximately 0.005 HK cent (three months ended 31 March 2006: a basic loss per share of approximately 0.048 HK cent).

## OPERATIONS REVIEW AND OUTLOOK

### Trasy System Business

The Trasy System business of the Group achieved substantial improvement for the three months ended 31 March 2007 upon comparing with that in the same period of last year. A total volume of approximately 4.8 million ounces of gold (three months ended 31 March 2006: approximately 2.5 million ounces) were transacted through the Trasy System. As at 31 March 2007, there were 20 Trasy System users (as at 31 March 2006: 16).

The precious metals market has been very volatile in the first quarter of 2007 and the trend is expected to continue in the coming years. 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.

### 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 three months ended 31 March 2007, a net realized loss of approximately HK\$31,000 and an unrealized loss of approximately HK\$1,000 were recorded for the precious metals contract trading (three months ended 31 March 2006: a net realized loss of approximately HK\$499,000 and an unrealized gain of approximately HK\$291,000). 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 Hong Kong stock market has been rather volatile in the first quarter of 2007. The Group has taken a more prudent approach on treasury investments. For the three months ended 31 March 2007, a contribution of approximately HK\$0.1 million (three months ended 2006: approximately HK\$0.5 million) was recorded from treasury investments. The Group will continue to adopt a pro-active yet prudent treasury management policy with a view to achieving better returns on its financial resources.

The Board is pleased to present the unaudited consolidated results of the Group for the three months ended 31 March 2007 together with the unaudited comparative figures for the corresponding period in 2006. 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 ended 31 March 2007

		<b>(Unaudited)</b>	
		<b>Three months</b>	
		<b>ended 31 March</b>	
		<b>2007</b>	<b>2006</b>
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Turnover</b>	2	<b>11,123</b>	20,795
Cost of sales		<b>(9,468)</b>	(20,158)
<b>Gross profit</b>		<b>1,655</b>	637
Other revenue	2	<b>934</b>	1,185
Staff costs		<b>(1,356)</b>	(1,567)
Depreciation		<b>(45)</b>	(42)
Other administrative and operating expenses		<b>(779)</b>	(1,286)
Other expenses		<b>(1)</b>	(2)
<b>Profit/(loss) from operating activities</b>		<b>408</b>	(1,075)
Finance costs		<b>(263)</b>	(259)
<b>Profit/(loss) before taxation</b>		<b>145</b>	(1,334)
Taxation	3	-	-
<b>Profit/(loss) attributable to equity holders of the Company</b>		<b>145</b>	(1,334)
<b>Earnings/(loss) per share</b>	4	<b>HK cent</b>	<b>HK cent</b>
Basic		<b>0.005</b>	(0.048)
Diluted		<b>N/A</b>	N/A

Notes:

## 1. Basis of preparation

The Group's unaudited consolidated results have been prepared under the historical cost convention and in accordance with all applicable Hong Kong Financial Reporting Standards. The accounting policies adopted in preparing the unaudited consolidated results for the first quarter of 2007 are consistent with those adopted in the preparation of the Group's annual financial statements for the year ended 31 December 2006.

## 2. Turnover and other revenue

	<b>(Unaudited)</b>	
	<b>Three months</b>	
	<b>ended 31 March</b>	
	<b>2007</b>	<b>2006</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Turnover</b>		
Provision and operation of an internet-based electronic trading system	1,579	593
Precious metals contract trading	(31)	(499)
Treasury investments	<u>9,575</u>	<u>20,701</u>
	<u>11,123</u>	<u>20,795</u>
<b>Other revenue</b>		
Unrealized gain on precious metals contract trading – net	–	291
Unrealized gain on investments held for trading – net	45	–
Interest income	784	789
Miscellaneous income	<u>105</u>	<u>105</u>
	<u>934</u>	<u>1,185</u>
<b>Total revenue</b>	<u><u>12,057</u></u>	<u><u>21,980</u></u>

Notes (continued):

### 3. Taxation

No provision for Hong Kong profits tax was made in the financial statements as the Company and its subsidiaries incurred tax losses or utilized tax losses brought forward from prior years to offset against the estimate assessable profit for the first quarter of 2007.

### 4. Earnings/(loss) per share

The calculation of basic earnings per share for the first quarter of 2007 is based on the unaudited consolidated profit attributable to equity holders of approximately HK\$145,000 (three months ended 31 March 2006: loss of approximately HK\$1,334,000) and the weighted average number of 2,779,000,000 (2006: 2,779,000,000) ordinary shares in issue during the first quarter of 2007.

Diluted earnings/(loss) per share is not presented for the first quarter of 2007 and 2006 as there were no dilutive potential ordinary shares.

### 5. Interim dividend

The Board resolved not to declare the payment of an interim dividend for the period (2006: Nil).

### 6. Reserves

There was no movement in the reserves other than those reflected in the results for the first quarter of 2007 and 2006 respectively.



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

As at 31 March 2007, 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 of ordinary shares of the Company held	Approximate 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 31 March 2007, 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 option was granted since its adoption.

## INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS/ OTHER PERSONS RECORDED IN THE REGISTER KEPT UNDER SECTION 336 OF THE SFO

As at 31 March 2007, 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:

1. 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.
2. 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 34.33% of the issued ordinary share capital of ITC as at 31 March 2007.

### **(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 or short positions in the shares or underlying shares of the Company as at 31 March 2007.

## 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 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 three months ended 31 March 2007.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company has not redeemed any of its shares during the three months ended 31 March 2007. 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, 9 May 2007

*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.*