TRADEeasy

annual report 2006 / 2007

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. Tam Ngai Hung, Terry

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

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
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) Limited
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

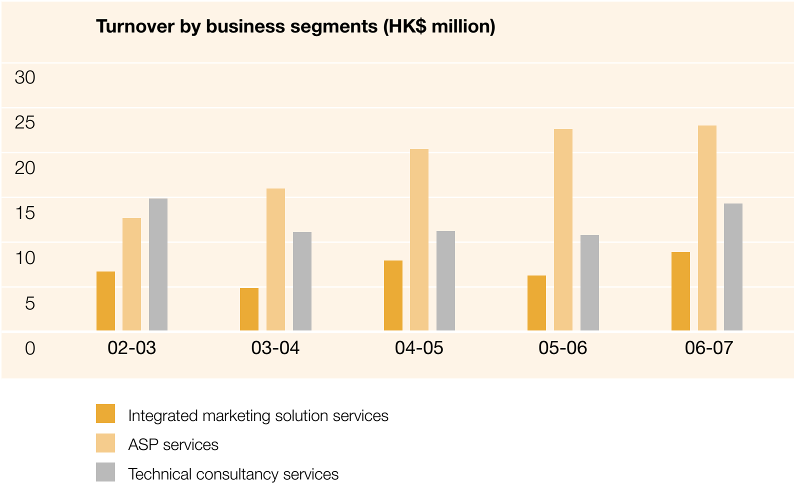
STOCK CODE

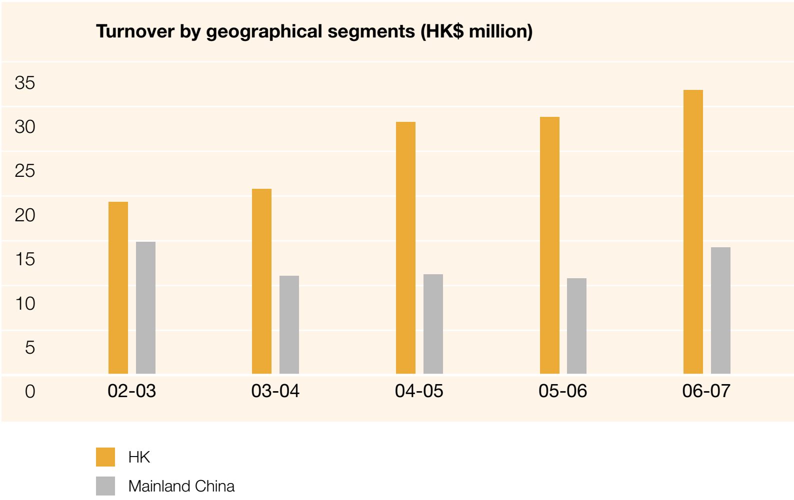
8163

WEBSITE

www.tradeeasy.com

Financial Highlights





HK$ million	**2006-07**	2005-06
Turnover	**46.1**	39.6
Loss for the year	**(10.3)**	(1.7)
Total assets	**32.6**	18.5
Total liabilities	**9.4**	8.3
Net assets	**23.2**	10.2
Basic loss per share	**HK(1.1) cent**	HK(0.4) cent

Chairman's Statement

On behalf of the Board of Tradeeasy Holdings Limited, I am pleased to present this Annual Report to our valuable shareholders.

The year under review is a challenging year for the Group. Through the placing of 550,000,000 new shares of the Company to CCT Telecom on 25 April 2006, it provided the net proceeds of approximately HK$21 million, enabling the Group to carrying on further initiatives to capture the growing demand for B2B services and to increase its market share in Mainland China.

During the year, the Group has taken a moderate pace in its business expansion. The total revenue increases 16.4% as compared to last year, which represents a consistent and steady growth. Mainland China has become the major market of the Group's business expansion and development. Accordingly, substantial portion of the resources were devoted into this market. I am pleased to report that the revenue generated from Mainland China this year grows significantly by 32.3% as compared to last year.

There was a new research center and a training center in Mainland China set up, and a new company incorporated in Xiamen which further strengthen the distribution channel capability to promote our products and services in the areas not covered by any of our existing branches. In addition, the Group has recruited more salespersons so that more comprehensive services were provided to our customers.

Despite the fact that there is a revenue growth for the year under review, the Group incurred a net loss. However, we are confident that the revenue and the results of the Group will be improved, when all of those initiatives are fully executed.

Looking forward, the Group will keep expanding the sales and marketing networks in Mainland China, focusing on the implementation of state-of-art and creative technologies into our B2B platform, and providing quality off-line support to both the sellers and buyers. It is expected that these measures will further enhance the Group's competitiveness and its performance.

The forthcoming year will not be easy for the Group as the competition in the market will still be keen. We will well position ourselves to sustain the growth and continue with the strategy, which is proved to be on the right track for the success. On behalf of the Board, I would like to take this opportunity to thank the management team and the staff of the Group for their valuable contribution and our shareholders for their continuing support.

Mak Shiu Tong, Clement
Chairman

22 June 2007

Management Discussion and Analysis

BUSINESS AND OPERATIONS REVIEW

Business review

The financial year 2006/07 has been a year of challenges for the Group. In view of the growing demand for B2B online trade, which generates more servicing needs to be rendered by the SME manufacturers in Mainland China, the Company has implemented an expansion program during the year under review, to broaden its business spectrum and volume in the region so as to capture the business opportunities.

Upon the placing of 550,000,000 new shares of the Company to CCT Telecom on 25 April 2006, the Group has received the net proceeds of approximately HK$21 million for developing new products, expanding sales and marketing network and devoting more resources into research and development.

The Group recorded a revenue of approximately HK$46.1 million during the year under review, as compared to the revenue of approximately HK$39.6 million last year, representing an increase of 16.4%. The Company also recorded a net loss of approximately HK$10.3 million as compared to approximately HK$1.7 million loss last year.

The loss incurred was mainly due to certain factors, namely the expenses of HK$2.3 million in relation to granting of share options during the year under review, written-off of an amount of HK$2.4 million for the software programs being obsolete and the additional costs incurred to strengthen the competitiveness of the Group.

The revenue generated from Mainland China grows 32.3% from HK$10.8 million last year to HK$14.3 million this year, while the revenue generated from Hong Kong market grows slightly from HK$28.8 million last year to HK$31.8 million this year.

Operation review

During the year under review, the Company has been taking a number of initiatives to reinforce our core business.

Sales and Marketing

A new company was set up in Mainland China to develop channel sales in the areas that the Group does not have branch offices. Recently, the new company has appointed ten new agents in the middle and northern part of Mainland China. Notwithstanding substantial efforts and resources were required for this program, the management believes that the channel sales model will be the most effective way in expanding the sales network.

A central training center was established in Guangzhou to conduct central training for the business units in Mainland China. The Group will continue to expand both direct and channel sales and recruit more staff and salesperson in our direct branches to promote our products and services.

Management Discussion and Analysis

BUSINESS AND OPERATIONS REVIEW *(CONTINUED)*

Products

Thanks to the hard work of our new research and development team throughout the whole financial year, the new B2B portal www.tradeeasy.com ("Tradeeasy portal") has been rolled out recently. The new Tradeeasy portal is built with the latest technology which provides various upgraded functionalities, including, more effective search engine and more user-friendly interface. Other new functions and features are also added to enhance the communications among the users of Tradeeasy portal. The management believes that the new portal will attract more users and making more traffic, which should induce more business activities in return.

The full development of the new portal is still on its way and the final version is expected to be released out by the end of 2007.

A new directory for the Household and Consumer Electronics was published during the year under review. The Group has diversified its coverage from the garment and garment related industries to the Household and Consumer Electronic sectors. The new directory is well received in the market.

Buyer Members

The Group has allocated more resources for our Buyer Department in terms of number of headcounts as well as the promotion budget. The Group has organized more trade fairs. We expect the number of registered buyer members has been increased to over 400,000 at the end of the financial year under review.

More Procurement Meetings have been conducted during the year under review, including over 700 face-to-face meetings between buyers and sellers. More well-branded companies have participated in the Group's sourcing activities, both on-line and off-line.

Research and Development

A portion of the net proceeds obtained from the placing of the shares of the Company was devoted into research and development. Most of our hardware and servers were replaced and updated. The stability and the efficiency of our software platform was also substantially improved.

A new research and development center was established in Guangzhou. Our proprietary developed search engine has been adopted and the new portal has been rolled out. Looking forward, the team will focus on the Search Engine Maximization work, which should increase the popularity of our portal and attract more users.

Management Discussion and Analysis

BUSINESS AND OPERATIONS REVIEW *(CONTINUED)*

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 increased by approximately 42.2% to HK$8.9 million and that from provision of ASP services increased by approximately 1.7% to HK$23.0 million. The sales from provision of technical consultancy services increased by approximately 32.3% to HK$14.3 million.

As to the geographical segments, sales to Hong Kong market increased by approximately 10.5% to HK$31.8 million and that to Mainland China market increased by approximately 32.3% to HK$14.3 million.

An analysis of the Group's revenue and financial results by principal activity and geographical area for the two financial years ended 31 March 2006 and 2007 is set out in note 4 to this Annual Report.

BUSINESS OUTLOOK

With the injection of new capital, the Group is able to undertake a number of initiatives to strengthen its core business and increase competitiveness. With the establishment of the training center, the efficiency in developing new sales team is increased. The new Research and Development center centralizes the resources which make the Group's program development undergoes successfully and smoothly. Furthermore, the engagement of the channel sales in Mainland China is proven as an effective strategy in expanding the sales force with low overhead cost and risks.

The strategies that have been implemented during the financial year ended 31 March 2007 have been in the right track. More resources will continue to be devoted to above mentioned projects in the coming years. The investment will inevitably affect the profit margin of the Group in the short term and this situation may continue in near future. Nevertheless, the management has full confidence that the Group will benefit from those initiatives in the long run.

While we are undergoing our expansion plan, the management is well aware of the ever changing market situation. Keen competition, the rising level of salary in Mainland China and the impact of new technologies and new products will always be our major challenges. The Company will implement our initiatives cautiously, to sustain a healthy growth in changing operating environment.

Management Discussion and Analysis

EMPLOYEES

As at 31 March 2007, the Group employed 81 staff in Hong Kong (2006: 83) and 178 staff in Mainland China (2006: 156). Total staff costs (including directors' remuneration) of the Group were approximately HK$27.8 million (2006: HK$21.8 million). The increase of headcount during the year ended 31 March 2007 was mainly for research and development of new business opportunities and for the operation carried by the new company set up in Mainland China. 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 Option Scheme.

LIQUIDITY AND FINANCIAL RESOURCES

The Group is principally financed by cash flows generated internally and by the subscription proceeds from CCT Telecom. Upon completion of subscription on 25 April 2006, net proceeds of approximately HK$21 million was received. In order to capture higher return, the Company placed part of the net proceeds amount to approximately HK$14 million as equity-linked deposits. As at 31 March 2007, the Group's cash and bank balance amounted to approximately HK$6.0 million of which approximately 83.9% was denominated in Hong Kong dollars. It further improves the financial position and the liquidity of the Group.

As at 31 March 2007, the net assets value of the Group amounted to HK$23.2 million, representing approximately HK2.4 cent per share. Saved as disclosed, 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 over total equity) of the Group as at 31 March 2007 was nil (2006: nil). As at 31 March 2007, the current ratio of the Group was 251% (2006: 102%). The strong improvement in liquid position was mainly attributable to the net proceeds from subscription of new shares by CCT Telecom.

CAPITAL STRUCTURE

There has been no change in the capital structure of the Group during the year ended 31 March 2007.

On 25 April 2006, CCT Telecom subscribed 550,000,000 ordinary shares of the Company for net proceeds of approximately HK$21 million. As at 31 March 2007, the equity interest of CCT Telecom in the Company has increased to 66.19%.

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.

Management Discussion and Analysis

CHARGES ON GROUP ASSETS

As at 31 March 2007, the Group did not have any charges on the Group's 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$1.1 million (2006: HK$1.2 million) as at 31 March 2007. 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.

During the financial year under review and as at the year end date, a corporate guarantee of HK$5 million was give by the Company to a bank in connection with banking facilities granted to a subsidiary. As at 31 March 2007, the relevant banking facilities under this guarantee remain unutilized.

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 and funding will be financed internally.

ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the financial year ended 31 March 2007, the Group had no material acquisition and disposal of subsidiaries and affiliated companies.

SIGNIFICANT INVESTMENTS

As at 31 March 2007, the Group invested in equity-linked deposit with an estimate fair market value of approximately HK$13.7 million (2006: nil). Save as disclosed above, the Group has not held any significant investments during the financial year ended 31 March 2007.

Profiles of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. MAK Shiu Tong, Clement, aged 53, has served as the Chairman, the CEO and an Executive Director of the Company since April 2006. Mr. Mak is a member of the Remuneration Committee. 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 30 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 chief executive officer and an executive director of CCT Telecom, a controlling and substantial shareholder of the Company, and CCT Tech, a fellow subsidiary of the Company, and whose shares are listed on the main board of the Stock Exchange.

Mr. TAM Ngai Hung, Terry**, aged 53, has served as an Executive Director of the Company since April 2006. Mr. Tam is a member of the Remuneration Committee. Mr. Tam is mainly responsible for the corporate finance and accounting function of the Group. Mr. Tam has more than 29 years of experience in finance and accounting management, and also has extensive experience in corporate finance matters, mergers and acquisitions. Mr. Tam has substantial experience in the financial aspects of the telecom services and internet business. 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. Mr. Tam was an executive director of Haier Electronics Group Co., Ltd, a company listed on the main board of the Stock Exchange until his resignation on 28 January 2005. Mr. Tam was a non-executive director of the Company until his resignation on 18 December 2003. Mr. Tam is also a director of certain subsidiaries of the Group.

Saved as disclosed above, Mr. Tam did not hold any directorship in any listed public company in the past three years and does not hold any other positions with the Group.

There is no service contract entered into between Mr. Tam and the Group. Mr. Tam's directorship in the Company is subject to retirement by rotation and re-election at the AGM. Mr. Tam does not receive any fee or salary from the Group.

Mr. Tam does not have any relationship with any director, senior management or substantial or controlling shareholder of the Company.

As at the date of this Annual Report, Mr. Tam had interests in 28,000,000 share options of the Company which are exercisable during the period from 14 August 2006 to 13 August 2011 at a price of HK$0.038 per Share and had interests in 500,000 shares of CCT Telecom and 20,000,000 shares of CCT Tech. Saved as disclosed above, as at the date of this Annual Report, Mr. Tam had no other interests (within the meaning of Part XV of the SFO) in any shares, underlying shares or debentures of the Company and/or its associated companies.

There is no information which should be disclosed under Rule 17.50(2)(h) to (v) of the GEM Listing Rules. Save as disclosed above, there is no information which should be disclosed nor is/was Mr. Tam involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under Rule 17.50(2) of the GEM Listing Rules nor are there other matters that need to be brought to the attention of the Shareholders.

Profiles of Directors and Senior Management

EXECUTIVE DIRECTORS *(CONTINUED)*

Ms. CHENG Yuk Ching, Flora**, aged 53, has served as an Executive Director of the Company since April 2006. Ms. Cheng has over 27 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. Ms. Cheng is also a director of certain subsidiaries of the Group.

Saved as disclosed above, Ms. Cheng did not hold any directorship in any listed public company in the past three years and does not hold any other positions with the Group.

There is no service contract entered into between Ms. Cheng and the Group. Ms. Cheng's directorship in the Company is subject to retirement by rotation and re-election at the AGM. Ms. Cheng does not receive any fee or salary from the Group.

Ms. Cheng does not have any relationship with any director, senior management or substantial or controlling shareholder of the Company.

As at the date of this Annual Report, Ms. Cheng had interests in 5,000,000 share options of the Company which are exercisable during the period from 14 August 2006 to 13 August 2011 at a price of HK$0.038 per Share and had interests in 14,196,713 shares of CCT Telecom, in which 120,000 were held by her spouse and 66,000,000 shares of CCT Tech. Saved as disclosed above, as at the date of this Annual Report, Ms. Cheng had no other interests (within the meaning of Part XV of the SFO) in any shares, underlying shares or debentures of the Company and/or its associated companies.

There is no information which should be disclosed under Rule 17.50(2)(h) to (v) of the GEM Listing Rules. Save as disclosed above, there is no information which should be disclosed nor is/was Ms. Cheng involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under Rule 17.50(2) of the GEM Listing Rules nor are there other matters that need to be brought to the attention of the Shareholders.

Mr. YIP Kwok Cheung, Danny, aged 43, has served as an Executive Director of the Company since September 2001 and the managing Director of the Group since April 2006. 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 70, 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 34 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, a controlling and substantial shareholder of the Company, and CCT Tech, a fellow subsidiary of the Company, and whose shares are 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 53, has served as an INED of the Company since April 2006 and is a member of both the Audit Committee and the Remuneration Committee. 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 22 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 51, has served as an INED of the Company since April 2006 and is a member of both the Audit Committee and the Remuneration Committee. 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 45, has served as an INED of the Company since April 2006 and is a member of both the Audit Committee and the Remuneration Committee. He is a fellow of the Royal Institution of Chartered Surveyors and a member of the Hong Kong Institute of Surveyors. He is also a Registered Professional Surveyor and a practising chartered surveyor in Hong Kong. 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 16 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.

** *Being the Directors proposed to be rotated and re-elected by the Shareholders at the forthcoming AGM of the Company.*

Profiles of Directors and Senior Management

SENIOR MANAGEMENT

Mr. WONG Kai Yin, Paul, aged 44, is a director of both Buyer Service team and exfactoryprice team and is 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 44, 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, Yvonne aged 38, is the Chief Financial Officer, the Qualified Accountant and the Company Secretary of the Group. She has over 13 years of experience in finance, accounting and auditing. Ms. Siu graduated from the City University of Hong Kong with a Bachelor's Degree in Accountancy. She is a member of the Association of Chartered Certified Accountants. Ms. Siu joined the Company in March 2004.

Mr. CHAN Ka Fai, aged 44, 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

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. The Company is committed to maintaining and ensuring high standards of corporate governance in the interests of the Shareholders.

Throughout the financial year ended 31 March 2007, the Board has reviewed the Group's corporate governance practices and is satisfied that the Company has complied with the code provisions under the Code set out in Appendix 15 to the GEM Listing Rules, except with the following deviations from the code provisions of the Code:

Code Provision A.2.1

Before 25 April 2006, the positions of the Chairman 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.

Commencing from 25 April 2006, there is no separation of the role of Chairman and CEO 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 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 INEDs 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 of the Company is appointed for a specific term. However, all INEDs of the Company are subject to the retirement by rotation and re-election at every AGM of the Company in accordance with the articles of association of the Company.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES *(CONTINUED)*

Code Provision A.4.2

The code provision A.4.2 provides that all the 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 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 AGM of the Company 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 AGM of the Company is less than one year and considered to be short.

Pursuant to the articles of association of the Company, the Chairman and the managing Director 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 the managing Director and their 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 other than the Chairman and the managing Director will rotate at least once every three years in order to comply with the code provision A.4.2.

Code Provision E.1.2

Under the first part of the code provision E.1.2, the Chairman of the Board should attend annual general meetings of the Company.

The Chairman of the Board was not able to attend the annual general meeting of the Company held on 25 July 2006 as he had another important business engagement on that date. The Chairman will make every endeavour to attend all future annual general meetings of the Company as required under the Code.

Under the second part of the code provision E.1.2, the chairman of the independent board committee (if any) should be available to answer questions at any general meeting to approve a connected transaction or any other transaction that is subject to independent shareholders' approval.

The members of the independent board committee had not attended the Company's extraordinary general meeting held on 19 April 2006 as all members of the independent board committee had other business engagements on that date. However, the representative of the independent financial adviser attended such general meeting and was available to answer the questions from the Shareholders. No questions was raised by the independent Shareholders during such general meeting. The general meeting was convened to approve the subscription of 550,000,000 new shares of the Company by CCT Telecom for a consideration of HK$22 million, a connected transaction and the whitewash waiver. The Company considers that the representative of the independent financial adviser who attended such general meeting was already of sufficient caliber for answering questions at such general meeting. The Company will endeavour the chairman or the member(s) of the independent board committee (if any) to attend future general meetings as required under the Code.

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 2007.

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's decision include those relating to:

- the strategic direction of the Group;
- the objectives of the Group;
- monitoring the performance of the management of the Group;
- 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 financial statements, 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.

Corporate Governance Report

THE BOARD *(CONTINUED)*

The management of the Group was delegated the authority and responsibility by the Board for managing the businesses 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 including notices was provided to the Board's members in a timely manner. During the financial year ended 31 March 2007, the Board held nineteen meetings. The attendance of the Directors at the Board's meetings (either in person or by phone) is set out as follows:

Name of the Director	Number of attendance
Mak Shiu Tong, Clement (appointed on 25 April 2006)	13/19
Tam Ngai Hung, Terry (appointed on 25 April 2006)	14/19
Cheng Yuk Ching, Flora (appointed on 25 April 2006)	13/19
Yip Kwok Cheung, Danny	18/19
William Donald Putt (appointed on 25 April 2006)	14/19
Lam Kin Kau, Mark (appointed on 25 April 2006)	15/19
Fung Hoi Wing, Henry (appointed on 25 April 2006)	15/19
Lau Ho Wai, Lucas (appointed on 25 April 2006)	15/19
Yu Lup Fat, Joseph (resigned on 25 April 2006)	1/19
Wong Kai Yin, Paul (resigned on 25 April 2006)	4/19
To Man Yau, Alex (resigned on 25 April 2006)	2/19
Wu Yao Hua, Terence (resigned on 25 April 2006)	0/19
Lau Chi Yiu (resigned on 25 April 2006)	0/19
Lau Ho Man, Edward (resigned on 25 April 2006)	1/19

The company secretary of the Company is responsible for taking minutes of the Board's meetings and all Board's 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.

Appropriate insurance has been arranged in respect of the legal action against the Directors and the management of the Group. The Board considers that the Group has sufficient and appropriate liability insurance to cover the Directors and the management of the Group against any legal liability arising from their performance of duties.

Corporate Governance Report

BOARD COMPOSITION

Before 25 April 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. Upon completion of the subscription of 550,000,000 shares by CCT Telecom on 25 April 2006, Mr. Yu Lup Fat, Joseph, Mr. Wong Kai Yin, Paul, Mr. To Man Yau, Alex, Mr. Wu Yao Hua, Terence, Mr. Lau Chi Yiu and Mr. Lau Ho Man, Edward resigned as members of the Board but Mr. Yip Kwok Cheung, Danny continues to act as the executive Director. Mr. Mak Shiu Tong, Clement, Mr. Tam Ngai Hung, Terry, Ms. Cheng Yuk Ching, Flora and Dr. William Donald Putt have been appointed as the new executive Directors, and Mr. Lam Kin Kau, Mark, Mr. Fung Hoi Wing, Henry and Mr. Lau Ho Wai, Lucas, have been appointed as the INEDs with effect from 25 April 2006 to replace the resigning Directors. 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 all the INEDs of the Company, and in accordance with Rule 5.09 of the GEM Listing Rules. The Board has assessed their independence and concluded that all INEDs of the Company 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 2007. 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's members have no financial, business, family or other material/relevant relationships with each other. Such balanced Board's 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 up to 25 April 2006, the Chairman 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 such deviation from the code provision under the Code are set out in the section headed "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 of the Group.

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 AGM of the Company; and (ii) any Director appointed by the Board, either to fill a casual vacancy on or as an addition to the existing Board, will hold office only until the next following AGM of the Company and shall then be eligible for re-election at that meeting.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the INEDs of the Company has filed a written confirmation to the Company confirming their 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 their independence. The INEDs of the Company are not appointed for any specific terms, but they are subject to the retirement by rotation and re-election at each AGM 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 and 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, as set out in the terms of reference, are 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 under 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 Group; and (iii) reviewing and recommending to the Board the fees payable to the INEDs of the Company.

Before 25 April 2006, the members of the Remuneration Committee consisted of five members including the then three INEDs, Mr. Wu Yao Hua, Terence, Mr. Lau Chi Yiu and Mr. Lau Ho Man, Edward, and the then two executive Directors, namely Mr. Yu Lup Fat, Joseph and Mr. Yip Kwok Cheung, Danny. Upon completion of the subscription of 550,000,000 shares of the Company by CCT Telecom on 25 April 2006, all of the above-named persons resigned as members of the Remuneration Committee. The three new INEDs, Mr. Lam Kin Kau, Mark, Mr. Fung Hoi Wing, Henry and Mr. Lau Ho Wai, Lucas and the two new executive Directors, Mr. Mak Shiu Tong, Clement and Mr. Tam Ngai Hung, Terry, have been appointed as the members of the Remuneration Committee with effect from 25 April 2006 to replace the resigning members. The Remuneration Committee is chaired by one of the members who must be an INED. The chairman of the Remuneration Committee is elected by the members who are present in the meeting, provided that he/she must be an INED.

Corporate Governance Report

BOARD COMMITTEES *(CONTINUED)*

Remuneration of the Directors *(Continued)*

During the financial year ended 31 March 2007, the Remuneration Committee held one meeting which all five Remuneration Committee members attended.

For the financial year ended 31 March 2007, the Remuneration Committee met once and reviewed the current framework, policies and structure for the remuneration of the Directors and the senior management of the Group and reported to the Board of their reviews with recommendations. The Remuneration Committee also reviewed the specific remuneration package including the terms of employment, incentive rewards and performance-based bonus of the executive Directors and the senior management of the Group and the fees payable to the INEDs of the Company.

The primary objective of the Group's remuneration policy is to retain and motivate the executive Directors and the senior management of the Group by linking their rewards to the corporate and individual performance, job complexity and responsibilities, so that the interests of the executive Directors are aligned with those of the Shareholders. No Director can, however, approve his/her own remuneration.

In order to attract, retain, and motivate the executives and the employees serving for the Group, the Company has adopted the Share Option Scheme in 2002. The Share Option Scheme enables the eligible participants to obtain an ownership interest in the Company by payment of the exercise price with reference to the market price of the Share at the time of grant and thus to reward to the participants who contribute to the success of the Group's operations.

Details of the amount of the Directors' emoluments are set out in note 7 to the financial statements in this Annual Report and details of the Share Option Scheme adopted by the Company on 20 February 2002 are set out in note 24 to the financial statements.

Audit Committee

The Company has established the Audit Committee in 2001 with specific written 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 standards; (v) reviewing and monitoring financial reporting and the reporting judgment contained in them; and (vi) reviewing financial and internal control, accounting policies and practices with management of the Group, internal and external auditors of the Company.

Corporate Governance Report

BOARD COMMITTEES *(CONTINUED)*

Audit Committee *(Continued)*

Before 25 April 2006, the members of the Audit Committee consists of three members including the then three INEDs, Mr. Wu Yao Hua, Terence, Mr. Lau Chi Yiu and Mr. Lau Ho Man, Edward. Upon completion of the subscription of 550,000,000 shares of the Company by CCT Telecom on 25 April 2006, all of the previous INEDs resigned as members of the Audit Committee and the three new INEDs, Mr. Lam Kin Kau, Mark, Mr. Fung Hoi Wing, Henry and Mr. Lau Ho Wai, Lucas, have been appointed as the members of the Audit Committee with effect from 25 April 2006 to replace the resigning members. 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 2007, the Audit Committee held four meetings. The attendance of the members of the Audit Committee at the Audit Committee's meetings (either in person or by phone) is set out as follows:

Name of the members of the Audit Committee	Number of attendance
Lam Kin Kau, Mark (appointed on 25 April 2006)	4/4
Fung Hoi Wing, Henry (appointed on 25 April 2006)	4/4
Lau Ho Wai, Lucas (appointed on 25 April 2006)	4/4
Wu Yao Hua, Terence (resigned on 25 April 2006)	0/4
Lau Chi Yiu (resigned on 25 April 2006)	0/4
Lau Ho Man, Edward (resigned on 25 April 2006)	0/4

In 2007, 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 findings on key issues addressed in the annual audit.

For the financial year ended 31 March 2007, the Audit Committee reviewed the accounting principles and practices adopted by the Company and discussed with management of the Group the financial reporting matters. The Audit Committee also reviewed the internal control and risk management system of the Group with the internal auditors of the Group. The Audit Committee also reviewed the quarterly results for the periods ended 30 June 2006 and 31 December 2006, the half-yearly results for the period ended 30 September 2006 and the annual results for the year ended 31 March 2007 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 to 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.

The changes in the composition of the Board during the year ended 31 March 2007 have been outlined in the section headed "Board Composition" in this report.

Details of the Directors are listed out in the section headed "Report of the Directors" in this Annual Report.

AUDITORS' REMUNERATION

During the financial year ended 31 March 2007, the remuneration for the audit service paid to the external auditors of the Company 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 "Independent Auditors' Report" 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 AND INTERNAL AUDIT

The Board is entrusted with the overall responsibility for establishing and maintaining the Group's internal control system and reviewing their effectiveness. The Group's internal control system has been designed for safeguarding assets, maintaining proper accounting records and ensuring reliability of the financial information. Through the Group's internal audit team, the Board has conducted a review of the effectiveness of the internal control system of the Group which covers the major controls, including operational, financial and compliance controls and risk management functions of the Group.

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 2007.

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 2007 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 32 to 77.

FIVE YEAR FINANCIAL SUMMARY

A summary of the published results and assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the audited financial statements, is set out on page 78. 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 Company and 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 23 and 24 to the financial statements.

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, SALE OR REDEMPTION OF LISTED SHARES

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

Report of the Directors

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 25(b) to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 March 2007, the Company's reserves available for distribution, calculated in accordance with the Companies Law (Revised) of the Cayman Islands, amounted to HK$10,770,000 (2006: HK$1,936,000). This included the Company's share premium account and contributed surplus amounting to HK$50,837,000 (2006: HK$35,328,000) in aggregate as at 31 March 2007, 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)

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 87 of the Company's articles of association, Mr. Tam Ngai Hung, Terry and Ms. Cheng Yuk Ching, Flora will retire and, being eligible, will offer themselves for re-election at the forthcoming AGM of the Company.

Report of the Directors

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 10 to 13 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 was renew on 1 May 2006 for an initial term of three years and 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 INEDs 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 had 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, its holding company, or any of its subsidiaries or fellow subsidiaries was a party during the year.

SHARE OPTION SCHEME

Details and movements in the share options of the Company during the year are set out in note 24 to the financial statements.

Report of the Directors

DIRECTORS' INTERESTS

As at 31 March 2007, the Directors and the chief executive of the Company and/or any of their respective associates had the following interests and short positions in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company under 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:

(a) Interests and short positions in the Shares and the underlying Shares of share options of the Company as at 31 March 2007

(i) Long positions in the Shares:

Name of the Director	Number of the ordinary shares directly beneficially held	Approximate Percentage of the Company's total issued share capital (%)
Yip Kwok Cheung, Danny	23,610,662	2.43

(ii) Long positions in the underlying Shares of share options of the Company:

Name of the Director	Date of grant of share options	Exercise period of share options	Exercise price per share HK$	Number of share options outstanding	Number of the total underlying shares	Approximate percentage of the total issued share capital (%)
Mak Shiu Tong, Clement	14 Aug 2006	14 Aug 2006 to 13 Aug 2011	0.038	45,000,000	45,000,000	4.63
Tam Ngai Hung, Terry	14 Aug 2006	14 Aug 2006 to 13 Aug 2011	0.038	28,000,000	28,000,000	2.88
Cheng Yuk Ching, Flora	14 Aug 2006	14 Aug 2006 to 13 Aug 2011	0.038	5,000,000	5,000,000	0.51
Yip Kwok Cheung, Danny	14 Aug 2006	14 Aug 2006 to 13 Aug 2011	0.038	9,500,000	9,500,000	0.98
William Donald Putt	14 Aug 2006	14 Aug 2006 to 13 Aug 2011	0.038	5,000,000	5,000,000	0.51
Lam Kin Kau, Mark	14 Aug 2006	14 Aug 2006 to 13 Aug 2011	0.038	950,000	950,000	0.10
Fung Hoi Wing, Henry	14 Aug 2006	14 Aug 2006 to 13 Aug 2011	0.038	950,000	950,000	0.10
Lau Ho Wai, Lucas	14 Aug 2006	14 Aug 2006 to 13 Aug 2011	0.038	950,000	950,000	0.10
				95,350,000	95,350,000	9.81

Report of the Directors

DIRECTORS' INTERESTS *(CONTINUED)*

(b) Interests and short positions in the shares and the underlying shares of the convertible bonds of an associated corporation – CCT Telecom as at 31 March 2007

(i) Long positions in the shares of CCT Telecom:

Name of the Director	Number of the shares beneficially held and nature of interest: Personal	Family	Corporate	Total	Approximate percentage of the total issued share capital (%)
Mak Shiu Tong, Clement	715,652	–	238,283,758	238,999,410	29.98
Tam Ngai Hung, Terry	500,000	–	–	500,000	0.06
Cheng Yuk Ching, Flora *(Note)*	14,076,713	120,000	–	14,196,713	1.78
William Donald Putt	591,500	–	–	591,500	0.07

Note: Included in the shareholdings in which Ms. Cheng Yuk Ching, Flora was interested, 120,000 shares of CCT Telecom were held by the spouse of Ms. Cheng Yuk Ching, Flora, who is deemed to be interested in such shares under the provisions of Part XV of the SFO or Rule 5.46 of the GEM Listing Rules.

(ii) Long positions in the underlying shares of the convertible bonds of CCT Telecom:

Name of the Director	Description of equity derivatives	*Notes*	Number of the total underlying shares	Approximate percentage of the total issued share capital (%)
Mak Shiu Tong, Clement	2010 convertible bonds	*(1)*	29,942,649	3.76
	2009 convertible bonds	*(2)*	26,548,672	3.33

Notes:

(1) The convertible bonds with an outstanding principal amount of HK$18,085,360 as at 31 March 2007, were issued by CCT Telecom to New Capital Industrial Limited (a company controlled by Mr. Mak Shiu Tong, Clement) on 25 April 2005. The convertible bonds, due on 25 April 2010, are interest-free and convertible into the shares of CCT Telecom at the conversion price of HK$0.604 per share of CCT Telecom (subject to adjustments according to the terms of the convertible bonds).

(2) The convertible bonds with an outstanding principal amount of HK$30,000,000 as at 31 March 2007, were issued by CCT Telecom to Capital Winner Investments Limited (a company controlled by Mr. Mak Shiu Tong, Clement) on 23 June 2006. The convertible bonds, due on 23 June 2009, are interest-free and convertible into the shares of CCT Telecom at the conversion price of HK$1.13 per share of CCT Telecom (subject to adjustments according to the terms of the convertible bonds).

Report of the Directors

DIRECTORS' INTERESTS *(CONTINUED)*

(c) Interests and short positions in the shares and the underlying shares of an associated corporation – CCT Tech as at 31 March 2007

None of the Directors of the Company had any interest and short position in respect of the shares, debentures, convertible bonds, equity derivatives or interests in the underlying shares of CCT Tech as at 31 March 2007.

In addition to the above, as at 31 March 2007, 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 2007, none of the Directors and the chief executive of the Company and/or any of their respective associates had any interest and short position in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register required to be kept by the Company under 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.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed under the section headed "Directors' Interests" above, at no time during the year was the Company, its holding companies or any of its subsidiaries or associated corporations, a party to any arrangement to enable the Directors (including their respective spouse and minor children under 18 years of age) to acquire benefits by means of the acquisition of the shares or underlying shares in, or debentures of, the Company or any of its associated corporations.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

At 31 March 2007, the following persons had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long positions in the Shares as at 31 March 2007:

Name of the shareholder	**Capacity and nature of interest**	**Number of the Shares held**	**Percentage of the Company's total issued share capital**
			(%)
Manistar Enterprises Limited *(Note)*	Directly beneficially owned	643,364,070	66.19
CCT Telecom *(Note)*	Through a controlled corporation	643,364,070	66.19

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

Save as disclosed above, as at 31 March 2007, there were no other persons who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with the code provisions under the Code set out in Appendix 15 to the GEM Listing Rules throughout the financial year under review, except for deviations from code provisions A.2.1, A.4.1, A.4.2 and E.1.2. Detailed information of such deviations and their respective considered reasons as well as other information on the corporate governance practices of the Company are set out in the section headed "Corporate Governance Report" in this Annual Report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float of not less than 25% of the total issued share capital of the Company as required under the GEM Listing Rules throughout the financial year under review and up to the date of this Annual Report.

Report of the Directors

AUDITORS

The financial statements for the year ended 31 March 2007 have been audited by Messrs. Ernst & Young, who retire and being eligible, offer themselves for re-appointment. A resolution for their re-appointment as auditors of the Company will be proposed at the forthcoming AGM of the Company.

ON BEHALF OF THE BOARD

Mak Shiu Tong, Clement
Chairman

Hong Kong
22 June 2007

INDEPENDENT AUDITORS' REPORT

ERNST & YOUNG
安永會計師事務所

To the shareholders of Tradeeasy Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the financial statements of Tradeeasy Holdings Limited set out on pages 32 to 77, which comprise the consolidated and company balance sheets as at 31 March 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made 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.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 2007 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants
18/F., Two International Finance Centre
8 Finance Street
Central
Hong Kong
22 June 2007

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2007

	Notes	2007 HK$'000	2006 HK$'000
REVENUE	5	**46,099**	39,595
Cost of sales		**(30,106)**	(23,373)
Gross profit		**15,993**	16,222
Other income and gains	5	**949**	101
Selling and distribution costs		**(2,927)**	(2,516)
General and administrative expenses		**(17,564)**	(11,820)
Advertising and promotion expenses		**(3,831)**	(2,943)
Other expenses		**(2,946)**	(1,019)
Gain on deemed disposal of associates		**–**	445
Share of profits and losses of associates		**–**	(24)
LOSS BEFORE TAX	6	**(10,326)**	(1,554)
Tax	9	**–**	(149)
LOSS FOR THE YEAR		**(10,326)**	(1,703)
Attributable to:			
Equity holders of the parent		**(10,222)**	(1,703)
Minority interests		**(104)**	–
		(10,326)	(1,703)
DIVIDEND	11	**–**	–
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12		
Basic		**HK(1.1) cent**	HK(0.4) cent
Diluted		**N/A**	N/A

CONSOLIDATED BALANCE SHEET

31 March 2007

	Notes	2007 HK$'000	2006 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**3,721**	2,541
Deferred development expenditure	14	**4,974**	6,952
Interests in associates	16	**422**	522
Total non-current assets		**9,117**	10,015
CURRENT ASSETS			
Trade receivables	17	**2,153**	1,606
Financial assets at fair value through profit or loss	18	**13,717**	–
Prepayments, deposits and other receivables		**1,647**	1,900
Due from a related company	19	**25**	–
Cash and cash equivalents	20	**5,961**	4,964
Total current assets		**23,503**	8,470
CURRENT LIABILITIES			
Trade payables	21	**487**	88
Deferred service fees received in advance		**3,923**	3,761
Due to an associate	16	**392**	–
Other payables and accruals		**4,578**	4,442
Total current liabilities		**9,380**	8,291
NET CURRENT ASSETS		**14,123**	179
Net assets		**23,240**	10,194
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital	23	**9,720**	4,210
Reserves	25(a)	**13,571**	5,984
		23,291	10,194
Minority interests		**(51)**	–
Total equity		**23,240**	10,194

Mak Shiu Tong, Clement
Chairman

Tam Ngai Hung, Terry
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2007

		Attributable to equity holders of the parent								
	Notes	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$'000	Minority interests HK$'000	Total equity HK$'000
At 1 April 2005		4,210	17,125	66,710	–	11	(76,422)	11,634	–	11,634
Exchange realignment		–	–	–	–	(39)	–	(39)	–	(39)
Total income and expense recognised directly in equity		–	–	–	–	(39)	–	(39)	–	(39)
Loss for the year		–	–	–	–	–	(1,703)	(1,703)	–	(1,703)
Total income and expense for the year		–	–	–	–	(39)	(1,703)	(1,742)	–	(1,742)
Equity-settled share option arrangements	24	–	–	–	302	–	–	302	–	302
At 31 March 2006 and 1 April 2006		4,210	17,125*	66,710*	302*	(28)*	(78,125)*	10,194	–	10,194
Exchange realignment		–	–	–	–	20	–	20	(1)	19
Total income and expense recognised directly in equity		–	–	–	–	20	–	20	(1)	19
Loss for the year		–	–	–	–	–	(10,222)	(10,222)	(104)	(10,326)
Total income and expense for the year		–	–	–	–	20	(10,222)	(10,202)	(105)	(10,307)
Equity-settled share option arrangements	24	–	–	–	2,280	–	–	2,280	–	2,280
Capital contribution by a minority shareholder		–	–	–	–	–	–	–	54	54
Issue of shares	23	5,510	16,527	–	–	–	–	22,037	–	22,037
Share issue expenses	23	–	(1,018)	–	–	–	–	(1,018)	–	(1,018)
At 31 March 2007		**9,720**	**32,634***	**66,710***	**2,582***	**(8)***	**(88,347)***	**23,291**	**(51)**	**23,240**

* *These reserve accounts comprise the consolidated reserves of HK$13,571,000 (2006: HK$5,984,000) in the consolidated balance sheet.*

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 March 2007

	Notes	2007 HK$'000	2006 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(10,326)**	(1,554)
Adjustments for:			
Share of profits and losses of associates		**–**	24
Gain on deemed disposal of associates		**–**	(445)
Interest income	5, 6	**(655)**	(81)
Fair value gains on financial assets at fair value through profit or loss	5, 6	**(267)**	–
Depreciation	6	**1,289**	1,294
Amortisation of deferred development expenditure	6	**914**	895
Impairment of deferred development expenditure	6	**2,351**	–
Loss on disposal and write-off of items of property, plant and equipment	6	**8**	5
Impairment of trade receivables	6	**557**	616
Impairment of other receivables	6	**30**	398
Equity-settled share option expenses	24	**2,280**	302
		(3,819)	1,454
Decrease/(increase) in trade receivables		**(1,104)**	1,008
Decrease/(increase) in prepayments, deposits and other receivables		**223**	(402)
Increase/(decrease) in trade payables		**399**	(115)
Increase in deferred service fees received in advance		**162**	132
Increase in other payables and accruals		**136**	194
Increase in an amount due from a related company		**(25)**	–
Increase in an amount due to an associate		**392**	–
Cash generated from/(used in) operations		**(3,636)**	2,271
PRC tax paid		**–**	(182)
Net cash inflow/(outflow) from operating activities		**(3,636)**	2,089
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**655**	81
Increase in financial assets at fair value through profit or loss		**(13,450)**	–
Purchases of items of property, plant and equipment	13	**(2,406)**	(1,065)
Proceeds from disposal of items of property, plant and equipment		**8**	9
Additions to deferred development expenditure	14	**(1,247)**	(2,562)
Increase/(decrease) in an amount due from an associate		**100**	(100)
Acquisition of associates		**–**	(1)
Net cash outflow from investing activities		**(16,340)**	(3,638)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital contribution by a minority shareholder		**54**	–
Proceeds from issue of shares	23	**22,037**	–
Share issue expenses	23	**(1,018)**	–
Net cash inflow from financing activities		**21,073**	–
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**1,097**	(1,549)
Cash and cash equivalents at beginning of year		**4,964**	6,448
Effect of foreign exchange rate changes, net		**(100)**	65
CASH AND CASH EQUIVALENTS AT END OF YEAR		**5,961**	4,964
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents	20	**5,961**	4,964

BALANCE SHEET

31 March 2007

	Notes	2007 HK$'000	2006 HK$'000
NON-CURRENT ASSETS			
Interests in subsidiaries	15	**8,688**	6,814
CURRENT ASSETS			
Prepayments, deposits and other receivables		**141**	172
Financial assets at fair value through profit or loss	18	**13,717**	–
Cash and cash equivalents	20	**1,229**	125
Total current assets		**15,087**	297
CURRENT LIABILITIES			
Other payables and accruals		**703**	663
NET CURRENT ASSETS/(LIABILITIES)		**14,384**	(366)
Net assets		**23,072**	6,448
EQUITY			
Issued capital	23	**9,720**	4,210
Reserves	25(b)	**13,352**	2,238
Total equity		**23,072**	6,448

Mak Shiu Tong, Clement
Chairman

Tam Ngai Hung, Terry
Director

NOTES TO FINANCIAL STATEMENTS

31 March 2007

1. CORPORATE INFORMATION

The registered office of Tradeeasy Holdings Limited is located at the offices of Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, 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 principally engages in the provision of integrated marketing solution services, Application Service Provider ("ASP") services and technical consultancy services. Details of these services are set out in note 4 to the financial statements.

In the opinion of the directors, the holding company and the ultimate holding company of the Company is CCT Telecom, which is incorporated in the Cayman Islands and continued in Bermuda.

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, except for financial assets at fair value through profit or loss, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand ("HK$'000") 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 2007. Adjustments are made to bring into line any dissimilar accounting policies that may exist. 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.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries.

NOTES TO FINANCIAL STATEMENTS

31 March 2007

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised standards and interpretation has had no material effect on these financial statements.

HKAS 21 Amendment	Net Investment in a Foreign Operation
HKAS 39 & HKFRS 4 Amendments	Financial Guarantee Contracts
HKAS 39 Amendment	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 Amendment	The Fair Value Option
HK(IFRIC)-Int 4	Determining whether an Arrangement contains a Lease

The principal changes in accounting policies are as follows:

(a) HKAS 21 *The Effects of Changes in Foreign Exchange Rates*

Upon the adoption of the HKAS 21 Amendment regarding a net investment in a foreign operation, all exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognised in a separate component of equity in the consolidated financial statements irrespective of the currency in which the monetary item is denominated. This change has had no material impact on these financial statements as at 31 March 2007 or 31 March 2006.

(b) HKAS 39 *Financial Instruments: Recognition and Measurement*

(i) Amendment for financial guarantee contracts

This amendment has revised the scope of HKAS 39 to require financial guarantee contracts issued that are not considered insurance contracts, to be recognised initially at fair value and to be remeasured at the higher of the amount determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 *Revenue*. The adoption of this amendment has had no material impact on these financial statements.

NOTES TO FINANCIAL STATEMENTS

31 March 2007

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

(b) HKAS 39 *Financial Instruments: Recognition and Measurement* *(continued)*

(ii) Amendment for the fair value option

This amendment has changed the definition of a financial instrument classified as fair value through profit or loss and has restricted the use of the option to designate any financial asset or any financial liability to be measured at fair value through the income statement. The Group had not previously used this option, and hence the amendment has had no effect on these financial statements.

(iii) Amendment for cash flow hedge accounting of forecast intragroup transactions

This amendment has revised HKAS 39 to permit the foreign currency risk of a highly probable intragroup forecast transaction to qualify as a hedged item in a cash flow hedge, provided that the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction and that the foreign currency risk will affect the consolidated income statement. As the Group currently has no such transactions, the amendment has had no effect on these financial statements.

(c) HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*

The Group has adopted this interpretation as of 1 April 2006, which provides guidance in determining whether arrangements contain a lease to which lease accounting must be applied. This interpretation has had no material impact on these financial statements.

NOTES TO FINANCIAL STATEMENTS

31 March 2007

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.

HKAS 1 Amendment	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HKFRS 8	Operating Segments
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements

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 objectives, 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 shall be applied for annual periods beginning on or after 1 January 2007. The standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments and also incorporates many of the disclosure requirements of HKAS 32.

HKFRS 8 shall be applied for annual periods beginning on or after 1 January 2009. The standard requires the disclosure of information about the operating segments of the Group, the services provided by the segments, the geographical areas in which the Group operates, and revenues from the Group's major customers. This standard will supersede HKAS 14 *Segment Reporting*.

HK(IFRIC)-Int 8, HK(IFRIC)-Int 9, HK(IFRIC)-Int 10, HK(IFRIC)-Int 11 and HK(IFRIC)-Int 12 shall be applied for annual periods beginning on or after 1 May 2006, 1 June 2006, 1 November 2006, 1 March 2007 and 1 January 2008, respectively.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that while the adoption of the HKAS 1 Amendment, HKFRS 7 and HKFRS 8 may result in new or amended disclosures, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

NOTES TO FINANCIAL STATEMENTS

31 March 2007

2.4 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 non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than 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 other than certain financial assets 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 2007

2.4 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 member of the key management personnel of the Group or its parent;

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

(e) 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 (c) or (d).

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 2007

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Intangible assets

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

Financial assets in the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, and loans and receivables, 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 considers whether a contract contains an embedded derivative when the Group first becomes a party to it. The embedded derivatives are separated from the host contract which is not measured at fair value through profit or loss when the analysis shows that the economic characteristics and risks of embedded derivatives are not closely related to those of the host contract.

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.

NOTES TO FINANCIAL STATEMENTS

31 March 2007

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Investments and other financial assets *(continued)*

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell 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.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Gains or losses on these financial assets are recognised in the income statement.

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 subsequently carried at amortised cost using the effective interest method. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. 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.

Fair value

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and option pricing models.

Impairment of financial assets

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.

NOTES TO FINANCIAL STATEMENTS

31 March 2007

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Impairment of financial assets *(continued)*

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 the income statement.

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.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of an invoice. The carrying amount of the receivables is reduced through the use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

Derecognition of financial assets

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 them 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.

NOTES TO FINANCIAL STATEMENTS

31 March 2007

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Derecognition of financial assets *(continued)*

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.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables, an amount due to an associate, and deferred service fees received in advance are initially stated at fair value less directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

Financial guarantee contracts

Financial guarantee contracts in the scope of HKAS 39 are accounted for as financial liabilities. A financial guarantee contract is recognised initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial guarantee contract, except when such contract is recognised at fair value through profit or loss. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with HKAS 37 *Provision, Contingent Liabilities and Contingent Assets*; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 *Revenue*.

Derecognition of financial liabilities

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 the income statement.

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.

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

NOTES TO FINANCIAL STATEMENTS

31 March 2007

2.4 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, 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.

NOTES TO FINANCIAL STATEMENTS

31 March 2007

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Income tax *(continued)*

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.

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, over the terms of contracts;

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

(iii) technical consultancy service income, when the services have been 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 services and ASP services 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 2007

2.4 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 24. 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 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 by 1 January 2005 and to those granted on or after 1 January 2005.

NOTES TO FINANCIAL STATEMENTS

31 March 2007

2.4 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.

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 the income statement. 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.

NOTES TO FINANCIAL STATEMENTS

31 March 2007

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Foreign currencies *(continued)*

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 JUDGEMENTS AND ESTIMATES

Judgement

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Impairment of assets and deferred development expenditure

The Group has to exercise judgement in determining whether an asset is impaired or the event previously causing the asset impairment no longer exists, particularly in assessing: (1) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or derecognition; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could material affect the net present value used in the impairment test.

NOTES TO FINANCIAL STATEMENTS

31 March 2007

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(CONTINUED)*

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 24 to the financial statements. The Black-Scholes option pricing model is modified for the early exercise of share option 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.

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.

NOTES TO FINANCIAL STATEMENTS

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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

31 March 2007

4. SEGMENT INFORMATION *(CONTINUED)*

(a) Business segments

The following table presents revenue, loss and certain asset, liability and expenditure information for the Group's business segments for the years ended 31 March 2007 and 2006.

	Integrated marketing solution services		ASP services		Technical consultancy services		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue:								
Sales to external customers	**8,864**	6,233	**22,970**	22,581	**14,265**	10,781	**46,099**	39,595
Segment results	**(2,755)**	624	**(1,046)**	2,259	**(3,803)**	(3,018)	**(7,604)**	(135)
Interest income							**655**	81
Gain on deemed disposal of associates							**–**	445
Share of profits and losses of associates							**–**	(24)
Unallocated revenue							**294**	20
Unallocated expenses							**(3,671)**	(1,941)
Loss before tax							**(10,326)**	(1,554)
Tax							**–**	(149)
Loss for the year							**(10,326)**	(1,703)
Assets and liabilities								
Segment assets	**5,052**	5,963	**2,467**	2,315	**3,330**	2,821	**10,849**	11,099
Interests in associates							**422**	522
Unallocated assets							**21,349**	6,864
Total assets							**32,620**	18,485
Segment liabilities	**1,550**	1,608	**1,299**	1,220	**1,074**	933	**3,923**	3,761
Unallocated liabilities							**5,457**	4,530
Total liabilities							**9,380**	8,291
Other segment information:								
Capital expenditure	**1,578**	2,607	**857**	167	**1,218**	853	**3,653**	3,627
Depreciation	**164**	98	**425**	354	**700**	842	**1,289**	1,294
Amortisation of deferred development expenditure	**173**	171	**326**	328	**415**	396	**914**	895
Impairment of deferred development expenditure	**2,351**	–	**–**	–	**–**	–	**2,351**	–
Other non-cash expenses	**79**	120	**206**	433	**310**	466	**595**	1,019

NOTES TO FINANCIAL STATEMENTS

31 March 2007

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 2007 and 2006.

	Hong Kong		Mainland China		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue:						
Sales to external customers	**31,834**	28,814	**14,265**	10,781	**46,099**	39,595
Other segment information:						
Segment assets	**27,628**	13,760	**4,992**	4,725	**32,620**	18,485
Capital expenditure	**2,435**	2,774	**1,218**	853	**3,653**	3,627

5. REVENUE, OTHER INCOME AND GAINS

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

An analysis of revenue, other income and gains is as follows:

	2007	2006
	HK$'000	HK$'000
Integrated marketing solution services	**8,864**	6,233
ASP services	**22,970**	22,581
Technical consultancy services	**14,265**	10,781
	46,099	39,595
Other income		
Interest income	**655**	81
Others	**27**	–
	682	81
Gains		
Fair value gains on financial assets at fair value through profit or loss	**267**	–
Foreign exchange differences, net	**–**	20
	267	20
	949	101

NOTES TO FINANCIAL STATEMENTS

31 March 2007

6. LOSS BEFORE TAX

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

	Notes	2007 HK$'000	2006 HK$'000
Staff costs (including directors' remuneration – note 7):			
Salaries and related staff costs		**24,456**	20,589
Equity-settled share option expenses		**2,233**	191
Pension scheme contributions		**1,123**	996
		27,812	21,776
Less: Amounts capitalised in deferred development expenditure		**(1,161)**	(2,165)
		26,651	19,611
Auditors' remuneration		**700**	700
Depreciation	*13*	**1,289**	1,294
Amortisation of deferred development expenditure *	*14*	**914**	895
Impairment of deferred development expenditure **	*14*	**2,351**	–
Minimum lease payments under operating leases:			
Land and buildings		**2,044**	1,840
Office equipment		**158**	33
		2,202	1,873
Loss on disposal and write-off of items of property, plant and equipment		**8**	5
Impairment of trade receivables **		**557**	616
Impairment of other receivables **		**30**	398
Foreign exchange differences, net		**60**	(20)
Fair value gains on financial assets at fair value through profit or loss		**(267)**	–
Interest income		**(655)**	(81)

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

** *The impairment of deferred development expenditure, impairment of trade receivables and impairment of other receivables are included in "Other expenses" on the face of the consolidated income statement.*

NOTES TO FINANCIAL STATEMENTS

31 March 2007

7. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the GEM Listing Rules and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Group	
	2007	2006
	HK$'000	HK$'000
Executive directors:		
Fees	**–**	–
Other emoluments:		
Salaries, housing allowances, other allowances and benefits in kind	**1,269**	2,353
Pension scheme contributions	**14**	42
Equity-settled share option expenses	**1,748**	–
	3,031	2,395
Independent non-executive directors:		
Fees	**180**	180
Equity-settled share option expenses	**54**	–
	234	180

During the year, certain directors were granted share options, in respect of their services to the Group under the Share Option Scheme, further details of which are set out in note 24 to the financial statements. The fair value of such options, which has been recognised in the income statement over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' remuneration disclosures.

NOTES TO FINANCIAL STATEMENTS

31 March 2007

7. DIRECTORS' REMUNERATION *(CONTINUED)*

(a) Independent non-executive directors

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

	Fees HK$'000	Equity-settled share option expenses HK$'000	Total remuneration HK$'000
2007			
Lam Kin Kau, Mark	**56**	**18**	**74**
Fung Hoi Wing, Henry	**56**	**18**	**74**
Lau Ho Wai, Lucas	**56**	**18**	**74**
Wu Yao Hua, Terence	**4**	**–**	**4**
Lau Chi Yiu	**4**	**–**	**4**
Lau Ho Man, Edward	**4**	**–**	**4**
	180	**54**	**234**
2006			
Wu Yao Hua, Terence	60	–	60
Lau Chi Yiu	60	–	60
Lau Ho Man, Edward	60	–	60
	180	–	180

There were no other emoluments payable to the independent non-executive directors during the year (2006: Nil).

NOTES TO FINANCIAL STATEMENTS

31 March 2007

7. DIRECTORS' REMUNERATION *(CONTINUED)*

(b) Executive directors

	Fees HK$'000	Salaries, housing allowances, other allowances and benefits in kind HK$'000	Pension scheme contributions HK$'000	Equity-settled share option expenses HK$'000	Total remuneration HK$'000
2007					
Executive directors:					
Mak Shiu Tong, Clement	**–**	**–**	**–**	**850**	**850**
Tam Ngai Hung, Terry	**–**	**–**	**–**	**529**	**529**
Cheung Yuk Ching, Flora	**–**	**–**	**–**	**95**	**95**
William Donald Putt	**–**	**–**	**–**	**95**	**95**
Yu Lup Fat, Joseph	**–**	**9**	**–**	**–**	**9**
Yip Kwok Cheung, Danny	**–**	**1,185**	**12**	**179**	**1,376**
Wong Kai Yin, Paul	**–**	**42**	**1**	**–**	**43**
To Man Yau, Alex	**–**	**33**	**1**	**–**	**34**
	–	**1,269**	**14**	**1,748**	**3,031**
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

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

NOTES TO FINANCIAL STATEMENTS

31 March 2007

8. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three (2006: two) directors, details of whose remuneration are set out in note 7 above. Details of the remuneration of the remaining two (2006: three) non-director, highest paid employees for the year are as follows:

	Group	
	2007	2006
	HK$'000	HK$'000
Salaries, housing allowances, other allowances and benefits in kind	**1,566**	2,235
Pension scheme contributions	**24**	36
	1,590	2,271

The remuneration of each of the two (2006: three) non-director, highest paid employees for the two years ended 31 March 2007 and 2006 fell within the range from Nil to HK$1,000,000.

During the year, no share options were granted to the two (2006: three) 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 did not generate any assessable profits arising in Hong Kong during the year (2006: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2007	2006
	HK$'000	HK$'000
Group:		
Current – Hong Kong	**–**	–
Current – Mainland China		
Charge for the year	**–**	–
Underprovision in prior years	**–**	149
Tax charge for the year	**–**	149

NOTES TO FINANCIAL STATEMENTS

31 March 2007

9. TAX *(CONTINUED)*

A reconciliation of the tax expense applicable to loss before tax using the statutory rates for the jurisdictions 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 - 2007

	Hong Kong		**Mainland China**		**Total**	
	HK$'000	**%**	**HK$'000**	**%**	**HK$'000**	**%**
Loss before tax	**(6,954)**		**(3,372)**		**(10,326)**	
Tax at the applicable tax rate	**(1,216)**	**17.5**	**(1,113)**	**33.0**	**(2,329)**	**22.6**
Lower tax rate for specific provinces or local authority	**–**	**–**	**36**	**(1.1)**	**36**	**(0.3)**
Income not subject to tax	**(110)**	**1.6**	**–**	**–**	**(110)**	**1.1**
Expenses not deductible for tax	**613**	**(8.8)**	**–**	**–**	**613**	**(6.0)**
Temporary differences not recognised	**(38)**	**0.5**	**–**	**–**	**(38)**	**0.4**
Tax losses not recognised	**751**	**(10.8)**	**1,077**	**(31.9)**	**1,828**	**(17.8)**
Tax charge at the Group's effective rate	**–**	**–**	**–**	**–**	**–**	**–**

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)

NOTES TO FINANCIAL STATEMENTS

31 March 2007

9. TAX *(CONTINUED)*

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (the "New CIT Law"), which will become effective from 1 January 2008. The Group is in the process of making an assessment of the impact of the New CIT Law. So far, it has concluded that the New CIT Law is unlikely to have any significant impact on the results and financial position of the Group for the year ended 31 March 2007. At the date of approval of these financial statements, detailed implementation and administrative requirements relating to the New CIT Law have yet to be announced. These detailed requirements include regulations concerning the computation of taxable income, as well as specific preferential tax treatments and their related transitional provisions. The Group will further evaluate the impact on its operating results and financial positions of future periods as more detailed requirements are issued.

10. LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The consolidated loss attributable to equity holders of the parent for the year ended 31 March 2007 includes a loss of HK$6,675,000 (2006: loss of HK$1,929,000) which has been dealt with in the financial statements of the Company (note 25(b)).

11. DIVIDEND

No dividend has been paid or declared by the Company or any of its subsidiaries during the year (2006: Nil).

12. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic loss per share amounts is based on the 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 basic loss per share is based on:

	2007	2006
Loss		
Loss attributable to ordinary equity holders of the parent used in the basic loss per share calculation	**(HK$10,222,000)**	(HK$1,703,000)
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	**934,852,000**	421,000,000

Diluted loss per share amounts for the years ended 31 March 2007 and 2006 have not been disclosed, as the share options outstanding during these years had an anti-dilutive effect on the basic loss per share for these years.

NOTES TO FINANCIAL STATEMENTS

31 March 2007

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 2007				
At 31 March 2006 and at 1 April 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
At 1 April 2006, net of accumulated depreciation	1,255	196	1,090	2,541
Additions	715	213	1,478	2,406
Disposals and write-off	–	–	(16)	(16)
Depreciation provided during the year	(505)	(87)	(697)	(1,289)
Exchange realignment	32	5	42	79
At 31 March 2007, net of accumulated depreciation	1,497	327	1,897	3,721
At 31 March 2007:				
Cost	3,034	1,459	17,115	21,608
Accumulated depreciation	(1,537)	(1,132)	(15,218)	(17,887)
Net carrying amount	1,497	327	1,897	3,721

NOTES TO FINANCIAL STATEMENTS

31 March 2007

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

Group

	Leasehold improvements	Furniture and fixtures	Computer and office equipment	Total
	HK$'000	HK$'000	HK$'000	HK$'000
31 March 2006				
At 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 2007

14. DEFERRED DEVELOPMENT EXPENDITURE

	Group HK$'000
31 March 2007	
Cost at 1 April 2006, net of accumulated amortisation and impairment	**6,952**
Additions – internal development	**1,247**
Amortisation provided during the year	**(914)**
Impairment during the year	**(2,351)**
Exchange realignment	**40**
At 31 March 2007	**4,974**
At 31 March 2007:	
Cost	**11,125**
Accumulated amortisation and impairment	**(6,151)**
Net carrying amount	**4,974**

	Group HK$'000
31 March 2006	
At 1 April 2005:	
Cost	7,175
Accumulated amortisation and impairment	(1,912)
Net carrying amount	5,263
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 and 1 April 2006:	
Cost	9,774
Accumulated amortisation and impairment	(2,822)
Net carrying amount	6,952

During the year, in view of the change in market demand, the directors considered that the carrying values of certain deferred development expenditure are irrecoverable and therefore recognised impairment losses of approximately HK$2,351,000.

NOTES TO FINANCIAL STATEMENTS

31 March 2007

15. INTERESTS IN SUBSIDIARIES

	Company 2007 HK$'000	2006 HK$'000
Unlisted shares, at cost	**18,500**	18,500
Due from subsidiaries	**21,098**	15,472
	39,598	33,972
Provision for impairment	**(30,910)**	(27,158)
	8,688	6,814

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

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 Direct	Indirect	Principal activities
Datawin Limited	HK	HK$100,000 Ordinary	–	100	Provision of integrated marketing solution and ASP services
Tradeeasy Information Technology (Guangzhou) Limited ("Tradeeasy Guangzhou") *(Note 1)*	PRC	US$300,000	–	100	Provision of technical consultancy services
Tradeeasy Information Technology (Beijing) Limited ("Tradeeasy Beijing") *(Note 2)*	PRC	US$300,000	–	100	Provision of technical consultancy services
Source Easy Limited	HK	HK$10,000 Ordinary	–	100	Provision of B2B services
Tradeeasy Howv Technology Company Limited ("Howv") *(Note 1)*	PRC	US$100,000	–	55	Provision of technical consultancy services

Note 1: Tradeeasy Guangzhou and Howv are Sino-foreign co-operative joint venture companies established in PRC for a period of 15 years and 30 years commencing from 26 June 2000 and 1 November 2006, respectively.

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 2007

16. INTERESTS IN ASSOCIATES

	Group	
	2007	2006
	HK$'000	HK$'000
Share of net assets	**422**	422
Due from associates	**–**	100
	422	522

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

The amount due to an associate included in the Group's current liabilities of approximately HK$392,000 is unsecured, interest-free and repayable on demand or within one year.

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	Ordinary shares of HK$1 each	HK	23	Provision of search engine services

The above principal associate was 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:

	2007	2006
	HK$'000	HK$'000
Assets	**2,829**	2,030
Liabilities	**985**	188
Revenue	**–**	–
Profit/(loss)	**2**	(104)

NOTES TO FINANCIAL STATEMENTS

31 March 2007

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 and net of provision is as follows:

	Group	
	2007	2006
	HK$'000	HK$'000
Current to 30 days	**896**	436
31 to 60 days	**145**	221
61 to 90 days	**138**	161
Over 90 days and within 1 year	**974**	788
	2,153	1,606

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group and Company	
	2007	2006
	HK$'000	HK$'000
Unlisted investments, at fair value	**13,717**	–

The above financial assets at 31 March 2007 were classified as held for trading.

19. DUE FROM A RELATED COMPANY

The amount due from a related company is unsecured, interest-free and repayable on demand. The carrying amount of the amount due from a related company approximates to its fair value.

NOTES TO FINANCIAL STATEMENTS

31 March 2007

20. CASH AND CASH EQUIVALENTS

	Group		Company	
	2007	2006	**2007**	2006
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash and bank balances	**5,733**	4,964	**1,001**	125
Time deposits	**228**	–	**228**	–
	5,961	4,964	**1,229**	125

At the balance sheet date, the cash and bank balances of the Group denominated in RMB amounted to HK$958,000 (2006: HK$1,267,000). 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. Short term time deposits are made for varying periods of between one to two weeks and earn interest at the respective short term time deposit rates. The carrying amounts of the cash and bank balances approximate to their fair values.

21. TRADE PAYABLES

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

	Group	
	2007	2006
	HK$'000	HK$'000
Current to 30 days	**389**	3
31 to 60 days	**3**	1
61 to 90 days	**94**	84
Over 90 days	**1**	–
	487	88

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

22. DEFERRED TAX

The Group has tax losses arising in Hong Kong of HK$42,947,000 (2006: HK$41,068,000) 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, and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

At 31 March 2007, there was no significant unrecognised deferred tax liability (2006: Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries and associates as the Group has no liability to additional tax should such amounts be remitted.

NOTES TO FINANCIAL STATEMENTS

31 March 2007

23. SHARE CAPITAL

Shares	**2007** **HK$'000**	2006 HK$'000
Authorised:		
20,000,000,000 ordinary shares of HK$0.01 each	**200,000**	200,000
Issued and fully paid:		
972,000,000 (2006: 421,000,000) ordinary shares of HK$0.01 each	**9,720**	4,210

During the year, the movements in share capital were as follows:

(a) Pursuant to the subscription agreement dated 7 March 2006, 550,000,000 shares of HK$0.01 each were issued in April 2006 to CCT Telecom, a substantial shareholder of the Company, for cash at a subscription price of HK$0.04 per share for a total cash consideration, before expenses, of HK$22,000,000.

(b) The subscription rights attaching to 1,000,000 share options were exercised at the subscription price of HK$0.037 per share (note 24), resulting in the issue of 1,000,000 shares of HK$0.01 each for a total cash consideration, before expenses, of HK$37,000.

A summary of transactions during the year with reference to the above movements in the Company's issued ordinary share capital is as follows:

	Number of shares in issue	**Issued share capital HK$'000**	**Share premium account HK$'000**	**Total HK$'000**
At 1 April 2005 and 1 April 2006	421,000,000	4,210	17,125	21,335
Share subscription (a)	550,000,000	5,500	16,500	22,000
Share options exercised (b)	1,000,000	10	27	37
	551,000,000	5,510	16,527	22,037
Share issue expenses	–	–	(1,018)	(1,018)
At 31 March 2007	972,000,000	9,720	32,634	42,354

Share options

Details of the Company's share option scheme are included in note 24 to the financial statements.

NOTES TO FINANCIAL STATEMENTS

31 March 2007

24. SHARE OPTION SCHEME

The Company operates a Share Option Scheme for the purpose of providing incentives and rewards to eligible participants for their contribution to the Group. The Share Option 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 its 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. The Share Option 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.

The maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option 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 Share Option 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.

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 Share Option 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 the 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 Share Option Scheme, if earlier.

The subscription price of a share in respect of any particular option granted under the Share Option 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's 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.

NOTES TO FINANCIAL STATEMENTS

31 March 2007

24. SHARE OPTION SCHEME *(CONTINUED)*

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

On 14 August 2006, a grant of 117,850,000 options beyond the limit under the Share Option Scheme was duly passed by the shareholders at the Extraordinary General Meeting. Upon the grant of 117,850,000 options, the aggregate number of options in issue and outstanding will be 12.14% of the 971,000,000 shares in issue on the date of grant and did not exceed the overall limit of 30% of the shares in issue.

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

	Number of share options								
Category of participant	At 1 April 2006	Granted during the year	Forfeited during the year	Exercised during the year	At 31 March 2007	Date of grant of share options	Exercise period of share options*	Exercise price of share options** HK$ per share	Price of the Company's shares at grant date of options*** HK$ per share
Directors	–	95,350,000	–	–	95,350,000	14 Aug 2006	14 Aug 2006 to 13 Aug 2011	0.038	0.041
Employees									
In aggregate	12,000,000	–	–	(1,000,000)	11,000,000	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
	3,496,000	–	(250,000)	–	3,246,000	20 Dec 2005	18 Jan 2006 to 19 Feb 2012	0.043	0.047
	1,831,000	–	(250,000)	–	1,581,000	20 Dec 2005	18 Jan 2007 to 19 Feb 2012	0.043	0.047
	–	20,500,000	–	–	20,500,000	14 Aug 2006	14 Aug 2006 to 13 Aug 2011	0.038	0.041
	23,427,000	20,500,000	(500,000)	(1,000,000)	42,427,000				
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
	–	2,000,000#	–	–	2,000,000	14 Aug 2006	14 Aug 2006 to 13 Aug 2011	0.038	0.041
	24,800,000	2,000,000	–	–	26,800,000				
	48,227,000	117,850,000	(500,000)	(1,000,000)	164,577,000				

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$2,280,000 (2006: HK$302,000) of which the Group recognised a share option expense of HK$2,280,000 (2006: HK$302,000) during the year ended 31 March 2007.

NOTES TO FINANCIAL STATEMENTS

31 March 2007

24. 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 2007:

Grant date	14 Aug 2006
Exercise period	14 Aug 2006 to 13 Aug 2011
Dividend yield (%)	–
Expected volatility (%)	113.15
Historical volatility (%)	113.15
Risk-free interest rate (%)	4.06
Expected life of option (year)	1
Closing share price at grant date (HK$)	0.041

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.

The 1,000,000 share options exercised during the year resulted in the issue of 1,000,000 Shares and new share capital of HK$10,000 and share premium of HK$27,000 (before issue expenses), as further detailed in note 23 to the financial statements.

At the balance sheet date, the Company had 164,577,000 share options outstanding under the Share Option Scheme. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 164,577,000 additional Shares and additional share capital of HK$1,645,770 and share premium of approximately HK$4,603,791 (before issue expenses).

At the date of approval of these financial statements, 34,929,000 share options were further exercised subsequent to the balance sheet date. As a result, taking into account the exercise of share options after the balance sheet date, the Company had 129,648,000 share options outstanding under the Scheme, which represented approximately 12.88% of the Company's shares in issue as at that date.

NOTES TO FINANCIAL STATEMENTS

31 March 2007

25. 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 34 of the financial statements.

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

(b) Company

	Note	**Share premium account** HK$'000	**Contributed surplus** HK$'000	**Share option reserve** HK$'000	**Accumulated losses** HK$'000	**Total** HK$'000
At 1 April 2005		17,125	18,203	–	(31,463)	3,865
Equity-settled share option arrangements		–	–	302	–	302
Loss for the year		–	–	–	(1,929)	(1,929)
At 31 March 2006		17,125	18,203	302	(33,392)	2,238
Issue of shares	*23*	16,527	–	–	–	16,527
Share issue expenses	*23*	(1,018)	–	–	–	(1,018)
Equity-settled share option arrangements		–	–	2,280	–	2,280
Loss for the year		–	–	–	(6,675)	(6,675)
At 31 March 2007		**32,634**	**18,203**	**2,582**	**(40,067)**	**13,352**

The Company's contributed surplus 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.

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payment transactions in note 2.4 to the financial statements. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited.

NOTES TO FINANCIAL STATEMENTS

31 March 2007

26. CONTINGENT LIABILITIES

(a) 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$1,067,000 as at 31 March 2007 (2006: HK$1,190,000), as further explained under the heading "Employee benefits" in note 2.4 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.

(b) As at 31 March 2007, a corporate guarantee of HK$5,000,000 was given by the Company to a bank in connection with banking facilities granted to a subsidiary. As at 31 March 2007, the relevant banking facilities under this guarantee remain unutilised.

27. OPERATING LEASE ARRANGEMENTS

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 31 March 2007, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2007	2006
	HK$'000	HK$'000
Within one year	**2,215**	1,384
In the second to fifth years, inclusive	**2,011**	982
	4,226	2,366

NOTES TO FINANCIAL STATEMENTS

31 March 2007

28. COMMITMENTS

In addition to the operating lease commitments detailed in note 27 above, the Company had the following capital commitment at the balance sheet date:

	Company	
	2007	2006
	HK$'000	HK$'000
Contracted, but not provided for capital contributions payable to a subsidiary	**374**	–

29. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with a related party during the year:

	Group	
	2007	2006
	HK$'000	HK$'000
Service charges paid to an associate	**814**	–

The service charges were determined at rates mutually agreed between the Group and the corresponding related party.

(b) **Outstanding balances with related parties**

Details of the Group's amounts due from/to associates and an amount due from a related company as at the balance sheet date are included in notes 16 and 19 to the financial statements, respectively.

(c) **Compensation of key management personnel of the Group**

	2007	2006
	HK$'000	HK$'000
Short term employee benefits	**3,936**	3,050
Post-employment benefits	**60**	54
Share-based payments	**2,048**	50
Total compensation paid to key management personnel	**6,044**	3,154

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

NOTES TO FINANCIAL STATEMENTS

31 March 2007

30. 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, trade payables and financial assets at fair value through profit or loss, which arise directly from its operations.

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.

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 and financial assets at fair value through profit or loss, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts 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 its operations and to meet its liquidity requirements.

31. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 22 June 2007.

FIVE YEAR FINANCIAL SUMMARY

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

RESULTS

	Year ended 31 March				
	2003	2004	2005	2006	**2007**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Revenue	34,163	31,862	39,476	39,595	**46,099**
Profit/(loss) before tax	(8,527)	(21,944)	2,789	(1,554)	**(10,326)**
Tax	–	–	(32)	(149)	**–**
Profit/(loss) for the year	(8,527)	(21,944)	2,757	(1,703)	**(10,326)**
Attributable to:					
Equity holders of the parent	(8,527)	(21,944)	2,757	(1,703)	**(10,222)**
Minority interests	–	–	–	–	**(104)**
	(8,527)	(21,944)	2,757	(1,703)	**(10,326)**
Basic earnings/(loss) per share (HK cent)	(2.1)	(5.5)	0.7	(0.4)	**(1.1)**

ASSETS, LIABILITIES AND MINORITY INTERESTS

	2003	2004	2005	2006	**2007**
Non-current assets	25,193	6,588	8,019	10,015	**9,117**
Current assets	10,938	10,764	11,546	8,470	**23,503**
	36,131	17,352	19,565	18,485	**32,620**
Current liabilities	(6,308)	(9,473)	(7,931)	(8,291)	**(9,380)**
Net assets	29,823	7,879	11,634	10,194	**23,240**
Equity:					
Equity attributable to equity holders of the parent	29,823	7,879	11,634	10,194	**23,291**
Minority interests	–	–	–	–	**(51)**
	29,823	7,879	11,634	10,194	**23,240**

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that 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 Wednesday, 25 July 2007 at 10:30 a.m. for the following purposes:

As Ordinary Business

(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 2007.

(2) To re-elect retiring directors, Mr. Tam Ngai Hung, Terry and Ms. Cheng Yuk Ching, Flora, as executive directors of the Company, and to authorise the board of directors to fix the directors' remuneration.

(3) To re-appoint auditors and to authorise the board of directors to fix the remuneration of the auditors.

As Special Business

(4) To consider and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions of the Company:

(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);

(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 Rights 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 association of the Company from time to time or, (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

Notice of Annual General Meeting

(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.

"Rights 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 Futures 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;

(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

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(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
TRADEEASY HOLDINGS LIMITED
Mak Shiu Tong, Clement
Chairman

Hong Kong, 29 June 2007

Notice of Annual General Meeting

Notes:

1. Any shareholder entitled to attend and vote at the annual general meeting shall be entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A shareholder who is the holder of two or more shares may appoint more than one proxy to represent him/her and vote on his/her behalf. A proxy need not be a shareholder of the Company.

2. In order to be valid, a form of proxy together with the 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 and transfer office in Hong Kong, Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the annual general meeting (or any adjournment thereof).

3. Completion and delivery of a form of proxy shall not preclude a shareholder 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 resolution set out in resolution numbered 2 of this notice, Mr. Tam Ngai Hung, Terry and Ms. Cheng Yuk Ching, Flora 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 2006/2007 annual report of the Company.

6. With respect to the resolutions set out in resolutions numbered 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 numbered 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 2006/2007 annual report of the Company.

Glossary of Terms

GENERAL TERMS

AGM	Annual general meeting
ASP	Application Service Provider
Audit Committee	The audit committee of the Company
B2B	Business-to-Business
Board	The board of Directors
CCT Tech	CCT Tech International Limited, a company listed on the main board of the Stock Exchange and a fellow subsidiary of the Company
CCT Telecom	CCT Telecom Holdings Limited, a company listed on the main board of the Stock Exchange, the ultimate holding company of the Company
CEO	The chief executive officer of the Company
Chairman	The chairman of the Company
Code	The Code on Corporate Governance Practices of the GEM Listing Rules
Company	Tradeeasy Holdings Limited
Director(s)	The director(s) of the Company
GEM	The Growth Enterprise Market of the Stock Exchange
GEM Listing Rules	The Rules Governing the Listing of Securities on the GEM
Group	The Company and its subsidiaries
HK or Hong Kong	The Hong Kong Special Administrative Region of PRC
HK$	Hong Kong dollar(s), the lawful currency of Hong Kong
INED(s)	Independent non-executive director(s)

Glossary of Terms

N/A	Not applicable
Percentage Ratios	The assets ratio, the profits ratio, the revenue ratio, the consideration ratio and the equity capital ratio as defined under Rule 19.07 of the GEM Listing Rules
PRC	People's Republic of China
Remuneration Committee	The remuneration committee of the Company
RMB	Renminbi, the lawful currency of PRC
SFO	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Share(s)	The ordinary share(s) of HK$0.01 each in the share capital of the Company
Shareholder(s)	Holder(s) of the Share(s)
Share Option Scheme	A share option scheme adopted by the Company on 20 February 2002 and became effective on 7 March 2002
Stock Exchange	The Stock Exchange of Hong Kong Limited
%	Per cent.

FINANCIAL TERMS

Gearing Ratio	Total borrowing (representing bank & other borrowings, convertible bonds and finance lease payable) divided by total capital employed (i.e. total Shareholders' fund plus total borrowings)
Earnings Per Share or EPS	Profit attributable to the Shareholders divided by weighted average number of Shares in issued during the year
Current Ratio	Current assets divided by current liabilities