



TRADEeasy
third quarterly report 2006

HIGHLIGHTS

- Revenue of the Group for the nine months ended 31 December 2006 was HK\$34,381,000, up 11.1% as compared to HK\$30,946,000 for the corresponding period in 2005.
- Loss for the nine months ended 31 December 2006 attributable to ordinary equity holders of the Company was HK\$3,151,000 due to an expenses of HK\$2,278,000 arising from the issue of Share Options to directors and eligible participants. Without such expense, the loss for the nine months end attributable to ordinary equity holders of the Company would have been HK\$873,000 as compared to profit of HK\$606,000 for the corresponding period in 2005.
- Loss per share attributable to ordinary equity holders of the Company was HK0.34 cent for the nine months ended 31 December 2006 as compared to earnings per share attributable to ordinary equity holders of the parent of the Group of HK0.14 cent for the corresponding period in 2005.
- The board of directors does not recommend the payment of any dividend for the nine months ended 31 December 2006.

UNAUDITED CONSOLIDATED THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 31 DECEMBER 2006

The board of directors (the "Directors" or "Board") of Tradeeasy Holdings Limited (the "Company") is pleased to announce that the unaudited consolidated third quarterly results of the Company and its subsidiaries (collectively referred to as the "Group" or "Tradeeasy") for the three months and the nine months ended 31 December 2006, together with the comparative unaudited figures for the corresponding periods in 2005, are as follows:

| | Notes | Three months ended 31 December | | Nine months ended 31 December | |
|---|-------|-----------------------------------|-------------------------|----------------------------------|-------------------------|
| | | 2006 | 2005 | 2006 | 2005 |
| | | (Unaudited) HK\$'000 | (Unaudited) HK\$'000 | (Unaudited) HK\$'000 | (Unaudited) HK\$'000 |
| REVENUE | 2 | 11,114 | 9,801 | 34,381 | 30,946 |
| Cost of sales | | (7,491) | (6,265) | (21,852) | (17,867) |
| Gross profit | | 3,623 | 3,536 | 12,529 | 13,079 |
| Other income and gains | | 172 | 29 | 511 | 52 |
| Selling and distribution costs | | (1,014) | (705) | (2,596) | (1,904) |
| General and administrative expenses | | (3,281) | (2,919) | (9,162) | (8,449) |
| Equity-settled share option expenses | | (18) | (146) | (2,278) | (146) |
| Advertising and promotion expenses | | (599) | (462) | (2,214) | (1,950) |
| Other expenses | | - | (3) | (49) | (3) |
| Share of profits and losses of associates | | (14) | - | (44) | - |
| PROFIT/(LOSS) BEFORE TAX | | (1,131) | (670) | (3,303) | 679 |
| Tax | 3 | - | - | - | (73) |
| PROFIT/(LOSS) FOR THE PERIOD | | (1,131) | (670) | (3,303) | 606 |
| Attributable to: | | | | | |
| Equity holders of the parent | | (979) | (670) | (3,151) | 606 |
| Minority interests | | (152) | - | (152) | - |
| | | (1,131) | (670) | (3,303) | 606 |
| DIVIDEND | 4 | - | - | - | - |
| EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT | 5 | | | | |
| Basic | | HK(0.10) cent | HK(0.16) cent | HK(0.34) cent | HK0.14 cent |
| Diluted | | HK(0.10) cent | HK(0.16) cent | HK(0.33) cent | HK0.15 cent |

Notes:

1 Basis of preparation and consolidation

The unaudited condensed consolidated third quarterly results have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") (which also include the Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the GEM Listing Rules. They have been prepared under the historical cost convention. These unaudited consolidated third quarterly results are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

The accounting policies and methods of computation adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2006. The accounts are unaudited but have been reviewed by the Company's audit committee ("Audit Committee").

2. Revenue

Revenue, which is also the Group's turnover, represents the value of services rendered during the three-month and nine-month periods under review.

An analysis of revenue is as follows:

| | Three months ended 31 December | | Nine months ended 31 December | |
|---|-----------------------------------|---------------------------------|----------------------------------|---------------------------------|
| | 2006 (Unaudited) HK\$'000 | 2005 (Unaudited) HK\$'000 | 2006 (Unaudited) HK\$'000 | 2005 (Unaudited) HK\$'000 |
| Integrated marketing solution services | 2,278 | 1,469 | 6,144 | 4,845 |
| Application Service Provider ("ASP") services | 5,557 | 5,712 | 18,186 | 18,131 |
| Technical consultancy services | 3,279 | 2,620 | 10,051 | 7,970 |
| | 11,114 | 9,801 | 34,381 | 30,946 |

3. 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 period (2005: Nil) or had available tax losses brought forward from prior years to offset the assessable profits generated during the period (2005: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

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.

4. Dividend

No dividend has been paid or declared by the Company or any of its subsidiaries during the nine months ended 31 December 2006 (2005: Nil).

5. Earnings/(loss) per share attributable to ordinary equity holders of the parent

The calculation of basic earnings/(loss) per share attributable to ordinary equity holders of the parent for the three months and the nine months ended 31 December 2006 is based on the loss attributable to ordinary equity holders of the parent for the three months and the nine months ended 31 December 2006 of HK\$979,000 and HK\$3,151,000 (2005: loss of HK\$670,000 and profit of HK\$606,000) respectively and the weighted average number of 971,000,000 and 923,000,000 ordinary shares in issue (2005: 421,000,000 and 421,000,000 ordinary shares) respectively during the period.

The calculation of diluted loss per share attributable to ordinary equity holders of the parent for the three months and nine months ended 31 December 2006 is based on the loss attributable to ordinary equity holders of the parent for the three months and nine months ended 31 December 2006 of HK\$979,000 and HK\$3,151,000 respectively. The weighted average number of ordinary shares used in the calculation is the ordinary shares in issue during the period, as used in the basic profit/(loss) per share calculation and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options outstanding during the period.

5. Earnings/(loss) per share attributable to ordinary equity holders of the parent (continued)

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

| | Three months ended 31 December | | Nine months ended 31 December | |
|--|-----------------------------------|-------------------------|----------------------------------|-------------------------|
| | 2006 | 2005 | 2006 | 2005 |
| | (Unaudited) HK\$'000 | (Unaudited) HK\$'000 | (Unaudited) HK\$'000 | (Unaudited) HK\$'000 |
| Earnings/(loss) | | | | |
| Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic earnings and diluted earnings per share calculation | (979) | (670) | (3,151) | 606 |
| Shares | | | | |
| Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation | 971,000,000 | 421,000,000 | 923,000,000 | 421,000,000 |
| Effect of dilution – weighted average number of ordinary shares: | | | | |
| Share options | 46,722,366 | 8,728,929 | 24,349,133 | 21,432,986 |
| | 1,017,722,366 | 429,728,929 | 947,349,133 | 442,432,986 |

6. Movement in reserves

| | Share premium account (Unaudited) HK\$'000 | Contributed surplus (Unaudited) HK\$'000 | Share option reserve (Unaudited) HK\$'000 | Exchange fluctuation reserve (Unaudited) HK\$'000 | Accumulated losses (Unaudited) HK\$'000 | Total (Unaudited) HK\$'000 |
|---|--|---|---|---|--|----------------------------------|
| At 1 April 2005 | 17,125 | 66,710 | – | 11 | (76,422) | 7,424 |
| Profit for the period | – | – | – | – | 606 | 606 |
| At 31 December 2005 | 17,125 | 66,710 | – | 11 | (75,816) | 8,030 |
| At 1 April 2006 | 17,125 | 66,710 | 302 | (28) | (78,125) | 5,984 |
| Issue of shares, net of share issue expenses* | 15,483 | – | – | – | – | 15,483 |
| Equity-settled share option arrangements | – | – | 2,278 | – | – | 2,278 |
| Loss for the period | – | – | – | – | (3,151) | (3,151) |
| At 31 December 2006 | 32,608 | 66,710 | 2,580 | (28) | (81,276) | 20,594 |

* On 25 April 2006, 550,000,000 new ordinary shares were issued to CCT Telecom Holdings Limited for cash at a subscription price of HK\$0.04 per share pursuant to the subscription agreement dated 7 March 2006 for a total cash consideration before expenses, of HK\$22,000,000.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The revenue of the Group recorded a 11.1% increase to HK\$34.4 million for the nine months ended 31 December 2006 while the net loss was HK\$3.2 million. This loss incurred is attributed to the expenses of HK\$2.3 million due to the grant of share options during the period under review, as well as the additional costs involved in the process of expansion.

For the three months ended 31 December 2006, the Group recorded a turnover of HK\$11.1 million as compared to HK\$9.8 million last year, representing an increase of 13.3%. The revenue generated from Mainland China in these three months has continued to grow by 25.2% as compared to the corresponding period last year.

During the reporting period, the Group has devoted further resources into the Mainland in a bid to strengthen its competitiveness. More promotional and marketing activities were carried out. The number of buying tours organised has increased 25% as a result. A central training center commenced operation, the number of salespersons employed increased and hence enhanced training efficiency. A subsidiary was set up during the period to promote our products and services to channel sales in areas not covered by any of our branches. New agents were appointed in the northern and central part of the Mainland China by this subsidiary.

The Group is pleased to report that the revenue generated from the ASP continues to be the major source of income. Features of ASP are upgraded continuously to enhance the operational procedures and improve this general usability.

The Group's Research & Development team is now working on the revamping of the existing portal, stat which was scheduled to roll out in early next quarter. However, shortage of skilled system analysts in Mainland China makes it hard for the team to keep abreast of the schedule. The management turns to expect the new portal be ready by end of next quarter.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Outlook

During this period, the Group has been taking a number of initiatives to reinforce our core business, which include expanding our sales and marketing network, developing new services, providing more value to overseas buyers and modifying technical infrastructure. Even though all these investments affected the profit margin of the operation while the business is expanding, the Group, in the long run, will benefit from sustainable revenue growth and a bigger market share.

Mainland China, as to the management's belief and perhaps to most of others, will continue to be the main focus in coming years. Extra efforts and resources will be devoted and allocated into such fast-growing region. A combination of direct sales model and channel sales model will continue to be put in practice. The group believes this is the shortest way to cover such a huge market, while spending the least overhead costs.

Keen competition, shortage of skilled professionals and the rising level of salary in Mainland China will always be our operating challenges. In order to alleviate the pressure, the Group will focus in providing services in a more in-depth and personalised manner to both our seller and buyer members, and keep modifying our products and putting more resources into internal training.

Looking ahead, we are confident with the business to business market in Mainland China, and we are certain that our investment will generate additional revenue and continuous growth to the Group.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2006, the Directors of the Company and/or any of their respective associates had the following interests and short positions in the shares, the underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or Rules 5.46 to 5.68 of the GEM Listing Rules:

(a) Interests and short positions in the shares and the underlying shares of share options of the Company as at 31 December 2006

- (i) Long positions in the shares of the Company:

| Name of the Director | Number of the shares directly beneficially held | Approximate percentage of the total issued share capital (%) |
|-----------------------------|--|---|
| Yip Kwok Cheung, Danny | 23,610,662 | 2.43 |

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES (continued)**(a) Interests and short positions in the shares and the underlying shares of share options of the Company as at 31 December 2006** (continued)

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

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

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES (continued)**(b) Interests and short positions in the shares and the underlying shares of the convertible bonds of an associated corporation – CCT Telecom Holdings Limited (“CCT Telecom”), the holding company of the Company, as at 31 December 2006**

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

| Name of the Director | Number of the shares beneficially held and nature of interest | | | Total | Approximate percentage of the total issued share capital (%) |
|-------------------------------|---|---------|-------------|-------------|--|
| | Personal | Family | Corporate | | |
| Mak Shiu Tong, Clement | 715,652 | – | 221,040,977 | 221,756,629 | 28.44 |
| Cheng Yuk Ching, Flora (Note) | 14,076,713 | 120,000 | – | 14,196,713 | 1.82 |
| Tam Ngai Hung, Terry | 500,000 | – | – | 500,000 | 0.06 |
| William Donald Putt | 591,500 | – | – | 591,500 | 0.08 |

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

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

| Name of the Director | Description of equity derivatives | Notes | Number of the total underlying shares | Approximate percentage of the total issued share capital (%) |
|------------------------|-----------------------------------|-------|---------------------------------------|--|
| | | | | |
| Mak Shiu Tong, Clement | 2010 convertible bonds | (1) | 47,185,430 | 6.05 |
| | 2009 convertible bonds | (2) | 26,548,672 | 3.40 |

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES (continued)**(b) Interests and short positions in the shares and the underlying shares of the convertible bonds of an associated corporation – CCT Telecom Holdings Limited (“CCT Telecom”), the holding company of the Company, as at 31 December 2006** (continued)*Notes:*

- (1) The convertible bonds with an outstanding principal amount of HK\$28,500,000 as at 31 December 2006, were issued by CCT Telecom to New Capital Industrial Limited (a company controlled by Mr. Mak Shiu Tong, Clement) on 25 April 2005. The convertible bonds, due on 25 April 2010, are interest free and convertible into the shares of CCT Telecom at the conversion price of HK\$0.604 per share (subject to adjustments according to the terms of the convertible bonds).
- (2) The convertible bonds with an outstanding principal amount of HK\$30,000,000 as at 31 December 2006, were issued by CCT Telecom to Capital Winner Investments Limited (a company controlled by Mr. Mak Shiu Tong, Clement) on 23 June 2006. The convertible bonds, due on 23 June 2009, are interest free and convertible into the shares of CCT Telecom at the conversion price of HK\$1.13 per share (subject to adjustments according to the terms of the convertible bonds).

(c) Interests and short positions in the shares and the underlying shares of an associated corporation – CCT Tech International Limited (“CCT Tech”), a fellow subsidiary of the Company, as at 31 December 2006

None of the Directors of the Company had any interest and short position in respect of the shares, debentures, convertible bonds, equity derivatives or interests in the underlying shares of CCT Tech as at 31 December 2006.

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

Save as disclosed above, as at 31 December 2006, none of the Directors of the Company and/or any of their respective associates had any interest and short position in the shares, the underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or Rules 5.46 to 5.68 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 period 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 December 2006, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in the shares of the Company:

| Name of the shareholder | Capacity and nature of interest | Number of the shares held | Approximate percentage of the total issued share capital |
|--|--|----------------------------------|---|
| | | | (%) |
| Manistar Enterprises Limited <i>(Note)</i> | Directly beneficially owned | 643,364,070 | 66.26 |
| CCT Telecom <i>(Note)</i> | Through a controlled corporation | 643,364,070 | 66.26 |

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

Save as disclosed above, as at 31 December 2006, no person 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.

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 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.

SHARE OPTION SCHEME *(continued)*

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

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

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 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 of the Company 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.

SHARE OPTION SCHEME (continued)

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 daily quotation sheet on the date of the grant of the options, 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 options; and (iii) the nominal value of a share.

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

Details of the movements of share options under the Scheme during the nine months ended 31 December 2006:

| Category of Participant | Number of share options | | | | Date of grant of share options | Exercise period of share options* | Exercise price of share options** HK\$ | Price of Company's shares at grant date of share options** HK\$ |
|---|---|---------------------------------|-----------------------------------|---|-----------------------------------|---|--|---|
| | Outstanding as at 1 April 2006 | Granted during the period | Forfeited during the period | Outstanding as at 31 December 2006 | | | | |
| | Directors | | | | | | | |
| <i>Executive Directors:</i> | | | | | | | | |
| Mak Shiu Tong, Clement [†] | - | 45,000,000 | - | 45,000,000 | 14 Aug 2006 | 14 Aug 2006 to 13 Aug 2011 | 0.038 | 0.041 |
| Tam Ngai Hung, Terry [†] | - | 28,000,000 | - | 28,000,000 | 14 Aug 2006 | 14 Aug 2006 to 13 Aug 2011 | 0.038 | 0.041 |
| Cheng Yuk Ching, Flora | - | 5,000,000 | - | 5,000,000 | 14 Aug 2006 | 14 Aug 2006 to 13 Aug 2011 | 0.038 | 0.041 |
| Yip Kwok Cheung, Danny | - | 9,500,000 | - | 9,500,000 | 14 Aug 2006 | 14 Aug 2006 to 13 Aug 2011 | 0.038 | 0.041 |
| William Donald Putt | - | 5,000,000 | - | 5,000,000 | 14 Aug 2006 | 14 Aug 2006 to 13 Aug 2011 | 0.038 | 0.041 |
| <i>Independent non-executive Directors:</i> | | | | | | | | |
| Lam Kin Kau, Mark | - | 950,000 | - | 950,000 | 14 Aug 2006 | 14 Aug 2006 to 13 Aug 2011 | 0.038 | 0.041 |
| Fung Hoi Wing, Henry | - | 950,000 | - | 950,000 | 14 Aug 2006 | 14 Aug 2006 to 13 Aug 2011 | 0.038 | 0.041 |
| Lau Ho Wai, Lucas | - | 950,000 | - | 950,000 | 14 Aug 2006 | 14 Aug 2006 to 13 Aug 2011 | 0.038 | 0.041 |
| | - | 95,350,000 | - | 95,350,000 | | | | |

SHARE OPTION SCHEME (continued)

| Category of Participant | Number of share options | | | Outstanding as at 31 December 2006 | Date of grant of share options | Exercise period of share options [†] | Exercise price of share options ^{**} | Price of Company's shares at grant date of share options ^{**} |
|------------------------------------|---|---------------------------------|-----------------------------------|---|-----------------------------------|---|--|---|
| | Outstanding as at 1 April 2006 | Granted during the period | Forfeited during the period | | | | | |
| Employees | | | | | | | | |
| In aggregate | 12,000,000 | – | – | 12,000,000 | 22 Apr 2003 | 23 Jun 2003 to 22 Jun 2008 | 0.037 | – |
| | 4,000,000 | – | – | 4,000,000 | 6 Oct 2004 | 4 Nov 2004 to 3 Nov 2009 | 0.030 | – |
| | 2,100,000 | – | – | 2,100,000 | 27 Sep 2005 | 26 Oct 2005 to 25 Oct 2010 | 0.043 | – |
| | 3,496,000 | – | 250,000 | 3,246,000 | 20 Dec 2005 | 18 Jan 2006 to 19 Feb 2012 | 0.043 | – |
| | 1,831,000 | – | 250,000 | 1,581,000 | 20 Dec 2005 | 18 Jan 2007 to 19 Feb 2012 | 0.043 | – |
| | – | 20,500,000 | – | 20,500,000 | 14 Aug 2006 | 14 Aug 2006 to 13 Aug 2011 | 0.038 | 0.041 |
| | <u>23,427,000</u> | <u>20,500,000</u> | <u>500,000</u> | <u>43,427,000</u> | | | | |
| Other eligible Participants | | | | | | | | |
| In aggregates | 20,000,000 | – | – | 20,000,000 | 22 Apr 2003 | 23 Jun 2003 to 22 Jun 2008 | 0.037 | – |
| | 4,000,000 | – | – | 4,000,000 | 27 Sep 2005 | 26 Oct 2005 to 25 Oct 2010 | 0.043 | – |
| | 400,000 | – | – | 400,000 | 20 Dec 2005 | 18 Jan 2006 to 19 Feb 2012 | 0.043 | – |
| | 400,000 | – | – | 400,000 | 20 Dec 2005 | 18 Jan 2007 to 19 Feb 2012 | 0.043 | – |
| | – | 2,000,000 | – | 2,000,000 | 14 Aug 2006 | 14 Aug 2006 to 13 Aug 2011 | 0.038 | 0.041 |
| | <u>24,800,000</u> | <u>2,000,000</u> | <u>–</u> | <u>26,800,000</u> | | | | |
| | <u>48,227,000</u> | <u>117,850,000</u> | <u>500,000</u> | <u>165,577,000</u> | | | | |

SHARE OPTION SCHEME *(continued)*

Notes to the reconciliation of share options outstanding as at 31 December 2006:

- # The number of share options granted exceeded 1% of the total issued share capital of the Company as at the date of grant which was approved by the shareholders of the Company and CCT Telecom at their respective extraordinary general meetings held on 27 July 2006.
- * The vesting period of the share options is from the date of the grant until the commencement of the exercise period.
- ** The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.
- *** The price of the Company's shares disclosed as at the date of the grant of the share options is the Stock Exchange closing price on the trading day immediately prior to the date of the grant of the options.

As at 31 December 2006, the Company had 165,577,000 share options outstanding under the Scheme. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 165,577,000 additional shares of the Company and additional share capital of approximately HK\$1,655,770 and share premium of approximately HK\$4,631,000 (before the share issue expenses).

At the date of approval of these unaudited consolidated third quarterly results, the Company had 165,577,000 share options outstanding under the Scheme, which represented approximately 17.1% of the Company's shares in issue as at that date.

PURCHASE, REDEMPTION OR SALE OF LISTED SHARES OF THE COMPANY

Neither the Company, nor any of its subsidiaries, purchased, redeemed or sold any of the Company's listed shares during the nine months ended 31 December 2006.

AUDIT COMMITTEE

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

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

During the nine months period ended 31 December 2006, the Audit Committee consisted of three members comprising all the three independent non-executive directors ("INED(s)"). As at 1 April 2006, the three INEDs were Mr. Wu Yao Hua, Terence, Mr. Lau Chi Yiu and Mr. Lau Ho Man, Edward, who resigned on 25 April 2006, and three new INEDs were appointed simultaneously, who also act as the Audit Committee members, namely Mr. Lam Kin Kau, Mark, Mr. Fung Hoi Wing, Henry and Mr. Lau Ho Wai, Lucas. All members of the Audit Committee hold the relevant industry or legal, accounting and financial experience necessary to advise on the Board's strategies and other related matters. All members of the Audit Committee have complete and unrestricted access to the external auditors and all employees of the Company. The Audit Committee is chaired by an INED who is subject to the rotation each year.

The Audit Committee has reviewed the Group's unaudited consolidated results for the nine months ended 31 December 2006 and confirmed that the preparation of such complied with applicable accounting principles and practices adopted by the Company, the requirements of the Stock Exchange and adequate disclosures had been made.

BOARD OF DIRECTORS

As at the date of this announcement, the Directors of the Company are:

Executive Directors:

Mr. Mak Shiu Tong, Clement (*Chairman & Chief Executive Officer*)

Mr. Tam Ngai Hung, Terry

Ms. Cheng Yuk Ching, Flora

Mr. Yip Kwok Cheung, Danny

Dr. William Donald Putt

Independent Non-Executive Directors:

Mr. Lam Kin Kau, Mark

Mr. Fung Hoi Wing, Henry

Mr. Lau Ho Wai, Lucas

By Order of the Board of
Tradeeasy Holdings Limited
Mak Shiu Tong, Clement
Chairman

Hong Kong, 9 February 2007