

2008 THIRD QUARTERLY REPORT



Trasy Gold Ex Limited
卓施金網有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 08063

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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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.

FINANCIAL REVIEW

For the nine months period ended 30 September 2008, the consolidated revenue of Trasy Gold Ex Limited (the “Company”) and its subsidiaries (collectively, the “Group”) amounted to HK\$11,088,000 (for the nine months period ended 30 September 2007: HK\$8,685,000), which mainly represented trading of precious metals, dividend income from investments held for trading and interest income.

Dividend income from investments held for trading and interest income for the nine months period ended 30 September 2008 amounted to HK\$120,000 and HK\$4,119,000 respectively (for the nine months period ended 30 September 2007: HK\$63,000 and HK\$3,302,000 respectively).

For the nine months period ended 30 September 2008, profit contribution from sales of investments held for trading amounted to HK\$4,292,000 (for the nine months period ended 30 September 2007: HK\$8,985,000). However under the continuing turmoil in global financial markets, the Group recorded a net unrealized loss on investments held for trading of HK\$21,972,000 (for the nine months period ended 30 September 2007: net unrealized gain of HK\$2,233,000) by marking the investments held for trading to open market values. As a result the Group recorded a net loss on investments held for trading of HK\$17,680,000 for the nine months period ended 30 September 2008 (for the nine months period ended 30 September 2007: net gain on investments held for trading of HK\$11,218,000).

The Group recorded a loss attributable to equity holders of the Company of HK\$19,493,000 for the nine months ended 30 September 2008 (for the nine months period ended 30 September 2007: profit of HK\$5,922,000), representing a basic loss per share of HK17.310 cents (for the nine months period ended 30 September 2007: basic earnings per share of HK 9.368 cents).

OPERATIONS REVIEW AND OUTLOOK

Precious Metals and Precious Metals Contracts Trading

For the nine months period ended 30 September 2008, turnover from trading in precious metals and precious metals contracts amounted to HK\$6,719,000, with a profit contribution amounted to HK\$78,000. 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 and precious metals contract trading.

Treasury Management

For the nine months period ended 30 September 2008, the proceeds from sales of investments held for trading amounted to HK\$334,875,000 (for the nine months period ended 30 September 2007: HK\$154,892,000), which generated a profit contribution amounted to HK\$4,292,000 (for the nine months period ended 30 September 2007: HK\$8,985,000). However under the continuing turmoil in global financial markets, the Group recorded a net unrealized loss on investments held for trading of HK\$21,972,000 (for the nine months period ended 30 September 2007: net unrealized gain of HK\$2,233,000) by marking the investments held for trading to open market values. 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.

CAPITAL STRUCTURE

On 14 February 2008, the Company issued 1,997,205,000 rights shares at a price of HK\$0.055 per rights share by way of the rights issue on the basis of one rights share for every two shares held on the 11 January 2008. Upon the issue of the rights shares, the resulting shares issued were recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the proceeds per share over the nominal value of the shares was recorded by the Company in the share premium account. The net proceeds from the rights issue amounted to HK\$107,034,000.

On 13 August 2008, a special resolution was passed relating to the reduction of the par value of each issued share from HK\$0.50 to HK\$0.01 by cancelling the paid up capital to the extent of HK\$0.49 on each issued share and sub-divide every unissued share of HK\$0.50 each into 50 shares of HK\$0.01 each. The approval for the listing of and permission to deal in the new shares of HK\$0.01 each from the Stock Exchange has been granted on 11 November 2008 and the capital reduction will become effective upon filing and registration of relevant documents with the Registrar of Companies in the Cayman Islands.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

Deloitte.
德勤

TO THE BOARD OF DIRECTORS OF TRASY GOLD EX LIMITED

Introduction

We have reviewed the interim financial information set out on pages 5 to 11, which comprises the condensed consolidated income statement for the nine months period ended 30 September 2008 and certain explanatory notes. The interim financial information has been prepared solely for the purpose and on the basis set out in note 1 to the interim financial information. The GEM Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof. The directors are responsible for the preparation and presentation of this interim financial information in accordance with the basis set out in note 1. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with the basis of preparation as set out in note 1 to the interim financial information.

Without modifying our review conclusion we draw to your attention that the condensed consolidated income statement for the nine months period ended 30 September 2007 disclosed in the interim financial information has not been reviewed in accordance with standards applicable to review engagements issued by the Hong Kong Institute of Certified Public Accountants.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

11 November 2008

CONDENSED CONSOLIDATED INCOME STATEMENT

For the nine months ended 30 September 2008

| | Notes | Three months ended 30 September | | Nine months ended 30 September | |
|--|-------|------------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| | | 2008 HK\$'000 (Unaudited) | 2007 HK\$'000 (Unaudited) | 2008 HK\$'000 (Unaudited) | 2007 HK\$'000 (Unaudited) |
| Turnover | | 2,209 | 1,473 | 6,719 | 4,808 |
| Cost of sales | | (2,143) | — | (6,641) | — |
| Gross profit | | 66 | 1,473 | 78 | 4,808 |
| Other income | 3 | 2,486 | 2,083 | 4,369 | 3,877 |
| Administrative expenses | | (2,703) | (7,356) | (6,249) | (11,723) |
| Net (loss) gain on investments held for trading | | (22,233) | 10,193 | (17,680) | 11,218 |
| Finance costs | | — | (1,298) | (11) | (2,258) |
| (Loss) profit before tax | | (22,384) | 5,095 | (19,493) | 5,922 |
| Income tax expense | 4 | — | — | — | — |
| (Loss) profit for the period | | <u>(22,384)</u> | <u>5,095</u> | <u>(19,493)</u> | <u>5,922</u> |
| (Loss) earnings per share | 5 | | | | |
| Basic (HK cent) | | <u>(18.679)</u> | <u>7.060</u> | <u>(17.310)</u> | <u>9.368</u> |
| Diluted (HK cent) | | <u>(18.679)</u> | <u>7.060</u> | <u>(17.310)</u> | <u>9.367</u> |

Notes:

1. Basis of preparation

The interim financial information has been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

The amounts included in this interim financial information have been computed in accordance with Hong Kong Financial Report Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) applicable to interim periods. However, it does not contain sufficient information to constitute an interim financial report as defined in HKFRS.

In current period, the presentation of turnover, cost of sales and net (loss) gain on investments held for trading adopted in the condensed consolidated income statement has been changed to reflect the nature of sales of investments held for trading in a more appropriate manner.

In the current period, the following items have been included in a new line item “net (loss) gain on investments held for trading”:

| | Three months ended | | Nine months ended | |
|---|--------------------|---------------|-------------------|---------------|
| | 30 September | | 30 September | |
| | 2008 | 2007 | 2008 | 2007 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| Proceeds from sales of investments held for trading (previously included in turnover) | 3,692 | 117,011 | 334,875 | 154,892 |
| Cost of sales of investments held for trading (previously included in cost of sales) | (8,655) | (109,331) | (330,583) | (145,907) |
| Unrealised (loss) gain on investments held for trading (previously shown as a separate line item) | (17,270) | 2,513 | (21,972) | 2,233 |
| | <u>(22,223)</u> | <u>10,193</u> | <u>(17,680)</u> | <u>11,218</u> |

2. Principal accounting policies

The interim financial information has been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

The accounting policies used in the interim financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2007, except as described below.

In the current period, the Group has applied, for the first time, the following new interpretations ("new interpretations") issued by the HKICPA, which are effective for the Group's financial year beginning 1 January 2008.

| | |
|------------------|--|
| HK(IFRIC)-Int 11 | HKFRS 2: Group and Treasury Share Transactions |
| HK(IFRIC)-Int 12 | Service Concession Arrangements |
| HK(IFRIC)-Int 14 | HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction |

In addition, the Group has applied, for the first time, amendments to Hong Kong Accounting Standard 39 "Financial Instruments: Recognition and Measurement" and Hong Kong Financial Reporting Standard 7 "Financial Instruments: Disclosures", which were issued on 15 October 2008 and effective from 1 July 2008.

The adoption of the new interpretations had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

The Group has not early applied the new, revised or amended standards, amendments and interpretations that have been issued but not yet effective.

| | |
|--------------------------|--|
| HKAS 1 (Revised) | Presentation of Financial Statements ¹ |
| HKAS 23 (Revised) | Borrowing Costs ¹ |
| HKAS 27 (Revised) | Consolidated and Separate Financial Statements ² |
| HKAS 32 & 1 (Amendments) | Puttable Financial Instruments and Obligations Arising on Liquidation ¹ |
| HKFRS 2 (Amendment) | Vesting conditions and cancellations ¹ |
| HKFRS 3 (Revised) | Business Combinations ² |
| HKFRS 8 | Operating Segments ¹ |
| HK(IFRIC)-Int 13 | Customer Loyalty Programmes ³ |
| HK(IFRIC)-Int 15 | Agreements for the Construction of Real Estate ¹ |
| HK(IFRIC)-Int 16 | Hedges of a Net Investment in a Foreign Operation ⁴ |

2. Principal accounting policies (Continued)

- ¹ Effective for annual periods beginning on or after 1 January 2009
- ² Effective for annual periods beginning on or after 1 July 2009
- ³ Effective for annual periods beginning on or after 1 July 2008
- ⁴ Effective for annual periods beginning on or after 1 October 2008

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions.

The directors of the Company anticipate that the application of the other new or revised standards and interpretations will have no material impact on the results and the financial position of the Group.

3. Other income

| | Three months ended | | Nine months ended | |
|----------------------------------|--------------------|-------------|-------------------|-------------|
| | 30 September | | 30 September | |
| | 2008 | 2007 | 2008 | 2007 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Dividend income from investments | | | | |
| held for trading | — | 13 | 120 | 63 |
| Interest income | 2,465 | 1,702 | 4,119 | 3,302 |
| Miscellaneous income | 21 | 368 | 130 | 512 |
| | 2,486 | 2,083 | 4,369 | 3,877 |
| | 2,486 | 2,083 | 4,369 | 3,877 |

4. Income tax expense

No provision for Hong Kong Profits Tax has been made as the Group incurred tax losses or utilised tax losses brought forward from prior years to offset against the estimated assessable profit for the period.

Hong Kong Profits Tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which includes the reduction in corporate profit tax rate by 1% to 16.5% effective from the year of assessment 2008-2009. The effect of such decrease has been reflected in measuring the current tax for the nine months ended 30 September 2008. The estimated average annual tax rate used is 16.5% (2007: 17.5%) for the nine months and the three months ended 30 September 2008.

5. (Loss) earnings per share

The calculation of the basic and diluted (loss) earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

| | Three months ended | | Nine months ended | |
|--|-----------------------|---------------|-----------------------|---------------|
| | 30 September | | 30 September | |
| | 2008 | 2007 | 2008 | 2007 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| | | (restated) | | (restated) |
| (Loss) earnings | | | | |
| (Loss) earnings for the purpose of basic and diluted earnings per share | <u>(22,384)</u> | <u>5,095</u> | <u>(19,493)</u> | <u>5,922</u> |
| Number of shares | '000 | '000 | '000 | '000 |
| Weighted average number of ordinary shares for the purpose of basic earnings per share | 119,832 | 72,164 | 112,614 | 63,218 |
| Effect of dilutive potential ordinary shares: | | | | |
| Share options | <u>—</u> | <u>4</u> | <u>—</u> | <u>2</u> |
| Weighted average number of ordinary shares for the purpose of diluted earnings per share | <u>119,832</u> | <u>72,168</u> | <u>112,614</u> | <u>63,220</u> |

Pursuant to the ordinary resolution passed at the extraordinary general meeting held on 13 August 2008, the Company consolidated every 50 issued and unissued shares into one consolidated share and changed the board lot size for trading in the shares from 10,000 shares to 2,000 consolidated shares ("Share Consolidation"). Accordingly, the weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share for the three months and nine months ended 30 September 2007 have been retrospectively adjusted for the effect of the rights issue on 14 February 2008 and the Share Consolidation.

Diluted loss per share are not presented for the three months and nine months ended 30 September 2008 as the exercise price of the outstanding share options is higher than the average market price for shares.

6. Interim dividend

The board resolved not to declare the payment of an interim dividend for the nine months ended 30 September 2008 (nine months ended 30 September 2007: Nil).

7. Share capital, share premium and reserves

| | Share capital HK\$'000 (Note) | Share premium HK\$'000 | Merger reserve HK\$'000 | Share option reserve HK\$'000 | Accumulated losses HK\$'000 | Total HK\$'000 |
|--|--|------------------------------|-------------------------------|--|-----------------------------------|-------------------|
| At 1 January 2008 (audited) | 39,944 | 254,796 | 5,000 | 3,215 | (32,731) | 270,224 |
| Loss for the period and total recognised income and expense for the period | — | — | — | — | (19,493) | (19,493) |
| Recognition of equity-settled share-based payments | — | — | — | 15 | — | 15 |
| Transfer to accumulated losses upon lapse of share options | — | — | — | (2,852) | 2,852 | — |
| Shares issued (note) | 19,972 | 89,874 | — | — | — | 109,846 |
| Transaction costs attributable to issue of shares | — | (2,812) | — | — | — | (2,812) |
| At 30 September 2008 (unaudited) | 59,916 | 341,858 | 5,000 | 378 | (49,372) | 357,780 |
| At 1 January 2007 (audited) | 27,790 | 47,629 | 5,000 | — | (31,838) | 48,581 |
| Profit for the period and total recognised income and expense for the period | — | — | — | — | 5,922 | 5,922 |
| Recognition of equity-settled share-based payments | — | — | — | 4,658 | — | 4,658 |
| Exercise of share options | 4 | 98 | — | (14) | — | 88 |
| Shares issued | 12,150 | 214,820 | — | — | — | 226,970 |
| Transaction costs attributable to issue of shares | — | (7,745) | — | — | — | (7,745) |
| At 30 September 2007 (unaudited) | 39,944 | 254,802 | 5,000 | 4,644 | (25,916) | 278,474 |

7. Share capital, share premium and reserves (Continued)

Notes:

- (a) On 14 February 2008, the Company issued 1,997,205,000 rights shares at a price of HK\$0.055 per rights share by way of the rights issue on the basis of one rights share for every two shares held on the 11 January 2008. Upon the issue of the rights shares, the resulting shares issued were recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the proceeds per share over the nominal value of the shares was recorded by the Company in the share premium account.

- (b) On 13 August 2008, the special resolution was passed relating to the reduction of the par value of each issued share from HK\$0.50 to HK\$0.01 by cancelling the paid up capital to the extent of HK\$0.49 on each issued share and sub-divide every unissued share of HK\$0.50 each into 50 shares of HK\$0.01 each. The approval for the listing of and permission to deal in the new shares of HK\$0.01 each from the Stock Exchange has been granted on 11 November 2008 and the capital reduction will become effective upon filing and registration of relevant documents with the Registrar of Companies in the Cayman Islands.

Details of the above were set out in the Company's announcement dated 8 July 2008, the circular dated 21 July 2008 and the announcement dated 13 August 2008.

DIRECTORS' INTEREST OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 30 September 2008, the interests or 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 Divisions 7 and 8 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 dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

Interests in underlying shares of the Company

Under the share option scheme of the Company adopted on 30 April 2002 (the "Scheme"), the Board may, at its discretion, grant 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.

| Name of Directors | Nature of interest | Date of grant | Exercisable period | Exercise price per share (HK\$) | Number of shares to be issued under the option | Approximate percentage of the issued ordinary share capital of the Company |
|--------------------|--------------------|---------------|----------------------------|---------------------------------|--|--|
| Mr. Chung Koon Yan | Personal interest | 9 July 2007 | 9 July 2007 to 8 July 2010 | 16.125 | 30,693 | 0.03% |
| Mr. Wong Kai Tat | Personal interest | 9 July 2007 | 9 July 2007 to 8 July 2010 | 16.125 | 30,693 | 0.03% |

Note:

The exercise price per share and the number or shares to be issued under the option have been adjusted pursuant to the terms of the Scheme as a result of the consolidation of every 50 shares of HK\$0.01 each into 1 consolidated share of HK\$0.50 each become effective on 14 August 2008.

Save as disclosed above, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company which were recorded on the register required to be kept under section 352 of the SFO or 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 as at 30 September 2008.

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

At 30 September 2008, 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:

Interests or 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 |
|-------------------|---------------------|----------------------------------|--|--|
| Mr. Tse Young Lai | Beneficial owner | Long position | 23,966,460 | 20.00% |

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 30 September 2008.

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 Mr. Chung Koon Yan (as Chairman), Mr. Wong Kai Tat and Ms. Chan Ling, Eva, 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 2008.

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

The Company has not redeemed any of its shares during the nine months ended 30 September 2008. 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

Tse Ke Li

Executive Director

Hong Kong, 11 November 2008

As at the date of this report, the Board comprises Mr. Yu Kam Kee, Lawrence as non-executive Chairman, Mr. Tang Chi Ming and Mr. Tse Ke Li as executive Directors, and Mr. Chung Koon Yan, Mr. Wong Kai Tat and Ms. Chan Ling, Eva as independent non-executive Directors.