TRADEeasy

annual report 2007 / 2008

STOCK CODE: 8163

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

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website at www.hkgem.com in order to obtain up-to-date information on GEM-listed issuers.

The Stock Exchange takes no responsibility for the contents of this annual report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this annual report.

This annual report, for which the directors of Tradeeasy Holdings Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to Tradeeasy Holdings Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this annual report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this annual report misleading; and (3) all opinions expressed in this annual report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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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
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

Mr. Chan Fai Kwong, Andy

COMPLIANCE OFFICER

Mr. Tam Ngai Hung, Terry

QUALIFIED ACCOUNTANT

Mr. Chan Fai Kwong, Andy

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, Certified Public Accountants

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

20-21/F., Pan Asia Centre
No. 137 Wai Yip Street
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

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

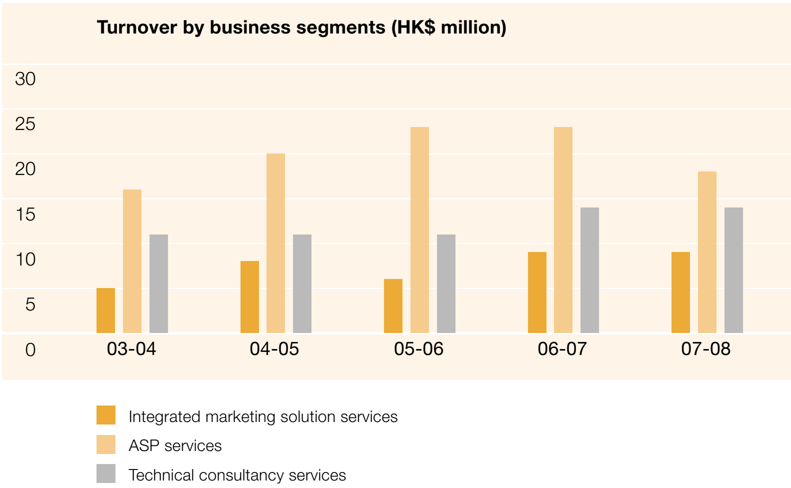
STOCK CODE

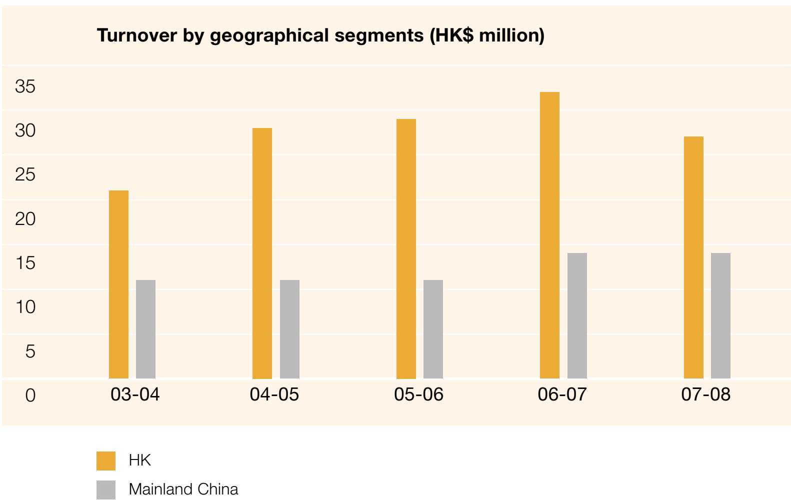
8163

WEBSITE

www.tradeeasy.com

Financial Highlights





HK$ million	**2007-08**	2006-07
Turnover	**41.2**	46.1
Loss for the year	**(9.4)**	(10.3)
Total assets	**67.6**	32.6
Total liabilities	**9.8**	9.4
Net assets	**57.8**	23.2
Basic loss per Share	**HK(0.9) cent**	HK(1.1) cent

Chairman's Statement

On behalf of the board of directors (the "Board") of Tradeeasy Holdings Limited (the "Company") , I am pleased to announce the results of the Company and its subsidiaries (together the "Group") for the year ended 31 March 2008, to our valuable shareholders.

The financial year 2007/08 was a year of mixed feelings for the Group. Firstly, the financial crisis in the United States (the "US") and the appreciation of Renminbi against US dollars has eventually turned into a slowdown of export activities in Mainland China. In response to that, the Group has adopted various strategies to maintain its competitiveness and at the same time streamlined its operations.

Every business has a business cycle while export business is no exception. The reduction of export orders from the US in the past six months has affected certain amount of manufacturers in Mainland China, in particular to the ones that focus in this region.

The business of the Group has been inevitably affected too. However, the management is cautiously optimistic about the future of the export businesses in Mainland China. As a matter of fact, whilst the volume of exports to the US market is reducing, the volume of exports to European countries and other emerging markets like India, is soaring. We believe Chinese manufacturers would gradually diversify their businesses into different markets. In the coming years, the role of China as the world's factory should continue to grow. When the financial crisis settled down, the Chinese manufacturers would come back for good quality trade enabling B2B solutions.

Meanwhile, the Group has undertaken a number of initiatives to strengthen its core business and increase its competitiveness. Those initiatives are set out as follows:

1. keep embracing the on-line and off-line business model, so as to provide both business lead generations and face-to-face meetings opportunities to our sellers;

2. keep enhancing the B2B portal and increase its usability;

3. create verticals and stay focus in a selective number of industries;

4. expand sales and marketing network by appointing new agents in China;

5. devote more resources to open up non-US buyer markets; and

6. streamline the operations.

In order to complement with its highly competitive e-commerce business, the Company has been taking initiative in identifying business opportunities that will broaden its sources of revenue and improve its profitability. During the financial year under review, the Company has entered into conditional agreements in relation to the acquisition of a forestry project in Indonesia, which will involve the business of upstream and downstream forestry operations in the natural forest concessions of approximately 313,500 hectares in the Papua Province of Indonesia. We believe that the forestry project in Papua, Indonesia will represent a good opportunity for the Group to diversify and expand into the high-growth forestry business.

Looking forward, we will further strengthen the skills and composition of our management team, enhance our products, seek for other potential investment opportunities and create value to our shareholders. On behalf of the Board, I have 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

20 June 2008

Management Discussion and Analysis

BUSINESS REVIEW

The financial year 2007/08 has been a challenging year for the SME exporters in Mainland China. The shortage of labour supply, the rising labour cost, the economic slow down in the US market and the appreciation of Renminbi, all have introduced adverse impact on the export activities in the region. The Chinese manufacturers have become conservative in deciding their promotional budget and every spending in the marketing related activities.

In view of above, the Group has implemented various measures, including continuous modification of the existing products, exploration of new business opportunities and costs containment strategies.

The Group recorded a turnover of approximately HK$41.2 million during the year under review, as compared to approximately HK$46.1 million for the financial year 2006/07, representing a decrease of approximately 10.6%. The Group also recorded a net loss of approximately HK$9.4 million in this year, as compared to the net loss of approximately HK$10.3 million in last financial year.

As the Group has been undergoing the upgrading of its B2B platform and many other related software programs, the original version became obsolete. Hence, the deferred development expenditure of approximately HK$1.5 million was written off during the year under review.

The revenue generated from Mainland China is approximately HK$14.2 million, which remains stable from last year, while the revenue generated from Hong Kong market decreases from approximately HK$31.8 million in last year to approximately HK$27.0 million this year.

OPERATION REVIEW

The Company's new portal www.tradeeasy.com was launched in 2007 and the second phase modifications were completed in May 2008. Our proprietary developed search engine aims to provide more comprehensive and relevant search results to our users. The user-friendliness of the portal is substantially enhanced. Furthermore, there is higher traffic in our portal as well as increasing number of Requests For Information (RFI) to our sellers. As a result, the improved Page Ranking of our portal in Google has proved that the Company has been already in the right track.

The Channel Sales Management with the joint venture company that the Group established in year 2006 has appointed 10 new agents in Northern and Central coastline of Mainland China. Such newly appointed agents have contributed additional revenue to the Group during the year under review. Furthermore, the Group has allocated additional resources to provide more in-depth technical training and support to the existing agents so as to strengthen their product-related knowledge and soft skills and consolidate their positions in the markets.

Management Discussion and Analysis

OPERATION REVIEW *(CONTINUED)*

The management is in the opinion that the provision of quality services, including both on-line and off-line services, to both our buyers and sellers members is a major key to the success of the Group. On one hand, the on-line B2B platform serves the purposes of leads generation; on the other hand, the off-line Procurement Meetings services provide face-to-face opportunities for business connections between buyers and sellers. During the year under review, the Group has successfully recruited several internationally renowned labels, department stores and chain stores to participate in our Procurement Meetings and meet our sellers directly.

The Group has established its brand in apparel and related industries in past 10 years. In the years of 2006 and 2007, the management devoted extra resources in the development of new verticals, the Household industry, and the Gifts and Premium industry. These three industries will remain as our major markets in the coming years.

SEGMENT INFORMATION

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

Sales from rendering the integrated marketing solution services increased by approximately 1.6% to HK$9.0 million and that from provision of the ASP services decreased by approximately 21.6% to HK$18.0 million. The sales from provision of the technical consultancy services decreased by approximately 0.5% to HK$14.2 million.

As to the geographical segments, sales to Hong Kong market decreased by approximately 15.1% to HK$27.0 million and that to Mainland China market decreased by approximately 0.5% to HK$14.2 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 2007 and 2008 is set out in note 4 to the financial statements.

OUTLOOK

The cancellation or reduction of purchasing orders resulting from the economic slow down in the US market affected the SME manufacturers in Mainland China substantially, especially in the second half of the financial year under review. Those manufacturers who do not have strong financial support or experience in export market may end up with downsizing their operations or even close down.

In terms of a normal business cycle, the Group believes that Mainland China will remain as the world's factory and the demand from buyers will restore to a higher level, in spite of the current difficult operating situation. We expect that the Chinese export activities will gain back its momentum in the coming year, when the sub prime and financial crisis starts to settle down.

Management Discussion and Analysis

OUTLOOK *(CONTINUED)*

Having said that, the management has determined to explore more export alternatives for our sellers' members. The Group has allocated additional resources into the development of European markets, including Eastern Europe, which has demonstrated a strong economic growth in 2007 whereas the Group has firstly recorded a larger number of European buyers than the US buyers in the said year.

In the coming year, the Group will focus in recruiting buyers from emerging markets, including Middle East, South America, Eastern Europe as well as India. We believe the above mentioned strategies should weather out the effect of the slow down of the US economy and bring in more opportunities to our sellers.

The Company believes that the Forestry Project that the Company is going to acquire will have huge potential and good future trading prospect. The demand for timber and wood products in the Asia Pacific region, especially in China, has surged and will continue to be robust due to rapid economic growth, urbanization and increasing demand from interior decoration and construction industry in the region. On the other hand, due to increasing deforestation and the ban of illegal logging in the Asia Pacific region, supply for timber, especially tropical timber has diminished. In consequence of huge demand of tropical timber versus diminishing supply, the prices of tropical timber and wood products has been increasing and are expected to maintain at higher and raising levels. The Company has the view that the acquisition of the Forestry Project will diversify the Group's business and it has the potential to expand into the high-growth forestry business. Upon the Forestry Project commences commercial operations, the assets, revenue and profitability of the Group will be substantially enhanced.

EMPLOYEES

As at 31 March 2008, the Group employed 63 staff in Hong Kong (2007: 81) and 170 staff in Mainland China (2007: 178). Total staff costs (including directors' remuneration) of the Group were approximately HK$25.9 million (2007: HK$27.8 million). Headcount decreased during the year ended 31 March 2008 for cost containment strategies. Staff is remunerated according to their performance and working experience. In addition to the basic salaries and participation in the provident fund contributions, other staff benefits include Share Options Scheme.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2008, the Group's cash and cash equivalents amounted to approximately HK$37.3 million, of which approximately 96.2% was denominated in Hong Kong dollars. The Group employs a conservative approach to its treasury policy, cash management and risk control, and funding needs are principally financed by cash flow generated from the Group's operations.

The Group's net asset value as at 31 March 2008 amounted to approximately HK$57.8 million, representing approximately HK4.9 cents per Share. The Group had no borrowings or assets pledged during the year and as at 31 March 2008. The gearing ratio (i.e. total borrowings/total equity) of the Group as at 31 March 2008 was nil (31 March 2007: nil). As at 31 March 2008, the Group had total current assets of approximately HK$58.9 million and total current liabilities of approximately HK$9.8 million. The current ratio of the Group was approximately 603.8% as at 31 March 2008 as compared to approximately 250.6% of 31 March 2007. The strong improvement in liquid position was mainly attributable to the net proceeds from the placing and top-up subscription of new Shares.

Management Discussion and Analysis

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 Renminbi payments in our Mainland China operations 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 under review.

CHARGES ON GROUP ASSETS

As at 31 March 2008, the Group did not have any charges on the Group's assets.

CONTINGENT LIABILITY

As at 31 March 2008, 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 2008, the relevant banking facilities guaranteed by the Company to the subsidiary remain unutilised.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group expects its primary capital expenditures to be investments in computer hardware and software required for e-commerce operations and development of new or value-added services based on the current plan and funding will not be significant and will be financed by the cash flows generated from the Group's operations.

ACQUISITION AND DISPOSAL OF MATERIAL SUBSIDIARIES AND AFFILIATED COMPANIES

During the year ended 31 March 2008, the Group had no material acquisition and disposal of subsidiaries and affiliated companies.

SIGNIFICANT INVESTMENTS

As at 31 March 2008, the Group invested in equity-linked deposits with an estimated fair market value of approximately HK$9.5 million (2007: HK$13.7 million). Save as disclosed above, the Group has not held any significant investments during the financial year ended 31 March 2008.

Profiles of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. MAK Shiu Tong, Clement, aged 54, has served as the Chairman, the CEO and an executive Director 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 businesses. He has over 31 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 and CCT Tech. Mr. Mak is also a director of certain subsidiaries of CCT Telecom, CCT Tech and the Company.

Mr. TAM Ngai Hung, Terry, aged 54, has served as an executive Director 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 30 years of experience in finance and accounting management, and also possesses substantial knowledge in corporate finance matters, mergers and acquisitions and company secretarial matters. Mr. Tam has substantial experience in the financial aspects of the telecom services and internet businesses. Mr. Tam is a fellow of the Association of Chartered Certified Accountants and an associate of both the Hong Kong Institute of Certified Public Accountants and The Institute of Chartered Secretaries and Administrators. Mr. Tam has previously held a number of senior positions in several listed companies. Mr. Tam is also an executive director of CCT Telecom and CCT Tech. Mr. Tam is also a director of certain subsidiaries of CCT Telecom, CCT Tech and the Company.

Ms. CHENG Yuk Ching, Flora, aged 54, has served as an executive Director since April 2006. Ms. Cheng has over 28 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 CCT Telecom, CCT Tech and the Company.

Dr. William Donald PUTT, aged 71, has served as an executive Director since April 2006. Dr. Putt obtained his PhD in Management from the Massachusetts Institute of Technology in US. Dr. Putt has over 35 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 also serves on the boards of several foundations and non-profit organisations in US and is on the Visiting Committee for the Public Service Center at the Massachusetts Institute of Technology. Dr. Putt is also an executive director of CCT Telecom and CCT Tech.

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 23 years and is a director of various private companies. Mr. Lam is also an INED of BIG Media Group Limited, a company listed on the GEM. Mr. Lam was an INED of Haier Electronics Group Co., Ltd., a company listed on the main board of the Stock Exchange until his resignation on 21 June 2007.

Mr. FUNG Hoi Wing, Henry, aged 52, 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 was also an INED of Haier Electronics Group Co., Ltd., a company listed on the main board of the Stock Exchange until his resignation on 21 June 2007.

Mr. LAU Ho Wai, Lucas, aged 46, 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 17 years of professional experience in the real estate field. Mr. Lau was also an INED of Haier Electronics Group Co., Ltd., a company listed on the main board of the Stock Exchange until his resignation on 28 July 2006.

Profiles of Directors and Senior Management

SENIOR MANAGEMENT

Mr. YIP Kwok Cheung, Danny, aged 44, has served as 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.

Mr. WONG Kai Yin, Paul, aged 45, is the director of both buyer services team and exfactoryprice team and is one of the founders of the Group. Mr. Wong is responsible for the Group's buyer services and business-to-business transaction model in Hong Kong and the PRC. 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 45, is the president of PRC operation and one of the founders of the Group. Mr. To is responsible for the Group's business development in the PRC. He worked in an international advertising agency as an account manager for over 5 years.

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 Group in February 2000, Mr. Chan worked for a telecom company for 12 years.

Mr. CHAN Fai Kwong, Andy, aged 37, is the chief financial officer, the qualified accountant and the company secretary of the Group. He has over 13 years of experience in financial management, auditing and taxation. He started his professional career with a major international accounting firm in 1994. Prior to joining the Group in June 2007, Mr. Chan worked in hotels for over 4 years. Mr. Chan holds a Bachelor Degree of Arts in Accountancy from the Hong Kong Polytechnic University. He is a fellow of the Association of Chartered Certified Accountants.

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 2008, 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 for the following deviations from the code provisions of the Code:

Code Provision A.2.1

There is no separation of the roles of Chairman and the chief executive officer as set out in the code provision A.2.1.

Mr. Mak Shiu Tong, Clement currently assumes the roles of both the Chairman and the CEO. 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 four executive Directors (including the Chairman) and three INEDs of the Company with a balance of skills and experience appropriate for the requirements of the Group. Furthermore, the general management of the Company's major operations is 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 has been already ensured by the current structure. The Board does not believe that the separation of the roles 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 existing INEDs of the Company is appointed for a specific term. However, all INEDs of the Company are subject to retirement by rotation and re-election at every AGM of the Company in accordance with the articles of association of the Company.

Code Provision A.4.2

The code provision A.4.2 provides that all directors appointed to fill a casual vacancy should be subject to election by 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.

CORPORATE GOVERNANCE PRACTICES *(CONTINUED)*

Code Provision A.4.2 *(Continued)*

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 is considered to be short.

Pursuant to the articles of association of the Company, the Chairman and the managing director shall not be subject to retirement by 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 leaderships 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS

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 (the "Required Standard of Dealings"). The Company has also made specific enquiry of the Directors and the Company is not aware of any non-compliance with the Required Standard of Dealings throughout the financial year ended 31 March 2008.

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.

Corporate Governance Report

THE BOARD *(CONTINUED)*

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.

The management of the Group was delegated the authority and responsibility by the Board for managing the businesses of the Group, with division 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 were provided to the Board's members in a timely manner. During the financial year ended 31 March 2008, the Board held twenty-four 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	24/24
Tam Ngai Hung, Terry	24/24
Cheng Yuk Ching, Flora	24/24
William Donald Putt	23/24
Lam Kin Kau, Mark	23/24
Fung Hoi Wing, Henry	23/24
Lau Ho Wai, Lucas	23/24

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 BOARD *(CONTINUED)*

The Directors are 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 cover 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.

BOARD'S COMPOSITION

As at the date of this Annual Report, the Board comprises four executive Directors, namely Mr. Mak Shiu Tong, Clement (also acting as the Chairman and the CEO), Mr. Tam Ngai Hung, Terry, Ms. Cheng Yuk Ching, Flora and Dr. William Donald Putt, and three INEDs of the Company, namely Messrs. Lam Kin Kau, Mark, Fung Hoi Wing, Henry and Lau Ho Wai, Lucas. The Board has maintained a balance of skills and experience appropriate of the requirements, promotion and development of the business of the Group. Its composition represents a mixture of management, technical, marketing, procurement, legal, accounting and finance with substantial experience in the business in which the Group is engaged.

The Company has received annual confirmation of independence from the three INEDs of the Company 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 2008. The Board currently 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.

Corporate Governance Report

THE CHAIRMAN AND THE CEO

Mr. Mak Shiu Tong, Clement currently assumes the roles of both the Chairman and the CEO. 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.

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 at least 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 by rotation 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 his independence pursuant to Rule 5.09 of the GEM Listing Rules and has undertaken to inform the Stock Exchange and the Company as soon as practicable if there is any subsequent change in circumstances which may affect his independence. As at the date of this Annual Report, the Board still considers them to be independent. The INEDs of the Company are not appointed for any specific terms, but they are subject to 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 in 2005 with specific written terms of reference in line with the code provisions under the Code. 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; (iii) reviewing and recommending to the Board the fees payable to the INEDs of the Company; and (iv) review and make recommendation to the Board the compensation, if any, payable to executive Directors and senior management in connection with any loss or termination of their office or appointment.

BOARD COMMITTEES *(CONTINUED)*

Remuneration of the Directors *(Continued)*

The Remuneration Committee for the financial year ended 31 March 2008 consisted of five members comprising the three INEDs of the Company, namely Messrs. Lam Kin Kau, Mark, Fung Hoi Wing, Henry and Lau Ho Wai, Lucas, and the two executive Directors, namely Mr. Mak Shiu Tong, Clement and Mr. Tam Ngai Hung, Terry. The Remuneration Committee is chaired by one of the members who must be an INED of the Company and is subject to rotation each year. 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.

During the financial year ended 31 March 2008, the Remuneration Committee held one meeting which all five Remuneration Committee members attended 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 packages 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 the section headed "Report of the Directors" in this Annual Report.

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.

Corporate Governance Report

BOARD COMMITTEES *(CONTINUED)*

Audit Committee *(Continued)*

The Audit Committee consisted of three members comprising the three INEDs of the Company, namely Messrs. Lam Kin Kau, Mark, Fung Hoi Wing, Henry and Lau Ho Wai, Lucas throughout the financial year ended 31 March 2008. The chairman of the Audit Committee is elected by the members who are present in the meeting. 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.

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.

During the financial year ended 31 March 2008, 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	4/4
Fung Hoi Wing, Henry	4/4
Lau Ho Wai, Lucas	4/4

In 2008, the members of the Audit Committee met with the Group's external auditors to discuss the annual audit plan. The annual audit plan meetings 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 about the key issues addressed during the annual audit.

For the financial year ended 31 March 2008, 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. The Audit Committee also reviewed the quarterly results for the periods ended 30 June 2007 and 31 December 2007, the half-yearly results for the period ended 30 September 2007 and the annual results for the year ended 31 March 2008 of the Company, and confirmed that the preparation of such complied with the applicable accounting principles and practices adopted by the Company, the requirements of the Stock Exchange and adequate disclosures has been made, before announcement of these results.

The Audit Committee recommended to the Board to review the re-appointment of Messrs. Ernst & Young as the Company's external auditors subject to the Shareholders approval at the forthcoming AGM.

NOMINATION OF THE DIRECTORS

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

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 businesses. It is believed that the members of the Board would collectively have the required professional knowledge and skills in discharging the Board's responsibilities in identifying, recruiting and evaluating new nominees to the Board and the assessment of qualifications of nominated candidates for directorship. During the financial year under review, the Board has not convened any meeting in this regard and no new director was appointed to the Board.

AUDITORS' REMUNERATION

The remuneration for the audit service paid to the external auditors of the Company, Messrs. Ernst & Young, for the year ended 31 March 2008 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 internal audit team, the Board has conducted a review of the effectiveness of the internal control system of the Group which covers all material controls, including operational, financial and compliance controls and risk management functions.

The internal audit team reviews the major operational, financial and compliance controls and risk management functions of the Group on a continuing basis and aims to cover all major operations of the Group on a rotational basis. The internal audit team presents their internal audit plan annually to the CEO for approval and they also discuss and agree their audit plan with the Audit Committee at the Audit Committee's meeting. The reports and findings prepared by the internal audit team have been circulated to the CEO, the Group Finance Director and the Audit Committee for review.

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 2008.

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 2008 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 86.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and 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 on pages 87 to 88. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital and share options during the year, together with the reasons therefor, are set out in notes 25 and 26 to the financial statements, respectively.

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, redeemed or sold any of the listed Shares during the year.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 27(b) to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 March 2008, the Company's reserves available for distribution, calculated in accordance with the Companies Law (Revised) of the Cayman Islands, amounted to HK$39,700,000 (2007: HK$10,770,000). This included the Company's share premium account and contributed surplus amounting to HK$93,209,000 (2007: HK$50,837,000) in aggregate as at 31 March 2008, 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.

None of the directors of the Company or any of their associates or any Shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or suppliers.

DIRECTORS

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

Executive Directors:
- Mak Shiu Tong, Clement
- Tam Ngai Hung, Terry
- Cheng Yuk Ching, Flora
- William Donald Putt
- Yip Kwok Cheung, Danny (resigned on 25 June 2007)

Independent non-executive Directors:
- Lam Kin Kau, Mark
- Fung Hoi Wing, Henry
- Lau Ho Wai, Lucas

In accordance with article 87 of the Company's articles of association, Dr. William Donald Putt and Mr. Lam Kin Kau, Mark will retire and, being eligible, offer themselves for re-election at the forthcoming AGM of the Company.

The INEDs of the Company are not appointed for any specific terms. According to the articles of association of the Company, all Directors (except the Chairman and the managing director) are subject to retirement by rotation and re-election at each AGM of the Company.

The Company has received from each of the INEDs of the Company an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules and, as at the date of this Annual Report, still considers them to be independent.

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 9 to 11 of this Annual Report.

DIRECTORS' SERVICE CONTRACTS

A former executive Director (who resigned during the year) 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 renewed on 1 May 2006 for another term of three years and continues thereafter. This 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.

Save as disclosed, 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

The Company operates the Share Option Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The Share Option Scheme was approved by the then sole Shareholder on 20 February 2002 by way of a written resolution. The Board 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 of the Company with such Participant and his associates (as defined in the GEM Listing Rules) abstaining from voting.

SHARE OPTION SCHEME *(CONTINUED)*

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 the Company's INEDs' (excluding the Company's INED(s) who is/are the grantee(s)) approval; where options are proposed to be granted to a connected person who is also a substantial Shareholder or INED of the Company 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 period of 28 days (or such shorter period as the Board may from time to time determine) from the date on which the option is granted. The exercise period of the option 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 option offer 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 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 option grant, 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 option grant; and (iii) the nominal value of a Share.

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

On 27 July 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.

Further details of the Share Option Scheme are disclosed in the note 26 to the financial statements.

Report of the Directors

SHARE OPTION SCHEME *(CONTINUED)*

The following table discloses movements in the Company's share options during the year:

	Number of share options									
Name or category of participant	**At 1 April 2007**	**Granted during the year**	**Exercised during the year**	**Expired during the year**	**Forfeited during the year**	**At 31 March 2008**	**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										
Mak Shiu Tong, Clement	45,000,000	–	–	–	–	45,000,000	14 Aug 2006	14 Aug 2006 to 13 Aug 2011	0.038	0.041
Tam Ngai Hung, Terry	28,000,000	–	–	–	–	28,000,000	14 Aug 2006	14 Aug 2006 to 13 Aug 2011	0.038	0.041
Cheng Yuk Ching, Flora	5,000,000	–	–	–	–	5,000,000	14 Aug 2006	14 Aug 2006 to 13 Aug 2011	0.038	0.041
William Donald Putt	5,000,000	–	–	–	–	5,000,000	14 Aug 2006	14 Aug 2006 to 13 Aug 2011	0.038	0.041
Yip Kwok Cheung, Danny#	9,500,000	–	(9,500,000)	–	–	–	14 Aug 2006	14 Aug 2006 to 13 Aug 2011	0.038	0.041
Lam Kin Kau, Mark	950,000	–	–	–	–	950,000	14 Aug 2006	14 Aug 2006 to 13 Aug 2011	0.038	0.041
Fung Hoi Wing, Henry	950,000	–	(950,000)	–	–	–	14 Aug 2006	14 Aug 2006 to 13 Aug 2011	0.038	0.041
Lau Ho Wai, Lucas	950,000	–	–	–	–	950,000	14 Aug 2006	14 Aug 2006 to 13 Aug 2011	0.038	0.041
	95,350,000	–	(10,450,000)	–	–	84,900,000				
Employees										
In aggregate	11,000,000	–	(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
	3,246,000	–	(3,082,000)	–	(164,000)	–	20 Dec 2005	18 Jan 2006 to 19 Feb 2012	0.043	0.047
	1,581,000	–	(1,417,000)	–	(164,000)	–	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
	42,427,000	–	(42,099,000)	–	(328,000)	–				
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	–	(1,000,000)	–	(1,000,000)	–	14 Aug 2006	14 Aug 2006 to 13 Aug 2011	0.038	0.041
	26,800,000	–	(5,800,000)	–	(1,000,000)	20,000,000				
	164,577,000	–	(58,349,000)	–	(1,328,000)	104,900,000				

Mr. Yip Kwok Cheung, Danny resigned as a Director on 25 June 2007.

SHARE OPTION SCHEME *(CONTINUED)*

Notes to the reconciliation of share options outstanding as at 31 March 2008:

* *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 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 58,349,000 share options exercised during the year resulted in the new issue of 58,349,000 shares and new share capital of HK$583,490 and share premium of HK$1,647,767 (before the share issue expenses).

As at 31 March 2008, the Company had 104,900,000 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 104,900,000 additional ordinary Shares and additional share capital of HK$1,049,000 and share premium of HK$2,917,200 (before the share issue expenses).

At the date of approval of these audited consolidated annual financial statements, 34,400,000 share options were further exercised subsequent to the balance sheet date. As a result, the Company had 70,500,000 share options outstanding under the Share Option Scheme, which represented approximately 5.80% of the Shares in issue as at that date.

Report of the Directors

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 March 2008, 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 the share options of the Company as at 31 March 2008

(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
		(%)
Fung Hoi Wing, Henry	550,000	0.05

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

Name of the Director	Date of grant of share options	Exercise period of the share options	Exercise price per Share	Number of the share options outstanding	Number of the total underlying Shares	Approximate percentage of the Company's total issued share capital
			HK$			(%)
Mak Shiu Tong, Clement	14 Aug 2006	14 Aug 2006 to 13 Aug 2011	0.038	45,000,000	45,000,000	3.81
Tam Ngai Hung, Terry	14 Aug 2006	14 Aug 2006 to 13 Aug 2011	0.038	28,000,000	28,000,000	2.37
Cheng Yuk Ching, Flora	14 Aug 2006	14 Aug 2006 to 13 Aug 2011	0.038	5,000,000	5,000,000	0.42
William Donald Putt	14 Aug 2006	14 Aug 2006 to 13 Aug 2011	0.038	5,000,000	5,000,000	0.42
Lam Kin Kau, Mark	14 Aug 2006	14 Aug 2006 to 13 Aug 2011	0.038	950,000	950,000	0.08
Lau Ho Wai, Lucas	14 Aug 2006	14 Aug 2006 to 13 Aug 2011	0.038	950,000	950,000	0.08
				84,900,000	84,900,000	7.18

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES *(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 2008

(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 CCT Telecom's 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	160,000	–	14,236,713	1.79
William Donald Putt	591,500	–	–	591,500	0.07

Note: Included in the shareholding in which Ms. Cheng Yuk Ching, Flora was interested, 160,000 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 and 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 CCT Telecom's 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 2010 convertible bonds with an outstanding principal amount of HK$18,085,360 as at 31 March 2008, were issued by CCT Telecom to New Capital Industrial Limited (a company wholly-owned by Mr. Mak Shiu Tong, Clement and his family members) on 25 April 2005. The 2010 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 2010 convertible bonds).

(2) The 2009 convertible bonds with an outstanding principal amount of HK$30,000,000 as at 31 March 2008, were issued by CCT Telecom to Capital Winner Investments Limited (a company wholly-owned by Mr. Mak Shiu Tong, Clement and his family members) on 23 June 2006. The 2009 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 2009 convertible bonds).

Report of the Directors

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES *(CONTINUED)*

(c) Interests and short positions in the shares and the underlying shares of an associated corporation – CCT Tech as at 31 March 2008

Long positions in the shares of CCT Tech:

Name of the Director	Nature of interest	Number of the shares held	Approximate percentage of CCT Tech's total issued share capital (%)
Mak Shiu Tong, Clement	Beneficial owner	120,000,000	0.18
Cheng Yuk Ching, Flora	Beneficial owner	18,000,000	0.03
Tam Ngai Hung, Terry	Beneficial owner	20,000,000	0.03

In addition to the above, as at 31 March 2008, a Director (who resigned on 25 June 2007) has 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 2008, 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) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or Rule 5.46 of the GEM Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed under the heading "Directors' Interests in Shares and Underlying Shares" above, at no time during the year were 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 2008, 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 2008:

Name of the Shareholder	Capacity and nature of interest	Number of ordinary Shares held	Approximate percentage of the Company's total issued share capital
			(%)
Manistar Enterprises Limited *(Note)*	Directly beneficially owned	643,364,070	54.51
CCT Telecom *(Note)*	Through a controlled corporation	643,364,070	54.51

Note: The ordinary Shares were held by Manistar Enterprises Limited, a wholly-owned subsidiary of CCT Telecom.

Save as disclosed above, as at 31 March 2008, 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 set out in 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 and A.4.2. 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.

Report of the Directors

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.

POST BALANCE SHEET EVENTS

Details of the significant post balance sheet events of the Group are set out in note 35 to the financial statements.

AUDITORS

The financial statements for the year ended 31 March 2008 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
20 June 2008

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 86, which comprise the consolidated and company balance sheets as at 31 March 2008, 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 2008 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
20 June 2008

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
REVENUE	5	**41,214**	46,099
Cost of sales		**(27,674)**	(30,106)
Gross profit		**13,540**	15,993
Other income and gains	5	**1,924**	949
Selling and distribution costs		**(3,070)**	(2,927)
General and administrative expenses		**(15,423)**	(17,564)
Advertising and promotion expenses		**(3,293)**	(3,831)
Other expenses		**(3,043)**	(2,946)
Share of losses of associates		**(12)**	–
LOSS BEFORE TAX	6	**(9,377)**	(10,326)
Tax	9	**–**	–
LOSS FOR THE YEAR		**(9,377)**	(10,326)
Attributable to:			
Equity holders of the parent	10	**(9,103)**	(10,222)
Minority interests		**(274)**	(104)
		(9,377)	(10,326)
DIVIDEND	11	**–**	–
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12		
Basic		**HK(0.9) cent**	HK(1.1) cent
Diluted		**N/A**	N/A

CONSOLIDATED BALANCE SHEET

31 March 2008

	Notes	**2008 HK$'000**	2007 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	*13*	**3,367**	3,721
Deferred development expenditure	*14*	**4,929**	4,974
Investments in associates	*16*	**410**	422
Total non-current assets		**8,706**	9,117
CURRENT ASSETS			
Trade receivables	*17*	**702**	2,153
Financial assets at fair value through profit or loss	*18*	**9,507**	13,717
Prepayments, deposits and other receivables	*19*	**11,318**	1,647
Due from a related company	*20*	**55**	25
Cash and cash equivalents	*21*	**37,303**	5,961
Total current assets		**58,885**	23,503
CURRENT LIABILITIES			
Trade payables	*22*	**–**	487
Deferred service fees received in advance		**3,318**	3,923
Due to an associate	*16*	**909**	392
Other payables and accruals	*23*	**5,525**	4,578
Total current liabilities		**9,752**	9,380
NET CURRENT ASSETS		**49,133**	14,123
Net assets		**57,839**	23,240
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital	*25*	**11,803**	9,720
Reserves	*27(a)*	**46,040**	13,571
		57,843	23,291
Minority interests		**(4)**	(51)
Total equity		**57,839**	23,240

Mak Shiu Tong, Clement
Chairman

Tam Ngai Hung, Terry
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2008

		Attributable to equity holders of the parent								
	Notes	Issued 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 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	26	–	–	–	2,280	–	–	2,280	–	2,280
Capital contribution by a minority shareholder		–	–	–	–	–	–	–	54	54
Issue of shares	25	5,510	16,527	–	–	–	–	22,037	–	22,037
Share issue expenses	25	–	(1,018)	–	–	–	–	(1,018)	–	(1,018)
At 31 March 2007 and 1 April 2007		9,720	32,634*	66,710*	2,582*	(8)*	(88,347)*	23,291	(51)	23,240
Exchange realignment		–	–	–	–	177	–	177	1	178
Total income and expense recognised directly in equity		–	–	–	–	177	–	177	1	178
Loss for the year		–	–	–	–	–	(9,103)	(9,103)	(274)	(9,377)
Total income and expense for the year		–	–	–	–	177	(9,103)	(8,926)	(273)	(9,199)
Capital contribution by a minority shareholder		–	–	–	–	–	–	–	320	320
Issue of new shares upon exercise of share options	25	583	2,560	–	(977)	–	–	2,166	–	2,166
Issue of new shares upon placing and top-up subscription	25	1,500	41,250	–	–	–	–	42,750	–	42,750
Share issue expenses	25	–	(1,438)	–	–	–	–	(1,438)	–	(1,438)
At 31 March 2008		**11,803**	**75,006***	**66,710***	**1,605***	**169***	**(97,450)***	**57,843**	**(4)**	**57,839**

* *These reserve accounts comprise the consolidated reserves of HK$46,040,000 (2007: HK$13,571,000) in the consolidated balance sheet.*

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(9,377)**	(10,326)
Adjustments for:			
Share of losses of associates		**12**	–
Interest income	5	**(355)**	(655)
Gains on disposals of financial assets at fair value through profit or loss	5	**(997)**	–
Fair value gains on financial assets at fair value through profit or loss	5	**(433)**	(267)
Depreciation	6	**1,368**	1,289
Amortisation of deferred development expenditure	6	**1,461**	914
Impairment of deferred development expenditure	6	**1,504**	2,351
Loss on disposals and write-off of items of property, plant and equipment	6	**385**	8
Impairment of trade receivables	6	**961**	557
Impairment of other receivables	6	**193**	30
Equity-settled share option expenses	26	**–**	2,280
Forfeiture of share options granted		**(65)**	–
		(5,343)	(3,819)
(Increase)/decrease in trade receivables		**490**	(1,104)
(Increase)/decrease in prepayments, deposits and other receivables		**(9,864)**	223
Increase in an amount due from a related company		**(30)**	(25)
Increase/(decrease) in trade payables		**(487)**	399
Increase/(decrease) in deferred service fees received in advance		**(605)**	162
Increase in other payables and accruals		**947**	136
Increase in an amount due to an associate		**517**	392
Net cash outflow from operating activities		**(14,375)**	(3,636)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**355**	655
Purchase of financial assets at fair value through profit or loss		**(23,360)**	(13,450)
Proceeds from disposals of financial assets at fair value through profit or loss		**29,000**	–
Purchases of items of property, plant and equipment	13	**(1,225)**	(2,406)
Proceeds from disposals of items of property, plant and equipment		**9**	8
Additions to deferred development expenditure	14	**(2,906)**	(1,247)
Decrease in an amount due from an associate		**–**	100
Net cash inflow/(outflow) from investing activities		**1,873**	(16,340)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital contribution by a minority shareholder		**320**	54
Proceeds from issue of shares	25	**44,981**	22,037
Share issue expenses		**(1,438)**	(1,018)
Net cash inflow from financing activities		**43,863**	21,073
NET INCREASE IN CASH AND CASH EQUIVALENTS		**31,361**	1,097
Cash and cash equivalents at beginning of year		**5,961**	4,964
Effect of foreign exchange rate changes, net		**(19)**	(100)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**37,303**	5,961
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents	21	**37,303**	5,961

BALANCE SHEET

31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
NON-CURRENT ASSETS			
Interests in subsidiaries	15	**–**	8,688
CURRENT ASSETS			
Prepayments, deposits and other receivables	19	**9,488**	141
Financial assets at fair value through profit or loss	18	**9,507**	13,717
Due from a related company	20	**21**	–
Cash and cash equivalents	21	**35,111**	1,229
Total current assets		**54,127**	15,087
CURRENT LIABILITIES			
Other payables and accruals	23	**1,019**	703
NET CURRENT ASSETS		**53,108**	14,384
Net assets		**53,108**	23,072
EQUITY			
Issued capital	25	**11,803**	9,720
Reserves	27(b)	**41,305**	13,352
Total equity		**53,108**	23,072

Mak Shiu Tong, Clement
Chairman

Tam Ngai Hung, Terry
Director

NOTES TO FINANCIAL STATEMENTS

31 March 2008

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 20-21/F., Pan Asia Centre, No. 137 Wai Yip Street, 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 of the Company (the "Directors"), the holding company of the Company is Manistar Enterprises Limited ("Manistar"), which is incorporated in the British Virgin Islands, and the ultimate holding company of the Company is CCT Telecom Holdings Limited ("CCT Telecom"), which is incorporated with limited liability in the Cayman Islands and continues in Bermuda and listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, 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 except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2008. 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 2008

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new and revised HKFRSs 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 interpretations has had no material effect on these financial statements.

HKFRS 7	*Financial Instruments: Disclosures*
HKAS 1 Amendment	*Capital Disclosures*
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*

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 7 *Financial Instruments: Disclosures*

This 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. The new disclosures are included throughout the financial statements. While there has been no effect on the financial position or results of operations of the Group, comparative information has been included/revised where appropriate.

(b) Amendment to HKAS 1 *Presentation of Financial Statements – Capital Disclosures*

This amendment requires the Group to make disclosures that enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. These new disclosures are shown in note 32 to the financial statements.

(c) HK(IFRIC)-Int 8 *Scope of HKFRS 2*

This interpretation requires HKFRS 2 to be applied to any arrangement in which the Group cannot identify specifically some or all of the goods or services received, for which equity instruments are granted or liabilities (based on a value of the Group's equity instruments) are incurred by the Group for a consideration, and which appears to be less than the fair value of the equity instruments granted or liabilities incurred. As the Company has only issued equity instruments to the Group's employees for identified services provided in accordance with the Company's share option scheme, the interpretation has had no effect on these financial statements.

NOTES TO FINANCIAL STATEMENTS

31 March 2008

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

(d) HK(IFRIC)-Int 9 *Reassessment of Embedded Derivatives*

This interpretation requires that the date to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative be the date that the Group first becomes a party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows. As the Group's existing policy of accounting for derivatives complies with the requirements of the interpretations, the interpretation has had no effect on these financial statements.

(e) HK(IFRIC)-Int 10 *Interim Financial Reporting and Impairment*

The Group has adopted this interpretation as of 1 April 2007, which requires that an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument classified as available-for-sale or a financial asset carried at cost is not subsequently reversed. As the Group had no impairment losses previously reversed in respect of such assets, the interpretation has had no impact on the financial position or results of operations of the Group.

(f) HK(IFRIC)-Int 11 *HKFRS 2 – Group and Treasury Share Transactions*

This interpretation requires arrangements whereby an employee is granted rights to the Group's equity instruments to be accounted for as an equity-settled scheme, even if the Group acquires the instruments from another party, or the shareholders provide the equity instruments needed. HK(IFRIC)-Int 11 also addresses the accounting for share-based payment transactions involving two or more entities within the Group. As the Group currently has no such transactions, the interpretation has had no impact on the Group.

NOTES TO FINANCIAL STATEMENTS

31 March 2008

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.

HKFRS 2 Amendment	*Share-based Payments – Vesting Conditions and Cancellations* [1]
HKFRS 3 (Revised)	*Business Combinations* [2]
HKFRS 8	*Operating Segments* [1]
HKAS 1 (Revised)	*Presentation of Financial Statements* [1]
HKAS 23 (Revised)	*Borrowing Costs* [1]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements* [3]
HKAS 32 and HKAS 1 Amendment	*Puttable Financial Instruments and Obligations Arising on Liquidation* [1]
HK(IFRIC)-Int 12	*Service Concession Arrangements* [4]
HK(IFRIC)-Int 13	*Customer Loyalty Programmes* [5]
HK(IFRIC)-Int 14	*HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* [4]

[1] *Effective for annual periods beginning on or after 1 January 2009*
[2] *Effective for business combinations with acquisition date on or after the beginning of the first annual reporting period beginning on or after 1 July 2009*
[3] *Effective for annual periods beginning on or after 1 July 2009*
[4] *Effective for annual periods beginning on or after 1 January 2008*
[5] *Effective for annual periods beginning on or after 1 July 2008*

Amendment to HKFRS 2 clarifies the definition of "vesting conditions" and specifies the accounting treatment of "cancellation" by the counterparty to a share-based arrangement. Vesting conditions are service conditions which require the counterparty to complete a specified period of service and performance conditions which require a specified period of service and specified performance targets to be met. Other features of a share-based payment are not vesting conditions. All non-vesting conditions and vesting conditions that are market conditions shall be taken into account when estimating the fair value of the equity instruments granted. The cancellation is accounted for as an acceleration of the vesting and the amount that would otherwise have been recognised over the remainder of the vesting period is recognised immediately. Any payment made to the employee on cancellation shall be accounted for as the repurchase of an equity interest, with excess over fair value of equity instruments granted recognised as an expense. If the share-based arrangement included liability components, the liability should be measured/stated at fair value at the date of cancellation and any payment made to settle the liability shall be accounted for as an extinguishment of the liability. The Group expects to adopt this amendment from 1 April 2009.

HKFRS 3 has been revised to bring more transactions into acquisition accounting as combinations by contract alone and combinations of mutual entities are brought into the scope of the standard and the definition of a business has been amended slightly. It now states that the elements are "capable of being conducted" rather than "are conducted and managed". It requires considerations (including contingent consideration), each identifiable asset or liability to be measured at its acquisition-date fair value (except leases and insurance contracts), reacquired right, indemnification assets as well as some assets and liabilities required to be measured in accordance with other HKFRSs. They are income taxes, employee benefits, share-based payment and non-current assets held for sale and discontinued operations. Any non-controlling interest in an acquiree is measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. The Group expects to adopt HKFRS 3 (Revised) from 1 April 2010.

NOTES TO FINANCIAL STATEMENTS

31 March 2008

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(CONTINUED)*

HKFRS 8, which will replace HKAS 14 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performances. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group expects to adopt HKFRS 8 from 1 April 2009.

HKAS 1 has been revised to require all owner changes in equity to be presented in a statement of changes in equity. All comprehensive income is presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). It requires presenting a statement of financial position as at the beginning of the earliest comparative period in a complete set of financial statements when there are retrospective adjustments or reclassification adjustments. However, it does not change the recognition, measurement or disclosure of specific transactions and other events required by other HKFRSs. The Group expects to adopt HKAS 1 (Revised) from 1 April 2009.

HKAS 23 has been revised to require capitalisation of borrowing costs when such costs are directly attributable to the acquisition, construction or production of a qualifying asset. As the Group's current policy for borrowing costs aligns with the requirements of the revised standard, the revised standard is unlikely to have any financial impact on the Group. In accordance with the transitional provisions in the revised standard, the Group shall apply the revised standard on a prospective basis to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009.

HKAS 27 has been revised to require non-controlling interests (i.e., minority interests) to be presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. Total comprehensive income must be attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity. When control of a subsidiary is lost, the assets and liabilities and related equity components of the former subsidiary are derecognised. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at its fair value at the date when control is lost. The Group expects to adopt HKAS 27 (Revised) from 1 April 2010.

HKAS 32 and HKAS 1 Amendments have been revised to require puttable financial instruments and instruments or components of instruments that impose on the entity an obligation to deliver to another party a pro rata rate of the share of the net assets of the entity only on liquidation to be classified as equity. The Group expects to adopt HKAS 32 and HKAS 1 Amendments from 1 April 2009.

NOTES TO FINANCIAL STATEMENTS

31 March 2008

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(CONTINUED)*

HK(IFRIC)-Int 12 requires an operator under public-to-private service concession arrangements to recognise the consideration received or receivable in exchange for the construction services as a financial asset and/or an intangible asset, based on the terms of the contractual arrangements. HK(IFRIC)-Int 12 also addresses how an operator shall apply existing HKFRSs to account for the obligations and the rights arising from service concession arrangements by which a government or a public sector entity grants a contract for the construction of infrastructure used to provide public services and/or for the supply of public services. As the Group currently has no such arrangements, the interpretation is unlikely to have any financial impact on the Group.

HK(IFRIC)-Int 13 requires that loyalty award credits granted to customers as part of a sales transaction are accounted for as a separate component of the sales transaction. The consideration received in the sales transaction is allocated between the loyalty award credits and the other components of the sale. The amount allocated to the loyalty award credits is determined by reference to their fair value and is deferred until the awards are redeemed or the liability is otherwise extinguished.

HK(IFRIC)-Int 14 addresses how to assess the limit under HKAS 19 *Employee Benefits*, on the amount of a refund or a reduction in future contributions in relation to a defined benefit scheme that can be recognised as an asset, in particular, when a minimum funding requirement exists.

As the Group currently has no customer loyalty award credits and defined benefit scheme, HK(IFRIC)-Int 13 and HK(IFRIC)-Int 14 are not applicable to the Group and therefore are unlikely to have any financial impact on the Group.

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.

NOTES TO FINANCIAL STATEMENTS

31 March 2008

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

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 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. The Group's share of the post-acquisition results and reserves of associates is included in the consolidated income statement and consolidated reserves, respectively.

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, but 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 2008

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%

NOTES TO FINANCIAL STATEMENTS

31 March 2008

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Property, plant and equipment and depreciation *(Continued)*

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.

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.

NOTES TO FINANCIAL STATEMENTS

31 March 2008

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

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 assesses whether a contract contains an embedded derivative when the Group first becomes a party to it and assesses whether an embedded derivative is required to be separated from the host contract when the analysis shows that the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the 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.

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. The net fair value gain or loss recognised in the income statement does not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policy set out for "Revenue recognition" below.

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 less any allowance for impairment. 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.

NOTES TO FINANCIAL STATEMENTS

31 March 2008

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Investments and other financial assets *(Continued)*

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.

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. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

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 by adjusting the allowance account. 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 and other 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 and significant changes in the technological, market economic or legal environment that have an adverse effect on 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.

NOTES TO FINANCIAL STATEMENTS

31 March 2008

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

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.

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. The related interest expense is recognised within "finance costs" in the income statement.

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

NOTES TO FINANCIAL STATEMENTS

31 March 2008

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

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 that are readily convertible into known amounts of cash, 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.

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 in a transaction that is not a business combination 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.

NOTES TO FINANCIAL STATEMENTS

31 March 2008

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Income tax *(Continued)*

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 in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Deferred tax assets and deferred tax 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.

NOTES TO FINANCIAL STATEMENTS

31 March 2008

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Deferred service fees

Deferred service fees represent integrated marketing solution service income and ASP service income, which have been invoiced while the related services have not been rendered. Deferred service fees for integrated marketing solution service and ASP service 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.

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 26. 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.

NOTES TO FINANCIAL STATEMENTS

31 March 2008

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Share-based payment transactions *(Continued)*

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

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

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

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

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

Other employee benefits

Pension schemes

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

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

NOTES TO FINANCIAL STATEMENTS

31 March 2008

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are initially recorded using the functional currency rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the balance sheet date. All differences are taken to 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.

The functional currencies of certain subsidiaries established in Mainland China 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 subsidiaries established in Mainland China 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 JUDGEMENT AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

NOTES TO FINANCIAL STATEMENTS

31 March 2008

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

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 materially affect the net present value used in the impairment test.

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.

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 receivables and the 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

31 March 2008

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 bases, 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 2008

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 2008 and 2007.

	Integrated marketing solution services		ASP services		Technical consultancy services		Consolidated	
	2008 HK$'000	2007 HK$'000	**2008 HK$'000**	2007 HK$'000	**2008 HK$'000**	2007 HK$'000	**2008 HK$'000**	2007 HK$'000
Segment revenue:								
Sales to external customers	**9,006**	8,864	**18,007**	22,970	**14,201**	14,265	**41,214**	46,099
Segment results	**(2,548)**	(2,755)	**(1,787)**	(1,046)	**(4,502)**	(3,803)	**(8,837)**	(7,604)
Interest income							**355**	655
Share of losses of associates							**(12)**	–
Unallocated revenue							**1,569**	294
Unallocated expenses							**(2,452)**	(3,671)
Loss before tax							**(9,377)**	(10,326)
Tax							**–**	–
Loss for the year							**(9,377)**	(10,326)
Assets and liabilities								
Segment assets	**2,972**	5,052	**3,777**	2,467	**2,249**	3,330	**8,998**	10,849
Investments in associates							**410**	422
Unallocated assets							**58,183**	21,349
Total assets							**67,591**	32,620
Segment liabilities	**1,120**	1,550	**979**	1,299	**1,220**	1,074	**3,319**	3,923
Unallocated liabilities							**6,433**	5,457
Total liabilities							**9,752**	9,380
Other segment information:								
Capital expenditure	**536**	1,578	**3,335**	857	**260**	1,218	**4,131**	3,653
Depreciation	**230**	164	**496**	425	**642**	700	**1,368**	1,289
Amortisation of deferred development expenditure	**587**	173	**874**	326	**–**	415	**1,461**	914
Impairment of deferred development expenditure	**1,504**	2,351	**–**	–	**–**	–	**1,504**	2,351
Other non-cash expenses	**118**	79	**237**	206	**1,184**	310	**1,539**	595

NOTES TO FINANCIAL STATEMENTS

31 March 2008

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 2008 and 2007.

	Hong Kong		Mainland China		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue:						
Sales to external customers	**27,013**	31,834	**14,201**	14,265	**41,214**	46,099
Other segment information:						
Segment assets	**62,984**	27,628	**4,607**	4,992	**67,591**	32,620
Capital expenditure	**3,871**	2,435	**260**	1,218	**4,131**	3,653

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:

	2008	2007
	HK$'000	HK$'000
Revenue		
Integrated marketing solution services	**9,006**	8,864
ASP services	**18,007**	22,970
Technical consultancy services	**14,201**	14,265
	41,214	46,099
Other income		
Interest income	**355**	655
Others	**139**	27
	494	682
Gains		
Gains on disposals of financial assets at fair value through profit or loss	**997**	–
Fair value gains on financial assets at fair value through profit or loss	**433**	267
	1,430	267
	1,924	949

NOTES TO FINANCIAL STATEMENTS

31 March 2008

6. LOSS BEFORE TAX

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

	Notes	2008 HK$'000	2007 HK$'000
Staff costs (including directors' remuneration *(note 7)*):			
Salaries and related staff costs		**24,749**	24,456
Equity-settled share option expenses		**–**	2,233
Pension scheme contributions		**1,140**	1,123
		25,889	27,812
Less: Amounts capitalised in deferred development expenditure		**(2,906)**	(1,161)
		22,983	26,651
Auditors' remuneration		**700**	700
Depreciation	*13*	**1,368**	1,289
Amortisation of deferred development expenditure *	*14*	**1,461**	914
Impairment of deferred development expenditure **	*14*	**1,504**	2,351
Minimum lease payments under operating leases:			
Land and buildings		**2,382**	2,044
Office equipment		**223**	158
		2,605	2,202
Loss on disposals and write-off of items of property, plant and equipment **		**385**	8
Impairment of trade receivables **		**961**	557
Impairment of other receivables **		**193**	30
Foreign exchange differences, net		**20**	60

* *Included in "Cost of sales" on the face of the consolidated income statement.*

** *Included in "Other expenses" on the face of the consolidated income statement.*

NOTES TO FINANCIAL STATEMENTS

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7. DIRECTORS' REMUNERATION

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

	Group	
	2008	2007
	HK$'000	HK$'000
Executive directors:		
Fees	**–**	–
Other emoluments:		
Salaries, housing allowances, other allowances and benefits in kind	**258**	1,269
Pension scheme contributions	**3**	14
Equity-settled share option expenses	**–**	1,748
	261	3,031
Independent non-executive directors:		
Fees	**180**	180
Equity-settled share option expenses	**–**	54
	180	234
	441	3,265

During the year ended 31 March 2007, certain directors were granted share options, in respect of their services to the Group under the Company's share option scheme, further details of which are set out in note 26 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 prior year is included in the above directors' remuneration disclosures.

NOTES TO FINANCIAL STATEMENTS

31 March 2008

7. DIRECTORS' REMUNERATION *(CONTINUED)*

(a) Independent non-executive directors

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

	Fees	Equity-settled share option expenses	Total remuneration
	HK$'000	HK$'000	HK$'000
2008			
Lam Kin Kau, Mark	**60**	**–**	**60**
Fung Hoi Wing, Henry	**60**	**–**	**60**
Lau Ho Wai, Lucas	**60**	**–**	**60**
	180	**–**	**180**
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

There were no other emoluments payable to the independent non-executive directors during the year (2007: Nil).

NOTES TO FINANCIAL STATEMENTS

31 March 2008

7. DIRECTORS' REMUNERATION *(CONTINUED)*

(b) Executive directors

	Fees	Salaries, housing allowances, other allowances and benefits in kind	Pension scheme contributions	Equity-settled share option expenses	Total remuneration
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2008					
Mak Shiu Tong, Clement	**–**	**–**	**–**	**–**	**–**
Tam Ngai Hung, Terry	**–**	**–**	**–**	**–**	**–**
Cheung Yuk Ching, Flora	**–**	**–**	**–**	**–**	**–**
William Donald Putt	**–**	**–**	**–**	**–**	**–**
Yip Kwok Cheung, Danny *(Note)*	**–**	**258**	**3**	**–**	**261**
	–	**258**	**3**	**–**	**261**
2007					
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

Note: Mr. Yip Kwok Cheung, Danny resigned as a director of the Company on 25 June 2007.

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

NOTES TO FINANCIAL STATEMENTS

31 March 2008

8. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included nil (2007: three) directors, details of whose remuneration are set out in note 7 above. Details of the remuneration of the five (2007: two) non-director, highest paid employees for the year are as follows:

	Group	
	2008	2007
	HK$'000	HK$'000
Salaries, housing allowances, other allowances and benefits in kind	**3,819**	1,566
Pension scheme contributions	**60**	24
	3,879	1,590

The remuneration of each of the five (2007: two) non-director, highest paid employees for the two years ended 31 March 2008 and 2007 fell within the range from Nil to HK$1,000,000.

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 (2007: 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.

NOTES TO FINANCIAL STATEMENTS

31 March 2008

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 – 2008

	Hong Kong		Mainland China		Total	
	HK$'000	%	HK$'000	%	HK$'000	%
Loss before tax	(5,251)		(4,126)		(9,377)	
Tax at the applicable tax rate	(919)	17.5	(1,279)	31.0	(2,198)	23.4
Lower tax rate for specific provinces or local authority	–	–	89	(2.2)	89	(0.9)
Income not subject to tax	(58)	1.1	–	–	(58)	0.6
Expenses not deductible for tax	106	(2.0)	–	–	106	(1.2)
Temporary differences not recognised	22	(0.4)	–	–	22	(0.2)
Tax losses not recognised	849	(16.2)	1,190	(28.8)	2,039	(21.7)
Tax charge at the Group's effective rate	–	–	–	–	–	–

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	–	–	–	–	–	–

NOTES TO FINANCIAL STATEMENTS

31 March 2008

9. TAX *(CONTINUED)*

In late February 2008, CCT Telecom received a letter from the Hong Kong Inland Revenue Department (the "IRD") in respect of a review on the tax affairs of CCT Telecom and its subsidiaries, including the Group, for the past years. In view that the tax review by the IRD is only at the initial stage, there is still uncertainty about the outcome of the case. Up to the date of approval of these financial statements, the directors of the Company consider that adequate tax provision, if any, has been made in the financial statements.

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 2008 includes a loss of HK$13,442,000 (2007: HK$6,675,000) which has been dealt with in the financial statements of the Company (note 27(b)).

11. DIVIDEND

No dividend has been paid or declared by the Company during the year (2007: 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:

	2008	2007
Loss		
Loss attributable to ordinary equity holders of the parent	**(HK$9,103,000)**	(HK$10,222,000)
Shares		
Weighted average number of ordinary shares in issue during the year	**1,069,319,000**	934,852,000

Diluted loss per share amounts for the years ended 31 March 2008 and 2007 have not been disclosed, as the share options outstanding during these years had an anti-dilutive effect on the basic loss per share amounts for these years.

NOTES TO FINANCIAL STATEMENTS

31 March 2008

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 2008				
At 31 March 2007 and at 1 April 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
At 1 April 2007, net of accumulated depreciation	1,497	327	1,897	3,721
Additions	764	73	388	1,225
Disposals and write-off	(355)	(27)	(12)	(394)
Depreciation provided during the year	(500)	(94)	(774)	(1,368)
Exchange realignment	80	23	80	183
At 31 March 2008, net of accumulated depreciation	1,486	302	1,579	3,367
At 31 March 2008:				
Cost	2,571	1,344	16,705	20,620
Accumulated depreciation	(1,085)	(1,042)	(15,126)	(17,253)
Net carrying amount	1,486	302	1,579	3,367

NOTES TO FINANCIAL STATEMENTS

31 March 2008

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

Group

	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Computer and office equipment HK$'000	Total HK$'000
31 March 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 2008

14. DEFERRED DEVELOPMENT EXPENDITURE

	Group HK$'000
31 March 2008	
Cost at 1 April 2007, net of accumulated amortisation and impairment	**4,974**
Additions – internal development	**2,906**
Amortisation provided during the year	**(1,461)**
Impairment during the year	**(1,504)**
Exchange realignment	**14**
At 31 March 2008	**4,929**
At 31 March 2008:	
Cost	**14,031**
Accumulated amortisation and impairment	**(9,102)**
Net carrying amount	**4,929**

	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

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$1,504,000 (2007: HK$2,351,000).

NOTES TO FINANCIAL STATEMENTS

31 March 2008

15. INTERESTS IN SUBSIDIARIES

	Company 2008 HK$'000	Company 2007 HK$'000
Unlisted shares, at cost	**18,500**	18,500
Due from subsidiaries	**25,237**	21,098
	43,737	39,598
Impairment	**(43,737)**	(30,910)
	–	8,688

The balances with the 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.

An impairment was recognised for certain unlisted investments and balances due from subsidiaries, with a carrying amount of HK$43,737,000 (before deducting the impairment) (2007: HK$39,598,000) because the recoverable amount determined based on the value in use of these subsidiaries, which were loss making in prior years, is less than the carrying amount.

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	Percentage of equity attributable to the Company Indirect	Principal activities
Datawin Limited	Hong Kong	HK$100,000 Ordinary	–	100	Provision of integrated marketing solution and ASP services
Tradeeasy Information Technology (Guangzhou) Limited ("Tradeeasy Guangzhou") *(Note 1)*	The People's Republic of China ("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

NOTES TO FINANCIAL STATEMENTS

31 March 2008

15. INTERESTS IN SUBSIDIARIES *(CONTINUED)*

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Source Easy Limited	Hong Kong	HK$10,000 Ordinary	–	100	Provision of business to business transaction
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 the PRC for periods 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.

16. INVESTMENTS IN ASSOCIATES

	Group	
	2008	2007
	HK$'000	HK$'000
Share of net assets	**410**	422

The amount due to an associate included in the Group's current liabilities of approximately HK$909,000 (2007: HK$392,000) is unsecured, interest-free and repayable on demand or within one year.

NOTES TO FINANCIAL STATEMENTS

31 March 2008

16. INVESTMENTS IN ASSOCIATES *(CONTINUED)*

Particulars of the principal associate are as follows:

Name	Particulars of issued shares held	Place of incorporation and operations	Percentage of ownership interest attributable to the Group	Principal activity
Optimus China Limited	Ordinary shares of HK$1 each	Hong Kong	23	Provision of search engine services

The above principal associate was not audited by Ernst & Young Hong Kong or other member firm of the Ernst & Young global network.

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:

	2008 **HK$'000**	2007 HK$'000
Assets	**1,563**	2,829
Liabilities	**1,308**	985
Revenue	**1,473**	–
Profit/(loss)	**(50)**	2

NOTES TO FINANCIAL STATEMENTS

31 March 2008

17. TRADE RECEIVABLES

	Group	
	2008	2007
	HK$'000	HK$'000
Trade receivables	**3,555**	4,045
Impairment	**(2,853)**	(1,892)
	702	2,153

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. 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, based on the invoice date and net of impairment, is as follows:

	Group			
	2008		2007	
	Balance HK$'000	**Percentage**	Balance HK$'000	Percentage
Current to 30 days	**166**	**24**	896	42
31 to 60 days	**98**	**14**	145	7
61 to 90 days	**185**	**26**	138	6
Over 90 days	**253**	**36**	974	45
	702	**100**	2,153	100

NOTES TO FINANCIAL STATEMENTS

31 March 2008

17. TRADE RECEIVABLES *(CONTINUED)*

The movement in provision for impairment of trade receivables is as follows:

	Group	
	2008	2007
	HK$'000	HK$'000
At beginning of year	**1,892**	1,335
Impairment losses recognised (note 6)	**961**	557
At end of year	**2,853**	1,892

The aged analysis of the trade receivables that are not considered to be impaired is as follows:

	Group	
	2008	2007
	HK$'000	HK$'000
Neither past due nor impaired	**275**	1,033
Less than one year past due	**427**	860
Due more than one year	**–**	260
	702	2,153

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

NOTES TO FINANCIAL STATEMENTS

31 March 2008

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group and Company	
	2008	2007
	HK$'000	HK$'000
Equity-linked deposits, at fair value	**9,507**	13,717

The above equity-linked deposits at 31 March 2008 were classified as held for trading.

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Prepayments	**433**	446	**2,169**	141
Deposits and other receivables	**10,885**	1,201	**7,319**	–
	11,318	1,647	**9,488**	141

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

20. 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 2008

21. CASH AND CASH EQUIVALENTS

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash and bank balances	**37,303**	5,733	**35,111**	1,001
Time deposits	**–**	228	**–**	228
	37,303	5,961	**35,111**	1,229

At the balance sheet date, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK$1,402,000 (2007: HK$958,000). 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 depending on the immediate cash requirements of the Group 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. The bank balances are deposited with creditworthy banks with no recent history of default.

22. TRADE PAYABLES

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

	Group			
	2008		2007	
	Balance		Balance	
	HK$'000	**Percentage**	HK$'000	Percentage
Current to 30 days	**–**	**–**	389	80
31 to 60 days	**–**	**–**	3	1
61 to 90 days	**–**	**–**	94	19
Over 90 days	**–**	**–**	1	–
	–	**–**	487	100

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

NOTES TO FINANCIAL STATEMENTS

31 March 2008

23. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Other payables	**1,502**	2,300	**–**	188
Accruals	**4,023**	2,278	**1,019**	515
	5,525	4,578	**1,019**	703

Other payables are non-interest-bearing and have an average term of three months.

24. DEFERRED TAX

The Group has tax losses arising in Hong Kong of HK$47,434,000 (2007: HK$42,947,000) 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.

25. SHARE CAPITAL

Shares	**2008**	2007
	HK$'000	HK$'000
Authorised:		
20,000,000,000 ordinary shares of HK$0.01 each	**200,000**	200,000
Issued and fully paid:		
1,180,349,000 (2007: 972,000,000) ordinary shares of HK$0.01 each	**11,803**	9,720

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

(a) Pursuant to a placing and subscription agreement dated 13 November 2007, 150,000,000 shares of HK$0.01 each were issued for cash at a subscription price of HK$0.285 per share for a total cash consideration, before expenses, of HK$42,750,000.

(b) The subscription rights attaching to 58,349,000 share options were exercised at the weighted average subscription price of HK$0.038 per share *(note 26)*, resulting in the issue of 58,349,000 shares of HK$0.01 each for a total cash consideration, before expenses, of HK$2,231,000.

NOTES TO FINANCIAL STATEMENTS

31 March 2008

25. SHARE CAPITAL *(CONTINUED)*

A summary of the 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 2006	421,000,000	4,210	17,125	21,335
Share subscription	550,000,000	5,500	16,500	22,000
Share options exercised	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 and 1 April 2007	972,000,000	9,720	32,634	42,354
Share subscription	150,000,000	1,500	41,250	42,750
Share options exercised	58,349,000	583	2,560	3,143
	208,349,000	2,083	43,810	45,893
Share issue expenses	–	–	(1,438)	(1,438)
At 31 March 2008	**1,180,349,000**	**11,803**	**75,006**	**86,809**

Share options

Details of the Company's share option scheme are included in note 26 to the financial statements.

NOTES TO FINANCIAL STATEMENTS

31 March 2008

26. SHARE OPTION SCHEME

The Company operates a share option scheme (the "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 (the "Board") may, at their discretion, offer options to any full-time or part-time employee or director of member of the Group, and any consultant of or adviser to any member of the Group (the "Participants") to subscribe for shares of the Company. The 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 approval of all independent non-executive directors ("INEDs") (excluding INED who is a grantee); where options are proposed to be granted to a connected person who is also a substantial shareholder or INED 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 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 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.

NOTES TO FINANCIAL STATEMENTS

31 March 2008

26. SHARE OPTION SCHEME *(CONTINUED)*

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 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.

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

On 27 July 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 and will 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:

	2008		2007	
	Weighted average exercise price HK$ per share	**Number of options '000**	Weighted average exercise price HK$ per share	Number of options '000
At beginning of year	**0.038**	**164,577**	0.038	48,227
Granted during the year	**–**	**–**	0.038	117,850
Forfeited during the year	**0.039**	**(1,328)**	0.043	(500)
Exercised during the year	**0.038**	**(58,349)**	0.037	(1,000)
At end of year	**0.038**	**104,900**	0.038	164,577

The weighted average share price at the date of exercise for share options exercised during the year was HK$0.18 (2007: HK$0.08).

NOTES TO FINANCIAL STATEMENTS

31 March 2008

26. SHARE OPTION SCHEME *(CONTINUED)*

The exercise prices and exercise periods of the share options outstanding as at that balance sheet date are as follows:

2008

Number of options '000	**Exercise price* HK$ per share**	**Exercise period**
84,900	**0.038**	**14 Aug 2006 to 13 Aug 2011**
20,000	**0.037**	**23 Jun 2003 to 22 Jun 2008**
104,900		

2007

Number of options '000	Exercise price* HK$ per share	Exercise period
31,000	0.037	23 Jun 2003 to 22 Jun 2008
4,000	0.030	4 Nov 2006 to 3 Nov 2009
6,100	0.043	26 Oct 2005 to 25 Oct 2010
3,646	0.043	18 Jan 2006 to 19 Feb 2012
117,850	0.038	14 Aug 2006 to 13 Aug 2011
1,981	0.043	18 Jan 2007 to 19 Feb 2012
164,577		

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

The fair value of the share options granted during the year ended 31 March 2007 was HK$2,280,000 of which the Group recognised a share option expense of HK$2,280,000 during that year.

NOTES TO FINANCIAL STATEMENTS

31 March 2008

26. SHARE OPTION SCHEME *(CONTINUED)*

The fair value of equity-settled share options granted during the prior 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:

	2007
Dividend yield (%)	–
Expected volatility (%)	113.15
Historical volatility (%)	113.15
Risk-free interest rate (%)	4.06
Expected life of options (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 58,349,000 share options exercised during the year resulted in the new issue of 58,349,000 ordinary shares in the Company and new share capital of approximately HK$583,000 and share premium of approximately HK$1,648,000 (before issue expenses), as further detailed in note 25 to the financial statements.

At the balance sheet date, the Company had 104,900,000 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 104,900,000 additional ordinary shares in the Company and additional share capital of HK$1,049,000 and share premium of approximately HK$2,917,000 (before the share issue expenses).

At the date of approval of these financial statements, 34,400,000 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 70,500,000 share options outstanding under the Share Option Scheme, which represented approximately 5.8% of the Company's shares in issue as at that date.

NOTES TO FINANCIAL STATEMENTS

31 March 2008

27. 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, over the nominal value of the Company's shares issued in exchange therefor.

(b) Company

	Share premium account HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2006	17,125	18,203	302	(33,392)	2,238
Issue of shares	16,527	–	–	–	16,527
Share issue expenses	(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 and 1 April 2007	32,634	18,203	2,582	(40,067)	13,352
Issue of new shares upon exercise of share options	2,560	–	(977)	–	1,583
Issue of new shares upon placing and top-up subscription	41,250	–	–	–	41,250
Share issue expenses	(1,438)	–	–	–	(1,438)
Loss for the year	–	–	–	(13,442)	(13,442)
At 31 March 2008	**75,006**	**18,203**	**1,605**	**(53,509)**	**41,305**

NOTES TO FINANCIAL STATEMENTS

31 March 2008

27. RESERVES *(CONTINUED)*

(b) Company *(Continued)*

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.

28. CONTINGENT LIABILITIES/ASSETS

(a) As at 31 March 2008, a 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 2008, the banking facilities guaranteed by the Company to the subsidiary remain unutilised.

(b) During the year, the Company and a subsidiary commenced a legal action against two former employees of the Group and a company for the alleged improper use of the Group's proprietary trade secrets and copyright materials. As at 31 March 2008, the Group successfully applied for an interlocutory injunction and property freezing injunction against the defendants, but it is still uncertain whether the Group would succeed the claim against the defendants. Accordingly, the Group has not recognised any contingent asset arising from the claims against the defendants as at 31 March 2008. The Group has recorded the estimated legal costs of HK$1,115,000 in connection with the aforesaid legal action incurred up to 31 March 2008 in these financial statements. Subsequent to the balance sheet date, the Group entered into a settlement with one of the defendants by way of a court order on 28 April 2008, and another settlement with the remaining two defendants also by way of a court order on 7 May 2008. Under the settlement arrangements, the defendants would pay the Group a total sum of HK$800,000 by installments. Up to the date of approval of these financial statements, the Group received a total of HK$150,000 from the defendants.

NOTES TO FINANCIAL STATEMENTS

31 March 2008

29. OPERATING LEASE ARRANGEMENTS

As lessee

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

At 31 March 2008, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2008	2007
	HK$'000	HK$'000
Within one year	**2,100**	2,215
In the second to fifth years, inclusive	**3,046**	2,011
	5,146	4,226

30. COMMITMENTS

In addition to operating lease commitments detailed in note 29 above, the Group had the following capital commitment at the balance sheet date:

	Group	
	2008	2007
	HK$'000	HK$'000
Contracted, but not provided for capital contributions payable to a subsidiary	**–**	374

NOTES TO FINANCIAL STATEMENTS

31 March 2008

31. 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	
	2008	2007
	HK$'000	HK$'000
Service charges paid to an associate	**1,454**	814

The service charges were determined at rates mutually agreed between the Group and the associate.

(b) Outstanding balances with related parties

Details of the Group's amount due to the associate and amount due from a related company as at the balance sheet date are included in notes 16 and 20 to the financial statements, respectively.

(c) Compensation of key management personnel of the Group

	2008	2007
	HK$'000	HK$'000
Short term employee benefits	**3,805**	3,936
Post-employment benefits	**58**	60
Share-based payments	**–**	2,048
Total compensation paid to key management personnel	**3,863**	6,044

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

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

NOTES TO FINANCIAL STATEMENTS

31 March 2008

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(CONTINUED)*

The main risk arising from the Group's financial instruments is foreign currency risk. The Board reviews and agrees policies for managing this risk and they are summarised below.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales, purchases or expenditure by operating units in currencies other than the units' functional currencies. The following table demonstrates the sensitivity at the balance sheet date to a reasonably possible change in the RMB exchange rate, with all other variables held constant, of the Group's loss before tax (due to changes in the fair value of monetary assets and liabilities).

	Increase/ (decrease) in RMB rate	**Increase/ (decrease) in loss before tax**
	%	HK$'000
2008		
If Hong Kong dollar weakens against RMB	**10**	**411**
If Hong Kong dollar strengthens against RMB	**(10)**	**(411)**
2007		
If Hong Kong dollar weakens against RMB	10	305
If Hong Kong dollar strengthens against RMB	(10)	(305)

Capital management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may issue new shares. The Group is not subject to any externally imposed capital requirements.

The Group monitors capital using a gearing ratio, which is total long term borrowing divided by total equity of the Group. As at 31 March 2007 and 2008, the gearing ratio was zero.

NOTES TO FINANCIAL STATEMENTS

31 March 2008

33. FINANCIAL INSTRUMENTS BY CATEGORY

Other than certain investments being classified as financial assets at fair value through profit or loss as disclosed in note 18 to the financial statements, all financial assets and liabilities of the Group and the Company as at 31 March 2007 and 2008, are loans and receivables, and financial liabilities stated at amortised cost, respectively.

34. COMPARATIVE AMOUNTS

As further explained in note 2.2 to the financial statements, due to the adoption of the new and revised HKFRSs during the current year, certain comparative amounts have been presented in respect of items disclosed for the first time in 2008.

35. POST BALANCE SHEET EVENTS

a) During the year, the Company and a subsidiary commenced a legal action against two former employees of the Group and a company for the alleged improper use of the Group's proprietary trade secrets and copyright materials. Subsequent to the balance sheet date, settlements were reached and details of this legal case are disclosed in note 28(b) to the financial statements.

b) In October 2007, the Company entered into an agreement (as amended subsequently in February and March 2008) with a third party for the acquisition of a forestry project in Indonesia (the "Forestry Project"). The Company further entered into a subscription agreement with Manistar, a wholly-owned subsidiary of CCT Telecom, pursuant to which Manistar agreed to subscribe for and the Company agreed to issue the convertible bonds in aggregate principal amount of approximately HK$139 million payable in cash. The total consideration for the Forestry Project amounts to approximately HK$916 million, comprising a consideration of HK$785 million for the acquisition of the Forestry Project to be satisfied by cash of HK$8 million and convertible bonds of HK$777 million, and additional cash injection of HK$131 million into the project company upon completion of the acquisition. The Forestry Project is principally involved in the business of harvesting and extraction of timber, land clearing, plantation of oil palm and production of palm oil, operation of sawn mills as well as production and export of sawn timber and other timber and wood products in the natural forest concessions of approximately 313,500 hectares in the Papua Province of Indonesia.

   Details of the acquisition of the Forestry Project were set out in the joint announcements of CCT Telecom and the Company dated 23 October 2007 and 28 March 2008, and the Company's circular to shareholders dated 30 May 2008. The acquisition of the Forestry Project has been approved by the Company's shareholders at the extraordinary general meeting of the Company held on 18 June 2008. Since certain conditions precedents have not been fulfilled or waived up to the date of approval of these financial statements, it is not practicable to disclose further financial information in relation to the acquisition.

36. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board on 20 June 2008.

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				
	2004	2005	2006	2007	**2008**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
REVENUE	31,862	39,476	39,595	46,099	**41,214**
PROFIT/(LOSS) BEFORE TAX	(21,944)	2,789	(1,554)	(10,326)	**(9,377)**
Tax	–	(32)	(149)	–	**–**
PROFIT/(LOSS) FOR THE YEAR	(21,944)	2,757	(1,703)	(10,326)	**(9,377)**
Attributable to:					
Equity holders of the parent	(21,944)	2,757	(1,703)	(10,222)	**(9,103)**
Minority interests	–	–	–	(104)	**(274)**
	(21,944)	2,757	(1,703)	(10,326)	**(9,377)**
Basic earnings/(loss) per share (HK cent)	(5.5)	0.7	(0.4)	(1.1)	**(0.9)**

FIVE YEAR FINANCIAL SUMMARY

ASSETS, LIABILITIES AND MINORITY INTERESTS

	As at 31 March				
	2004	2005	2006	2007	**2008**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
NON-CURRENT ASSETS	6,588	8,019	10,015	9,117	**8,706**
CURRENT ASSETS	10,764	11,546	8,470	23,503	**58,885**
	17,352	19,565	18,485	32,620	**67,591**
CURRENT LIABILITIES	(9,473)	(7,931)	(8,291)	(9,380)	**(9,752)**
NET ASSETS	7,879	11,634	10,194	23,240	**57,839**
EQUITY:					
Equity attributable to equity holders of the parent	7,879	11,634	10,194	23,291	**57,843**
Minority interests	–	–	–	(51)	**(4)**
	7,879	11,634	10,194	23,240	**57,839**

Glossary of Terms

GENERAL TERMS

AGM	Annual general meeting
ASP	Application Service Provider
Audit Committee	The audit committee of the Company
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 under 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 of HK$0.01 each in the share capital of the Company
Shareholder(s)	Holder(s) of the Share(s)
Share Option Scheme	A share option scheme adopted by the Company on 20 February 2002 and became effective on 7 March 2002
Stock Exchange	The Stock Exchange of Hong Kong Limited
US	The United States of America
US$	United States dollar(s), the lawful currency of of US
%	Per cent.

FINANCIAL TERMS

Gearing Ratio	Total borrowing divided by total equity
Earnings/(Loss) Per Share	Profit/(loss) attributable to the Shareholders divided by weighted average number of Shares in issued during the year
Current Ratio	Current assets divided by current liabilities