THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in Tradeeasy Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser, the transferee or to the bank, licensed securities dealer or other agent through whom the sale or the transfer was effected for onward transmission to the purchaser or the transferee.

TRADEeasy
易貿通

TRADEEASY HOLDINGS LIMITED

(*Incorporated in the Cayman Islands with limited liability*)
(Stock Code: 08163)

(1) VERY SUBSTANTIAL ACQUISITION

ACQUISITION OF A FORESTRY PROJECT IN PAPUA, INDONESIA WITH NATURAL FOREST CONCESSION OF 313,500 HECTARES

(2) CONNECTED TRANSACTION

SUBSCRIPTION OF CONVERTIBLE BONDS BY MANISTAR ENTERPRISES LIMITED

Independent financial adviser to the Independent Board Committee and the Independent Shareholders

第一上海
FIRST SHANGHAI GROUP

FIRST SHANGHAI CAPITAL LIMITED

A letter from the Board is set out on pages 9 to 41 of this circular.

A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 42 of this circular.

A letter from First Shanghai containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 43 to 55 of this circular.

A notice convening the EGM to be held at 2208, 22/F., St. George's Building, 2 Ice House Street, Central, Hong Kong on Wednesday, 18 June 2008 at 10:00 a.m. is set out on pages 203 to 205 of this circular. A form of proxy for use by the Independent Shareholders at the EGM is enclosed herein. Whether or not you intend to attend and vote at the EGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as practicable but in any event, not later than 48 hours before the time appointed for holding the EGM. Such form of proxy for use at the EGM is also published on the HKExnews website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.tradeeasy.com/about-us-factsheet.html). Completion and return of the form of proxy will not preclude you from attending and voting at the EGM in person should you so wish.

This circular will remain on the "Latest Listed Company Information" page of the HKExnews website of the Stock Exchange at www.hkexnews.com for at least seven days from the day of its publication and will be published and remain on the website of the Company at www.tradeeasy.com/about-us-factsheet.html.

30 May 2008

CHARACTERISTICS OF GEM

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.

CONTENTS

In this circular, the following expressions shall have the following meanings, unless the context otherwise requires:

"Acquisition"	the acquisition by the Company of the Sale Shares from MCL pursuant to the terms and conditions of the Agreement;
"acting in concert"	has the meaning ascribed to it under the Takeovers Codes;
"Agreement"	the Initial S&P Agreement entered into amongst Tradeeasy, MCL and MTG, as amended and revised by the Supplemental Agreement, the Second Supplemental Agreement and the Third Supplemental Agreement in relation to the Acquisition and the Subscription as more particularly set out under the section headed "The Agreement" in the "Letter from the Board" of this circular;
"associate(s)"	has the meaning ascribed to it under the GEM Listing Rules and the Listing Rules;
"Board"	the board of the Directors from time to time;
"Business Day(s)"	a day other than Saturday, Sunday or any day on which licensed banks in Hong Kong are authorised or obligated to close;
"Cash Consideration"	the sum of US$1,000,000 or the equivalence of HK$7,800,000 to be payable by the Company to MCL as part of the consideration for the purchase of the Sale Shares, and to be payable at Completion by setting off against the MCL Loan in accordance with the terms of the Agreement;
"CCT Telecom"	CCT Telecom Holdings Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and whose shares are listed on the main board of the Stock Exchange, which is the holding company of Manistar and the ultimate holding company of the Company;
"CCT Telecom Board"	the board of the CCT Telecom Directors from time to time;
"CCT Telecom Directors"	the directors of CCT Telecom from time to time;
"CCT Telecom Group"	CCT Telecom and its subsidiaries from time to time;
"CCT Telecom Share(s)"	the ordinary share(s) of HK$0.10 each in the share capital of CCT Telecom;
"CCT Telecom Shareholder(s)"	the holder(s) of the CCT Telecom Share(s);
"Clarification Announcement"	the announcement of the Company dated 28 September 2007 in relation to the negotiation of a possible acquisition of a resource business by the Company;
"Company" or "Tradeeasy"	Tradeeasy Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the GEM;
"Completion"	completion of the Acquisition and the Subscription in accordance with the Agreement or the completion of the Manistar Subscription in accordance with the Manistar Subscription Agreement, as the case may be;

"Concession"	a right to exploit natural forest granted by or licensed from a relevant government authority for the utilisation, harvesting and production and export of timber and wood products in accordance with the applicable guidelines and restrictions set by the respective government authority;
"Concession Areas"	the Mimika Concession Areas;
"Conversion Price"	HK$0.10 per Conversion Share, subject to adjustment under the terms and conditions of the MCL Convertible Bonds or the Manistar Convertible Bonds;
"Conversion Share(s)"	new Shares to be allotted and issued by the Company upon exercise of the conversion rights under the MCL Convertible Bonds or the Manistar Convertible Bonds, from time to time;
"Designated Bank Account"	the bank account to be established by each member of the MTG Group and each such account to be operated by the authorised signatories nominated by the Company;
"Director(s)"	the director(s) of the Company from time to time;
"Dormant BVI Companies"	MLL and MPL, which will be dormant with no business activities;
"EGM"	the extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, to approve, among other matters (if any), the Agreement, the Manistar Subscription Agreement and all transactions contemplated under the Agreement and the Manistar Subscription Agreement;
"Enlarged Group"	the Group as enlarged by the Transactions and the Manistar Subscription;
"First Convertible Bonds"	the convertible bonds in the aggregate principal amount of HK$776,880,000, subject to adjustment, to be issued by the Company to MCL and/or its designated nominee(s) as part of the consideration for the Acquisition under the Initial S&P Agreement. The First Convertible Bonds have been replaced by the MCL Convertible Bonds pursuant to the Third Supplemental Agreement;
"First Shanghai"	First Shanghai Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Manistar Subscription and a licensed corporation under the SFO permitted to engaged in type 6 (advising on corporate finance) of the regulated activities as defined under the SFO;
"First Subscription Consideration"	the sum of US$16,800,000 or the equivalence of HK$131,040,000 payable by the Company in cash, after setting off against the MTG Loan, to the Designated Bank Account of MTG as part of the consideration for the subscription of the Subscription Shares in accordance with the provisions of the Initial S&P Agreement. The First Subscription Consideration has been replaced by the Subscription Consideration pursuant to the Third Supplemental Agreement;
"Forest Consultant"	the forest consultant appointed by the Company to carry out the valuation on the Mimika Concession Areas;
"GEM"	the Growth Enterprise Market of the Stock Exchange;
"GEM Listing Rules"	the Rules Governing the Listing of Securities on the GEM;

"Group"	the Company and its subsidiaries from time to time;
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong;
"Hong Kong"	Hong Kong Special Administrative Region of the PRC;
"Independent Board Committee"	the independent board committee of the Company, comprising all the independent non-executive Directors, formed by the Company to advise the Independent Shareholders as to whether the terms of the Manistar Subscription are fair and reasonable and in the interests of the Company and the Shareholders as a whole;
"Independent Shareholders"	the Shareholders other than Manistar and its associates including Mr. Mak Shiu Tong, Clement and Mr. Tam Ngai Hung, Terry who are directors of Manistar;
"Indonesia"	the Republic of Indonesia;
"Initial Joint Announcement"	the first joint announcement of Tradeeasy and CCT Telecom dated 23 October 2007 in relation to the Transactions and the Manistar Subscription;
"Initial S&P Agreement"	the initial agreement dated 4 October 2007 entered into amongst Tradeeasy, MCL and MTG in relation to the Acquisition and the Subscription;
"ITTO"	the International Tropical Timber Organisation;
"Last Trading Date"	4 October 2007, being the last trading day of the Shares on the Stock Exchange prior to the issue of the Initial Joint Announcement;
"Latest Practicable Date"	23 May 2008, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Loans"	the MCL Loan and the MTG Loan;
"Long Stop Date"	31 August 2008, or such other date as the parties thereto may agree in writing;
"Manistar"	Manistar Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability, which is the holding company of the Company and a wholly-owned subsidiary of CCT Telecom;
"Manistar Convertible Bonds"	the convertible bonds, in the original principal amount of HK$226,200,000 under the Manistar Initial Subscription Agreement, which has been revised to the aggregate principal amount of HK$138,840,000 under the Manistar Third Supplemental Agreement, to be issued by the Company to Manistar under the Manistar Subscription Agreement, the principal terms of which are set out in the section headed "Principal terms of the Manistar Convertible Bonds" in the "Letter from the Board" of this circular;
"Manistar Initial Subscription Agreement"	the initial subscription agreement entered on 4 October 2007 between Tradeeasy and Manistar in relation to the Manistar Subscription;

"Manistar Second Supplemental Agreement"	the second supplemental agreement dated 28 February 2008 entered into between Tradeeasy and Manistar amending the Long Stop Date of the Manistar Initial Subscription Agreement from 28 February 2008 to 31 August 2008 or such other date as Tradeeasy and Manistar may agree in writing;
"Manistar Subscription"	the subscription of the Manistar Convertible Bonds by Manistar and the issue of the Manistar Convertible Bonds by the Company to Manistar contemplated under the Manistar Subscription Agreement;
"Manistar Subscription Agreement"	the Manistar Initial Subscription Agreement entered into between Tradeeasy and Manistar as amended by the Manistar Supplemental Agreement, the Manistar Second Supplemental Agreement and the Manistar Third Supplemental Agreement in relation to the Manistar Subscription as more particularly set out under the section headed "The Manistar Subscription Agreement" in the "Letter from the Board" of this circular;
"Manistar Supplemental Agreement"	the supplemental agreement entered on 17 October 2007 between Tradeeasy and Manistar to amend certain terms of the Manistar Initial Subscription Agreement with regard to mainly the conversion restriction and the maturity date of the Manistar Convertible Bonds;
"Manistar Third Supplemental Agreement"	the third supplemental agreement dated 20 March 2008 entered into between Tradeeasy and Manistar amending mainly the aggregate principal amount of the Manistar Convertible Bonds from HK$226,200,000 to HK$138,840,000;
"Material Adverse Change"	any event, change in or effect on the MTG Group that, individually or in the aggregate, has had or is reasonably expected to have a material adverse effect on the business, condition (financial or otherwise), results of operations and assets and the prospect of the MTG Group taken as a whole;
"MCL"	Merdeka Commodities Limited, a company incorporated in the British Virgin Islands with limited liability;
"MCL Convertible Bonds"	the convertible bonds in the aggregate principal amount of HK$776,880,000, subject to adjustment, to be issued by Tradeeasy to MCL and/or its designated nominee(s) as part of the consideration for the Acquisition, the principal terms of which are set out under the section headed "Principal terms of the MCL Convertible Bonds" in the "Letter from the Board" of this circular;
"MCL Loan"	has the meaning as referred to in the subsection headed "Loans" under the section headed "The Agreement" in the "Letter from the Board" of this circular;
"Mimika Concession Areas"	the natural forests with an aggregate areas of approximately 313,500 hectares, located at Mimika Administration Region, Papua Province, Indonesia on which MCL shall procure that all the relevant Concessions, licenses, rights, permits and the relevant government approvals to carry out the timber logging, harvesting, reforestation, land clearing and plantation operations of the Mimika Project shall be granted to PTMP;

"Mimika Project"	the forestry businesses to be carried out by the Project Companies in or near the Mimika Concession Areas including the logging and harvesting of trees and reforestation of the areas logged, the clearing of forest land by logging, the operations of sawmill(s) and the processing, production and export of sawn timbers, and other timber and wood products and subject to relevant government approval, the plantation of oil palms in at least 200,000 hectares within the Mimika Concession Areas on forest lands cleared by the logging activities and the production of palm oil;
"MLL"	Merdeka Logging Limited, a limited liability company incorporated in the British Virgin Islands and is a wholly-owned subsidiary of MTG as at the Latest Practicable Date;
"MPL"	Merdeka Plantation Limited, a limited liability company incorporated in the British Virgin Islands and is a wholly-owned subsidiary of MTG as at the Latest Practicable Date;
"MTG"	Merdeka Timber Group Ltd., a company incorporated in the British Virgin Islands with limited liability, 100% of the entire issued share capital of which is held by MCL as at the Latest Practicable Date;
"MTG Board"	the board of the MTG Directors from time to time;
"MTG Directors"	the directors of MTG from time to time;
"MTG Group"	MTG and its subsidiaries, including the Project Companies, from time to time;
"MTG Loan"	has the meaning as referred to in the subsection headed "Loans" under the section headed "The Agreement" in the "Letter from the Board" of this circular;
"MTG Share(s)"	the ordinary share(s) of US$1.00 each in the share capital of MTG;
"MTG Subsidiaries"	MLL, MPL and PTMTT which have been incorporated and the proposed direct subsidiary of MTG with the proposed name of PTMP, which is in the process of incorporation, and any other direct or indirect subsidiaries of MTG from time to time;
"Placing Announcements"	the announcements of Tradeeasy dated 14 November 2007 and 23 November 2007 in relation to the placing and top-up subscription of 150,000,000 Shares under the general mandate of Tradeeasy;
"Pöyry"	Pöyry Forest Industry Pte. Ltd., which has been appointed by the Company as the Forest Consultant;
"PRC" or "China"	the People's Republic of China;
"Project"	the Mimika Project;
"Project Companies"	PTMTT, which has been established and the proposed project company namely, PTMP, which is in the process of incorporation and any other subsidiaries of MTG to be incorporated in Indonesia to carry out the forestry business of the Mimika Project;

"PTML"	a limited liability company which was proposed under the Initial S&P Agreement to be incorporated in Indonesia with the name of "PT Merdeka Logging Indonesia", whose shares were proposed to be owned as to 80% by MLL and whose proposed principal activities included the logging and harvesting of timber within the Mimika Concession Areas. Pursuant to the amendments under the Third Supplemental Agreement, PTML will not be established as a subsidiary of MTG and its proposed business activities will be carried out by PTMP;
"PTMP"	a limited liability company to be incorporated in Indonesia under the name of "PT Merdeka Plantation Indonesia", whose shares shall be owned as to 95% by MTG and whose business scope shall include the logging and harvesting of timber, the reforestation in areas logged, the clearing of forest lands within the Mimika Concession Areas, the plantation of oil palms, and the production of palm oil in or near the Mimika Concession Areas, and, incidental to the logging activities and subject to relevant government approvals, its business activities may also include the processing and export of timber and wood products being produced from logging and/or clearing of forest;
"PTMTT"	"PT Merdeka Tapare Timber", a limited liability company incorporated in Indonesia, whose shares were owned as to 65% by MTG, which will obtain the industrial license in the Papua Province of Indonesia to operate sawmill(s), and to process, produce and export sawn timbers, and whose activities shall be expanded to include the production and export of other timber and wood products in or near the Concession Areas;
"Sale Consideration"	the original sum of US$157,000,000 (equivalent to HK$1,224,600,000) under the Initial S&P Agreement, which has been revised under the Third Supplemental Agreement to the sum of US$100,600,000 or the equivalence of HK$784,680,000, subject to adjustment, as the consideration for the Acquisition to be settled by the Company by way of the Cash Consideration and the MCL Convertible Bonds in accordance with the provisions of the Agreement;
"Sale Shares"	the 10,000 MTG Shares held by MCL representing 100% of the total issued share capital of MTG as at the date of the Agreement, which will be sold to the Company (and/or its designated nominee(s)) by MCL pursuant to the terms of the Agreement;
"Second Concession Areas"	the natural forests with an aggregate area of at least 300,000 hectares to be located in the Papua Province of Indonesia which MCL originally agreed under the Initial S&P Agreement to procure to have all the relevant Concessions, licenses, permits and the relevant government approvals to carry out all aspects of operations of the Second Project to be granted to the Project Companies. Pursuant to the Third Supplemental Agreement, the Second Concession Areas and the Second Project have been cancelled and will not be included in the Acquisition;
"Second Convertible Bonds"	the convertible bonds in the aggregate principal amount of HK$439,920,000, subject to adjustment, which was proposed to be issued by the Company to MCL and/or its designated nominee(s) as the consideration for the acquisition of the Second Project. Pursuant to the Third Supplemental Agreement, the Second Project will be cancelled and will not be included in the Acquisition and consequently the Second Convertible Bonds will not be issued by the Company to MCL and/or its nominee(s);

"Second Project"	the forestry businesses which was proposed under the Initial S&P Agreement to be carried out by the Project Companies in or near the Second Concession Areas including (i) the logging and harvesting of trees and reforestation in areas logged; (ii) the clearing of forest land by logging of trees; (iii) the operations of sawmill(s); and (iv) the processing, production and export of sawn timbers, and other timber and wood products. Pursuant to the Third Supplemental Agreement, the MTG Group will not carry out the Second Project which will be excluded from the Acquisition;
"Second Subscription Consideration"	the sum of US$11,200,000 or the equivalence of HK$87,360,000 which was proposed under the Initial S&P Agreement to be payable by the Company in cash to the Designated Bank Account of MTG as partial consideration for the subscription of the Subscription Shares in accordance with the provisions of the Initial S&P Agreement. Pursuant to the Third Supplemental Agreement, the Second Project will be excluded from the Transactions and consequently the Second Subscription Consideration will be cancelled and will not be paid to MTG by the Company;
"Second Supplemental Agreement"	the second supplemental agreement dated 28 February 2008 entered into amongst the Company, MCL and MTG amending the Long Stop Date of the Initial S&P Agreement from 28 February 2008 to 31 August 2008 or such other date as the Company, MCL and MTG may agree in writing;
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
"SGM"	the special general meeting of CCT Telecom to be convened and held to consider and, if thought fit, to approve, among other matters (if any), the Agreement and all transactions contemplated under the Agreement;
"Share(s)"	the ordinary share(s) of HK$0.01 each in the share capital of the Company;
"Shareholder(s)"	the holder(s) of the Share(s);
"Share Options"	the outstanding share options granted by the Company to the grantees to subscribe for an aggregate of 70,500,000 Shares pursuant to the share option scheme adopted by the Company on 20 February 2002 and effective on 7 March 2002;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Subscription"	the subscription of the Subscription Shares by the Company pursuant to the terms and conditions of the Agreement;
"Subscription Consideration"	the original sum of US$28,000,000 (equivalent to HK$218,400,000) under the Initial S&P Agreement, which has been revised under the Third Supplemental Agreement to the sum of US$16,800,000 or the equivalence of HK$131,040,000, payable by Tradeeasy in cash, after setting off against the MTG Loan, to the Designated Bank Account of MTG as consideration for the subscription of the Subscription Shares in accordance with the provisions of the Agreement;

"Subscription Shares"	2,000 new MTG Shares to be allotted and issued to the Company (and/or its designated nominee(s)) pursuant to the terms of the Agreement;
"subsidiary"	has the meaning given to it under the Companies Ordinance (Chapter 32 of the Laws of Hong Kong);
"substantial shareholder"	has the meaning given to it under the GEM Listing Rules and the Listing Rules;
"Supplemental Agreement"	the supplemental agreement entered on 17 October 2007 between the Company, MCL and MTG to amend certain terms of the Initial S&P Agreement dated 4 October 2007 with regard to mainly the conversion restrictions and the maturity date of the MCL Convertible Bonds;
"Takeovers Codes"	The Codes on Takeovers and Mergers and Share Repurchases;
"Third Supplemental Agreement"	the third supplemental agreement dated 20 March 2008 entered into amongst Tradeeasy, MCL and MTG amending certain terms of the Initial S&P Agreement and the Supplemental Agreement in relation to mainly the simplification of the MTG Group, the cancellation of the Second Project and the revision of the Sale Consideration, the Subscription Consideration and the MTG Loan;
"Transactions"	the sale and purchase of the Sale Shares and the subscription and allotment and issue of the Subscription Shares pursuant to the terms of the Agreement;
"US"	The United States of America;
"US$" or "USD"	United States dollar(s), the lawful currency of US;
"m^3"	cubic metre; and
"%"	per cent.

In this circular, for purpose of illustration only, amount quoted in US$ have been converted into HK$ at the rate of US$1 to HK$7.8. Such exchange rate has been used, where applicable, for purpose of illustration only and does not constitute a representation that any amounts were and may have been exchanged at this or any other rates or at all.

TRADEEASY HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 08163)

Executive Directors:
Mak Shiu Tong, Clement
Tam Ngai Hung, Terry
Cheng Yuk Ching, Flora
William Donald Putt

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

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands
British West Indies

Head office and principal place of business in Hong Kong:
20-21/F., Pan Asia Centre
No. 137 Wai Yip Street
Kwun Tong
Kowloon
Hong Kong

30 May 2008

To the Shareholders

Dear Sir or Madam,

(1) VERY SUBSTANTIAL ACQUISITION

ACQUISITION OF A FORESTRY PROJECT IN PAPUA, INDONESIA WITH NATURAL FOREST CONCESSION OF 313,500 HECTARES

(2) CONNECTED TRANSACTION

SUBSCRIPTION OF CONVERTIBLE BONDS BY MANISTAR ENTERPRISES LIMITED

INTRODUCTION

On 23 October 2007, by means of the Initial Joint Announcement, the Board and the CCT Telecom Board jointly announced that Tradeeasy entered into the Initial S&P Agreement and the Supplemental Agreement with MCL and MTG (i) for the Acquisition of the Sale Shares at the original Sale Consideration of US$157,000,000 (equivalent to HK$1,224,600,000) to be satisfied originally by the Cash Consideration, the First Convertible Bonds (subject to adjustment with reference to valuation by the Forest Consultant) and the Second Convertible Bonds (subject to adjustment with reference to valuation by the Forest Consultant); and (ii) for the Subscription of the Subscription Shares at the original Subscription Consideration of US$28,000,000 (equivalent to HK$218,400,000) to be satisfied originally by the First Subscription Consideration and the Second Subscription Consideration. Completion of the Acquisition and the Subscription would enable Tradeeasy to own 100% of the shareholding interest in MTG. Pursuant to the Initial S&P Agreement as amended by the Supplemental Agreement and the Second Supplemental Agreement, MTG would hold a controlling shareholding interest directly in PTMTT and originally through MLL and MPL indirectly in PTML and PTMP respectively. Under the Initial S&P Agreement as amended by the Supplemental Agreement and the Second Supplemental Agreement, the Project Companies would be established to pursue originally the Mimika Project and the Second Project in the logging and timber businesses in or near the Mimika Concession Areas and the Second Concession Areas respectively located in the Papua Province of Indonesia. Tradeeasy agreed to lend the MCL Loan and the MTG Loan before Completion in order to finance the purchase of plant and machinery and for payment of capital and preparatory expenses for the Project Companies.

On 23 October 2007, the Board and the CCT Telecom Board further announced that Tradeeasy entered into the Manistar Initial Subscription Agreement as amended by the Manistar Supplemental Agreement with Manistar (a wholly-owned subsidiary of CCT Telecom), pursuant to which Manistar agreed to subscribe for and Tradeeasy agreed to issue the Manistar Convertible Bonds in the original aggregate principal amount of HK$226,200,000, payable in cash, in order to provide funding to Tradeeasy to finance the Cash Consideration and the Subscription Consideration.

In order to facilitate the Completion of the Transactions, MCL and MTG have reviewed the corporate structure of the MTG Group and the arrangements for valuation and licenses of the Second Project with the relevant officials in Papua, Indonesia. Based on this review, a consensus was reached to simplify the corporate structure of the MTG Group and to shorten the time required for establishing the Project Companies, and MCL and MTG proposed to the Board that (i) MTG should not establish PTML as its subsidiary to carry out the logging and timber businesses as the proposed activities of PTML can be carried out by PTMP instead; and (ii) PTMP should be established as a direct subsidiary of MTG instead of MPL so that both PTMTT and PTMP are under one direct holding company instead of two and that MLL and MPL should become the Dormant BVI Companies. MCL and MTG also proposed to the Board that as additional time is required to arrange for the valuation and licenses of the Second Project, the Second Project should be excluded from the Acquisition and only the Mimika Project will be carried out by the MTG Group. The cancellation of the Second Project would avoid causing further delay to the Completion. The total consideration for the Acquisition and the Subscription should therefore be reduced as a result of the cancellation of the Second Project and the amount of the Manistar Subscription would also be reduced correspondingly. Furthermore, MCL has agreed to grant a first right of refusal to Tradeeasy to acquire any interest in other future forestry projects that are carried out by MCL and/or its associates. The Board and the CCT Telecom Board consider that the proposed changes to the corporate structure of the MTG Group would not affect the terms of the Transactions in substance but would simplify and facilitate the Completion. The Board and the CCT Telecom Board also consider that the cancellation of the Second Project would avoid further delays in relation to the Completion and would reduce the total investment of Tradeeasy and CCT Telecom in the Transactions. As such, the Board and the CCT Telecom Board are of the view that the proposed changes of the terms and conditions of the Transactions and the Manistar Subscription are fair and reasonable, based on normal commercial terms and are in the best interest of Tradeeasy, CCT Telecom and their respective shareholders as a whole.

The Board has agreed to the above proposed changes. On 20 March 2008, Tradeeasy entered into the Third Supplemental Agreement with MCL and MTG which superseded certain terms and conditions of the Initial S&P Agreement as amended by the Supplemental Agreement and the Second Supplemental Agreement. Pursuant to the Third Supplemental Agreement, (i) MTG shall not establish PTML as its subsidiary; (ii) PTMP shall be established as a direct subsidiary of MTG and that MLL and MPL shall become the Dormant BVI Companies; (iii) The MTG Group shall not carry out the Second Project and shall only carry out the Mimika Project; (iv) the Second Convertible Bonds shall not be issued to MCL and the Second Subscription Consideration shall not be paid to MTG; (v) the Sale Consideration shall be reduced from HK$1,224,600,000 (equivalent to US$157,000,000) by the amount of the Second Convertible Bonds of HK$439,920,000 (equivalent to US$56,400,000) to HK$784,680,000 (equivalent to US$100,600,000); (vi) the Subscription Consideration shall be reduced from HK$218,400,000 (equivalent to US$28,000,000) by the amount of the Second Subscription Consideration of HK$87,360,000 (equivalent to US$11,200,000) to HK$131,040,000 (equivalent to US$16,800,000); (vii) the MTG Loan shall be reduced from HK$58,500,000 (equivalent to US$7,500,000) to HK$35,100,000 (equivalent to US$4,500,000); (viii) the amount of the Manistar Convertible Bonds to be issued to Manistar shall be reduced from HK$226,200,000 to HK$138,840,000; and (ix) MCL shall grant to Tradeeasy a first right of refusal to acquire any interest in other future forestry projects of MCL and/or its associates in the Papua Province of Indonesia on terms and conditions that are no less favourable than those to be offered by MCL and/or its associates to other third party or parties.

The Sale Consideration shall be satisfied by way of the Cash Consideration and the issue of the MCL Convertible Bonds. The Subscription Consideration shall be satisfied by way of cash.

The Agreement constitutes a very substantial acquisition for the Company under Chapter 19 of the GEM Listing Rules. The entering into of the Agreement, the Acquisition and the Subscription, the issue of the MCL Convertible Bonds and the issue and allotment of the Conversion Shares by the Company arising from the conversion of the MCL Convertible Bonds are subject to the approval by the Independent Shareholders at the EGM.

On 20 March 2008, Tradeeasy entered into the Manistar Third Supplemental Agreement with Manistar, pursuant to which the aggregate principal amount of the Manistar Convertible Bonds shall be reduced from HK$226,200,000 to HK$138,840,000. The proceeds from the issue of the Manistar Convertible Bonds will be used by the Company to pay for the Cash Consideration and the Subscription Consideration.

As Manistar is a substantial shareholder of the Company, the Manistar Subscription Agreement constitutes a connected transaction for the Company under Chapter 20 of the GEM Listing Rules. The entering into of the Manistar Subscription Agreement, the issue of the Manistar Convertible Bonds and the issue and allotment of the Conversion Shares arising from the conversion of the Manistar Convertible Bonds are subject to the approval by the Independent Shareholders at the EGM.

As the Company is a non wholly-owned subsidiary of CCT Telecom, the Transactions constitute a very substantial acquisition for CCT Telecom under Chapter 14 of the Listing Rules. The entering into of the Agreement, the Acquisition and the Subscription by the Company are therefore subject to the approval by the CCT Telecom Shareholders at the SGM.

The future conversion of the Manistar Convertible Bonds and the MCL Convertible Bonds may result in the maximum possible increase of 25.09% of Manistar's shareholdings in the Company from 52.96% (percentage of Manistar's shareholdings in Tradeeasy as at the Latest Practicable Date) to 78.05% or the maximum possible decrease of 33.37% of Manistar's shareholdings in the Company from 52.96% to 19.59%. This will constitute a possible discloseable acquisition or a possible very substantial disposal transaction of CCT Telecom, as the case may be, pursuant to the provisions as stipulated in Chapter 14 of the Listing Rules. The possible very substantial disposal transaction arising from the possible decrease of Manistar's shareholdings in the Company as a result of the future conversion of the MCL Convertible Bonds and the Manistar Convertible Bonds will be subject to the approval by the CCT Telecom Shareholders at the SGM.

The purpose of this circular is to give you, among other things, (i) further details of the Transactions and the Manistar Subscription; (ii) the Forest Consultant's valuation report on the Mimika Project; (iii) a letter from an independent financial adviser containing its advice to the Independent Board Committee and the Independent Shareholders on the Manistar Subscription; (iv) the recommendation of the Independent Board Committee regarding the Manistar Subscription to the Independent Shareholders; and (v) the notice of the EGM to be despatched to the Shareholders in accordance with the requirements of the GEM Listing Rules as soon as possible.

THE AGREEMENT

The Initial S&P Agreement dated 4 October 2007 as amended and revised by the Supplemental Agreement, the Second Supplemental Agreement and the Third Supplemental Agreement were entered into between the following parties:

Parties

Purchaser and Subscriber:	the Company
Seller:	MCL
The company whose shares are to be acquired and subscribed:	MTG

The Transactions constitute a very substantial acquisition for the Company under the GEM Listing Rules. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, MCL, its ultimate beneficial owners, MTG and their respective associates and the parties acting in concert to them are third parties independent of and not connected with the Company, directors, chief executives, substantial shareholders and management shareholders of the Company and their respective subsidiaries and associates as defined in the GEM Listing Rules.

Transactions of the Agreement (incorporated the amendments of the Supplemental Agreement, the Second Supplemental Agreements and the Third Supplemental Agreement)

The Company shall purchase the Sale Shares from MCL and the Company shall subscribe for the Subscription Shares in MTG, subject to the terms and conditions of the Agreement. Immediate after Completion of the Acquisition and the Subscription, the Company (and/or its designated nominee(s)) will beneficially own 100% of the then total issued share capital of MTG as enlarged by the Subscription Shares. The principal activity of MTG is investment holding. MTG holds a controlling shareholding interest in the Project Companies to pursue the Mimika Project in the forestry businesses of harvesting and extraction of timber, reforestation in areas logged, land clearing, plantation of oil palm and production of palm oil, the operations of sawmills, and the production and export of sawn timber and other timber and wood products in or near the Mimika Concession Areas located in the Mimika Administration Region, Papua Province, Indonesia. After all licenses, permits and the relevant government approvals in respect of the Mimika Concession Areas having been granted to PTMP, PTMP will have natural forest concessions of approximately 313,500 hectares in the Papua Province of Indonesia.

MCL has agreed to grant to Tradeeasy a first right of refusal to acquire any interest in other future forestry projects of MCL and/or its associates in the Papua Province of Indonesia on terms and conditions that are no less favorable than those offered by MCL and/or its associates to other third party or parties.

Consideration for the Transactions

The total consideration for the Transactions amounts to US$117,400,000 (equivalent to HK$915,720,000) of which (i) the Sale Consideration amounts to US$100,600,000 (equivalent to HK$784,680,000) (subject to adjustment as set out in the section headed "Adjustments to the Sale Consideration" below); and (ii) the Subscription Consideration amounts to US$16,800,000 (equivalent to HK$131,040,000).

Sale Consideration

The Sale Consideration of US$100,600,000 or the equivalence of HK$784,680,000 (subject to adjustment as set out in the section headed "Adjustments to the Sale Consideration" below) shall be payable to MCL as follows:

(a) HK$7,800,000 by way of Cash Consideration; and

(b) HK$776,880,000 (subject to adjustment) by the issue of the MCL Convertible Bonds.

The Cash Consideration shall be payable at Completion by setting off against the MCL Loan.

The MCL Convertible Bonds shall be issued by the Company to MCL and/or its designated nominee(s) at Completion.

Further details of the MCL Convertible Bonds will be set out in the section headed "Principal terms of the MCL Convertible Bonds" below.

Adjustments to the Sale Consideration

The Company has appointed Pöyry as the Forest Consultant to conduct a technical valuation of the Mimika Project. Pöyry is one of the world's largest consulting and engineering firms focused on the forest products industry. Pöyry operates in Europe, North America, South America and Asia with offices in 45 countries. Pöyry has extensive experience in valuation of forestry projects and conducted valuation of forestry projects acquired by other listed companies in Hong Kong. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Pöyry, its ultimate beneficial owners, and their respective associates are third parties independent of and not connected with the Company and its directors, chief executives and substantial shareholders and its subsidiaries, connected persons and associates as defined in the GEM Listing Rules. If the valuation of the Mimika Project arrived at by the Forest Consultant (the "Mimika Valuation") is less than US$123,600,000 (equivalent to HK$964,080,000) (the "Mimika Reference Amount"):

(a) upon the written consent of all the parties to the Agreement, ninety-five percent (95%) of the shortfall amount which is equal to the amount of the Mimika Valuation that falls short of the Mimika Reference Amount shall be deducted, on a dollar-for-dollar basis, from the amount of the MCL Convertible Bonds before Completion, first from (1) the amount which shall be subject to the lock-up restriction on conversion in the first year of issue and then from (2) the remaining amount of the MCL Convertible Bonds (if applicable) and only the net amount of the MCL Convertible Bonds after deduction of such shortfall shall be issued to MCL and/or its nominees; or

(b) any of the parties to the Agreement shall have a right to terminate the Agreement and not to proceed with Completion.

The value of the Mimika Project is the logging right to exploit the timber resources in the Mimika Concession Areas. As the logging right in respect of the Mimika Concession Areas will be granted to PTMP and no logging right will be granted to PTMTT, therefore all the value of the Transactions is attributable to the acquisition of PTMP. No value is attributable to PTMTT which will be given to Tradeeasy free of charge. As Tradeeasy will indirectly hold 95% interest of PTMP after Completion, Tradeeasy will acquire an effective interest of 95% in PTMP. As the valuation to be conducted by the Forest Consultant will be carried out on 100%

of the Mimika Project but Tradeeasy is only acquiring 95% effective interest in the Mimika Project, only 95% of the respective shortfall amount for the Mimika Project, if any, should be deducted from the amount of the MCL Convertible Bonds. If the Mimika Valuation is higher than the Mimika Reference Amount, there shall not be any upward adjustment to the Sale Consideration and the amount of the MCL Convertible Bonds and no additional consideration shall be payable for any increase in the Mimika Valuation.

The Forest Consultant has adopted the standing stock method in arriving at the Mimika Valuation. The standing stock valuation means using the present market value per unit volume of log, the estimated harvesting and distribution costs and the total merchantable volume of log in the concessions as a basis for coming up with the estimated value.

The valuation report for the Mimika Project has been issued by the Forest Consultant and details of which are set out in Appendix IV of this circular. The Mimika Valuation of the Mimika Project as at 30 May 2008 arrived at by the Forest Consultant is approximately US$148,700,000 which is more than the Mimika Reference Amount of US$123,600,000 (equivalent to HK$964,080,000). As the Mimika Valuation is above the Mimika Reference Amount, there is no adjustment to the amount of the MCL Convertible Bonds which will be issued at Completion.

Loans

The Company shall, within five Business Days immediately after the conditions set out below having been fulfilled or waived (as the case may be) lend:

(a) an interest free loan (the "MCL Loan") in the amount of US$1,000,000 (equivalent to HK$7,800,000) to MCL; and

(b) an interest free loan (the "MTG Loan") of US$4,500,000 (equivalent to HK$35,100,000) to MTG.

The obligations of the Company to provide the Loans is subject to the following conditions which the Company has an absolute discretion to waive any of the conditions:

(i) the Company having obtained a satisfactory legal opinion acceptable to the Company which opines on PTMTT and its licenses;

(ii) mortgage of the Sale Shares in favour of the Company, original share certificate and any other document of title relating the Sale Shares as required by the Company; and

(iii) mortgage of the shares in MLL and MPL in favour of the Company, original share certificates and any other document of title relating those shares as required by the Company.

The legal opinion in (i) on PTMTT's licence related to the operations of sawmill and the process and the production of sawn timbers and other wood products in the Papua Province of Indonesia. This however will not cover any logging rights in respect of the Mimika Concession Areas which will only be granted to PTMP.

The above conditions in relation to the provision of the Loans have been satisfied.

The MCL Loan effectively serves earnest money for the Acquisition. The MCL Loan shall be repaid in full on Completion by setting off against the Cash Consideration and upon such set-off, the Company shall be fully discharged from its obligation to pay the Cash Consideration. The MTG Loan shall be payable to the Designated Bank Account of MTG and shall be used by MTG for purchasing plant and machinery and for establishing and commencing the operation of PTMTT and PTMP and for payment of the capital and preparatory expenses of

PTMP. The MTG Loan shall be repaid in full on Completion by setting off against part of the Subscription Consideration and upon such set-off, the Company shall be fully discharged from its obligation to pay such part of the Subscription Consideration. If for any reasons, Completion does not take place on or before the Long Stop Date and the Agreement is terminated as a result, MCL shall repay the MCL Loan and MTG shall repay the MTG Loan in full amount in cash to the Company within five Business Days after termination of the Agreement. MCL shall guarantee to Tradeeasy the due and timely performance by itself and MTG of their respective obligations in respect of the Loans.

Subscription Consideration

The Subscription Consideration of US$16,800,000 or the equivalence of HK$131,040,000 shall be payable by the Company as follows:

At Completion, the portion of the Subscription Consideration in the amount of US$4,500,000 or the equivalence of HK$35,100,000 shall be set off against the repayment of the MTG Loan by MTG to the Company and upon such set-off, the Company shall be fully discharged from its obligation to pay such part of the Subscription Consideration. The balance of the Subscription Consideration in the amount of US$12,300,000 or the equivalence of HK$95,940,000 shall be payable by the Company in cash to the Designated Bank Account of MTG within five Business Days after Completion.

The money from the Subscription Consideration shall be used by the MTG Group to purchase plant and machinery for and to fund other capital expenditure, the preparation costs and working capital of the Mimika Project.

Basis of the Sale Consideration and the Subscription Consideration

The total consideration for the Transactions was arrived at after arm's length negotiations between MCL, MTG and the Company on normal commercial terms with reference to (a) future prospects and growth of the forestry business and the Mimika Project; (b) the large size of the natural forests covered by the Concession Areas; (c) relatively close proximity of the Mimika Project to the potential markets which the Project Companies intend to sell their products; (d) close proximity of the Mimika Project to the established transportation and port facilities; (e) the mechanism to adjust the Sale Consideration with reference to technical valuation conducted by the Forest Consultant set out in the section headed "Adjustments to the Sale Consideration"; and (f) comparable prices per hectare of recent acquisitions of forest concessions by other listed companies in Hong Kong.

In considering the factors in (a) and (b) above, the Directors have considered the forest survey reports of the Mimika Project prepared by the local forestry department of Papua, Indonesia and an air survey (which is a visual observation from a flying aircraft) performed over the forests in Papua, Indonesia with the presence of representatives from the Company.

The Directors consider that the business of the MTG Group has promising prospect as the consumption of wood products in the world, especially in China and other countries in the Asia Pacific region has continued to increase. As a result of growing demand, the prices of wood products especially tropical hardwood timber has also increased significantly.

As listed in the table below, the prices per hectare of forest concession in the recent acquisitions by other listed companies in Hong Kong ranges between US$235 to US$2,650 whereas the price per hectare for the Mimika Project is US$394.

Acquiror	Stock Code	Date Announced	Target Location	Concession Area	% Acquired	Consideration Total	Consideration Per ha
				(hectares)		*(US$mil)*	*(US$)*
Omnicorp	00094.HK	24/8/2007	Suriname	177,965.00	60%	48.08	450
Medical China	08186.HK	31/7/2007	Cambodia	10,082.00	100%	26.71	2,650
China Timber	00269.HK	10/4/2006	Guyana	164,800.00	51%	19.74	235
Tradeeasy	08163.HK	23/10/2007	Indonesia	313,500.00	95%	117.4	394

The average price per hectare of the Mimika Project is US$394 which falls on the lower range of the comparables. There is no recent acquisition of forest concessions in Indonesia by other listed companies in Hong Kong. The above comparable companies are selected because their acquisitions are made to acquire concession rights to exploit forests which is similar to the nature of acquisition of the Company. Although forests in different countries have certain different varieties and species of trees, the type of forests covered in the acquisitions of the comparable companies are all tropical forests which are similar to the forests of Papua, Indonesia.

In light of the above, the Directors consider that the Transactions represent a good opportunity for the Group to enter the forestry industry with huge potential and good future prospect. The Directors are therefore of the opinion that the consideration and the terms of the Agreement are fair and reasonable and on normal commercial terms and in the interest of the Shareholders as a whole.

The Conversion Price of the MCL Convertible Bonds in the amount of HK$0.10 per Share represents:

- a discount of approximately 16.67% to the closing price of HK$0.12 per Share as quoted on the Stock Exchange on 27 September 2007, the last trading date immediately before the issue of the Clarification Announcement;

- a discount of approximately 64.29% to the closing price of HK$0.280 per Share as quoted on the Stock Exchange before the suspension of trading of the Shares on the Last Trading Date;

- a discount of approximately 45.05% to the average closing price of HK$0.182 per Share for the five consecutive trading days up to and including the Last Trading Date;

- a discount of approximately 39.39% to the average closing price of HK$0.165 per Share for the 30 consecutive trading days up to and including the Last Trading Date;

- a discount of approximately 45.95% to the average closing price of HK$0.185 per Share for the 60 consecutive trading days up to and including the Last Trading Date;

- a discount of approximately 31.03% to the closing price of HK$0.145 per Share as quoted on 20 March 2008 (being the last trading date before the issue of the joint announcement of the Company and CCT Telecom dated 28 March 2008 in relation to the Third Supplemental Agreement and the Manistar Third Supplemental Agreement);

- a discount of approximately 69.70% to the closing price of HK$0.330 per Share as quoted on the Latest Practicable Date; and

- a premium of approximately 317.00% over the audited consolidated net asset value of HK$0.024 per Share as at 31 March 2007.

The Shares traded in the range of HK$0.051 and HK$0.28 per share during the nine-month period starting from 4 January 2007 up to and including 4 October 2007, the Last Trading Date. The Share price has therefore increased by 449.02% during the nine months up to and including the Last Trading Date. The Directors consider that the increase in the Share prices during the nine months up to and including the Last Trading Date might be attributable to the then market sentiment, ignoring the fact that the existing e-commerce business of the Group incurred a loss during the year ended 31 March 2007. The price of the Shares increased sharply by approximately 133.33% from HK$0.12 per Share on 27 September 2007, the date immediately before the Clarification Announcement to HK$0.28 per Share on 4 October 2007, being the date of the Initial S&P Agreement and the Last Trading Date. The Directors consider that the surge in the Share prices during the period from 28 September 2007 to 4 October 2007 might be contributable to the positive response by the market regarding the possible acquisition of a resource business by the Company and the then optimistic market sentiment. As the Conversion Price of the MCL Convertible Bonds represents a very high premium of approximately 317% over the audited consolidated net asset value per Share, the Directors and the CCT Telecom Directors (including the respective independent non-executive directors of the Company and CCT Telecom) therefore consider that the Conversion Price of the MCL Convertible Bonds to be fair and reasonable.

Save for the 70,500,000 outstanding Share Options, the Company has no outstanding options, warrants or securities convertible into the Shares or other securities of the Company as at the Latest Practicable Date.

Restriction in conversion of the MCL Convertible Bonds and the Manistar Convertible Bonds

Pursuant to the terms of the Agreement, and the terms and conditions of the MCL Convertible Bonds, the conversion of the MCL Convertible Bonds are subject to the following restrictions:

(a) during the term of the MCL Convertible Bonds, MCL and/or its nominee(s) do not have the right to convert any principal amount of the MCL Convertible Bonds into the Conversion Shares and the Company shall not issue any Conversion Share thereof if, upon such conversion and issue of the Conversion Shares, MCL and the parties acting in concert with it will be interested in 30% (or such amount as may from time to time be specified in the Takeovers Codes as being the level for triggering a mandatory general offer) or more of the then enlarged issued share capital of the Company at the date of the relevant conversion;

(b) any principal amount of the MCL Convertible Bonds cannot be converted into the Conversion Shares during the term of the MCL Convertible Bonds if such conversion will cause the Company to be in breach of the minimum public float requirement as stipulated under Rule 11.23 of the GEM Listing Rules; and

(c) certain other lock-up provisions in conversion, details of which have been set out under the section headed "Principal terms of the MCL Convertible Bonds" below.

Pursuant to the Manistar Subscription Agreement and the terms and conditions of the Manistar Convertible Bonds, any Manistar Convertible Bonds cannot be converted into the Conversion Shares during the term of the Manistar Convertible Bonds if such conversion will cause the Company to be in breach of the minimum public float requirement as stipulated under Rule 11.23 of the GEM Listing Rules. Other than the public float restriction, the Manistar Convertible Bonds will not be subject to any other conversion restriction or lock-up provisions.

Principal terms of the MCL Convertible Bonds

The principal terms of the MCL Convertible Bonds are summarised as follows:

Issuer:	The Company
Principal Amount of the MCL Convertible Bonds:	HK$776,880,000
Interest:	Zero coupon
Conversion Period:	Subject to the restrictions specified below, bondholders shall be entitled to convert the MCL Convertible Bonds into the Conversion Shares at any time during the period commencing from the date of issue of the MCL Convertible Bonds until the date that falls on the fifth day immediately before the maturity date.

Restrictions in conversion:

(i) Notwithstanding the conversion rights attaching to the MCL Convertible Bonds within the period commencing from the issue date and until the bond maturity date, there is no right for any bondholder(s) to convert any principal amount of the MCL Convertible Bonds held by the bondholder(s) into the Conversion Shares and Tradeeasy shall not issue any Conversion Shares thereof if, upon such conversion and issue of the Conversion Shares, MCL and the parties acting in concert with it shall be interested in 30% (or such amount as may from time to time be specified in the Takeovers Codes as being the level for triggering a mandatory general offer) or more of the then enlarged issued share capital of Tradeeasy at the date of the relevant conversion;

(ii) there is no right for any bondholder(s) to convert any principal amount of the MCL Convertible Bonds held by the bondholder(s) and Tradeeasy shall not issue any Conversion Shares thereof if, upon such conversion and issue of the Conversion Shares, Tradeeasy will be in breach of the minimum public float requirement as stipulated under Rule 11.23 of the GEM Listing Rules; and

(iii) there is no right for any bondholder(s) to convert any principal amount of the MCL Convertible Bonds held by the bondholder(s) that falls between the range of the principal amount between HK$350,000,000 to HK$776,880,000 at any time during the period commencing from the issue date and up to and inclusive of the date that falls on the first anniversary of the issue date.

Conversion Price:	HK$0.10 per Conversion Share, subject to customary adjustments, among other things, sub-divisions and consolidations of the Shares, in accordance with the terms and conditions of the MCL Convertible Bonds. The overriding principle as set out in the Stock Exchange's letter dated 5 September 2005 is that no adjustment to the exercise price or number of shares should be to the advantage of share option scheme participants without prior shareholders' approval. The adjustment that will be made to the conversion price if and only if in the event of, among other things, sub-division or consolidation of the Shares, bonus issues, right issues and other dilutive events. The Directors believe that the adjustment considerations set out in the MCL Convertible Bonds in general accord with the overriding principle.
Conversion Shares:	If the MCL Convertible Bonds are fully converted at the initial Conversion Price of HK$0.10 each, there will be 7,768,800,000 Conversion Shares.
Ranking of Conversion Shares:	Conversion Shares will rank pari passu in all respects with the Shares then in issue on the relevant conversion date.
Maturity:	The date falling on the third anniversary of the issue date, such date being a Business Day and if such date not being a Business Day, the immediately next Business Day. Unless previously converted or cancelled under the conditions of the MCL Convertible Bonds, each MCL Convertible Bond shall be redeemed at their principal amount on the maturity date.
Voting rights:	Bondholders shall not have any right to attend or vote in any general meeting of the Company by virtue of their being bondholders.
Transferability:	Subject to the restriction mention below, the MCL Convertible Bonds are transferable from the date of issue of the MCL Convertible Bonds until the date that falls on the tenth day before the maturity date, subject to the terms and conditions of the MCL Convertible Bonds. Without the prior written consent of Tradeeasy, bondholder(s) shall not be entitled to transfer or assign to any other persons at any time any principal amount of the MCL Convertible Bonds held by the bondholder(s) that falls between the range of HK$350,000,000 to HK$776,880,000 during the period commencing from the issue date up to and inclusive of the date that falls on the first anniversary of the issue date.
Status:	General, unsecured obligations of the Company ranking equally among themselves and pari passu with all other present and future unsecured and unsubordinated obligations of the Company except for the obligations accorded preference by mandatory provisions of applicable laws.

Listing: No application will be made for the listing of the MCL Convertible Bonds. Application will be made to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares arising from the conversion of the MCL Convertible Bonds.

The Conversion Shares to be issued upon conversion of the MCL Convertible Bonds will be issued under a specific mandate of Tradeeasy.

Conditions precedent of the Agreement

Completion of the Agreement is conditional upon, among other things, the fulfillment of the following conditions on or before the Long Stop Date, or such other date as the parties to the Agreement may agree:

(a) the Company having been satisfied with the results of due diligence conducted on the MTG Group;

(b) PTMTT and PTMP having been duly incorporated as foreign investment companies under the laws of Indonesia and that 65% and 95% of the share ownership of PTMTT and PTMP respectively is owned by MTG;

(c) the Project Companies together having obtained all the relevant Concessions, licenses, rights, permits and the relevant government approvals in order for them to carry out (i) the logging and harvesting of trees and reforestation activities; (ii) the clearing of forest by logging of trees; and (iii) the operations of sawmill(s), and the process, production and export of sawn timber and other timber and wood products of the Mimika Project under the laws of Indonesia;

(d) the Company has obtained legal opinions to its satisfaction from legal counsels in the British Virgin Islands and Indonesia;

(e) the passing of resolutions at the EGM by the Independent Shareholders and at the Board meeting by the Board approving the Agreement and the transactions contemplated thereunder, the issue of the MCL Convertible Bonds and the issue and allotment of the Conversion Shares arising from the conversion of the MCL Convertible Bonds and the transactions contemplated thereunder;

(f) the passing of resolutions at the EGM by the Independent Shareholders and at the Board meeting by the Board approving the Manistar Subscription Agreement, the issue of the Manistar Convertible Bonds and the issue and allotment of the Conversion Shares arising from the conversion of the Manistar Convertible Bonds and the transactions contemplated thereunder;

(g) the passing of resolutions by the CCT Telecom Shareholders at the SGM approving the entering of the Agreement by Tradeeasy and all transactions contemplated under the Agreement;

(h) the granting by the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in the Conversion Shares to be issued upon the conversion of the MCL Convertible Bonds and the Manistar Convertible Bonds;

(i) the Company having obtained from the Forest Consultant the valuation report on the Mimika Project;

(j) the representations and warranties contained in the Agreement remaining true and accurate in all material respects and not misleading in any respect as at the date of Completion;

(k) the Company having satisfied that there has been no Material Adverse Change of the MTG Group as at the date of Completion; and

(l) MTG having received the written consent of each of minority shareholders of PTMTT and PTMP consenting to the sale and purchase of the Sale Shares and the subscription of the Subscription Shares by the Company in accordance with the Agreement, if required by the Company.

Conditions (a) and (i) have been fulfilled. In respect of condition (b), PTMTT has been duly incorporated and that 65% of its shareholding is owned by MTG. PTMP is in the process of being incorporated. In respect of conditions (e) and (f), the Agreement and the transactions contemplated thereunder, and the Manistar Subscription Agreement and the transactions contemplated thereunder have been approved respectively at the board meeting by the Board but the EGM has not been convened. Save as disclosed above, all the other conditions have not been fulfilled or waived as at the Latest Practicable Date.

In respect of conditions precedent (c) above, the conditions that shall be complied with in order to obtain the relevant rights and licenses under conditions precedent (c) are that (1) the Project Companies undertake to observe and comply with the relevant forestry laws applicable to the Mimika Project; and (2) the Project Companies have been duly incorporated and set up in Indonesia in accordance with the laws of Indonesia.

The Company, acting through the Board, may in its absolute discretion waive the conditions precedent set out in (a), (b), (c), (d), (i), (j), (k) and (l) provided that all the other conditions precedent cannot be waived. In exercising the right of waiver, the Board will act in good faith and in the best interest of the Company and its shareholders as a whole and will only waive any conditions precedent on minor issues or on issues that will not affect the substance of the Transactions and the Mimika Project. As at the Latest Practicable Date, the Company has no present intention to waive any conditions precedent of the Agreement. If the above conditions precedent are not satisfied or waived on or before the Long Stop Date, the Company has the right to terminate the Agreement or postpone to another date and neither party shall have any liability or obligation under the Agreement.

Completion of the Agreement

The Agreement and the Manistar Subscription Agreement are inter-conditional to each other. Completion of the Acquisition and the Subscription shall take place together and simultaneously. Completion of the Agreement shall take place on the second Business Day after the conditions precedent are fulfilled or waived (as the case may be) or such other date as the parties shall agree in writing. The Agreement will lapse if the conditions precedent are not fulfilled or waived (as the case may be) by the Long Stop Date or such later date as the parties shall agree in writing. In the event that the Completion of the Agreement has not taken place by the Long Stop Date, further announcement will be made by the Company and CCT Telecom.

THE MANISTAR SUBSCRIPTION AGREEMENT

The Manistar Initial Subscription Agreement dated 4 October 2007 as amended by the Manistar Supplemental Agreement, the Manistar Second Supplemental Agreement and the Manistar Third Supplemental Agreement were entered into between the following parties:

Parties

Subscriber:	Manistar
Convertible Bonds Issuer:	the Company

Pursuant to the Manistar Subscription Agreement, Manistar has agreed to subscribe for and the Company has agreed to issue the Manistar Convertible Bonds in the aggregate principal amount of HK$138,840,000. As Manistar is a substantial shareholder of the Company, the Manistar Subscription Agreement constitutes a connected transaction for the Company under Chapter 20 of the GEM Listing Rules. The amount of the Manistar

Subscription Agreement is determined based on the total amount of the Cash Consideration and the Subscription Consideration that the Company is required to pay for the Transactions in cash. The proceeds from the issue of the Manistar Convertible Bonds will be used by the Company to pay for the Cash Consideration and the Subscription Consideration under the Agreement.

The Directors consider that the Transactions represent a good opportunity for the Group to enter the forest industry with huge potential and good future prospect. The Directors therefore consider that it is in the interest of the Shareholders as a whole to enter into the Manistar Subscription Agreement in order to provide funding to the Company to pay for the Cash Consideration and the Subscription Consideration.

Principal terms of the Manistar Convertible Bonds

The principal terms of the Manistar Convertible Bonds are summarised as follows:

Issuer:	The Company
Principal Amount of the Manistar Convertible Bonds:	HK$138,840,000
Interest:	Zero coupon
Conversion Period:	Subject to the restriction below, bondholders shall be entitled to convert the Manistar Convertible Bonds into the Conversion Shares at any time during the period commencing from the date of issue of the Manistar Convertible Bonds until the date that falls on the fifth day immediately before the maturity date. *Restriction in conversion:* Bondholders shall not convert any amount of the Manistar Convertible Bonds and the Company shall not issue any Conversion Shares if, upon such issue, the Company will be in breach of the minimum public float requirement under the GEM Listing Rules. This restriction shall remain valid throughout the term of the Manistar Convertible Bonds.
Conversion Price:	HK$0.10 per Conversion Share, subject to customary adjustments, among other things, sub-divisions and consolidations of the Shares, in accordance with the terms and conditions of the Manistar Convertible Bonds. The overriding principle as set out in the Stock Exchange's letter dated 5 September 2005 is that no adjustment to the exercise price or number of shares should be to the advantage of share option scheme participants without prior shareholders' approval. The adjustment that will be made to the conversion price if and only if in the event of, among other things, sub-division or consolidation of the Shares, bonus issues, right issues and other dilutive events. The Directors believe that the adjustment considerations set out in the Manistar Convertible Bonds in general accord with the overriding principle.
Conversion Shares:	If the Manistar Convertible Bonds are fully converted at the initial Conversion Price of HK$0.10 each, there will be 1,388,400,000 Conversion Shares.

Ranking of Conversion Shares:	Conversion Shares will rank pari passu in all respects with the Shares then in issue on the relevant conversion date.
Maturity:	Three years from the date of issue of the Manistar Convertible Bonds. Unless previously converted or cancelled under the conditions of the Manistar Convertible Bonds, each Manistar Convertible Bond shall be redeemed at their principal amount on the maturity date.
Voting rights:	Bondholders will not have any right to attend or vote in any general meeting of the Company by virtue of their being bondholders.
Transferability:	The Manistar Convertible Bonds are transferable from the date of issue of the Manistar Convertible Bonds until the date that falls on the tenth day before the maturity date, subject to the terms and conditions of the Manistar Convertible Bonds.
Status:	General, unsecured obligations of the Company ranking equally among themselves and pari passu with all other present and future unsecured and unsubordinated obligations of the Company except for the obligations accorded preference by mandatory provisions of applicable laws.
Listing:	No application will be made for the listing of the Manistar Convertible Bonds. Application will be made to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares arising from the conversion of the Manistar Convertible Bonds.

The conversion price of the Manistar Convertible Bonds in the amount of HK$0.10 per Share represents:

- a discount of approximately 16.67% to the closing price of HK$0.12 per Share as quoted on the Stock Exchange on 27 September 2007, the last trading date immediately before the issue of the Clarification Announcement;
- a discount of approximately 64.29% to the closing price of HK$0.280 per Share as quoted on the Stock Exchange before the suspension of trading of the Shares on the Last Trading Date;
- a discount of approximately 45.05% to the average closing price of HK$0.182 per Share for the five consecutive trading days up to and including the Last Trading Date;
- a discount of approximately 39.39% to the average closing price of HK$0.165 per Share for the 30 consecutive trading days up to and including the Last Trading Date;
- a discount of approximately 45.95% to the average closing price of HK$0.185 per Share for the 60 consecutive trading days up to and including the Last Trading Date;
- a discount of approximately 31.03% to the closing price of HK$0.145 per Share as quoted on 20 March 2008 (being the last trading date before the issue of the joint announcement of the Company and CCT Telecom dated 28 March 2008 in relation to the Third Supplemental Agreement and the Manistar Third Supplemental Agreement);
- a discount of approximately 69.70% to the closing price of HK$0.330 per Share as quoted on the Latest Practicable Date; and

- a premium of approximately 317.00% over the audited consolidated net asset value of HK$0.024 per Share as at 31 March 2007.

For the same reasons as stated in the section headed "Basis of the Sale Consideration and the Subscription Consideration" above, the Directors (including the independent non-executive Directors) therefore consider that the Conversion Price for the Manistar Convertible Bonds to be fair and reasonable.

The Conversion Shares to be issued upon conversion of the Manistar Convertible Bonds will be issued under a specific mandate of Tradeeasy.

Conditions precedent of the Manistar Subscription Agreement

Completion of the Manistar Subscription Agreement is conditional upon, among other things, the fulfillment of the following conditions on or before the Long Stop Date, or such other date as the parties to the Manistar Subscription Agreement may agree:

(a) the passing by the Board all necessary resolutions at the Board meeting approving the Manistar Subscription Agreement and the transactions contemplated thereunder including (but not limited to) the issue of the Manistar Convertible Bonds and the Conversion Shares upon exercise of the conversion rights attaching to the Manistar Convertible Bonds;

(b) the passing by the Independent Shareholders of all necessary resolutions by way of poll at the EGM approving the Manistar Subscription Agreement and the transactions contemplated thereunder including (but not limited to) the issue of the Manistar Convertible Bonds and the Conversion Shares upon exercise of the conversion rights attaching to the Manistar Convertible Bonds;

(c) the GEM Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in the Conversion Shares upon the exercise of the conversion rights attaching to the Manistar Convertible Bonds (and such permission and listing not subsequently being revoked prior to the delivery of the convertible bond certificates);

(d) the Agreement being unconditional in accordance with the terms thereof (other than in connection with the Manistar Subscription Agreement); and

(e) the representation and warranties contained in the Manistar Subscription Agreement remaining true and accurate and not misleading in any respect on the date of the Manistar Subscription Agreement and the date of Completion.

Condition (a) has been fulfilled. No other condition has been fulfilled or waived as at the Latest Practicable Date.

Manistar may in its absolute discretion waive the condition precedent set out in (e) provided that all the other conditions precedent cannot be waived. As at the Latest Practicable Date, Manistar has not indicated any intention to waive any conditions precedent of the Manistar Subscription Agreement. If the above conditions precedent are not satisfied or waived on or before the Long Stop Date, Manistar has the right to terminate the Manistar Subscription Agreement or postpone to another date and neither party shall have any liability or obligation under the Manistar Subscription Agreement.

Completion of the Manistar Subscription Agreement

Completion of the Manistar Subscription Agreement shall take place on the second Business Day after the conditions precedent are fulfilled or waived (as the case may be) or such other date as the parties shall agree in writing. The Completion of the Manistar Subscription Agreement shall take place immediately after the Completion of the Agreement. The Manistar Subscription Agreement will lapse if the conditions precedent are not fulfilled or waived (as the case may be) by the Long Stop Date or such later date as the parties shall agree in writing. In the event that the Completion of the Manistar Subscription Agreement has not taken place by the Long Stop Date, further announcement will be made by the Company.

DILUTIVE EFFECT OF THE MANISTAR CONVERTIBLE BONDS AND THE MCL CONVERTIBLE BONDS

As there will be future dilutive effect on the Shareholders resulting from the exercise of the conversion rights attaching to all or part only of the Manistar Convertible Bonds and the MCL Convertible Bonds, the Company will keep the Shareholders informed of the level of the dilutive effect and all relevant details of any conversion of the Manistar Convertible Bonds and the MCL Convertible Bonds respectively in the following manner:

(1) After Completion, the Company will make a monthly announcement on the websites of the Stock Exchange and the Company. Such announcement will be made on or before the fifth Business Day following the end of each calendar month and will include the following details:

   (a) details of any conversion of the Manistar Convertible Bonds and the MCL Convertible Bonds respectively during the relevant month, including the conversion date, number of new Conversion Shares issued and conversion price for each conversion. If there is no conversion during the relevant month, a negative statement to that effect;

   (b) the respective principal amount of the outstanding Manistar Convertible Bonds and the MCL Convertible Bonds after the conversion, if any;

   (c) the total number of Shares issued pursuant to other transactions, including the Shares issued pursuant to exercise of the Share Options under any share option scheme(s) of the Company, if any; and

   (d) the total issued share capital of the Company as at the commencement and the last day of the relevant month; and

(2) if the cumulative amount of new Shares issued pursuant to the conversion of the Manistar Convertible Bonds and the MCL Convertible Bonds reaches 5% of the issued share capital of the Company as disclosed in the last monthly announcement of the Company in respect of the Manistar Convertible Bonds and the MCL Convertible Bonds (and thereafter in a multiple of such 5% threshold), the Company will make a further announcement including details as stated in (1) above for the period commencing from the date on which the total amount of the Shares issued pursuant to the conversion amounted to 5% of the issued share capital of the Company as disclosed in the last monthly announcement made by the Company in respect of the Manistar Convertible Bonds and the MCL Convertible Bonds.

Shareholding structure

After the placing and top-up subscription of 150,000,000 Shares under the general mandate of Tradeeasy as announced by the Placing Announcements, the shareholding structure of the Company as at the Latest Practicable Date, and before and immediately after Completion, the conversion of the Manistar Convertible Bonds and the MCL Convertible Bonds before and after triggering the applicable public float and offer obligation restrictions and other conversion restriction as stipulated in the terms of each of the convertible bonds, at the initial Conversion Price (all assuming no Share Options is exercised), is as follows:

Shareholders	**As at the Latest Practicable Date**		**Immediately after Completion and before conversion of any Manistar Convertible Bonds and MCL Convertible Bonds**		**Immediately after Completion and conversion of the Manistar Convertible Bonds before triggering the public float restriction**		**Immediately after Completion and full conversion of the Manistar Convertible Bonds**	
	No. of Shares held	*%*	*No. of Shares held*	*%*	*No. of Shares held*	*%*	*No. of Shares held*	*%*
CCT Telecom through Manistar Enterprises Limited	643,364,070	52.96	643,364,070	52.96	1,568,364,070	73.30	2,031,764,070	78.05
MCL	—	—	—	—	—	—	—	—
Directors	28,344,000	2.34	28,344,000	2.34	28,344,000	1.32	28,344,000	1.09
Public Shareholders	543,040,930	44.70	543,040,930	44.70	543,040,930	25.38	543,040,930	20.86
Total	**1,214,749,000**	**100.00**	**1,214,749,000**	**100.00**	**2,139,749,000**	**100.00**	**2,603,149,000**	**100.00**

Shareholders	**Immediately after Completion and full conversion of the Manistar Convertible Bonds and the conversion of MCL Convertible Bonds before triggering the mandatory general offer**		**Immediately after Completion and full conversion of the Manistar Convertible Bonds and the conversion of that part of the MCL Convertible Bonds not subject to lock-up restriction in the first anniversary of the date of issue**		**Immediately after Completion and full conversion of the Manistar Convertible Bonds and the MCL Convertible Bonds**	
	No. of Shares held	*%*	*No. of Shares held*	*%*	*No. of Shares held*	*%*
CCT Telecom through Manistar Enterprises Limited	2,031,764,070	54.87	2,031,764,070	33.29	2,031,764,070	19.59
MCL	1,100,000,000	29.70	3,500,000,000	57.35	7,768,800,000	74.90
Directors	28,344,000	0.77	28,344,000	0.46	28,344,000	0.27
Public Shareholders	543,040,930	14.66	543,040,930	8.90	543,040,930	5.24
Total	**3,703,149,000**	**100.00**	**6,103,149,000**	**100.00**	**10,371,949,000**	**100.00**

As set out in the section headed "Restriction in conversion of the MCL Convertible Bonds and the Manistar Convertible Bonds", the conversion of the Manistar Convertible Bonds and the MCL Convertible Bonds is subject to the public float restriction and the conversion of the MCL Convertible Bonds is subject to the general offer obligation restriction during the term of the respective convertible bonds. As set out in the section headed "Principal terms of the MCL Convertible Bonds", the conversion of the aggregate principal amount falling in the range between HK$350,000,000 to HK$776,880,000 of the MCL Convertible Bonds is subject to lock-up provisions in conversion in the first year of issue.

The aggregate of 1,388,400,000 Conversion Shares arising from the full conversion of the Manistar Convertible Bonds at the initial Conversion Price represent (i) approximately 114.30% of the existing issued share capital of the Company; and (ii) approximately 13.39% of the issued share capital of the Company immediately after full conversion of the Manistar Convertible Bonds and the MCL Convertible Bonds at the initial Conversion Price, assuming no Share Options is exercised.

The aggregate of 7,768,800,000 Conversion Shares arising from the full conversion of the MCL Convertible Bonds at the initial Conversion Price represent (i) approximately 639.54% of the existing issued share capital of the Company; and (ii) approximately 74.90% of the issued share capital of the Company immediately after full conversion of the Manistar Convertible Bonds and the MCL Convertible Bonds at the initial Conversion Price, assuming no Share Options is exercised.

The Completion of the Transactions and the Manistar Subscription will not result in change in control of the Company.

The Company will promptly notify the Stock Exchange upon becoming aware of any dealings in the MCL Convertible Bonds and the Manistar Convertible Bonds by any connected persons as defined in the GEM Listing Rules.

Application will be made to the Stock Exchange for the listing of, and the permission to deal in the Shares to be issued upon the conversion of the Manistar Convertible Bonds and the MCL Convertible Bonds.

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Shares.

BUSINESS PLANS OF THE MTG GROUP

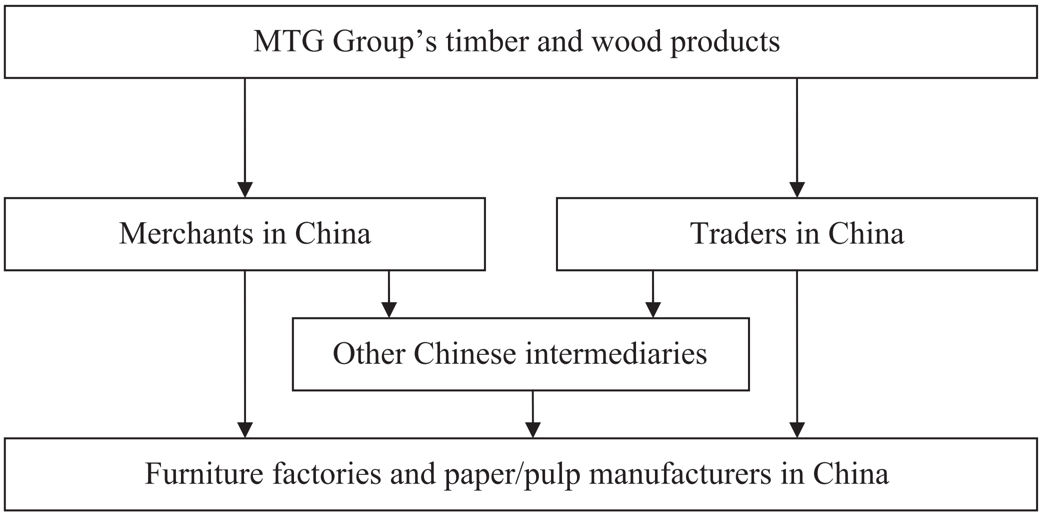
Target customers and market

The target market of the MTG Group's timber and wood products is China. According to the World Wildlife Fund, China's demand for imported industrial wood-timber, paper and pulp will grow by at least 33% within the next five years. ITTO reports that China will require 16 million m^3 of tropical timber by 2010 but that supply constraints in the international market may make it difficult to meet these levels of demand. The supply shortage has pushed up prices of timber products, which will continue on the upward trend.

Prior to 1998, timber trading in China was subject to state control. In 1998, the Chinese government implemented the Natural Forest Protection Program, and fully liberalised the timber trading industry of China. Currently, there are hundreds of timber markets of different sizes in both major timber-producing regions (e.g. Heilongjiang Province) and timber-consuming regions (e.g. Shanghai, Guangzhou and neighboring provinces).

China will be the export market of the MTG Group. A majority of MTG's products will be sold to merchants and traders in China. Merchants and traders are companies or individuals buying products on their own accounts. They will usually sell the products to other intermediaries down the supply chain or directly to furniture factories and paper and pulp factories, which will process the wood products into furniture and other wood products, and paper products for the retail market.

The diagram below sets forth a summary of the export marketing and distribution channels:



The MTG Group plans to establish its own sales and distribution team. Its sales and distribution strategy is to build up relationship with a limited number of merchants and traders with strong financial background and distribution network in order to reduce administrative costs and resources in the distribution channel. As the timber market in China is suppliers' market where demand is higher than supply, it is not difficult to sell timber and wood products especially tropical wood products.

Timber prices are fully determined by markets and trading volumes and prices of import of timber products into China have been increasing over the past several years. Pricing for MTG's timber and wood products will be market driven. In setting prices, the MTG Group will take into account market conditions and its costs, including logging and manufacturing. The MTG Group intends to sell products against secured instruments of payments from customers. The MTG Group will demand prepayments, bank guarantees, or letters of credit as payment methods for its products. The MTG Group intends to sell products on CNF and CIF basis, for which the title passes when the original documents evidencing ownership, such as a bill of lading, are surrendered to customers or their representatives for payment.

The timber operations, planned annual production volume and annual capacity

Timber operations

The MTG Group will be engaged in integrated upstream and downstream timber businesses in or near the Mimika Concession Areas located at the Mimika Administration Region, Papua, Indonesia. The upstream operation will involve the harvesting, logging and reforestation of timber. For the downstream operation, the MTG Group will be engaged in the production of a number of finished and/or semi-finished timber products including:

- Moldings;
- Veneer; and
- Clipboard.

Logging plan will be drawn up to harvest and log timber from the Mimika Concession Areas. The logged timber will be sent to the Project Companies' sawmills and factories where they will be processed into moldings, veneer, or wood chips. All processing and production activities will be undertaken in Papua, Indonesia. All finished and semi-finished products will be exported to China.

Planned annual production volume

Logging plans will be designed to take into consideration the licensing requirements and topography of the Concession Areas, tree species and density and end product use of the logs. All logs must be processed into timber and wood products before they can be exported out of Papua, Indonesia. The MTG Group plan to produce 100,000 m^3 volume of timber and wood products for export in the first year of operation. The MTG Group intends to increase the production of timber and wood products to approximately 500,000 m^3 per annum within five years' time.

Planned annual capacity

In order to log, process and produce logs and timber products, the MTG Group will invest in plant and machinery including:

For upstream operation:

- machinery to build logging road;
- heavy equipment to cut and log trees; and
- trucks for transportation.

For downstream operation:

- buildings for sawmills and wood processing factories; and
- plant and machinery for sawmills, veneer and chipboard factories.

The annual capacity will be planned in accordance with the logging and production plan. In the first year of operations, the annual capacity will be approximately 130,000 m^3 and will be increased to approximately 650,000 m^3 within five years' time.

RULES AND REGULATIONS GOVERNING FORESTRY OPERATIONS IN INDONESIA

(1) Laws on special autonomy of Papua, Indonesia

Starting with the administration of President Soeharto, successive administrations have promised special autonomy for Papua, Indonesia. The Law on Special Autonomy for Papua was formally formulated and promulgated by the administration of President Megawati Soekarnoputri in 2001.

Under the Law number 1 of 2001 concerning Special Autonomy for Papua Province ("Law 1/2001"), native Papuans are recognised as a branch of the Melanesian race and as one of the many ethnic groups of Indonesia that has its own cultures, traditions, history and languages. It cites and recognises the many legitimate grievances of native Papuans, including and especially the fact that the management of the natural wealth of the province has not yet improved their welfare and living standards. Hence, under this Law 1/2001, central authority is devolved to the province so that Papua acquires the power to decide all issues in all sectors of government except foreign affairs, defense, monetary affairs, fiscal policy, religious affairs, and the supreme court, which remain under the authority of the central government of Indonesia. The Law 1/2001 provides, among other things, that in the economic development of the province, the customary rights of the native communities will be respected.

(2) Upstream operations and regulations

The relevant laws and regulations that govern upstream forestry operations in Indonesia are set out as follows:

A plantation company is allowed to fell trees and clear forestland for the purposes of plantation of oil palm. A plantation company should initially obtain a land clearing license (the "Location Permit") from a regency in Papua, Indonesia through the authorisation of Governor of Papua, Indonesia, in order to carry out land clearing activities in forests for which a license to carry out plantation activities (the "Plantation Business License") will be applied. A Location Permit will be issued to cover the size of the area to be cleared in accordance with the request submitted by the plantation company per year. Unless there is violation of the Forestry Law by the plantation company, the Location Permit will be issued per year until the total area under the Plantation Business License is cleared. After the Location Permit is issued, the plantation company can apply for a Plantation Business License in order to be engaged in plantation of oil palm in Indonesia. The Plantation Business License is issued under the Ministry of Agriculture Regulation number 26/Permentan/OT.140/2/2007 ("Regulation 26/2007"), which is the law that governs and regulates the establishment of planted forests in Indonesia. Regulation 26/2007 provides guidance and requirements to issue Location Permit and Plantation Business License.

(3) Downstream operations and regulations

The operations of sawmills and the process and production of timber and wood products in Indonesia are governed by the Law number 25 of 2007 concerning Capital Investment, which is the law that applies to the sawmill and wood process operations of PTMTT.

Only sawn timber that has been processed into a certain condition in accordance with Harmony System Ex. 4407 is allowed to be exported pursuant to the Ministry of Trade Regulation number 09 of 2007 ("Regulation 09/2007"). The Harmony System Ex. 4407 of Regulation 09/2007 provides that logs should be dried and flattened into wood products before they can be exported.

MARKET ANALYSIS

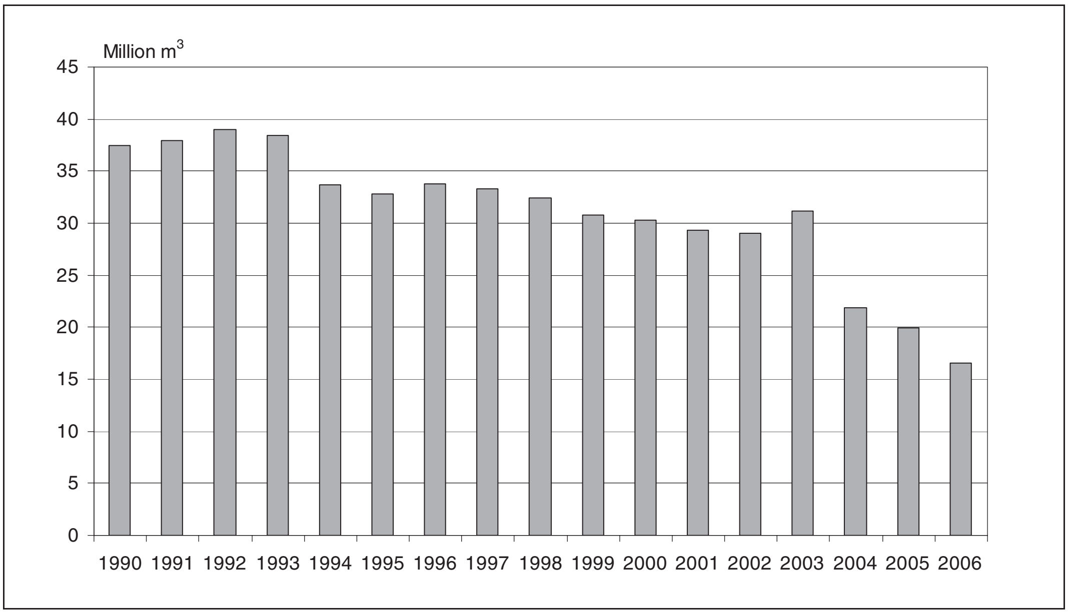
Indonesia tropical hardwood log market overview

Indonesia hardwood log supply and demand

Asia Pacific's tropical hardwood production accounted for 65% of the global tropical hardwood log production in 2006. Although environmental measures on illegal logging have reduced the level of log harvesting in Indonesia, Indonesia is one of the most important tropical hardwood log producers in the region. The country's harvest of logs for plywood, sawn timber and other solid wood processing in 2006 is estimated to have reached just over 17 million m^3.

Tropical hardwood log production in the Asia Pacific has been decreasing over the past decade. Tropical hardwood log trading is mostly inter-regional. Indonesia is one of the major tropical hardwood producers, but almost all logs are processed domestically.

Figure 1-1: Indonesia hardwood log production, 1990-2006



Source: ITTO and pöyry

Industry competition

The South East Asian wood processing industry is heavily dependent on logs from natural forests.

In Indonesia, logs are processed into sawn timber and other panel products including plywood, veneer, and MDF. The processed sawn timber and wood panels are then used in construction industries as well as interior decoration and furniture manufacturing.

Sawn timber and plywood are the main end use of Indonesian logs accounting for about 89% of the total log consumption in 2006.

Limited supply of hardwood logs has also led to significant increase in the log prices over the past five years especially for logs sourced from natural forests. As restrictions on illegal logging activities are continued to be enforced strictly, the natural forest logs available for wood processing industries are becoming more limited.

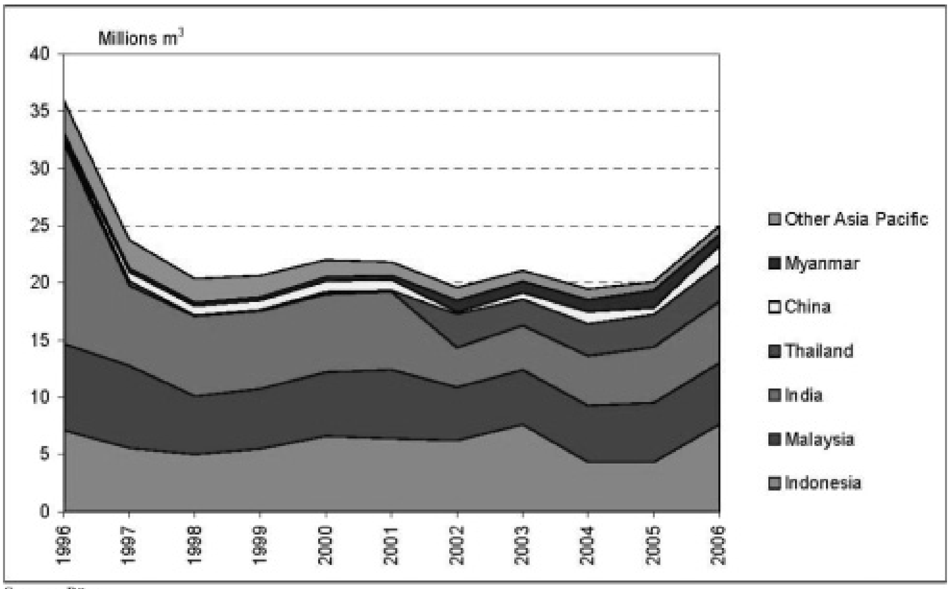
Hardwood sawn timber market overview

Hardwood sawn timber supply and demand in Asia Pacific

Since 1997, the tropical hardwood lumber industry in Asia Pacific has been steady due to protective forest policies introduced in major producing countries such as Indonesia and Malaysia. However, in the last two years, demand has stabilised based on the continued upswing in economies of importing countries and the strong construction industry in China.

In 2006, the largest producers of hardwood sawn timber in Asia Pacific were Indonesia (31%), Malaysia (22%) and India (22%).

Figure 1-2: Asia Pacific tropical hardwood sawntimber production



Source: Pöyry

Asia Pacific tropical hardwood sawntimber exports

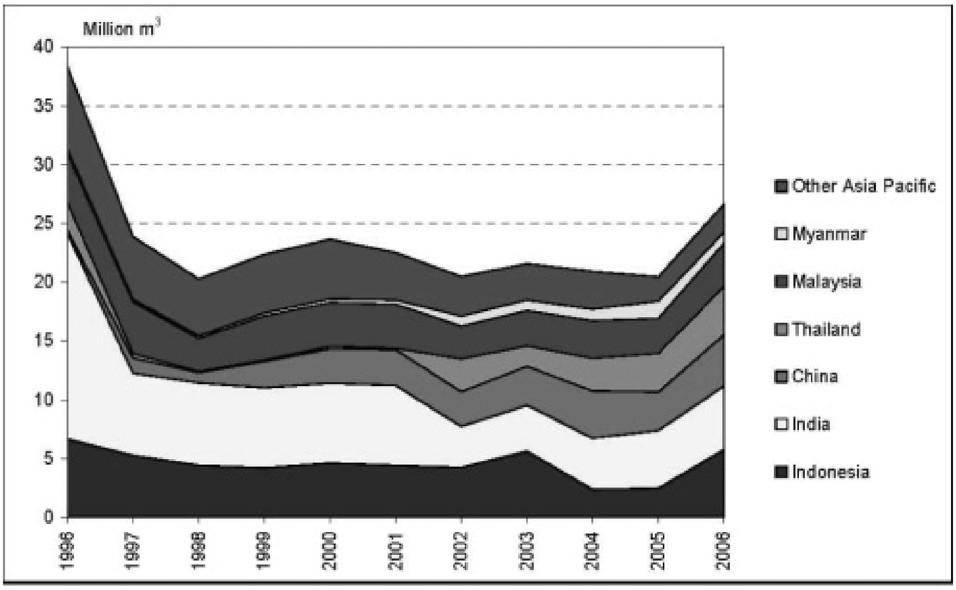
The main consuming country for tropical hardwood lumber in the Asia Pacific region is Indonesia.

The future outlook for construction industries in China, India and Thailand are strong for the next couple of years suggesting that tropical hardwood demand in these countries is also expected to be robust in the coming years.

The outlook for the furniture industry in Asia Pacific is expected to improve in the coming years as a consequence of an expected upswing for the economies of the importing countries and strong construction industry prospects in China and India.

The largest consumers of tropical hardwood sawn timber in 2006 were Indonesia (23%), India (22%), China (18%), Thailand (16%) and Malaysia (15%).

Figure 1-3: Asia Pacific tropical hardwood sawntimber consumption



Source: ITTO and Pöyry

Demand drivers in export markets

Indonesia exports sawn timber and plywood mainly to Japan, Korea, China and the Middle East. Demand drivers for wood products in export markets are construction and furniture industries based on the countries' economic growth.

China

China uses wood products in the construction industry as well as in interior decoration and furniture production.

China's economy has been growing strongly at an average rate of 10.5% per annum over the past three years. Although the Chinese government put tightening measures in place in the third quarter of 2006, economic growth has been alarmingly high, especially in investment, causing an overheated economy. Strong export sector growth also supported overall GDP growth. In 2007, GDP is estimated to be at 10.5% per annum then likely to moderate to 9.9% in 2008.

China's furniture industry has grown significantly over the last decade at an average rate of 17.9% per annum. In 2006, total furniture production is estimated to reach USD39 billion with exports over USD17 billion. Furniture production is expected to grow at around 8 to 9% per annum in the next five years reflecting a high level of economic growth and construction industry development.

China's building construction is estimated at around 2.5 billion square meter in 2006 and is expected to reach nearly 2.8 billion square meter in 2010. Despite a number of measures announced in the past six months to cool investment, urban fixed asset investment growth remains at around 26.6% year on year in the first eleven months in 2006. If the main driver of the present high rates of investment is the October 2007 plenum, then it seems unlikely that investment will decline considerably in the next 6 to 9 months.

China's continued expectation of strong economic growth, especially in fixed investment and the real estate industry, indicates there is a growing need for wood products in the next five years.

INFORMATION OF MCL AND THE MTG GROUP

MCL was incorporated in the British Virgin Islands on 29 January 2007 whose principal business is investment holding. MCL held 100% shareholding in MTG as at the Latest Practicable Date.

MTG was incorporated in the British Virgin Islands on 23 April 2007 whose principal business is investment holding. As at the Latest Practicable Date, MTG held 100% shareholding interest in MLL and MPL.

Each of the Dormant BVI Companies, MLL and MPL, is a limited liability company incorporated in the British Virgin Islands on 1 August 2007 and is dormant.

PTMTT was incorporated on 17 January 2008 as a foreign investment company in Indonesia and its shares are owned as to 65% by MTG and 35% by PT Amiete Nimio.

PTMP is in the process of incorporation as a foreign investment company in Indonesia and its shares will be owned as to 95% by MTG and 5% by PT Amiete Nimio.

The 35% interest in PTMTT is owned by PT Amiete Nimio and the 5% interest in PTMP will also be owned by PT Amiete Nimio. PT Amiete Nimio is a private company incorporated in Indonesia and whose shares are owned as to 50% by Mr. Sontang Alboin Manurung and 50% by Mr. Ray Gutafson Manurung. The two Mr. Manurung are Indonesian individuals. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, Mr. Sontang Alboin Manurung and Mr. Ray Gutafson Manurung and their respective associates are third parties independent of and not connected with the Company and its directors, chief executives and substantial shareholders and its subsidiaries and associates as defined in the GEM Listing Rules.

The Project Companies will pursue the Mimika Project by engaging in different parts of the upstream and downstream forestry business activities in or near the Mimika Concession Areas. PTMTT will be engaged in the operation of sawmills, and the process, production and export of timber and wood products. PTMP will be engaged in logging and harvesting of timber, the reforestation in areas logged, the clearing of forest lands within the Mimika Concession Areas, the plantation of oil palms, and the production of palm oil in or near the Mimika Concession Areas, and, incidental to the logging activities and subject to relevant government approvals, its business activities may also include the processing and export of timber and wood products being produced from logging and/or clearing of forest.

Each of MCL and MTG undertakes and procures that all the relevant Concessions, licenses, rights permits, and the relevant government approvals in order for PTMP to carry out all aspects of business operations of the Mimika Project under the laws of Indonesia will be granted to PTMP and that all such licenses, permits and approvals to be granted to PTMP shall have a term long enough for the Project Companies to develop and exploit the entire Mimika Concession Areas including logging, reforestation, clearing of forest land and plantation. The management of MCL has conducted other business and has been exploring natural resources projects in Papua, Indonesia for many years. The management of MCL has therefore established extensive working relationship and network with and trust from the provincial and local government and the local people in Papua, Indonesia. Furthermore, the management of MCL has experience in forestry projects and timber business in other countries. Therefore, MCL has to get involved in procuring all relevant Concessions, licenses, permits and approvals to be granted to PTMP. The vendor does not have to incur any material costs in relation to performing its role in the Transactions. As the Company is not yet a shareholder of MTG and does not have the relevant experience and network as the management of MCL and therefore is not in a position to procure such Concessions, rights, licenses and approvals in respect of the Mimika Project.

Each member of the MTG Group has not conducted any material business activities since its incorporation. None of any member of the MTG Group has any material assets or liability.

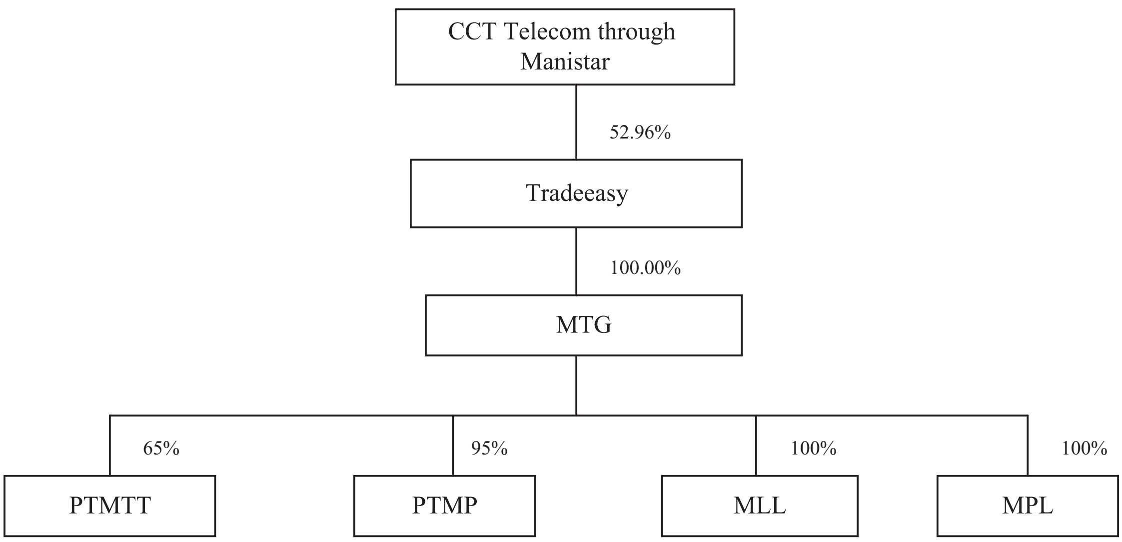
Set out below is a summary of the audited consolidated financial information of the MTG Group for the period from the date of incorporation of MTG to 31 December 2007.

Summary of audited consolidated financial information of the MTG Group:

	MTG Group For the period from 23 April 2007 (date of incorporation of MTG) to 31 December 2007 *HK$'000*
Revenue	—
Operating Expenses	(1,014)
Loss for the period	(1,014)

	As at 31 December 2007 *HK$'000*
Total Assets	9,020
Total Liabilities	(9,956)
Shareholders' deficit	(936)

The following chart sets forth the simplified shareholding structure of the Company and CCT Telecom in the MTG Group immediately upon Completion and assuming no conversion of the MCL Convertible Bonds and the Manistar Convertible Bonds:



INFORMATION OF THE MIMIKA PROJECT

The Mimika Project is the integrated upstream and downstream forestry businesses to be carried out by the Project Companies in or near the Mimika Concession Areas. The upstream forestry and timber businesses will include the extraction and logging of trees, harvesting of timber, reforestation of logged area, forest land clearing and oil palm plantation. The downstream forestry businesses will include the production of palm oil, the operations of sawmills, the process, production and export of sawn timber and other timber and wood products. If all the Concessions have been obtained, the Mimika Project will have natural forest concessions of approximately 313,500 hectares, located in the Papua Province of Indonesia of which, subject to relevant government approvals, at least 200,000 hectares within the Mimika Concession Areas of forest land will be cleared by logging activities for the plantation of palm oil. The natural forests of the Mimika Concession Areas contain abundant resources of tropical hardwood and softwood.

Papua, situated near Equator, is an autonomous region of Indonesia. The Papua Province posseses abundant resources of natural rainforests and has one of the world's largest reserves of tropical hardwood species such as merbau whose wood is of high value and can be used for furniture, interior decoration, flooring and construction. Papua is situated at the east end of Indonesia and it is situated in a strategic location which is close to countries in the Asia Pacific region such as the PRC which have a high consumption of wood products and are the target market of the Mimika Project. Upon the grant of concessions for the Mimika Project to the Project Companies, the Directors and the CCT Telecom Directors believe the Project Companies will possess one of the biggest natural forest concessions of tropical timber in the world.

INFORMATION ON THE COMPANY, CCT TELECOM AND MANISTAR

The Company is the holding company of the Group which is an international trade enabler principally engaged in the provision of on-line and off-line integrated marketing solutions and management automation services to assist small and medium-size enterprises mainly located in Hong Kong and the PRC to generate and transform trade leads into transactions.

CCT Telecom is the holding company of the CCT Telecom Group which is principally engaged in (i) the manufacture, sale, design and development of telecom products and electronic products; (ii) the manufacture of power supply and plastic components; (iii) the manufacture and sale of infant and child products; (iv) securities business; (v) properties investment and development; and (vi) provision of e-commerce service through the Company.

Manistar was incorporated in the British Virgin Islands. It is an investment holding company holding approximately 52.96% shareholding interest in Tradeeasy as at the Latest Practicable Date. Manistar is a wholly-owned subsidiary of CCT Telecom.

REASONS OF THE TRANSACTIONS

The Group is principally engaged in the e-commerce business. For the year ended 31 March 2007, the Group has reported an audited loss of approximately HK$10 million, due to keen competition. The Directors believe that the operating environment of the existing business of the Group will remain highly competitive and more resources and investment have to be made in order to increase its competitiveness and to improve its results.

In order to complement with the highly competitive e-commerce market, the Directors consider the diversification of business into new areas of high-growth potential will be in the best interest of the Shareholders as a whole. The Company has been taking initiative in identifying business opportunities that will broaden its revenue sources and improve its profitability.

Due to the increasing of deforestation and surge demand for timber products in developing countries, particularly for tropical and subtropical forests, there is a significant and growing shortage of large-diameter logs, both softwood and hardwood, particularly in plywood and sawn timber producers. The supply shortfall is particularly apparent in the Asia Pacific region, where regional demand for wood products significantly exceeds supply, and the region is the largest wood deficit region in the world. Positive economic growth in Asia, increasing urbanisation and expanding furniture, construction and interior decoration industries are the major drivers that are expected to support demand for logs and wood products. Demand for wood products particularly in the Asia Pacific region is therefore expected to grow over the next decade.

With sustained growth in the demand for wood products in the Asia Pacific region due to expanding construction, furniture and interior decoration industries, price for timber products especially tropical hardwood products is expected to maintain in higher levels and increasing as log shortages exist and demand continues to be robust.

The acquisition of the forestry business represents an expansion and diversification of the existing principal business activities of the Group. It is the present intention of the Company to continue its existing business after Completion of the Transactions. It is not a term of the Agreement, nor is it the intention of the Company, that there will be any change in the Board or management of the Company following Completion. The existing management of the Group and the CCT Telecom Group has no relevant experience and expertise in relation to the forestry business. However, the existing management of the Group and the CCT Telecom Group has extensive management experience and expertise in manufacturing, distribution and marketing, international trade, commerce and finance and they believe that they can derive such skills and managing experience in managing the new forestry business. Furthermore, professional and technical managers with expertise and experience in forestry and timber business will be recruited to develop and run the Mimika Project following Completion.

The characteristic of acquisition of a forestry project is that the purchaser acquires forest concession of timber resources and the cutting right to exploit such timber resources. The value of a forest concession depends on the reserve of timber resources in that particular forest and the right to log the trees, exploit and harvest the timber resources of the forest concession and not on whether a timber business has started or not. Although PTMP is in the process of being incorporated and the forestry business has not been started, the Company entered into the Agreement in order to secure the right to acquire the Concessions and logging right of the Mimika Concession Areas that will be granted to PTMP. The consideration that the Company is going to pay pursuant to the terms of the Agreement is to acquire the Concessions and an exclusive right to develop and exploit the forests in the Mimika Concession Areas of large areas with substantial reserve of timber resources and is not payable to acquire an existing timber business.

The Board is aware that there are other potential investors who also have interest in the Mimika Project. The Company entered into the Agreement before incorporation of PTMP in order to secure an exclusive right to the Mimika Project ahead of other investors who are also interested in the Mimika Project. By entering into the Agreement, the Company has locked in its right to acquire the Mimika Project at agreed consideration, which will be re-assessed and be subject to downward adjustment (but not upward adjustment) with reference to the valuation of the Mimika Project by an independent Forest Consultant. Although PTMP has not been incorporated, the Transactions can only be completed and the Cash Consideration, the MCL Convertible Bonds and the Subscription Consideration shall only be settled at Completion subject to PTMP having been duly incorporated and all the relevant Concessions, licenses and approvals in relation to the Mimika Project having been granted to PTMP. Based on the analysis set out in the section headed “Basis of the Sale Consideration and the Subscription Consideration”, the Board is of the opinion that the terms of the Agreement are fair and reasonable and on normal commercial terms. It is therefore in the interest of the Company and its Shareholders as a whole for the Company to enter into the Agreement at this stage in order to secure the right to acquire the Mimika Project at the agreed consideration and terms of the Agreement.

In light of the above, the Directors consider that the forestry industry is a high-growth business and believe that the Transactions represent a good opportunity for the Group to enter the forestry industry with huge potential and good future prospect. The Directors consider that the Transactions will substantially enhance the assets, revenue and profitability of the Group. The Directors consider that the terms of the Agreement are on normal commercial terms and fair and reasonable and in the interests of the Company and the Shareholders and also CCT Telecom and the CCT Telecom Shareholders as a whole.

FINANCIAL EFFECTS OF THE TRANSACTIONS AND THE MANISTAR SUBSCRIPTION ON THE GROUP

Subject to the Completion, the Company will hold 100% of the then issued share capital of MTG after the Transactions. Accordingly, MTG will become a wholly-owned subsidiary of the Company and the post-acquisition financial results of the MTG Group will be consolidated to the results of the Group.

Net assets value

As at 30 September 2007, the unaudited consolidated net assets value of the Group amounted to approximately HK$23,794,000. Based on the unaudited pro forma consolidated balance sheet of the Enlarged Group as set out in Appendix III (1) to this circular which illustrates the effect of the Transactions and the Manistar Subscription on the financial position of the Group, on the basis of the assumptions as stated in Appendix III (1), the total assets of the Enlarged Group would have been increased by approximately HK$966,975,000, the total liabilities of the Enlarged Group would have been increased by approximately HK$707,418,000 and the unaudited net assets value of the Enlarged Group would have been increased by approximately HK$259,557,000 to approximately HK$283,351,000. The increase in the unaudited net assets value of the Enlarged Group is primarily due to the increase in other intangible assets by the inclusion of 100% value of the Mimika Project of approximately HK$826,915,000, the receipt of the cash proceeds of HK$138,840,000 from the issue of the Manistar Convertible Bonds less (i) the payment for the Cash Consideration in the amount of HK$7,800,000, (ii) the liability component of the MCL Convertible Bonds and the Manistar Convertible Bonds amounting to approximately HK$697,462,000 and (iii) the net deficit of the MTG Group as at 31 December 2007.

Earnings

Upon Completion, the financial results of the Enlarged Group shall consolidate the results of the MTG Group.

The unaudited consolidated loss of the Group for the six months ended 30 September 2007 amounted to approximately HK$1,419,000. Based on the unaudited pro forma consolidated income statement of the Enlarged Group as set out in the Appendix III (2) to this circular which illustrates the effect of the Transactions and the Manistar Subscription on the results of the Group, on the basis of the assumptions as stated in Appendix III (2) after charging the amortisation of the Concession covering Mimika Concession Areas and the imputed interest on the liability components of the MCL Convertible Bonds and the Manistar Convertible Bonds for the six months ended 30 September 2007, the unaudited consolidated net loss of the Enlarged Group for the six months ended 30 September 2007 would have been increased by approximately HK$41,034,000 to approximately HK$42,453,000.

BUSINESS PROSPECTS OF THE ENLARGED GROUP

Trend of business of the Enlarged Group

The Enlarged Group is principally engaged in the provision of on-line and off-line integrated marketing solutions and management automation services to assist small and medium-size enterprises mainly located in Hong Kong and the PRC to generate and transform trade leads into transactions. Upon completion of the Transaction, the Enlarged Group will also be engaged in the integrated upstream and downstream forestry business.

The Enlarged Group is currently principally engaged in the e-commerce business. The Enlarged Group's seller members, in particular, the Hong Kong manufacturers and traders have been facing considerable pressure in their operations due to the appreciation of Renminbi against USD, the shortage of labour and a rise of salary level and raw material costs. Responding this, Hong Kong manufacturers and traders are cutting down their promotional budget to remain its competitiveness in the market. As a result of these factors and keen competition of the Hong Kong market, the revenue of the Enlarged Group generated from Hong Kong has decreased.

In order to alleviate the pressure, the Enlarged Group has expanded its sales and marketing network in China and devoted more resources into research and development. The strategies of setting up channel sales management team and appointing agents are proved to be on the right track. As a result, the revenue generated from the Mainland China market has continued to grow.

Trading and financial prospects of the Enlarged Group

Although the Enlarged Group reported a loss in the first half of the financial year 2007, the Enlarged Group's financial position remains solid. The Enlarged Group does not have any borrowings and the Enlarged Group will remain healthy financially. The Enlarged Group will devote more resources in expanding the market in the Mainland China where the Enlarged Group believes there is opportunity to grow. The Enlarged Group will take different initiatives including cost controls, continuous development of innovative products, and exploration of new markets in the Mainland China in order to improve performance.

The existing e-commerce business of the Enlarged Group is highly competitive, resulting in loss in its operations. The Directors consider the diversification of business into new areas of high-growth potential will be in the best interest of the Shareholders as a whole. During the process of reviewing and identifying business opportunities, the Directors are particularly enthusiastic about the forestry and timber businesses in the Asia Pacific region. A number of factors have driven the significant increase in demand for timber and wood products in the developing countries in the region, such as the PRC. These factors include the rapid economic growth, population growth and urbanisation, interior decorating demand, and construction demand and industry growth. On the other hand, due to increasing deforestation and the ban of illegal logging in the Asia Pacific region, supply for timber, especially tropical timber has diminished. As a result of strong demand of tropical hardwood versus diminishing supply, the prices of tropical timber and wood products has been increasing and are expected to maintain at higher levels and continue to increase.

The Directors believe that the demand for tropical timber in the Asia Pacific region will continue to be robust. Upon Completion, the Mimika Project will have large concession areas of 313,500 hectares of tropical natural forests. The Directors believe that the Mimika Project of the MTG Group will have huge potential and good future trading prospect. The acquisition of the MTG Group and therefore the Mimika Project will represent a good opportunity for the Group and the Enlarged Group to diversify and expand into the high-growth forestry business. The Directors consider that after Completion of the Transactions and after the Mimika Project commences commercial operations, the assets, revenue and profitability of the Group and the Enlarged Group will be substantially enhanced.

GENERAL

The Agreement constitutes a very substantial acquisition for the Company under Chapter 19 of the GEM Listing Rules. The entering into of the Agreement, the Acquisition and the Subscription, the issue of the MCL Convertible Bonds and the issue and allotment of the Conversion Shares are subject to the approval by the Shareholders at the EGM. To the best of the Directors' knowledge, information and belief, having made all reasonable enquires, MCL, MTG and their respective associates and parties acting in concert with them do not hold any Shares as at the Latest Practicable Date and no Shareholders has a material interest in the Transactions. As the Transactions and the Manistar Subscription Agreement are inter-conditional, Manistar, which held

643,364,070 Shares (through which controlled the voting rights in respect of these shares), representing approximately 52.96% of the total issued share capital of the Company as at the Latest Practicable Date, and its associates, including Mr. Mak Shiu Tong, Clement and Mr. Tam Ngai Hung, Terry, who are directors of Manistar and holding 19,344,000 Shares and 7,500,000 Shares respectively (through which controlled the respective voting rights in respect of these shares), representing approximately 1.59% and 0.62% of the total issued share capital of the Company respectively as at the Latest Practicable Date, have agreed to abstain from voting on the resolutions to approve the Agreement and the transactions contemplated thereunder at the EGM. The Agreement and the transactions contemplated thereunder are subject to approval by the Independent Shareholders at the EGM. The vote of the Independent Shareholders taken at the EGM to approve the Agreement and the transactions contemplated thereunder will be taken by way of a poll.

As Manistar is a substantial shareholder of the Company, the Manistar Subscription Agreement constitutes a connected transaction for the Company under Chapter 20 of the GEM Listing Rules. As such, the entering into of the Manistar Subscription Agreement, the issue of the Manistar Convertible Bonds and the allotment and issue of the Conversion Shares arising from the conversion of the Manistar Convertible Bonds are subject to the approval by the Independent Shareholders at the EGM. Manistar, which held 643,364,070 Shares, representing approximately 52.96% of the total issued share capital of the Company as at the Latest Practicable Date, and its associates (including Mr. Mak Shiu Tong, Clement and Mr. Tam Ngai Hung, Terry) are required to abstain from voting at the resolutions to approve the Manistar Subscription Agreement and the transactions contemplated thereunder at the EGM. The vote of the Independent Shareholders taken at the EGM to approve the Manistar Subscription Agreement and the transactions contemplated thereunder will be taken by way of a poll.

EGM

The notice convening the EGM to be held at 2208, 22/F., St. George's Building, 2 Ice House Street, Central, Hong Kong on Wednesday, 18 June 2008 at 10:00 a.m. is set out on pages 203 to 205 of this circular. A form of proxy for use by the Independent Shareholders at the EGM is enclosed herein. Whether or not you intend to attend and vote at the EGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as practicable but in any event, not later than 48 hours before the time appointed for holding the EGM. Such form of proxy for use at the EGM is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.tradeeasy.com/about-us-factsheet.html). Completion and return of the form of proxy will not preclude you from attending and voting at the EGM in person should you so wish.

PROCEDURES ON DEMANDING A POLL

Pursuant to article 66 of the articles of association of the Company, every resolution submitted to a general meeting shall be determined on a show of hands in the first instance by the Shareholders present in person or by proxy or by authorised representative, but a poll may be demanded (before or on the declaration of the result of the show of hands) by the chairman of the general meeting or by:

(a) by at least three Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or

(b) by a Shareholder or the Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or

(c) by a Shareholder or the Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy and holding Shares in the Company conferring a right to vote at the meeting being the Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all Shares conferring that right.

RECOMMENDATION

The Directors consider that the terms of the Transactions and the Manistar Subscription are fair and reasonable to the Company and in the interest of the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolutions proposed at the EGM to approve the Agreement and all the transactions (including the Acquisition and the Subscription) contemplated thereunder, the Manistar Subscription Agreement and all the transactions contemplated thereunder, the issue of MCL Convertible Bonds and the Manistar Convertible Bonds, and the allotment and issue of the Conversion Shares arising from the conversion of the MCL Convertible Bonds and the Manistar Convertible Bonds.

Your attention is also drawn to the letter from the Independent Board Committee as set out on page 42 of this circular and the letter from First Shanghai to the Independent Board Committee and the Independent Shareholders in connection with the Manistar Subscription and the principal factors and reasons considered by them in arriving at such advice as set out on pages 43 to 55 of this circular.

The Independent Board Committee, having taken into account the advice of First Shanghai, considers that the terms of the Manistar Subscription Agreement are fair and reasonable so far as the Independent Shareholders are concerned and in the interest of the Company and the Independent Shareholders to vote in favour of the ordinary resolutions proposed at the EGM to approve the Manistar Subscription Agreement, the transactions contemplated thereunder, and the issue of the Manistar Convertible Bonds and the allotment and issue of the Conversion Shares arising from the conversion of the Manistar Convertible Bonds.

STATEMENT OF RESPONSIBILITY OF THE DIRECTORS

This circular, for which the Directors collectively and individually accept full responsibility includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that, to the best of their knowledge and belief:

1. the information contained in this circular is accurate and complete in all material respects and not misleading;

2. there are no other facts the omission of which would make any statement in this circular misleading; and

3. all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on basis and assumptions that are fair and reasonable.

ADDITIONAL INFORMATION

Your attention is drawn to further information contained in the appendices, which forms part of this circular.

Yours faithfully,
For and on behalf of the Board of
TRADEEASY HOLDINGS LIMITED
Tam Ngai Hung, Terry
Director

易貿通

TRADEEASY HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 08163)

30 May 2008

To the Independent Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION

SUBSCRIPTION OF CONVERTIBLE BONDS BY MANISTAR ENTERPRISES LIMITED

We refer to the circular (the "Circular") issued by the Company to its shareholders dated 30 May 2008 of which this letter forms part. Capitalised terms defined in the Circular shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed by the Board to consider the Manistar Subscription Agreement and the issue of the Manistar Convertible Bonds and the allotment and issue of the Conversion Shares arising from the conversion of the Manistar Convertible Bonds contemplated thereunder. First Shanghai has been appointed as an independent financial adviser to advise us and the Independent Shareholders in this respect.

We wish to draw your attention to the letter from the Board and the letter from First Shanghai as set out in the Circular. Having considered the principal factors and reasons considered by, and the advice of, First Shanghai as set out in the letter of advice as set out in the Circular, we consider that the Manistar Subscription Agreement and the issue of the Manistar Convertible Bonds and the allotment and issue of the Conversion Shares arising from the conversion of the Manistar Convertible Bonds contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and the Manistar Subscription Agreement and the subscription contemplated thereunder are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Manistar Subscription Agreement and the issue of the Manistar Convertible Bonds and the allotment and issue of the Conversion Shares arising from the conversion of the Manistar Convertible Bonds contemplated thereunder.

Yours faithfully,
The Independent Board Committee of
TRADEEASY HOLDINGS LIMITED
Lam Kin Kau, Mark **Fung Hoi Wing, Henry**
Lau Ho Wai, Lucas
Independent Non-executive Directors

The following is the full text of the letter from First Shanghai dated 30 May 2008 to the Independent Board Committee and the Independent Shareholders setting out their opinion regarding the subscription of the Manistar Convertible Bonds by Manistar and the issue of the Manistar Convertible Bonds by the Company to Manistar contemplated under the Manistar Subscription Agreement (the "Manistar Subscription") for the purpose of inclusion in this circular.

第一上海
FIRST SHANGHAI GROUP

FIRST SHANGHAI CAPITAL LIMITED
19th Floor, Wing On House
71 Des Voeux Road
Central Hong Kong

30 May 2008

To the Independent Board Committee and
the Independent Shareholders

Tradeeasy Holdings Limited
20/F., to 21/F.,
Pan Asia Centre
No. 137, Wai Yip Street
Kwun Tong
Kowloon
Hong Kong

Dear Sirs,

CONNECTED TRANSACTION

SUBSCRIPTION OF CONVERTIBLE BONDS BY MANISTAR ENTERPRISES LIMITED

INTRODUCTION

We refer to our appointment as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Manistar Subscription, details of which are set out in a circular dated 30 May 2008 (the "Circular") to the Shareholders, of which this letter forms a part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

It was announced in the announcement of the Company dated 23 October 2007 (the "Initial Joint Announcement") that the Company entered into the Initial S&P Agreement and the Supplemental Agreement with MCL and MTG (i) for the Acquisition of the Sale Shares at the Sale Consideration of HK$1,224.6 million (equivalent to US$157.0 million) to be satisfied by the Cash Consideration, the First Convertible Bonds (subject to adjustment with reference to valuation by the Forest Consultant) and the Second Convertible Bonds (subject to adjustment with reference to valuation by the Forest Consultant) and (ii) for the subscription of the Subscription Shares at the Subscription Consideration of HK$218.4 million (equivalent to US$28.0 million) to be satisfied by the First Subscription Consideration and the Second Subscription Consideration. Upon Completion, the Company would be beneficially interested in 100% equity interest of the then total issued share capital of MTG as enlarged by the Subscription Shares. The principal activity of MTG is investment holding and it would hold a controlling shareholding interest directly in PTMTT and indirectly through MLL and MPL in PTML and PTMP respectively. The Project Companies would be established to pursue the Mimika Project and the Second Project in the forestry businesses of harvesting and extraction of timber, land clearing, plantation of oil palm and production of palm oil, operations of sawmills, and production and export of sawn timber and other timber and wood products in or near the Mimika Concession Areas and the Second Concession Areas respectively located in the Papua Province of Indonesia. After Completion, the Project Companies would originally have natural forest concessions of approximately 613,500 hectares in the Papua Province of Indonesia.

In addition, in order to finance part of the Cash Consideration and the Subscription Consideration, the Company further entered into the Manistar Initial Subscription Agreement as amended by the Manistar Supplemental Agreement with Manistar (i.e. a wholly-owned subsidiary of CCT Telecom) on the same day, pursuant to which Manistar has agreed to subscribe for and the Company has agreed to issue the Manistar Convertible Bonds in the aggregate principal amount of HK$226.2 million payable in cash. Accordingly, the proceeds from the issue of the Manistar Convertible Bonds would be used by the Company to pay for the Cash Consideration and the Subscription Consideration.

Subsequent to the Initial Joint Announcement, the Company entered into the Third Supplemental Agreement dated 20 March 2008 with MCL and MTG which superseded certain terms and conditions of the Initial S&P Agreement as amended by the Supplemental Agreement and the Second Supplemental Agreement. Pursuant to the Third Supplemental Agreement, the Project Companies will only carry out the Mimika Project and will not carry out the Second Project. The total natural forest Concession Areas of the Mimika Project will be approximately 313,500 hectares, located in the Papua Province of Indonesia. PTMP will pursue the Mimika Project in the forestry business of harvesting and logging of timber, reforestry on area logged, land clearing and subject to relevant government approvals, the plantation of oil palms and production of palm oil, the process, production and export of sawn timbers, and other timber and wood products in or near the Mimika Concession Areas. PTMTT will operate sawmill(s) and the process, production and export of sawn timbers, and other timber and wood products.

As a result of the exclusion of the Second Project, the total consideration for the Transactions will be reduced from HK$1,443.0 million (equivalent to US$185.0 million) to HK$915.72 million (equivalent to US$117.4 million). Pursuant to the Third Supplemental Agreement, the Sale Consideration shall then be reduced from HK$1,224.6 million (equivalent to US$157.0 million) by the amount of the Second Convertible Bonds of HK$439.92 million (equivalent to US$56.4 million) to HK$784.68 million (equivalent to US$100.6 million). Furthermore, the Subscription Consideration shall be reduced from HK$218.4 million (equivalent to US$28.0 million) by the amount of the Second Subscription Consideration of HK$87.36 million (equivalent to US$11.2 million) to HK$131.04 million (equivalent to US$16.8 million). The amount of the Manistar Convertible Bonds to be issued to Manistar shall be reduced from HK$226.2 million to HK$138.84 million pursuant to the Manistar Third Supplemental Agreement entered into between the Company and Manistar.

Manistar was incorporated in the British Virgin Islands. It is an investment holding company holding approximately 52.96% shareholding interest in the Company as at the Latest Practicable Date. Manistar is a wholly-owned subsidiary of CCT Telecom.

As Manistar is a substantial shareholder of the Company, the Manistar Subscription Agreement constitutes a connected transaction for the Company under Chapter 20 of the GEM Listing Rules. The entering into of the Manistar Subscription Agreement, the issue of the Manistar Convertible Bonds and the issue and allotment of the Conversion Shares arising from the conversion of the Manistar Convertible Bonds are subject to the approval by the Independent Shareholders at the EGM. Manistar and its associates are required to abstain from voting on the resolutions to approve the Manistar Subscription Agreement and the transactions contemplated thereunder at the EGM.

The Independent Board Committee, comprising all the three independent non-executive Directors, namely Mr. Lam Kin Kau, Mark, Mr. Fung Hoi Wing, Henry and Mr. Lau Ho Wai, Lucas, has been established to advise the Independent Shareholders as to whether the terms of the Manistar Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. As the independent financial adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to (i) whether the transactions are conducted on normal commercial terms; (ii) whether the entering into of the Manistar Subscription are in the interests of the Company and the Shareholders as a whole; (iii) whether the terms of the Manistar Subscription Agreement are fair and reasonable; and (iv) how the Independent Shareholders should vote in respect of the proposed resolutions to approve the Manistar Subscription and the transactions contemplated thereunder at the EGM.

BASIS OF OUR OPINION

In formulating our opinion, we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors and its management. We have assumed that all statements, information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete at the time they were made and continued to be true, accurate and complete as at the date of the Circular.

We consider that we (i) have obtained all information and documents of the Group relevant to an assessment of the fairness and reasonableness of the terms of the Manistar Subscription; (ii) have researched the relevant market and other conditions and trends relevant to the pricing of the Manistar Subscription; and (iii) have reviewed the fairness, reasonableness and completeness of any assumptions or projections relevant to the Manistar Subscription. Based on the foregoing, we confirm that we have taken all reasonable steps, which are applicable to Manistar Subscription, referred to in Rule 17.92 of the GEM Listing Rules (including the notes thereto).

We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to doubt the truth, accuracy and completeness of the statements, information, facts, opinions and representations provided to us by the Directors and the management of the Group. The Directors have confirmed to us that no material facts have been omitted from the information supplied and opinions expressed and we have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular, or the reasonableness of the opinions and representations provided to us by the Group. All the Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that, to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and that there are no other facts not contained in the Circular the omission of which would make any statement in the Circular misleading. We have relied on such information and opinions and have not however, conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Group and the Enlarged Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendations as to the fairness and reasonableness of the terms of the Manistar Subscription pursuant to the Manistar Subscription Agreement, we have taken into account the following principal factors and reasons:

1. Background of the Group

The Company is an international trade enabler listed on the GEM, and is principally engaged in the provision of on-line and off-line integrated marketing solutions and management automation services to assist small and medium-sized enterprises mainly located in Hong Kong and the PRC to generate and transform trade leads into transactions.

Based on the annual report of the Company for the year ended 31 March 2007 (the "2007 Annual Report"), the Group recorded revenue of approximately HK$46.1 million for the year ended 31 March 2007 as compared to that of approximately HK$39.6 million in the previous financial year, representing an increase of approximately 16.4%. However, the Group had recorded a net loss of approximately HK$10.3 million as compared to that of approximately HK$1.7 million in the previous financial year. The loss incurred was mainly attributable to certain factors, including the expenses of approximately HK$2.3 million in relation to the granting of share options during the year ended 31 March 2007, software program written-off of approximately HK$2.4 million and the additional costs incurred to strengthen the competitiveness of the Group. With the injection of new capital of approximately HK$21.0 million from a placing exercise in April 2006, the Group is able to undertake a number of initiatives to strengthen its core business and increase competitiveness while it is undergoing its expansion plan to keep pace with the ever changing market situation. The Company will implement its initiatives cautiously to sustain a healthy growth in changing operating environment.

As at 31 March 2007, the Group had consolidated net asset value of approximately HK$23.3 million, net current assets of approximately HK$14.1 million and cash and cash equivalents of approximately HK$6.0 million; whilst it had no interest-bearing borrowings and hence a gearing ratio of zero, which therefore showed that the Group's financial position was healthy.

Based on the quarterly report of the Company for the nine months ended 31 December 2007, the Group's unaudited consolidated net loss for the nine months ended 31 December 2007 amounted to approximately HK$2.1 million.

2. The Manistar Subscription Agreement

The Manistar Initial Subscription Agreement dated 4 October 2007 as amended by the Manistar Supplemental Agreement, the Manistar Second Supplemental Agreement and the Manistar Third Supplemental Agreement were entered into between Manistar and the Company, pursuant to which Manistar has agreed to subscribe for and the Company has agreed to issue the Manistar Convertible Bonds in the aggregate principal amount of HK$138.84 million payable in cash, which are convertible into 1,388,400,000 Conversion Shares at the initial Conversion Price of HK$0.10 each. A summary of the major terms of the Manistar Convertible Bonds is set out in the "Letter from the Board" of the Circular, principal details of which are set out below.

I. Principal terms of the Manistar Convertible Bonds

(*a*) *Conversion Price*

The Conversion Price of HK$0.10 was determined on an arm's length basis between the Company and Manistar with reference to, among other things, the then price performance of the Shares prior to the entering into of the Manistar Subscription Agreement.

The Conversion Price is subject to anti-dilutive adjustments, including sub-division or consolidation of the Shares, bonus issues, rights issue and other dilutive events, which may or may not occur. The Conversion Price of HK$0.10 per Conversion Share represents:

		Price/value per Share approximately	**Premium/ (discount) approximately**
		HK$	*%*
(i)	Closing price as quoted on the GEM on the last trading date immediately before the issue of the Clarification Announcement	0.120	(16.67)
(ii)	Closing price as quoted on the GEM on the Last Trading Date	0.280	(64.29)
(iii)	Average closing price as quoted on the GEM for the last five consecutive trading days up to and including the Last Trading Date	0.182	(45.05)
(iv)	Average closing price as quoted on the GEM for the last ten consecutive trading days up to and including the Last Trading Date	0.161	(37.89)
(v)	Average closing price as quoted on the GEM for the last 30 consecutive trading days up to and including the Last Trading Date	0.165	(39.39)
(vi)	Average closing price as quoted on the GEM for the last 60 consecutive trading days up to and including the Last Trading Date	0.185	(45.95)
(vii)	Closing price as quoted on the GEM on 20 March 2008 (being the last trading date before the issue of the joint announcement of the Company and CCT Telecom dated 28 March 2008 in relation to the Third Supplemental Agreement and the Manistar Third Supplemental Agreement)	0.145	(31.03)
(viii)	Closing price as quoted on the GEM as at the Latest Practicable Date	0.330	(69.70)
(ix)	The placing price of HK$0.285 per placing share (the "Placing Price") pursuant to the placing and subscription of 150,000,000 placing shares (the "Placing Shares") as announced and completed by the Company on 14 and 23 November 2007 respectively	0.285	(64.91)
(x)	The audited consolidated net asset value per Share of the Group as at 31 March 2007	0.024	317.00

(1) Share price performance

Set out below is the average monthly closing prices of the Shares from 1 January 2007 to the Last Trading Date:

	Monthly/ period end closing price	**Average daily closing price**
	HK$	*HK$*
2007		
January	0.061	0.060
February	0.069	0.072
March	0.076	0.073
April	0.160	0.108
May	0.179	0.164
June	0.213	0.203
July	0.211	0.213
August	0.180	0.191
September	0.150	0.150
October (from 2 October to the Last Trading Date)	0.280	0.214

Source: Bloomberg

As indicated in the above table, closing price of the Shares traded in the range of HK$0.061 and HK$0.280 per Share during the last nine months starting from 4 January 2007 up to and including 4 October 2007, the Last Trading Date. The Share price has therefore increased by 359.02% during the last nine months up to and including the Last Trading Date, whereas the average daily closing price of the Shares had increased by approximately 256.67% during the same period. The Directors considered that the increase in the Share prices might be attributable to the then market sentiment, ignoring the fact that the existing e-commerce business of the Group had incurred a loss during the financial year ended 31 March 2007. The price of the Shares increased sharply by approximately 133.33% from HK$0.12 per Share on 27 September 2007 (i.e. being the date immediately before the Clarification Announcement) to HK$0.28 per Share on 4 October 2007, being the date of the Agreement and the Last Trading Date. The Directors have also considered that the surge in the Share prices during the period from 28 September 2007 to 4 October 2007 might be attributable to the positive response by the market regarding the possible acquisition of a resource business by the Company and the then optimistic market sentiment. The closing price of the Shares have been traded between a range of HK$0.135 to HK$0.400 since 24 October 2007, being the date of resumption of trading of the Shares, and up to the Latest Practicable Date. Although the Conversion Price of the Manistar Convertible Bonds generally represents discounts to the Share prices under the other various comparison prior to the date of the Initial Joint Announcement and the Placing Price, it represents a significant premium of approximately 317.00% over the Group's audited consolidated net asset value of approximately HK$0.024 per Share as at 31 March 2007. The Directors (including the independent non-executive Directors) therefore consider that the Conversion Price of the Manistar Convertible Bonds to be fair and reasonable. Perhaps, we consider that the Conversion Price of HK$0.10 representing discounts to the various historical average closing prices and the Placing Price is not unreasonable, since the Manistar Convertible Bonds (i) will be non-interest bearing and (ii) can only be converted into Conversion Shares after the date of issue of the Manistar Convertible Bonds until the date falls on the fifth day immediately before the maturity date, hence the holder of Manistar Convertible Bonds might be facing higher down-side risk in respect of the future Share price; while the Placing Shares can be freely disposed of in the market by the placees immediately after completion of the Placing.

(2) Comparables

In order to assess the fairness and reasonableness of the terms of the Manistar Convertible Bonds, we consider that it would be more appropriate to make comparison with and look into all the last 17 cases of issue of convertible notes/bonds by companies listed on the GEM only which were announced since 1 January 2007 and up to the date of the Initial Joint Announcement (i.e. 23 October 2007) (the "Review Period"). To the best of our knowledge, we have identified the following listed companies which have entered into agreements in relation to the issue of convertible notes/ bonds during the Review Period (the "Comparables"):

							Premium/(discount) of offer price over closing price or average closing price prior to the relevant announcements					
Date of announcement	**Company (Stock code)**	**Principal**	**Interest**	**Maturity**	**Conversion/ exercise price**	**Redemption price at maturity**	**Closing price at the Last Trading Date**		**5-day average**		**10-day average**	
		HK$ million	*%*	*Years*	*HK$*	*%*	*HK$*	*%*	*HK$*	*%*	*HK$*	*%*
9/1/2007	China Primary Resources Holdings Limited (8117)	230.00	0.0	5	0.34000	100.0	0.355	(4.23)	0.330	3.03	0.3290	3.34
26/1/2007	Kanstar Environmental Paper Products Holdings Limited (8011)	287.12	3.0	3	0.43000	100.0	0.445	(3.37)	0.359	19.78	0.3465	24.10
30/3/2007	EVI Education Asia Limited (8090)	540.00	1.0	5	0.10000	N/A	0.214	(53.27)	0.146	(31.51)	0.1360	(26.47)

Date of announcement	Company (Stock code)	Principal	Interest	Maturity	Conversion/ exercise price	Redemption price at maturity	Premium/(discount) of offer price over closing price or average closing price prior to the relevant announcements: Closing price at the Last Trading Date		5-day average		10-day average	
		HK$ million	*%*	*Years*	*HK$*	*%*	*HK$*	*%*	*HK$*	*%*	*HK$*	*%*
18/4/2007	Maxitech International Holdings Limited (8136)	456.00	1.0	5	0.60000	100.0	0.540	11.11	0.538	11.52	0.5095	17.76
28/5/2007	Zhongyu Gas Holdings Limited (8070)	312.00	1.0	5	1.45600	125.0	1.280	13.75	1.2200	19.34	1.2200	19.34
5/6/2007	Xteam Software International Limited (8178) (1st tranche)	83.59	0.0	3	0.19215	N/A	0.900	(78.65)	0.814	(76.39)	0.7340	(73.82)
5/6/2007	Xteam Software International Limited (8178) (2nd tranche)	116.66	0.0	3	0.19215	N/A	0.900	(78.65)	0.814	(76.39)	0.7320	(73.75)
29/6/2007	Big Media Group Limited (8167) (1st tranche)	100.00	4.0	3	0.29000	100.0	0.280	3.57	0.302	(3.97)	0.3530	(17.85)
29/6/2007	Big Media Group Limited (8167) (2nd tranche)	50.00	4.0	3	0.29000	100.0	0.280	3.57	0.302	(3.97)	0.3530	(17.85)
3/7/2007	Global Solution Engineering Limited (8192)	4.00	0.0	5	0.01000	100.0	0.770	(98.70)	0.572	(98.25)	0.5340	(98.13)
5/7/2007	Trasy Gold Ex Limited (8063)	100.00	4.0	2	0.24000	100.0	0.240	0.00	0.243	(1.23)	0.240	0.00
5/7/2007	Trasy Gold Ex Limited (8063)	50.00	4.0	2	0.24000	100.0	0.240	0.00	0.243	(1.23)	0.240	0.00
12/7/2007	Golding Soft Limited (8190)	119.03	0.0	5	0.25000	115.0	0.170	47.06	0.170	47.06	0.172	45.35
12/7/2007	Golding Soft Limited (8190)	63.99	0.0	5	0.25000	115.0	0.170	47.06	0.170	47.06	0.172	45.35
20/8/2007	Jessica Publications Limited (8137)	14.70	0.0	2	0.00700	100.0	0.740	(99.05)	0.810	(99.14)	0.857	(99.18)
29/8/2007	Argos Enterprise (Holdings) Limited (8022)	7.20	1.0	1	0.20000	N/A	0.230	(13.04)	0.228	(12.13)	0.227	(11.97)
18/10/2007	Wafer Systems Limited (8198)	606.80	0.1	5	0.85000	100.0	1.650	(48.48)	1.466	(42.02)	1.322	(35.70)
	Average		1.4	4		104.2		(20.66)		(17.55)		(17.62)
	Median		1.0	3		100.0		(4.23)		(3.97)		(8.92)
	Highest		4.0	5		125.0		47.06		47.06		45.35
	Lowest		0.0	1		100.0		(99.05)		(99.14)		(99.18)
	The Company	138.84	0.0	3	0.10000	100.0	0.280	(64.29)	0.182	(45.05)	0.161	(37.89)

Source: the Stock Exchange

We have sought to compare the terms of 17 Comparables of which relevant information were disclosed in respective announcements. Regarding the premium/discount of the conversion price over/to the closing price per share on the last trading day, (i) six of the Comparables had a conversion price which represented a premium ranging from 3.57% to 47.06%; (ii) two of them had a conversion price equivalent to the closing price per share on the last trading day; and (iii) the remaining nine Comparables had a conversion price which represented a discount ranging from 3.37% to 99.05%. With respect to the premium/discount of the conversion price over/to the 5-day average closing price of the shares up to the respective last trading day, (i) six of the Comparables had a conversion price which represented a premium ranging from 3.03% to 47.06%; and (ii) the other 11 Comparables had a conversion price which represented a discount ranging from 1.23% to 99.14%. As to the premium/discount of the conversion price over/to the 10-day average closing price of the shares up to the respective last trading day, (i) six Comparables had a conversion price which represented a premium ranging from 3.34% to 45.35%; (ii) two had a conversion price equivalent to the 10-day average closing price; and (iii) the remaining nine Comparables had a conversion price which represented a discount ranging from 11.97% to 99.18%.

We note that the Conversion Price represents a considerable discount to the closing price of the Shares as quoted on the GEM on the Last Trading Date, the 5-day and 10-day average closing price up to the Last Trading Date as well as the Placing Price. However, taking into account that (i) such discounts fall within the relevant range of the Comparables; (ii) the Conversion Price represents a significant premium of approximately 317.00% over the Group's audited consolidated net asset value of HK$0.024 per Share as at 31 March 2007; (iii) the Manistar Convertible Bonds are non-interest bearing; and (iv) the Conversion Price is the same as that of the MCL Convertible Bonds which shall be issued to an independent third party, we are of the view that the Conversion Price has been arrived at on normal commercial terms and a fair and reasonable basis and is in the interests of the Company and the Shareholders as a whole.

(b) Maturity and interest rate

The maturity of the Manistar Convertible Bonds is three years from the date of issue of the Manistar Convertible Bonds. As set out in the table above, the maturities of the Comparables range from one year to five years with an average of about four years. Given that 5 out of the 17 Comparables have a comparable maturity of three years, we consider that the maturity of three years is not uncommon for an issue of convertible bonds by listed companies in the market. Accordingly, we consider that the maturity of the Convertible Bonds is in line with the market and in the same terms as the MCL Convertible Bonds.

Furthermore, we note from the table that the interest rate of the Comparables ranges from 0% to 4% per annum with an average of approximately 1.4% per annum. We are of the view that the zero coupon rate of the Manistar Convertible Bonds is in the interests of the Group and the Shareholders as a whole. With reference to the 7 out of the 17 Comparables having a zero coupon rate, we also noted that the Comparables having lower or even zero interest rates would generally have conversion price with much larger discount to the then prevailing market price.

(c) Redemption upon maturity

According to the Manistar Subscription Agreement, unless previously converted or cancelled under the conditions of the Manistar Convertible Bonds, each Manistar Convertible Bond shall be redeemed at their principal amount on the maturity date. As shown in the table above, the redemption amounts of the Comparables range from 100% to 125% of their respective face value with an average of approximately 104.2%. Given that 10 out of a total of 13 Comparables have a comparable redemption price of 100% of their principal amount, we consider that the redemption price of 100% of the principal amount of Manistar Convertible Bonds is basically in line with the market. We also noted that the Comparables with lower or no redemption premium generally have higher interest rates and/or have conversion price with lower premium or even discount to the then prevailing market price.

(d) Conversion period

Bondholders shall be entitled to convert the Manistar Convertible Bonds into Conversion Shares at anytime during the period commencing from the date of issue of the Manistar Convertible Bonds until the date falls on the fifth day immediately before the maturity date. We consider that the conversion period is normal for debt securities of similar kind.

However, pursuant to the Manistar Subscription Agreement and the terms and conditions of the Manistar Convertible Bonds, any Manistar Convertible Bonds cannot be converted into Conversion Shares during the term of the Manistar Convertible Bonds if such conversion will cause the Company to be in breach of the minimum public float requirement under the GEM Listing Rules. Other than the public float restriction, the Manistar Convertible Bonds will not be subject to any other conversion restriction or lock-up provisions. We are of the view that such public float restriction is fair and reasonable, in the interests of the Company and the Shareholders as a whole, because failure of which would lead to the Company breaching the GEM Listing Rules. Such public float restriction would also be imposed on and in the same terms as the MCL Convertible Bonds.

(e) Transferability, voting rights and ranking

The Manistar Convertible Bonds are transferable from the date of issue of the Manistar Convertible Bonds until the date that falls on the tenth day before the maturity date, subject to the terms and conditions of the Manistar Convertible Bonds.

Bondholders will not have any right to attend or vote in any general meeting of the Company by virtue of their being bondholders.

Conversion Shares will rank *pari passu* in all respects with the Shares then in issue on the relevant conversion date.

We consider that the terms of the Manistar Convertible Bonds under the Manistar Subscription Agreement in relation to the transferability, voting and ranking are normal for debt securities of similar kind and are in the same terms as the MCL Convertible Bonds.

II. Conversion Shares falling to be issued upon exercise in full of the conversion rights attaching to the Manistar Subscription Agreement

Upon full conversion of the Manistar Convertible Bonds at the initial Conversion Price, a total of 1,388,400,000 Conversion Shares will be issued, representing:

(i) approximately 114.30% of the existing issued share capital of the Company;

(ii) approximately 53.34% of the issued share capital of the Company immediately after full conversion of the Manistar Convertible Bonds, assuming no Share Options are exercised; and

(iii) approximately 13.39% of the issued share capital of the Company immediately after full conversion of the Manistar Convertible Bonds, the MCL Convertible Bonds at the initial Conversion Price, assuming no Share Options are exercised.

III. Conditions and completion of the Manistar Subscription

The Agreement and the Manistar Subscription Agreement are inter-conditional to each other. Completion of the Transactions and the Manistar Subscription shall take place together and simultaneously. Completion of the Manistar Subscription Agreement shall take place on the second Business Day after the conditions precedent are fulfilled or waived (as the case may be) or such other date as the parties shall agree in writing. The Completion of the Manistar Subscription Agreement shall take place immediately after the Completion of the Agreement. The Manistar Subscription Agreement will lapse if the conditions precedent are not fulfilled or waived (as the case may be) by the Long Stop Date or such later date as the parties shall agree in writing.

Based on the above analysis and from the perspective of assessment of the initial Conversion Price with respect to (i) the historical performance of Shares for the nine months since 1 January 2007; (ii) the terms of the Comparables announced during the Review Period; and (iii) the terms of the Manistar Convertible Bonds to be issued to Manistar are basically identical to the MCL Convertible Bonds to be issued to MCL (i.e. being an independent third party), we are of the view that the Manistar Subscription is on normal commercial terms, in the interests of the Company and the Shareholders as a whole, and the terms of the Manistar Convertible Bonds are fair and reasonable so far as the Company, the Shareholders and the Independent Shareholders are concerned.

Reasons for the Manistar Subscription

The Group is principally engaged in the e-commerce business. For the year ended 31 March 2007 and the nine months ended 31 December 2007, the Group has reported audited and unaudited consolidated net losses of approximately HK$10 million and HK$2.1 million respectively, due to keen competition. The Directors believe that the operating environment of the existing business of the Group will remain highly competitive and more resources and investment have to be made in order to increase its competitiveness and to improve its results.

As stated in the "Letter from the Board" of the Circular, in order to complement the highly competitive e-commerce market, the Directors have considered that the diversification of business into new areas of high-growth potential will be in the interests of the Shareholders as a whole. The Company has been taking initiative in identifying business opportunities that will broaden its revenue sources and improve its profitability.

With sustained growth in the demand for wood products in the Asia-Pacific region, price for timber products especially tropical hardwood products is expected to maintain at high levels and increasing as log shortages exist and demand continues to be robust.

In light of the above, the Directors have considered that the forestry industry is a high-growth business and believed that the Transactions represent a good opportunity for the Group to enter into the forestry industry with huge potential and good future prospect. The Directors have therefore considered that it is in the interests of the Company and the Shareholders as a whole to enter into the Manistar Subscription Agreement in order to provide funding to the Company to pay for the Cash Consideration of HK$7.8 million and the Subscription Consideration of HK$131.04 million.

Alternative financing methods

The Directors have not considered other means of fund raising activities at the time prior to the Initial Joint Announcement except for the issuance of the Manistar Convertible Bonds because they have considered that the Manistar Subscription is effective in terms of both cost and time when compared to other kinds of fund-raising mechanism such as rights issue, bank borrowings and open offer.

The Directors have also considered that the Manistar Subscription may enhance the capital base of the Group if the Manistar Convertible Bonds would subsequently be converted into Conversion Shares.

We noted that the Company announced and completed a placing and top-up subscription of 150,000,000 Shares under its general mandate at a placing price of HK$0.285 per placing share on 14 and 23 November 2007 respectively, by which it raised net proceeds of approximately HK$41.0 million for general working capital purpose. We were advised by the Directors that the total fund raising size equivalent to the issuance of the Manistar Convertible Bonds in addition to the MCL Convertible Bonds of approximately

HK$915.72 million (i.e. which was approximately 177.4% over the then market capitalisation of the Company as a whole of approximately HK$330.14 million based on the closing price of HK$0.28 per Share on the Last Trading Date) cannot be easily absorbed by the market because of the uncertainty of market perception for such large fund raising size. In addition, the Directors were also of the opinion that non-interest bearing convertible bonds/notes are generally not so attractive for investors in the market, though the Manistar Convertible Bonds will be issued to the controlling Shareholder.

We consider that the issue of the Manistar Convertible Bonds, in addition to the MCL Convertible Bonds, is an appropriate financing method under the then circumstances of the Company and the then market condition, though there would be a possible dilution impact arising therefrom on the shareholdings of the Shareholders in the short term.

Possible financial effects

Net asset value

Upon the issue of the Manistar Convertible Bonds and before any conversion into Conversion Shares attributable thereto, the consolidated balances of cash and cash equivalents and the consolidated total liabilities (i.e. being the liability component attributable thereto) of the Group will be increased by HK$138.84 million and HK$105.7 million respectively, so there would not be any material adverse effect on the net asset value per Share.

Assuming the Manistar Convertible Bonds are converted in full at HK$0.10 per Share, the consolidated net asset value of the Group will be increased by approximately HK$138.84 million, representing a significant increase of almost five times based on the audited consolidated net asset value of the Group of approximately HK$23.2 million as at 31 March 2007. In addition, since the Conversion Price is at a significant premium of approximately 317.0% over the Group's consolidated net asset value per Share as at 31 March 2007, the net asset value per Share will likely increase upon partial or full conversion of the Manistar Convertible Bonds.

Earnings

As the Manistar Convertible Bonds are non-interest bearing, the Group will not be required to make any future payment of interest in relation to the issue of Manistar Convertible Bonds. On this basis, the issue of Manistar Convertible Bonds and the subsequent conversion into Conversion Shares would not have any material adverse financial impact to the Enlarged Group. However, pursuant to the relevant Hong Kong Financial Reporting Standards, notional interest should be imputed on the liability component of the Manistar Convertible Bonds at the applicable market interest rate for straight bonds without conversion right. The amount of the imputed interest for the Manistar Convertible Bonds computed on such basis is approximately HK$10.0 million per annum. Such annual imputed interest of approximately HK$10.0 million will be charged to the income statement of the Group as finance costs and the Group's earnings would then be affected thereby to such extent accordingly. Given the impact on earnings of approximately HK$10.0 million attributable to the Manistar Convertible Bonds is merely on a notional basis and hence will not involve actual cash outflow of the Group, we consider that such impact is inevitable and justifiable for the issue of Manistar Convertible Bonds and is out-weighted by the advantage to the Group of obtaining a large amount of funding with no obligation for payment of interest. The imputed interest will be reduced correspondingly upon any conversion of the Manistar Convertible Bonds in the future.

Gearing and debt-equity position

According to the 2007 Annual Report, the Group did not have any interest-bearing borrowings and its gearing position (which is calculated as total interest-bearing borrowings divided by the net asset value of the

Group) was zero as at 31 March 2007. However, based on the pro forma financial information of the Enlarged Group as set out in the Appendix III to the Circular, the liability and equity components of the Manistar Convertible Bonds would amount to HK$105,748,000 and HK$33,092,000 respectively. On this basis, the long-term liabilities of the Group after the Completion and before any conversion of any Manistar Convertible Bonds into Conversion Shares would increase by approximately HK$105.7 million. Nevertheless, having considered that: (i) the Group's debt position will be remaining at its original debt-free position (i.e. 0%) (a) immediately after completion of issue but before any conversion of the Manistar Convertible Bonds and (b) if the Manistar Convertible Bonds are ultimately converted in full at HK$0.10 per Conversion Share; and (ii) the issue of the Manistar Convertible Bonds and the Manistar Subscription would provide finance for the Group to fund the Transactions which would ultimately bring in long-term benefits for the Group's business development, we consider that the temporary increase in the debt position of the Group upon issuing the Manistar Convertible Bonds as aforesaid is justifiable in so far as the Independent Shareholders are concerned.

Working capital

Based on the 2007 Annual Report, the Group had working capital (i.e. which is calculated as total current assets minus total current liabilities of the Group) of approximately HK$14.1 million, comprising current assets of approximately HK$23.5 million, including cash and cash equivalents of approximately HK$6.0 million, and current liabilities of approximately HK$9.4 million as at 31 March 2007. The Group's working capital position will basically remain unchanged, since the total proceeds of HK$138.84 million from the issue of the Manistar Convertible Bonds would be utilised to finance the Cash Consideration and the Subscription Consideration under the Agreement. In light of the above, we consider that the Manistar Subscription would ultimately bring in long-term benefits for the business development of the Group.

Dilution in shareholding

Based on the shareholding structure of the Company as set out in the "Letter from the Board" of the Circular, as at the Latest Practicable Date, 540,384,930 Shares were held by other public Shareholders, representing approximately 44.49% of the issued share capital of the Company. Upon the Completion and full conversion of the Manistar Convertible Bonds, such corresponding shareholding will be diluted to approximately 20.76%. However, with reference to the sub-paragraph headed "Restriction in conversion of the MCL Convertible Bonds and the Manistar Convertible Bonds" as set out in the "Letter from the Board" of the Circular, the conversion of the Manistar Convertible Bonds into Conversion Shares is subject to the public float restriction during the term of the Manistar Convertible Bonds.

Shareholders should note that dilution effect on the shareholding is inevitable for the issue of the Conversion Shares upon partial or full conversion of the Manistar Convertible Bonds into Conversion Shares, but the benefits of the issue of the Manistar Convertible Bonds might outweigh the dilution effect on the shareholding of the Company. Having considered that (i) the use of proceeds from the issue of the Manistar Convertible Bonds as described in the paragraph headed "Reasons for the Manistar Subscription" above; (ii) the anticipated enhancement and broadening of shareholders' and capital base of the Company upon partial or full conversion of the Manistar Convertible Bonds; and (iii) the net asset value per Share would be enhanced upon partial or full conversion of the Manistar Convertible Bonds into the Conversion Shares as mentioned in the sub-paragraph headed "Net asset value" above, we are of the view that such dilution effect to public Shareholders is acceptable so far as the Independent Shareholders are concerned.

RECOMMENDATION

Having considered the principal factors and reasons as discussed above, and in particular:

- the issue of the Manistar Convertible Bonds is part and parcel to the Transactions which will help the Group enhance its income and earnings base in the future and diversify its business portfolio from the existing competitive e-commerce business;

- the various discounts of the Conversion Price to the then market prices of the Shares falls within the relevant range of the Comparables;
- the Conversion Price represents a significant premium over the Group's audited consolidated net asset value per Share as at 31 March 2007;
- the maturity of three years of the Manistar Convertible Bonds is basically in line with the market;
- the Group will not incur any interest expenses in relation to the issue of the Manistar Convertible Bonds which offer zero coupon rate;
- the redemption price at maturity of the Manistar Convertible Bonds at 100% face value thereof is basically comparable to the average of the Comparables of approximately 104.2% and falls into that of the Comparables ranging from 100% to 125%;
- the terms of the Manistar Convertible Bonds and the MCL Convertible Bonds respectively are basically identical save for the principal amount and the number of Conversion Shares to be issued upon their conversions; and
- the potential positive financial impacts of the issue of Manistar Convertible Bonds on the financial positions of the Group based on the pro forma financial statements,

we consider that the entering into of the Manistar Subscription Agreement is conducted on normal commercial terms and are fair and reasonable so far as the Company, the Shareholders and the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole, notwithstanding that the shareholding interests of the Independent Shareholders in the Company will be diluted as a result of the issue of Conversion Shares which may fall to be issued upon exercise of the conversion rights attached to the Manistar Convertible Bonds in connection with the Manistar Subscription. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM in respect of the issue of the Manistar Convertible Bonds to and the Manistar Subscription by Manistar.

Yours faithfully,
For and on behalf of
First Shanghai Capital Limited
Helen Zee — *Managing Director*
Eric Lee — *Deputy Managing Director*

(1) FINANCIAL SUMMARY

Set out below is a summary of the audited consolidated income statement and the financial position for the year ended 31 March 2005 as extracted from the annual report of the Group for the year ended 31 March 2005, and that for the years ended 31 March 2006 and 2007 as extracted from the annual report of the Group for the year ended 31 March 2007. The summary of the unaudited condensed consolidated income statement of the Group for the six months ended 30 September 2006 and the six months ended 30 September 2007 as well as the financial position of the Group as at 30 September 2007 as extracted from the interim report for the six months ended 30 September 2007 are also set out below.

Results of the Group

	for the year ended 31 March			for the six months ended 30 September	
	2005	**2006**	**2007**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	39,476	39,595	46,099	23,267	22,166
Profit/(loss) for the year/period	2,757	(1,703)	(10,326)	(2,172)	(1,419)
Attributable to:					
Equity holders of the parent	2,757	(1,703)	(10,222)	(2,172)	(1,355)
Minority interests	—	—	(104)	—	(64)
	2,757	(1,703)	(10,326)	(2,172)	(1,419)
Dividend	—	—	—	—	—
Earnings/(loss) per share					
— Basic	HK0.7 cent	HK(0.4) cent	HK(1.1) cent	HK(0.24) cent	HK(0.14) cent
— Diluted	HK0.7 cent	N/A	N/A	HK(0.24) cent	HK(0.13) cent
Dividend per share	—	—	—	—	—

Assets and liabilities of the Group

	as at 31 March			as at 30 September
	2005	**2006**	**2007**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	19,565	18,485	32,620	33,840
Total liabilities	(7,931)	(8,291)	(9,380)	(10,046)
Total net assets	11,634	10,194	23,240	23,794

The information set out below was extracted from the annual report of the Company for the year ended 31 March 2007 and the interim report of the Company for the six months ended 30 September 2007, respectively.

(2) AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2007

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

CONSOLIDATED BALANCE SHEET
31 March 2007

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

Mak Shiu Tong, Clement
Chairman

Tam Ngai Hung, Terry
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2007

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

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

CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 March 2007

	Notes	**2007**	**2006**
		HK$'000	*HK$'000*
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(10,326)	(1,554)
Adjustments for:			
Share of profits and losses of associates		—	24
Gain on deemed disposal of associates		—	(445)
Interest income	5, 6	(655)	(81)
Fair value gains on financial assets at fair value through profit or loss	5, 6	(267)	—
Depreciation	6	1,289	1,294
Amortisation of deferred development expenditure	6	914	895
Impairment of deferred development expenditure	6	2,351	—
Loss on disposal and write-off of items of property, plant and equipment	6	8	5
Impairment of trade receivables	6	557	616
Impairment of other receivables	6	30	398
Equity-settled share option expenses	24	2,280	302
		(3,819)	1,454
Decrease/(increase) in trade receivables		(1,104)	1,008
Decrease/(increase) in prepayments, deposits and other receivables		223	(402)
Increase/(decrease) in trade payables		399	(115)
Increase in deferred service fees received in advance		162	132
Increase in other payables and accruals		136	194
Increase in an amount due from a related company		(25)	—
Increase in an amount due to an associate		392	—
Cash generated from/(used in) operations		(3,636)	2,271
PRC tax paid		—	(182)
Net cash inflow/(outflow) from operating activities		(3,636)	2,089
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		655	81
Increase in financial assets at fair value through profit or loss		(13,450)	—
Purchases of items of property, plant and equipment	13	(2,406)	(1,065)
Proceeds from disposal of items of property, plant and equipment		8	9
Additions to deferred development expenditure	14	(1,247)	(2,562)
Increase/(decrease) in an amount due from an associate		100	(100)
Acquisition of associates		—	(1)
Net cash outflow from investing activities		(16,340)	(3,638)

	Notes	2007 *HK$'000*	2006 *HK$'000*
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital contribution by a minority shareholder		54	—
Proceeds from issue of shares	23	22,037	—
Share issue expenses	23	(1,018)	—
Net cash inflow from financing activities		21,073	—
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,097	(1,549)
Cash and cash equivalents at beginning of year		4,964	6,448
Effect of foreign exchange rate changes, net		(100)	65
CASH AND CASH EQUIVALENTS AT END OF YEAR		5,961	4,964
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents	20	5,961	4,964

BALANCE SHEET
31 March 2007

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

Mak Shiu Tong, Clement
Chairman

Tam Ngai Hung, Terry
Director

NOTES TO FINANCIAL STATEMENTS
31 March 2007

1. CORPORATE INFORMATION

The registered office of Tradeeasy Holdings Limited is located at the offices of Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, British West Indies and the principal place of business is located at Units 2-5, 19th Floor, BEA Tower, Millennium City 5, 418 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong.

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

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

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand ("HK$'000") except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2007. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

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

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

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

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

The principal changes in accounting policies are as follows:

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

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

(b) HKAS 39 Financial Instruments: Recognition and Measurement

(i) Amendment for financial guarantee contracts

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

(ii) Amendment for the fair value option

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

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

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

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

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

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

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

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

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

HKFRS 7 shall be applied for annual periods beginning on or after 1 January 2007. The standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments and also incorporates many of the disclosure requirements of HKAS 32.

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

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

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

Associates

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

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

Impairment of non-financial assets

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

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

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

Related parties

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

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

(b) the party is an associate;

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

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

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

Property, plant and equipment and depreciation

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

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

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

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

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

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

Intangible assets

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

Research and development costs

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

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

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

Operating leases

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

Investments and other financial assets

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

The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at the balance sheet date.

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

Financial assets at fair value through profit or loss

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are subsequently carried at amortised cost using the effective interest method. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Fair value

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

Impairment of financial assets

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

Assets carried at amortised cost

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

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

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

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

Derecognition of financial assets

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

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

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

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

Financial liabilities at amortised cost

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

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

Financial guarantee contracts

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

Derecognition of financial liabilities

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

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

Cash and cash equivalents

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

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

Income tax

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

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

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

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

- where the deferred tax liability arises from the initial recognition of an asset or liability and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

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

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

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

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

Revenue recognition

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

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

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

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

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

Deferred service fees

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

Advertising and promotion expenses

Advertising and promotion expenses are expensed as incurred.

Employee benefits

Share-based payment transactions

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

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the Black-Scholes option pricing model, further details of which are given in note 24. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ("market conditions"), if applicable.

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

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

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

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

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

Employment Ordinance long service payments

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

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

Pension schemes

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

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

Foreign currencies

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

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Judgement

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

Impairment of assets and deferred development expenditure

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

Estimation uncertainty

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

Share-based payment transactions

The cost of equity-settled transactions is subject to the limitations of the Black-Scholes option pricing model and the uncertainty in estimates used by management in the assumptions as disclosed in note 24 to the financial statements. The Black-Scholes option pricing model is modified for the early exercise of share option in limited open exercise periods. Should the estimates including limited early exercise behaviour, expected interval and frequency of open exercise periods in the share options life and other relevant parameters of the share option pricing model be changed, there would be material changes in the amount of share option benefits recognised in the consolidated income statement and share option reserve.

Impairment of trade receivables

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

Impairment of deferred development expenditure

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

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.

(a) Business segments

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

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

(b) Geographical segments

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

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

5. REVENUE, OTHER INCOME AND GAINS

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

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

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

6. LOSS BEFORE TAX

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

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

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

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

7. DIRECTORS' REMUNERATION

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

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

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

(a) Independent non-executive directors

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

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

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

(b) Executive directors

	Fees	Salaries, housing allowances, other allowances and benefits in kind	Pension scheme contributions	Equity-settled share option expenses	Total remuneration
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2007					
Executive directors:					
Mak Shiu Tong, Clement	—	—	—	850	850
Tam Ngai Hung, Terry	—	—	—	529	529
Cheung Yuk Ching, Flora	—	—	—	95	95
William Donald Putt	—	—	—	95	95
Yu Lup Fat, Joseph	—	9	—	—	9
Yip Kwok Cheung, Danny	—	1,185	12	179	1,376
Wong Kai Yin, Paul	—	42	1	—	43
To Man Yau, Alex	—	33	1	—	34
	—	1,269	14	1,748	3,031
2006					
Executive directors:					
Yu Lup Fat, Joseph	—	120	6	—	126
Yip Kwok Cheung, Danny	—	989	12	—	1,001
Wong Kai Yin, Paul	—	682	12	—	694
To Man Yau, Alex	—	562	12	—	574
	—	2,353	42	—	2,395

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

8. FIVE HIGHEST PAID EMPLOYEES

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

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

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

During the year, no share options were granted to the two (2006: three) non-director, highest paid employees in respect of their services to the Group.

9. TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2006: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

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

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

Group — 2007

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

Group — 2006

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

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (the "New CIT Law"), which will become effective from 1 January 2008. The Group is in the process of making an assessment of the impact of the New CIT Law. So far, it has concluded that the New CIT Law is unlikely to have any significant impact on the results and financial position of the Group for the

year ended 31 March 2007. At the date of approval of these financial statements, detailed implementation and administrative requirements relating to the New CIT Law have yet to be announced. These detailed requirements include regulations concerning the computation of taxable income, as well as specific preferential tax treatments and their related transitional provisions. The Group will further evaluate the impact on its operating results and financial positions of future periods as more detailed requirements are issued.

10. LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

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

11. DIVIDEND

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

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

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

The calculation of basic loss per share is based on:

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

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

13. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold improvements *HK$'000*	Furniture and fixtures *HK$'000*	Computer and office equipment *HK$'000*	Total *HK$'000*
31 March 2007				
At 31 March 2006 and at 1 April 2006:				
Cost	2,247	1,218	16,711	20,176
Accumulated depreciation	(992)	(1,022)	(15,621)	(17,635)
Net carrying amount	1,255	196	1,090	2,541
At 1 April 2006, net of accumulated depreciation	1,255	196	1,090	2,541
Additions	715	213	1,478	2,406
Disposals and write-off	—	—	(16)	(16)
Depreciation provided during the year	(505)	(87)	(697)	(1,289)
Exchange realignment	32	5	42	79
At 31 March 2007, net of accumulated depreciation	1,497	327	1,897	3,721
At 31 March 2007:				
Cost	3,034	1,459	17,115	21,608
Accumulated depreciation	(1,537)	(1,132)	(15,218)	(17,887)
Net carrying amount	1,497	327	1,897	3,721

Group

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

14. DEFERRED DEVELOPMENT EXPENDITURE

	Group *HK$'000*
31 March 2007	
Cost at 1 April 2006, net of accumulated amortisation and impairment	6,952
Additions — internal development	1,247
Amortisation provided during the year	(914)
Impairment during the year	(2,351)
Exchange realignment	40
At 31 March 2007	4,974
At 31 March 2007:	
Cost	11,125
Accumulated amortisation and impairment	(6,151)
Net carrying amount	4,974
31 March 2006	
At 1 April 2005:	
Cost	7,175
Accumulated amortisation and impairment	(1,912)
Net carrying amount	5,263
Cost at 1 April 2005, net of accumulated amortisation and impairment	5,263
Additions — internal development	2,562
Amortisation provided during the year	(895)
Exchange realignment	22
At 31 March 2006	6,952
At 31 March 2006 and 1 April 2006:	
Cost	9,774
Accumulated amortisation and impairment	(2,822)
Net carrying amount	6,952

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

15. INTERESTS IN SUBSIDIARIES

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

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

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Datawin Limited	HK	HK$100,000 Ordinary	—	100	Provision of integrated marketing solution and ASP services
Tradeeasy Information Technology (Guangzhou) Limited ("Tradeeasy Guangzhou") *(Note 1)*	PRC	US$300,000	—	100	Provision of technical consultancy services
Tradeeasy Information Technology (Beijing) Limited ("Tradeeasy Beijing") *(Note 2)*	PRC	US$300,000	—	100	Provision of technical consultancy services
Source Easy Limited	HK	HK$10,000 Ordinary	—	100	Provision of merchandising services
Tradeeasy Howv Technology Company Limited ("Howv") *(Note 1)*	PRC	US$100,000	—	55	Provision of technical consultancy services

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

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

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

16. INTERESTS IN ASSOCIATES

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

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

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

Particulars of the principal associate are as follows:

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

The above principal associate was not audited by Ernst & Young Hong Kong or other Ernst & Young International member firms.

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

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

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

17. TRADE RECEIVABLES

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

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

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

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

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

19. DUE FROM A RELATED COMPANY

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

20. CASH AND CASH EQUIVALENTS

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

At the balance sheet date, the cash and bank balances of the Group denominated in RMB amounted to HK$958,000 (2006: HK$1,267,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposits rates. Short term time deposits are made for varying periods of between one to two weeks and earn interest at the respective short term time deposit rates. The carrying amounts of the cash and bank balances approximate to their fair values.

21. TRADE PAYABLES

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

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

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

22. DEFERRED TAX

The Group has tax losses arising in Hong Kong of HK$42,947,000 (2006: HK$41,068,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time, and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

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

23. SHARE CAPITAL

Shares

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

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

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

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

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

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

Share options

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

24. SHARE OPTION SCHEME

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

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

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

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

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

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

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

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

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

	Number of share options								
Category of participant	**At 1 April 2006**	**Granted during the year**	**Forfeited during the year**	**Exercised during the year**	**At 31 March 2007**	**Date of grant of share options**	**Exercise period of share options***	**Exercise price of share options**** *HK$ per share*	**Price of the Company's shares at grant date of options***** *HK$ per share*
Directors	—	95,350,000	—	—	95,350,000	14 Aug 2006	14 Aug 2006 to 13 Aug 2011	0.038	0.041
Employees									
In aggregate	12,000,000	—	—	(1,000,000)	11,000,000	22 Apr 2003	23 Jun 2003 to 22 Jun 2008	0.037	—
	4,000,000	—	—	—	4,000,000	6 Oct 2004	4 Nov 2004 to 3 Nov 2009	0.030	—
	2,100,000	—	—	—	2,100,000	27 Sep 2005	26 Oct 2005 to 25 Oct 2010	0.043	0.040
	3,496,000	—	(250,000)	—	3,246,000	20 Dec 2005	18 Jan 2006 to 19 Feb 2012	0.043	0.047
	1,831,000	—	(250,000)	—	1,581,000	20 Dec 2005	18 Jan 2007 to 19 Feb 2012	0.043	0.047
	—	20,500,000	—	—	20,500,000	14 Aug 2006	14 Aug 2006 to 13 Aug 2011	0.038	0.041
	23,427,000	20,500,000	(500,000)	(1,000,000)	42,427,000				
Others									
In aggregate	20,000,000	—	—	—	20,000,000	22 Apr 2003	23 Jun 2003 to 22 Jun 2008	0.037	—
	4,000,000	—	—	—	4,000,000	27 Sep 2005	26 Oct 2005 to 25 Oct 2010	0.043	0.040
	400,000	—	—	—	400,000	20 Dec 2005	18 Jan 2006 to 19 Feb 2012	0.043	0.047
	400,000	—	—	—	400,000	20 Dec 2005	18 Jan 2007 to 19 Feb 2012	0.043	0.047
	—	2,000,000#	—	—	2,000,000	14 Aug 2006	14 Aug 2006 to 13 Aug 2011	0.038	0.041
	24,800,000	2,000,000	—	—	26,800,000				
	48,227,000	117,850,000	(500,000)	(1,000,000)	164,577,000				

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

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

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

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

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

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

The fair value of equity-settled share options granted during the year was estimated as at the date of grant, using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the year ended 31 March 2007:

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

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

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

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

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

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

25. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 34 of the financial statements.

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

(b) Company

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

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

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

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

26. CONTINGENT LIABILITIES

(a) The Group had a contingent liability in respect of possible future long service payments to employees under the Hong Kong Employment Ordinance, with a maximum possible amount of HK$1,067,000 as at 31 March 2007 (2006: HK$1,190,000), as further explained under the heading "Employee benefits" in note 2.4 to the financial statements. The contingent liability has arisen because, at the balance sheet date, a number of current employees have achieved the required number of years of service to the Group in order to be eligible for long service payments under the Employment Ordinance if their employment is terminated under certain circumstances. A provision has not been recognised in respect of such possible payments, as it is not considered probable that the situation will result in a material future outflow of resources from the Group.

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

27. OPERATING LEASE ARRANGEMENTS

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

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

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

28. COMMITMENTS

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

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

29. RELATED PARTY TRANSACTIONS

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

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

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

(b) Outstanding balances with related parties

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

(c) Compensation of key management personnel of the Group

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

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

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currency.

Credit risk

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

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents and financial assets at fair value through profit or loss, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

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

Liquidity risk

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

31. APPROVAL OF THE FINANCIAL STATEMENTS

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

(3) UNAUDITED CONSOLIDATED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

The board of directors (the "Directors" or "Board") of Tradeeasy Holdings Limited (the "Company") is pleased to announce that the unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the "Group" or "Tradeeasy") for the three months and the six months ended 30 September 2007, together with the comparative unaudited figures for the corresponding periods in 2006, are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT
For the six months ended 30 September 2007

	Notes	**Three months ended 30 September**		**Six months ended 30 September**	
		2007	**2006**	**2007**	**2006**
		(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE	2	11,174	12,745	22,166	23,267
Cost of sales		(6,602)	(7,855)	(13,989)	(14,361)
Gross profit		4,572	4,890	8,177	8,906
Other income and gains		336	203	720	339
Selling and distribution costs		(696)	(1,001)	(1,375)	(1,582)
General and administrative expenses		(3,775)	(3,035)	(7,158)	(5,881)
Equity-settled share option expenses		—	(2,227)	—	(2,260)
Advertising and promotion expenses		(1,188)	(1,084)	(1,732)	(1,615)
Other expenses		(22)	—	(41)	(49)
Share of profits and losses of associates		(34)	21	(10)	(30)
LOSS BEFORE TAX	4	(807)	(2,233)	(1,419)	(2,172)
Tax	5	—	—	—	—
LOSS FOR THE PERIOD		(807)	(2,233)	(1,419)	(2,172)
(Loss)/profit attributable to:					
Equity holders of the parent		(845)	(2,233)	(1,355)	(2,172)
Minority interests		38	—	(64)	—
		(807)	(2,233)	(1,419)	(2,172)
DIVIDEND	6	—	—	—	—
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT *(HK cents)*	7				
Basic		(0.08)	(0.23)	(0.14)	(0.24)
Diluted		(0.07)	(0.23)	(0.13)	(0.24)

CONDENSED CONSOLIDATED BALANCE SHEET
As at 30 September 2007

	Notes	30 September 2007 (Unaudited) *HK$'000*	31 March 2007 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		3,274	3,721
Deferred development expenditure		6,620	4,974
Interest in associates		411	422
Total non-current assets		10,305	9,117
CURRENT ASSETS			
Trade receivables	8	1,457	2,153
Financial assets at fair value through profit or loss		9,487	13,717
Prepayments, deposits and other receivables		2,105	1,647
Due from a related company		—	25
Cash and cash equivalents		10,486	5,961
Total current assets		23,535	23,503
CURRENT LIABILITIES			
Trade payables	9	802	487
Deferred service fees received in advance		3,808	3,923
Due to an associate		671	392
Other payables and accruals		4,765	4,578
Total current liabilities		10,046	9,380
NET CURRENT ASSETS		13,489	14,123
Net assets		23,794	23,240
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital		10,163	9,720
Reserves		13,746	13,571
		23,909	23,291
Minority interests		(115)	(51)
Total equity		23,794	23,240

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2007

	Issued share capital (Unaudited) *HK$'000*	Share premium account (Unaudited) *HK$'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$'000*	Minority Interest (Unaudited) *HK$'000*	Total Equity (Unaudited) *HK$'000*
At 1 April 2007	9,720	32,634	66,710	2,582	(8)	(88,347)	23,291	(51)	23,240
Issue of shares, net of share issue expenses*	443	1,246	—	—	—	—	1,689	—	1,689
Exchange realignment	—	—	—	—	284	—	284	—	284
Net loss for the period	—	—	—	—	—	(1,355)	(1,355)	(64)	(1,419)
At 30 September 2007	10,163	33,880	66,710	2,582	276	(89,702)	23,909	(115)	23,794
At 1 April 2006	4,210	17,125	66,710	302	(28)	(78,125)	10,194	—	10,194
Issue of shares, net of share issue expenses**	5,500	15,483	—	—	—	—	20,983	—	20,983
Equity-settled share option arrangements	—	—	—	2,260	—	—	2,260	—	2,260
Net loss for the period	—	—	—	—	—	(2,172)	(2,172)	—	(2,172)
At 30 September 2006	9,710	32,608	66,710	2,562	(28)	(80,297)	31,265	—	31,265

* Shares issued during the period from 1 April 2007 to 30 September 2007 represent shares issued upon exercise of share options.

** On 25 April 2006, 550,000,000 new ordinary shares were issued to CCT Telecom Holdings Limited ("CCT Telecom") 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.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the six months ended 30 September 2007

	Six months ended 30 September	
	2007	**2006**
	(Unaudited)	**(Unaudited)**
	HK$'000	*HK$'000*
Net cash inflow from operating activities	6	432
Net cash inflow/(outflow) from investing activities	2,830	(2,069)
Net cash inflow from financing activities	1,689	20,983
Net increase in cash and cash equivalents	4,525	19,346
Cash and cash equivalents at beginning of period	5,961	4,964
Cash and cash equivalents at end of period	10,486	24,310
Analysis of the balances of cash and cash equivalents:–		
Cash and bank balances	4,202	5,111
Non-pledged time deposits with original maturity of less than three months when acquired	6,284	19,199
	10,486	24,310

NOTES:

1. BASIS OF PREPARATION AND CONSOLIDATION

The unaudited condensed consolidated financial statements 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 condensed consolidated financial statements 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 audited annual financial statements for the year ended 31 March 2007. The unaudited condensed consolidated interim results of the Group for the six months ended 30 September 2007 and the 2007 interim report of the Company have been reviewed by the Company's audit committee.

2. REVENUE

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

An analysis of revenue is as follows:

	Three months ended 30 September		**Six months ended 30 September**	
	2007	**2006**	**2007**	**2006**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Integrated marketing solution services	1,597	2,025	4,609	3,867
ASP services	5,466	7,112	10,090	12,628
Technical consultancy services	4,111	3,608	7,467	6,772
	11,174	12,745	22,166	23,267

3. SEGMENT INFORMATION

An analysis of the Group's revenue and operation results for the six months period by business and geographical segments is as follows:–

(a) Business segments

	Six months ended 30 September							
	Integrated marketing solution services		ASP services		Technical consultancy services		Consolidated	
	2007 (Unaudited) *HK$'000*	2006 (Unaudited) *HK$'000*	2007 (Unaudited) *HK$'000*	2006 (Unaudited) *HK $'000*	2007 (Unaudited) *HK$'000*	2006 (Unaudited) *HK$'000*	2007 (Unaudited) *HK$'000*	2006 (Unaudited) *HK$'000*
Segment revenue:								
Sales to external customers	4,609	3,867	10,090	12,628	7,467	6,772	22,166	23,267
Segment results	(319)	238	(698)	776	(1,116)	(924)	(2,133)	90
Interest income							211	321
Share of profits and losses of associates							(10)	(30)
Unallocated revenue							509	—
Unallocated expenses							4	(2,553)
Loss before tax							(1,419)	(2,172)
Tax							—	—
Loss for the period							(1,419)	(2,172)

(b) Geographical segments

	Six months ended 30 September					
	Hong Kong		Mainland China		Consolidated	
	2007 (Unaudited) *HK$'000*	2006 (Unaudited) *HK$'000*	2007 (Unaudited) *HK$'000*	2006 (Unaudited) *HK$'000*	2007 (Unaudited) *HK$'000*	2006 (Unaudited) *HK$'000*
Segment revenue:						
Sales to external customers	14,699	16,495	7,467	6,772	22,166	23,267
Segment results	(1,017)	1,014	(1,116)	(924)	(2,133)	90

4. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	Three months ended 30 September		Six months ended 30 September	
	2007	**2006**	**2007**	**2006**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Depreciation	317	257	684	522
Amortisation of deferred development expenditure*	229	224	457	447

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

5. 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 (2006: Nil) or had available tax losses brought forward from prior years to offset the assessable profits generated during the period (2006: 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.

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (the "New CIT Law"), which will become effective from 1 January 2008. The Group is in the process of making an assessment of the impact of the New CIT Law. So far, it has concluded that the New CIT Law is unlikely to have any significant impact on the results and financial position of the Group for the period ended 30 September 2007. At the date of approval of these financial statements, detailed implementation and administrative requirements relating to the New CIT Law have yet to be announced. These detailed requirements include regulations concerning the computation of taxable income, as well as specific preferential tax treatments and their related transitional provisions. The Group will further evaluate the impact on its operating results and financial positions of future periods as more detailed requirements are issued.

6. DIVIDEND

No interim dividend has been paid or declared by the Company or any of its subsidiaries during the six months ended 30 September 2007 (2006: Nil).

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

The calculation of basic loss per share attributable to ordinary equity holders of the parent for the three months and the six months ended 30 September 2007 is based on the loss for the three months and the six months ended 30 September 2007 of HK$807,000 and HK$1,419,000 (2006: HK$2,233,000 and HK$2,172,000) respectively and the weighted average number of 1,014,140,674 and 1,004,163,120 ordinary shares in issue (2006: 971,000,000 and 898,868,852 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 six months ended 30 September 2007 is based on the loss for the three months and six months ended 30 September 2007 of HK$807,000 and HK$1,419,000 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 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.

The calculation of basic and diluted loss per share are based on:

	Three months ended 30 September		Six months ended 30 September	
	2007	**2006**	**2007**	**2006**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Loss				
Loss attributable to ordinary equity holders of the parent, used in the basic loss and diluted loss per share calculation	(807)	(2,233)	(1,419)	(2,172)
Shares				
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	1,014,140,674	971,000,000	1,004,163,120	898,868,852
Effect of dilution — weighted average number of ordinary shares:				
Share options	95,525,555	8,566,080	93,767,607	12,179,800
	1,109,666,229	979,566,080	1,097,930,727	911,048,652

8. TRADE RECEIVABLES

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

	30 September 2007	31 March 2007
	(Unaudited)	**(Audited)**
	HK$'000	*HK$'000*
Current to 30 days	340	896
31 to 60 days	224	145
61 to 90 days	45	138
Over 90 days	848	974
	1,457	2,153

The Group normally allows credit terms for established customers ranging from 14 to 45 days.

9. TRADE PAYABLES

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

	30 September 2007 (Unaudited) *HK$'000*	31 March 2007 (Audited) *HK$'000*
Current to 30 days	387	389
31 to 60 days	103	3
61 to 90 days	143	94
Over 90 days	169	1
	802	487

10. SUBSEQUENT EVENTS

On 4 October 2007, the Company entered into a conditional sale and purchase agreement (as amended by a supplemental agreement dated 17 October 2007) (hereafter collectively be defined as the "Agreement"), pursuant to which the Company conditionally agreed to purchase and to subscribe the shares of Merdeka Timber Group Limited ("MTG") at a total consideration of approximately US$185,000,000 (equivalent to approximately HK$1,443,000,000). The consideration to acquire existing shares in MTG shall be satisfied by the cash consideration of HK$7,800,000, the issue of two three-year zero-coupon convertible bonds (subject to adjustment) in the respective amount of HK$776,880,000 and HK$439,920,000 at the conversion price of HK$0.10 per share of the Company. The consideration for subscription of new shares in MTG of US$28,000,000 equivalent to HK$218,400,000 shall be settled in cash to MTG and the proceeds shall be used by the MTG group to purchase machinery and facilities for and to fund other capital expenditure, the preparation costs and working capital of the forest projects. Upon completion, the Company will be beneficially interested in 100% equity interest of the then total issued share capital of MTG. MTG will hold a controlling interest in the forestry projects in Papua, Indonesia with natural forest concession of 613,500 hectares (approximately 5 times the size of Hong Kong) and the MTG group will be engaged in the upstream and downstream forestry businesses in Papua, Indonesia.

On 4 October 2007, the Company also entered into a subscription agreement (as amended by a supplemental agreement dated 17 October 2007) (hereafter collectively defined as the "Manistar Subscription Agreement") with Manistar Enterprises Limited ("Manistar", the holding company of the Company and a wholly-owned subsidiary of CCT Telecom), pursuant to which Manistar agreed to subscribe for and the Company agreed to issue Manistar with the three-year zero-coupon convertible bonds (the "Manistar Convertible Bonds") at the conversion price of HK$0.10 per share in the aggregate principal amount of HK$226,200,000. The proceeds from the issue of the Manistar Convertible Bonds will be used by Company to pay for the cash consideration and the subscription consideration under the Agreement.

The Agreement and the Manistar Subscription Agreement and the transactions contemplated thereunder are still pending the issue of the circulars in respect thereof and are subject to, inter alia, approval by the independent shareholders of the Company.

Details of the above transactions have been set out in the joint announcement of the Company and CCT Telecom dated 23 October 2007.

(4) MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

(a) Management discussion and analysis for the year ended 31 March 2005

Business Review

The financial year 2005 was a fruitful one for Tradeeasy. It marked a new era for the company. In January 2005, the international trade regulations for China's accession to the World Trade Organization had been finalized. 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 company had successfully established an efficient management team to capture the opportunities in these favourable market conditions.

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

- Recorded revenue of HK$39.5 millions, represented a 23.8 percent 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 company 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 million (2004: HK$4.9 millions). The turnover of ASP Services has increased by 28% to HK$20.4 millions (2004: HK$15.9 millions). The turnover for Technical 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 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, 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, e-IMS, 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.

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 Members Directory 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, 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, 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.

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 financial year ended 31 March 2005, the Group had no material acquisition and disposal of subsidiaries and affiliated companies.

Significant investments

During the financial year ended 31 March 2005, the Group did not hold any significant investments.

Business Outlook

The Group will continue to undertake numerous initiatives and important strategies to strengthen its business. The management believes that the lifting of trade quota has benefited garment and related industries most. Garment industry has always been the core business of our Group and we will continue to focus on that. We are developing a new IT team in 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 clients. 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. The lifting of trade regulations will boost the export market further. Accordingly, our established efficient management team will be cautiously expanding further and take the good opportunities in the market. We have also 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.

(b) Management discussion and analysis for the year ended 31 March 2006

Business review

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

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

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

Operation review

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

Meanwhile, we have expanded our buyers service team in Hong Kong and particularly, in Mainland China, by organizing more free "Procurement Meetings" and "Matching Conferences" there through the support of the Chinese local governmental authorities and trade shows organizers. We also organized for our buyers a number of factory visits and inspections. Through these activities, we have come to understand the buying pattern of our overseas buyers, their expectations as well as their particular requirements. A new business unit, comprised international trade and technology experts, was set up last year to conduct research on the transaction model. With the services engagement between the company and its alliances, a beta site was also launched and is under the testing stage.

The garment industry has remained as the core business of the Group. First issue of the "Tradeeasy Hong Kong ● China Apparel & Accessories Trade Directory" ("Garment Directory") has been published during the year under review, with the intention to strengthen the Group's lead role in this aspect. The Garment Directory has proved to be an efficient tool particularly for buyers in the international trade shows and it is designed with greatest userfriendliness and expanded with extra contents such as factory infrastructure, production capacity and factory audit information. As for the research and development of the Company's platform, our Group had completed a thorough review of the existing technology and hardware, and formulated a plan to revamp the system with the latest technology and hardware.

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

BUSINESS OUTLOOK

China's accession to the World Trade Organization will inevitably stimulate the export sector and its role as the world factory will accordingly become more significant. Overseas SME buyers used to buy from their local distributors in the past, prone to travel to Hong Kong and Mainland China these days for direct buying. With the total uplift of the trade quota and import duties in 2008, our management team believes garment exported from Mainland China to oversea countries will increase exponentially. Although we foresee internet remains as the major mean of information flow and the base of making online transactions, we have confidence also in our Garment Directory, which has proved to be an efficient tool for buyers in the international trade shows.

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

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

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

Segment information

The revenue of the Group comprises the rendering of the integrated marketing solution services, ASP services and the technical consultancy services. Sales from rendering the integrated marketing solution services decreased by approximately 21.5% to HK$6.2 million and that from provision of ASP services increased by approximately 11.3% to HK$22.6 million. The sales from provision of technical consultancy services decreased by approximately 3.6% to HK$10.8 million. As to the geographical segments, sales to Hong Kong market increased by approximately 2.0% to HK$28.8 million and that to Mainland China market decreased by approximately 3.6% to HK$10.8 million.

Liquidity and financial resources

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

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

Capital Structure

There has been no change in the capital structure of the Group during the year ended 31 March 2006. On 25 April 2006, CCT Telecom subscribed 550,000,000 ordinary shares of the Company for HK$22 million. After subscription, the shareholding interest of CCT Telecom in the Company has increased to 66.26%.

Foreign currency exposure

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

Charges on group assets

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

Contingent liability

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

Future plans for investment on capital assets

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

Acquisition and disposal of subsidiaries and affiliated companies

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

Significant investments

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

(c) Management discussion and analysis for the year ended 31 March 2007

Business review

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

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

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

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

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

Operation review

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

Sales and Marketing

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

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

Products

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

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

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

Buyer Members

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

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

Research and Development

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

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

Business Outlook

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

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

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

Liquidity and financial resources

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

As at 31 March 2007, the net assets value of the Group amounted to HK$23.2 million, representing approximately HK2.4 cent per share. During the financial year under review and as at the year end date, the Company guaranteed a bank facility of HK$5 million granted to a subsidiary. Saved as disclosed, the Group had no other borrowings and seasonality of borrowing requirement, banking facilities or assets pledged. The gearing ratio of the Group as at 31 March 2007 was nil (2006: nil). As at 31 March 2007, the current ratio of the Group has increased to this year's 251% from 102% in the prior financial year.

Capital Structure

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

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

Foreign currency exposure

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

Charges on group assets

As at 31 March 2007, the Group did not have any charges on Group's assets.

Contingent liability

The Group had a contingent liability in respect of possible future long service payments to employees under the Hong Kong Employment Ordinance, with a maximum possible amount of HK$1.1 million (2006: HK$1.2 million) as at 31 March 2007. A provision has not been recognised in respect of such possible payments, as it is not considered probable that the situation will result in a material future outflow of resources from the Group.

Future plans for investment on capital assets

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

Acquisition and disposal of subsidiaries and affiliated companies

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

Significant investments

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

(d) Management discussion and analysis for the six months ended 30 September 2007

Business Review

For the six months ended 30 September 2007, the Group recorded a turnover of HK$22.2 million, as compared to HK$23.3 million for the same period in year 2006, representing a decrease of approximately 4.7%. The Group also reported a net loss of HK$1.4 million as compared to HK$2.2 million last year.

The revenue generated from Mainland China has continued to grow from HK$6.8 million to HK$7.5 million during the six months ended 30 September 2007 as compared to the corresponding period in the previous financial year by approximately 10.3%, while the revenue generated from Hong Kong has dropped approximately 10.9% from HK$16.5 million to HK$14.7 million as compared to the corresponding period in the previous financial year, due to keen competition. In respect of the segment performance in the period under review, the turnover of integrated marketing solution services has increased by approximately 17.9% to HK$4.6 million (2006: HK$3.9 million), the turnover of Application Service Provider services has decreased by approximately 19.8% to HK$10.1 million (2006: HK$12.6 million) and the turnover of technical consultancy services has increased by approximately 10.3% to HK$7.5 million (2006: HK$6.8 million).

During the six months under review, the Group has newly appointed five agents for the services in the central and northern parts of China. As a result, a total of fifteen agents have been appointed following the implementation of the channel sales program in China in mid 2006. In order to enhance the efficiency in marketing the Group's products, the agents should acquire updated professional knowledge on B2B international trade and be equipped with various soft skills. Therefore, the Group devoted substantial resources for the provision of proper training to the agents in this interim period and it was convincing that the channel sales program has generated revenue, which the revenue growth of the Group in China is attributable to.

The Group has paid much effort in both upgrading its software system and the application of new technology. Thanks to the launch of our new portal www.tradeeasy.com in May 2007, the number of traffics to our site from overseas countries has increased by double. In terms of the content enrichment in our portal, our ranking in the public search engines has significantly advanced. The Group's research and development team has started the phrase two development, which is focusing on the enhancement of the quality of our portal's search results as well as the improvement in its usability. The management expects the full version will be completed by the end of this financial year.

Deep Sourcing Services for buyers continue to be one of the Group's main activities. The number of buyer members has increased over 430,000. The participation of buyers in face-to-face meetings with sellers was encouraging in this interim period, whereas the number of buyers attended has recorded an increase of 15%.

The Group has organized and participated in various marketing events with Mainland China government and domestic trade associations in this period under review. We believe that the coverage and exposure of the Group in China mass media has increased and the brand awareness was enhanced.

In order to complement the highly competitive e-commerce business, the Group entered into a conditional sale and purchase agreement (as amended by the supplemental agreement) in October 2007 for the acquisition of the forestry projects in Papua, Indonesia in diversifying the existing business into new areas of high-growth business. The acquisition is a new expansion of the Group's business into the forestry businesses of harvesting and extraction of timber, forest land clearing, plantation of oil palms on forest land cleared by logging, production of palm oil, operations of sawmills, and production and export of sawn timber and other timber and wood products in the natural forest concession areas in the Papua Province of Indonesia. It is believed that the transactions will substantially enhance the assets, revenue and profitability of the Group. The transactions are still pending the issue of the circulars in respect thereof and are subject to, inter alia, approval by the independent shareholders of the Company.

Outlook

The appreciation of Renminbi against the US dollar gives noticeable pressure to Tradeeasy seller members, in particular, the Hong Kong manufacturers. The shortage of labour, a rise of salary level and the tightening measures on environmental regulations by Mainland China government, are additional challenges for manufacturers in southern part of China. Responding this, Hong Kong manufacturers are cutting down their promotional budget to remain its competitiveness in the market.

In order to alleviate the pressure, the management intends to develop the new markets in both central and northern parts of China in full swing. The strategies of setting up channel sales management team and appointing agents are proved to be on the right track. The management will devote full efforts in accelerating the expansion plan, so as to diversify from our existing market in southern part of China.

With the implementation of different strategies, namely cost containment, continuous development of innovative products, and exploration of new markets, the Group will drive to remain competitive and to sustain a healthy growth.

Liquidity, financial resources and capital structure

As at 30 September 2007, the Group's cash and cash equivalents amounted to HK$10,486,000, of which 79.21% was denominated in Hong Kong dollars. The Group adopts a conservative approach to its treasury policy and funding needs are principally financed by cash flows generated internally.

The Group's net asset value as at 30 September 2007 amounted to HK$23,794,000, representing HK2.34 cents per share. During the period under review, there was no borrowings or assets pledged during the six month period and as at 30 September 2007. The gearing ratio (i.e. total long-term external borrowings/total equity) of the Group as at 30 September 2007 was nil (31 March 2007: nil). As at 30 September 2007, the Group had total current assets of HK$23,535,000 and total current liabilities of HK$10,046,000. The current ratio of the Group was 234% as at 30 September 2007 as compared to 251% of 31 March 2007.

Foreign currency exposure

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

Contingent liabilities

The Group had a contingent liability in respect of possible future long service payments to employees under the Hong Kong Employment Ordinance, with a maximum possible amount of HK$1.1 million as at 30 September 2007 (31 March 2007: HK$1.1 million). A provision has not been recognized in respect of such possible payments, as it is not considered probable that the situation will result in a material future outflow of resources from the Group.

During the period under review and as at the period end date, a corporate guarantee of HK$5 million was given by the Company to a bank in connection with banking facilities granted to a subsidiary. As at 30 September 2007, the relevant banking facilities under this guarantee remain unutilized.

Future plans for investment or capital assets

The Group expects its primary capital expenditures to be investments in computer hardware, software and research and development required for operations and development of new or value-added services based on the current plan. The Board does not see the need to make any material borrowings and all of which will be financed by internal resources.

Acquisition and disposal of subsidiaries and affiliated companies

During the six months ended 30 September 2007, the Group had no material acquisition and disposal of subsidiaries and affiliated companies.

Significant investments

During the six months ended 30 September 2007, the Group did not hold any significant investment.

(5) MANAGEMENT DISCUSSION AND ANALYSIS OF THE MTG GROUP

Each member of the MTG Group has not conducted any material business activities since its incorporation. The MTG Group did not have revenue and its expenses were not material. The assets and liabilities of the MTG Group were not material.

Revenue

The MTG Group has not commenced business since incorporation of MTG. Therefore, the MTG Group did not have any revenue during the period from date of incorporation of MTG to 31 December 2007.

Operating expenses

The MTG Group incurred approximately HK$1 million expenses representing administrative expenses during the period ended 31 December 2007. As the MTG Group has not commenced business, the MTG Group did not have any cost of sales and selling expenses during the period ended 31 December 2007.

Liquidity and Financial Resources

Current ratio of the MTG Group as at 31 December 2007 was 90.6%. The current liabilities of the MTG Group as at 31 December 2007 amounted to approximately HK$10 million, most of which will be refinanced by funds to be received from the Subscription after Completion.

Capital Expenditure and Commitments

During the period ended 31 December 2007, the MTG Group did not incur significant capital expenditure to acquire fixed assets. The MTG Group did not have significant capital commitment as at 31 December 2007.

Treasury Management

During the financial period ended 31 December 2007, each member of the MTG Group has not conducted any business activities and the MTG Group did not have any significant foreign currency receipts or payments. The MTG Group did not have any significant foreign exchange exposure. During the financial period ended 31 December 2007, the MTG Group did not have any interest bearing borrowings and therefore there was no interest rates exposure to the MTG Group.

Acquisition and Disposal of Material Subsidiaries and Associates

The MTG Group did not acquire or dispose of any subsidiaries and associates during the financial period ended 31 December 2007.

Significant Investment

There was no significant investment of the MTG Group during the financial period ended 31 December 2007.

Pledged of Assets

As at 31 December 2007, the MTG Group did not have any assets pledged for any banking facilities.

Contingent Liabilities

As at 31 December 2007, the MTG Group did not have any contingent liabilities.

(6) MATERIAL ADVERSE CHANGES

The Directors confirm that there was no material adverse change in the financial or trading position of the Group since 31 March 2007, being the date of which the latest published audited consolidated financial statements of the Group were made up.

(7) STATEMENT OF INDEBTEDNESS

As at the close of business on 31 March 2008 (being the latest practicable date for ascertaining information relating to this indebtedness statement), the Enlarged Group did not have any bank loans, bank overdrafts and liabilities under acceptances (other than normal trade bills) or other similar indebtedness, debentures or other loan capital, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

(8) WORKING CAPITAL

The Directors are of the opinion that the Enlarged Group will, following the Completion and taking into account the present internal financial resources available to the Enlarged Group including internally generated cash flows and other credit facilities available, and the net proceeds from the Manistar Subscriptions, have sufficient working capital for its present requirements in the next 12 months from the date of this circular, in the absence of unforeseeable circumstances.

The following is the text of an accountants' report on the Merdeka Timber Group Limited, prepared for the sole purpose of inclusion in this circular, received from the independent reporting accountants, Yip Leung & So Limited, Certified Public Accountants, Hong Kong.

Yip Leung & So Limited
Certified Public Accountants
5/F., Effectual Building,
16 Hennessy Road,
Wanchai,
Hong Kong

30 May 2008

The Directors of CCT Telecom
CCT Telecom Holdings Limited

The Directors of Tradeeasy
Tradeeasy Holdings Limited

Dear Sirs,

We set out below our report on the consolidated financial information ("Financial Information") relating to Merdeka Timber Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for the period ended 31st December, 2007 (the "Relevant Periods") for inclusion in the circular of Tradeeasy Holdings Limited ("Tradeeasy") dated 30 May 2008 (the "Tradeeasy Circular") and the circular of CCT Telecom Holdings Limited ("CCT Telecom") dated 30 May 2008 (the "CCT Telecom Circular") in connection with the proposed acquisition of 100% of the issued shares capital of the Company by Tradeeasy.

The Company was incorporated as a limited liability company under the International Business Companies Act of the Territory of the British Virgin Islands on 23rd April, 2007. The Group has not carried on any business for the period from its date of incorporation to 31st December 2007. The Company entered into a conditional agreement on 4th October, 2007 and a supplemental agreement on 17th October, 2007 (the "Agreements") with its existing immediate holding company and a third party, pursuant to which the third party agreed to purchase the entire issued capital of the Company and to subscribe for new shares in the Company. Upon completion of the transactions pursuant to the Agreements, the third party will become the holding company of the Company. The Company will establish project companies in Indonesia, which will be engaged in the upstream and downstream forestry businesses in the Papua Province of Indonesia. The proceeds from the subscription of the new shares will be used to finance the capital expenditure and the working capital of the forestry projects. As at the date of this accountants' reports, the Agreements have not been completed.

As at 31st December, 2007, the Company had the following subsidiaries:

Name of company	Place and date of incorporation/ registration	Issued and fully paid-up capital	Equity interest attributable to the Company	Principal activities
Merdeka Logging Limited	British Virgin Islands 1st August 2007	US$100	100%	Dormant
Merdeka Plantation Limited	British Virgin Islands 1st August 2007	US$100	100%	Dormant

For the purpose of this report, we have undertaken an independent audit of the financial statements of the respective companies in the Group for the Relevant Periods in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

For the purpose of this report, the directors of the Company have prepared consolidated financial statements of the Group and financial statements of the Company (the "Underlying Financial Statements") for the Relevant Periods in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. We have examined the Underlying Financial Statements for the Relevant Periods in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" promulgated by the HKICPA.

The Financial Information of the Company for the Relevant Periods set out in this report has been prepared from the Underlying Financial Statements, on the basis set out in Note 1 to Section VI below.

The Underlying Financial Statements are the responsibility of the directors of the Company who approved their issue. It is also the responsibility of the directors of Company to compile the Financial Information set out in this report from the Underlying Financial Statements. The directors of Merdeka Timber Group Limited are responsible for the contents of the Financial Information, based on our examination, and to report our opinion to you.

In our opinion, the Financial Information gives, for the purpose of this report and on the basis of preparation set out in Note 1 in Section VI below, a true and fair view of the state of affairs of the Company and of the Group as at 31st December, 2007 and the Group's results and cash flows for the period ended 31st December, 2007.

FINANCIAL INFORMATION

I. CONSOLIDATED INCOME STATEMENT

	Notes	**23.4.2007 (date of incorporation) to 31.12.2007**
		HK$
Turnover	3	—
Cost of sales		—
Gross profit		—
Other revenue	3	6
Administrative and operating expenses		(1,013,679)
Finance costs		—
Loss before taxation	4	(1,013,673)
Taxation	6	—
Loss for the period		(1,013,673)
Attributable to:		
Equity holders of the Company		(1,013,673)

II. CONSOLIDATED BALANCE SHEET

	Notes	**31.12.2007 (date of incorporation) to 31.12.2007**
		HK$
Current assets		
Other receivable	9	4,021,870
Cash and bank balances	10	4,998,521
Total assets		9,020,391
Equity and Liabilities		
Capital and reserves		
Share capital	11	78,000
Accumulated losses		(1,013,673)
Shareholder's deficit		(935,673)
Current liabilities		
Other payable and accruals	12	6,782,330
Amount due to immediate holding company	8	3,173,734
Total liabilities		9,956,064
Total equity and liabilities		9,020,391

III. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital *HK$*	Accumulated losses *HK$*	Total *HK$*
Issue of ordinary shares	78,000	—	78,000
Loss for the period	—	(1,013,673)	(1,013,673)
31st December, 2007	78,000	(1,013,673)	(935,673)

IV. CONSOLIDATED CASH FLOW STATEMENT

	23.4.2007 (date of incorporation) to 31.12.2007 *HK$*
Cash flows from operating activities	
Loss before taxation	(1,013,673)
Adjustment for:-	
Interest income	(6)
Operating loss before changes in working capital	(1,013,679)
Increase in other receivable	(4,021,870)
Increase in other payable and accruals	6,782,330
Cash generated from operations	1,746,781
Interest received	6
Net cash inflow from operating activities	1,746,787
Cash flows from financing activities	
Proceeds from the issue of shares	78,000
Increase in amount due to immediate holding company	3,173,734
Net cash inflow from financing activities	3,251,734
Net increase in cash and cash equivalents	4,998,521
Cash and cash equivalents at the beginning of the period	—
Cash and cash equivalents at the end of the period	4,998,521
Analysis of cash and cash equivalents	
Bank balances	4,998,521

V. COMPANY BALANCE SHEET

	Notes	31.12.2007
		HK$
Assets		
Non-current assets		
Investment in subsidiaries	7	1,560
Current assets		
Amount due from subsidiaries		14,000
Other receivable		4,021,870
Cash and bank balances		4,988,517
		9,024,387
Total assets		9,025,947
Equity and liabilities		
Capital and reserves		
Share capital	11	78,000
Accumulated losses		(975,077)
Total equity		(897,077)
Current liabilities		
Other payable and accruals		6,749,290
Amount due to immediate holding company	8	3,173,734
Total liabilities		9,923,024
Total equity and liabilities		9,025,947

VI. NOTES TO THE FINANCIAL INFORMATION

1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Company is a limited liability company incorporated in the British Virgin Islands on 23rd April, 2007. Its principal activity is investment holding.

All significant intra-group transactions, cash flows and balances have been eliminated on consolidation.

The Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collectively include all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the HKICPA. The measurement basis used in the preparation of the Financial Information is the historical cost basis. The Financial Information is presented in Hong Kong dollars, the functional currency of the Group.

2. SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial statements in conformity with HKFRSs requires the directors to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The directors have considered the development, selection and disclosure of the Group's critical accounting policies and estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets or liabilities are as follows:

(a) Allowance of bad and doubtful trade and other receivables

The Group makes the allowance of bad and doubtful trade and other receivables based on an assessment of the recoverability of the receivables. This assessment is based on the credit history of the customers and other debtors and the current market condition. The directors reassess the allowance at each balance sheet date.

(b) Impairment of assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately, unless the relevant asset is land or buildings other than investment property carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(c) Investment in a subsidiary

A subsidiary is an entity controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investment in subsidiary is stated in the Company's balance sheet at cost less any identified impairment losses. Results of the subsidiary are accounted for by the Company on the basis of dividends received and receivable.

(d) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at cost less allowance for bad and doubtful debts. An allowance for bad and doubtful trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtors, probability that the debtors will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivables are impaired. The amount of the allowance is the difference between the receivables' carrying amounts and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the allowance is recognised in the income statement.

(e) Trade and other payables

Trade and other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(f) Provision

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the balance sheet date of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities, unless the probability of outflow of economic benefits is remote.

(g) Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the income statement as follows:-

(i) Interest income

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

(h) Foreign currency translation

Group

The balance sheets of the overseas subsidiaries are translated into Hong Kong dollars at the rates of exchange ruling at the balance sheet date, whilst their income statements are translated at the average rates for the period. The exchange difference arising on the retranslation of opening net assets, and the difference between the income statements translated at the average rates and at the closing rates are taken directly to reserves.

Company

Transactions in foreign currencies are translated into Hong Kong dollars at the approximate rates ruling on the dates of the individual transactions. Monetary assets and liabilities denominated in other currencies are translated at the approximate rates ruling on the balance sheet date. Gains and losses arising on exchange are dealt with in the income statement.

(i) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to income statement in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in income statement as an integral part of the aggregate net lease payments made. Contingent rentals, if any, are charged to income statement in the accounting period in which they are incurred.

(j) Related parties

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

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence;

(ii) the party is a member of the key management personnel of the Group;

(iii) the party is a close member of the family of any individual referred to in i) or ii);

(iv) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in ii) or iii); or

(v) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

(k) Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition, less advances from banks repayable within three months from the date of the advance, if any.

(l) Taxation

Taxation in the income statement represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reserve in the foreseeable future.

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 asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

3. TURNOVER AND REVENUE

An analysis of turnover and revenue is as follows:-

	HK$
Turnover	—
Other income — interest income	6
Total revenue recognised during the period	6

4. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	HK$
Auditors' remuneration	65,000

5. DIRECTORS' EMOLUMENTS

Details of the emoluments paid by the Group to the directors during the period are as follows:-

	HK$
Fees	—
Other emoluments	—
	—

Emoluments of the directors fell within the following bands:

	Number of director
Nil — HK$1,000,000	4

There was no arrangements under which a director waived or agreed to waive any emoluments during the relevant period.

6. TAXATION

No provision for domestic taxation has been made by the Company as the Company is not subject to tax in the British Virgin Islands and elsewhere. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

The reconciliation between loss before taxation and taxation in the consolidated income statements is as follows:

	HK$
Loss before taxation	(1,013,673)
Tax at statutory income tax at 17.5%	(177,393)
Tax effect of unused tax losses not recognised	177,393
Taxation	—

No provision for deferred tax has been made as there are no temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

7. INVESTMENT IN SUBSIDIARIES

	HK$
Unlisted shares, at cost	1,560

In the opinion of the directors, the recoverable amount of the investment in subsidiary is not less than the carrying amount reflected in the balance sheet and no provision for impairment is required.

8. AMOUNT DUE TO IMMEDIATE HOLDING COMPANY

Amount due to immediate holding company is unsecured, interest-free and there are no fixed terms for repayment.

9. OTHER RECEIVABLES

	HK$
Sundry debtors	390,320
Prepayments and deposits	1,067,388
Advance payment for establishment of a subsidiary	2,564,162
Taxation	4,021,870

The directors consider that the carrying amounts of other receivables approximate to their fair value.

10. CASH AND BANK BALANCES

	HK$
Denominated in Hong Kong dollars	4,998,521

11. SHARE CAPITAL

	HK$
Authorised:-	
50,000 ordinary shares of US$1 each	390,000
Issued and fully paid:-	
10,000 ordinary shares of US$1 each	78,000

The Company was incorporated with an authorized share capital of US$50,000 divided into 50,000 shares of US$1 each. 1 share was issued at par during the period to provide for the initial capital of the Company.

Pursuant to an ordinary resolution passed on 3rd October, 2007 the issued share capital of the Company was increased from US$1 to US$10,000 by the issue of 9,999 ordinary shares of US$1 each for cash at par.

12. OTHER PAYABLES AND ACCRUALS

	HK$
Amount due to creditor	5,000,000
Other payables	1,704,290
Accruals	79,600
	6,783,890

The directors consider that the carrying amounts of other payables approximate to their fair value.

13. RECENT ACCOUNTING AND FINANCIAL REPORTING PRONOUNCEMENTS

The HKICPA has issued the following amendments, new standards and interpretations which may be/are relevant to the preparation of the Group's financial statements for the accounting period after 1 January 2007:

		Effective for accounting periods beginning on or after
HKAS 23 (Revised)	Borrowing costs	1st January, 2009
HKFRS 8	Operating Segments	1st January, 2009
HK(IFRIC)-Int 12	Service Concession Arrangements	1st January, 2008

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that the adoption of these amendments is unlikely to have a significant impact on the Group's results of operations and financial position.

VII. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group in respect of any period subsequent to 31st December, 2007

Yours faithfully,
Yip Leung & So Limited
Certified Public Accountants
Hong Kong

Set out below is the letter from Ernst & Young, the auditors of the Company, on the unaudited pro forma financial information of the Enlarged Group together with the unaudited pro forma financial information of the Enlarged Group in connection with the Transactions and the Manistar Subscription of the Group.

ERNST & YOUNG
安永會計師事務所

18th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong

30 May 2008

The Directors
Tradeeasy Holdings Limited

Dear Sirs,

Tradeeasy Holdings Limited (the "Company") and its subsidiaries (the "Group")

We report on the unaudited pro forma financial information of the Group (the "Unaudited Pro Forma Financial Information") set out on pages 138 to 143 in Appendix III to the circular of the Company dated 30 May 2008 (the "Circular") in connection with very substantial acquisition and connected transaction of the Company, which has been prepared by the directors of the Company for illustrative purposes only, to provide information to the shareholders of the Company about how the Transactions (as defined in the Circular) and the Manistar Subscription (as defined in the Circular) might have affected the financial information presented in respect of the Group. The basis of preparation of the Unaudited Pro Forma Financial Information is set out on pages 138 to 143 to the Circular.

Responsibilities

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 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") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 7.31(1) of the GEM Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standards on Investment Circular Reporting Engagements (HKSIR) 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. This engagement does not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the financial position of the Group had the Transactions and the Manistar Subscription actually occurred as at the dates indicated therein or at any future dates; or
- the results and cash flows of the Group for the six months ended 30 September 2007 or any future periods.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group in respect of the year ended 31 March 2007; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

(1) Unaudited pro forma consolidated balance sheet of the Enlarged Group

The following is an illustrative and unaudited pro forma consolidated balance sheet of the Enlarged Group which is prepared based on the unaudited condensed consolidated balance sheet of the Group as at 30 September 2007 and the audited consolidated balance sheet of the MTG Group as at 31 December 2007, after giving effect to the pro forma adjustments as explained in the notes below, for the purpose of illustrating the effect of the Transactions and the Manistar Subscription on the financial position of the Enlarged Group immediately after Completion as if the Transactions and the Manistar Subscription had taken place on 30 September 2007 and the Concession covering the Mimika Concession Areas had been granted to the MTG Group on 30 September 2007, assuming that there is no conversion or redemption of the MCL Convertible Bonds and the Manistar Convertible Bonds.

This unaudited pro forma consolidated balance sheet has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group had the Transaction and the Manistar Subscription been completed as at 30 September 2007 or at any future dates.

	The Group as at 30 September 2007	**The MTG Group as at 31 December 2007**	**Pro forma adjustments**	**Notes**	**Unaudited pro forma Enlarged Group**
	HK$'000	*HK$'000*	*HK$'000*		*HK$'000*
	Note (a)	*Note (b)*			
NON-CURRENT ASSETS					
Property, plant and equipment	3,274	—			3,274
Deferred development expenditure	6,620	—			6,620
Other intangible assets	—	—	826,915	(c)	826,915
Interests in associates	411	—			411
Total non-current assets	10,305	—			837,220
CURRENT ASSETS					
Trade receivables	1,457	—			1,457
Financial assets at fair value through profit or loss	9,487	—			9,487
Prepayments, deposits and other receivables	2,105	4,022			6,127
Cash and cash equivalents	10,486	4,998	131,040	(d)	146,524
Total current assets	23,535	9,020			163,595
CURRENT LIABILITIES					
Trade payables	802	—			802
Deferred service fees received in advance	3,808	—			3,808
Due to an associate	671	—			671
Other payables and accruals	4,765	6,782	3,174	(g)	14,721
Due to immediate holding company	—	3,174	(3,174)	(g)	—
Total current liabilities	10,046	9,956			20,002
NET CURRENT ASSETS/(LIABILITIES)	13,489	(936)			143,593
TOTAL ASSETS LESS CURRENT LIABILITIES	23,794	(936)			980,813
NON-CURRENT LIABILITIES					
Convertible bonds	—	—	697,462	(e)	697,462
	—	—			697,462
Net assets	23,794	(936)			283,351
EQUITY					
Equity attributable to equity holders of the parent					
Issued capital	10,163	78	(78)	(f)	10,163
Equity component of convertible bonds	—	—	218,258	(e)	218,258
Reserves	13,746	(1,014)	1,014	(f)	13,746
	23,909	(936)			242,167
Minority interests	(115)	—	41,299	(f)	41,184
Total equity	23,794	(936)			283,351

(1) Unaudited pro forma consolidated balance sheet of the Enlarged Group (continued)

Notes:

(a) The unaudited condensed consolidated balance sheet of the Group as at 30 September 2007 was extracted from the published unaudited interim report of the Group for the six months ended 30 September 2007, which is set out in Appendix I to the Circular.

(b) The audited consolidated balance sheet of the MTG Group as at 31 December 2007 was extracted from the accountants' report on the MTG Group, which is set out in Appendix II to the Circular.

(c) The adjustment represents the estimated fair value of the Concession covering the Mimika Concession Areas, which is arrived at by allocating the cost of the acquisition of the MTG Group based on the relative fair values of the individual identifiable assets and liabilities of the MTG Group at the date of acquisition, and is derived by grossing up the Sale Consideration of HK$784,680,000, representing 95% interest in the Concession, to HK$825,979,000 and adding back the deficiency in assets of the MTG Group in the amount of HK$936,000.

(d) The adjustment to cash and cash equivalents reflects the net effect from the following:

(i) the receipt of cash proceeds of HK$138,840,000 from the issue of the Manistar Convertible Bonds, less

(ii) the Cash Consideration of HK$7,800,000 to be paid for the Acquisition.

(e) The adjustments represent the liability and equity components of the MCL Convertible Bonds and the Manistar Convertible Bonds to be issued under the Agreement and the Manistar Subscription Agreement, respectively, as if they were issued on 30 September 2007. The fair value of the liability component of the MCL Convertible Bonds and the Manistar Convertible Bonds are estimated to be HK$591,714,000 and HK$105,748,000, respectively, assuming the market interest rate of 9.5% per annum for straight bonds without conversion right as at 30 September 2007. The remainder of the principal amount of the MCL Convertible Bonds and the Manistar Convertible Bonds amounting to HK$185,166,000 and HK$33,092,000, respectively, is allocated to the conversion option that is recognised and included in shareholders' equity as equity component of the convertible bonds.

(f) The adjustments represent the elimination of the Group's investment in the MTG Group, and the minority interests of 5% in the net assets of PTMP as if the Concession covering the Mimika Concession Areas had been granted to the MTG Group on 30 September 2007.

(g) The adjustment represents the reclassification of amount due to the then immediate holding company of MTG to other payable after Completion.

(2) Unaudited pro forma consolidated income statement of the Enlarged Group

The following is an illustrative and unaudited pro forma consolidated income statement of the Enlarged Group which is prepared based on the unaudited condensed consolidated income statement of the Group for the six months 30 September 2007 and the audited consolidated income statement of the MTG Group for the period from 23 April 2007 (date of incorporation) to 31 December 2007, after giving effect to the pro forma adjustments as explained in the notes below, for the purpose of illustrating the effect of the Transactions and the Manistar Subscription on the results of the Enlarged Group as if the Transactions and the Manistar Subscription had taken place on 1 April 2007 and the Concession covering the Mimika Concession Areas had been granted to the MTG Group on 1 April 2007, assuming that there is no conversion or redemption of the MCL Convertible Bonds and the Manistar Convertible Bonds.

This illustrative pro forma consolidated income statement has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the results of the Enlarged Group for the six months ended 30 September 2007 or any future periods had the Transactions and the Manistar Subscription been completed on 1 April 2007 or at any future dates.

	The Group for the six months ended 30 September 2007	**The MTG Group for the period ended 31 December 2007**	**Pro forma adjustments**	**Notes**	**Unaudited pro forma Enlarged Group**
	HK$'000	*HK$'000*	*HK$'000*		*HK$'000*
	(Note a)	*(Note b)*			
REVENUE	22,166	—			22,166
Cost of sales	(13,989)	—			(13,989)
Gross profit	8,177	—			8,177
Other income and gains	720	—			720
Selling and distribution costs	(1,375)	—			(1,375)
General and administrative expenses	(7,158)	(1,014)			(8,172)
Advertising and promotion expenses	(1,732)	—			(1,732)
Other expenses	(41)	—	(6,891)	(c)	(6,932)
Finance costs	(10)	—	(33,129)	(d)	(33,139)
LOSS BEFORE TAX	(1,419)	(1,014)			(42,453)
Tax	—	—			—
LOSS FOR THE PERIOD	(1,419)	(1,014)			(42,453)
Attributable to:					
Equity holders of the parent	(1,355)	(1,014)	(39,675)		(42,044)
Minority interests	(64)	—	(345)	(e)	(409)
	(1,419)	(1,014)			(42,453)

(2) Unaudited pro forma consolidated income statement of the Enlarged Group (continued)

Notes:

(a) The unaudited condensed consolidated income statement of the Group for the six months ended 30 September 2007 was extracted from the published unaudited interim report of the Group for the six months ended 30 September 2007, which is set out in Appendix I to the Circular.

(b) The audited consolidated income statement of the MTG Group for the period from 23 April 2007 (date of incorporation) to 31 December 2007 was extracted from the accountants' report on the MTG Group, which is set out in Appendix II to the Circular.

(c) The adjustment represents the amortisation charge of the Concession covering the Mimika Concession Areas for the six months ended 30 September 2007 as if the Concession had been granted to the MTG Group on 1 April 2007 for a term of 60 years, and on the basis that the Concession is stated at cost less any impairment losses and is amortised on the straight-line basis over the estimated useful life of 60 years starting from 1 April 2007. This unaudited pro forma adjustment will have continuing income statement effect to the Enlarged Group.

(d) The adjustment represents the imputed interest expense for the six months ended 30 September 2007 on the liability component of the MCL Convertible Bonds and the Manistar Convertible Bonds, assuming an effective interest rate of 9.5% per annum, as if they were issued on 1 April 2007. This unaudited pro forma adjustment will have continuing income statement effect to the Enlarged Group, and the actual amount will vary according to the timing of the whole or any part of the MCL Convertible Bonds or the Manistar Convertible Bonds being converted or redeemed and the applicable effective interest rate.

(e) The adjustment represents the 5% share of the effect of the pro forma adjustment on the amortisation charge of the Concession covering the Mimika Concession Areas for the six months ended 30 September 2007 by the minority shareholder of PTMP. This unaudited pro forma adjustment will have continuing income statement effect to the Enlarged Group

(f) The seasonal factor of the business operation of the Group is not significant. However, the results for the six months ended 30 September 2007 are not necessarily indicative of the results of the entire financial year.

(g) No adjustments have been made to reflect any trading results or other transactions of the Group and the MTG Group entered into subsequent to 30 September 2007 and 31 December 2007, respectively.

(3) Unaudited pro forma condensed consolidated cash flow statement of the Enlarged Group

The following is an illustrative and unaudited pro forma condensed consolidated cash flow statement of the Enlarged Group which is prepared based on the unaudited condensed consolidated cash flow statement of the Group for the six months 30 September 2007 and the audited consolidated cash flow statement of the MTG Group for the period from 23 April 2007 (date of incorporation) to 31 December 2007, after giving effect to the pro forma adjustments as explained in the notes below, for the purpose of illustrating the effect of the Transactions and the Manistar Subscription on the cash flows of the Enlarged Group as if the Transactions and the Manistar Subscription had taken place on 1 April 2007 and the Concession covering the Mimika Concession Areas had been granted to the MTG Group on 1 April 2007, assuming that there is no conversion or redemption of the MCL Convertible Bonds and the Manistar Convertible Bonds.

This illustrative pro forma condensed consolidated cash flow statement has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the cash flows of the Enlarged Group for the six months ended 30 September 2007 or any future periods had the Transactions and the Manistar Subscription been completed on 1 April 2007 or at any future dates.

	The Group for the six months ended 30 September 2007	**The MTG Group for the period ended 31 December 2007**	**Pro forma adjustment**	**Note**	**Unaudited pro forma Enlarged Group**
	HK$'000	*HK$'000*	*HK$'000*		*HK$'000*
	(Note a)	*(Note b)*			
Net cash inflow from operating activities	6	1,747			1,753
Net cash inflow from investing activities	2,830	—			2,830
Net cash inflow from financing activities	1,689	3,252			4,941
Net increase in cash and cash equivalents	4,525	4,999			9,524
Cash and cash equivalents at beginning of period	5,961	—	131,040	(c)	137,001
Cash and cash equivalents at end of period	10,486	4,999			146,525

Notes:

(a) The unaudited condensed consolidated cash flow statement of the Group for the six months ended 30 September 2007 was extracted from the published unaudited interim report of the Group for the six months ended 30 September 2007, which is set out in Appendix I to the Circular.

(b) The audited consolidated cash flow statement of the MTG Group for the period from 23 April 2007 (date of incorporation) to 31 December 2007 was extracted from the accountants' report on the MTG Group, which is set out in Appendix II to the Circular.

(c) The adjustment to cash and cash equivalents as at 1 April 2007 reflects the net effect the following:

(i) the receipt of cash proceeds of HK$138,840,000 from the issue of the Manistar Convertible Bonds, less

(ii) the Cash Consideration of HK$7,800,000 to be paid for the Acquisition.

This unaudited pro forma adjustment will not have continuing cash flow effect to the Enlarged Group.

(d) No adjustments have been made to reflect any trading results or other transactions of the Group and the MTG Group entered into subsequent to 30 September 2007 and 31 December 2007, respectively.

The following is the text of the valuation report prepared by Pöyry Forest Industry Pte. Ltd for the purpose of incorporation in this circular, in respect of the valuation of the Mimika Project. The valuation report have been prepared in compliance with the International Standards.

PÖYRY

The Board of Directors
Tradeeasy Holdings Limited,
HONG KONG

30 May 2008

The Board of Directors
CCT Telecom Holdings Limited,
HONG KONG

Dear Sirs,

At the request of the Board of Directors of Tradeeasy Holdings Ltd (Tradeeasy) and CCT Telecom Holdings Limited (CCT), Pöyry Forest Industry Pte. Limited (Pöyry) has carried out a Standing Stock valuation of forestry concession in the region of Mimika, Papua, Indonesia.

Pöyry certify the following statements to be true to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- Pöyry has no present or prospective interest in the subject properties, and no personal interest or bias with respect to the parties involved.

The report has been prepared by staff consultants, sub-contracted consultants and office support personnel of Pöyry. The valuation of the Standing Stock within the concessions is derived based on the due diligence review and on site inspection of the concessions conducted by Poyry and data supplied by the client.

Pöyry is a global client and technology-oriented consulting and engineering services firm with offices in 45 countries. It has three core areas of expertise encompassing the forest industry, energy, and infrastructure & environment sectors. Group companies employ more than 5 600 experts. Pöyry is listed on the Helsinki Stock Exchange.

The Forest Industry Consulting business group provides advice to its clients in business strategy, processes and operations designed to enhance stakeholder value. The business group's expertise covers the complete supply chain from raw materials to technology, markets and financing. Consulting and advisory services are provided in three main practice areas:

- Management Consulting
- Investment Banking
- Operations Management

Pöyry Forest Industry is an independent management company within the Pöyry Group and is recognised as one of the world's leading advisors to the global forest industry. The cornerstones of its operations are its strong business understanding and industry expertise. The business group's global network of over 300 experts covers all major forest products regions in the world.

PREFACE

Tradeeasy Holdings Limited, a subsidiary of CCT Telecom Holdings Limited (**CCT/Tradeeasy**), is considering acquiring concessions in the region of Mimika, Papua, Indonesia (**Mimika Concessions**).

For this reason Pöyry Forest Industry Pte. Ltd. (**Pöyry**) has been contracted to assess these concessions and to undertake an independent valuation of the forest assets comprising the concessions. This report contains Pöyry's opinion as to the value of the concessions using the standing stock method, i.e. the value is estimated by multiplying the standing stock with prevailing wood prices.

The key forest consulting team of Pöyry directly involved in this valuation all hold relevant forest related academic qualifications and have many years of forest valuation experience between them. Within Asia-Pacific, Pöyry annually values in excess of USD 5 billion of forest assets.

Project Supervisor: Andy Fyfe

Mr Fyfe is President of Asia Pacific Consulting based in Pöyry's Singapore office. Mr Fyfe holds a Bachelor of Forestry Science from University of Canterbury, New Zealand, gained in 1983, and has over 20 years experience in Forest Valuations within in Asia Pacific region. Mr Fyfe's forest valuation experience covers asset valuations for both private and public companies as well as valuations for acquisition, divestment and capital raising. His forest valuation experience for listed companies include an independent technical report and asset valuation for Samling Global Limited (stock code: HK03938) for IPO on the Hong Kong Stock Exchange and the valuation of the forest concession in Guyana for China Timber Resources Ltd (stock code: HK00269). Mr Fyfe is a member of the New Zealand Institute of Foresters.

Project Manager: Louis Carbonnier

Mr Carbonnier is an Associate Principal based in Pöyry's London office. Mr Carbonnier holds a Masters of Forestry from University of Stockholn, Sweden, gained in 1968. Mr Carbonnier has also studied economics, statistics, computer programming, systems analysis and business administration at the University of Stockholm between 1962 and 1978. Mr Carbonnier has over 30 years experience of forestry valuations worldwide. He has undertaken independent valuation of several forest assets for the group companies of StoraEnso, whose shares are listed in Hesinki and Stockholm.

Survey Consultant: Alex Thorp

Mr Thorp was employed by Pöyry as a sub-consultant on this engagement. For the last 15 years Mr Thorp has been based in Indonesia and working in the Indonesian forest sector. Mr Thorp has a Bachelor of Forestry Science from University of Canterbury, New Zealand, gained in 1987, and has over 15 years experience of forest valuations in Indonesia. He undertook valuation of certain forest assets for PT Sumalindo Lestari Jaya Tbk, whose shares are listed on the Jakarta Stock Exchange.

Consultant: Hannes Lechner

Mr Lechner is an analyst based in Pöyry's London office. Mr Lechner has recently completed a Masters in Forestry Science from University of Freiburg, Germany and the United Kingdom. He has involved in valuation of various forest assets worldwide. He has also involved in the evaluation of biofuel supply and alternative biofuel sourcing for bioenergy generator or energy plant for certain listed companies in the United Kingdom.

Nothing in the report is, or should be relied upon as a promise by Pöyry as to the future growth, yields, costs or returns of the forests. Actual results may be different from the opinion contained in this report, as anticipated events may not occur as expected and the variation may be significant.

Pöyry has no responsibility to update this report for events and circumstances occurring after the date of this report.

Andy Fyfe
President

Contact

Andy Fyfe
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Maybank Tower Singapore 049907
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Pöyry Forest Industry Pte.Ltd.

SUMMARY

Tradeeasy Holdings Limited (Tradeeasy), a subsidiary of CCT Telecom Holdings Limited, is currently considering the acquisition of several forest concessions in the Papua Province of Indonesia. This report describes such concessions in the vicinity of Timika, Southern Papua, and presents an independent valuation of this area, called the Mimika Concessions.

Area Description

The proposed concession area consists of three separate geographic blocks with a total reported area of 313,500 ha. A crosscheck made by on-screen digitising of jpeg maps supplied by the Mimika Project gave a total of 335,362 ha which, considering the re-digitising, corresponds closely with the reported figure.

The Mimika Project is currently in the early stages of applying for an IUPPHK — HA license for the entire 313,500 ha area. This is a long term (up to 60 years) license which allows selective logging in natural forests within pre-defined annual logging coupes. The land which the Mimika Project is applying for is zoned for conversion and is located outside the permanent state forest estate boundary. It is therefore open for applications for agricultural development. Until an agricultural or other development license is granted, the land remains under the jurisdiction of the Forestry Department, but in the event of an agriculture license being granted, the land will be declassified and permanently removed from the forest estate.

For the purpose of this independent valuation Pöyry has assumed that the required licences will be obtained.

The concession blocks are situated on the flat coastland between the New Guinea central mountain range and the Arafura Sea. Based on satellite imagery, aerial and field surveys Pöyry created 15 forest types. Similar forest types can be found in more than one block, but they were classified separately, mainly for modelling purposes. Nine of the forest types are judged to be suitable or marginally suitable for selective forest management.

Volume Estimates

As Pöyry judged the information presented by the vendor about the stocking in the concession areas as very general and not properly reflecting the actual situation in the areas, we undertook a limited forest survey between 25 October and 21 November 2007 in the Central and East Blocks by three field teams. A total of 18 transect lines were established and 539 circular plots were measured for trees with a DBH of 15+cm.

Volumes per ha for the dominating species have been calculated, based on the survey results, for the forest types judged to have potential for selective harvesting on a sustainable basis. The largest volume of merbau (14.6 m^3/ha of logs with a diameter of 50+cm), considered the most valuable species in the region, is found in the Central Dryland Virgin Forest, but in terms of total volume of all species it is the Eastern Block that has the highest volume (46.8 m^3/ha).

Although these estimated volumes have been used for the purpose of this valuation, it is important to point out that the limited survey undertaken should only be considered as an indicative assessment of existing volumes. Before any detailed planning can be undertaken, a regular forest inventory should be carried out of the concession areas.

Market Prices

Market log prices were compared with those that an industry consisting of a sawmill, a veneer mill and a chip mill, located in Timika, could sustain. The latter proved to be more favourable, even after assuming a return on the investment in such industry of 10%, so such prices were used for the valuation.

Standing Stock Valuation

The utilisable volumes estimated from the limited forest survey have been used as the standing stock. These volumes were multiplied with wood prices derived from what can be paid by the industry less the costs of operations required to bring the logs to the industry. Administration costs, fees and taxes have also been deducted.

The Standing Stock Valuation Standard is a standard recognised by forestry consulting professionals in valuation of forestry projects based on a mature forest resource. Pöyry has adopted the Standard Stock Valuation Standard in this report in the valuation of the Mimika Concession Areas.

Given that the vendors intend to apply for a license to clear the land for agriculture development, we have assumed that such licences will be obtained and that suitable areas for agriculture will be cleared. The corresponding volumes therefore form the standing stock for the valuation. Using this method the standing stock value has been estimated to be **USD148.7 million**.

The valuation approach followed in this report complies fully with the International Financial Reporting Standards for Agriculture ("IFRS 41").

Environmental Issues

Finally, it should be stressed that operating a concession in partly virgin tropical forest entails a large responsibility towards society. However, there are mechanisms, through certification schemes, whereby the owner can help ensure that production will be sustainable and that the forest products produced will be received in the markets long term.

List of Abbreviations and Terms

BAPEDALDA	Regional Environmental Impact Control Board
DBH	Diameter at breast height over bark
CIF (C&F)	Cost, insurance and freight (cost and freight) delivered to customer port price point
CoC	Chain of custody in relation to certification
EBITDA	Earnings before interest, tax, depreciation and amortisation
EIA	Environmental Impact Assessment
DR	Dana Reboisasi is a reforestation levy
FOB	Free on board ship price point
Gross Area	Entire area included within legal or other spatial boundary. It includes forested areas, roads, infrastructure and other unstocked areas.
Gross Margin	Gross revenue — cost of goods sold expenses
Gross Margin %	Gross margin / gross revenue* $\frac{100}{1}$
ha	hectares
m	million
m^3	cubic metres
Net Area	Area covered with forest of sufficient density to be regarded as closed forest.
NPV	Net present value
PSDH	Provisi Sumber Daya Hutan, resource tax set by the Ministry of Trade
Pöyry	Pöyry Forest Industry Consulting
Productive Area	Cumulative total of net areas within the legal boundaries of a concession
RKT	Rencana Karya Tahunan an annual operational plan for concession areas
TPTI	Indonesian Selective Felling and Enrichment Planting System
t	tonne (metric ton)
yr	year

1 INTRODUCTION

Tradeeasy Holdings Limited, a subsidiary of CCT Telecom Holdings Limited, is currently considering the acquisition of certain forest concessions in the Papua Province of Indonesia. The concessions are located on the island of Papua, Indonesia and total some 313,500 ha. The acquisition is of such magnitude that it would have to be reported to The Stock Exchange of Hong Kong Limited as a very substantial acquisition.

CCT/Tradeeasy has therefore engaged Pöyry Forest Industry Consulting Pte Ltd (Pöyry) to make an independent valuation of the forest concessions in order to assist CCT/Tradeeasy in the negotiations with the owners of the concessions and to provide a valuation report for preparation the circular in relation to the acquisition.

Pöyry conducted an on site review of the Mimika Concessions between 25 October and 21 November 2007. The review included discussions with representatives of the seller, interviews with local operators, aerial surveys and ground inspections, including over 500 field plots where volume estimates were made. Recent satellite imagery and mapping techniques have been used by Pöyry to independently establish the areas by forest type within the concessions.

The results of the review and the valuation are presented in the following sections of this report.

2 BACKGROUND

2.1 PAPUA

2.1.1 PAPUA FOREST LAND ZONING

Forest land zone in the Papua Province covers 42 million ha and accounts for 95.5% of the area of the province.

Based on satellite imagery analysis, about 75% of the land area on the Papua mainland had forest cover.

Table 2-1:
Land Cover Papua Province

Forest Type	Forested (000 ha)	Non Forest (000 ha)	No data (000 ha)
Protection Forest	7,164.8	716.7	1,288.6
Wildlife Sanctuaries	5,384.1	1,026.4	1,745.2
Production Forest	7,794.3	1,035.9	1,125.5
Limited Production Forest	3,332.5	107.6	240.9
Conversion Forest	6,401.4	1,537.6	844.1
Other Land Use	626.6	360.5	99.9
Total	30,703.6	4,784.7	5,344.1

Source: Pusat Data dan Perpetaan 1998

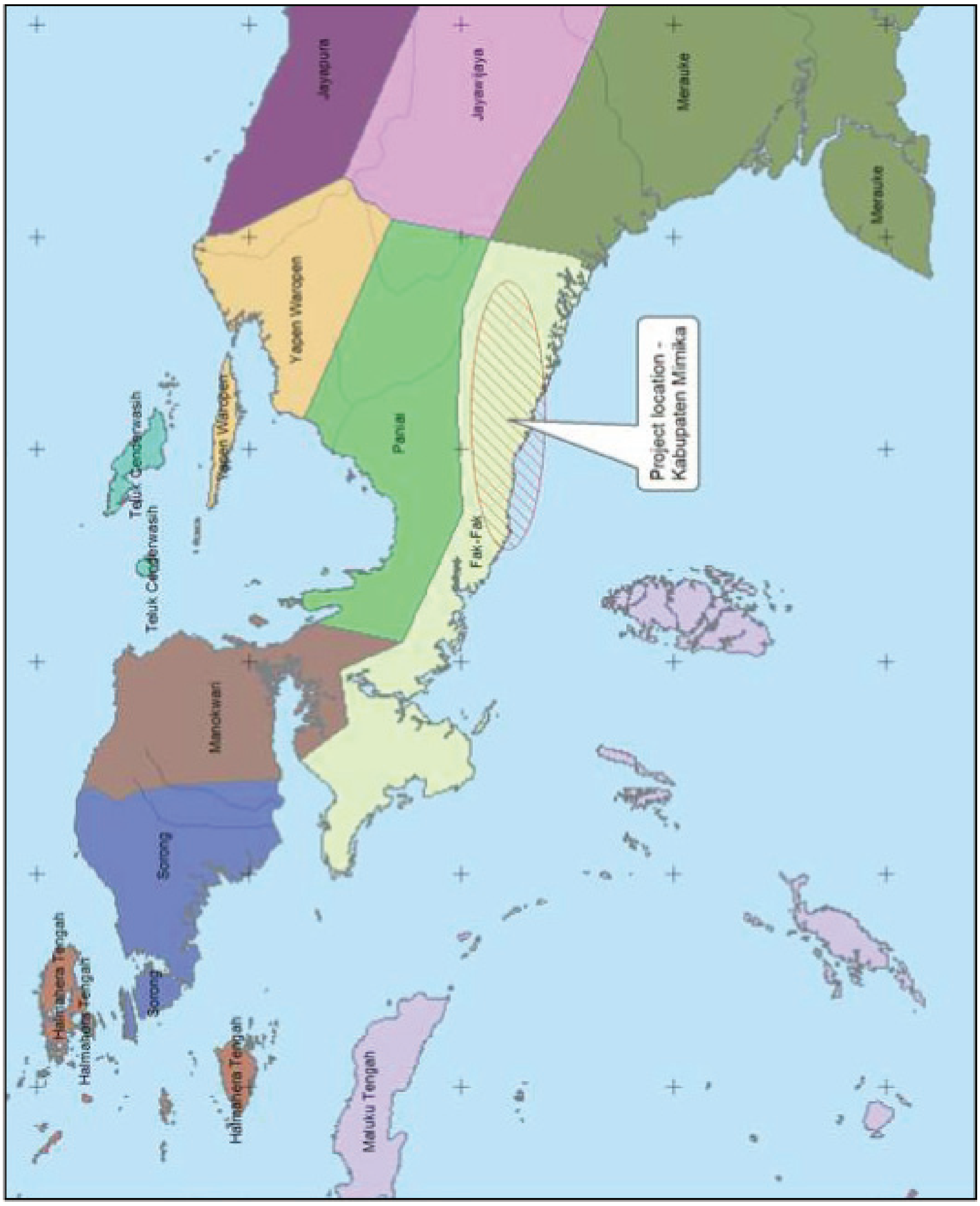
2.1.2 LOG PRODUCTION PAPUA

As of 2002 there were 48 registered active selective logging (HPH) operations in Papua. The log production was almost halved in 2000 and was further reduced in 2001, but has since then slowly increased.

Table 2-2:
Log Production Papua Province

Year	Log Production in m³
1999	1.492.603
2000	739.674
2001	522.275
2002	612.571
2003	694.244

Figure 2-1:
Papua Location Map



2.2 KABUPATEN MIMIKA

The district where the southern concessions are located is called Mimika. The main town is called Timika, which has airport and port facilities.

2.2.1 CLIMATE

Annual rainfall in Kabupaten Mimika (2002) was 4,481mm. The highest rainfall month was May (674 mm) and the lowest October (190mm).

2.2.2 LAND USE ZONING KABUPATEN MIMIKA

Table 2-3 shows the current land use zoning in Kabupaten Mimika. Although 97% is forested land, only 9% has been allocated to forest production. The concessions being valued in this report are principally within the area allocated as conversion forest.

Table 2-3:
Land Use Zoning Kabupaten Mimika

Kecamatan (Sub District)	Lorentz National	Protection Forest	Limited Production	Production Forest	Conversion Forest	Other Land Use	Water Body	TOTAL
Agimuga	272,967							272,967
Jila	206,664							206,664
Jita	213,587							213,587
Mimika Barat		95,865	32,926	9,605	176,265	2,369		317,030
Mimika Barat Jauh		30,147	34,412	104,270		65		168,894
Mimika Barat Tengah		60,759	50,199	86,955	8,687	30		206,630
Mimika Baru					108,426	28,175		136,601
Kuala Kencana					44,523	1,771		46,294
Tembagapura	74,124	116,138	37,216		132,807	25,199		385,484
Mimika Timur					31,426	809		32,235
Mimika Timur Jauh	43,273				26,265	538		70,076
Mimika Tengah	12,633	535			43,396	6,321		62,885
Water (non-district)							5,044	5,044
Total	823,248	303,444	154,753	200,830	571,795	65,277	5,044	2,124,391
Percent	39%	14%	7%	9%	27%	3%	0%	100%

Source: Dinas Kehutanan Kabupaten Mimika, 2007

2.2.3 LORENTZ NATIONAL PARK

This National Park was established in 1997 with an area of 2.5 Mha, of which 823,248 ha (33%) are in Kabupaten Mimika.

The Lorentz Park stretches from the Arafura Sea coast up to the peaks of the Puncak Jaya range. The majority of the area consists of steep mountainous terrain with altitudes ranging 2,000 — 5,000 m above sea level. There are a wide range of ecosystems across the park making it an important forest conservation area for the province and the country.

2.3 INDONESIA FORESTRY SECTOR

Indonesia's forest estate is managed by the Departemen Kehutanan (Forestry Department). The Department of Forestry operates at central, provincial and district (Kabupaten) Government levels. Under Indonesia's decentralised Government system, the District Forestry Office has a dominant role in planning and monitoring forest management activities of concession holders in the district. The role of provincial and central Government is primarily to oversee policy and carry out periodic monitoring and auditing of forest management performance at the district level.

Despite the decentralisation trend, applications for almost all long-term forest concessions (the exception being very small license areas) are assessed at provincial and central Government level, and final licenses are signed by the Minister of Forestry. There is a planned change to this process in 2008 which, if implemented, will mean that the Central Forestry Department office in Jakarta will only be responsible for assessment of environmental aspects of license applications.

The standard license allocated by the Forestry Dept for selective logging is the IUPHHK — HA license (Izin Usaha Pemanfaatan Hasil Hutan Kayu pada Hutan Alam). This is allocated primarily for land zoned as production forest, although in Papua conversion land is also often included as there is so much undeveloped conversion land.

The agricultural estate industry in Indonesia continues to expand, particularly oil palm plantations. Agriculture is allowed only on land zoned for conversion. In Papua many of the conversion forest areas are still undeveloped and forested. In these cases, once an agriculture license is approved, the Department of Forestry will release the land from the forest estate and issue a land clearing permit (IPK), which permits the sale of wood harvested during the land clearing process.

There is a strong drive towards involvement of local communities in decision making regarding management of forests in their area. All applications for new forestry licenses must be able to produce documentation demonstrating free and prior informed consent of all affected communities.

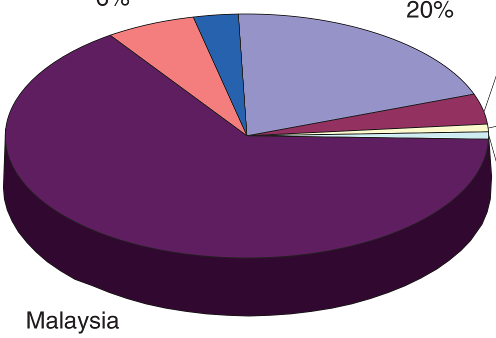
2.4 WOOD PRODUCTION AND TRADE

In 2006 Indonesia was the third largest producer of tropical hardwood logs in the Asia-Pacific region, closely followed by Malaysia and India. With the export ban on logs, tropical hardwood logs produced in Indonesia are processed domestically into sawn wood and panels. Processed wood products are consumed in the domestic market or exported to other countries.

As Indonesia's restriction on illegal logging has strengthened over the past five years, its tropical hardwood log production, and consequently production volume of sawn wood and panel products, has decreased over the same period. Indonesia's sawn wood production has fallen at an average rate of -9.0%/a. whereas plywood production decreased at an average rate of -8.0%/a. over the past five years.

Major sawn wood export destinations for Indonesia are Malaysia and China, together accounting for about 85% of the total export of 1.5 million m³ in 2006.

Figure 2-2:
Indonesia Sawn Wood Export Destinations in 2006

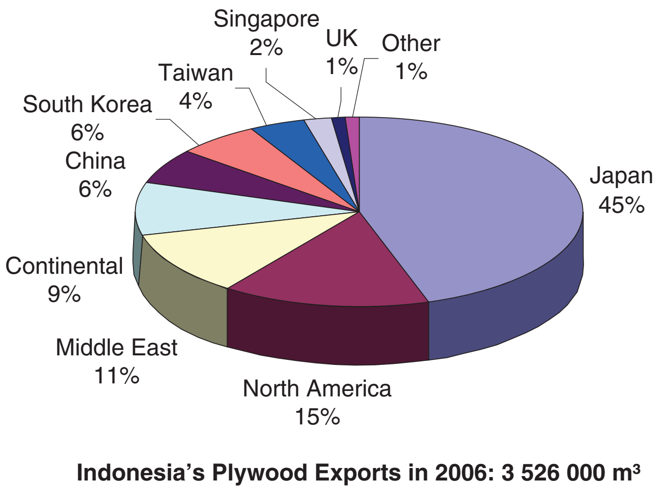


Indonesia sawn timber exports in 2006: 1 479 000 m³

Source: WTA and Pöyry Forest Industry

Major plywood export destinations for Indonesia are Japan, North America, the Middle East, and Europe as well as China. As plywood production decreased over the past five years, plywood exports from Indonesia have also decreased at an average rate of -9.0%/a over the same period.

Figure 2-3:
Indonesia Plywood Export Destinations in 2006



Source: Pöyry Forest Industry

It is likely that future tropical hardwood production in the region, including log, sawn wood and plywood, will continue its trend of decreasing due to limited availability and increasing environmental restrictions on tropical forests. Demand for logs in the Asia-Pacific region has increased over the past decade, especially in India and China. It is expected that economic and construction industry growth in the region will develop strongly over the next five years. This consequently will result in increased demand for wood products and logs in the region. Availability of tropical hardwood in the region is likely to decrease in the next five years. Hence, although underlying demand for tropical hardwood is expected to continue, tropical hardwood consumption in the region is likely to gradually decrease partially substituted by softwood or other materials where possible.

2.5 EXISTING INFRASTRUCTURE

Timika Airport offers daily domestic flight connections to Jakarta and Jayapura in the North of Western Papua. The airport also is the base for a unit of the Indonesian Air Force with helicopters.

The harbour close to the proposed mill site has a jetty and an area of about 1 ha for storing and handling containers. No stationary crane for loading and unloading of ships is available at present. The only loading equipment that could be seen during the site visit was a truck mounted crane used for container handling at the storage area. For loading and unloading of ships a ship mounted crane has to be used.

The main user of the harbour is the Jakarta based shipping company SPIL (Salam Pacific Indonesia Lines). Four container vessels from SPIL dock in the harbour per month. One vessel can carry about 200 containers or a total of 22 tonnes. The vessels bring in goods from Surabaya (Java) and return with empty containers. According to SPIL this unutilised capacity could be used for the domestic export of sawn wood or veneer to Surabaya.

Figure 2-4:
Harbour jetty near the proposed millsite

In order to handle the additional freight volume coming from the saw- and veneer mills the storage area would have to be improved and increased. If the Mimika Project wishes to set up a chipping plant then facilities for handling wood chips would also have to be installed.

PT Freeport Indonesia operates its own harbour close by. Due to restricted access this harbour could not be visited and possible utilisation of the PT Freeport harbour seems unlikely.

A further description of the existing road infrastructure in the concession area can be found in Section 4.2.

3 SITE DESCRIPTION

3.1 FOREST LOCATION AND AREA

The proposed Mimika Concession areas evaluated by Pöyry are located in Kabupaten Mimika, Papua Province, the eastern-most province of Indonesia (see Figure 3-1). Maps signed by the Forestry Dept District Head indicate a total area of 313,500 ha. The proposed concession area consists of three separate geographic blocks:

West Block	43,700 ha
Central Block	229,800 ha
East Block	40,000 ha
Total	313,500 ha

The blocks lie between 4°08’ to 4°43’ S and 135°04’ to 137°10’ E (Figure 3-1).

A crosscheck made by on-screen digitising of jpeg maps supplied by the Mimika Project gave a total of 335,362 ha which, considering the re-digitising, corresponds closely with the above figure.

3.2 AREA VERIFICATION

Aerial surveys of the concession areas were undertaken on 26 October 2007 using a helicopter. The aerial inspection was used to verify the current condition of the forest canopy, identify main forest types and to identify areas of disturbance caused by wind damage, roading or harvesting. Low-level oblique photographs were taken either side of the flight track and geo-located using a GPS. The flight track can be shown in Figure 3-1.

The aerial survey provided the following findings:

Western Block

1. Forests in the Western Block have been logged previously. Although the area remains forested the residual stocking of commercially valuable species is likely to be rather low.

2. The southern half of the Western Block is flat and seasonally or permanently inundated. The northern part of the block is dry land and is a potential palm oil development location, apart from some hilly areas.

Central Block

3. The majority of the Central Block is seasonally or permanently inundated with a very low standing commercial volume per ha and very difficult roading conditions.

4. Four large rivers dissect the Block from north to south which will hinder operational land logistics. On the other hand, the rivers should be suitable for barging and/or rafting of logs.

5. A thin strip of dry land running along the northern boundary of the Central Block holds unlogged productive forest but a significant part of this is zoned as protection forest. The economics of operating this block are questionable due to the small residual area available.

6. A significant area of dry flat land exists in the north eastern corner of the Block near Timika. Forests on this dry land have been logged previously and although the area remains forested the residual stocking of commercially valuable species is likely to be rather low.

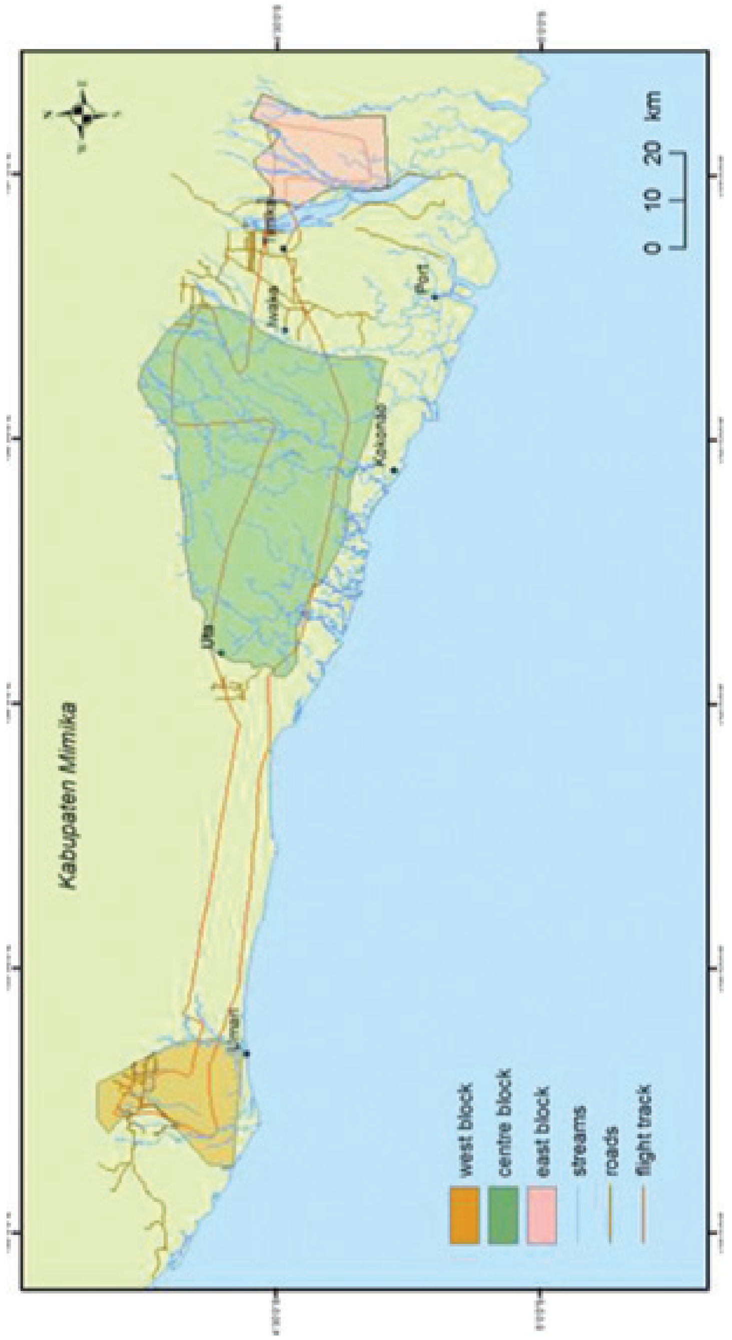
Eastern Block

7. The Eastern Block contains the largest concentration of unlogged productive dry land forest in the Mimika area.

8. Southern parts of the Block are flat and seasonally or permanently inundated with a very low standing commercial volume per ha.

The aerial inspection was further augmented by fieldwork including a limited forest survey carried out between 25 October and 21 November 2007 in the Central and East Blocks. Time constraints meant field inspection was not carried out in the West Block. Results of the forest survey are set out in Section 5.

Figure 3-1:
Map of the Mimika Concessions with Aerial Survey Track



3.3 LAND USE RIGHTS AND THE MIMIKA PROJECT LICENSE STATUS

The Mimika Project is currently in the early stages of applying for an IUPPHK — HA license for the entire 313,500 ha area. This is a long term (up to 60 years) license which allows selective logging in natural forests within pre-defined annual logging coupes. Coupes are set out in a long term Forest Management Plan prepared before logging can begin.

It has not been part of the Pöyry review and valuation task to assess the status of necessary licences for the operation of the Mimika Concession areas. We have therefore assumed that such licences will be obtained.

3.4 GEOLOGY AND TOPOGRAPHY

The Mimika Concession areas occupy the broad coastal lowlands between the Papua, Indonesia central mountain range and the Arafura Sea. The underlying strata are mostly unmetamorphosed Pliocene and Holocene marine and non-marine sedimentary rocks.

The alluvial plains and fans of the coastal lowlands have a subdued topography with slopes rarely exceeding a few degrees. Along the northern margins of all three blocks the terrain becomes hilly in places with slopes up to 20 degrees (Figure 3-2 and Figure 3-3).

Elevations increase steadily northwards. In the western block about 75% of the land lies at an elevation of less than 50 m above sea level, but rising rapidly to ~250 m to the north. In the central block, elevations range between 10 and 50 m except along the northern margin where an east-west trending ridge attains heights of up to 200 m. In the eastern block, elevations increase gradually to about 100 m, and rise rapidly to about 300 m above sea level in the north-eastern corner.

Land that is either seasonally or permanently inundated occupies the low-lying areas in the southern parts of all three blocks. In the Central Block (the Kokonau River catchment) the topographically depressed areas are more extensive so that the seasonally or permanently inundated land extends almost all the way to its northern boundary.

Figure 3-2:
Topography and Elevation — Western Block

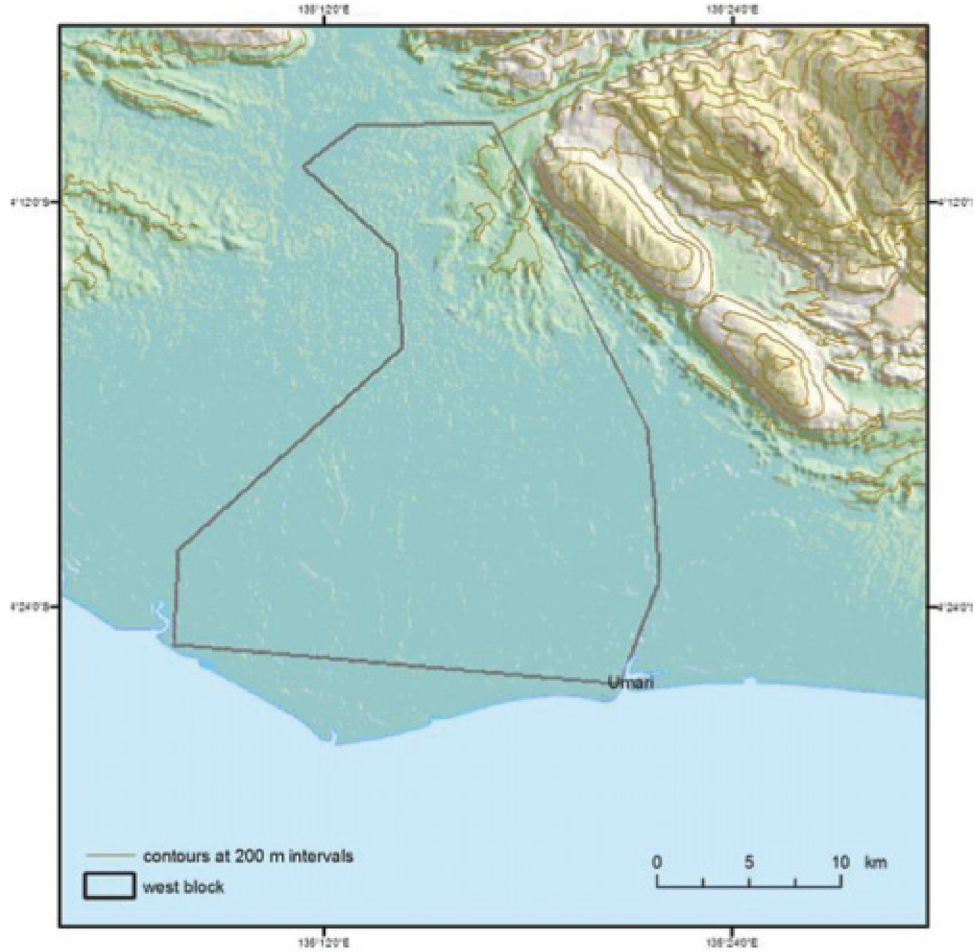
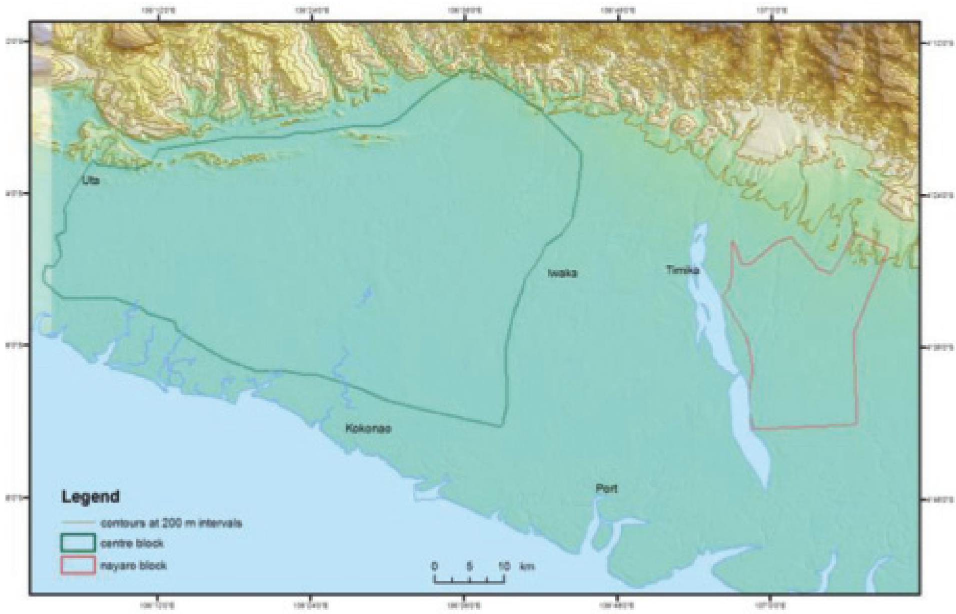


Figure 3-3:
Topography and Elevation — Central and Eastern Blocks



4 SOILS

Land system descriptions indicate the following soil conditions:

1. Organic soils with shallow to deep peat deposits (tropohemists) in permanently inundated areas.

2. Dry alluvial plains are dominated by eutropepts. Field visits showed these soils to be rather shallow and gravely.

4.1 HYDROLOGY AND DRAINAGE

The drainage of the Mimika Concession area is characterised by a series of rivers traversing in a generally southerly direction out of the Grasberg Range to the north, across the coastal plain before discharging into the Arafura Sea (Figure 4-1 and Figure 4-2).

Three types of stream channel are represented. Braided channels occur along the hilly northern parts where the sudden reduction in the stream gradient causes rapid deposition of sediment. These channels are highly mobile, particularly during the flood periods which are common given the high rainfall in the area. A few short seasonal streams with relatively straight channels are also evident in the high-lying areas. As the gradients decrease southwards the braided channels change into meandering streams that snake through the broad coastal plain before terminating at coastal estuaries.

The main rivers are the Aindua (West Block), Urumuka, Kapare, Mimika, Kamora (Central Block), and Aimua (East Block). Significant mangrove and nipah palm areas are found in the estuaries of these rivers.

Figure 4-1:
Hydrology and Drainage of the Western Block

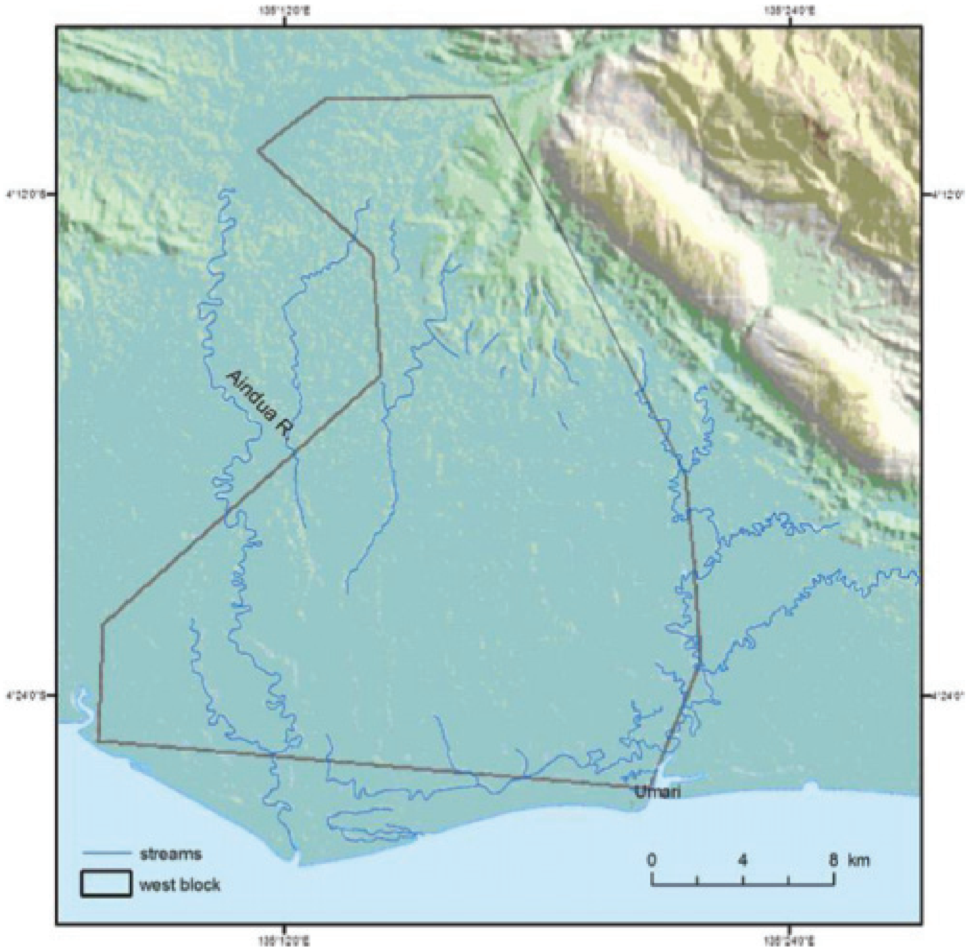
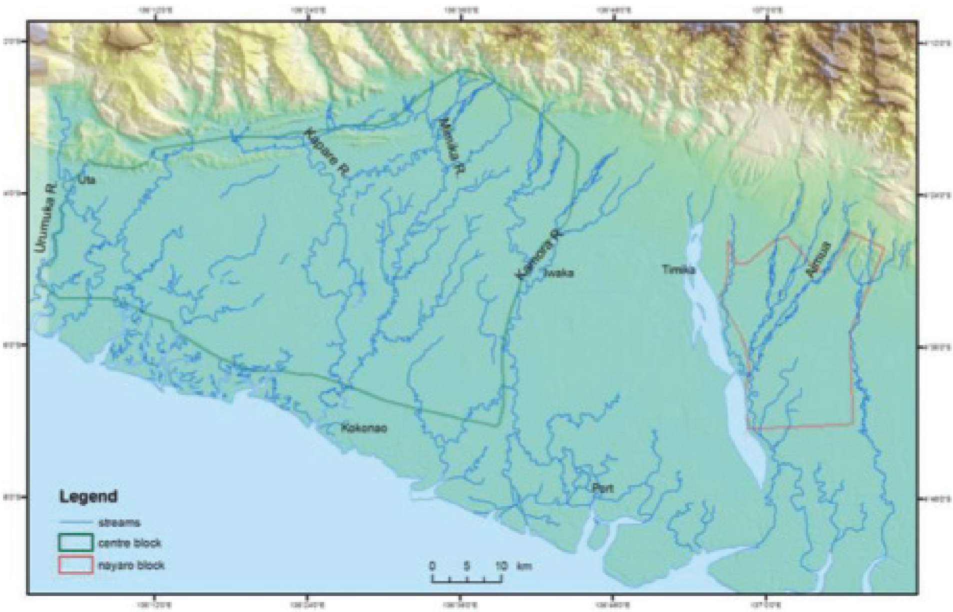


Figure 4-2:
Hydrology and Drainage of the Central and Eastern Block



4.2 ACCESS AND SURROUNDING LAND-USE

West Block

Access to the West Block is from Timika by sea and then river. No road access exists from Timika. A landing strip suitable for single engine aircraft was reportedly available not far from the block at Potowai Buru, but since the previous logging company pulled out there are no vehicles available for transport to the block.

Forestry Department maps indicate the existing logging roads inside the block link to the old Jayanti logpond near the Buru River mouth to the west. The condition of this road network is likely to be poor as the area has been abandoned for several years.

Central Block

The only readily accessible part of the Central Block is the north eastern corner where old logging roads should be able to be rehabilitated, providing road access to Timika. These roads utilise fords to cross several small rivers so this access is weather dependent.

The large rivers which traverse the Central Block provide the only access routes to the central and western parts of the Block. The Urumuka, Kapare, Mimika and Kamora Rivers are all thought to be navigable by small log barges at least up to the middle of the Block. On the downside these rivers are too large to consider building log bridges, and permanent bridges would be very expensive so accessibility will impact on the economics of the project here.

East Block

Access to the East Block from Timika is good via PT Freeport Indonesia roads which are constructed to a high standard. A road runs north — south along the eastern embankment of the PT Freeport tailings catchment zone providing good access to the Nayaro village, which can be reached from Timika in around 1 hour by car. However, access to Freeport roads is restricted and it is unlikely that the roads would be available for log transport to the Timika port area.

Navigable river access routes exist to points close to the Block along rivers to the south of the Block (Aimua to the south west and Amovita to the south east of the Block). These are the logical logpond sites for loading log barges.

Current Land Use

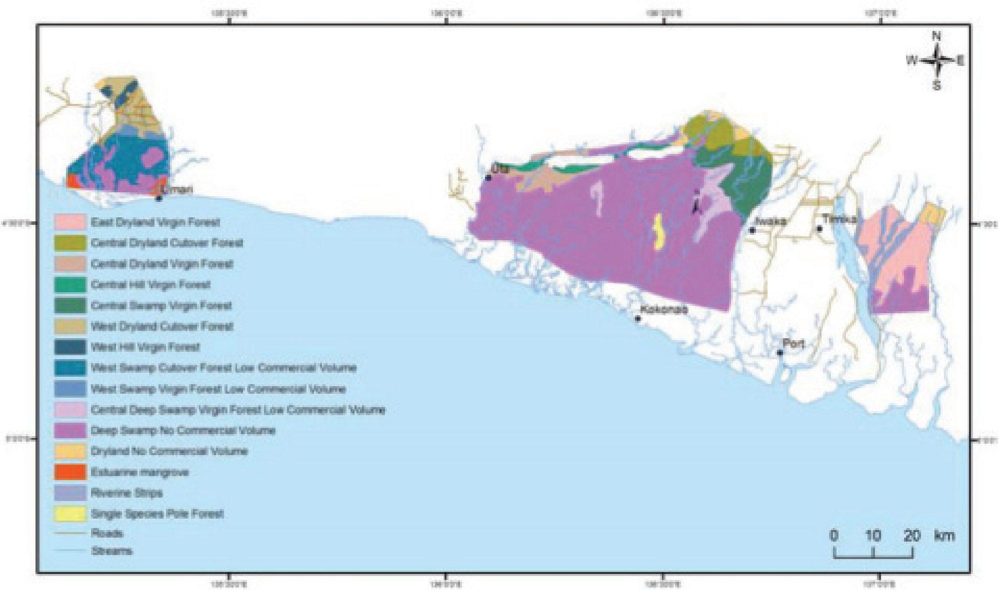
Apart from logging operations (which have all stopped), almost no land in the Mimika Concession area has been developed or changed from its original condition. There are a number of small villages inside or near the area. Villagers use the area for sago harvesting, hunting and gathering, and also in some areas gold panning. There is small scale sawn timber production ongoing using chainsaws along the Kamoro River. The timber is sold into the Timika market.

5 FOREST DESCRIPTION

5.1 FOREST CLASSIFICATION

No existing information is available on classification of forests in the Mimika Concession area. Pöyry therefore developed a classification using satellite imagery complemented with information gathered during the aerial and field inspections (Figure 5-1). The satellite data (7 images) provided recent cloud-free (2004 to 2005) coverage over all areas

Figure 5-1:
Forest Classification Map



The classification differentiates 15 forest types. Similar forest types may be found in more than one block, but they have been classified separately, mainly for modelling purposes. The exceptions to this are non-productive forest types which have been combined across the blocks. Pöyry's assessment of forest type productivity under the TPTI selective logging system is as follows:

1. The four dryland virgin and hill virgin forest types are assessed to be productive under a selective logging silvicultural system with a 50 cm minimum diameter.

2. The two dryland cutover and hill cutover forest types are assessed to be marginal from an economic standpoint for management under a selective logging silvicultural system with a 50 cm minimum diameter due to low current stocking. Having been logged over in the past 10 years, these areas cannot be expected to be immediately productive under a selective logging system such as TPTI. They could be expected to provide a productive crop if given time to recover, but the time period required to produce an economic crop is difficult to predict.

3. All inundated forest types are assessed to be marginal for economic reasons. Stocking is low and soil conditions make road construction and log extraction very difficult and expensive.

4. All four dryland forest types are included in modelling of wood flows under a land clearing scenario. Pöyry has not assessed suitability of soils for agriculture in any forest types. However, it has been assumed that all inundated forest types would be excluded from land-clearing.

The gross area of each forest type was calculated from the digital forest classification map. Net production area for each class was calculated by first removing the area associated with protection forest, and riparian buffer zones. A further correction was made to account for non-productive land that would not be detected by the satellite imagery.

5.2 DESCRIPTION OF FOREST TYPES

The following is a description of the forest types used by Pöyry for the purpose of establishing operable areas and standing volume estimates. **Dryland Cutover Forest** occupies the northern area of the West Block (West Dryland Cutover Forest), and the north-eastern area of the Centre Block (Central Dryland Cutover Forest).

Figure 5-2:
West Dryland Cutover Forest

Dryland Virgin Forest occupies the northern areas of the Central Block (Central Dryland Virgin Forest), and most of the East Block (East Dryland Virgin Forest), the exception being the southern parts where there are extensive seasonal or permanent inundated areas.

Figure 5-3:
East Dryland Virgin Forest

Hill Virgin Forest occurs in small patches in the north of the West Block (West Hill Virgin Forest) and the Central Block (Central Hill Virgin Forest).

Figure 5-4:
Central Virgin Hill Forest

Inundated Virgin Forest Low Commercial Volume forest type is found in the north east of the Centre Block. It is characterised by small diameter trees and increasing occurrence of sago palm as area gets wetter. Wetter areas have been included in the **Deep Swamp Low Commercial Volume** forest type.

Figure 5-5:
Inundated Virgin Forest Low Commercial Volume

Deep Swamp No Commercial Volume forest type is found in all three blocks and is characterised by very small diameter forest, in some cases with one or a limited number of species, graduating into scrub and marsh vegetation and small lakes.

Figure 5-6:
Swamp Single Species Pole Forest

Figure 5-7:
Deep Swamp No Commercial Volume Areas — Small Lakes

5.3 RIPARIAN BUFFERS

The river systems in much of the Mimika Concession area are gravelly and braided in the upstream dryland areas. They take up significant land areas as they frequently shift during flood episodes. Bridging is difficult and expensive, and previous logging operators appear to have preferred to wait for low water and ford the rivers. However, given the very high rainfall in the Timika area, this is a risky strategy.

Figure 5-8:
Riparian Areas — North East of Central Block

River networks and the slope classification were generated using elevation data at a 90 m resolution obtained from the Shuttle Radar Topography Mission (SRTM). The road locations were obtained using GPS or digitised off imagery.

These data were used as a basis to remove a 50 m riparian buffer zone from the forest classification areas.

5.4 SILVICULTURAL SYSTEM

The Mimika Concession forests are assumed to be managed according to the Indonesian Selective Felling and Enrichment Planting System (TPTI), which has been the management standard for most of Indonesia's selective logging concessions for the last 30 years. This system follows a 35-year cutting cycle, and has 12 basic prescription steps:

1. Coupe identification, mapping and boundary marking

2. Pre-logging inventory (100%) identifying crop trees and future crop trees

3. Opening up forest area (roading and landings construction)

4. Felling and extraction

5. Underbrushing

6. Inventory of residual stand

7. 1st liberation

8. Seedling production

9. Planting and rehabilitation

10. Tending of planted seedlings

11. 2nd and 3rd liberation

12. Thinning

The planning is based on a long-term management plan (20 years), with operational five-year plans and one-year plans.

In forests within the production forest zone (HP) and the conversion forest zone (HK), trees with diameter >50 cm at breast height (dbh over bark) can be felled, while in limited production forest (HPT) the minimum is 60 cm. One hundred percent post-felling inventories are planned to determine damage to the residual stand. Enrichment planting and roadside planting are undertaken to restore degraded or insufficiently stocked logging sites.

The TPTI system regulates felling within coupes purely using minimum diameters. Research in Indonesia has shown that in better stocked natural forests such as the mixed dipterocarp forests in Kalimantan, the TPTI system allows over-intensive harvesting and heavy damage to the residual forest structure. Reduced impact logging (RIL) techniques are an important component of selective logging systems in that they reduce damage to residual commercial trees and regeneration, permitting faster stand recovery and less tree mortality. However, under high felling intensity (>8 trees/ha) the effectiveness of RIL in reducing tree damage is lessened. In this situation limits to the number and distribution of crop trees extracted, over and above the standard TPTI system, are required to avoid declining yields in subsequent harvests.

RIL techniques have been implemented by a number of logging companies in Indonesia but they are not legally required.

Stocking of commercial crop trees over 50 cm dbh in the Mimika Concession area is relatively low. Pöyry considers that by managing the concessions under a TPTI plus RIL system, a non-declining yield should be achievable on a 35 year cycle.

5.5 EXISTING INFORMATION ON FOREST YIELDS

Pöyry has not been able to source any previous forest inventory data from the Mimika Concession area. The Forestry Dept office in Timika supplied a table showing average standing sawlog volume with diameter 30cm up to be around 38 m^3/ha in production forests in Kabupaten Mimika. The data source is not clear but it was indicated that it comes from operating logging companies and so is likely to represent forests at the higher end of the range of forest stocking levels found in the District.

The major commercial species identified in the Forestry Department data include matoa (*Pometia spp*), pulai (*Alstonia spp*), merbau (*Intsia bijuga*) ketapang (*terminalia spp*), binuang (*Octomeles sumatrana*), terentang (*Camnosperma spp*), sukun (*Artocarpus spp*), plus smaller volumes of a wide range of other species.

6 PÖYRY LIMITED FOREST SURVEY RESULTS

6.1 BACKGROUND

Pöyry judged the information presented by the vendor as to the stocking in the concession areas as very general and not properly reflecting the actual situation. Consequently, we undertook a limited forest survey between 29 October and 21 November 2007 in the Central and East Blocks using three field teams.

A total of 18 transect lines were established and 539 circular plots with an area of 0.06 ha were enumerated assessing all trees over 30 cm diameter regardless of species. Using the same plot centre, smaller plots with an area of 0.015 ha were enumerated assessing trees of diameter 15-29 cm.

In view of the large size of the Mimika Concession Areas, it is impossible to conduct field survey on the entire large areas. As the size of the West Block is relatively small, representing approximately 13.9% of the entire Mimika Concession Areas, it was not covered by ground field survey because of time constraint. However, Pöyry has conducted an aerial survey by a helicopter on the entire Mimika Concession Areas (including the West Block) and has obtained satellite images that cover the entire Mimika Concession Areas (including the West Block). Based on the aerial survey, the satellite images and the ground field survey (on the East Block and the Central Block) and Pöyry's experience in similar forest areas elsewhere in Papua, Pöyry has been able to estimate the forest volume of the West Block for purpose of the valuation.

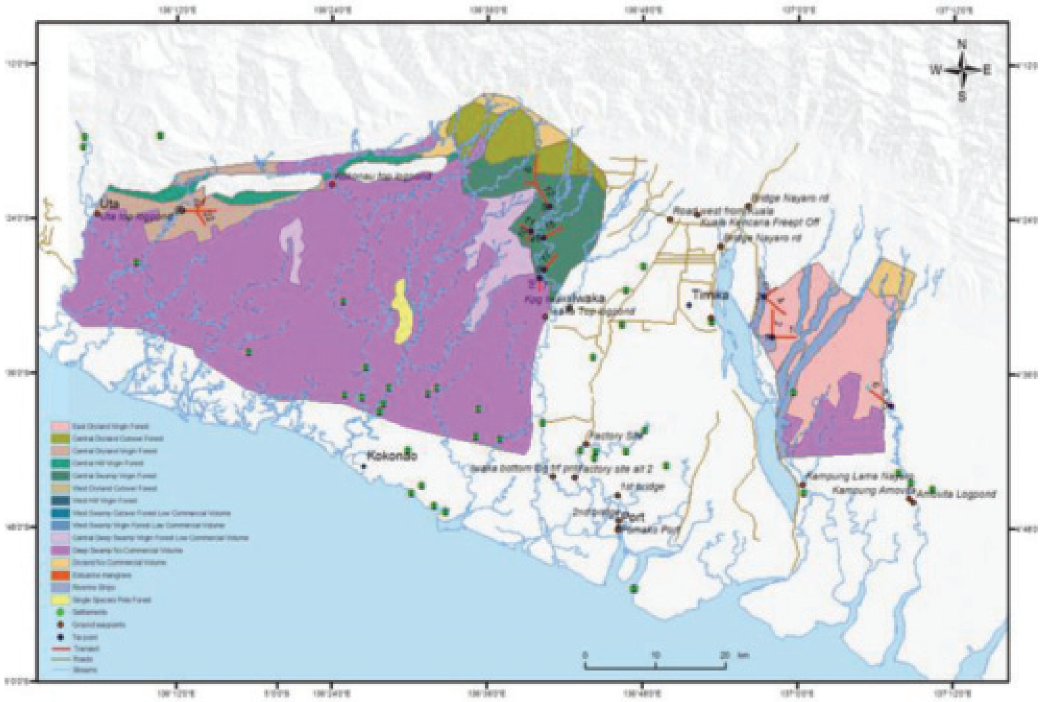
It must be emphasised that, due to time constraints, the Pöyry forest survey is a low intensity survey only carried out in selected locations assessed to hold commercial volumes of standing timber. Results are indicative only and should not be used for detailed planning purposes. It is recommended that a through forest inventory is carried out as soon as possible for the Mimika Concession area.

6.2 PLOTS MEASURED

Table 6-1:
Transect Lines and Plots Measured

Block	Line No	Location	Tie pt no	Bearing (deg)	Distance (m)	No of Plots
East	1	Nayaro	1	90	3,500	35
East	2	Nayaro	1	0	4,000	40
East	3	Nayaro	2	40	2,500	25
East	4	Nayaro	2	120	4,000	40
East	5	Amovita	3	300	4,000	40
East	6	Amovita	3	330	500	5
Centre	10	Iwaka	4	210	1,700	17
Centre	11	Iwaka	4	300	1,800	18
Centre	12	Iwaka	5	330	4,000	40
Centre	13	Iwaka	5	270	1,700	17
Centre	14	Iwaka	5	360	3,500	35
Centre	15	Iwaka	6	60	3,200	32
Centre	16	Iwaka	7	180	2,000	20
Centre	17	Iwaka	8	40	3,000	30
Centre	21	Uta	9	90	5,000	50
Centre	22	Uta	9	150	2,500	25
Centre	23	Uta	9	30	2,500	25
Centre	24	Uta	9	180	4,500	45
Total						**539**

Figure 6-1:
Map of Inventory Transects



The survey was carried out in the following forest types:

Table 6-2:
Forest Types Sampled

Forest Type	Location	Plots Measured
Central Dryland Cutover Forest	Iwaka	25
East Dryland Virgin Forest	Nayaro and Amovita	185
Central Inundated Virgin Forest Low Commercial Volume	Iwaka	184
Central Dryland Virgin Forest	Uta	145

6.3 INFORMATION COLLECTED

The following information was measured for each tree:

- Diameter over bark (cm) at breast height or above buttress.
- Species name, either trade name or alternatively local name in Komoro language.
- Log length to first branch or to 30cm small end diameter, all species, provided log form was sufficient for sawmilling and no sign of heart rot or other defect was evident. Although logs of obvious poor form were not cruised, low grade sawlogs which would usually not be felled in a selective logging operation were generally included.
- Large end diameter of top log if a chippable top log of minimum length 4m is available above the sawlog.

In addition, survey crews noted information about soil, topographic conditions, and human activities along the transects.

6.4 LOG AND TREE VOLUME TABLES

There is only limited information available in terms of form factors, taper and volume equations for the commercial timber species in Indonesia. To Pöyry's knowledge there are no by-species log volume equations available for Indonesia's commercial tree species.

The standard log volume formula used in Indonesia for estimation of volume of standing trees utilises a form factor of 0.7 as below. This formula is applied country wide for all natural forest species. It will underestimate volume in cylindrical logs with little taper and overestimate volume of logs with strong taper.

$$Volume = II \times (d/200)^2 \times L \times 0.7$$

Where:

Volume = Log volume underbark in cubic metres (m^3)

L = Log length in metres (m)

d = Average large end diameter of the log over bark in centimetres (cm)

In the absence of any better alternatives Pöyry has utilised this equation for the calculation of individual log volumes during processing of the survey data.

6.5 FOREST SURVEY RESULTS

6.5.1 ASSESSMENT OF STANDING VOLUMES IN THE MIMIKA CONCESSION AREAS

The concession shows significant variability in volume. The total standing volume estimates calculated from the survey data are shown in Table 6-3.

Table 6-3:
Total Standing Volume in Inventoried Forest Types

	Total Standing Volume All Log Grades					Bottom Log up to 30cm SED or First Branch		DBH <30cm, Top Logs and Defect Trees	
Forest Type	**No of plots**	**Stems Per ha**	**Basal Area (m2/ha)**	**Volume (m3/ha)**	**+/- 95% Conf. limits**	**Volume (m3/ha)**	**+/- 95% Conf. limits**	**Volume (m^3/ha)**	**+/- 95% Conf. limits**
Central Dryland Cutover Forest	25	218.2	15.8	118.2	29.1	70.6	29.2	47.6	9.3
East Dryland Virgin Forest	185	228.2	17.5	161.3	11.6	87.1	12.6	74.2	5.4
Central Dryland Virgin Forest	145	167.8	15.6	136.0	11.5	68.3	11.2	67.7	4.4
Central Inundated Virgin Forest Low Commercial Volume	184	171.5	13.4	115.3	12.3	58.7	8.5	56.6	6.8

6.5.2 REDUCTION FACTORS APPLIED TO CALCULATE NET YIELD/HA IN MIMIKA CONCESSION AREAS

To calculate the final extractable volume, the following reduction factors have been applied:

- Felling and transport losses
- Downgrade of volume to chip grade due to log quality, non-commercial species, and defects not identified in cruising.

Table 6-4:
Reduction Factors Applied in Calculation of Net Yield

	DBH 15-29cm	DBH 30-39 cm		DBH 40-49 cm		DBH 50 cm up	
Species Group	Harvesting Losses All Grades	Harvesting Losses All Grades	Sawlog Downgrade to chipwood	Harvesting Losses All Grades	Sawlog Downgrade to chipwood	Harvesting Losses All Grades	Sawlog Downgrade to chipwood
Kayu Indah & Meranti Grp	20%	20%	40%	20%	30%	20%	20%
Rimba Campuran	20%	20%	40%	20%	30%	20%	20%

6.5.3 NET YIELD PER HA CENTRAL DRYLAND CUTOVER FOREST USED IN MODELLING

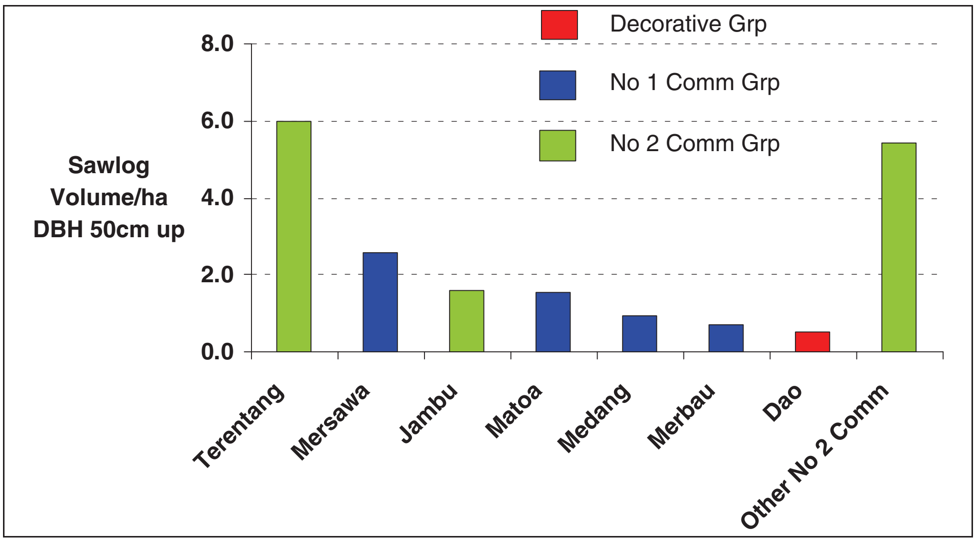
Table 6-5 shows the assessed net extractable volume. Plots were measured in the north east of the Central Block where Jayanti had been logging in the 1990s.

There is a low stocking even in the 30-49 cm class which indicates a long recovery time will be required.

Table 6-5:
Net Extractable Volume Central Dryland Cutover Forest

Species Group	Sawlog by DBH Class (m³/ha) 30-49 cm	50 cm up	Total Sawlog	Sawlog %	Chip (m³/ha)	Total (m³/ha)
Decorative Group:						
Dao	0.4	0.5	1.0	2.6%	1.8	2.8
Other Decorative Grade	0.2	0.0	0.2	0.6%	0.3	0.5
Total Decorative Grade	**0.7**	**0.5**	**1.2**	**3.1%**	**2.1**	**3.3**
No 1 Comm (Meranti) Group:						
Merbau	0.0	0.7	0.7	1.9%	0.8	1.5
Medang	0.0	1.0	1.0	2.6%	0.8	1.8
Mersawa	3.0	2.6	5.6	15.0%	8.5	14.1
Matoa	1.5	1.5	3.1	8.3%	5.5	8.6
Nyatoh	0.9	0.0	0.9	2.5%	1.9	2.8
Total No 1 Comm (Meranti) Group	**5.5**	**5.8**	**11.3**	**30.4%**	**17.5**	**28.8**
No 2 Comm (Rimba Campuran) Grp:						
Benuang	0.8	0.0	0.8	2.1%	3.1	3.8
Bintangor	1.2	0.0	1.2	3.1%	1.4	2.5
Jambu	0.0	1.6	1.6	4.3%	1.3	2.9
Pala	0.5	0.0	0.5	1.3%	2.5	3.0
Terentang	2.6	6.0	8.6	23.1%	11.0	19.6
Other No 2 Comm	6.7	5.4	12.1	32.5%	18.5	30.6
Total No 2 Comm Group	**11.7**	**13.0**	**24.7**	**66.5%**	**37.8**	**62.5**
Total All Species Groups	**17.9**	**19.3**	**37.2**	**100.0%**	**57.4**	**94.6**

Figure 6-2:
Species Distribution Sawlogs 50cm up Central Dryland Cutover Forest



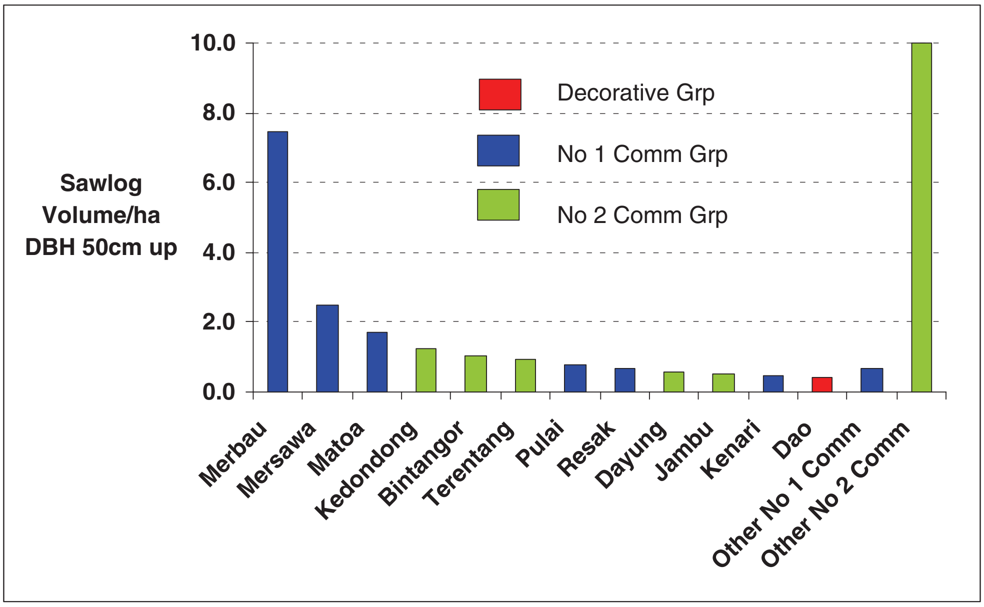
6.5.4 NET YIELD PER HA EAST DRYLAND VIRGIN FOREST USED IN MODELLING

This forest in general holds larger volumes and the fact that the percentage of Merbau sawlogs is relatively high is a good indication that this forest has not been harvested before. The detailed volumes are shown in Table 6-6.

Table 6-6:
Net Extractable Volume East Dryland Virgin Forest

Species Group	Sawlog by DBH Class (m^3/ha) 30-49 cm	50 cm up	Total Sawlog	Sawlog %	Chip (m^3/ha)	Total (m^3/ha)
Decorative Group						
Dao	0.1	0.4	0.5	1.3%	0.8	1.2
Other Decorative Group	0.1	0.0	0.1	0.2%	0.1	0.2
Total Decorative Group	**0.1**	**0.4**	**0.6**	**1.5%**	**0.9**	**1.4**
No 1 Comm (Meranti) Group						
Kenari	0.0	0.5	0.5	1.4%	0.4	1.0
Merbau	0.8	7.4	8.2	22.1%	6.9	15.1
Medang	1.0	0.1	1.1	3.0%	2.7	3.8
Mersawa	0.8	2.5	3.3	8.9%	4.0	7.3
Matoa	2.1	1.7	3.8	10.3%	7.4	11.2
Nyatoh	0.3	0.1	0.4	1.1%	0.8	1.2
Pulai	0.3	0.8	1.1	3.0%	1.3	2.4
Resak	1.3	0.7	2.0	5.3%	3.8	5.8
Other No 1 Comm	0.3	0.4	0.7	1.8%	0.8	1.5
Total No 1 Comm Group	**6.9**	**14.3**	**21.2**	**57.0%**	**28.1**	**49.3**
No 2 Comm (Rimba Campuran) Group						
Bintangor	0.2	1.1	1.3	3.4%	1.5	2.8
Dayung	1.0	0.6	1.6	4.2%	3.0	4.6
Jambu	0.7	0.5	1.3	3.4%	2.0	3.3
Kedondong	0.1	1.3	1.4	3.7%	1.3	2.7
Ketapang	0.4	0.3	0.7	1.9%	1.3	2.0
Pala	0.1	0.1	0.2	0.5%	0.6	0.8
Terentang	0.1	0.9	1.0	2.8%	1.0	2.0
Other No 2 Comm	8.1	9.6	17.6	0.0%	42.5	60.1
Total No 2 Comm Group	**10.7**	**14.3**	**25.0**	**67.4%**	**53.2**	**78.3**
Total All Species Groups	**17.7**	**29.0**	**46.8**	**125.9%**	**82.2**	**129.0**

Figure 6-3:
Species Distribution Sawlogs 50cm up East Dryland Virgin Forest



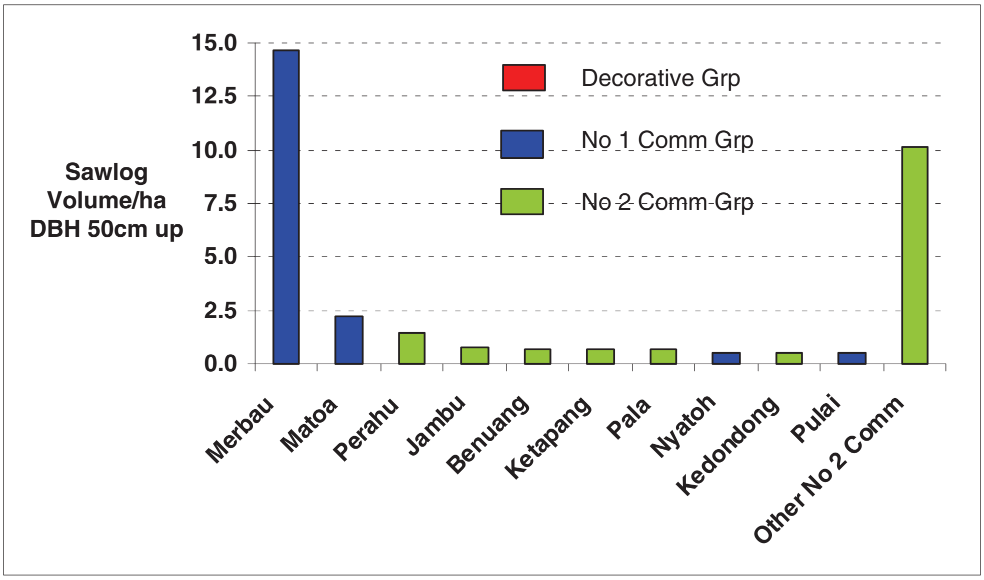
6.5.5 NET YIELD PER HA CENTRAL DRYLAND VIRGIN FOREST USED IN MODELLING

This is the richest forest type of those assessed. The total volume is slightly lower than that of the Eastern Block, but the proportion and absolute volume per ha of merbau is the largest in the area.

Table 6-7:
Net Extractable Volume Central Dryland Virgin Forest

Species Group	Sawlog by DBH Class (m^3/ha) 30-49 cm	50 cm up	Total Sawlog	Sawlog %	Chip (m^3/ha)	Total (m^3/ha)
Total Decorative Group	**0.0**	**0.0**	**0.0**	**0.0%**	**0.0**	**0.0**
No 1 Comm (Meranti) Group						
Merbau	0.3	14.6	14.9	38.1%	9.6	24.5
Matoa	1.9	2.2	4.1	10.5%	16.3	20.5
Nyatoh	0.1	0.5	0.7	1.7%	1.2	1.9
Pulai	0.1	0.5	0.6	1.5%	0.9	1.5
Resak	0.1	0.0	0.1	0.3%	0.1	0.3
Total No 1 Comm Group	**2.5**	**17.9**	**20.4**	**52.1%**	**28.2**	**48.6**
No 2 Comm (Rimba Campuran) Group						
Benuang	0.0	0.7	0.7	1.8%	0.4	1.1
Jambu	0.2	0.8	1.0	2.5%	1.8	2.7
Kedondong	0.0	0.5	0.6	1.5%	0.3	0.9
Ketapang	0.2	0.7	0.9	2.2%	1.1	2.0
Pala	0.3	0.7	1.0	2.6%	3.7	4.7
Perahu	0.3	1.4	1.7	4.3%	2.0	3.7
Other No 2 Comm	**2.8**	**10.1**	**12.9**	**33.0%**	**32.0**	**44.9**
Total No 2 Comm Group	**3.8**	**15.0**	**18.8**	**47.9%**	**41.3**	**60.1**
Total All Species Groups	**6.3**	**32.9**	**39.2**	**100.0%**	**69.5**	**108.8**

Figure 6-4:
Species Distribution Sawlogs 50cm up Central Dryland Virgin Forest



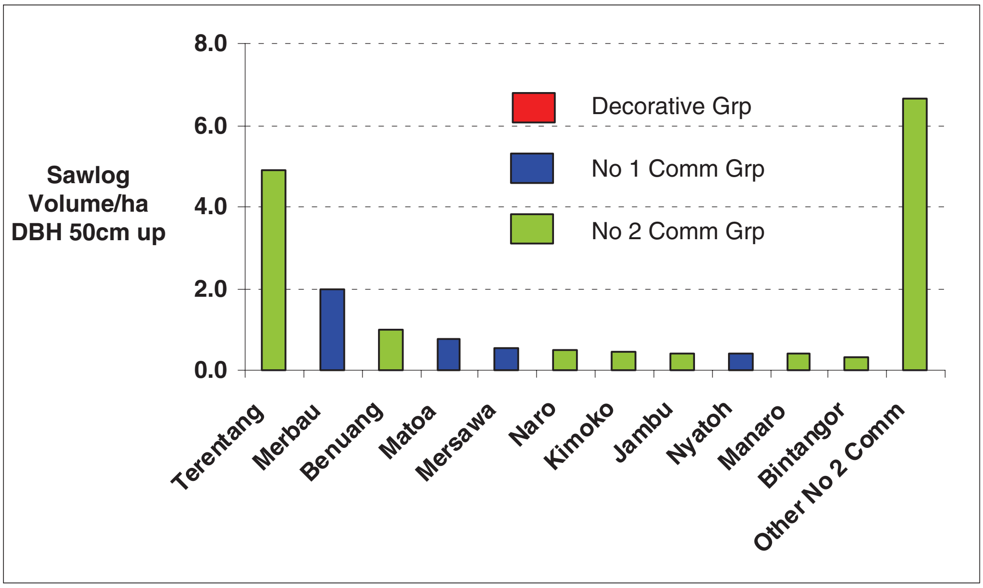
6.5.6 NET YIELD PER HA CENTRAL INUNDATED VIRGIN FOREST LOW COMMERCIAL VOLUME USED IN MODELLING

This forest type has limited commercial value as the growing stock is low and it will be difficult and expensive to utilise the volumes because of the swampiness.

Table 6-8:
Net Extractable Volume Central Swamp Virgin Forest Low Commercial Volume

Species Group	Sawlog by DBH Class (m^3/ha) 30-49cm	50cm up	Total Sawlog	Sawlog %	Chip (m^3/ha)	Total (m^3/ha)
Total Decorative Group	**0.1**	**0.0**	**0.1**	**0.2%**	**0.4**	**0.5**
No 1 Comm (Meranti) Group						
Merbau	0.7	2.0	2.7	8.6%	2.6	5.3
Mersawa	0.4	0.5	0.9	2.9%	1.5	2.4
Matoa	0.4	0.8	1.1	3.6%	2.3	3.4
Nyatoh	0.4	0.4	0.8	2.7%	1.0	1.9
Other No 1 Comm	0.4	0.0	0.4	1.3%	0.8	1.2
Total No 1 Comm Group	**2.2**	**3.7**	**5.9**	**19.0%**	**8.2**	**14.1**
No 2 Comm (Rimba Campuran) Group						
Benuang	0.0	1.0	1.0	3.4%	1.8	2.9
Bintangor	0.3	0.3	0.6	2.0%	1.1	1.8
Dayung	0.4	0.0	0.4	1.3%	1.3	1.8
Jambu	0.7	0.4	1.1	3.5%	2.0	3.0
Kimoko	0.6	0.5	1.0	3.3%	3.5	4.5
Manaro	1.0	0.4	1.4	4.6%	3.9	5.3
Naro	0.6	0.5	1.1	3.4%	1.5	2.5
Pala	0.2	0.1	0.4	1.2%	0.9	1.2
Terentang	1.0	4.9	5.9	18.9%	5.2	11.0
Other No 2 Comm	5.7	6.5	12.2	39.3%	31.4	43.6
Total No 2 Comm Group	**10.5**	**14.6**	**25.1**	**80.8%**	**52.5**	**77.7**
Total All Species Groups	**12.8**	**18.3**	**31.1**	**100.0%**	**61.1**	**92.2**

Figure 6-5:
Species Distribution Sawlogs 50cm up Central Inundated Virgin Forest Low Commercial Volume



6.6 ASSUMPTIONS MADE REGARDING NET VOLUME PER HA IN FOREST TYPES NOT SURVEYED

It was not possible to carry out the survey in all forest types, and therefore for modelling purposes a volume per ha has been assumed based on other forest type results. For the five forest types classified as productive or marginal, the following assumptions have been made regarding yield for forest types not covered by survey data. Assumptions are a straight percentage of a selected inventoried forest type applied across all species and log grades.

Table 6-9:
Assumptions Made Regarding Net Volume per ha in Forest Types not Inventoried

Block Forest Type	Have Survey Data	If no survey data, modelled volume per ha calculated by	Factor
East Dryland Virgin Forest	Yes	—	
Central Dryland Cutover Forest	Yes	—	
Central Dryland Virgin Forest	Yes	—	
Central Hill Virgin Forest	No	Factor of Central Dryland Virgin Forest	100%
Central Inundated Virgin Forest Low Commercial Volume	Yes	—	
West Dryland Cutover Forest	No	Factor of Central Dryland Cutover Forest	100%
West Hill Virgin Forest	No	Factor of Central Dryland Virgin Forest	100%
West Inundated Cutover Forest Low Commercial Volume	No	Factor of Central Inundated Virgin Forest Low Commercial Volume	60%
West Inundated Virgin Forest Low Commercial Volume	No	Factor of Central Inundated Virgin Forest Low Commercial Volume	100%

6.7 FOREST SURVEY CONCLUSIONS

The species composition observed in the inventory is diverse, with a high proportion of second grade commercial species in all forest types (58% of the 50 cm up net volume over all forest types surveyed) but especially in the inundated forest types. Of the first grade commercial species, merbau (*Intsia bijuga*) contributed 24%, matoa (*Pometia spp*) 6%, and others combined, including decorative grades, made up 11% of the total volume. Of the second grade commercial species terentang (*Camnosperma spp*), pala hutan (*Myristica spp*), and jambu hutan (*Eugenia and Syzigium spp*) were major contributors.

Merbau is currently by far the most valuable species in Papua and as such is the most important driver of forest value. Logging operators in Papua historically have been reluctant to operate in areas with limited merbau stocking. The Mimika Concession area does contain merbau and the percentage of 50 cm up volume per ha is quite attractive (24%), however, the total volume per ha is rather low so although the percentage appears high the total volume is not. Merbau percentage of total sawlog volume falls to 16% when 30-49 cm small sawlogs are included.

By number of logs, matoa was probably the most common commercial species encountered in the inventory, if 30-49cm sawlogs are included. The species is known for its rather poor log form (fluted and not round logs) and this was certainly the case in the Mimika Concession area. Many of the matoa sawlogs measured showed poor form and would be rather difficult to sell on the open market.

It is the opinion of Pöyry surveyors that the only locations in the Mimika Concessions that would be attractive to a commercial logging contractor are the East Dryland Virgin Forest, Central Dryland Virgin Forest and Central Hill Virgin Forest. The other forest types would be less attractive to operate in due to

- Low 50cm up sawlog volume per ha
- Small piece size
- Large proportion of second grade species in the log mix.

Forest types with extractable sawlog volume DBH 50cm up less than 20m^3/ha are economically unattractive to log under a selective logging system unless the species mix contains a high proportion of high value species (especially merbau) which is not the case in the Dryland Cutover Forest.

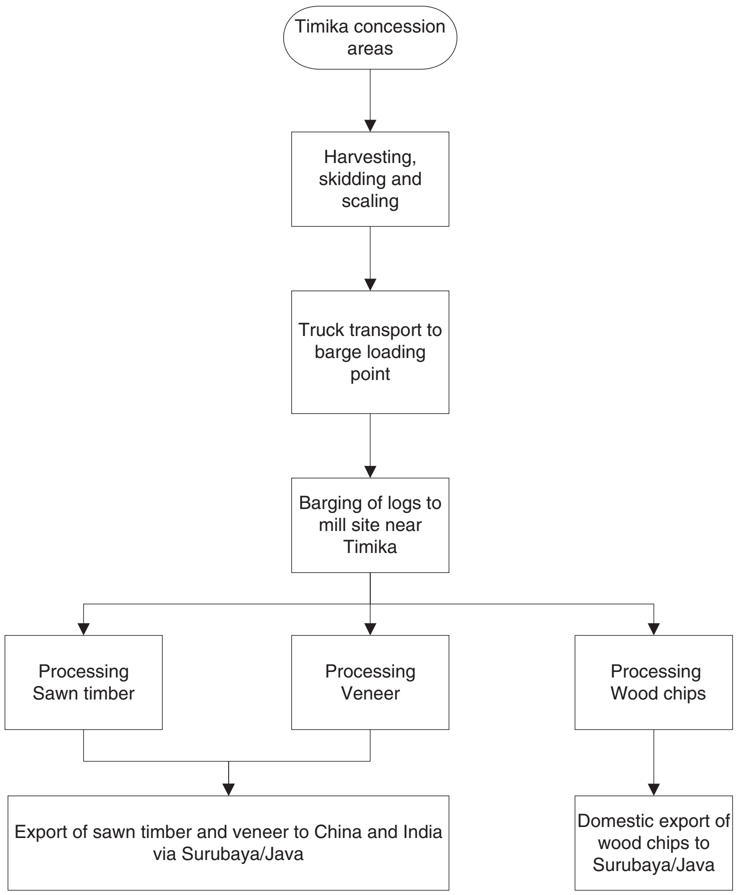
The yield assumptions used in the financial projections and the valuation are based on the results of the Pöyry limited forest survey carried out during the field visit combined with Pöyry experience in similar forest areas elsewhere.

7 WOOD COST STRUCTURE

7.1 WOOD COST DRIVERS AND WOOD COSTS

The proposed wood supply chain for the Timika concession area is shown in Figure 7-1. Due to large rivers traversing the three concession blocks no direct road transport to the planned processing site is feasible. Since all major rivers in the concession area are thought to be navigable by small log barges, at least up to the middle of the harvesting areas, small 180 feet barges can be used for the long distance transport of the logs to the mill site at the Timika harbour.

Figure 7-1:
Proposed Supply Chain for the Timika Concession Area



The costs used in the valuation follow the supply chain from harvest, transport to log pond/barging point, loading and barging to the mill site at Timika harbour. The costs are derived from information provided by local partners, own calculations worked up from first principles, and based on information from other similar operations known to Pöyry. The costs reflect the situation in 2007. The following sections provide a breakdown and explanation of the different costs.

7.2 HARVESTING COSTS

In the Mimika concession area the chainsaw operators usually are paid by cubic meter of extracted timber. The general felling costs of USD0.97/m^3 (IDR9 000/m^3) also include the costs for equipment and fuel. For the skidding operations CAT D6 bulldozers equipped with cable winch gears will be used. It is estimated that the skidder will reach an average productivity of 10 m^3/hour. The detailed cost calculation for the CAT D6 can be found in Appendix 1. The costs for scaling and debarking are taken into account with a USD2.16/m^3 allowance.

Table 7-1:
Harvesting Costs (USD/m^3)

Operation	Productivity (m^3/hour)	Costs (USD/m^3)
Felling	5	0.97
Skidding CAT D6	10	6.08
Scaling and debarking	—	2.16
Total		**9.21**

7.3 CLEARING COSTS FOR CHIP LOGS

Since the recent market price for wood chips is lower than the actual harvesting and transporting costs for chip logs the utilisation of chip logs can not be considered as an economically viable option even though this situation might change in the future. However, since scenario two is a landclearing scenario with a proposed conversion of the suitable areas into agricultural land, small diameter trees actually suitable for the production of chip logs at least have to be felled and crosscut to some extent so that they will not be an obstacle for other operations. The costs for clearing these trees were estimated to be USD6/m^3.

7.4 TRANSPORT COSTS

For the transport of the logs from the forest road to the barge loading points 30 ton log trucks will be used. Depending on the actual piece size the average loading volume will be between 20 to 25 m^3. The transport distance from the actual harvesting area to the barge loading points will differ from year to year depending on the exact location of the harvesting area and the management scheme. Table 7-2 shows the estimated transport distances for the different concessions which have been used for the valuation.

For the loading and unloading of the trucks CAT 966H wheeled loaders will be used. It is estimated that the loaders will reach a productivity of 50 m^3/productive machine hour which results in loading and unloading costs of USD1.55/m^3. The detailed cost calculation for the log trucks and the loader can be found in the appendix in Appendix 1.

Table 7-2:
Average Transport Distances and Costs for Transport to Barging Points

Location	Average Transport Distance to Barging Points (km)	Transport Costs (USD/m^3)
Truck transport in western area	19	2.96
Truck transport in central area	16	2.70
Truck transport in eastern area	16	2.70

7.5 BARGING COSTS

For the transport of the logs to the mill site at the Timika harbour, 180 foot barges towed by a tug boat will be used. One barge can load about 1,500 m^3 of logs. Depending on the actual barging distance the costs vary between USD6.28/m^3 for the eastern area and USD8.81/m^3 for the western area (see Table 7-3). The costs for loading and unloading of the barges are already included in the stated barging costs. The average steaming speed is 10.4 km/hour (5.6 knots/hour) depending on sea conditions, engine performance and stability of cargo on board. The detailed cost calculation for the barging operation can be found in Appendix 1.

Table 7-3:
Average barging distances and costs for barging to mill site

Location	Barging distance (km)	Barging costs (USD/m^3)
Barging from western area	225	8.81
Barging from central area	120	6.50
Barging from eastern area	110	6.28

7.6 ROYALTIES AND TAXES

The government charges different royalties on the volume of commercial species removed. The various commercial species have been allocated to either the A list (no 1 commercial group from the survey results) of more recognised and commercially attractive species (dao, merbau, matoa, nyatoh) or the B list (no 2 commercial group from the survey results) of less commercially known species (nenuang, bitangor, jambu, pala, terentang and others). The nominal values on which these royalties are charged are shown in Table 7-4. Additionally a local government tax of USD0.81/m^3 and a land tax of USD0.54/ha/year has to be paid.

Table 7-4:
Royalties and Taxes

Royalty/Tax	Amount (USD/m^3)
Royalty PSDH A-list	12.95
Royalty PSDH B-list	4.32
Royalty DR A-list	12.80
Royalty DR B-list	9.84
Royalty to locals A-list	5.40
Royalty to locals B-list	3.24
Local government tax	0.81
Land tax	0.54

The **PSDH (Provisi Sumber Daya Hutan)** is a resource tax, charged at 10% of the list price set by the Ministry of Trade. The levy varies between two defined zones and species.

The **DR (Dana Reboisasi)** is the reforestation levy and it is charged in USD. The exact levy varies between three defined zones, diameter and species.

The **local government tax (Retribusi daerah SP3)** is known as a 'donation'.

The **land tax** is paid annually and is calculated on a fixed percent of the listed government value of the land per hectare. It is charged on the gross area of the concession area.

There might be other "unofficial fees" that have to be considered in the valuation:

1. Pre licensing expenses
2. Approximately USD12,000 to USD25,000 for RKT to be approved each year
3. Signing of log inspection reports, at least USD300/month
4. Various honoraria to a range of government officials
5. Transport documentation, about USD200 per shipment
6. Others

In total these fees add up to about USD6.50/m^3.

7.7 ROADING COSTS

Two road types are considered in the valuation:

a) Primary roads that are required to be of a standard sufficient to provide all weather access for the harvesting and transport operations. This means they must have permanent bridges, permanent culverts and sufficient rock surfacing to provide all weather access for forest vehicles. For valuation purposes the construction cost of primary forest roads has been estimated at USD40,000 per km including costs for bridges and culverts. In the western and the eastern blocks a total primary road network with a length of 46 km for each area will be required. In the central area the length of the required network of primary roads is 25 km.

b) Secondary roads can be of a lesser standard than primary roads. They serve as feeder roads for the system of primary roads. While rock-surfacing material is desirable, it may be that in the short term the problem of not having an all weather surface for light vehicles is outweighed by the cost of road upgrading. However, the provision of bridges and culverts is essential if harvesting has to be done all year round. For valuation purposes the construction cost of secondary forest roads has been estimated at USD21,500 per km.

The road network in each concession area will increase over the years with growing operations. The development of the primary and secondary road network in the three harvesting blocks is summarised in Appendix 1. For the secondary roads a rate of 10 m/ha for selective harvesting and of 15 m/ha for land clearing was applied.

The annual costs for road maintenance are estimated to be USD2.50/m^3 extracted logs.

All roads require rock surfacing although secondary roads to a lesser standard. There are good sources of road surfacing material available within the concession area.

The stated costs already include a flat fee for the construction of bridges. In the eastern concession area there is a high standard road operated by PT Freeport Indonesia running north — south along the eastern embankment off the PT Freeport tailings catchment area. However access to PT Freeport roads is restricted and it is unlikely that the roads would be available for log transport to the Timika port area.

7.8 OVERHEAD COSTS

An estimate of the overhead costs associated with the operational forestry activities was made based on data from other operations in Indonesia known to Pöyry. The overhead costs are estimated at USD15.80/m^3. The overhead costs include costs for direct, indirect and corporate activities.

Direct overhead costs are those associated with direct forestry operations. For Forest Management Overheads this includes staff salaries, supervision and quality control of operations. For Harvesting Overheads this includes the supervision of felling and transport operations.

Indirect overhead costs cover the costs of planning, local administration, and general forest maintenance and protection. Corporate overheads include the cost of corporate staff and offices.

The total costs for delivering logs at mill gate are summarised in Table 7-5.

Table 7-5:
Summary of Log Costs Delivered to Mill Gate (excluding land tax of USD0.54/ha)

Costs	Western area	Central area	Eastern area
Inventory and planning (USD/m^3)	1.08	1.08	1.08
Logging planning survey (USD/m^3)	0.45	0.45	0.45
Felling (USD/m^3)	0.97	0.97	0.97
Skidding (USD/m^3)	6.08	6.08	6.08
Scaling and debarking (USD/m^3)	2.16	2.16	2.16
Loading at forest road (USD/m^3)	1.55	1.55	1.55
Transport to barging point (USD/m^3)	2.96	2.70	2.70
Unloading at barging point (USD/m^3)	1.55	1.55	1.55
Barging to mill site (USD/m^3)	8.81	6.50	6.28
Construction of primary roads (USD/m^3)	4.43	1.13	1.24
Construction of secondary roads (USD/m^3)	8.54	8.06	6.98
Road maintenance (USD/m^3)	2.50	2.50	2.50
Royalty PSDH A-Group (USD/m^3)	12.95	12.95	12.95
Royalty PSDH B-Group (USD/m^3)	4.32	4.32	4.32
Royalty DR A-Group (USD/m^3)	12.80	12.80	12.80
Royalty DR B-Group (USD/m^3)	9.84	9.84	9.84
Royalty to locals A-Group (USD/m^3)	5.40	5.40	5.40
Royalty to locals B-Group (USD/m^3)	3.24	3.24	3.24
Local government tax (USD/m^3)	0.81	0.81	0.81
Forest rehabilitation (USD/m^3)	0.00	0.00	0.00
Overhead costs (USD/m^3)	15.80	15.80	15.80
Other documentation, licences etc. (USD/m^3)	3.78	3.78	3.78
RKT fees (USD/m^3)	1.89	1.89	1.89
Total log costs for A-List species	**94.51**	**88.16**	**86.97**
Total log costs for B-List species	**80.76**	**74.41**	**73.22**

8 VALUATION

8.1 VALUATION METHODOLOGY FOR FOREST RESOURCES

The methods employed to value forest resources generally fall into three approaches:

- Assessment of the standing stock at a specific point of time.
- Assessment of the present value of the future cash flows from the current and future resources (revenue and costs).
- Forest land transaction based values.

Each of these methodologies has their strengths and weaknesses.

8.1.1 PREFERRED APPROACH

8.1.2 APPROACH ADOPTED FOR THE VALUATION

The Standing Stock Valuation approach is an accepted and recognised forest valuation approach for mature forest resources and is CCT/Tradeeasy's preferred approach in the valuation of the Mimika Concession Areas.

For the purpose of this report and at the request of CCT/Tradeeasy, Pöyry has conducted a standing stock valuation of the harvesting concession.

8.1.3 STANDING STOCK VALUATION

The standing stock method considers the resource as it currently exists and does not take into account future developments. It has the advantage of simplicity. However, it has the fundamental weakness that it assumes all of the standing volume in a particular resource can be marketed at one specific point of time without impacting on demand, prices or the related cost of doing so.

8.2 PRINCIPAL VALUATION ASSUMPTIONS

8.2.1 VALUATION CURRENCY

The valuation currency is the US dollar (USD). All costs which are denominated in Indonesian rupia have been converted to US dollars at the exchange rate of IRP9,265 per USD1.

8.2.2 VALUATION DATE AND TIMING OF CASH FLOWS

The valuation is as at 1 January 2008.

8.2.3 TAX RATE

No corporate tax rate has been considered in the valuation since it is unclear at present at which rate the concession holder will be taxed in Indonesia.

8.2.4 PRODUCT PRICES

Market information on current log, sawn wood, veneer and wood chip prices gathered by Pöyry from around the Timika region, within Indonesia and within the South East Asian region have been used to estimate expected product prices ex mill gate. Pöyry has also estimated the current market value for logs of selected species delivered to mill gate (Table 8-1). Presently there is no information available on the price of logs between 30 and 49 cm in diameter, since Pöyry understands these logs are not being regularly traded in the area. To estimate the value of these logs Pöyry has examined the price differential on a cubic meter basis between large (50 cm and up) and small (30-49 cm) logs for the same or similar species in the South East Asian region to derive an acceptable price difference between the small and large logs.

Table 8-1:
Estimated Current Market Log Prices Delivered to Mill Gate (royalties PSDH and DR have been deducted)

Species	Log dimensions	Royalty Group	USD/m³
Merbau	50 cm and up	A	150
Merbau	30-49 cm	A	112
Matoa	50 cm and up	A	95
Matoa	30-49 cm	A	71
Nyatoh	50 cm and up	A	85
Nyatoh	30-49 cm	A	67
Other	50 cm and up	A	95
Other	30-49 cm	A	71
Other commercial Species	50 cm and up	B	110
Other commercial Species	30-49 cm	B	79
Chip logs	<30 cm	C	25

By combining these prices with wood flow volumes for the different species groups Pöyry has derived the weighted average market log price for the broad royalty groups represented in the concession (Table 8-2).

Table 8-2:
Estimated Weighted Average Market Log Prices (royalties PSDH and DR have been deducted)

Category	USD/m³
Royalty Group A	137
Royalty Group B	110
Chip logs	25

Pöyry has also estimated the current market prices in the Timika region for wood based products on an ex mill basis for sawn wood, veneer and MTH wood chips (Table 8-3). As with log prices these are derived from market price data gathered on products within Indonesia and within the wider South East Asian region.

Table 8-3:
Estimated Current Product Prices ex Mill Gate

Royalty Group	Wood product	USD/m³
Royalty Group A (Merbau)	Moldings	664
Other Royalty Group A Species	Moldings	401
Royalty Group B Species	Moldings	380
Royalty Group A (Merbau)	Rough sawn wood	480
Other Royalty Group A Species	Rough sawn wood	283
Royalty Group B Species	Rough sawn wood	255
Royalty Group B Species	Face/back veneer	593
Royalty Group B Species	Long core veneer	186
Royalty Group B Species	Short core veneer	150
Chip logs	MTH Chips	92 (USD/BDMT)[1]

1: Chipprice is on an FOB basis

These product prices have been used for the hypothetical mill processing described for wood flows derived from a land clearing scenario. By adjusting the log prices so they would generate an average internal rate of return (IRR) of 10% (based on cash flows on an EBITDA basis) for the entire period each operation runs, it has been possible to derive the theoretical delivered log prices at mill gate for each processing plant (Table 8-4). These log prices, representing how much the processing industry could pay for the log input while giving a return of 10% on the investments were higher than the market log prices shown in Table 8-2. The difference is an expression of the added value the processing industry in Timika would give to the wood in spite of installations which are far from the size a state of the art mill would have today. Pöyry has therefore chosen to use the prices in Table 8-4 for the valuation of the harvesting concessions.

Table 8-4:
Weighted Average of Estimated Log Prices at Mill Gate by Major Royalty Group (royalties PSDH and DR have been deducted)

Royalty Group	Processing Plant	USD/m³
Royalty Group A	Sawmill	163.0
Royalty Group B	Veneer mill	126.0
Chip logs	Chip mill	34.8

8.3 STANDING STOCK VALUATION

Given the situation that the vendors intend to apply for license to clear the land for agriculture development, we have assumed that such licences will be obtained. Suitable areas for agriculture therefore will be cleared during a period of fifteen years, and the remaining areas suitable for selective logging will be managed on a sustainable basis. The standing volumes will then be as shown in Table 8-5.

Table 8-5:
Standing Volumes

Area	Royalty Group	Total standing volume (m^3)
West	A	91,988
	B	323,449
	Chip logs	469,301
Central	A	337,391
	B	548,717
	Chip logs	1,058,397
East	A	278,028
	B	688,033
	Chip logs	1,397,268
Total	**A**	**707,407**
	B	**1,560,199**
	Chip logs	**2,924,966**

The value of the standing stock is obtained by multiplying the standing volumes with the mill gate prices less the costs for bringing the wood to the mill gate. Using this method, the standing stock value has been estimated to be **USD148.7 million** (see Table 8-6).

Table 8-6:
Standing Stock Value for the Concession Area

Area	Gross Area (ha)	Standing Stock Value (USD million)	Standing Stock Value per Gross ha (USD/ha)
West	43,700	24.2	554
Central	229,800	59.3	258
East	40,000	65.2	1,629
Total	**313,500**	**148.7**	**474**

9 ENVIRONMENTAL ISSUES

9.1 ENVIRONMENTAL REQUIREMENTS IN PAPUA

Prior to forest management activities taking place, the concession operator should conduct a proper Environmental Impact Assessment. The assessment covers all environmental aspects that potentially influence forest management activities. The operator must carry out public consultations at provincial and Kabupaten level. The Government agency in charge of approving the report and action plan of the EIA is BAPEDALDA.

The environmental aspects listed for consideration are:

- Biological aspects include flora, fauna and interaction processes.
- Social aspects, including the community adjacent to the forest concession, adat right, working opportunity, livelihood etc.
- Physical aspects, including soil, hydrology, noise etc.

Concession operators are therefore required to formulate programs regarding those issues and eliminate/ mitigate the potential negative impacts.

Calculations for skidding costs

Input data	Purchase price (USD)	172,000
	Duration of utilisation (years)	5
	Utilisation rate (%)	70
	Productive hours (hours/a)	1,540
	Fuel consumption (l/hours)	25.0
	Interest rate (%)	15
	Labour costs (USD/hour)	0.88
	Fuel price (USD/l)	0.76
	Maintenance costs (USD/hour)	4.50
	Productivity (m^3/hour)	10.00
Basic costs	Costs for depreciation (USD/year)	34,400
	Costs for interest (USD/year)	12,900
	Costs for repair and maintenance (USD/year)	6,930
Variable costs	Fuel costs (USD/year)	29,260
	Oil costs (USD/year)	8,778
	Labour costs (USD/year)	1,361
Total costs	Total cost (USD/year)	93,629
	Total cost (USD/hour)	60.80
	Total cost (USD/m^3)	**6.08**

Calculations for loading costs

Input data	Purchase price (USD)	250,000
	Duration of utilization (years)	5
	Utilistaion rate (%0	60%
	Productive hours (hours/a)	1,320
	Fuel consumption (l/hours)	20.0
	Interest rate (%)	15%
	Labour costs (USD/hour)	0.88
	Fuel price (USD/l)	0.76
	Maintenance costs (USD/hour)	5.00
	Productivity (m^3/hour)	50.00
Basic costs	Costs for depreciation (USD/year)	50,000
	Costs for interest (USD/year)	18,750
	Costs for repair and maintenance (USD/year)	6,600
Variable costs	Fuel costs (USD/year)	20,064
	Oil costs (USD/year)	6,019
	Labour costs(USD/year)	1,166
Total costs	USD/year	102,600
	USD/hour	77.73
	USD/m^3	**1.55**

Calculations for truck transport

		Western and Central Block	Eastern Block
	Purchase price (USD)	180,000	180,000
Input data	Duration of utilization (years)	5	5
	Utilisation rate (%)	90%	90%
	Productive hours (hours/a)	1,980	1,980
	Fuel consumption (l/100 km)	50.0	50.0
	Interest rate (%)	15%	15%
	Labour costs (USD/hour)	0.88	0.88
	Fuel price(USD/l)	0.76	0.76
	Maintenance costs (USD/hour)	5.00	5.00
	Average load (m^3)	22.50	22.50
	Average speed (km/hour)	25.00	25.00
	Distance (km)	16.00	19.00
	Loading time (hours)	0.50	0.50
	Unloading time (hours)	0.50	0.50
	Travelling time (incl. loading) (hours)	1.64	1.76
	Productivity (m^3/hour)	13.72	12.78
Basic costs	Costs for depreciation (USD/year)	36,000	36,000
	Costs for interest (USD/year)	13,500	13,500
	Costs for repair and maintenance (USD/year)	9,900	9,900
Variable costs	Fuel costs (USD/m^3)	0.36	0.42
	Oil costs (USD/m^3)	0.11	0.13
	Labour costs (USD/year)	1,750	1,750
Total costs	USD/year	61,150	61,150
	USD/hour	30.88	30.88
	USD/m^3	**2.70**	**2.96**

Calculations for barging costs

Cost	**Western Block (USD)**	**Central Block (USD)**	**Eastern Block (USD)**
Hire cost per month (all inclusive) [USD/month]	48,570	48,570	48,570
Hire Cost per day (all inclusive) [USD/day]	1,597	1,597	1,597
Barge master [USD/day]	12.95	12.95	12.95
Deckhands (2x) [USD/day]	6.48	6.48	6.48
Daily Fixed Costs [USD/day]	1,616.25	1,616.25	1,616.25
Steaming speed [km/hour]	10.40	10.40	10.40
Log ponds to mill [km]	225	120	110
Steaming time both ways [hours]	43	23	21
Load/unloadtime [hours]	5	5	5
Total cycle time [hours]	53	33	31
Diesel consumption [litres/hour]	125	125	125
Diesel consumption [tonnes/hour]	0.11	0.11	0.11
Total consumption [tonnes]	4.60	2.45	2.25
Cost [USD/litre]	0.83	0.83	0.83
Cost per ton [USD/ton]	978	978	978
Fuel costs for round trip [USD]	4,495	2,397	2,198
Load plus unload [USD]	5,127	5,127	5,127
Fixed + variable costs [USD]	13,209	9,752	9,422
Costs per trip [USD/trip]	13,209	9,752	9,422
Loading volume [m^3]	1,500	1,500	1,500
Cost/m^3 [USD/m^3]	**8.81**	**6.50**	**6.28**

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:

(a) the information contained in this circular is accurate and complete in all material respects and not misleading;

(b) there are no other facts the omission of which would make any statement in this circular misleading; and

(c) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at 31 March 2007 (being the date of the latest published audited accounts of the Company), the Latest Practicable Date and immediately after Completion of the Transactions (assuming there will be no change of the shareholding structure between the Latest Practicable Date and the Completion) but before the conversion of the MCL Convertible Bonds and the Manistar Convertible Bonds, and after the issue of the Conversion Shares upon full conversion of the MCL Convertible Bonds and the Manistar Convertible Bonds at the initial conversion price, were and will be as follows:

Authorised:		*HK$*
20,000,000,000	Shares	200,000,000
Issued and fully paid or credited as fully paid:		
972,000,000	Shares in issue as at 31 March 2007	9,720,000
150,000,000	Shares issued in relation to the placing and top-up subscription of Shares under the general mandate of the Company as announced in the Placing Announcements	1,500,000
92,749,000	Shares issued by the exercise of the share options of the Company	927,490
1,214,749,000	Shares in issue as at the Latest Practicable Date and immediately after Completion of the Transactions	12,147,490
9,157,200,000	Conversion Shares to be issued upon full conversion of the MCL Convertible Bonds and the Manistar Convertible Bonds	91,572,000
10,371,949,000	Shares	103,719,490

All existing Shares rank equally in all respects, including capital, dividends and voting rights. The Shares in issue are listed on the Stock Exchange. As at the Latest Practicable Date, there are outstanding Share Options granted to employees and consultants of the Group being eligible participants of the share option scheme of the Company adopted on 20 February 2002 and effective on 7 March 2002, to subscribe for an aggregate of 70,500,000 Shares, representing approximately 5.80% of the issued share capital of the Company.

In connection with the placing and top-up subscription of 150,000,000 Shares under the general mandate of the Company pursuant to the Placing Announcements, the Company has paid brokerage fees and placing fees at the rates of 0.25% and 3% respectively of the placing amount to the placing agent, OSK Asia Securities Limited.

Save for disclosed above, as at the Latest Practicable Date, no Shares or loan capital of the Company has been issued or is proposed to be issued for cash or otherwise and no other commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any such capital.

3. DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. MAK Shiu Tong, Clement, aged 54, has served as the chairman, the chief executive officer of the Company and an executive Director since April 2006. Mr. Mak is a member of the remuneration committee of the Company. Mr. Mak is responsible for the corporate planning, overall strategic direction of the Group and takes a leading role in managing the businesses. He has over 31 years of experience in the electronics manufacturing and distribution industry, specialising in telephone and telecom products. He also has substantial experience in the telecom services and internet businesses. He holds a Diploma in Electrical Engineering. Mr. Mak is also the chairman, the chief executive officer and an executive director of CCT Telecom, a controlling and substantial shareholder of the Company, and CCT Tech International Limited, a fellow subsidiary of the Company, and whose shares are listed on the main board of the Stock Exchange. Mr. Mak is also a director of certain subsidiaries of CCT Telecom, CCT Tech International Limited and the Company.

Mr. TAM Ngai Hung, Terry, aged 54, has served as an executive Director since April 2006. Mr. Tam is a member of the remuneration committee of the Company. Mr. Tam is mainly responsible for the corporate finance and accounting function of the Group. Mr. Tam has more than 30 years of experience in finance and accounting management, and also possesses substantial knowledge in corporate finance matters, mergers and acquisitions and company secretarial matters. Mr. Tam has substantial experience in the financial aspects of the telecom services and internet business. Mr. Tam is a fellow of the Association of Chartered Certified Accountants and an associate of both the Hong Kong Institute of Certified Public Accountants and The Institute of Chartered Secretaries and Administrators. Mr. Tam has previously held a number of senior positions in several listed companies. Mr. Tam is also an executive director of CCT Telecom and CCT Tech International Limited. Mr. Tam is also a director of certain subsidiaries of CCT Telecom, CCT Tech International Limited and the Company.

Ms. CHENG Yuk Ching, Flora, aged 54, has served as an executive Director since April 2006. Ms. Cheng has over 28 years of experience in the electronics industry. She also has substantial experience in the telecom services and internet businesses. She has held senior positions in various well-known electronics companies. She holds a Diploma in Business Administration. Ms. Cheng is also an executive director of CCT Telecom and CCT Tech International Limited. Ms. Cheng is also a director of certain subsidiaries of CCT Telecom, CCT Tech International Limited and the Company.

Dr. William Donald PUTT, aged 70, has served as an executive Director since April 2006. Dr. Putt obtained his PhD in Management from the Massachusetts Institute of Technology in US. Dr. Putt has over 35 years of experience in the telecom industry, and was the president and co-founder of TeleConcepts Corporation, which specialised in the design, production and distribution of telecom products. Dr. Putt also serves on the boards of several foundations and non-profit organisations in US and is on the Visiting Committee for the Public Service Center at the Massachusetts Institute of Technology. Dr. Putt is also an executive director of CCT Telecom and CCT Tech International Limited.

Independent Non-executive Directors

Mr. LAM Kin Kau, Mark, aged 53, has served as an independent non-executive Director since April 2006 and is a member of both the audit committee and the remuneration committee of the Company. He is a fellow of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants, The Institute of Chartered Accountants in England and Wales and The Institute of Chartered Secretaries and Administrators. He has been a practising accountant for over 23 years and is a director of various private companies. Mr. Lam is also an independent non-executive director of

BIG Media Group Limited, a company listed on the GEM. Mr. Lam was an independent non-executive director of Haier Electronics Group Co., Ltd., a company listed on the main board of the Stock Exchange until his resignation on 21 June 2007.

Mr. FUNG Hoi Wing, Henry, aged 52, has served as an independent non-executive Director since April 2006 and is a member of both the audit committee and the remuneration committee of the Company. He is a Notary Public and Solicitor of Messrs. Fung, Wong, Ng & Lam, Solicitors and Notaries of Hong Kong. He graduated from the University of Hong Kong in 1976 with a Bachelor's degree in Social Sciences. He was admitted as a solicitor of the Supreme Court of Hong Kong in 1981. In addition, he is a China-Appointed Attesting Officer and also admitted in England and Wales, the Australian Capital Territory and Singapore. Mr. Fung was also an independent non-executive director of Haier Electronics Group Co., Ltd., a company listed on the main board of the Stock Exchange until his resignation on 21 June 2007.

Mr. LAU Ho Wai, Lucas, aged 46, has served as an independent non-executive Director since April 2006 and is a member of both the audit committee and the remuneration committee of the Company. He is a fellow of the Royal Institution of Chartered Surveyors and a member of the Hong Kong Institute of Surveyors. He is also a Registered Professional Surveyor and a practising chartered surveyor in Hong Kong. He has a Bachelor's degree in Land Economy, a Master's degree in Urban Design, a Bachelor's degree in Laws and a Master's degree in Laws (International Business Law) and has over 17 years of professional experience in the real estate field. Mr. Lau was also an independent non-executive director of Haier Electronics Group Co., Ltd., a company listed on the main board of the Stock Exchange until his resignation on 28 July 2006.

Senior Management

Mr. YIP Kwok Cheung, Danny, aged 44, has served as the managing director of Tradeeasy since April 2006. Mr. Yip is responsible for the Group's management, and directing overall business and development strategies. Prior to joining the Group, Mr. Yip had over 13 years of experience in starting and developing several service-oriented businesses in Hong Kong and Australia. He is a graduate from Australian National University majoring in Economics and Accountancy. Mr. Yip joined the Group in November 1996.

Mr. WONG Kai Yin, Paul, aged 45, is the director of both buyer services team and exfactoryprice team and is one of the founders of Tradeeasy. Mr. Wong is responsible for the Group's buyer services and business-to-business transaction model in Hong Kong and the PRC. He graduated from the University of Hong Kong and majored in Psychology and Philosophy. He worked for an international advertising agency and has completed an advanced advertising course organised by the Accredited Association of Advertising Agencies.

Mr. TO Man Yau, Alex, aged 45, is the president of PRC operation and one of the founders of Tradeeasy. Mr. To is responsible for the Group's business development in the PRC. He worked in an international advertising agency as an account manager for over 5 years.

Mr. CHAN Ka Fai, aged 45, 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. CHAN Fai Kwong, aged 37, is the chief financial officer, the qualified accountant and the company secretary of Tradeeasy. He has over 13 years of experience in financial management, auditing and taxation. He started his professional career with a major international accounting firm in 1994. Prior to joining Tradeeasy, Mr. Chan worked in hotels for over 4 years. Mr. Chan holds a Bachelor Degree of Arts in Accountancy from the Hong Kong Polytechnic University. He is a fellow of the Association of Chartered Certified Accountants. Mr. Chan joined Tradeeasy in June 2007.

4. AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the GEM Listing Rules. The duties of the audit committee are to review the Company's annual, half-yearly and quarterly financial reports and to provide advice and comments thereon to the Board. The audit committee comprises the three independent non-executive Directors, namely, Mr. Lam Kin Kau, Mark, Mr. Fung Hoi Wing, Henry and Mr. Lau Ho Wai, Lucas. The biographies of the members of the audit committee of the Company are set out in the section headed "Directors and Senior Management" above.

5. DISCLOSURE OF INTERESTS

(a) Directors' interests and short positions in the shares and the underlying the shares of share options and/or the convertible bonds of the Company and its associated corporations

As at the Latest Practicable Date, the Directors and the chief executive of the Company and/or any of their respective associates had the following interests and short positions in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein or were required, pursuant to Part XV of the SFO or pursuant to Rule 5.46 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange:

(1) Interests and short positions in the Shares and underlying Shares of the Share Options as at the Latest Practicable Date

(i) Long positions in the Shares:

Name of the Director	Number of the Shares held	Approximate percentage of the total issued share capital
Mak Shiu Tong, Clement	19,344,000	1.59
Tam Ngai Hung, Terry	7,500,000	0.62
Fung Hoi Wing, Henry	550,000	0.05
Lau Ho Wai, Lucas	950,000	0.08

(ii) Long positions in the underlying Shares of the Share Options:

Name of the Director	Date of grant of the Share Options	Exercise period of the Share Options	Exercise price per Share *HK$*	Number of the Share Options outstanding	Number of the total underlying Shares	Approximate percentage of the total issued share capital *(%)*
Mak Shiu Tong, Clement	14 Aug 2006	14 Aug 2006 - 13 Aug 2011	0.038	22,500,000	22,500,000	1.85
Tam Ngai Hung, Terry	14 Aug 2006	14 Aug 2006 - 13 Aug 2011	0.038	18,000,000	18,000,000	1.48
Cheng Yuk Ching, Flora	14 Aug 2006	14 Aug 2006 - 13 Aug 2011	0.038	5,000,000	5,000,000	0.41
William Donald Putt	14 Aug 2006	14 Aug 2006 - 13 Aug 2011	0.038	5,000,000	5,000,000	0.41
				50,500,000	50,500,000	4.15

(2) Interests and short positions in the shares and the underlying shares of the convertible bonds of an associated corporation — CCT Telecom as at the Latest Practicable Date

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

Name of the Director	Number of the shares beneficially held and nature of interest				Approximate percentage of the total issued share capital
	Personal	Family	Corporate	Total	(%)
Mak Shiu Tong, Clement	715,652	—	238,283,758	238,999,410	29.98
Tam Ngai Hung, Terry	500,000	—	—	500,000	0.06
Cheng Yuk Ching, Flora *(Note)*	14,076,713	160,000	—	14,236,713	1.79
William Donald Putt	591,500	—	—	591,500	0.07

Note: Included in the shareholdings in which Ms. Cheng Yuk Ching, Flora was interested, 160,000 shares of CCT Telecom were held by the spouse of Ms. Cheng Yuk Ching, Flora, who is deemed to be interested in such shares under the provisions of Part XV of the SFO or Rule 5.46 of the GEM Listing Rules.

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

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

Notes:

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

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

(3) ***Interests and short positions in the shares and the underlying shares of an associated corporation — CCT Tech International Limited, which is a fellow subsidiary of the Company, as at the Latest Practicable Date***

Long positions in the shares of CCT Tech International Limited:

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

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company and/or any of their respective associates had any interest and short position in the shares, the underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or Rule 5.46 of the GEM Listing Rules.

(b) Particulars of the Directors' other interests

As at the Latest Practicable Date, none of the Directors had entered or was proposing to enter into a service contract with the Company or any other member of the Enlarged Group (excluding contracts expiring or determinable by the Company or any member of the Enlarged Group within one year without payment of compensation, other than statutory compensation).

(c) Save as disclosed above, as at the Latest Practicable Date

(i) none of the Directors and the chief executive of the Company and/or any of their respective associates had any interest and short position in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein or were required, pursuant to Part XV of the SFO or Rule 5.46 of the GEM Listing Rules;

(ii) none of the Directors had any direct or indirect interest in any assets which had been, since 31 March 2007, being the date of the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to any member of the Enlarged Group, or were proposed to be acquired or disposed of by or leased to any member of the Enlarged Group; and

(iii) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Enlarged Group which contract or arrangement was subsisting and which was significant in relation to the business of the Enlarged Group taken as a whole.

Directors' Rights to Acquire Shares or Debentures

Save as disclosed under the heading "Disclosure of Interests" 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 under 18 years of age, 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.

6. SUBSTANTIAL SHAREHOLDERS' INTERESTS

At as the Latest Practicable Date, the following persons had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Enlarged Group:

(a) Interests and short position in the Shares and the underlying Shares as at the Latest Practicable Date

Long positions in the Shares:

Name of the Shareholder	Capacity and nature of interest	Number of the Shares held	Approximate percentage of the Company's total issued share capital *(%)*
Manistar *(Note)*	Directly beneficially owned	643,364,070	52.96
CCT Telecom *(Note)*	Through a controlled corporation	643,364,070	52.96

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

(b) Interests in the shares of other members of the Enlarged Group as at the Latest Practicable Date

Name of company	Name of shareholder	Percentage of shareholding controlled *(%)*
PTMTT	PT Amite Nimio *(Note)*	35
PTMTT	Sontang Alboin Manurung *(Note)*	35
PTMTT	Ray Gutafson Manurung *(Note)*	35

Note: PT Amite Nimio is owned as to 50% by Mr. Sontang Alboin Manurung and 50% by Mr. Ray Gutafson Manurung. The interest of the two Mr. Manurung in PTMTT were indirectly held through their shareholdings in PT Amite Nimio.

Save as disclosed above, so far as was known to the Directors, as at the Latest Practicable Date, there was no other persons who had an interest or short position in the shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Enlarged Group.

7. LITIGATION

As at the Latest Practicable Date, neither the Company nor any member of the Enlarged Group was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against the Company or any member of the Enlarged Group.

8. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and management shareholders and their respective associates was considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Enlarged Group.

9. QUALIFICATIONS AND CONSENTS OF EXPERTS

(i) The following are the qualifications of the experts who have given opinions and advice which are contained in this circular:

Name	Qualification
Ernst & Young	Certified Public Accountants
First Shanghai	A corporation licensed under the SFO permitted to engage in type 6 (advising on corporate finance) of the regulated activities as defined in the SFO
Pöyry	Forest Consultant
Yip Leung & So Limited	Certified Public Accountants

(ii) None of Ernst & Young, First Shanghai, Pöyry and Yip Leung & So Limited has any shareholding, directly or indirectly, in the Company or any member of the Enlarged Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company or any member of the Enlarged Group.

(iii) Each of Ernst & Young, First Shanghai, Pöyry and Yip Leung & So Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and/or reference to its name in the form and context in which it appear; and

(iv) None of Ernst & Young, First Shanghai, Pöyry and Yip Leung & So Limited has any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Enlarged Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Enlarged Group since 31 March 2007, the date to which the latest published audited consolidated financial statements of the Group was made up.

10. MATERIAL ADVERSE CHANGE

The Directors have confirmed that there has been no material adverse change in the financial or trading position or prospects of the Group since 31 March 2007, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to the Latest Practicable Date.

The Transactions will not have any adverse effect on the operation, liquidity and financial resources, and capital structure of the Enlarged Group.

11. MATERIAL CONTRACTS

The following are the contracts (not being contracts in the ordinary course of business) entered into by the Enlarged Group during the two-year period prior to the Latest Practicable Date:

(i) the placing and subscription agreement dated 13 November 2007 entered into between the vendors (including Manistar and three employees of a subsidiary of the Company), CCT Telecom, the Company and the placing agent (OSK Asia Securities Limited) for top-up placing of an aggregate of 150,000,000 existing Shares and subscription of 150,000,000 new Shares;

(ii) the Agreement (including the Initial S&P Agreement dated 4 October 2007, the Supplemental Agreement dated 17 October 2007, the Second Supplemental Agreement dated 28 February 2008 and the Third Supplemental Agreement dated 20 March 2008);

(iii) the Manistar Subscription Agreement (including the Manistar Initial Subscription Agreement dated 4 October 2007, the Manistar Supplemental Agreement dated 17 October 2007, the Manistar Second Supplemental Agreement dated 28 February 2008 and the Manistar Third Supplemental Agreement dated 20 March 2008); and

(iv) the subscription agreement dated 7 March 2006 entered into between the Company and CCT Telecom, pursuant to which the Company conditionally agreed to allot and issue to CCT Telecom (or its nominee(s)) a total of 550,000,000 new Shares at the subscription price of HK$0.04 per Share.

12. MISCELLANEOUS

(a) The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, British West Indies and the head office and the principal place of business of the Company in Hong Kong is located at 20-21/F., Pan Asia Centre, No. 137 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong.

(b) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

(c) The compliance officer of the Company appointed under Rule 5.14 of the GEM Listing Rules is Mr. Tam Ngai Hung, Terry, an executive Director.

(d) Mr. Chan Fai Kwong is the company secretary and qualified accountant of the Company. Mr. Chan is a fellow of the Association of Chartered Certified Accountants.

(e) In the event of inconsistency, the English language text of this circular shall prevail over the Chinese language text.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents of the Enlarged Group are available for inspection at the head office and the principal place of business of the Company in Hong Kong at 20-21/F., Pan Asia Centre, No. 137 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong during normal business hours on any Business Day from the date of this circular up to and including the date of the EGM:

(a) the memorandum and articles of association of the Company;

(b) the memorandum and articles of association of MTG;

(c) the letter from the Board, the text of which is set out on pages 9 to 41 of this circular;

(d) the letter from the Independent Board Committee, the text of which is set out on page 42 of this circular;

(e) the letter of advice from First Shanghai, the text of which is set out on pages 43 to 55 of this circular;

(f) the accountants' report of the MTG Group, the text of which is set out in Appendix II of this circular;

(g) the unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix III of this circular;

(h) the valuation report from Pöyry, the text of which is set out in Appendix IV of this circular;

(i) the letters of consent from First Shanghai, Ernst & Young, Pöyry and Yip Leung & So Limited referred to in the section headed "Qualifications and consents of experts" in this appendix;

(j) the annual reports of the Company for the two financial years ended 31 March 2006 and 2007;

(k) the interim reports of the Company for the six months ended 30 September 2006 and 2007;

(l) the material contracts referred to in the section headed "Material Contracts" in this appendix; and

(m) this circular.

易貿通

TRADEEASY HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 08163)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of the shareholders of Tradeeasy Holdings Limited (the "**Company**") will be held at 2208, 22/F., St. George's Building, 2 Ice House Street, Central, Hong Kong, on Wednesday, 18 June 2008 at 10:00 a.m. for the purpose of considering and, if thought fit, passing, with or without modification, the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

(1) "**THAT** subject to and conditional upon the shareholders of CCT Telecom Holdings Limited ("**CCT Telecom**") (the ultimate holding company of the Company) granting the approval at the special general meeting of CCT Telecom, the agreement dated 4 October 2007 (the "**Initial S&P Agreement**") entered into amongst the Company, Merdeka Commodities Limited ("**MCL**") and Merdeka Timber Group Ltd. ("**MTG**") as amended and revised by (i) the supplemental agreement entered on 17 October 2007 (the "**Supplemental Agreement**"), (ii) the second supplemental agreement entered on 28 February 2008 (the "**Second Supplemental Agreement**"), and (iii) the third supplemental agreement entered on 20 March 2008 (the "**Third Supplemental Agreement**") (the Initial S&P Agreement, the Supplemental Agreement, the Second Supplemental Agreement and the Third Supplemental Agreement hereinafter collectively referred to as the "**Entire S&P Agreement**", a copy of which is tabled at the meeting and marked "**A**" and initialled by the chairman of the meeting (the "**Chairman**") for identification purposes) in relation to the acquisition by the Company of the ordinary shares of US$1.00 each in the share capital of MTG (the "**MTG Shares**") from MCL (the "**Acquisition**") and the subscription of the new MTG Shares by the Company (the "**Subscription**"), the entering by the Company of the Entire S&P Agreement and all transactions contemplated thereunder, including the Acquisition and the Subscription, information relating to which is set out in the circular of the Company dated 30 May 2008 (the "**Circular**"), a copy of which is tabled at the meeting and marked "**B**" and initialled by the Chairman for identification purposes, be and are hereby approved, ratified and confirmed."

(2) "**THAT** the issue of the convertible bonds in the aggregate principal amount of HK$776,880,000 by the Company to MCL and/or its designated nominee(s) (the "**MCL Convertible Bonds**") upon completion of the Entire S&P Agreement, be and is hereby approved."

(3) "**THAT** the directors of the Company (the "**Directors**") be and are hereby authorised to allot and issue such number of new shares of the Company (the "**Conversion Shares**") as may be required to be allotted and issued at the Conversion Price (as defined in the Circular) upon the exercise of the conversion rights under the MCL Convertible Bonds subject to the conversion restrictions and the conversion lock-up provisions as set out in the principal terms of the MCL Convertible Bonds, save that the mandate given under this resolution is in addition to, and shall not prejudice nor revoke the existing general mandate granted to the Directors by the shareholders of the Company in the annual general meeting of the Company held on 25 July 2007 or such other general or specific mandate(s) which may from time to time be granted to the Directors prior to or after the passing of this resolution."

(4) "**THAT** the subscription agreement entered on 4 October 2007 (the "**Manistar Initial Subscription Agreement**") between the Company and Manistar Enterprises Limited ("**Manistar**"), a wholly-owned subsidiary of CCT Telecom, as amended and revised by (i) the supplemental subscription agreement entered on 17 October 2007 (the "**Manistar Supplemental Agreement**"), (ii) the second supplemental subscription agreement entered on 28 February 2008 (the "**Manistar Second Supplemental Agreement**"), and (iii) the third supplemental subscription agreement entered on 20 March 2008 (the "**Manistar Third Supplemental Agreement**") (the Manistar Initial Subscription Agreement, the Manistar Second Supplemental Agreement and the Manistar Third Supplemental Agreement hereinafter collectively referred to as the "**Entire Manistar Agreement**", a copy of which is tabled at the meeting and marked "**C**" and initialled by the Chairman for identification purposes) and all transactions contemplated thereunder, information relating to which is set out in the Circular, be and are hereby approved, ratified and confirmed."

(5) "**THAT** the issue of the convertible bonds in the aggregate principal amount of HK$138,840,000 by the Company to Manistar and/or its designated nominee(s) (the "**Manistar Convertible Bonds**") upon completion of the Entire Manistar Agreement, be and is hereby approved."

(6) "**THAT** the Directors be and are hereby authorised to allot and issue such number of Conversion Shares as may be required to be allotted and issued at the Conversion Price (as defined in the Circular) upon the exercise of the conversion rights under the Manistar Convertible Bonds subject to the conversion restriction as set out in the principal terms of the Manistar Convertible Bonds, save that the mandate given under this resolution is in addition to, and shall not prejudice nor revoke the existing general mandate granted to the Directors by the shareholders of the Company in the annual general meeting of the Company held on 25 July 2007 or such other general or specific mandate(s) which may from time to time be granted to the Directors prior to or after the passing of this resolution."

(7) "**THAT** any Director, or any two Directors if the affixation of the common seal is necessary, be and is/are hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/her/them to be incidental to, ancillary to or in connection with the matters contemplated in or relating to the Entire S&P Agreement, the Entire Manistar Agreement, the completion thereof and to effect the transactions contemplated thereunder, including the Acquisition, the Subscription and the Manistar Subscription, as he/she/they may consider necessary, desirable or expedient and to agree to such variation, amendments or waiver or matters relating thereto (including any variation, amendments or waiver of such documents which are not fundamentally different from those as provided under the Entire S&P Agreement and the Entire Manistar Agreement) as are, in the opinion of the Directors, in the interest of the Company and its shareholders as a whole."

By Order of the Board of
TRADEEASY HOLDINGS LIMITED
Tam Ngai Hung, Terry
Director

Hong Kong, 30 May 2008

Head Office and Principal Place of Business in Hong Kong:	*Registered Office:*
20-21/F., Pan Asia Centre	Cricket Square
No. 137 Wai Yip Street	Hutchins Drive
Kwun Tong	P.O. Box 2681
Kowloon	Grand Cayman KY1-1111
Hong Kong	Cayman Islands
	British West Indies

Notes:

1. *A form of proxy for use at the meeting is being despatched to the shareholders of the Company.*

2. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer, attorney or other person authorised to sign the same.*

3. *A shareholder of the Company entitled to attend and vote at the meeting convened by the above notice is entitled to appoint another person as his or her proxy to attend and vote in his or her stead. A proxy need not be a shareholder of the Company.*

4. *In order to be valid, the proxy form, together with a power of attorney or other authority (if any) under which it is signed, or a certified copy thereof, must be deposited at the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*

5. *Delivery of an instrument appointing a proxy shall not preclude a shareholder from attending and voting at the meeting and in any such event, the instrument appointing a proxy shall be deemed to be revoked.*

6. *Where there are joint holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share of the Company as if he or she were solely entitled thereto; but if more than one or such joint holders be present at the meeting, the most senior shall alone be entitled to vote, whether in person or by proxy. For this purpose, seniority shall be determined by the order in which the names stand on the register of members of the Company in respect of the joint holding.*