TRADEeasy

annual report 2005 / 2006

STOCK CODE: 8163

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors
Mr. Mak Shiu Tong, Clement *(Chairman and CEO)*
Mr. Tam Ngai Hung, Terry
Ms. Cheng Yuk Ching, Flora
Mr. Yip Kwok Cheung, Danny
Dr. William Donald Putt

Independent Non-executive Directors
Mr. Lam Kin Kau, Mark
Mr. Fung Hoi Wing, Henry
Mr. Lau Ho Wai, Lucas

COMPANY SECRETARY

Ms. Siu Chi Man, Yvonne

COMPLIANCE OFFICER

Mr. Yip Kwok Cheung, Danny

QUALIFIED ACCOUNTANT

Ms. Siu Chi Man, Yvonne

AUDIT COMMITTEE

Mr. Lam Kin Kau, Mark
Mr. Fung Hoi Wing, Henry
Mr. Lau Ho Wai, Lucas

REMUNERATION COMMITTEE

Mr. Mak Shiu Tong, Clement
Mr. Tam Ngai Hung, Terry
Mr. Lam Kin Kau, Mark
Mr. Fung Hoi Wing, Henry
Mr. Lau Ho Wai, Lucas

AUTHORISED REPRESENTATIVES

Mr. Mak Shiu Tong, Clement
Mr. Tam Ngai Hung, Terry

AUDITORS

Ernst & Young

PRINCIPAL BANKERS

Hang Seng Bank Limited
Nanyang Commercial Bank, Limited

REGISTERED OFFICE

Century Yard
Cricket Square
Hutchins Drive
P.O. Box 2681 GT
George Town
Grand Cayman
Cayman Islands
British West Indies

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 2-5, 19/F., BEA Tower
Millennium City 5
418 Kwun Tong Road
Kwun Tong
Kowloon
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Bank of Butterfield International (Cayman) Ltd.
Butterfield House
68 Fort Street
P.O. Box 705
George Town
Grand Cayman
Cayman Islands
British West Indies

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tengis Limited
26/F., Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

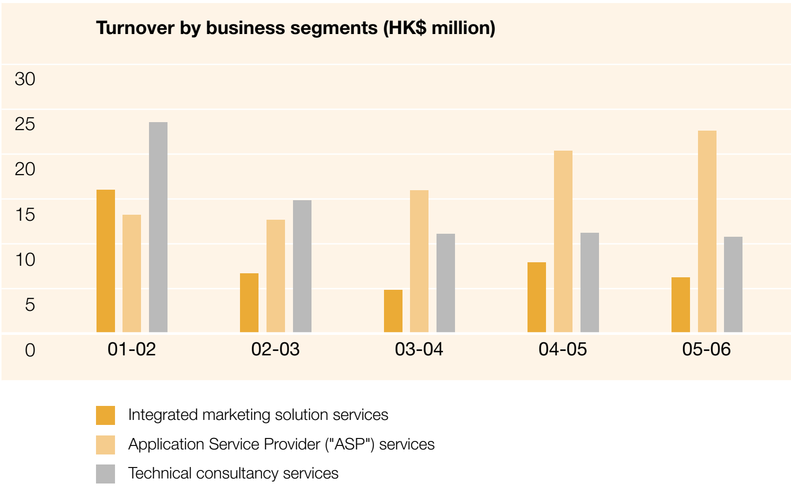
STOCK CODE

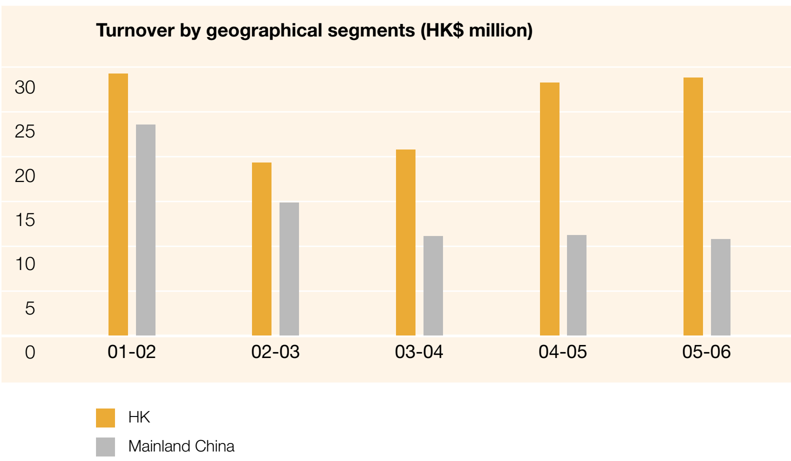
8163

WEBSITE

www.tradeeasy.com

Financial Highlights





HK$ million	**2005-06**	2004-05
Turnover	**39.6**	39.5
Profit/(loss) for the year	**(1.7)**	2.8
Total assets	**18.5**	19.6
Total liabilities	**8.3**	7.9
Net assets	**10.2**	11.6
Basic earnings/(loss) per share	**HK(0.4) cent**	HK0.7 cent

Chairman’s Statement

It is my pleasure as the first time during my tenure, to present this annual report to you, our valuable Shareholders.

The year under review is a year full of developments within Tradeeasy Holdings Limited (the “Company”) and it’s subsidiaries (the “Group”). Our Group has been deploying resources effectively in developing new technologies, establishing new business models, recruiting more quality buyers and providing a variety of services to international buyers.

Looking forward, we believe Mainland China is to continue the lead role in the international market and its position as the world’s factory will become more significant. Accordingly, this will drive more SME buyers, who used to buy from their local importers, to come over to Mainland China and set up their presence there. Meanwhile, overseas manufacturers prone to shift their production lines to Mainland China, leading to the increase of demand on the related manufacturers’ information.

In the past two years, the Group had been organizing “Procurement Meetings” and “Matching Conferences” (together the “Meetings”) for buyers to meet sellers face to face. During those Meetings and through our assistance, they communicated, built up their trust and successfully completed a number of transactions. The Meetings had contributed great value to both the buyers and sellers, and to the Group as a whole.

The Group has accumulated certain experience and obtained enough understanding for reasons of the possible frictions among buyers and sellers. Equally, we well understand the expectations from both parties and have been finding various means to fulfilling their expectations. We have been investing in a research and development project to establish a brand new business-to-business (“B2B”) transaction model during the year 2005 to 2006. We anticipate this project development will continue for the forthcoming two quarters and a new phase of services will hopefully be available in the second quarter of 2006.

The development of the new business model requires substantial resources. I am pleased to report that the subscription of 550,000,000 new shares of the Company by CCT Telecom Holdings Limited (“CCT Telecom”) was completed on 25 April 2006. The net proceeds from the subscription of approximately HK$20 million has enabled the Group to allocate more resources for sales and marketing expansion and the development of the new business model. With the injection of new capital and the support from CCT Telecom, our new controlling shareholder, the Group will be able to further expand its principal business and broaden its business spectrum and volume in both Hong Kong and the Mainland China.

The forthcoming year is another challenging year for the management of the Company but we are confident that we will break through to a new milestone through launching of new services. On behalf of the board of directors (the “Board”) of the Company, I would like to take this opportunity to thank all the staff of the Group for their valuable contribution and our shareholders for their continuing support. The Company will continue to be on the right track to success and we will strive to provide more value to our shareholders.

Mak Shiu Tong, Clement

Chairman

20 June 2006

Management Discussion and Analysis

BUSINESS AND OPERATIONS REVIEW

Business review

The Group recorded a turnover of approximately HK$39.6 million during the year under review, as compared to the turnover of approximately HK$39.5 million for the corresponding year 2005. Due to the expansion of sales and marketing network in the third and fourth quarters, investment in recruiting more quality buyers, providing free buyers services "Procurement Meetings" and "Matching Conferences", and the write-off of bad debt, the Group, in the end, has recorded a net loss of approximately HK$1.7 million as compared to a net profit of approximately HK$2.8 million of the last financial year.

As far as the Group's segment performance is concerned , the turnover of integrated marketing solution services has decreased by approximately 21.5% to HK$6.2 million (2005: HK$7.9 million). The turnover of Application Service Provider ("ASP") services has increased by approximately 11.3% to HK$22.6 million (2005: HK$20.3 million). The turnover of technical consultancy services has decreased by approximately 3.6% to HK$10.8 million (2005: HK$11.2 million).

Despite that the Group did not record a revenue growth, the Management believes that a number of initiatives which had been taken to strengthen the Group's core business and the development of the high-scalability revenue models can eventually lead to future revenue growth and accordingly, provide better value to our buyers and sellers.

Operation review

The focus of last year has been on the buyers' side as we believed building up a high quality buyer community is the key to our success. It has been encouraging for us to have received positive feedback which we hope to turn into actual transactions. For the year under review, the Group has been actively participating in a number of local and overseas trade shows, and was able to double the number of last year, and consequently recruited more new buyers. We have also put extra efforts into emerging markets in Eastern Europe and South America.

Meanwhile, we have expanded our buyers service team in Hong Kong and particularly, in Mainland China, by organizing more free "Procurement Meetings" and "Matching Conferences" there through the support of the Chinese local governmental authorities and trade shows organizers. We also organized for our buyers a number of factory visits and inspections. Through these activities, we have come to understand the buying pattern of our overseas buyers, their expectations as well as their particular requirements.

A new business unit, comprised international trade and technology experts, was set up last year to conduct research on the transaction model. With the services engagement between the company and its alliances, a beta site was also launched and is under the testing stage.

The garment industry has remained as the core business of the Group. First issue of the "Tradeeasy Hong Kong • China Apparel & Accessories Trade Directory" ("Garment Directory") has been published during the year under review, with the intention to strengthen the Group's lead role in this aspect. The Garment Directory has proved to be an efficient tool particularly for buyers in the international trade shows and it is designed with greatest user-friendliness and expanded with extra contents such as factory infrastructure, production capacity and factory audit information.

As for the research and development of the Company's platform, our Group had completed a thorough review of the existing technology and hardware, and formulated a plan to revamp the system with the latest technology and hardware.

In the last quarter of the year under review, the Group also established a central training center in Mainland China to facilitate both central recruitment and sales staff training. The Company has been expanding its sales force in Mainland China and deployed more resources in marketing activities including developing alliances with certain Chinese governmental authorities and trade shows organizers in Mainland China.

Management Discussion and Analysis

EMPLOYEES

As at 31 March 2006, the Group employed 83 staff in Hong Kong (2005: 83) and 156 staff in Mainland China (2005: 122). Total staff costs (including directors' remuneration) of the Group were approximately HK$21.8 million (2005: HK$18.0 million). Headcount increased during the year ended 31 March 2006 for research and development of new business opportunities. Staff are remunerated according to their performance and working experience. In addition to the basic salaries and participation in the mandatory provident fund scheme, staff benefits include share options scheme.

BUSINESS OUTLOOK

China's accession to the World Trade Organization will inevitably stimulate the export sector and its role as the world factory will accordingly become more significant. Overseas SME buyers used to buy from their local distributors in the past, prone to travel to Hong Kong and Mainland China these days for direct buying.

With the total uplift of the trade quota and import duties in 2008, our management team believes garment exported from Mainland China to oversea countries will increase exponentially. Although we foresee internet remains as the major mean of information flow and the base of making online transactions, we have confidence also in our Garment Directory, which has proved to be an efficient tool for buyers in the international trade shows.

Despite the past success and the optimistic future, we foresee there is still a gap between overseas SME buyers and local Chinese SME manufacturers, in terms of culture, communication, trust and expectation on quality. As an international trade enabler, we believe simply providing an on-line catalogue platform is not adequate to satisfy the increasing demand of both parties. On top of just matching the buyers and sellers to complete transactions on the Company's platform, we strongly believe our services should go beyond the traditional B2B online directory model for more value added services.

The main purpose for buyers and sellers visiting the platforms is to make transactions. The Company has deployed substantial resources in developing the new business model for B2B transaction platform, and anticipates to deploy more resources to roll out the transaction services in late 2006. New capital has been raised in April 2006 and funds received will be spent on the development by recruiting more trade and technology experts and on investment in the hardware and software, which hopes to revamp the existing system and upgrade the system by the more advance technology in order to support and widen our business scope.

All the new projects, especially when they are still in the developing stage, will inevitably affect the profit margin of the Company in first instance. It may take us some more time to smooth out the operation and establish best practices before profits can be reaped. However, we firmly believe B2B services should go further down in the supply chain, in order to provide better value to both SME buyers and sellers.

Segment information

The revenue of the Group comprises the rendering of the integrated marketing solution services, ASP services and the technical consultancy services.

Sales from rendering the integrated marketing solution services decreased by approximately 21.5% to HK$6.2 million and that from provision of ASP services increased by approximately 11.3% to HK$22.6 million. The sales from provision of technical consultancy services decreased by approximately 3.6% to HK$10.8 million.

As to the geographical segments, sales to Hong Kong market increased by approximately 2.0% to HK$28.8 million and that to Mainland China market decreased by approximately 3.6% to HK$10.8 million.

An analysis of the Group's turnover and financial results by principal activity and geographical area for the two financial years ended 31 March 2005 and 2006 is set out in note 4 to this annual report.

Management Discussion and Analysis

Liquidity and financial resources

The Group is principally financed by cash flows generated internally. As at 31 March 2006, the Group's cash and bank balance amounted to approximately HK$5.0 million of which approximately 74.5% was denominated in Hong Kong dollars. Upon completion of subscription on 25 April 2006, net proceeds of approximately HK$20 million was received. It further improves the financial position and the liquidity of the Group.

As at 31 March 2006, the net assets value of the Group amounted to HK$10.2 million, representing approximately HK2.4 cents per share. During the financial year under review and at the year end date, the Group had no other borrowings and seasonality of borrowing requirement, banking facilities or assets pledged. The gearing ratio (i.e. total long-term external borrowings/total equity) of the Group as at 31 March 2006 was nil (2005: nil). As at 31 March 2006, the current ratio of the Group maintained at a healthy level of approximately 102% (2005: 146%).

Capital Structure

There has been no change in the capital structure of the Group during the year ended 31 March 2006.

On 25 April 2006, CCT Telecom subscribed 550,000,000 ordinary shares of the Company for HK$22 million. After subscription, the shareholding interest of CCT Telecom in the Company has increased to 66.26%.

Foreign currency exposure

The Group's reporting currency is in Hong Kong dollars. Most of the transactions, assets and liabilities of the Group are denominated in Hong Kong dollars and Renminbi. Since the Group has both Renminbi receipts and payments in our Mainland China operation and the net Renminbi exposure is not significant, the Board considers that the Group is not exposed to any significant exchange risk and accordingly, no hedging transaction was made during the year.

Charges on group assets

As at 31 March 2006, the Group did not have any charges on group assets.

Contingent liability

The Group had a contingent liability in respect of possible future long service payments to employees under the Hong Kong Employment Ordinance, with a maximum possible amount of HK$1,190,000 (2005: HK$805,000) as at 31 March 2006. The contingent liability has arisen because, at the balance sheet date, a number of current employees have achieved the required number of years of service to the Group in order to be eligible for long service payments under the Employment Ordinance if their employment is terminated under certain circumstances. A provision has not been recognised in respect of such possible payments, as it is not considered probable that the situation will result in a material future outflow of resources from the Group.

Management Discussion and Analysis

Future plans for investment on capital assets

The Group expects its primary capital expenditures to be investments in computer hardware and software required for operations and development of new or value-added services based on the current plan. The Directors do not see the need to make any material borrowings and funding will be generated internally.

Acquisition and disposal of subsidiaries and affiliated companies

During the financial year ended 31 March 2006, the Group had no material acquisition and disposal of subsidiaries and affiliated companies.

Significant investments

During the financial year ended 31 March 2006, the Group did not hold any significant investments.

Profiles of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. MAK Shiu Tong, Clement, aged 52, has served as the Chairman, the Chief Executive Officer ("CEO") and an Executive Director of the Company since April 2006. Mr. Mak is a member of the remuneration committee of the Company. Mr. Mak is responsible for the corporate planning, overall strategic direction of the Group and takes a leading role in managing the business. He has over 29 years of experience in the electronics manufacturing and distribution industry, specialising in telephone and telecom products. He also has substantial experience in the telecom services and internet businesses. He holds a Diploma in Electrical Engineering. Mr. Mak is also the Chairman, the CEO and an executive director of CCT Telecom and CCT Tech International Limited ("CCT Tech"), companies listed on the main board of the Stock Exchange.

Mr. TAM Ngai Hung, Terry, aged 52, has served as an Executive Director of the Company since April 2006. Mr. Tam is a member of the remuneration committee of the Company. Mr. Tam is mainly responsible for the corporate finance and accounting function of the Group. Mr. Tam has more than 28 years of experience in finance and accounting management, and also has extensive experience in corporate finance matters, mergers and acquisitions. He has substantial experience in the financial aspects of the telecom services and internet businesses. Mr. Tam is a fellow of the Association of Chartered Certified Accountants and an associate of both the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Secretaries and Administrators. Mr. Tam has previously held a number of senior positions in several listed companies. Mr. Tam is also an executive director of CCT Telecom and CCT Tech, companies listed on the main board of the Stock Exchange.

Ms. CHENG Yuk Ching, Flora, aged 52, has served as an Executive Director of the Company since April 2006. Ms. Cheng has over 26 years of experience in the electronics industry. She also has substantial experience in the telecom services and internet businesses. She has held senior positions in various well-known electronics companies. She holds a Diploma in Business Administration. Ms. Cheng is also an executive director of CCT Telecom and CCT Tech, companies listed on the main board of the Stock Exchange.

Mr. YIP Kwok Cheung, Danny, aged 42, has served as an Executive Director of the Company since September 2001. Mr. Yip is responsible for the Group's management, and directing overall business and development strategies. Prior to joining the Group, Mr. Yip had over 13 years of experience in starting and developing several service-oriented businesses in Hong Kong and Australia. He is a graduate from Australian National University majoring in Economics and Accountancy. Mr. Yip joined the Group in November 1996.

Dr. William Donald PUTT, aged 69, has served as an Executive Director of the Company since April 2006. Dr. Putt obtained his PhD in Management from the Massachusetts Institute of Technology in the United States. Dr. Putt has over 33 years of experience in the telecom industry, and was the president and co-founder of TeleConcepts Corporation, which specialised in the design, production and distribution of telecom products. Dr. Putt is also an executive director of CCT Telecom and CCT Tech, companies listed on the main board of the Stock Exchange.

Profiles of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LAM Kin Kau, Mark, aged 52, has served as an Independent Non-executive Director of the Company since April 2006 and is a member of both the audit committee and the remuneration committee of the Company. He is a fellow of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Accountants in England and Wales and the Institute of Chartered Secretaries and Administrators. He has been a practising accountant for over 21 years and is a director of various private companies.

Mr. Lam is not appointed for a fixed term but he is subject to retirement by rotation and re-election in accordance with the articles of association of the Company. The emolument of Mr. Lam is a basic director's fee of HK$5,000 per month.

Mr. FUNG Hoi Wing, Henry, aged 50, has served as an Independent Non-executive Director of the Company since April 2006 and is a member of both the audit committee and the remuneration committee of the Company. He is a Notary Public and Solicitor of Messrs. Fung, Wong, Ng & Lam, Solicitors and Notaries of Hong Kong. He graduated from the University of Hong Kong in 1976 with a Bachelor's degree in Social Sciences. He was admitted as a solicitor of the Supreme Court of Hong Kong in 1981. In addition, he is a China-Appointed Attesting Officer and also admitted in England and Wales, the Australian Capital Territory and Singapore.

Mr. Fung is not appointed for a fixed term but he is subject to retirement by rotation and re-election in accordance with the articles of association of the Company. The emolument of Mr. Fung is a basic director's fee of HK$5,000 per month.

Mr. LAU Ho Wai, Lucas, aged 44, has served as an Independent Non-executive Director of the Company since April 2006 and is a member of both the audit committee and the remuneration committee of the Company. He is a member of the Royal Institution of Chartered Surveyors and the Hong Kong Institute of Surveyors. He is also a Hong Kong Registered Professional Surveyor. He has a Bachelor's degree in Land Economy, a Master's degree in Urban Design, a Bachelor's degree in Laws and a Master's degree in Laws (International Business Law) and has over 15 years of professional experience in the real estate field.

Mr. Lau is not appointed for a fixed term but he is subject to retirement by rotation and re-election in accordance with the articles of association of the Company. The emolument of Mr. Lau is a basic director's fee of HK$5,000 per month.

Profiles of Directors and Senior Management

SENIOR MANAGEMENT

Mr. WONG Kai Yin, Paul, aged 43, is a director of both Buyer Service team and exfactory price and one of the founders of the Company. Mr. Wong is responsible for the Group's buyer services and B2B transaction model in Hong Kong and Mainland China. He graduated from the University of Hong Kong and majored in Psychology and Philosophy. He worked for an international advertising agency and has completed an advanced advertising course organised by the Accredited Association of Advertising Agencies.

Mr. TO Man Yau, Alex, aged 43, is the president of PRC operation and one of the founders of the Company. Mr. To is responsible for the Group's business development in Mainland China. He worked in an international advertising agency as an Account Manager for over 5 years.

Ms. SIU Chi Man, aged 37, is the Chief Financial Officer, the Qualified Accountant and the Company Secretary of the Group. She has over 12 years of experience in finance, accounting and auditing. Ms. Siu holds a Bachelor's Degree of Arts in Accountancy from the City University of Hong Kong. She is a member of the Association of Chartered Certified Accountants. Ms. Siu joined the Company in March 2004.

Mr. CHAN Ka Fai, aged 43, is the Chief Technical Officer of the Group. Mr. Chan is responsible for the Group's corporate-wide IT infrastructure and strategic direction. Prior to joining the Company, Mr. Chan worked for a telecom company for 12 years. Mr. Chan joined the Company in February 2000.

Corporate Governance Report

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has always recognised the importance of the shareholders' transparency and accountability. It is the belief of the Board that the shareholders can maximise their benefits from good corporate governance. Throughout the financial year ended 31 March 2006, the Board has reviewed the Group's corporate governance practices and is satisfied that the Company has complied with the code provisions in the Code on Corporate Governance Practices (the "Code") set out in Appendix 15 to the GEM Listing Rules, except with the following deviations:

Code Provision A.2.1

During the year ended 31 March 2006 and before 25 April 2006, the positions of the chairman of the Board and the chief executive officer were held by separate individuals to maintain an effective segregation of duties with respect to the management of the Board and the day-to-day management of the Group's business.

Commencing from 25 April 2006, there is no separation of the role of chairman and chief executive officer as set out in the code provision A.2.1. Mr. Mak Shiu Tong, Clement currently assumes the role of both the Chairman and the Chief Executive Officer ("CEO") of the Company. Mr. Mak has substantial experience that is essential to fulfilling the role of the Chairman. At the same time, Mr. Mak has the appropriate management skills and business acumen that are the pre-requisites for assuming the role of the CEO in the day-to-day management of the Group. The Board is composed of five executive directors (including the Chairman) and three independent non-executive directors ("INED(s)") with a balance of skills and experience appropriate for the requirements of the Group. Furthermore, the general management of the Company's operations are performed by other individuals. The Board believes that there is no need to segregate the roles of the Chairman and the CEO as the balance of power and authority is already ensured by the current structure. The Board does not believe that the separation of the role of the Chairman and the CEO will improve the corporate performance.

Code Provision A.4.1

The code provision A.4.1 provides that non-executive directors should be appointed for a specific term, subject to re-election.

None of the resigned or existing INEDs is appointed for a specific term. However, all INEDs are subject to the retirement by rotation and re-election at every annual general meeting of the Company in accordance with the articles of association of the Company.

Code Provision A.4.2

The code provision A.4.2 provides that all directors appointed to fill a casual vacancy should be subject to the election by the shareholders at the first general meeting after their appointment. Every director, including those appointed for a specific term, should be subject to the retirement by rotation at least once every three years.

In accordance with the articles of association of the Company, any director appointed to fill a casual vacancy shall hold office only until the next following annual general meeting and shall then be eligible for re-election. The Board considers that such a deviation is not material as casual vacancy seldom happens and duration between appointment to fill casual vacancy and the immediate following annual general meeting is short.

Pursuant to the articles of association of the Company, the Chairman and the managing director of the Company shall not be subject to the retirement by the rotation or also not be taken into account in determining the number of directors to retire in each year. The Board considers that the continuity of the Chairman and his leadership will be essential for the stability of the key management of the Board. On the other hand, the Board will ensure that the directors of the Company (the "Director(s)") other than the Chairman will rotate at least once every three years in order to comply with the code provision A.4.2.

Corporate Governance Report

DIRECTORS' SECURITIES TRANSACTIONS

The Company has not adopted a code of conduct regarding securities transactions by the Directors but has applied the principles of the required standard of dealing set out in Rules 5.48 to 5.67 of the GEM Listing Rules ("Required Standard of Dealings"). Having made specific enquiry of the Directors, the Directors have confirmed that they complied with or they were not aware of any non-compliance with the Required Standard of Dealings for the year ended 31 March 2006.

THE BOARD

The Board is charged with the responsibility for the promotion of the success of the Company by directing and supervising its affairs in a responsible and effective manner. Each Director has a duty to act in good faith and in the best interests of the Company.

Matters reserved for the Board decision include those relating to:

– the strategic direction of the Group;
– the objectives of the Group;
– monitoring the performance of management;
– ensuring prudent and effective control measures are in place;
– material bank facilities arrangements;
– material acquisitions and disposals of assets and significant investments;
– material transactions with connected persons;
– material corporate finance transactions including placing or sale of shares or convertible bonds, corporate restructuring, take-over, including approval of the announcements and the circulars;
– reviewing and approving quarterly results, half-yearly results and annual accounts, declaration of dividends;
– appointment, re-appointment of auditors and determination of their remuneration; and
– reviewing and determination of the terms and remuneration of the Directors.

The management was delegated the authority and responsibility by the Board for the management of the Group, with department heads responsible for different aspects of the business. The Board meets at least four times each year and meets as and when required. Appropriate and sufficient information was provided to the Board members in a timely manner. During the financial year ended 31 March 2006, the Board held ten meetings. The attendance of the Directors at the Board meetings (either in person or by phone) is set out as follows:

Name of the Director	**Number of attendance**
Yu Lup Fat, Joseph	9/10
Yip Kwok Cheung, Danny	10/10
Wong Kai Yin, Paul	10/10
To Man Yau, Alex	10/10
Wu Yao Hua, Terence	6/10
Lau Chi Yiu	7/10
Lau Ho Man, Edward	7/10

Corporate Governance Report

THE BOARD *(CONTINUED)*

The Company Secretary is responsible for taking minutes of the Board meetings and all Board minutes are open for inspection by the Directors upon reasonable notice.

The Directors enable, upon the reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expenses. The Board shall resolve to provide separate appropriate independent professional advice to the Directors to assist the relevant Directors to discharge their duties.

BOARD COMPOSITION

As at the date of this Annual Report, the Board comprises five executive Directors, namely Mr. Mak Shiu Tong, Clement (also acting as the Chairman and the CEO), Mr. Tam Ngai Hung, Terry, Ms. Cheng Yuk Ching, Flora, Mr. Yip Kwok Cheung, Danny and Dr. William Donald Putt, and three INEDs, namely Mr. Lam Kin Kau, Mark, Mr. Fung Hoi Wing, Henry, and Mr. Lau Ho Wai, Lucas. During the year ended 31 March 2006, the Board comprised four executive Directors, namely Mr. Yu Lup Fat, Joseph, Mr. Yip Kwok Cheung, Danny, Mr. Wong Kai Yin, Paul and Mr. To Man Yau, Alex, and three INEDs, namely Mr. Wu Yao Hua, Terence, Mr. Lau Chi Yiu and Mr. Lau Ho Man, Edward. The Board has maintained a balance of skills and experience appropriate of the requirements, promotion and development of the business of the Group. Its composition represents a mixture of management, technical, marketing, procurement, legal, accounting and finance with substantial experience in the business in which the Group is engaged.

The Company has received annual confirmation of independence from the three INEDs, namely Mr. Wu Yao Hua, Terence, Mr. Lau Chi Yiu and Mr. Lau Ho Man, Edward, during the year ended 31 March 2006 and up to the date of their resignations on 25 April 2006 in accordance with Rule 5.09 of the GEM Listing Rules. The Board has assessed their independence and concluded that all INEDs are independent within the definition of the GEM Listing Rules.

The Company has complied with Rule 5.05 of the GEM Listing Rules relating to the appointment of a sufficient number of the INEDs and at least an INED with appropriate professional qualifications, or accounting or related financial management expertise throughout the financial year ended 31 March 2006. The Board comprises three INEDs, one of whom has accounting and financial expertise and brings strong independent judgment, knowledge and experience to the Board.

The Board members have no financial, business, family or other material/relevant relationships with each other. Such balanced Board composition is formed to ensure strong independence exists across the Board and has met the recommended practice under the Code for the Board to have at least one-third in number of its members comprising the INEDs. The biographies of the Directors are set out in the section headed "Profiles of Directors and Senior Management" in this Annual Report, which demonstrate a diversity of skills, expertise, experience and qualifications.

THE CHAIRMAN AND THE CEO

During the year ended 31 March 2006, the positions of the chairman of the Board and the CEO were held by separate individuals to maintain an effective segregation of duties with respect to the management of the Board and the day-to-day management of the Group's business.

On 25 April 2006, Mr. Yu Lup Fat, Joseph resigned as the Chairman and Mr. Yip Kwok Cheung, Danny resigned as the CEO of the Company, and Mr. Mak Shiu Tong, Clement was appointed as the Chairman and the CEO of the Company. The considered reasons for the deviation from the code provision A.2.1 in the Code are set out in the section headed "Compliance with Code on Corporate Governance Practices" above. Mr. Mak is responsible for the corporate planning, overall strategic direction of the Group and takes a leading role in managing the business.

Corporate Governance Report

RE-ELECTION AND RETIREMENT OF THE DIRECTORS

The articles of association of the Company provide that (i) each Director (except the Chairman and the managing Director) is required to retire by rotation once every three years and that one-third (or the number nearest to but not greater than one-third) of the Directors shall retire from office and be eligible for re-election at each annual general meeting of the Company; and (ii) any Director appointed by the Board, either to fill a casual vacancy or as an addition to the existing Board, will hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the INEDs has filed a written confirmation to the Company confirming his independence and has undertaken to inform the Stock Exchange and the Company as soon as practicable if there is any subsequent change in circumstances which may affect his independence. The INEDs are not appointed for any specific terms, but they are subject to the retirement by rotation and re-election at each annual general meeting of the Company in accordance with the articles of association of the Company.

BOARD COMMITTEES

The Board has established two committees, namely the remuneration committee (the "Remuneration Committee") and the audit committee (the "Audit Committee"), with clearly defined written terms of reference. The main roles and responsibilities of these two committees, including all authorities delegated to them by the Board, are set out in the terms of reference, and published on the Company's website at www.tradeeasy.com. The different committees' independent views and recommendations not only ensure proper control of the Group but also the continual achievement of the high corporate governance standards expected of a listed company. The chairman of each committee reports the outcome of the committee's meetings to the Board for further discussion and approval.

Remuneration of the Directors

Pursuant to the requirements of the GEM Listing Rules, the Company has established the Remuneration Committee with specific written terms of reference in line with the code provisions in the Code in 2005. The Remuneration Committee is mainly responsible for (i) making recommendations to the Board on the policy and structure for the remuneration of the Directors and the senior management of the Group; (ii) reviewing the remuneration package including the performance-based bonus and incentive rewards for the executive Directors and the senior management of the Company; and (iii) reviewing and recommending to the Board the fees payable to the INEDs.

The Remuneration Committee for the year ended 31 March 2006 consisted of five members comprising the three INEDs, namely Mr. Wu Yao Hua, Terence, Mr. Lau Chi Yiu and Mr. Lau Ho Man, Edward, and two executive Directors, namely Mr. Yu Lup Fat, Joseph and Mr. Yip Kwok Cheung, Danny. All of them resigned as members of the Remuneration Committee on 25 April 2006. On the same day, five members of the Remuneration Committee were appointed and they are the three INEDs, namely Mr. Lam Kin Kau, Mark, Mr. Fung Hoi Wing, Henry and Mr. Lau Ho Wai, Lucas, and the two executive Directors, namely Mr. Mak Shiu Tong, Clement and Mr. Tam Ngai Hung, Terry. The Remuneration Committee is chaired by one of the members who must be an INED. The current framework, policies and structure for the remuneration of the Directors and senior management were reviewed during the year ended 31 March 2006.

Details of the amount of the Directors' emoluments are set out in note 7 to the financial statements in this Annual Report.

Corporate Governance Report

Audit Committee

The Company has established the Audit Committee in 2001 with specific terms of reference formulated in accordance with the requirements of the GEM Listing Rules. The primary duties of the Audit Committee are to ensure the objectivity and credibility of the Company's financial reporting and internal control procedures as well as to maintain an appropriate relationship with the external auditors of the Company.

The Audit Committee is mainly responsible for (i) reviewing the Company's quarterly results, half-yearly results and annual financial statements and making recommendations as to the approval of the Company's quarterly results, half-yearly results and annual financial statements by the Board; (ii) reviewing and making recommendations to the Board on the appointment, re-appointment and removal of the external auditors and the terms of engagement including the remuneration of the external auditors; (iii) discussing with the external auditors the nature and scope of the audit; (iv) monitoring and assessing the independence and objectivity of the external auditors and the effectiveness of the audit process in accordance with applicable standard; (v) reviewing and monitoring financial reporting and the reporting judgement contained in them; and (vi) reviewing financial and internal controls, accounting policies and practices with management and external auditors of the Company.

During the year ended 31 March 2006, the Audit Committee consisted of three members comprising the three INEDs, namely Mr. Wu Yao Hua, Terence, Mr. Lau Chi Yiu and Mr. Lau Ho Man, Edward. All the three members of the Audit Committee resigned on 25 April 2006 and three new INEDs were appointed simultaneously as the Audit Committee members, namely Mr. Lam Kin Kau, Mark, Mr. Fung Hoi Wing, Henry and Mr. Lau Ho Wai, Lucas. All members of the Audit Committee hold the relevant industry or legal, accounting and financial experience necessary to advise on the Board's strategies and other related matters. All members of the Audit Committee have complete and unrestricted access to the external auditors and all employees of the Company.

During the financial year ended 31 March 2006, the Audit Committee held four meetings. The attendance of the members of the Audit Committee at the Audit Committee meetings (either in person or by phone) is set out as follows:

Name of the members of the Audit Committee	Number of attendance
Wu Yao Hua, Terence	4/4
Lau Chi Yiu	4/4
Lau Ho Man, Edward	3/4

In 2006, the members of the Audit Committee met with the Group's external auditors to discuss the annual audit plan. The meeting of the Audit Committee was attended by the members of the Audit Committee and the external auditors of the Company. The external auditors also made presentations to the Audit Committee on the implications of the introduction of new accounting standards in Hong Kong.

For the financial year ended 31 March 2006, the Audit Committee reviewed the accounting principles and practices adopted by the Company and discussed with management the financial reporting matters. The Audit Committee also reviewed the internal control and risk management system of the Group. The Audit Committee also reviewed the quarterly results for the periods ended 30 June 2005 and 31 December 2005, half-yearly results for the period ended 30 September 2005 and the annual results for the year ended 31 March 2006 of the Company before announcement of all results.

Corporate Governance Report

NOMINATION OF THE DIRECTORS

The Company has not set up the nomination committee, the establishment of which is only a recommended best practice by the Stock Exchange.

The Board is empowered under the Company's articles of association to appoint any person as a director either to fill a casual vacancy on or as an additional member of the Board. Qualified candidates will be proposed to the Board for consideration and the selection criteria are mainly based on the assessment of their professional qualifications and experience relevant to the Company's business. It is believed that the members of the Board would collectively have the required professional knowledge and skills in discharging the Board's responsibility in identifying, recruiting and evaluating new nominees to the Board and the assessment of qualifications of nominated candidates for directorship. During the year under review, no new director was appointed to the Board.

On 25 April 2006, four executive Directors and three INEDs were appointed to replace the three resigned executive Directors and three resigned INEDs on the same day. Details of the names of the Directors are listed out in the Report of the Directors in this Annual Report.

AUDITORS' REMUNERATION

The remuneration for the audit service paid to the external auditors of the Company, Messrs. Ernst & Young, for the year ended 31 March 2006 is HK$700,000.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for the preparation of the financial statements of the Company and ensure that they are prepared in accordance with statutory requirements and applicable accounting standards. The Directors also ensure the timely publication of such financial statements. The Directors aim to present a balanced and understandable assessment of the Group's position and prospects.

The statement of the external auditors of the Company, Messrs. Ernst & Young, with regard to their reporting responsibilities on the Company's financial statements is set out in the section headed "Report of the Auditors" in this Annual Report.

The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to the events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The Board therefore continues to adopt the going concern approach in preparing the accounts.

INTERNAL CONTROL

The Company has conducted a review of its system of internal control periodically to ensure the effective and adequate internal control system. The Company convened meetings periodically to discuss financial, operational and risk management control. The Audit Committee also reviewed the internal control systems and evaluated their adequacy, effectiveness and compliance on a regular basis.

Report of the Directors

The Directors present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2006.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

Details of the principal activities of the principal subsidiaries are set out in note 15 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS

The Group's loss for the year ended 31 March 2006 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 25 to 69.

FIVE YEAR FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements, is set out on page 70. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 13 to the financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital and share options during the year, together with the reasons therefor, are set out in notes 21 and 22 to the financial statements.

Report of the Directors

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the Companies Law (Revised) of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SHARES OF THE COMPANY

Neither the Company, nor any of its subsidiaries, purchased, redeemed or sold any of the Company's listed shares during the year.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 23(b) to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 March 2006, the Company's reserves available for distribution, calculated in accordance with the Companies Law (Revised) of the Cayman Islands, amounted to HK$2,238,000 (2005: HK$3,865,000). This included the Company's share premium account and contributed surplus amounting to HK$35,328,000 (2005: HK$35,328,000) in aggregate as at 31 March 2006, which is distributable to the shareholders of the Company, provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for less than 30% of the total sales for the year. Purchases from the Group's five largest suppliers accounted for less than 30% of the total purchases for the year.

DIRECTORS

The Directors during the year and up to the date of this Annual Report were as follows:

Executive Directors:

Mak Shiu Tong, Clement	(appointed on 25 April 2006)
Tam Ngai Hung, Terry	(appointed on 25 April 2006)
Cheng Yuk Ching, Flora	(appointed on 25 April 2006)
Yip Kwok Cheung, Danny	
William Donald Putt	(appointed on 25 April 2006)
Yu Lup Fat, Joseph	(resigned on 25 April 2006)
Wong Kai Yin, Paul	(resigned on 25 April 2006)
To Man Yau, Alex	(resigned on 25 April 2006)

Report of the Directors

DIRECTORS *(CONTINUED)*

Independent non-executive Directors:

Lam Kin Kau, Mark	(appointed on 25 April 2006)
Fung Hoi Wing, Henry	(appointed on 25 April 2006)
Lau Ho Wai, Lucas	(appointed on 25 April 2006)
Wu Yao Hua, Terence	(resigned on 25 April 2006)
Lau Chi Yiu	(resigned on 25 April 2006)
Lau Ho Man, Edward	(resigned on 25 April 2006)

In accordance with article 86(3) of the Company's articles of association, Mr. Mak Shiu Tong, Clement, Mr. Tam Ngai Hung, Terry, Ms. Cheng Yuk Ching, Flora, Dr. William Donald Putt, Mr. Lam Kin Kau, Mark, Mr. Fung Hoi Wing, Henry and Mr. Lau Ho Wai, Lucas will retire and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting of the Company.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 9 to 11 of this Annual Report.

DIRECTORS' SERVICE CONTRACTS

One of the executive Directors has entered into a service contract with the Company commencing from 1 February 2002 for an initial term of three years and the contract continues thereafter. The contract is subject to termination by either party giving not less than three months' notice in writing or making payment in lieu of notice.

Each of the independent non-executive Directors was appointed for a period commencing from the date of his appointment and is subject to retirement by rotation in accordance with the Company's articles of association.

Apart from the foregoing, no Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

No Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

Report of the Directors

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 31 March 2006, the interests of the Directors in the shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or Rule 5.46 of the GEM Listing Rules, were as follows:

Long positions in the ordinary shares of the Company:

Name of the Director	Number of the ordinary shares directly beneficially held	Percentage of the Company's total issued share capital
		(%)
Yu Lup Fat, Joseph (resigned on 25 April 2006)	5,301,927	1.26
Yip Kwok Cheung, Danny	23,610,662	5.61
Wong Kai Yin, Paul (resigned on 25 April 2006)	18,284,415	4.34
To Man Yau, Alex (resigned on 25 April 2006)	8,465,462	2.01
	55,662,466	13.22

At 31 March 2006, none of the Directors had any interests in the share options of the Company.

In addition to the above, as at 31 March 2006, certain Directors have non-beneficial personal equity interests in certain subsidiaries held for the benefit of the Company solely for the purpose of complying with the minimum company membership requirements.

Save as disclosed above, as at 31 March 2006, none of the Directors had registered an interest in the shares and the underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or Rule 5.46 of the GEM Listing Rules.

Report of the Directors

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading "Directors' interests in shares and underlying shares" above, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

At 31 March 2006, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in the ordinary shares of the Company:

Name of the shareholder	Capacity and nature of interest	Number of the ordinary shares held	Percentage of the Company's total issued share capital (%)
Manistar Enterprises Limited *(Note)*	Directly beneficially owned	93,364,070	22.18
CCT Telecom Holdings Limited *(Note)*	Through a controlled corporation	93,364,070	22.18
Lee Dao Bon, Barton	Directly beneficially owned	26,314,938	6.25

Note: The ordinary shares are held by Manistar Enterprises Limited, which is wholly-owned by CCT Telecom Holdings Limited.

Save as disclosed above, as at 31 March 2006, no person, other than the Directors, whose interests are set out in the section headed "Directors' interests in shares and underlying shares" above, had registered an interest in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

CODE ON CORPORATE GOVERNANCE PRACTICES OF THE GEM LISTING RULES

The Stock Exchange has promulgated a new Code on Corporate Governance Practices (the "Code") which came into effect in January 2005, and replaced the "Board Practices and Procedures" as set out in Rules 5.34 to 5.45 of the GEM Listing Rules. The Company has applied the principles and complied with the code provisions set out in the Code contained in Appendix 15 to the GEM Listing Rules for the year ended 31 March 2006, except for deviations from code provisions A.2.1, A.4.1 and A.4.2. Details of such deviations and their respective considered reasons as well as further information of the corporate governance practices of the Company are set out in the section headed "Corporate Governance Report" in this Annual Report.

Report of the Directors

POST BALANCE SHEET EVENT

Details of the significant post balance sheet events of the Group are set out in note 28 to financial statements.

AUDITORS

The financial statements for the year ended 31 March 2006 have been audited by Ernst & Young, who retire and being eligible, offer themselves for re-appointment. Ernst & Young retire and a resolution for their re-appointment as auditors of the Company will be proposed at the forthcoming annual general meeting of the Company.

ON BEHALF OF THE BOARD

Mak Shiu Tong, Clement
Chairman

Hong Kong
20 June 2006

Report of the Auditors

ERNST & YOUNG
安永會計師事務所

To the members

Tradeeasy Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

We have audited the financial statements on pages 25 to 69 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Company's directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

BASIS OF OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2006 and of the loss and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young

Hong Kong

20 June 2006

Consolidated Income Statement

Year ended 31 March 2006

	Notes	2006 HK$'000	2005 HK$'000
REVENUE	5	**39,595**	39,476
Cost of sales		**(23,373)**	(20,654)
Gross profit		**16,222**	18,822
Other income and gains		**101**	18
Selling and distribution costs		**(2,516)**	(1,996)
General and administrative expenses		**(11,820)**	(9,996)
Advertising and promotion expenses		**(2,943)**	(3,232)
Other expenses		**(1,019)**	(827)
Gain on deemed disposal of associates		**445**	–
Share of profits and losses of associates		**(24)**	–
PROFIT/(LOSS) BEFORE TAX	6	**(1,554)**	2,789
Tax	9	**(149)**	(32)
PROFIT/(LOSS) FOR THE YEAR		**(1,703)**	2,757
DIVIDEND	11	**–**	–
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12		
Basic		**HK(0.4) cent**	HK0.7 cent
Diluted		**N/A**	HK0.7 cent

Consolidated Balance Sheet

31 March 2006

	Notes	2006 HK$'000	2005 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	*13*	**2,541**	2,756
Deferred development expenditure	*14*	**6,952**	5,263
Interests in associates	*16*	**522**	–
Total non-current assets		**10,015**	8,019
CURRENT ASSETS			
Trade receivables	*17*	**1,606**	3,218
Prepayments, deposits and other receivables		**1,900**	1,880
Cash and cash equivalents	*18*	**4,964**	6,448
Total current assets		**8,470**	11,546
CURRENT LIABILITIES			
Trade payables	*19*	**88**	203
Tax payable		**–**	32
Deferred service fees received in advance		**3,761**	3,611
Other payables and accruals		**4,442**	4,085
Total current liabilities		**8,291**	7,931
NET CURRENT ASSETS		**179**	3,615
Net assets		**10,194**	11,634
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital	*21*	**4,210**	4,210
Reserves	*23(a)*	**5,984**	7,424
Total equity		**10,194**	11,634

Mak Shiu Tong, Clement
Chairman

Tam Ngai Hung, Terry
Director

Consolidated Statement of Changes in Equity

Year ended 31 March 2006

	Note	Issued share capital HK$'000	Share premium account HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Exchange fluctuation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2004		4,000	16,337	66,710	–	11	(79,179)	7,879
Issue of shares, net of share issue expenses		210	788	–	–	–	–	998
Net profit for the year		–	–	–	–	–	2,757	2,757
At 31 March 2005 and 1 April 2005		4,210	17,125*	66,710*	–*	11*	(76,422)*	11,634
Exchange realignment		–	–	–	–	(39)	–	(39)
Net loss for the year		–	–	–	–	–	(1,703)	(1,703)
Equity-settled share option arrangements	22	–	–	–	302	–	–	302
At 31 March 2006		**4,210**	**17,125***	**66,710***	**302***	**(28)***	**(78,125)***	**10,194**

* *These reserve accounts comprise the consolidated reserves of HK$5,984,000 (2005: HK$7,424,000) in the consolidated balance sheet.*

Consolidated Cash Flow Statement

Year ended 31 March 2006

	Notes	2006 HK$'000	2005 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		**(1,554)**	2,789
Adjustments for:			
Interest income	6	**(81)**	(18)
Share of profits and losses of associates		**24**	–
Gain on deemed disposal of associates		**(445)**	–
Depreciation	6	**1,294**	1,538
Amortisation of deferred development expenditure	6	**895**	887
Loss on disposal and write-off of items of property, plant and equipment	6	**5**	369
Provisions for bad and doubtful debts on trade receivables	6	**616**	458
Provisions for other receivables	6	**398**	–
Equity-settled share option expenses	22	**302**	–
Operating profit before working capital changes		**1,454**	6,023
Decrease/(Increase) in trade receivables		**1,008**	(2,467)
Increases in prepayments, deposits and other receivables		**(402)**	(755)
Increase/(decrease) in trade payables		**(115)**	56
Increase/(decrease) in deferred service fees received in advance		**132**	(390)
Increase/(decrease) in other payables and accruals		**194**	(1,240)
Cash generated from operations		**2,271**	1,227
PRC tax paid		**(182)**	–
Net cash inflow from operating activities		**2,089**	1,227
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**81**	18
Purchases of items of property, plant and equipment	13	**(1,065)**	(1,625)
Proceeds from disposal of items of property, plant and equipment		**9**	1
Additions to deferred development expenditure	14	**(2,562)**	(2,601)
Increase in amounts due from associates		**(100)**	–
Acquisition of associates		**(1)**	–
Net cash outflow from investing activities		**(3,638)**	(4,207)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares, net of share issue expenses		**–**	998
Net cash inflow from financing activities		**–**	998
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(1,549)**	(1,982)
Cash and cash equivalents at beginning of year		**6,448**	8,430
Effect of foreign exchange rate changes, net		**65**	–
CASH AND CASH EQUIVALENTS AT END OF YEAR		**4,964**	6,448
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	18	**4,964**	6,448

Balance Sheet

31 March 2006

	Notes	2006 HK$'000	2005 HK$'000
NON-CURRENT ASSETS			
Interests in subsidiaries	*15*	**6,814**	8,364
CURRENT ASSETS			
Prepayments, deposits and other receivables		**172**	140
Cash and cash equivalents	*18*	**125**	156
Total current assets		**297**	296
CURRENT LIABILITIES			
Other payables and accruals		**663**	585
NET CURRENT LIABILITIES		**(366)**	(289)
Net assets		**6,448**	8,075
EQUITY			
Issued capital	*21*	**4,210**	4,210
Reserves	*23(b)*	**2,238**	3,865
Total equity		**6,448**	8,075

Mak Shiu Tong, Clement
Chairman

Tam Ngai Hung, Terry
Director

Notes to Financial Statements

31 March 2006

1. CORPORATE INFORMATION

The registered office of Tradeeasy Holdings Limited is located at the offices of Codan Trust Company (Cayman) Limited, Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681 GT, George Town, Grand Cayman, Cayman Islands, British West Indies and the principal place of business is located at Units 2-5, 19th Floor, BEA Tower, Millennium City 5, 418 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong.

During the year, the Group was principally involved in the provision of integrated marketing solution services, Application Service Provider ("ASP") services and technical consultancy services. Further details of these services are set out in note 4 to the financial statements.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2006. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The following new and revised HKFRSs affect the Group and are adopted for the first time for the current year's financial statements:

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 11	Construction Contracts
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits

Notes to Financial Statements

31 March 2006

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(CONTINUED)*

HKAS 20	Accounting for Government Grants and Disclosure of Government Assistance
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 31	Interests in Joint Ventures
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 39 Amendment	Transition and Initial Recognition of Financial Assets and Financial Liabilities
HKAS 40	Investment Property
HKFRS 2	Share-based Payment
HKFRS 3	Business Combinations
HKFRS 5	Non-current Assets Held for Sale and Discontinued Operations
HK(SIC)-Int 21	Income Taxes – Recovery of Revalued Non-depreciable Assets
HK-Int 4	Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases

The adoption of HKASs 1, 2, 7, 8, 10, 11, 12, 14, 16, 17, 18, 19, 20, 23, 27, 28, 31, 32, 33, 36, 37, 38, 39, 39 Amendment and 40, HKFRSs 3 and 5, HK(SIC)-Int 21 and HK-Int 4 has had no material impact on the accounting policies of the Group and the Company and the methods of computation in the Group's and the Company's financial statements.

HKAS 21 had no material impact on the Group. As permitted by the transitional provisions of HKAS 21, goodwill arising in a business combination prior to 1 January 2005 and fair value adjustments arising on that acquisition are deemed to be in the currency of the Company. In respect of acquisitions subsequent to 1 January 2005, any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of the assets and liabilities are treated as assets and liabilities of the foreign operation and are translated at the closing rate in accordance with HKAS 21.

HKAS 24 has expanded the definition of related parties and affected the Group's related party disclosures.

Notes to Financial Statements

31 March 2006

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(CONTINUED)*

The impact of adopting the other HKFRSs is summarised as follows:

HKFRS 2 – Share-based Payment

In prior years, no recognition and measurement of share-based payment transactions in which employees (including directors) were granted share options over shares in the Company were required until such options were exercised by employees, at which time the share capital and share premium were credited with the proceeds received.

Upon the adoption of HKFRS 2, when employees (including directors) render services as consideration for equity instruments ("equity-settled transactions"), the cost of the equity-settled transactions with employees is measured by reference to the fair value at the date at which the instruments are granted.

The main impact of HKFRS 2 on the Group is the recognition of the cost of these transactions and a corresponding entry to equity for employee share options.

The Group has adopted the transitional provisions of HKFRS 2 under which the new measurement policies have not been applied to (i) options granted to employees on or before 7 November 2002; and (ii) options granted to employees after 7 November 2002 but which had vested before 1 January 2005.

As the Group did not have any employee share options which were granted during the period from 7 November 2002 to 31 December 2004 but had not yet vested as at 1 January 2005, the adoption of HKFRS 2 has had no impact on the retained profits as at 31 March 2004 and at 31 March 2005. The Group has recognised the cost of options which were granted during the year in the current year's income statement in accordance with the revised accounting policy.

Notes to Financial Statements

31 March 2006

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements. Unless otherwise stated, these HKFRSs are effective for annual periods beginning on or after 1 January 2006:

HKAS 1 Amendment	Capital Disclosures
HKAS 19 Amendment	Actuarial Gains and Losses, Group Plans and Disclosures
HKAS 21 Amendment	Net Investment in a Foreign Operation
HKAS 39 Amendment	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 Amendment	The Fair Value Option
HKAS 39 & HKFRS 4 Amendments	Financial Guarantee Contracts
HKFRSs 1 & 6 Amendments	First-time Adoption of Hong Kong Financial Reporting Standards and Exploration for and Evaluation of Mineral Resources
HKFRS 6	Exploration for and Evaluation of Mineral Resources
HKFRS 7	Financial Instruments: Disclosures
HKFRS-Int-4	Determining whether an Arrangement contains a Lease
HKFRS-Int-5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
HK(IFRIC)-Int 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment (effective for annual periods beginning on or after 1 December 2005)
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies (effective for annual periods beginning on or after 1 March 2006)
HK(IFRIC)-Int 8	Scope of HKFRS 2 (effective for annual periods beginning on or after 1 May 2006)
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives (effective for annual periods beginning on or after 1 June 2006)

The HKAS 1 Amendment shall be applied for annual periods beginning on or after 1 January 2007. The revised standard will affect the disclosures about qualitative information about the Group's objective, policies and processes for managing capital; quantitative data about what the Company regards as capital; and compliance with any capital requirements and the consequences of any non-compliance.

HKFRS 7 will replace HKAS 32 and has modified the disclosure requirements of HKAS 32 relating to financial instruments. This HKFRS shall be applied for annual periods beginning on or after 1 January 2007.

In accordance with the amendments to HKAS 39 regarding financial guarantee contracts, financial guarantee contracts are initially recognised at fair value and are subsequently measured at the higher of (i) the amount determined in accordance with HKAS 37 and (ii) the amount initially recognised, less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18.

The HKAS 19 Amendment, HKAS 39 Amendment regarding cash flow hedge accounting of forecast intragroup transactions, HKFRSs 1 and 6 Amendments, HKFRS 6, HKFRS-Int-5, HK(IFRIC)-Int 6, HK(IFRIC)-Int 7 and HK(IFRIC)-Int 9 do not apply to the activities of the Group.

Except as stated above, the Group expects that the adoption of the other pronouncements listed above will not have any significant impact on the Group's financial statements in the period of initial application.

Notes to Financial Statements

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2.4 SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES

(a) Effect on the consolidated balance sheet

At 31 March 2006 **Effect of new policy** **(Increase/(decrease))**	**Effect of adopting** **HKFRS 2** **Equity-settled** **share option** **arrangements** HK$'000
Equity	
Share option reserve	302
Retained profits	(302)
	–

(b) Effect on the consolidated income statement for the year ended 31 March 2006

Year ended 31 March 2006	**Effect of adopting** **HKFRS 2** **Equity-settled** **share option** **arrangements** HK$'000
Increase in cost of sales	(128)
Increase in general and administrative expenses	(174)
Total increase in loss	(302)
Increase in basic loss per share	HK(0.07) cent
Increase in diluted loss per share	N/A

Notes to Financial Statements

31 March 2006

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

Associates

An associate is an entity, not being a subsidiary or a jointly-controlled entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's share of the post-acquisition results and reserves of associates is included in the consolidated income statement and consolidated reserves, respectively. The Group's interests in associates are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Impairment of assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years. A reversal of such impairment loss is credited to the income statement in the period in which it arises.

Notes to Financial Statements

31 March 2006

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Related parties

A party is considered to be related to the Group if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(b) the party is an associate;

(c) the party is a jointly-controlled entity;

(d) the party is a member of the key management personnel of the Group or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d); or

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e).

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Depreciation is calculated on the straight-line basis to write-off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	20%
Furniture and fixtures	20%
Computer and office equipment	20% – 33%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at each balance sheet date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Notes to Financial Statements

31 March 2006

2.5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Intangible assets (other than goodwill)

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each balance sheet date.

Research and development costs

All research costs are charged to the income statement as incurred.

Expenditure incurred on projects to develop new software products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five years, commencing from the date when the products are put into commercial production.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under the operating leases are charged to the income statement on the straight-line basis over the lease terms.

Investments and other financial assets (applicable to the year ended 31 March 2006)

Financial assets in the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at the balance sheet date.

All regular way purchases and sales of financial assets are recognised on the trade date, i.e., the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Notes to Financial Statements

31 March 2006

2.5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Investments and other financial assets (applicable to the year ended 31 March 2006) *(Continued)*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Impairment of financial assets (applicable to the year ended 31 March 2006)

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Notes to Financial Statements

31 March 2006

2.5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Derecognition of financial assets (applicable to the year ended 31 March 2006)

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the rights to receive cash flows from the asset, but has assumed an obligation to pay in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, where the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Derecognition of financial liabilities (applicable to the year ended 31 March 2006)

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the balance sheets, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Notes to Financial Statements

31 March 2006

2.5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement or in equity if it relates to items that are recognised in the same or a different period, directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of an asset or liability and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Notes to Financial Statements

31 March 2006

2.5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(i) integrated marketing solution service income, including the development and hosting of web sites, is recognised evenly over the terms of contracts;

(ii) ASP service income, is recognised based on the percentage of completion of the services rendered;

(iii) technical consultancy service income, when the services are rendered; and

(iv) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Deferred service fees

Deferred service fees represent integrated marketing solution service and ASP service income, which have been invoiced, but the related services have not been rendered. Deferred service fees for integrated marketing solution and ASP service income are recognised evenly over the terms of the contracts and based on the percentage of completion of the services rendered, respectively.

Advertising and promotion expenses

Advertising and promotion expenses are expensed as incurred.

Notes to Financial Statements

31 March 2006

2.5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Employee benefits

Share-based payment transactions

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the Black-Scholes option pricing model, further details of which are given in note 22. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ("market conditions"), if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the "vesting date"). The cumulative expense recognised for equity-settled transactions at each balance sheet date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the income statement for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

The Group has adopted the transitional provisions of HKFRS 2 in respect of equity-settled awards and has applied HKFRS 2 only to equity-settled awards granted after 7 November 2002 that had not vested on 1 January 2005 and to those granted on or after 1 January 2005.

Notes to Financial Statements

31 March 2006

2.5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Employee benefits *(continued)*

Employment Ordinance long service payments

Certain of the Group's employees have completed the required number of years of service to the Group in order to be eligible for long service payments under the Hong Kong Employment Ordinance in the event of the termination of their employment. The Group is liable to make such payments in the event that such a termination of employment meets the circumstances specified in the Employment Ordinance.

A contingent liability is disclosed in respect of possible future long service payments to employees, as a number of current employees have achieved the required number of years of service to the Group, to the balance sheet date, in order to be eligible for long service payments under the Employment Ordinance if their employment is terminated in the circumstances specified. A provision has not been recognised in respect of such possible payments, as it is not considered probable that the situation will result in a material future outflow of resources from the Group.

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a percentage of their payroll costs to the central pension scheme. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension scheme.

Notes to Financial Statements

31 March 2006

2.5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are initially recorded using the functional currency rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the balance sheet date. All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the balance sheet date, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the balance sheet date and, their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are included in a separate component of equity as the exchange fluctuation reserve. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

For the purpose of the consolidated cash flow statement, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING ESTIMATES

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Share-based payment transactions

The cost of equity-settled transactions is subject to the limitations of the Black-Scholes option pricing model and the uncertainty in estimates used by management in the assumptions as disclosed in note 22 to the financial statements. The Black-Scholes option pricing model is modified for the early exercise of share options in limited open exercise periods. Should the estimates including limited early exercise behaviour, expected interval and frequency of open exercise periods in the share options life and other relevant parameters of the share option pricing model be changed, there would be material changes in the amount of share option benefits recognised in the consolidated income statement and share option reserve.

Notes to Financial Statements

31 March 2006

3. SIGNIFICANT ACCOUNTING ESTIMATES *(CONTINUED)*

Estimation uncertainty *(Continued)*

Impairment of trade receivables

Impairment of trade receivables is made based on the assessment of the recoverability of the receivables due from customers. The identification of impairment requires management judgements and estimates. Where the actual outcome or expectation in future is different from the original estimate, such differences will impact on the carrying value of the receivables and impairment losses/reversal of impairment losses in the period in which such estimate has been changed.

Impairment of deferred development expenditure

The Group determines whether deferred development expenditure is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the deferred development expenditure is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Where the actual outcome or expectation in future is different from the original estimate, such differences will impact on the carrying value of the deferred development expenditure and impairment losses/reversal of impairment losses in the period in which such estimate has been changed.

4. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the services they provide. Each of the Group's business segments represents a strategic business unit that offers services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

(a) the integrated marketing solution services segment provides an internet platform to allow international buyers to identify suppliers and products and to enable suppliers to market their products to buyers;

(b) the ASP services segment provides international traders with an integrated management automation system for carrying out the maintenance of their existing customer base, the management of customer relationships, order processing and the enhancement of potential trade enquiries; and

(c) the technical consultancy services segment provides the development and production of electronic versions of marketing materials and product descriptions, and the provision of related technology services.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

Notes to Financial Statements

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4. SEGMENT INFORMATION *(CONTINUED)*

(a) Business segments

The following table presents revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's business segments for the years ended 31 March 2006 and 2005.

Group	Integrated marketing solution services		ASP services		Technical consultancy services		Consolidated	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue:								
Sales to external customers	**6,233**	7,913	**22,581**	20,345	**10,781**	11,218	**39,595**	39,476
Segment results	**624**	920	**2,259**	2,367	**(3,018)**	638	**(135)**	3,925
Interest income							**81**	18
Gain on deemed disposal of associates							**445**	–
Share of profits and losses of associates							**(24)**	–
Unallocated revenue							**20**	–
Unallocated expenses							**(1,941)**	(1,154)
Profit/(loss) before tax							**(1,554)**	2,789
Tax							**(149)**	(32)
Profit/(loss) for the year							**(1,703)**	2,757
Assets and liabilities								
Segment assets	**5,963**	2,230	**2,315**	5,733	**2,821**	3,274	**11,099**	11,237
Interests in associates							**522**	–
Unallocated assets							**6,864**	8,328
Total assets							**18,485**	19,565
Segment liabilities	**1,608**	1,509	**1,220**	1,166	**933**	936	**3,761**	3,611
Unallocated liabilities							**4,530**	4,320
Total liabilities							**8,291**	7,931
Other segment information:								
Capital expenditure	**2,607**	2,932	**167**	850	**853**	444	**3,627**	4,226
Depreciation	**98**	115	**354**	296	**842**	1,127	**1,294**	1,538
Amortisation of deferred development expenditure	**171**	171	**328**	328	**396**	388	**895**	887
Other non-cash expenses	**120**	218	**433**	561	**466**	48	**1,019**	827

Notes to Financial Statements

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4. SEGMENT INFORMATION *(CONTINUED)*

(b) Geographical segments

The following table presents revenue and certain asset and expenditure information for the Group's geographical segments for the years ended 31 March 2006 and 2005.

Group	Hong Kong		Mainland China		Consolidated	
	2006	2005	**2006**	2005	**2006**	2005
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue:						
Sales to external customers	**28,814**	28,258	**10,781**	11,218	**39,595**	39,476
Other segment information:						
Segment assets	**13,760**	12,066	**4,725**	7,499	**18,485**	19,565
Capital expenditure	**2,774**	3,782	**853**	444	**3,627**	4,226

5. REVENUE

Revenue, which is also the Group's turnover, represents the value of services rendered during the year.

An analysis of revenue is as follows:

	Group	
	2006	2005
	HK$'000	HK$'000
Integrated marketing solution services	**6,233**	7,913
ASP services	**22,581**	20,345
Technical consultancy services	**10,781**	11,218
	39,595	39,476

Details of the operations and services provided are set out in note 4 to the financial statements.

Notes to Financial Statements

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6. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	Notes	2006 HK$'000	2005 HK$'000
Staff costs (including directors' remuneration):			
Salaries and related staff costs		**20,589**	17,101
Equity-settled share option expenses		**191**	–
Pension scheme contributions		**996**	900
		21,776	18,001
Less: Amounts capitalised in deferred development expenditure		**(2,165)**	(2,225)
		19,611	15,776
Auditors' remuneration		**700**	617
Depreciation	*13*	**1,294**	1,538
Amortisation of deferred development expenditure*	*14*	**895**	887
Minimum lease payments under operating leases:			
Land and buildings		**1,840**	1,726
Office equipment		**33**	69
		1,873	1,795
Loss on disposal and write-off of items of property, plant and equipment		**5**	369
Provisions for bad and doubtful debts on trade receivables		**616**	458
Provisions for other receivables		**398**	–
Foreign exchange differences, net		**(20)**	4
Interest income		**(81)**	(18)

* *The amortisation of deferred development expenditure is included in "Cost of sales" on the face of the consolidated income statement.*

Notes to Financial Statements

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7. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and Section 161 of the Companies Ordinance, is as follows:

	Group	
	2006	2005
	HK$'000	HK$'000
Executive directors:		
Fees	**–**	–
Other emoluments:		
Salaries, housing allowances, other allowances and benefits in kind	**2,353**	1,975
Pension scheme contributions	**42**	42
	2,395	2,017
Non-executive directors:		
Fees	**–**	44
Independent non-executive directors:		
Fees	**180**	136

During the year, no share options were granted to the directors in respect of their services to the Group.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2006	2005
	HK$'000	HK$'000
Wu Yao Hua, Terence	**60**	60
Lau Chi Yiu	**60**	60
Lau Ho Man, Edward*	**60**	16
	180	136

There were no other emoluments payable to the independent non-executive directors during the year (2005: Nil).

Notes to Financial Statements

31 March 2006

7. DIRECTORS' REMUNERATION *(CONTINUED)*

(b) Executive directors and a non-executive director

	Fees HK$'000	Salaries, housing allowances, other allowances and benefits in kind HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2006				
Executive directors:				
Yu Lup Fat, Joseph	–	120	6	126
Yip Kwok Cheung, Danny	–	989	12	1,001
Wong Kai Yin, Paul	–	682	12	694
To Man Yau, Alex	–	562	12	574
	–	2,353	42	2,395

Notes to Financial Statements

31 March 2006

7. DIRECTORS' REMUNERATION *(CONTINUED)*

(b) Executive directors and a non-executive director *(Continued)*

	Fees HK$'000	Salaries, housing allowances, other allowances and benefits in kind HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2005				
Executive directors:				
Yu Lup Fat, Joseph	–	120	6	126
Yip Kwok Cheung, Danny	–	636	12	648
Wong Kai Yin, Paul	–	634	12	646
To Man Yau, Alex	–	585	12	597
	–	1,975	42	2,017
Non-executive director:				
Lau Ho Man, Edward*	44	–	–	44
	44	1,975	42	2,061

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

* *Lau Ho Man, Edward was re-designated from a non-executive director to an independent non-executive director on 24 September 2004.*

Notes to Financial Statements

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8. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two (2005: three) directors, details of whose remuneration are set out in note 7 above. Details of the remuneration of the remaining three (2005: two) non-director, highest paid employees for the year are as follows:

	Group	
	2006	2005
	HK$'000	HK$'000
Salaries, housing allowances, other allowances and benefits in kind	**2,235**	1,468
Pension scheme contributions	**36**	24
	2,271	1,492

The remuneration of each of the three (2005: two) non-director, highest paid employees for the two years ended 31 March 2006 and 2005 fell within the range from Nil to HK$1,000,000.

During the year, no share options were granted to the three (2005: two) non-director, highest paid employees in respect of their services to the Group.

9. TAX

No provision for Hong Kong profits tax has been made as the Group either did not generate any assessable profits arising in Hong Kong during the year (2005: Nil) or had available tax losses brought forward from prior years to offset the assessable profits generated during the year (2005: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2006	2005
	HK$'000	HK$'000
Group:		
Current – Hong Kong	**–**	–
Current – Mainland China		
Charge for the year	**–**	32
Underprovision in prior years	**149**	–
Tax charge for the year	**149**	32

Notes to Financial Statements

31 March 2006

9. TAX *(CONTINUED)*

A reconciliation of the tax expense applicable to profit/(loss) before tax using the statutory rates for the locations in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

Group – 2006	**Hong Kong**		**Mainland China**		**Total**	
	HK$'000	**%**	**HK$'000**	**%**	**HK$'000**	**%**
Profit/(loss) before tax	**1,004**		**(2,558)**		**(1,554)**	
Tax at the applicable tax rate	**176**	**17.5**	**(844)**	**33.0**	**(668)**	**43.0**
Lower tax rate for specific provinces or local authority	**–**	**–**	**560**	**(21.9)**	**560**	**(36.0)**
Adjustments in respect of current tax of previous periods	**–**	**–**	**149**	**(5.8)**	**149**	**(9.6)**
Profits and losses attributable to associates	**4**	**0.4**	**–**	**–**	**4**	**(0.3)**
Income not subject to tax	**(91)**	**(9.1)**	**–**	**–**	**(91)**	**5.9**
Expenses not deductible for tax	**528**	**52.6**	**–**	**–**	**528**	**(34.0)**
Temporary differences not recognised	**40**	**4.0**	**–**	**–**	**40**	**(2.6)**
Tax losses utilised from previous periods	**(681)**	**(67.8)**	**–**	**–**	**(681)**	**43.8**
Tax losses not recognised	**24**	**2.4**	**284**	**(11.1)**	**308**	**(19.8)**
Tax charge at the Group's effective rate	**–**	**–**	**149**	**(5.8)**	**149**	**(9.6)**

Group – 2005	Hong Kong		Mainland China		Total	
	HK$'000	%	HK$'000	%	HK$'000	%
Profit before tax	2,686		103		2,789	
Tax at the applicable tax rate	470	17.5	34	33.0	504	18.1
Lower tax rate for specific provinces or local authority	–	–	(110)	(106.8)	(110)	(3.9)
Expenses not deductible for tax	306	11.4	–	–	306	10.9
Temporary differences not recognised	47	1.7	–	–	47	1.7
Tax losses utilised from previous periods	(823)	(30.6)	–	–	(823)	(29.5)
Tax losses not recognised	–	–	108	104.9	108	3.8
Tax charge at the Group's effective rate	–	–	32	31.1	32	1.1

Notes to Financial Statements

31 March 2006

9. TAX *(CONTINUED)*

Tradeeasy Information Technology (Guangzhou) Limited, a Sino-foreign co-operative joint venture company established and operating in Guangzhou, is subject to Mainland China enterprise income tax at a rate of 33%.

Tradeeasy Information Technology (Beijing) Limited, a wholly-foreign-owned enterprise established and operating in Beijing, is subject to Mainland China enterprise income tax at a rate of 33%. Pursuant to a notice dated 8 January 2001 issued by 北京市海淀區國家税務局, Tradeeasy Information Technology (Beijing) Limited was granted the status of a High and New Technology Enterprise and hence the applicable income tax rate was reduced to 15%. The notice also stated that Tradeeasy Information Technology (Beijing) Limited enjoys full exemption from Mainland China enterprise income tax for two years starting from its first profitable year of operations, followed by a 50% reduction in the income tax rate for the next three years.

10. NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The net loss from ordinary activities attributable to equity holders of the parent for the year ended 31 March 2006 dealt with in the financial statements of the Company was HK$1,929,000 (2005: net profit of HK$3,072,000) *(note 23(b))*.

11. DIVIDEND

No dividend has been paid or declared by the Company or any of its subsidiaries during the year (2005: Nil).

12. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings/(loss) per share amounts is based on the net profit/(loss) for the year attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the year.

The calculation of diluted earnings/(loss) per share amounts is based on the net profit/(loss) for the year attributable to ordinary equity holders of the parent for the year. The weighted average number of ordinary shares used in the calculation is the ordinary shares in issue during the year, as used in the basic earnings/(loss) per share calculation and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options outstanding during the year.

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31 March 2006

12. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT *(CONTINUED)*

The calculation of basic and diluted earnings/(loss) per share are based on:

	2006	2005
	HK$'000	HK$'000
Earnings/(loss)		
Net profit/(loss) attributable to ordinary equity holders of the parent, used in the basic earnings/(loss) and diluted earnings/(loss) per share calculation	**(1,703)**	2,757

	Number of Shares	
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings/(loss) per share calculation	**421,000,000**	419,964,384
Effect of dilution – weighted average number of ordinary shares:		
Share options	**11,330,929**	1,158,198
	432,330,929	421,122,582

A diluted loss per share amount for the year ended 31 March 2006 has not been disclosed as the share options outstanding during the year had an anti-dilutive effect on the basic loss per share for the year.

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13. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Computer and office equipment HK$'000	Total HK$'000
31 March 2006				
At 31 March 2005 and 1 April 2005:				
Cost	1,960	1,124	15,936	19,020
Accumulated depreciation	(587)	(901)	(14,776)	(16,264)
Net carrying amount	1,373	223	1,160	2,756
At 1 April 2005, net of accumulated depreciation	1,373	223	1,160	2,756
Additions	266	85	714	1,065
Disposals	–	–	(14)	(14)
Depreciation provided during the year	(396)	(114)	(784)	(1,294)
Exchange realignment	12	2	14	28
At 31 March 2006, net of accumulated depreciation	1,255	196	1,090	2,541
At 31 March 2006:				
Cost	2,247	1,218	16,711	20,176
Accumulated depreciation	(992)	(1,022)	(15,621)	(17,635)
Net carrying amount	1,255	196	1,090	2,541

Notes to Financial Statements

31 March 2006

13. PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

Group

	Leasehold improvements HK$'000	**Furniture and fixtures** HK$'000	**Computer and office equipment** HK$'000	**Total** HK$'000
31 March 2005				
At 1 April 2004:				
Cost	1,532	1,017	15,424	17,973
Accumulated depreciation	(467)	(742)	(13,725)	(14,934)
Net carrying amount	1,065	275	1,699	3,039
At 1 April 2004, net of accumulated depreciation	1,065	275	1,699	3,039
Additions	1,000	113	512	1,625
Disposals and write-off	(366)	(4)	–	(370)
Depreciation provided during the year	(326)	(161)	(1,051)	(1,538)
At 31 March 2005, net of accumulated depreciation	1,373	223	1,160	2,756
At 31 March 2005:				
Cost	1,960	1,124	15,936	19,020
Accumulated depreciation	(587)	(901)	(14,776)	(16,264)
Net carrying amount	1,373	223	1,160	2,756

Notes to Financial Statements

31 March 2006

14. DEFERRED DEVELOPMENT EXPENDITURE

	Group HK$'000
31 March 2006	
Cost at 1 April 2005, net of accumulated amortisation and impairment	**5,263**
Additions – internal development	**2,562**
Amortisation provided during the year	**(895)**
Exchange realignment	**22**
At 31 March 2006	**6,952**
At 31 March 2006:	
Cost	**9,774**
Accumulated amortisation and impairment	**(2,822)**
Net carrying amount	**6,952**

	Group HK$'000
31 March 2005	
At 1 April 2004:	
Cost	4,574
Accumulated amortisation and impairment	(1,025)
Net carrying amount	3,549
Cost at 1 April 2004, net of accumulated amortisation and impairment	3,549
Additions – internal development	2,601
Amortisation provided during the year	(887)
At 31 March 2005	5,263
At 31 March 2005 and at 1 April 2005:	
Cost	7,175
Accumulated amortisation and impairment	(1,912)
Net carrying amount	5,263

Notes to Financial Statements

31 March 2006

15. INTERESTS IN SUBSIDIARIES

	Company	
	2006	2005
	HK$'000	HK$'000
Unlisted shares, at cost	**18,500**	18,500
Due from subsidiaries	**15,472**	17,022
	33,972	35,522
Provision for impairment	**(27,158)**	(27,158)
	6,814	8,364

The amounts due from subsidiaries are unsecured, interest-free and are repayable on demand.

The carrying amounts of these amounts due from subsidiaries approximate to their fair value.

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Datawin Limited	Hong Kong	HK$100,000 Ordinary	–	100	Provision of integrated marketing solution and ASP services
Tradeeasy Information Technology (Guangzhou) Limited ("Tradeeasy Guangzhou") *(Note 1)*	Mainland China	US$300,000	–	100	Provision of technical consultancy services

Notes to Financial Statements

31 March 2006

15. INTERESTS IN SUBSIDIARIES *(CONTINUED)*

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Tradeeasy Information Technology (Beijing) Limited ("Tradeeasy Beijing") *(Note 2)*	Mainland China	US$300,000	–	100	Provision of technical consultancy services
Source Easy Limited	Hong Kong	HK$10,000 Ordinary	–	100	Provision of business-to-business transactions

Note 1: Tradeeasy Guangzhou is a Sino-foreign co-operative joint venture company established in Mainland China for a period of 15 years commencing from 26 June 2000.

Note 2: Tradeeasy Beijing is a wholly-foreign-owned enterprise with an operating period of 20 years commencing from 21 June 2000.

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

Notes to Financial Statements

31 March 2006

16. INTERESTS IN ASSOCIATES

	Group 2006 HK$'000	2005 HK$'000
Share of net assets	**422**	–
Due from associates	**100**	–
	522	–

The amounts due from the associates are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of these amounts approximate to their fair values.

Particulars of the principal associate are as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration and operations	Percentage of ownership interest attributable to the Group	Principal activity
Optimus China Limited* (formerly known as "Rise Success International Limited")	Ordinary shares of HK$1 each	Hong Kong	23	Provision of search engine services

* *Not audited by Ernst & Young Hong Kong or other Ernst & Young International member firms.*

The above table lists the associate of the Group which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other associates would, in the opinion of the Directors, result in particulars of excessive length.

The following table illustrates the summarised financial information of the Group's associates extracted from their management accounts:

	2006 HK$'000	2005 HK$'000
Assets	**2,030**	–
Liabilities	**188**	–
Revenue	**–**	–
Loss	**(104)**	–

Notes to Financial Statements

31 March 2006

17. TRADE RECEIVABLES

The Group normally offers credit terms ranging from 14 to 45 days to its established customers. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the balance sheet date is as follows:

	Group	
	2006	2005
	HK$'000	HK$'000
Current to 30 days	**436**	1,271
31 to 60 days	**221**	322
61 to 90 days	**161**	442
Over 90 days	**788**	1,183
	1,606	3,218

18. CASH AND CASH EQUIVALENTS

	Group		Company	
	2006	2005	**2006**	2005
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash and bank balances	**4,964**	6,448	**125**	156

At the balance sheet date, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK$1,267,000 (2005: HK$3,400,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposits rates. The carrying amounts of the cash and cash equivalents approximate to their fair values.

Notes to Financial Statements

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19. TRADE PAYABLES

An aged analysis of the trade payables as at the balance sheet date, based on the invoice date, is as follows:

	Group	
	2006	2005
	HK$'000	HK$'000
Current to 30 days	**3**	83
31 to 60 days	**1**	99
61 to 90 days	**84**	2
Over 90 days	**–**	19
	88	203

The trade payables are non-interest-bearing and are normally settled on credit terms of 30 days.

20. DEFERRED TAX

The Group has tax losses arising in Hong Kong of HK$41,068,000 (2005: HK$43,916,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time.

At 31 March 2006, there was no unrecognised deferred tax liability (2005: Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries as the Group has no liability to additional tax should such amounts be remitted.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

21. SHARE CAPITAL

Shares

	2006	2005
	HK$'000	HK$'000
Authorised:		
20,000,000,000 ordinary shares of HK$0.01 each	**200,000**	200,000
Issued and fully paid:		
421,000,000 (2005: 421,000,000) ordinary shares of HK$0.01 each	**4,210**	4,210

Share options

Details of the Company's share option scheme are included in note 22 to the financial statements.

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22. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants for their contribution to the Group. The Scheme was approved by the then sole shareholder of the Company on 20 February 2002 by way of a written resolution. The board of directors of the Company may, at their discretion, offer options to any full-time or part-time employee or director of any member of the Group, and any consultant of or adviser to any member of the Group (the "Participants") to subscribe for shares of the Company. The Scheme became effective on 7 March 2002 and shall be valid and effective for a period of 10 years from that date, subject to early termination by the Company in a general meeting or by the board of directors.

The maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Scheme must not exceed 30% of the shares in issue from time to time.

The maximum number of shares available for issue under options which may be granted under the Scheme adopted by the Company must not in aggregate exceed 10% of the shares in issue. The maximum number of shares issued and to be issued upon exercise of the options granted and to be granted to each Participant (including both exercised and outstanding options) in any 12-month period up to the date of grant must not exceed 1% of the shares in issue at the date of grant. Any further grant of options in excess of the above limit must be subject to shareholders' approval with such Participant and his associates (as defined in the GEM Listing Rules) abstaining from voting.

On 19 December 2005, a grant of 7,485,000 options beyond the limit under the Scheme was duly passed by the shareholders at the Extraordinary General Meeting. Upon the grant of 7,485,000 options, the aggregate number of options in issue and outstanding will be 11.78% of the 421,000,000 shares in issue and will not exceed the overall limit of 30% of the shares in issue.

If options are granted to a connected person (as defined in the GEM Listing Rules) or his associates, the granting of such options will be subject to all independent non-executive directors' (excluding independent non-executive director who is a grantee) approval; where options are proposed to be granted to a connected person who is also a substantial shareholder or independent non-executive director or any of their respective associates which will result in the total number of shares issued and to be issued upon exercise of the options granted or to be granted (including options exercised, cancelled and outstanding) to such person under the Scheme in the past 12-month period up to and including the date of such grant: (1) exceeding 0.1% of the total issued shares for the time being; and (2) having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK$5,000,000, the granting of such options will be subject to approval of the independent shareholders of the Company taken on a poll. All connected persons will abstain from voting (except that any connected person may vote against the resolution).

Upon acceptance of the option, the grantee shall pay HK$1 to the Company as consideration for the grant. The option will be offered for acceptance for a period of 28 days (or such shorter period as the board of directors may from time to time determine) from the date on which the option is granted. The exercise period of the share options granted is determinable by the directors and commences after a certain vesting period and ends on a date which is not later than ten years from the date of the offer of the share options or the expiry date of the Scheme, if earlier.

The subscription price of a share in respect of any particular option granted under the Scheme shall be such price as the board of directors in its absolute discretion shall determine, save that such price shall be the highest of: (i) the closing price of the shares as stated in The Stock Exchange of Hong Kong Limited's (the "Stock Exchange") daily quotation sheet on the date of the grant of the option, which must be a business day; (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotation sheets on the five business days immediately preceding the date of the grant of the option; and (iii) the nominal value of a share.

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22. SHARE OPTION SCHEME *(CONTINUED)*

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding under the Scheme during the year:

Category of participant	Number of share options: At 1 April 2005	Granted during the year	Forfeited during the year	At 31 March 2006	Date of grant of share options	Exercise period of share options*	Exercise price of share options** HK$	Price of Company's shares at grant date of options*** HK$
Employees								
In aggregate	12,000,000	–	–	12,000,000	22 Apr 2003	23 Jun 2003 to 22 Jun 2008	0.037	–
	4,000,000	–	–	4,000,000	6 Oct 2004	4 Nov 2004 to 3 Nov 2009	0.030	–
	–	2,100,000	–	2,100,000	27 Sep 2005	26 Oct 2005 to 25 Oct 2010	0.043	0.040
	–	4,175,000	(679,000)	3,496,000	20 Dec 2005	18 Jan 2006 to 19 Feb 2012	0.043	0.047
	–	2,510,000	(679,000)	1,831,000	20 Dec 2005	18 Jan 2007 to 19 Feb 2012	0.043	0.047
	16,000,000	8,785,000	(1,358,000)	23,427,000				
Others								
In aggregate	20,000,000	–	–	20,000,000	22 Apr 2003	23 Jun 2003 to 22 Jun 2008	0.037	–
	–	4,000,000	–	4,000,000	27 Sep 2005	26 Oct 2005 to 25 Oct 2010	0.043	0.040
	–	400,000	–	400,000	20 Dec 2005	18 Jan 2006 to 19 Feb 2012	0.043	0.047
	–	400,000	–	400,000	20 Dec 2005	18 Jan 2007 to 19 Feb 2012	0.043	0.047
	20,000,000	4,800,000#	–	24,800,000				
	36,000,000	13,585,000	(1,358,000)	48,227,000				

Notes to the reconciliation of share options outstanding during the year:

* The vesting period of the share options is from the date of the grant until the commencement of the exercise period.

** The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

*** The price of the Company's shares disclosed as at the date of the grant of the share options is the Stock Exchange closing price on the trading day immediately prior to the date of the grant of the options.

\# The share options granted were related to services provided by certain individuals to the Group. As the fair value of such services cannot be measured reliably, the cost of such services was recognised with reference to the fair value of the share options granted.

The fair value of the share options granted during the year was HK$302,000.

Notes to Financial Statements

31 March 2006

22. SHARE OPTION SCHEME *(CONTINUED)*

The fair value of equity-settled share options granted during the year was estimated as at the date of grant, using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the year ended 31 March 2006:

Grant date	27 Sep 2005	20 Dec 2005	20 Dec 2005
Exercise period	26 Oct 2005 to 25 Oct 2010	18 Jan 2006 to 19 Feb 2012	18 Jan 2007 to 19 Feb 2012
Dividend yield (%)	–	–	–
Expected volatility (%)	101.56	119.19	119.19
Historical volatility (%)	101.56	119.19	119.19
Risk-free interest rate (%)	3.93	4.10	4.13
Expected life of option (year)	2.58	3.12	3.62
Closing share price at grant date (HK$)	0.040	0.042	0.042

The expected life of the options is based on management expectation and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

At the balance sheet date, the Company had 48,227,000 share options outstanding under the Scheme. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 48,227,000 additional ordinary shares of the Company and additional share capital of approximately HK$482,000 and share premium of approximately HK$1,348,000 (before issue expenses).

At the date of approval of these financial statements, the Company had 48,227,000 share options outstanding under the Scheme, which represented approximately 11.46% of the Company's shares in issue as at that date.

23. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 27 of the financial statements.

The contributed surplus of the Group represents the difference between the nominal value of the shares and the share premium accounts of the subsidiaries acquired in prior years, over the nominal value of the Company's shares issued in exchange therefor.

Notes to Financial Statements

31 March 2006

23. RESERVES *(CONTINUED)*

(b) Company

	Share premium account HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2004	16,337	18,203	–	(34,535)	5
Issue of shares, net of share issue expenses	788	–	–	–	788
Net profit for the year	–	–	–	3,072	3,072
At 31 March 2005 and 1 April 2005	17,125	18,203	–	(31,463)	3,865
Equity-settled share option arrangements	–	–	302	–	302
Net loss for the year	–	–	–	(1,929)	(1,929)
At 31 March 2006	**17,125**	**18,203**	**302**	**(33,392)**	**2,238**

The contributed surplus of the Company represents the excess of the fair value of the shares of a subsidiary acquired in prior years, over the nominal value of the Company's shares issued in exchange therefor.

Under the Companies Law (Revised) of the Cayman Islands, the share premium account is distributable to the shareholders of the Company, provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

24. CONTINGENT LIABILITY

The Group had a contingent liability in respect of possible future long service payments to employees under the Hong Kong Employment Ordinance, with a maximum possible amount of HK$1,190,000 as at 31 March 2006 (2005: HK$805,000), as further explained under the heading "Employee benefits" in note 2.5 to the financial statements. The contingent liability has arisen because, at the balance sheet date, a number of current employees have achieved the required number of years of service to the Group in order to be eligible for long service payments under the Employment Ordinance if their employment is terminated under certain circumstances. A provision has not been recognised in respect of such possible payments, as it is not considered probable that the situation will result in a material future outflow of resources from the Group.

Notes to Financial Statements

31 March 2006

25. OPERATING LEASE ARRANGEMENTS

As lessee

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to three years.

At the balance sheet date, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2006	2005
	HK$'000	HK$'000
Within one year	**1,384**	1,539
In the second to fifth years, inclusive	**982**	1,748
	2,366	3,287

26. RELATED PARTY TRANSACTIONS

(a) Outstanding balances with associates

Details of the Group's amounts due from its associates as at the balance sheet date are included in note 16 to the financial statements.

(b) Compensation of key management personnel of the Group

	2006	2005
	HK$'000	HK$'000
Short term employee benefits	**3,050**	2,621
Post-employment benefits	**54**	54
Share-based payments	**50**	-
Total compensation paid to key management personnel	**3,154**	2,675

Further details of directors' emoluments are included in note 7 to the financial statements.

Notes to Financial Statements

31 March 2006

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise its cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

It is, and has been, throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currency. Foreign currency risk is not considered significant because most of the Group's sales and purchases are denominated in RMB.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

Liquidity risk

The Group's financing activities are managed centrally by maintaining an adequate level of cash and cash equivalents to finance the Group's operations and to meet its liquidity requirements.

28. POST BALANCE SHEET EVENT

On 7 March 2006, the Company and CCT Telecom Holdings Limited ("CCT Telecom"), a substantial shareholder of the Company, entered into a subscription agreement pursuant to which the Company agreed to issue and CCT Telecom agreed to subscribe for 550,000,000 new shares of the Company at a subscription price of HK$0.04 per share (the "Subscription").

Upon the completion of the Subscription on 25 April 2006, CCT Telecom has a 66.26% equity interest in the Company and became the controlling shareholder of the Company, further details of which are set out in the Company's announcement dated 25 April 2006.

29. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 20 June 2006.

Five Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements is set out below.

RESULTS

	Years ended 31 March				
	2002	2003	2004	2005	**2006**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Revenue	52,793	34,163	31,862	39,476	**39,595**
Profit/(loss) before tax	10,534	(8,527)	(21,944)	2,789	**(1,554)**
Tax	–	–	–	(32)	**(149)**
Profit/(loss) for the year	10,534	(8,527)	(21,944)	2,757	**(1,703)**
Basic earnings/(loss) per share (HK cents)	3.0	(2.1)	(5.5)	0.7	**(0.4)**
ASSETS AND LIABILITIES					
Non-current assets	25,072	25,193	6,588	8,019	**10,015**
Current assets	23,624	10,938	10,764	11,546	**8,470**
	48,696	36,131	17,352	19,565	**18,485**
Current liabilities	10,346	6,308	9,473	7,931	**8,291**

Notes:

1. The Company was incorporated in the Cayman Islands on 20 September 2001 and became the holding company of the companies comprising the Group on 20 February 2002 as a result of the Group reorganisation (the "Group Reorganisation"). Further details of the Group Reorganisation are set out in the Company's prospectus dated 26 February 2002.

2. The financial summary of the Group, which is presented for information only, has been prepared on the basis that the structure and business activities of the Group immediately after the completion of the Group Reorganisation had been in existence throughout the year ended 31 March 2002.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the annual general meeting (the "Annual General Meeting") of the shareholders of Tradeeasy Holdings Limited (the "Company") will be held at 2208, 22/F., St. George's Building, 2 Ice House Street, Central, Hong Kong on Tuesday, 25 July 2006 at 10:30 a.m. for the following purposes:

(1) To receive and consider the audited financial statements and the reports of the directors and auditors of the Company for the year ended 31 March 2006.

(2) (A) (i) To re-elect the retiring director, Mr. Mak Shiu Tong, Clement, as an executive director of the Company.

(ii) To re-elect the retiring director, Mr. Tam Ngai Hung, Terry, as an executive director of the Company.

(iii) To re-elect the retiring director, Ms. Cheng Yuk Ching, Flora, as an executive director of the Company.

(iv) To re-elect the retiring director, Dr. William Donald Putt, as an executive director of the Company.

(v) To re-elect the retiring director, Mr. Lam Kin Kau, Mark, as an independent non-executive director of the Company.

(vi) To re-elect the retiring director, Mr. Fung Hoi Wing, Henry, as an independent non-executive director of the Company.

(vii) To re-elect the retiring director, Mr. Lau Ho Wai, Lucas, as an independent non-executive director of the Company.

(B) To authorise the board of directors (the "Board") to fix the directors' remuneration.

(3) To re-appoint auditors and to authorise the Board to fix their remuneration.

(4) As special business, to consider and, if thought fit, pass the following resolutions with or without amendments as ordinary resolutions:

(A) "**THAT**:

(i) subject to paragraph (iii) of this resolution and pursuant to the Rules Governing the Listing of Securities on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the exercise by the directors of the Company ("Directors") during the Relevant Period (as hereinafter defined) of all powers of the Company to allot, issue and deal with additional shares in the share capital of the Company or options, warrants, or similar rights to subscribe for any shares and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;

(ii) the approval in paragraph (i) of this resolution shall authorise the Directors during the Relevant Period (as hereinafter defined) to make and grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period (as hereinafter defined);

Notice of Annual General Meeting

(iii) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval in paragraph (i) of this resolution, otherwise than pursuant to (a) a Right Issue (as hereinafter defined) or, (b) the grant or exercise of rights of conversion under any securities which are convertible into shares of the Company or, (c) any scrip dividend scheme or similar arrangements providing for the allotment of shares in lieu of the whole or a part of a dividend on shares of the Company pursuant to the articles of the association of the Company from time to time, (d) the grant or exercise of any options granted under any option scheme or similar arrangement for the time being adopted by the Company for the grant or issue to the Directors, officers and/or employees of the Company and/or any of its subsidiaries of options to subscribe for, or rights to acquire, shares of the Company, shall not in aggregate exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this resolution and the said approval shall be limited accordingly; and

(iv) for the purpose of this resolution:

"Relevant Period" means the period from the passing of this resolution until whichever is the earliest of:

(a) the conclusion of the next annual general meeting of the Company;

(b) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; or

(c) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

"Right Issue" means the allotment or issue of shares in the share capital of the Company pursuant to an offer of shares open for a period fixed by the Directors made to holders of shares of the Company or any class thereof whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong)."

(B) "**THAT**:

(i) subject to paragraph (ii) of this resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase its own issued shares in the share capital of the Company on GEM of the Stock Exchange or on any other stock exchange on which the shares of the Company may be listed and recognised for this purpose by the Securities and Future Commission and the Stock Exchange in accordance with all the applicable laws and the requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (as amended from time to time) or of any other stock exchange, be and is hereby generally and unconditionally approved;

Notice of Annual General Meeting

(ii) the aggregate nominal amount of shares of the Company to be repurchased by the Company pursuant to the approval in paragraph (i) of this resolution shall not exceed 10 per cent. of the aggregate nominal amount of share capital of the Company in issue as at the date of passing of this resolution and the said approval shall be limited accordingly; and

(iii) for the purpose of this resolution:

"Relevant Period" means the period from the passing of this resolution until whichever is the earliest of:

(a) the conclusion of the next annual general meeting of the Company;

(b) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; or

(c) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting."

(C) "**THAT** conditional upon the resolutions numbered 4(A) and 4(B) in the notice convening this meeting being passed, the general mandate granted to the Directors to allot, issue and deal with additional shares pursuant to resolution numbered 4(A) in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of shares repurchased by the Company under the authority granted pursuant to the said resolution numbered 4(B)."

By Order of the Board of
TRADEEASY HOLDINGS LIMITED
Mak Shiu Tong, Clement
Chairman

Hong Kong, 29 June 2006

Head Office and Principal Place of Business in Hong Kong:
Units 2-5, 19/F.
BEA Tower
Millennium City 5
418 Kwun Tong Road
Kwun Tong
Kowloon
Hong Kong

Registered Office:
Century Yard
Cricket Square
Hutchins Drive
P.O. Box 2681 GT
George Town
Grand Cayman
Cayman Islands
British West Indies

Notice of Annual General Meeting

Notes:

1. A member of the Company entitled to attend and vote at the Annual General Meeting convened by the above notice is entitled to appoint another person as his or her proxy to attend and vote in his/her stead. A proxy need not be a member of the Company.

2. In order to be valid, the form of proxy together with a power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the Company's branch share registrar in Hong Kong, Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than forty-eight hours before the time appointed for the Annual General Meeting (or any adjournment thereof).

3. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the Annual General Meeting and in such event, the instrument appointing a proxy shall be deemed to be revoked.

4. Where there are joint holders of any shares, any one of such joint holders may vote either in person or by proxy in respect of such shares as if he/she was solely entitled thereto; but if more than one of such joint holders be present at the Annual General Meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company.

5. With respect to the resolutions set out in resolutions nos. 2(A)(i) to 2(A)(vii) of this notice, Mr. Mak Shiu Tong, Clement, Mr. Tam Ngai Hung, Terry, Ms. Cheng Yuk Ching, Flora, Dr. William Donald Putt, Mr. Lam Kin Kau, Mark, Mr. Fung Hoi Wing, Henry and Mr. Lau Ho Wai, Lucas will retire and, being eligible, offer themselves for re-election at the Annual General Meeting. Biographical details of the above Directors are set out in the circular dated 29 June 2006 which will be sent out together with the 2006 annual report of the Company.

6. With respect to the resolutions set out in resolutions nos. 4(A) and 4(C) of this notice, approval is being sought from the shareholders for the general mandates to be given to the Directors to allot, issue and deal with new shares of the Company.

7. With respect to the resolution set out in resolution no. 4(B) of this notice, approval is being sought from the shareholders for a general mandate to be given to the Directors to repurchase the shares of the Company. An explanatory statement containing further information with respect to such resolution will be sent out together with the 2006 annual report of the Company.