



Tradeeasy Holdings Limited
易買通集團有限公司



Annual Report

2004/2005

Characteristics of The Growth Enterprise Market (the “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 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.



Contents

2	<i>Corporate Information</i>
3	<i>Financial Highlights</i>
4	<i>Chairman's Statement</i>
5	<i>Management Discussion and Analysis</i>
9	<i>Profiles of Directors and Senior Management</i>
11	<i>Report of the Directors</i>
16	<i>Report of the Auditors</i>
17	<i>Consolidated Profit and Loss Account</i>
18	<i>Consolidated Balance Sheet</i>
19	<i>Consolidated Statement of Changes in Equity</i>
20	<i>Consolidated Cash Flow Statement</i>
22	<i>Balance Sheet</i>
23	<i>Notes to Financial Statements</i>
46	<i>Summary Financial Information</i>
48	<i>Notice of Annual General Meeting</i>



Corporate Information

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

COMPANY SECRETARY

Ms. Siu Chi Man

COMPLIANCE OFFICER

Mr. Yip Kwok Cheung

QUALIFIED ACCOUNTANT

Ms. Siu Chi Man

AUDIT COMMITTEE

Mr. Wu Yao Hua, Terence
Mr. Lau Chi Yiu
Mr. Lau Ho Man, Edward

AUTHORISED REPRESENTATIVES

Mr. Yu Lup Fat, Joseph
Mr. Yip Kwok Cheung

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tengis Limited
G/F, BEA Harbour View Centre
56 Gloucester Road
Wanchai
Hong Kong

AUDITORS

Ernst & Young
18/F., Two International Finance Centre
8 Finance Street
Central
Hong Kong

PRINCIPAL BANKER

Hang Seng Bank Limited
83 Des Voeux Road Central
Hong Kong

STOCK CODE

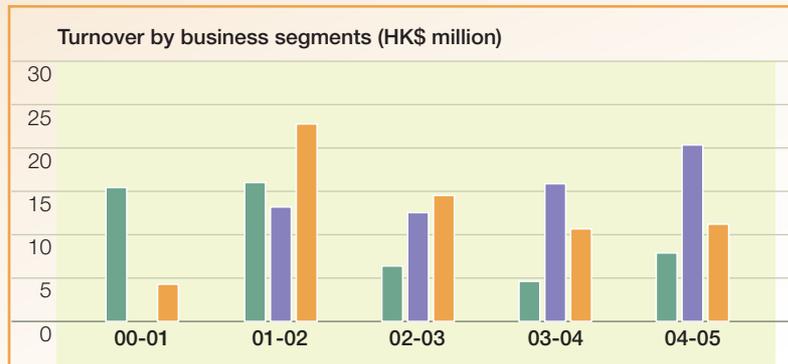
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WEBSITE

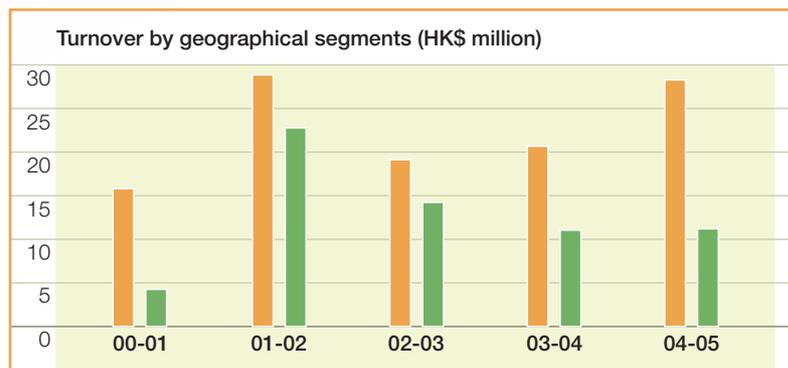
www.tradeeasy.com



Financial Highlights



- Integrated marketing solution services
- Application Service Provider ("ASP") services
- Technical consultancy services



- HK
- Mainland China

HK\$ million	2004-05	2003-04
Turnover	39.5	31.9
Net profit/(loss) from ordinary activities attributable to shareholders	2.8	(21.9)
Total assets	19.6	17.4
Total liabilities	7.9	9.5
Net assets	11.6	7.9
Basic earnings/(loss) per share (HK cents)	0.7	(5.5)



Chairman's Statement

The year 2004-2005 marked a banner year for Tradeeasy as we had strengthened our business model, implemented new high-growth, high-scalability additions to our business, formed valuable alliances and most important of all, returned to profitability.

On top of the aforesaid, we had also launched our Tradeeasy Buyer Member Directory, modified the existing ASP software, enhanced our hardware and infrastructure, strengthened our sales strategies, recruited more buyers and provided deeper services for them. Last but not least, we had also established a strong management team and an efficient operation model.

In 2004, Tradeeasy began to form alliances with global entities that provide products and services such as online procurement, eCRM (electronic customer relationship management), real-time pricing data, market intelligence, deep sourcing in Mainland China or other emerging markets, translation and localization services, overstock and excess inventory sales; and with other business synergistic to our core business of trade enabling for both the Mainland China and Hong Kong markets.

We continue to believe that the free flow of information will drive more SME buyers to source directly in Mainland China. As evidenced in the past year, the role of Mainland China as the world's factory will become more significant, and the demand for Tradeeasy as a trusted trade enabler will therefore continue to increase.

All in all, we will try our best to further strengthen our management team and improve staff performance. Tradeeasy will strive to provide the highest quality of service to our customers and partners and additional value to our shareholders.

Yu Lup Fat, Joseph

Chairman

1 June 2005



Management Discussion and Analysis

BUSINESS AND OPERATIONS REVIEW

Business review

The year 2004-2005 was a fruitful one for Tradeeasy. It marked a new era for the Group. In January 2005, the international trade regulations for China's accession to the World Trade Organization had been finalised. Meanwhile, export quota for garment industries to enter into North America and European countries had been lifted. As a result, international buyers started increasing their PRC purchases. Inquiries from overseas buyers to our sellers also increased, so as the demand for our B2B services. The Group had successfully established an efficient management team to capture the opportunities in these favourable market conditions.

Our 2004-2005 financial results had demonstrated our momentum, as evidenced by:

- Recorded revenue of HK\$39.5 millions, represented a 23.8% increase from HK\$31.9 millions of the last financial year.
- Gross profit ratio increased to 48% from 32% of the last financial year.
- Recorded net profit of HK\$2.8 millions as compared to the net loss of HK\$21.9 millions of the last financial year.

Revenue growth is significant and we were particularly pleased in this aspect. We had been devoting a lot of efforts over the past few years to improve the profitability of the Group by streamlining our operation processes, reviewing our workflow and document flow, not to mention developing new internal automation and reporting systems.

As far as the Group's segment performance is concerned, the turnover for integrated marketing solution services has increased by 61% to HK\$7.9 millions (2004: HK\$4.9 millions). The turnover of Application Service Provider ("ASP") services has increased by 28% to HK\$20.4 millions (2004: HK\$15.9 millions). The turnover for technical consultancy services has also increased by 1% to HK\$11.2 millions (2004: HK\$11.1 millions).

Operation review

The first stage of the Chinese version of the portal www.tradeeasy.com had commenced during the year under review. This is to facilitate Chinese sellers to understand the operation of the Group better and at the same time to conduct domestic B2B trade within Mainland China. Daily traffic into the portal had an expected growth rate of more than 60%. Even more encouraging, inquiries in the form of General Inquiries, Offer to Buy, Urgent Offers and Ask For Quotation increased by double. As the number of subscribed sellers increased, number of products showcased in the portal had an expected increase to over 250,000.

The Group's ASP services and integrated marketing solution services, had been modified with advanced database management, templates generation and users account management functions. As the demand for the services increased, the Group would keep modifying the existing system to cope with a wider range of requirements and increasing user friendliness. The servers' farm was re-constructed with hardware and latest technology to deal with the increasing amount of data transactions.



Management Discussion and Analysis

Operation review *(continued)*

Many international buyers, especially those with their own private labels, set stringent criteria in choosing their sellers. Detailed information on the sellers, including their research and development abilities, factory audit status, quality control mechanism, infrastructure and experiences, are particularly required by those buyers. The Group's directory namely: Buyer Member Directory together with CD-ROMs had been issued and served as members' newsletter with main focus on interviews with both buyers and suppliers, which could provide additional details on sellers and to complement sellers information on tradeeasy.com. The first issue was published in April 2004. Sufficient copies were widely distributed in overseas trade shows and well received by the market with positive comments.

The Group had always been focusing on recruiting quality buyers as Buyer Members. More resources were deployed in marketing the Group's services overseas, developing alliances, analyzing buyers' needs, matching their requirements and providing more in-depth services. Number of registered Buyer Members had increased to over 250,000 with an increase of 20% as compared that of year ended 2004. More than 500 buyers had participated in our Procurement Meetings and successfully met up with more than 2,000 Tradeeasy Seller Members face to face.

Liquidity and financial resources

The Group is principally financed by cash flows generated internally. As at 31 March 2005, the Group's cash and bank balance amounted to HK\$6.4 millions, of which 47% was denominated in Hong Kong dollars.

As at 31 March 2005, the net assets value of the Group amounted to HK\$11.6 millions, representing approximately HK2.8 cents per share. During the financial year under review and at the year end date, the Group had no other borrowings, banking facilities or assets pledged. The gearing ratio (ie. total long-term external borrowings/total equity) of the Group as at 31 March 2005 was nil (2004: nil). As at 31 March 2005, the Group had total current assets of HK\$11.5 millions and total current liabilities of HK\$7.9 millions. The current ratio of the Group has increased to this year's 1.5 from 1.1 in the prior financial year.

There has been no change in the capital structure of the Group during the year ended 31 March 2005.

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 exchange rate fluctuation between Hong Kong dollars and Renminbi is minimal, the Board considers that the Group is not exposed to any significant exchange risk and accordingly, no hedging transaction was made during the year.

Charges on group assets

As at 31 March 2005, the Group did not have any charges on group assets.



Management Discussion and Analysis

Contingent liability

The Group had a contingent liability in respect of possible future long service payments to employees under the Hong Kong Employment Ordinance, with a maximum possible amount of HK\$805,000 (2004: HK\$659,000) as at 31 March 2005. The contingent liability has arisen because, at the balance sheet date, a number of current employees have achieved the required number of years of service to the Group in order to be eligible for long service payments under the Employment Ordinance if their employment is terminated under certain circumstances. A provision has not been recognised in respect of such possible payments, as it is not considered probable that the situation will result in a material future outflow of resources from the Group.

Future plans for investment or capital assets

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

Acquisition and disposal of subsidiaries and affiliated companies

During the two financial years ended 31 March 2004 and 2005, the Group had no material acquisition and disposal of subsidiaries and affiliated companies.

Significant investments

During the two financial years ended 31 March 2004 and 2005, the Group did not hold any significant investments.

Segment information

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

Sales from rendering the integrated marketing solution services increased by approximately 61% to HK\$7.9 millions and that from provision of ASP services increased by approximately 28% to HK\$20.4 millions. The sales from provision of technical consultancy services increased by approximately 1% to HK\$11.2 millions.

As to the geographical segments, sales to Hong Kong market increased by approximately 36% to HK\$28.3 millions and that to Mainland China market increased by approximately 1% to HK\$11.2 millions.

An analysis of the Group's turnover and contribution to results by principal activity and geographic area of operations for the two years ended 31 March 2004 and 2005 is set out in note 4 to the financial statements.



Management Discussion and Analysis

EMPLOYEES

As at 31 March 2005, the Group employed 83 staff in Hong Kong (2004: 75) and 122 staff in Mainland China (2004: 136). Total staff costs (including directors' remuneration) of the Group were approximately HK\$18.0 millions (2004: HK\$16.3 millions). Due to the growth in turnover, the commission paid and payable to employees increased accordingly during the year ended 31 March 2005. Staff are remunerated according to their performance and working experience. In addition to the basic salaries and participation in the mandatory provident fund scheme, staff benefits include share options scheme.

BUSINESS OUTLOOK

The Group will continue to undertake numerous initiatives and important strategies to strengthen its business. Garment industry has always been the major industry of our Group and we will continue to focus on that. We are developing a new IT team in Mainland China, so as to keep pace with the demand of modifying our existing products, upgrading our IT infrastructure and to provide more streamlining automation program to strike for better operation efficiency. We are also extending our buyer recruitment program to cover Middle-East, northern European and eastern European countries, where we regard as high-growth markets. At the same time, we are co-operating with different alliances to put together the Supply Chain Management Automation Program in ASP model which then will be offered to our existing customers. We are currently working on the B2B transaction model.

The management believes that the favourable market conditions for the year ended 2005 will continue to exist and will be even better in the coming year. Accordingly, our established efficient management team will be cautiously expanding further and take the good opportunities in the market. We also have a strong position in the B2B market and we have a set of products that can differentiate ourselves well from our competitors. The Group is confident to further enhance its brand name in the PRC and assume the role of an international trade enabler. We undertake to our shareholders that we will be positioning well to sustain the good results of last year and will further improve our performance as a whole.



Profiles of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Yu Lup Fat, Joseph, aged 57, is the chairman of Tradeeasy. Mr. Yu is responsible for the Group's corporate financial development and strategic business planning. Mr. Yu has over 30 years of experience in the financial industry, holding key positions in various financial institutions and associations. He holds a Master's Degree in Applied Finance from Macquarie University in Australia and a Diploma of Management Studies from the University of Hong Kong. Mr. Yu joined Tradeeasy in April 2000.

Mr. Yip Kwok Cheung, aged 41, is the chief executive officer of Tradeeasy. 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 42, is an executive director and one of the founders of Tradeeasy. Mr. Wong is responsible for the Group's sales and marketing in Hong Kong and Mainland China. He graduated from the University of Hong Kong and majored in Psychology and Philosophy. He worked for an international advertising agency and has completed an advanced advertising course organised by the Accredited Association of Advertising Agencies.

Mr. To Man Yau, Alex, aged 42, is an executive director and one of the founders of Tradeeasy. Mr. To is responsible for the Group's business development in Mainland China. He worked in an international advertising agency as an Account Manager for over 5 years.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wu Yao Hua, Terence, aged 53, has extensive experience in the industry of life insurance for almost 30 years. Mr. Wu is a graduate of the General Managers Program of the Harvard Business School, a Certified Financial Planner CM, a member of the Chartered Institute of Marketing and a fellow of the Life Management Institute of the USA. He joined Tradeeasy in September 2002.

Mr. Lau Chi Yiu, aged 40, has been an independent non-executive director since April 2003. He has extensive experience in the areas of investment management, consulting and finance. Mr. Lau has a Master Degree in Business Administration awarded by the Chinese University of Hong Kong, a M.S. in Electrical Engineering from the National Technological University of Colorado, and a B.S. Degree in Electrical and Computer Engineering from the State University of New York at Buffalo. He is a member of the Society of Registered Financial Planners in Hong Kong and an associate member of Institute of Financial Accountants, United Kingdom.



Profiles of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS *(continued)*

Mr. Lau Ho Man, Edward, aged 50, has served as a non-executive director since December 2003 and was re-designated as an independent non-executive director since 24 September 2004. Mr. Lau has more than 28 years of experience in finance, accounting management and administration, and also has extensive experience in taxation and corporate finance matters. He is a Certified Public Accountant (Practising), a fellow of the Hong Kong Institute of Certified Public Accountants and an associate of the Institute of Chartered Accountants in England and Wales and the American Institute of Certified Public Accountants.

Each of the independent non-executive directors has confirmed his independence to the Company pursuant to Rule 5.09 of the Rules Governing the Listing of Securities on the Growth Enterprise Market (the "GEM Listing Rules") of the Stock Exchange and the Company considers the independent non-executive directors to be independent.

SENIOR MANAGEMENT

Ms. Siu Chi Man, aged 36, is the Chief Financial Officer, the Qualified Accountant and the Company Secretary of the Group. She has over 11 years of experience in finance, accounting and auditing. Ms. Siu holds a Bachelor's Degree of Arts in Accountancy from the City University of Hong Kong. She is a member of the Association of Chartered Certified Accountants. Ms. Siu joined Tradeeasy in March 2004.

Mr. Chan Ka Fai, aged 42, 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 Tradeeasy, Mr. Chan worked for a telecom company for 12 years. Mr. Chan joined Tradeeasy in February 2000.

Mr. Lee Wing Kwong, aged 37, is a technical officer and one of the founders of Tradeeasy. Mr. Lee is responsible for the implementation of the Group's internal IT system as well as project management. Prior to joining the Group, Mr. Lee worked for a telecommunication group for over 8 years.

Mr. Lam Kuen Sing, aged 51, is a technical officer and one of the founders of Tradeeasy. Mr. Lam works with Mr. Lee Wing Kwong on the implementation of the Group's internal IT system as well as project management. Prior to joining the Group, Mr. Lam worked in a bank for over 16 years.

Mr. Chou Hing Yan, Stephen, aged 42, is the business and product development manager of the Group. He has over 12 years of experience in advertising, marketing, business and product development. Mr. Chou holds a Bachelor's Degree of Commerce in Marketing from the McMaster University in Canada. He joined the Group in February 2000.



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 2005.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

Details of the principal activities of the 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 profit for the year ended 31 March 2005 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 17 to 45.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements and reclassified as appropriate, is set out on pages 46 and 47. This summary does not form part of the audited financial statements.

FIXED ASSETS

Details of movements in the fixed assets 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 20 and 21 to the financial statements.

PRE-EMPTIVE RIGHTS

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 22(b) to the financial statements and in the consolidated statement of changes in equity, respectively.



Report of the Directors

DISTRIBUTABLE RESERVES

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

MAJOR CUSTOMERS AND SUPPLIERS

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

DIRECTORS

The directors of the Company during the year were:

Executive directors:

Yu Lup Fat, Joseph
Yip Kwok Cheung
Wong Kai Yin, Paul
To Man Yau, Alex

Independent non-executive directors:

Wu Yao Hua, Terence
Lau Chi Yiu
Lau Ho Man, Edward (re-designated from a non-executive director on 24 September 2004)

In accordance with article 87 of the Company's articles of association, Mr. Wu Yao Hua, Terence and Mr. Lau Chi Yiu will retire and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 9 to 10 of the annual report.



Report of the Directors

DIRECTORS' SERVICE CONTRACTS

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

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

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

DIRECTORS' INTERESTS IN CONTRACTS

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

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 31 March 2005, the interests of the directors in the share capital and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules"), were as follows:

Long positions in ordinary shares of the Company:

Name of director	Number of shares directly beneficially held	Percentage of the Company's issued share capital
Yu Lup Fat, Joseph	5,301,927	1.26
Yip Kwok Cheung	23,610,662	5.61
Wong Kai Yin, Paul	22,284,415	5.29
To Man Yau, Alex	10,994,162	2.61
	62,191,166	14.77

At 31 March 2005, none of the directors had any interests in the share options of the Company.



Report of the Directors

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

In addition to the above, as at 31 March 2005, certain directors have non-beneficial personal equity interests in certain subsidiaries held for the benefit of the Company solely for the purpose of complying with the minimum company membership requirements.

Save as disclosed above, as at 31 March 2005, none of the directors had registered an interest in the shares of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

At 31 March 2005, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions:

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

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

Save as disclosed above, as at 31 March 2005, no person, other than the directors of the Company, whose interests are set out in the section headed "Directors' interests in shares and underlying shares" above, had registered an interest in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.



Report of the Directors

COMPLIANCE WITH RULES 5.34 TO 5.45 OF THE GEM LISTING RULES

In the opinion of the directors, the Company has complied with the board practices and procedures as set out in Rules 5.34 to 5.45 of the GEM Listing Rules throughout the year ended 31 March 2005.

AUDIT COMMITTEE

The Company established an audit committee on 26 September 2001 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the audit committee are, among other matters, (i) to review the Company's annual reports and accounts, half-yearly reports and quarterly reports and provide advice and comments thereon to the board of directors; and (ii) to review and supervise the financial reporting process and internal control procedures of the Group. The audit committee has three members comprising all the three independent non-executive directors, Mr. Wu Yao Hua, Terence, Mr. Lau Chi Yiu and Mr. Lau Ho Man, Edward who at the beginning of the year was the Company's non-executive director. Mr. Lau Ho Man, Edward was re-designated on 24 September 2004. The audit committee has held four meetings during the year ended 31 March 2005. The audit committee has reviewed the Group's consolidated financial statements for the year ended 31 March 2005, and confirmed that the preparation of such complied with applicable accounting standards, the requirements of the Stock Exchange and legal requirements and that adequate disclosures had been made.

AUDITORS

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Yip Kwok Cheung

Director

Hong Kong

1 June 2005



Report of the Auditors



To the members

Tradeeasy Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

We have audited the financial statements on pages 17 to 45 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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

BASIS OF OPINION

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

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

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2005 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young

Hong Kong

1 June 2005



Consolidated Profit and Loss Account

Year ended 31 March 2005

	<i>Notes</i>	2005 HK\$'000	2004 HK\$'000
TURNOVER	5	39,476	31,862
Cost of sales		(20,654)	(21,534)
Gross profit		18,822	10,328
Other revenue		18	34
Selling and distribution costs		(1,996)	(1,745)
General and administrative expenses		(9,996)	(13,433)
Advertising and promotion expenses		(3,232)	(2,882)
Write-off of deferred development expenditure		–	(13,657)
Other operating expenses		(827)	(589)
PROFIT/(LOSS) FROM OPERATING ACTIVITIES	6	2,789	(21,944)
Finance costs		–	–
PROFIT/(LOSS) BEFORE TAX		2,789	(21,944)
Tax	9	(32)	–
NET PROFIT/(LOSS) FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	10	2,757	(21,944)
DIVIDEND	11	–	–
EARNINGS/(LOSS) PER SHARE (HK cents)	12		
Basic		0.7	(5.5)
Diluted		0.7	N/A



Consolidated Balance Sheet

31 March 2005

	Notes	2005 HK\$'000	2004 HK\$'000
NON-CURRENT ASSETS			
Fixed assets	13	2,756	3,039
Deferred development expenditure	14	5,263	3,549
		8,019	6,588
CURRENT ASSETS			
Trade receivables	16	3,218	1,209
Prepayments, deposits and other receivables		1,880	1,125
Cash and cash equivalents	17	6,448	8,430
		11,546	10,764
CURRENT LIABILITIES			
Trade payables	18	203	147
Tax payable		32	–
Deferred service fees received in advance		3,611	4,001
Accruals and other payables		4,085	5,325
		7,931	9,473
NET CURRENT ASSETS			
		3,615	1,291
		11,634	7,879
CAPITAL AND RESERVES			
Issued capital	20	4,210	4,000
Reserves	22(a)	7,424	3,879
		11,634	7,879

Yip Kwok Cheung

Director

Wong Kai Yin, Paul

Director



Consolidated Statement of Changes in Equity

Year ended 31 March 2005

	Note	Issued share capital HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Exchange fluctuation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2003		4,000	16,337	66,710	11	(57,235)	29,823
Net loss for the year		-	-	-	-	(21,944)	(21,944)
At 31 March 2004 and 1 April 2004		4,000	16,337*	66,710*	11*	(79,179)*	7,879
Issue of shares, net of share issue expenses	20	210	788	-	-	-	998
Net profit for the year		-	-	-	-	2,757	2,757
At 31 March 2005		4,210	17,125*	66,710*	11*	(76,422)*	11,634

* These reserve accounts comprise the consolidated reserves of HK\$7,424,000 (2004: HK\$3,879,000) in the consolidated balance sheet.



Consolidated Cash Flow Statement

Year ended 31 March 2005

	<i>Notes</i>	2005 HK\$'000	2004 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		2,789	(21,944)
Adjustments for:			
Interest income	6	(18)	(26)
Depreciation	6	1,538	2,438
Amortisation of deferred development expenditure	6	887	3,478
Write-off of deferred development expenditure		–	13,657
Loss on disposal and write-off of fixed assets	6	369	19
Provisions for bad and doubtful debts on trade receivables	6	458	453
Operating profit/(loss) before working capital changes		6,023	(1,925)
Increase in trade receivables		(2,467)	(63)
Decrease/(increase) in prepayments, deposits and other receivables		(755)	624
Increase in trade payables		56	96
Increase/(decrease) in deferred service fees received in advance		(390)	73
Increase/(decrease) in accruals and other payables		(1,240)	2,996
Net cash inflow from operating activities		1,227	1,801
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		18	26
Purchases of fixed assets	13	(1,625)	(994)
Proceeds from disposal of fixed assets		1	7
Additions to deferred development expenditure	14	(2,601)	–
Net cash outflow from investing activities		(4,207)	(961)



Consolidated Cash Flow Statement

Year ended 31 March 2005

	<i>Notes</i>	2005 HK\$'000	2004 HK\$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares, net of share issue expenses		998	–
Net cash inflow from financing activities		998	–
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
CASH EQUIVALENTS		(1,982)	840
Cash and cash equivalents at beginning of year		8,430	7,590
CASH AND CASH EQUIVALENTS AT END OF YEAR		6,448	8,430
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	<i>17</i>	6,448	8,430



Balance Sheet

31 March 2005

	Notes	2005 HK\$'000	2004 HK\$'000
NON-CURRENT ASSETS			
Interests in subsidiaries	15	8,364	4,508
CURRENT ASSETS			
Prepayments, deposits and other receivables		140	–
Cash and cash equivalents	17	156	638
		296	638
CURRENT LIABILITIES			
Accruals and other payables		585	1,141
NET CURRENT LIABILITIES			
		(289)	(503)
		8,075	4,005
CAPITAL AND RESERVES			
Issued capital	20	4,210	4,000
Reserves	22(b)	3,865	5
		8,075	4,005

Yip Kwok Cheung
Director

Wong Kai Yin, Paul
Director



Notes to Financial Statements

31 March 2005

1. CORPORATE INFORMATION

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

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

2. IMPACT OF RECENTLY ISSUED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

The Hong Kong Institute of Certified Public Accountants has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards, herein collectively referred to as the new HKFRSs, which are generally effective for accounting periods beginning on or after 1 January 2005. The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31 March 2005. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these HKFRSs would have a significant impact on its results of operations and financial position.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (which also include Statements of Standard Accounting Practice 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.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2005. The results of subsidiaries acquired or disposed of during the year are consolidated from or to their effective dates of acquisition or disposal, respectively. All significant intercompany transactions and balances within the Group are eliminated on consolidation.



Notes to Financial Statements

31 March 2005

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Subsidiaries

A subsidiary is a company 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 profit and loss account to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Impairment of assets

An assessment is made at each balance sheet date of whether there is any indication of impairment of any asset, or whether there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's value in use and its net selling price.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the profit and loss account in the period in which it arises.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is credited to the profit and loss account in the period in which it arises.



Notes to Financial Statements

31 March 2005

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation and any impairment losses. The cost of an asset 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 fixed assets have been put into operation, such as repairs and maintenance, is normally charged to the profit and loss account 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 the fixed asset, the expenditure is capitalised as an additional cost of that asset.

Depreciation is calculated on the straight-line basis to write-off the cost of each asset 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%

The gain or loss on disposal or retirement of a fixed asset recognised in the profit and loss account is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Research and development expenditure

All research expenditure is charged to the profit and loss account as incurred.

Development expenditure incurred on the development of software products is capitalised and deferred only when the products are clearly defined, the expenditure is separately identifiable and can be measured reliably, and there is reasonable certainty that the products are technically feasible and have commercial value. Development expenditure which does not meet these criteria is expensed when incurred.

Deferred development expenditure is stated at cost less accumulated amortisation and any impairment losses. Amortisation is calculated on the straight-line basis over a period of five years, which represents the expected economic useful lives of the products, commencing from the date of sale.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rentals payable under operating leases are charged to the profit and loss account on the straight-line basis over the lease terms.



Notes to Financial Statements

31 March 2005

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Cash and cash equivalents

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

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

Income tax

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

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

Deferred tax liabilities are recognised for all taxable temporary differences:

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

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax assets 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 assets and unused tax losses can be utilised:

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



Notes to Financial Statements

31 March 2005

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income tax *(continued)*

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

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

Revenue recognition

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

- (i) integrated marketing solution service income, including the development and hosting of web sites, is recognised evenly over the terms of contracts;
- (ii) ASP service income, is recognised based on the percentage of completion of the services rendered;
- (iii) technical consultancy service income, when the services are rendered; and
- (iv) interest income, on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable.

Deferred service fees

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

Advertising and promotion expenses

Advertising and promotion expenses are expensed as incurred.



Notes to Financial Statements

31 March 2005

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Employee benefits

Employment Ordinance long service payments

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

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

Pension scheme

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 profit and loss account 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 profit and loss account as they become payable in accordance with the rules of the central pension scheme.

Share option scheme

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants for their contribution to the Group. The financial impact of share options granted under the share option scheme is not recorded in the Company's or the Group's balance sheet until such time as the options are exercised, and no charge is recorded in the profit and loss account or balance sheet for their cost. Upon the exercise of share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which are cancelled prior to their exercise date, or which lapse, are deleted from the register of outstanding options.



Notes to Financial Statements

31 March 2005

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies

Foreign currency transactions are recorded at the applicable exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the applicable exchange rates ruling at that date. Exchange differences are dealt with in the profit and loss account.

On consolidation, the financial statements of overseas subsidiaries are translated into Hong Kong dollars using the net investment method. The profit and loss accounts of overseas subsidiaries are translated into Hong Kong dollars at the weighted average exchange rates for the year, and their balance sheets are translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date. The resulting translation differences are included in the exchange fluctuation reserve.

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

4. SEGMENT INFORMATION

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

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

- (a) the integrated marketing solution services segment provides an internet platform to allow international buyers to identify suppliers and products and to enable suppliers to market their products to buyers;
- (b) the ASP services segment provides international traders with an integrated management automation system for carrying out the maintenance of their existing customer base, the management of customer relationships, order processing and the enhancement of potential trade enquiries; and
- (c) the technical consultancy services segment provides the development and production of electronic versions of marketing materials and product descriptions, and the provision of related technology services.

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



Notes to Financial Statements

31 March 2005

4. SEGMENT INFORMATION (continued)

(a) Business segments

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

Group	Integrated marketing solution services		ASP services		Technical consultancy services		Consolidated	
	2005	2004	2005	2004	2005	2004	2005	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:								
Sales to external customers	7,913	4,837	20,345	15,939	11,218	11,086	39,476	31,862
Segment results	920	(4,892)	2,367	(15,654)	638	192	3,925	(20,354)
Interest income							18	26
Unallocated revenue							-	8
Unallocated expenses							(1,154)	(1,624)
Profit/(loss) from operating activities							2,789	(21,944)
Finance costs							-	-
Profit/(loss) before tax							2,789	(21,944)
Tax							(32)	-
Net profit/(loss) from ordinary activities attributable to shareholders							2,757	(21,944)
Segment assets	2,230	1,011	5,733	2,392	3,274	4,394	11,237	7,797
Unallocated assets							8,328	9,555
Total assets							19,565	17,352
Segment liabilities	1,509	1,561	1,166	777	936	1,663	3,611	4,001
Unallocated liabilities							4,320	5,472
Total liabilities							7,931	9,473
Other segment information:								
Capital expenditure	2,932	57	850	189	444	748	4,226	994
Depreciation	115	322	296	1,059	1,127	1,057	1,538	2,438
Amortisation of deferred development expenditure	171	789	328	2,135	388	554	887	3,478
Write-off of deferred development expenditure	-	3,450	-	9,543	-	664	-	13,657
Other non-cash expenses:								
- segment	218	105	561	348	48	19	827	472
- unallocated							-	117
							827	589



Notes to Financial Statements

31 March 2005

4. SEGMENT INFORMATION *(continued)*

(b) Geographical segments

The following table presents revenue and certain asset and expenditure information for the Group's geographical segments.

Group	Hong Kong		Mainland China		Consolidated	
	2005	2004	2005	2004	2005	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:						
Sales to external customers	28,258	20,776	11,218	11,086	39,476	31,862
Other segment information:						
Segment assets	12,066	9,005	7,499	8,347	19,565	17,352
Capital expenditure	3,782	246	444	748	4,226	994

5. TURNOVER

Turnover represents the value of services rendered during the year.

Revenue from the following activities has been included in turnover:

	Group	
	2005	2004
	HK\$'000	HK\$'000
Integrated marketing solution services	7,913	4,837
ASP services	20,345	15,939
Technical consultancy services	11,218	11,086
	39,476	31,862

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



Notes to Financial Statements

31 March 2005

6. PROFIT/(LOSS) FROM OPERATING ACTIVITIES

The Group's profit/(loss) from operating activities is arrived at after charging/(crediting):

	<i>Notes</i>	2005 HK\$'000	2004 HK\$'000
Staff costs (including directors' remuneration – note 7):			
Salaries and related staff costs		17,101	15,582
Pension scheme contributions		900	758
		18,001	16,340
Less: Amounts capitalised in deferred development expenditure		(2,225)	–
		15,776	16,340
Auditors' remuneration		617	558
Depreciation	13	1,538	2,438
Amortisation of deferred development expenditure*	14	887	3,478
Minimum lease payments under operating leases:			
Land and buildings		1,726	1,560
Office equipment		69	69
		1,795	1,629
Loss on disposal and write-off of fixed assets		369	19
Provisions for bad and doubtful debts on trade receivables		458	453
Exchange losses/(gains), net		4	(1)
Interest income		(18)	(26)

* This item is included in "Cost of sales" on the face of the consolidated profit and loss account.



Notes to Financial Statements

31 March 2005

7. DIRECTORS' REMUNERATION

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

	2005	Group
	HK\$'000	2004
		HK\$'000
Executive directors:		
Fees	-	-
Other emoluments:		
Salaries, housing allowances, other allowances and benefits in kind	1,975	2,386
Pension scheme contributions	42	42
	2,017	2,428
Non-executive directors:		
Fees	44	103
Independent non-executive directors:		
Fees	136	96

Each of the four (2004: four) executive directors of the Company received emoluments of HK\$126,000 (2004: HK\$126,000), HK\$648,000 (2004: HK\$769,000), HK\$646,000 (2004: HK\$769,000) and HK\$597,000 (2004: HK\$764,000) for the year ended 31 March 2005.

Each of the three (2004: three) independent non-executive directors and one (2004: one) non-executive director of the Company received emoluments of HK\$16,000 (2004: Nil), HK\$60,000 (2004: HK\$60,000), HK\$60,000 (2004: HK\$36,000), and HK\$44,000 (2004: HK\$17,000) for the year ended 31 March 2005.

One of the non-executive directors agreed to waive the director's fees totalling HK\$86,000 for the year ended 31 March 2004.

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



Notes to Financial Statements

31 March 2005

8. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three (2004: three) directors, details of whose remuneration are set out in note 7 above. Details of the remuneration of the remaining two (2004: two) non-director, highest paid employees for the year are as follows:

	2005	Group
	HK\$'000	2004
		HK\$'000
Salaries, housing allowances, other allowances and benefits in kind	1,468	1,255
Pension scheme contributions	24	23
	1,492	1,278

The remuneration of each of the two (2004: two) non-director, highest paid employees for the two years ended 31 March 2005 and 2004 fell within the range from nil to HK\$1,000,000.

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

9. TAX

No provision for Hong Kong profits tax has been made as the Group either did not generate any assessable profits arising in Hong Kong during the year (2004: Nil) or had available tax losses brought forward from prior years to offset the assessable profits generated during the year (2004: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2005	2004
	HK\$'000	HK\$'000
Group:		
Current – Hong Kong	–	–
Current – Elsewhere	32	–
Tax charge for the year	32	–



Notes to Financial Statements

31 March 2005

9. TAX (continued)

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



Notes to Financial Statements

31 March 2005

9. TAX (continued)

Group – 2004	Hong Kong		Mainland China		Consolidated	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Profit/(loss) before tax	(23,536)		1,592		(21,944)	
Tax at the applicable tax rate	(4,119)	17.5	525	33.0	(3,594)	16.4
Lower tax rate for specific provinces or local authority	–	–	(430)	(27.0)	(430)	1.9
Income not subject to tax	(4)	–	–	–	(4)	–
Expenses not deductible for tax	161	(0.7)	–	–	161	(0.7)
Temporary differences not recognised	2,550	(10.8)	–	–	2,550	(11.6)
Tax losses utilised from previous periods	–	–	(127)	(8.0)	(127)	0.6
Tax losses not recognised	1,412	(6.0)	32	2.0	1,444	(6.6)
Tax charge at the Group's effective rate	–	–	–	–	–	–

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

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

10. NET PROFIT/(LOSS) FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS

The net profit from ordinary activities attributable to shareholders for the year ended 31 March 2005 dealt with in the financial statements of the Company was HK\$3,072,000 (2004: net loss of HK\$24,221,000) (note 22(b)).



Notes to Financial Statements

31 March 2005

11. DIVIDEND

No dividend has been paid or declared by the Company or any of its subsidiaries during the year (2004: Nil).

12. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the net profit from ordinary activities attributable to shareholders for the year of HK\$2,757,000 (2004: net loss of HK\$21,944,000) and the weighted average of 419,964,384 ordinary shares in issue (2004: 400,000,000) during the year.

The calculation of diluted earnings per share for the year ended 31 March 2005 is based on the net profit from ordinary activities attributable to shareholders for the year of HK\$2,757,000. The weighted average number of ordinary shares used in the calculation is the 419,964,384 ordinary shares in issue during the year, as used in the basic earnings per share calculation; and the weighted average of 1,158,198 ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options outstanding during the year.

A diluted loss per share amount for the year ended 31 March 2004 has not been disclosed as the share options outstanding during that year had an anti-dilutive effect on the basic loss per share for that year.



Notes to Financial Statements

31 March 2005

13. FIXED ASSETS

Group

	Leasehold improvements HK\$'000	Furniture and fixtures HK\$'000	Computer and office equipment HK\$'000	Total HK\$'000
Cost:				
At beginning of year	1,532	1,017	15,424	17,973
Additions	1,000	113	512	1,625
Disposals and write-off	(572)	(6)	–	(578)
At 31 March 2005	1,960	1,124	15,936	19,020
Accumulated depreciation:				
At beginning of year	467	742	13,725	14,934
Provided during the year	326	161	1,051	1,538
Disposals and write-off	(206)	(2)	–	(208)
At 31 March 2005	587	901	14,776	16,264
Net book value:				
At 31 March 2005	1,373	223	1,160	2,756
At 31 March 2004	1,065	275	1,699	3,039



Notes to Financial Statements

31 March 2005

14. DEFERRED DEVELOPMENT EXPENDITURE

	Group
	HK\$'000
Cost:	
At beginning of year	4,574
Additions	2,601
At 31 March 2005	7,175
Accumulated amortisation and impairment:	
At beginning of year	1,025
Provided during the year	887
At 31 March 2005	1,912
Net book value:	
At 31 March 2005	5,263
At 31 March 2004	3,549

15. INTERESTS IN SUBSIDIARIES

	Company	
	2005	2004
	HK\$'000	HK\$'000
Unlisted shares, at cost	18,500	18,500
Due from subsidiaries	17,022	17,296
	35,522	35,796
Provision for impairment	(27,158)	(31,288)
	8,364	4,508

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



Notes to Financial Statements

31 March 2005

15. INTERESTS IN SUBSIDIARIES (continued)

Particulars of the subsidiaries are as follows:

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Tradeeasy Investments Limited	British Virgin Islands/Hong Kong	HK\$2,970,618 Ordinary	100	–	Investment holding
Datawin Limited	Hong Kong	HK\$100,000 Ordinary	–	100	Provision of integrated marketing solution and ASP services
Mega Wealth Investments Limited	Hong Kong	HK\$100 Ordinary	–	100	Investment holding
Wonderful Goal Investments Limited	Hong Kong	HK\$100 Ordinary	–	100	Investment holding
Tradeeasy Information Technology (Guangzhou) Limited ("Tradeeasy Guangzhou") (Note 1)	Mainland China	US\$300,000	–	100	Provision of technical consultancy services
Tradeeasy Information Technology (Beijing) Limited ("Tradeeasy Beijing") (Note 2)	Mainland China	US\$300,000	–	100	Provision of technical consultancy services
End User Technology Limited	British Virgin Islands/Hong Kong	US\$100 Ordinary	–	100	Provision of technical consultancy services
Tradeeasy (BVI) Limited	British Virgin Islands/Hong Kong	US\$100 Ordinary	–	100	Holding of service marks
Tradeeasy Limited	Hong Kong	HK\$100 Ordinary	–	100	Vehicle for holding a Hong Kong office licence



Notes to Financial Statements

31 March 2005

15. INTERESTS IN SUBSIDIARIES (continued)

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

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

16. TRADE RECEIVABLES

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

	Group	
	2005	2004
	HK\$'000	HK\$'000
Current to 30 days	1,271	463
31 to 60 days	322	167
61 to 90 days	442	184
Over 90 days	1,183	395
	3,218	1,209

The Group normally offers credit terms ranging from 14 to 45 days to its established customers. Overdue balances are reviewed regularly by senior management.

17. CASH AND CASH EQUIVALENTS

	Group		Company	
	2005	2004	2005	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cash and bank balances	6,448	8,430	156	638

At the balance sheet date, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK\$3,400,000 (2004: HK\$3,435,000). 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.



Notes to Financial Statements

31 March 2005

18. TRADE PAYABLES

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

	2005	Group
	HK\$'000	2004 HK\$'000
Current to 30 days	83	56
31 to 60 days	99	77
61 to 90 days	2	13
Over 90 days	19	1
	203	147

19. DEFERRED TAX

The Group has tax losses arising in Hong Kong of HK\$43,916,000 (2004: HK\$48,616,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time.

At 31 March 2005, there was no unrecognised deferred tax liability (2004: Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries as the Group has no liability to additional tax should such amounts be remitted.

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

20. SHARE CAPITAL

Shares

	2005	2004
	HK\$'000	HK\$'000
Authorised:		
20,000,000,000 ordinary shares of HK\$0.01 each	200,000	200,000
Issued and fully paid:		
421,000,000 (2004: 400,000,000) ordinary shares of HK\$0.01 each	4,210	4,000

During the year, 21,000,000 shares of HK\$0.01 each were issued for cash at a subscription price of HK\$0.05 per share pursuant to the subscription agreement dated 25 February 2004 for a total cash consideration before expenses, of HK\$1,050,000.

Share Options

Details of the Company's share option scheme are included in note 21 to the financial statements.



Notes to Financial Statements

31 March 2005

21. SHARE OPTION SCHEME

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

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

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

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

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



Notes to Financial Statements

31 March 2005

21. SHARE OPTION SCHEME (continued)

On 22 April 2003, the Company granted certain employees under the Scheme a total of 32,000,000 share options to subscribe for shares of HK\$0.01 each in the capital of the Company which are exercisable at any time from 23 June 2003 to 22 June 2008 at an exercise price of HK\$0.037 per share. The price of the Company's shares as at the date of the grant of the share option was HK\$0.037 per share which was based on the closing price quoted on the Stock Exchange on the trading day immediately prior to the date of the grant of the options. Besides, on 6 October 2004, the Company granted an employee under the Scheme a total of 4,000,000 share options to subscribe for shares of HK\$0.01 each in the capital of the Company which are exercisable at any time from 4 November 2004 to 3 November 2009 at an exercise price of HK\$0.030 per share. The price of the Company's shares as at the date of the grant of the share option was HK\$0.030 per share which was based on the closing price quoted on the Stock Exchange on the trading day immediately prior to the date of the grant of the options. 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.

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

No share options were exercised during the year. At the balance sheet date, the Company had 36,000,000 share options outstanding under the Scheme, which represented approximately 8.6% of the Company's shares in issue as at that date. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 36,000,000 additional ordinary shares of the Company and additional share capital of HK\$360,000 and share premium of HK\$944,000 (before issue expenses).

22. 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 19 of the annual report.

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

(b) Company

	Share premium account HK\$'000	Contributed surplus HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2003	16,337	18,203	(10,314)	24,226
Net loss for the year	–	–	(24,221)	(24,221)
At 31 March 2004 and 1 April 2004	16,337	18,203	(34,535)	5
Issue of shares, net of share issue expenses	788	–	–	788
Net profit for the year	–	–	3,072	3,072
At 31 March 2005	17,125	18,203	(31,463)	3,865



Notes to Financial Statements

31 March 2005

22. RESERVES (continued)

(b) Company (continued)

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

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

23. CONTINGENT LIABILITY

The Group had a contingent liability in respect of possible future long service payments to employees under the Hong Kong Employment Ordinance, with a maximum possible amount of HK\$805,000 as at 31 March 2005 (2004: HK\$659,000), as further explained under the heading "Employee benefits" in note 3 to the financial statements. The contingent liability has arisen because, at the balance sheet date, a number of current employees have achieved the required number of years of service to the Group in order to be eligible for long service payments under the Employment Ordinance if their employment is terminated under certain circumstances. A provision has not been recognised in respect of such possible payments, as it is not considered probable that the situation will result in a material future outflow of resources from the Group.

24. OPERATING LEASE ARRANGEMENTS

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

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

	Group	
	2005	2004
	HK\$'000	HK\$'000
Within one year	1,539	708
In the second to fifth years, inclusive	1,748	82
	3,287	790

25. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 1 June 2005.



Summary Financial Information

31 March 2005

The following is a summary of the published consolidated results and consolidated assets and liabilities of the Group for each of the five years ended 31 March 2005 prepared on the basis set out in the notes below:

RESULTS

	2001 HK\$'000	2002 HK\$'000	2003 HK\$'000	2004 HK\$'000	2005 HK\$'000
Turnover	19,813	52,793	34,163	31,862	39,476
Profit/(loss) from operating activities	(46,822)	10,805	(8,353)	(21,944)	2,789
Finance costs	(593)	(271)	(174)	–	–
Profit/(loss) before tax	(47,415)	10,534	(8,527)	(21,944)	2,789
Tax	–	–	–	–	(32)
Net profit/(loss) from ordinary activities attributable to shareholders	(47,415)	10,534	(8,527)	(21,944)	2,757
Basic earnings/(loss) per share (HK cents)	(13.5)	3.0	(2.1)	(5.5)	0.7

ASSETS AND LIABILITIES

Non-current assets	21,404	25,072	25,193	6,588	8,019
Current assets	15,578	23,624	10,938	10,764	11,546
	36,982	48,696	36,131	17,352	19,565
Current liabilities	33,614	10,346	6,308	9,473	7,931
Non-current liabilities	388	–	–	–	–
	34,002	10,346	6,308	9,473	7,931



Summary Financial Information

31 March 2005

Notes:

1. The Company was incorporated in the Cayman Islands on 20 September 2001 and became the holding company of the companies comprising the Group on 20 February 2002 as a result of the Group reorganisation (the "Group Reorganisation"). Further details of the Group Reorganisation are set out in the Company's prospectus dated 26 February 2002.
2. The results of the Group for the year ended 31 March 2001 presented above have been extracted from the Company's prospectus dated 26 February 2002 when the listing of the Company's shares was sought on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.
3. The results of the Group for the four years ended 31 March 2002, 2003, 2004 and 2005 presented above have been extracted from the published audited financial statements.
4. The financial summary of the Group, which is presented for information only, has been prepared on the basis that the structure and business activities of the Group immediately after the completion of the Group Reorganisation had been in existence throughout the four years ended 31 March 2002.



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the annual general meeting of the shareholders of Tradeeasy Holdings Limited (the “Company”) will be held at Units 2-5, 19th Floor, BEA Tower, Millennium City 5, 418 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong on Monday, 4 July 2005 at 10:00 a.m. for the following purposes:

- (1) To receive and consider the audited financial statements and the reports of the directors and auditors of the Company for the year ended 31 March 2005.
- (2) To re-elect retiring directors and to authorise the board of directors (the “Board”) to fix the directors’ remuneration.
- (3) To re-appoint auditors and to authorise the Board to fix their remuneration.
- (4) As special business, to consider and, if thought fit, pass the following resolutions with or without amendments as ordinary resolutions:

A **“THAT:**

- (i) subject to paragraph (iii) of this resolution and pursuant to the Rules Governing the Listing of Securities on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the exercise by the directors of the Company (“Directors”) during the Relevant Period (as hereinafter defined) of all powers of the Company to allot, issue and deal with additional shares in the capital of the Company or options, warrants, or similar rights to subscribe for any shares and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (ii) the approval in paragraph (i) of this resolution shall authorise the Directors of the Company during the Relevant Period to make and grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (iii) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval in paragraph (i) of this resolution, otherwise than pursuant to (a) a Rights Issue (as hereinafter defined) or, (b) the grant or exercise of rights of conversion under any securities which are convertible into shares of the Company or, (c) any scrip dividend scheme or similar arrangements providing for the allotment of shares in lieu of the whole or a part of a dividend on shares of the Company pursuant to the Articles of the Association of the Company from time to time, (d) the grant or exercise of any options granted under any option scheme or similar arrangement for the time being adopted by the Company for the grant or issue to the Directors, officers and/or employees of the Company and/or any of its subsidiaries of options to subscribe for, or rights to acquire, shares of the Company, shall not in aggregate exceed 20 per cent of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this resolution and the said approval shall be limited accordingly; and



Notice of Annual General Meeting

(iv) for the purpose of this resolution:

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

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable laws to be held; or
- (c) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

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

B “THAT:

- (i) subject to paragraph (ii) of this resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase its own issued shares in the capital of the Company on GEM of the Stock Exchange or on any other stock exchange on which the shares of the Company may be listed and recognised for this purpose by the Securities and Future Commission and the Stock Exchange in accordance with all the applicable laws and the requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (as amended from time to time) or of any other stock exchange, be and is hereby generally and unconditionally approved;
- (ii) the aggregate nominal amount of shares of the Company to be repurchased by the Company pursuant to the approval in paragraph (i) of this resolution shall not exceed 10 per cent of the aggregate nominal amount of share capital of the Company in issue as at the date of passing of this resolution and the said approval shall be limited accordingly; and
- (iii) for the purpose of this resolution:

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

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



Notice of Annual General Meeting

- (b) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable laws to be held; or
- (c) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

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

By Order of the Board
Siu Chi Man
Company Secretary

Hong Kong, 1 June 2005

Principal Place of Business:

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

Registered Office:

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

Notes:

1. A member of the Company entitled to attend and vote at the Annual General Meeting convened by the above notice is entitled to appoint one proxy to attend and vote in his stead. A proxy need not be a member of the Company.
2. In order to be valid, the form of proxy together with a power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the Company’s Branch Share Registrar in Hong Kong, Tengis Limited at Ground Floor, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than forty-eight hours before the time appointed for the Annual General Meeting (or any adjournment thereof).
3. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the Annual General Meeting and in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. Where there are joint holders of any Shares, any one of such joint holders may vote either in person or by proxy in respect of such Shares as if he/she was solely entitled thereto; but if more than one of such joint holders be present at the Annual General Meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.