



TRASY GOLD EX LIMITED

卓施金網有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8063)

ANNOUNCEMENT OF THIRD QUARTERLY RESULTS 2007

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This announcement 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 announcement 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 announcement misleading; and (iii) all opinions expressed in this announcement 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 Results 2007 in respect of Trasy Gold Ex Limited (the "Company") and its subsidiaries (collectively the "Group").

The Group's operating performance continued to improve for the nine months ended 30 September 2007. There was a dramatic turn-around in the Group's performance where a profit attributable to equity holders of the Company amounting to approximately HK\$5,922,000 was achieved versus a loss of approximately HK\$3,222,000 for the corresponding period of last year. Total turnover increased drastically by approximately 207% over the same period of last year arising mainly from more active treasury investments taking advantage of the positive stock market sentiment to enhance shareholder return and an increase of approximately 79% in transaction fees derived from the Group's internet-based precious metals trading platform (the "Trasy System").

On 23 August 2007, the Company and Taifook Securities Company Limited (the "Placing Agent") entered into an agreement to terminate the share placing agreement dated 28 June 2007 mainly due to unfavorable market conditions; accordingly, the Company and ITC Corporation Limited ("ITC") also entered into an agreement to terminate the share subscription agreement dated 28 June 2007. Subsequent to the said termination, the Company appointed Kingston Securities Limited as a placing agent to do a top-up placing in August and September of this year respectively under the general mandate granted at the extraordinary general meeting held on 8 August 2007, raising total net proceeds for the Company of approximately HK\$112.7 million. These top-up placing activities were successfully completed.

On 31 October 2007, the convertible notes ("CN") placing agreement entered into between the Company and the Placing Agent and the CN subscription agreement entered into between the Company and ITC both dated 29 June 2007 automatically lapsed as conditions under these agreements could not be fulfilled by the extended long stop date.

The Group is in a very healthy financial position with good liquidity. The Group is well-positioned to capture suitable investment opportunities to diversify its business activities and broaden its earnings base as and when they arise. The Group will target to look for strategic investments that are expected to bring in attractive returns to the Group.

Mr. Tse Ke Li was appointed as an executive Director of the Company with effect from 26 October 2007 and Mr. Yue Wai Keung has resigned as an independent non-executive Director of the Company with effect from 31 October 2007. On behalf of the Board, I would like to welcome Mr. Tse joining the Board and express our appreciation to Mr. Yue for his valuable contribution to the Company during the tenure of his service.

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 2007, the Group's unaudited consolidated turnover amounted to approximately HK\$159,700,000 (nine months ended 30 September 2006: approximately HK\$52,060,000), representing an increase of approximately 207% as compared to that in the same period of last year. Transaction fees of approximately HK\$5,211,000 (nine months ended 30 September 2006: approximately HK\$2,908,000) were earned for the nine months ended 30 September 2007, which is approximately 0.79 times more than that recorded in the same period of last year. During the period under review, a net realized loss of approximately HK\$403,000 (nine months ended 30 September 2006: a net realized gain of approximately HK\$233,000) on precious metals contract trading and a contribution of approximately HK\$8,985,000 (nine months ended 30 September 2006: approximately HK\$613,000) on treasury investments were recorded. Other revenue of approximately HK\$6,110,000 (nine months ended 30 September 2006: approximately HK\$2,901,000) was recorded for the nine months ended 30 September 2007, which comprised mainly interest income of approximately HK\$3,302,000 (nine months ended 30 September 2006: approximately HK\$2,525,000) and an unrealized gain on investments in securities of approximately HK\$2,233,000 (nine months ended 30 September 2006: approximately HK\$8,000).

The Group recorded a profit attributable to equity holders of approximately HK\$5,922,000 for the nine months ended 30 September 2007 (nine months ended 30 September 2006: a loss of approximately HK\$3,222,000), representing a basic earnings per share of 0.196 HK cent (nine months ended 30 September 2006: a basic loss per share of approximately 0.116 HK cent).

OPERATIONS REVIEW

Trasy System Business

The Group's Trasy System business achieved further growth for the nine months ended 30 September 2007 comparing with that in the same period of last year. A total volume of approximately 15.24 million ounces of gold were transacted through the Trasy System (nine months ended 30 September 2006: approximately 10.46 million ounces).

The precious metals market was volatile during the nine months period under review. The price volatility in precious metals has revived investors' interest in gold as an alternative investment and substantial inflow of funds into precious metals trading has been seen.

Gold, reacting to geo-political tensions in the Middle East, a declining US dollar and stagnant mine supply, was traded to its highest level in 28 years in October 2007. The global economic uncertainties and price volatilities will challenge the patience and nerve of investors in the last quarter of 2007.

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 loss of approximately HK\$403,000 and an unrealized gain of approximately HK\$197,000 were recorded for precious metals contract trading (nine months ended 30 September 2006: a net realized gain of approximately HK\$233,000 and an unrealized loss of approximately HK\$251,000). The Group will continue to adopt prudent risk management and credit control policies to monitor and minimize the Group's risk exposures on precious metals contract trading.

Treasury Management

The Hong Kong stock market has been buoyant during the period under review. For the nine months ended 30 September 2007, a contribution of approximately HK\$8,985,000 (nine months ended 30 September 2006: approximately HK\$613,000) was recorded from treasury investments. The Group will continue to adopt a pro-active treasury management policy with a view to enhancing shareholder return through more effective deployment of its financial resources.

The Board is pleased to present the unaudited consolidated results of the Group for the three months and nine months ended 30 September 2007 together with the unaudited comparative figures for the corresponding periods in 2006. The results have been reviewed by the Company's auditors, Moore Stephens.

UNAUDITED CONSOLIDATED INCOME STATEMENT

For the three months and nine months ended 30 September 2007

	Notes	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
		2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Turnover	2	118,484	19,256	159,700	52,060
Cost of sales		(109,331)	(17,943)	(145,907)	(48,306)
Gross profit		9,153	1,313	13,793	3,754
Other revenue	2	4,596	919	6,110	2,901
Staff costs		(6,466)	(1,474)	(9,063)	(5,200)
Depreciation		(50)	(44)	(141)	(129)
Other administrative and operating expenses		(840)	(1,007)	(2,519)	(3,470)
Other expenses		–	(235)	–	(251)
Profit/(loss) from operating activities	3	6,393	(528)	8,180	(2,395)
Finance costs		(1,298)	(229)	(2,258)	(827)
Profit/(loss) before taxation		5,095	(757)	5,922	(3,222)
Taxation	4	–	–	–	–
Profit/(loss) attributable to equity holders of the Company		5,095	(757)	5,922	(3,222)
		<i>HK cent</i>	<i>HK cent</i>	<i>HK cent</i>	<i>HK cent</i>
Earnings/(loss) per share	5				
Basic		0.147	(0.027)	0.196	(0.116)
Diluted		0.147	N/A	0.196	N/A

Notes:

1. Basis of preparation

The Group's unaudited consolidated results for the three months and nine months ended 30 September 2007 have been prepared in accordance with the applicable provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange of Hong Kong Limited and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The accounting policies and methods of computation used in the preparation of these condensed interim financial statements are consistent with those used in the 2006 annual financial statements except for the adoption of the new standards, amendments to standards and interpretations issued by the HKICPA which are effective for the annual periods beginning 1 January 2007. The following new standards, amendments to standards and interpretations are effective for the financial year ending 31 December 2007.

- (a) Amendment to HKAS 1 Presentation of Financial Statements: Capital Disclosures (effective for annual periods beginning on or after 1 January 2007)
- (b) HKFRS 7 Financial Instruments: Disclosures (effective for annual periods beginning on or after 1 January 2007)
- (c) HK(IFRIC) Interpretation 7 Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies (effective for annual periods beginning on or after 1 March 2006)
- (d) HK(IFRIC) Interpretation 8 Scope of HKFRS 2 (effective for annual periods beginning on or after 1 May 2006)
- (e) HK(IFRIC) Interpretation 9 Reassessment of Embedded Derivatives (effective for annual periods beginning on or after 1 June 2006)
- (f) HK(IFRIC) Interpretation 10 Interim Financial Reporting and Impairment (effective for annual periods beginning on or after 1 November 2006)

The adoption of these new standards, amendments to standards and interpretations has no material financial effect on the Group's results and financial position for the current or prior periods.

The Group has not early adopted the following new/revised standards and interpretations that have been issued but not yet effective for the accounting period ending 31 December 2007. The Group is in the process of making an assessment of impact of these new/revised standards and interpretations to the Group's results of operations and financial position in the period of initial application.

		Effective for annual periods beginning on or after
HKAS 23 (Revised)	Borrowing Costs	1 January 2009
HKFRS 8	Operating Segments	1 January 2009
HK(IFRIC) Interpretation 11	HKFRS 2-Group and Treasury Share Transactions	1 March 2007
HK(IFRIC) Interpretation 12	Services Concession Arrangements	1 January 2008

2. Turnover and other revenue

	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Turnover				
Provision and operation of an internet-based electronic trading system	1,910	1,149	5,211	2,908
Precious metals contract trading	(437)	132	(403)	233
Treasury investments	117,011	17,975	154,892	48,919
	118,484	19,256	159,700	52,060
Other revenue				
Dividend income	13	4	63	53
Interest income	1,702	790	3,302	2,525
Unrealized gain on precious metals contract trading – net	263	–	197	–
Unrealized gain on investments in securities – net	2,513	20	2,233	8
Miscellaneous income	105	105	315	315
	4,596	919	6,110	2,901
Total revenue	<u>123,080</u>	<u>20,175</u>	<u>165,810</u>	<u>54,961</u>

3. Profit/(loss) from operating activities

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

	(Unaudited)		(Unaudited)	
	Three months ended 30 September		Nine months ended 30 September	
	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Bank interest income	(1,037)	(553)	(2,061)	(1,726)
Share-based payment expense	4,589	–	4,658	–
Unrealized (gain)/loss on precious metals contract trading – net	(263)	235	(197)	251
Unrealized gain on investments in securities – net	(2,513)	(20)	(2,233)	(8)

4. Taxation

No provision for Hong Kong profits tax has been made as the Company and its subsidiaries incurred tax losses or utilized tax losses brought forward from prior years to offset against the estimated assessable profit for the nine months ended 30 September 2007.

5. Earnings/(loss) per share

The calculation of the basic and diluted earnings/(loss) per share attributable to the ordinary equity holders of the Company for the three months and nine months ended 30 September 2007 and 2006 is based on:

	(Unaudited)		(Unaudited)	
	Three months ended 30 September		Nine months ended 30 September	
	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Earnings/(loss)				
Profit/(loss) attributable to equity holders of the Company	5,095	(757)	5,922	(3,222)

	(Unaudited)		(Unaudited)	
	Three months ended		Nine months ended	
	30 September		30 September	
	2007	2006	2007	2006
Number of shares				
Weighted average number of ordinary shares for the purposes of basic earnings/(loss) per share	3,455,444,455	2,779,000,000	3,027,113,147	2,779,000,000
Effect of dilutive potential ordinary shares: Share options	<u>206,631</u>	<u>–</u>	<u>76,111</u>	<u>–</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u><u>3,455,651,086</u></u>	<u><u>2,779,000,000</u></u>	<u><u>3,027,189,258</u></u>	<u><u>2,779,000,000</u></u>

Diluted loss per share is not presented for the three months and nine months ended 30 September 2006 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 2006: Nil).

7 Reserves

	(Unaudited)				
	Share premium	Merger reserve	Share-based payment reserve	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
1 January 2007	47,629	5,000	–	(31,838)	20,791
Recognition of equity-settled share-based payments	–	–	4,658	–	4,658
Exercise of share options	98	–	(14)	–	84
Issue of shares	214,820	–	–	–	214,820
Expenses incurred in connection with issue of shares	(7,745)	–	–	–	(7,745)
Profit for the period	<u>–</u>	<u>–</u>	<u>–</u>	<u>5,922</u>	<u>5,922</u>
30 September 2007	<u><u>254,802</u></u>	<u><u>5,000</u></u>	<u><u>4,644</u></u>	<u><u>(25,916)</u></u>	<u><u>238,530</u></u>
1 January 2006	47,629	5,000	–	(28,235)	24,394
Loss for the period	<u>–</u>	<u>–</u>	<u>–</u>	<u>(3,222)</u>	<u>(3,222)</u>
30 September 2006	<u><u>47,629</u></u>	<u><u>5,000</u></u>	<u><u>–</u></u>	<u><u>(31,457)</u></u>	<u><u>21,172</u></u>

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

As at 30 September 2007, the interests or short positions of the Directors and chief executive 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 dealing 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	Exercise period	Exercise price per share (HK\$)	Number of share options	Approximate percentage of the issued ordinary share capital of the Company
Mr. Francis J. Chang Chu Fai	Personal interest	9 July 2007	9 July 2007 to 8 July 2010	0.33	15,000,000	0.376%
Mr. Leung Man Pok, John	Personal interest	9 July 2007	9 July 2007 to 8 July 2010	0.33	15,000,000	0.376%
Ms. Cheung Wing Chi, Winnie	Personal interest	9 July 2007	9 July 2007 to 8 July 2010	0.33	5,000,000	0.125%
Mr. Chung Koon Yan	Personal interest	9 July 2007	9 July 2007 to 8 July 2010	0.33	1,500,000	0.038%
Mr. Wong Kai Tat	Personal interest	9 July 2007	9 July 2007 to 8 July 2010	0.33	1,500,000	0.038%
Mr. Yue Wai Keung	Personal interest	9 July 2007	9 July 2007 to 8 July 2010	0.33	1,500,000	0.038%

Save as disclosed above, none of the Directors or chief executive 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 2007.

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

At 30 September 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:

Interests and short positions of substantial shareholders in shares and underlying shares of the Company

Name	Capacity	Long position/ Short position	Number of underlying shares of the Company held	Number of underlying shares of the Company held	Approximate percentage of the issued ordinary share capital of the Company
Mr. Tse Young Lai	Beneficial owner	Long position	798,882,000	–	20.00%
ITC Corporation Limited (“ITC”) (Note)	Beneficial owner	Long position	–	416,666,666	10.43%

Note:

ITC was interested in:

- (i) derivative of 208,333,333 underlying shares pursuant to the convertible notes subscription agreement entered into between the Company and ITC on 29 June 2007 (“CN Subscription Agreement”) whereby the Company shall issue convertible notes in the principal amount of HK\$50,000,000 to ITC or its nominee(s) convertible into 208,333,333 shares at the initial conversion price of HK\$0.24 per share (subject to adjustments); and
- (ii) derivative of 208,333,333 underlying shares pursuant to the additional amount of the convertible notes to be subscribed by ITC or its nominee(s) under the CN Subscription Agreement up to HK\$50,000,000 convertible into 208,333,333 shares at the initial conversion price of HK\$0.24 per share (subject to adjustments).

Subsequently on 31 October 2007, the CN Subscription Agreement has lapsed according to its terms.

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 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 (as defined in Rule 11.04 of the GEM Listing Rules) which competes or may compete with the business of the Group.

AUDIT COMMITTEE

Following the resignation of Mr. Yue Wai Keung as an independent non-executive Director on 31 October 2007, the Audit Committee currently comprises only two independent non-executive Directors, namely Messrs. Chung Koon Yan (as Chairman) and Wong Kai Tat, which therefore has insufficient members at the present time. The Company has identified a suitable candidate to fill the vacancy and is in the process of finalizing the appointment.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the nine months ended 30 September 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 November 2007

As at the date of this announcement, the Board comprises Mr. Francis J. Chang Chu Fai as Chairman, Mr. Leung Man Pok, John as Managing Director, Mr. Tse Ke Li and Ms. Cheung Wing Chi, Winnie as executive Directors, and Mr. Chung Koon Yan and Mr. Wong Kai Tat as independent non-executive Directors.

This announcement will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its publication and on the Company's website at www.trasy.com.