**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 forms 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
# （易貿通集團有限公司*）

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 08163)

# (1) VERY SUBSTANTIAL DISPOSAL

# AND

# (2) CHANGE OF COMPANY NAME

A letter from the Board is set out on pages 8 to 30 of this circular.

Notices convening the First EGM and the Second EGM to be held at 2208, 22/F., St. George's Building, 2 Ice House Street, Central, Hong Kong on Tuesday, 16 September 2008 at 10:00 a.m. and on Monday, 22 September 2008 at 10:00 a.m. respectively are set out on pages 160 to 164 of this circular. Forms of proxy for use by the Shareholders at the First EGM and the Second EGM are enclosed herein. Whether or not you intend to attend and vote at the First EGM and/or the Second EGM in person, you are requested to complete and return the accompanying forms 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 respective time appointed for holding the First EGM and the Second EGM. Such forms of proxy for use at the First EGM and the Second EGM are 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(s) of proxy will not preclude you from attending and voting at the First EGM and/or the Second 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.hk 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.

28 August 2008

* *For identification purpose only*

# CHARACTERISTICS OF GEM

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. 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 and no assurance is given that there will be a liquid market in the securities traded on GEM.**

# CONTENTS

*Page*

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

| | |
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| **"Acquisition Transactions"** | the acquisition and subscription in accordance with the terms of the Forest Agreement of the shares in MTG which together with its subsidiaries will be engaged in the Forest Projects; |
| **"Additional Acquisition Consideration"** | the consideration, as part of the Sale Consideration, payable by the Purchaser to the Company to cover the Relevant Claims and Compensation suffered by the Company; |
| **"associates"** | has the meaning ascribed to it under the GEM Listing Rules; |
| **"Basic Consideration"** | the sum of HK$12,000,000 payable by the Purchaser to the Company as part of the Sale Consideration; |
| **"Best Effort Action(s)"** | the actions to be procured by the Company on a best effort basis pursuant to the terms of the S&P Agreement, details of which have been set out in the sub-section headed "Best Effort Actions" under the section headed "The S&P Agreement" in the "Letter from the Board" of this circular; |
| **"Board"** | the board of Directors; |
| **"B2B Business"** | the on-line and off-line business to business currently carried out by the Group which includes the provision of on-line and off-line integrated marketing solutions and management automation services to small to medium-sized enterprises mainly located in Hong Kong and the PRC to generate and transform trade leads into transactions but excluding the Retained Business, Assets and Liabilities; |
| **"Business and Business Assets"** | the B2B Business, the Portal, the Trademarks and the Unexpired Sales Contracts, but excluding the Retained Business, Assets and Liabilities; |
| **"Business Day(s)"** | a day other than Saturday, Sunday or any day on which licensed banks in Hong Kong are authorised or obliged to close; |

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| **"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; |
| **"Change of Company Name"** | the proposed change of the Company's name from "Tradeeasy Holdings Limited" to "CCT Resources Holdings Limited" and upon the name change becoming effective, the Chinese name "中建資源集團有限公司" will be adopted to replace "易貿通集團有限公司" for identification purposes; |
| **"Company"** | 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 Sale Transactions in accordance with the S&P Agreement; |
| **"Completion Date"** | the tenth Business Day immediately following the date of fulfillment or waiver (if applicable) of the conditions precedent or such other date as the Company and the Purchaser shall agree in writing; |
| **"connected person(s)"** | has the meaning ascribed to it under the GEM Listing Rules; |
| **"Customers' List"** | the list of customers of the B2B Business which will include the name, the address, the telephone number and the email address of the contact persons of the customers; |
| **"Deferred Service Fees Received"** | the aggregate of the portion of the service fees paid or pre-paid by customers of the B2B Business apportioned on a time basis to the remaining term of each of the Unexpired Sales Contracts successfully transferred to the Purchaser at Completion from the Completion Date to the date of expiry of each of those Unexpired Sales Contracts; |
| **"Director(s)"** | the director(s) of the Company from time to time; |
| **"Employment Ordinance"** | the Employment Ordinance (Chapter 57 of the Laws of Hong Kong) which governs conditions of employment in Hong Kong; |

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| **"Enlarged Group"** | the Group as enlarged by the Acquisition Transactions in accordance with the Forest Agreement and the Manistar Subscription in accordance with the Manistar Subscription Agreement; |
| **"First 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 S&P Agreement, the Sale Transactions and all other transactions (if any) contemplated under the S&P Agreement; |
| **"Fixed Assets"** | the leasehold improvements, the furniture and fixtures and the computer and office equipment of the Group which have been used by the Group for the B2B Business; |
| **"Forest Agreement"** | the initial agreement dated 4 October 2007 as amended and revised by the supplemental agreement dated 17 October 2007, the second supplemental agreement dated 28 February 2008 and the third supplemental agreement dated 20 March 2008, entered into amongst the Company, MCL and MTG in connection with the acquisition by the Company of the entire issued shares representing 10,000 shares in MTG and the subscription by the Company of 2,000 new shares in MTG; |
| **"Forest Projects"** | the upstream and downstream forestry business to be carried out by the MTG Group in Papua, Indonesia in accordance with the Forest Agreement; |
| **"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; |
| **"Latest Practicable Date"** | 26 August 2008, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein; |

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| **"Long Stop Date"** | 30 September 2008, or such other date as the parties to the S&P Agreement 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 aggregate principal amount of HK$138,840,000 issued by the Company to Manistar under the terms of the Manistar Subscription Agreement; |
| **"Manistar Subscription"** | the subscription of the Manistar Convertible Bonds by Manistar and the issue of the Manistar Convertible Bonds by the Company to Manistar in accordance with the Manistar Subscription Agreement; |
| **"Manistar Subscription Agreement"** | the initial subscription agreement dated 4 October 2007 as amended and revised by the supplemental subscription agreement dated 17 October 2007, the second supplemental subscription agreement dated 28 February 2008 and the third supplemental subscription agreement dated 20 March 2008, entered into between the Company and Manistar in relation to the subscription of the Manistar Convertible Bonds by Manistar; |
| **"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 issued by the Company to MCL under the terms of the Forest Agreement; |
| **"MCL Loan"** | the loan in the amount of US$1,000,000 lent by the Company to MCL pursuant to the terms of the Forest Agreement; |
| **"MTG"** | Merdeka Timber Group Ltd., a company incorporated in the British Virgin Islands with limited liability, the shareholding of which has been acquired by the Company pursuant to the Forest Agreement and its entired issued share capital was held by the Company as at the Latest Practicable Date; |
| **"MTG Group"** | MTG and its subsidiaries from time to time; |

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| **"MTG Loan"** | the loan in the amount of US$4,500,000 lent by the Company to MTG pursuant to the terms of the Forest Agreement; |
| **"Portal"** | the Company's portal for the B2B Business which includes the domain name www.tradeeasy.com and other related domain names; |
| **"PRC"** | the People's Republic of China; |
| **"Premises"** | the premises located in Hong Kong and the PRC which have been leased by the Group under the terms of the Unexpired Tenancy Agreements for use as offices and storage of the B2B Business; |
| **"Prepayment"** | the sum of HK$4,000,000 paid in cash by the Purchaser to the Company by means of telegraphic transfer on the date of signing of the S&P Agreement as prepayment by the Purchaser for the Basic Consideration in accordance with the terms of the S&P Agreement; |
| **"Purchaser"** | Global Market Group (Asia) Limited, a company incorporated in Hong Kong; |
| **"Relevant Chinese Employees"** | the employees employed by the Group in the Mainland of the PRC for the B2B Business as at the date of signing of the S&P Agreement, whom the Purchaser has undertaken to employ under new employment contracts at least 71% of the total number of such employees in accordance with the terms of the S&P Agreement; |
| **"Relevant Claims and Compensation"** | has the meaning as referred to in the sub-section headed "Best Effort Actions" under the section headed "The S&P Agreement" in the "Letter from the Board" of this circular; |
| **"Relevant Hong Kong Employees"** | the employees employed by the Group in Hong Kong for the B2B Business as at the date of signing of the S&P Agreement, whom the Purchaser has undertaken to employ under new employment contracts at least 71% of the total number of such employees in accordance with the terms of the S&P Agreement; |
| **"Remaining Group"** | the Group immediately after Completion and excluding the Sale Transactions; |

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| **"Retained Business, Assets and Liabilities"** | other than those covered by the Sale Transactions, all those remaining business, assets and liabilities of the Group and the rights and obligations of the contracts entered into by the Group which will be retained by the Group and will not be sold or transferred to the Purchaser under the S&P Agreement; |
| **"Sale Consideration"** | the consideration for the Sale Transactions pursuant to the terms of the S&P Agreement, the calculation of which has been set out under the sub-section headed "The Sale Consideration and the Prepayment" under the section headed "The S&P Agreement" in the "Letter from the Board" of this circular; |
| **"Sale Transactions"** | the sale and transfer of the Business and Business Assets and the transfer of the Fixed Assets by way of gift by the Group to the Purchaser and the procurement of the Best Effort Actions by the Company in accordance with the terms of the S&P Agreement; |
| **"Second 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 Change of Company Name; |
| **"SFO"** | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong); |
| **"Share(s)"** | the ordinary share(s) of HK$0.01 each in the share capital of the Company; |
| **"Shareholder(s)"** | the holder(s) of the Share(s); |
| **"S&P Agreement"** | the agreement dated 8 August 2008 entered into between the Company and the Purchaser in relation to the sale and transfer by the Group and the purchase by the Purchaser of the Business and Business Assets, the gift of the Fixed Assets, and the procurement of the Best Effort Actions by the Company; |
| **"Source Easy"** | Source Easy Limited, a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company; |
| **"Stock Exchange"** | The Stock Exchange of Hong Kong Limited; |

**"Trademarks"** the trademarks which have been used by the Group for the B2B Business including TRADEeasy 易貿通 and TRADEeasy and which have been registered by the Group or in the process of registration in Hong Kong and the PRC;

**"Trading Business"** the on-line and off-line trading business presently engaged by Source Easy under the trade name, "ex FACTORY PRICE";

**"Unexpired Sales Contracts"** the outstanding sales contracts between the Group and its agents and the customers of the B2B Business at the Completion Date;

**"Unexpired Service Contracts Consideration"** the aggregate of the portion of the service fee income apportioned on a time basis to the remaining term of each of the Unexpired Sales Contracts successfully transferred to the Purchaser at Completion from the Completion Date to the date of expiry of each of those Unexpired Sales Contracts;

**"Unexpired Tenancy Agreements"** the outstanding tenancy agreements entered into by the Group as tenants in relation to the lease of the Premises for use as offices or storage of the B2B Business;

**"US$"** United States dollar(s), the lawful currency of the United States; and

**"%"** per cent.

# TRADEEASY HOLDINGS LIMITED
# (易貿通集團有限公司*)

*(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

28 August 2008

*To the Shareholders*

Dear Sir or Madam,

## (1) VERY SUBSTANTIAL DISPOSAL

## AND

## (2) CHANGE OF COMPANY NAME

### INTRODUCTION

On 8 August 2008, the Board announced that the Company entered into the conditional S&P Agreement with the Purchaser for the sale and transfer of the Business and Business Assets by the Company to the Purchaser under the terms of the S&P Agreement. The Sale Consideration payable by the Purchaser to the Company shall be equal to the Basic Consideration of HK$12,000,000, plus the Unexpired Service Contracts Consideration (net of the Deferred Service Fees Received) and the Additional Acquisition Consideration.

* *For identification purpose only*

As certain relevant percentage ratios for the Sale Transactions exceed 75%, the transactions contemplated under the S&P Agreement constitute a very substantial disposal of the Company under Chapter 19 of the GEM Listing Rules, which will be subject to the approval by the Shareholders at the First EGM. No Shareholders is required to abstain from voting in respect of the proposed resolution to approve the Sale Transactions at the First EGM.

The Board also proposes to change the name of the Company from "Tradeeasy Holdings Limited" to "CCT Resources Holdings Limited" and upon the name change becoming effective, the Chinese name of "中建資源集團有限公司" will be adopted to replace "易貿通集團有限公司" for identification purposes.

The purpose of this circular is to provide, among other things, (i) further details of the S&P Agreement and the Sale Transactions; (ii) financial information of the Group (including an accountants' report on the Group, an accountants' report of the MTG Group and unaudited pro forma consolidated income statement, consolidated balance sheet and consolidated cash flow statement of the Remaining Group); (iii) information in relation to the Change of Company Name; (iv) a notice convening the First EGM to approve the S&P Agreement and the Sale Transactions; and (v) a notice convening the Second EGM to approve the Change of Company Name.

## (1) VERY SUBSTANTIAL DISPOSAL

### THE S&P AGREEMENT

The S&P Agreement dated 8 August 2008 was entered into between the following parties:

**Parties**

Purchaser: Global Market Group (Asia) Limited

Vendor: the Company

To the best of the Directors' knowledge, information and belief and after making all reasonable enquiries, the Purchaser and its ultimate beneficial owner are third parties independent of the Company and its connected persons. The Purchaser is a company incorporated in Hong Kong with limited liability.

**Subject matter of the Sale Transactions**

Pursuant to the terms of the S&P Agreement, the Company shall sell and transfer or procure the other members of the Group to sell and transfer the following Business and Business Assets to the Purchaser at Completion:

1. the B2B Business;

2. the Portal;

3. the Trademarks; and

4. the Unexpired Sales Contracts (as set out under the sub-section headed "Best Effort Actions" in this section).

Subject to the Completion of the S&P Agreement, the Company (as the legal and beneficial owner of the Fixed Assets) undertakes to transfer all the Fixed Assets to the Purchaser by way of gift at zero consideration. Provided that, if for any reasons, the Purchaser cannot execute a new tenancy agreement with the respective landlord of any of the Premises, the immovable decoration, equipment, fixtures and furniture installed in such Premises will not be transferred to the Purchaser. All the rights and obligations of the Company (including the Sale Consideration) under the S&P Agreement will not be affected as a result of such event.

**Information of the Business and Business Assets and the Fixed Assets**

Below sets out the unaudited financial information of the Business and Business Assets and the Fixed Assets for the two financial years ended 31 March 2007 and 2008:

| | **For the year ended 31 March 2007** | **For the year ended 31 March 2008** |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| Revenue | 42,709 | 38,600 |
| Net loss before taxation | (6,664) | (8,652) |
| Net loss after taxation | (6,664) | (8,652) |
| Total assets | 3,721 | 3,367 |
| Net assets | 3,721 | 3,367 |

**Financial information of the B2B Business**

Below sets out the financial information of the B2B Business, including the Business and Business Assets and all other assets and liabilities not taken up by the Purchaser (mainly representing deferred development expenditure, interests in associates, trade receivables, prepayments, deposits and other receivables, deferred service fees received in advance, amount due to fellow subsidiaries and other payables and accruals) under the S&P Agreement for the two financial years ended 31 March 2007 and 2008 (as extracted from note (c) of section III in the accountants' report of the Group set out in Appendix I to this circular):

| | **For the year ended 31 March 2007** | **For the year ended 31 March 2008** |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| Revenue | 42,709 | 38,600 |
| Net loss before taxation | (6,664) | (8,652) |
| Net loss after taxation | (6,664) | (8,652) |
| Total assets | 16,340 | 14,324 |
| Net liabilities | (11,369) | (19,521) |

The difference between the total assets and net assets/(liabilities) of the B2B Business and those of the Business and Business Assets represents the assets and liabilities not taken up by the Purchaser and will be retained by the Group.

**Best Effort Actions**

The Company shall and shall procure the other members of the Group to take the following actions on a best effort basis (the "Best Effort Action(s)") on or before the Completion Date:

1. to sign as tenant a surrender agreement (but not yet signed by the relevant landlords) in order to surrender each of the Unexpired Tenancy Agreements with the respective landlord of each of the Premises and to persuade the landlord of each of the Premises to execute a new tenancy agreement in respect of each of the Premises with the Purchaser or its designated person(s) on terms to be negotiated directly between the Purchaser and the landlords;

2. to sign as existing employers termination agreements (but not yet accepted and signed by the Relevant Chinese Employees) in order to terminate the employment of the Relevant Chinese Employees with the Group and to persuade the Relevant Chinese Employees to accept offer of new employment with the Purchaser on terms no less favourable than their then existing terms of employment with the Group;

3. to serve at least one month prior written notice to the Relevant Hong Kong Employees in order to terminate their employment with the relevant members of the Group after the Completion Date subject to the condition that the Sale Transactions are completed according to the S&P Agreement and to sign as existing employers the termination agreements (but not yet accepted and signed by the Relevant Hong Kong Employees) in order to terminate the employment of the Relevant Hong Kong Employees with the Group after the Completion Date and to persuade the Relevant Hong Kong Employees to accept offer of new employment with the Purchaser on terms no less favourable than their then existing terms of employment with the Group; and

4. to transfer the Unexpired Sales Contracts as set out in the sub-section headed "Completion of the Sale Transactions" in this section.

On the basis that the Company has procured on a best effort basis the above Best Effort Actions, the Purchaser cannot refuse or avoid to complete the Sale Transactions in the event that any of the Best Effort Actions is not fulfilled or completed to the Purchaser's satisfaction.

The Purchaser undertakes to make written offer of new employment to the Relevant Chinese Employees and the Relevant Hong Kong Employees on terms no less favourable than their then existing employment terms (excluding the share options granted by the Company to the Relevant Chinese Employees and the Relevant Hong Kong Employees) at least seven Business Days before the expected date of termination of employment of such employees by the relevant members of the Group but the new employment will be subject to the condition that the Sale Transactions can be completed. The Purchaser further undertakes the new employment offered by it or its designated company(ies) will recognise and be responsible for the obligations in respect of the length of services and the accrued entitlement of paid leave of the relevant employees with the relevant members of the Group in accordance with the relevant employment laws and regulations.

Subject to the Completion of the S&P Agreement, the Purchaser undertakes to fully indemnify and keep indemnified the Group against any loss, claims, compensation, payments or liability suffered by the Group as a result of or in connection with the Best Effort Actions on the following basis:

(a) With regard to the Best Effort Action as set out in paragraph 1. above, the Purchaser will fully indemnify the Group against any claims, compensation, payments or liability if (i) the landlords have agreed to early terminate the Unexpired Tenancy Agreements with the relevant members of the Group and have agreed to execute tenancy agreements with the Purchaser on same principal terms as the Unexpired Tenancy Agreements, the Purchaser refuses to execute such new tenancy agreements with the relevant landlords; or (ii) upon the surrender of the relevant Unexpired Tenancy Agreements by the relevant members of the Group in respect of those Premises located in Qingdao, Shenzhen, Xiamen and Dongguan pursuant to the S&P Agreement, the relevant landlords of such Premises refuse to execute new tenancy agreements with the Purchaser on same principal terms as the relevant existing Unexpired Tenancy Agreements.

(b) With regard to the Best Effort Action as set out in paragraph 2. above, the Purchaser is required to fully indemnify the Group against any claims, compensation, payments or liability that the Group will be liable to the Relevant Chinese Employees under the relevant labour regulations and the Labour Law of the PRC.

(c) With regard to the Best Effort Action as set out in paragraph 3. above, the Purchaser is only required to indemnify the Group against any claims, compensation, payments or liability if (i) the Purchaser does not give written offer of new employment to the Relevant Hong Kong Employees at least seven Business Days before the date of termination of employment by the relevant members of the Group with the Relevant Hong Kong Employees; or (ii) the Purchaser does not present new employment contracts to the Relevant Hong Kong Employees in accordance with paragraph 3. of the sub-section headed "Post-completion obligations" in this section; or (iii) the offer of new employment by the Purchaser to the Relevant Hong Kong Employees is on terms less favourable than their then existing terms of employment with the Group (excluding any share options granted by the Company to the Relevant Hong Kong Employees) or does not recognise or not responsible for their historical length of services or accrued paid leave entitlement with relevant members of the Group; or (iv) the offer of new employment by the Purchaser to the Relevant Hong Kong Employees will change to a location other than the Kwun Tong district in Hong Kong. The indemnity of the Purchaser in such event is limited to the amount of claims, compensation, payments or liability that may be liable by the Group to the Relevant Hong Kong Employees under the Employment Ordinance.

(d) If the Completion takes place before the expiry of the one-month notice of termination of employment given by the relevant members of the Group to the Relevant Hong Kong Employees, the Purchaser will indemnify the Company for any pay in lieu of notice paid or payable to the Relevant Hong Kong Employees for the period from the Completion Date to the expiry date of the notice of termination of employment irrespective whether or not the Relevant Hong Kong Employees agree to sign new employment contracts with the Purchaser.

(e) With regard to the Best Effort Action as set out in paragraph 4. above, no claims or compensation is expected and therefore the Purchaser is not required to indemnify the Group as a result of and in connection with the transfer of the Unexpired Sales Contracts to the Purchaser.

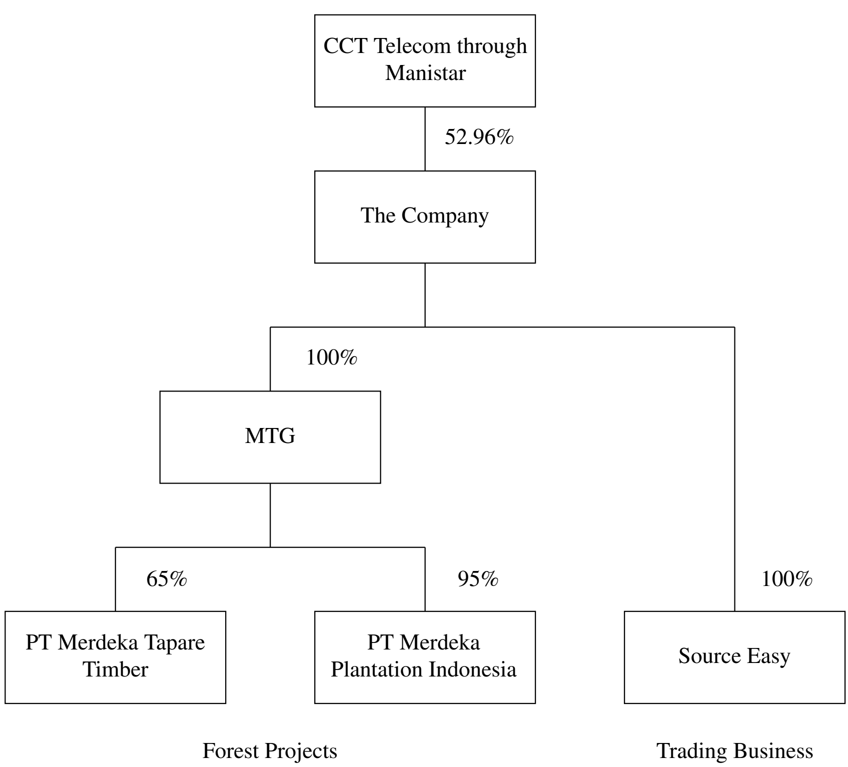
The loss, claims, compensation, payments or liability suffered by the Group as a result of the Best Effort Actions as set out in paragraphs (a), (b), (c) and (d) above are collectively referred to herein as the "Relevant Claims and Compensation". The Purchaser will pay the Additional Acquisition Consideration to the Company to cover all the Relevant Claims and Compensation by money transfer in HK$ to the bank account designated in writing by the Company within three Business Days immediately after the Company has produced to the Purchaser the relevant documentary evidence in relation to the Relevant Claims and Compensation suffered by the Group.

**Retained Business, Assets and Liabilities**

The S&P Agreement shall exclude any sale or transfer of the Retained Business, Assets and Liabilities of the Group and any Shares to the Purchaser.

After Completion of the Sale Transactions, the Group shall continue to be engaged in the Trading Business through Source Easy. As the Acquisition Transactions were completed on 12 August 2008, the Group will therefore further expand its business to the Forest Projects which will have substantial level of operations.

After Completion and taking into account of the completion of the Forest Agreement and the Manistar Subscription Agreement, the structure of the Group will be as follows:



Based on the Group's annual report for the year ended 31 March 2008 (the "Annual Report"), the cash position of the Group after the MTG Loan and the MCL Loan (which have been lent by the Company after 31 March 2008) and immediately after the Completion is approximately HK$10.9 million, representing approximately 16.1% and 17.8% to the total assets and net assets of the Group (immediately after Completion of the Sale Transactions and only taking into account of the effect of the Sale Transactions), respectively.

Based on the Annual Report, the tangible assets of the Group immediately after the Completion of the Sale Transactions (only taking into account the effect of the Sale Transactions) amount to approximately HK$68 million, representing approximately 100% to the total tangible assets of the Group as at 31 March 2008.

Following Completion of the Sale Transactions and as the completion of the Acquisition Transactions were completed on 12 August 2008, the principal activities of the Group will be the engagement in the Trading Business and the Forest Projects. The turnover of the Trading Business for the year ended 31 March 2008 was approximately HK$2.6 million, representing approximately 6.3% of the Group's turnover for the same period based on the Annual Report.

The Company will expand the Trading Business. The Board believes that the Trading Business has good potential and expects its turnover will increase significantly from its current level. The Board also considers that the acquisition of the Forest Projects will substantially enhance the assets, revenue and profitability of the Group.

Based on the Annual Report, the percentage of turnover attributable to the Business and Business Assets to the Group's total revenue for the year ended 31 March 2008 was approximately 93.7% (HK$38,600,000/HK$41,214,000).

The Board believes that the Group is able to comply with Rule 17.26 of the GEM Listing Rules. It is because the Group immediately after the Completion of the Sale Transactions will continue to carry out, directly or indirectly, a sufficient level of operations after Completion as it will redirect its resources to grow the level of the activities of its Trading Business after signing of the S&P Agreement. As the acquisition of the Forest Projects has been completed, the Group will also be engaged in the forestry operations of a substantial level of activity. Furthermore, based on the Annual Report, the Group immediately after Completion of the Sale Transactions will have tangible assets of approximately HK$68 million (only taking into account of the effect of the Sale Transactions), which is more than the value of the total assets of the Group before the Sale Transactions. Therefore, the Board considers that the Remaining Group will have tangible assets of sufficient value to warrant the continued listing of the Shares after Completion. The Board further believes that the Company is not a cash company according to the provision of Rule 19.82 of the GEM Listing Rules as the cash position of the Remaining Group, based on the Annual Report, immediately after Completion represents only about 16.1% of the total assets of the Remaining Group excluding the Sale Transactions.

The Company may or may not satisfy the requirements under Rule 17.26 of the GEM Listing Rules immediately upon Completion of the Sale Transactions. In such event, the Company shall take steps to ensure compliance with the relevant provisions under the GEM Listing Rules.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

**The Sale Consideration and the Prepayment**

The Sale Consideration for the Sale Transactions shall be calculated as follows:

1. the Basic Consideration of HK$12,000,000; plus

2. the Unexpired Service Contracts Consideration (net of the Deferred Service Fees Received); plus

3. the Additional Acquisition Consideration.

The Unexpired Service Contracts Consideration and the Deferred Service Fees Received will be determined on the Completion Date. The current amount of the Unexpired Service Contracts Consideration and the Deferred Service Fees Received is estimated to be HK$3.04 million and HK$3.02 million respectively.

The Purchaser has paid HK$4,000,000 as the Prepayment for the Basic Consideration on the date of signing of the S&P Agreement. The balance of the Basic Consideration in the amount of HK$8,000,000 will be payable by the Purchaser in cash in HK$ at Completion to the Company by means of cashier order issued by a licensed bank in Hong Kong. The Deferred Service Fees Received will be set off against the Unexpired Service Contracts Consideration. The net amount of service fees will be paid to the Company after actual receipt by the Purchaser from the relevant customers. The Purchaser will pay the Additional Acquisition Consideration, if any, to the Company by money transfer in HK$ to the bank account designated in writing by the Company within three Business Days immediately after the Company has produced to the Purchaser the relevant documentary evidence in relation to the Relevant Claims and Compensation suffered by the Group.

**Basis of the Sale Consideration**

The Sale Consideration was arrived at after arm's length negotiations between the Company and the Purchaser on normal commercial terms and by reference to the total net assets value of the Business and Business Assets and the Fixed Assets of approximately HK$3.4 million as at 31 March 2008 and has taken into account the current difficult operating environment and the loss position of its B2B Business. The Board considers that the Sale Consideration is fair and reasonable and is in the interests of the Group and the Shareholders as a whole.

**Application of sales proceeds**

The Group intends that the sales proceeds would be used as general working capital of the Group.

**Conditions precedent of the S&P Agreement**

Completion of the S&P Agreement is conditional upon the fulfillment or waiver (as the case may be) of the following conditions precedent on or before the Long Stop Date, or such other date as the parties to the S&P Agreement may agree in writing:

(a) the clearance from the Stock Exchange in relation to the publication of the announcement and the circular in relation to the S&P Agreement and the Sale Transactions to be issued to the Shareholders;

(b) the passing of the necessary resolution(s) at the First EGM by the Shareholders approving the S&P Agreement and the Sale Transactions and all the other transactions (if any) contemplated thereunder;

(c) the Company and/or the relevant members of the Group which are the owners or applicants of the Trademarks related to the B2B Business have signed themselves as transferors (but not yet signed by the transferees) the agreed form of the deed of assignment and any other transfer documents and deeds (if any) that are required to transfer the Trademarks to the Purchaser (or its designated person(s) or company(ies)) and provide to the Purchaser before the Completion Date copy of such deed of assignment and any other transfer documents and deeds (if any) signed by the Company and/or the relevant members of the Group in the capacity as transferors as evidence of this condition precedent having been fulfilled;

(d) the Company and/or the relevant members of the Group which are the owners or applicants of the domain names related to the Portal have signed themselves as transferors (but not yet signed by the transferees) the agreed form of the deed of assignment and any other required transfer documents and deeds (if any) that are required to transfer the domain names to the Purchaser (or its designated person(s) or company(ies)) and provide to the Purchaser before the Completion Date copy of such deed of assignment and any other transfer documents and deeds (if any) signed by the Company and/or the relevant members of the Group in the capacity as transferors as evidence of this condition precedent having been fulfilled;

(e) the Company having taken the Best Effort Actions;

(f) the publication and completion of such publication by the Company of the notice of transfer of the B2B Business to the Purchaser in pursuance of and within the time limit set out in the Transfer of Businesses (Protection of Creditors) Ordinance, Chapter 49 of the Laws of Hong Kong, with the cost of publication of such notice to be shared equally by the Company and the Purchaser;

(g) the passing of resolutions at the meetings of the board of directors of the relevant members of the Group authorising the Company to execute the Sale Transactions in relation to the part of the Business and Business Assets that belong to the relevant members of the Group;

(h) the declarations, representations, warranties and undertakings contained in the S&P Agreement are true, and accurate and not misleading in any material respect as at the Completion Date;

(i) the Group having obtained all necessary consents and approvals from third parties (if any) in relation to the sale and transfer of the Business and Business Assets; and

(j) there has been no material adverse change of the Business and Business Assets during the period from the date of signing of the S&P Agreement up to and including the Completion Date.

The conditions precedent set out in (c) to (j) above may be waived by the Purchaser in writing provided that conditions precedent set out in (a) and (b) cannot be waived. If any of the above conditions precedent is not satisfied or waived (as the case may be) on or before the Long Stop Date or such later date as the parties to the S&P Agreement may agree in writing, both parties have the right to terminate the S&P Agreement in writing and other than the obligations as set out below, neither party shall have any liability or obligation under the S&P Agreement:

(1) if the S&P Agreement is terminated without Completion because of (i) the conditions precedent set out in (a) above cannot be fulfilled on or before the Long Stop Date; or (ii) the happening of material adverse change of the Business and Business Assets (such material adverse change not being caused by the Company and not possibly be avoided by the Company within its power and capability) and such condition precedent is not waived by the Purchaser, the Company will refund the Prepayment in full to the Purchaser within three Business Days after the date of termination of the S&P Agreement and neither party has any right to claim the other party under any other terms of the S&P Agreement; or

(2) subject to and provided that the conditions precedent set out in (a) above has been fulfilled, if (i) as a result of any of the conditions precedent set out in (b), (c), (d), (e), (f), (g), (h), and (i) cannot be fulfilled or waived (provided that condition (b) cannot be waived) on or before the Long Stop Date or such later date as agreed by the Company and the Purchaser in writing, the Sale Transactions cannot be completed; or (ii) as a result of the happening of material adverse change of the Business and Business Assets caused by the Company (other than the situation set out in paragraph (1) above), which is not waived by the Purchaser on or before the Long Stop Date or such later date as agreed by the Company and the Purchaser in writing, the Sale Transactions cannot be completed; or (iii) all of the conditions precedent having been fulfilled or waived by the Purchaser in writing (as the case may be) on or before the Long Stop Date, the Company refuses or deliberately avoids to complete the Sale Transactions, the Purchaser has a right to terminate the S&P Agreement by written notice to the Company and if the S&P Agreement is so terminated, the Company will refund the Prepayment in full and will pay the Purchaser an additional amount of HK$4,000,000 as compensation within three Business Days immediately after the date of termination of the S&P Agreement and the Purchaser will not have any right to claim the Company under any other terms of the S&P Agreement; or

(3) if all of the conditions precedent have been fulfilled or waived by the Purchaser in writing (as the case may be) before the Long Stop Date, the Purchaser refuses or deliberately avoids to complete the Sale Transactions on the Completion Date, under such circumstances, the Company has a right to terminate the S&P Agreement by written notice to the Purchaser and the Purchaser will forfeit the Prepayment as compensation to the Company on the date of termination.

As at the Latest Practicable Date, condition precedent (a) has been fulfilled but all the other conditions precedent set out in (b) to (j) have not been fulfilled.

**Completion of the Sale Transactions**

Completion of the Sale Transactions shall take place on the Completion Date or such other date as the parties to the S&P Agreement may agree in writing, after fulfillment or waiver (as the case may be) of the conditions precedent on or before the Long Stop Date. On the Completion Date, the Company will provide or will procure members of the Group to provide the followings to the Purchaser:

1. the Customers' List;

2. with regard to the transfer of the Unexpired Sales Contracts, (i) the notification signed by the relevant members of the Group to all the customers of the Unexpired Sales Contracts notifying them about the transfer of the B2B Business to the Purchaser and such notification will be sent in the manner as set out in paragraph 1. of the sub-section headed "Post-completion obligations" in this section; (ii) details of the Unexpired Sales Contracts; and (iii) certified copies of the Unexpired Sales Contracts and receipts of the Deferred Service Fees Received;

3. the agreed form of the deed of assignment and any other transfer documents and deeds (if any) relating to the transfer of the Trademarks to the Purchaser (or its designated person(s) or company(ies)) signed only by the Company and/or the relevant members of the Group which are the owners or applicants of the Trademarks in the capacity as transferors (but such deeds or documents not yet being signed by the transferees);

4. the agreed form of the deed of assignment and any other transfer documents and deeds (if any) relating to the transfer of the related domain names to the Purchaser (or its designated persons or company(ies)) signed only by the Company and/or the relevant members of the Group which are the owners or applicants of such domain names in the capacity as the transferors (but such deeds or documents not yet being signed by the transferees);

5. the list in relation to the transfer of the Fixed Assets to the Purchaser (or its designated person(s) or company(ies)) by way of gift;

6. the surrender agreements in order to early terminate the Unexpired Tenancy Agreements signed only by the relevant members of the Group as tenants (but such surrender agreements not yet being signed by the relevant landlords of the relevant Premises);

7. the termination agreements to terminate the employment of the Relevant Chinese Employees and the Relevant Hong Kong Employees signed only by the Company or the relevant members of the Group in the capacity as employers (but such termination agreements not yet being signed by the relevant employees);

8. a certified copy of the clearance from the Stock Exchange with regard to the publication of the announcement and the circular in relation to the S&P Agreement and the Sale Transactions and a certified copy of the resolution passed at the First EGM to approve the S&P Agreement and the Sale Transactions;

9. certified copies of the consent and approval documents from the relevant government departments, supervisory authorities or third parties (if any) in relation to the Business and Business Assets; and

10. certified copies of the minutes of the meetings of the board of directors of the relevant members of the Group authorising the Company to execute the Sale Transactions.

**Post-completion obligations**

The parties to the S&P Agreement are obliged to perform the following post-completion obligations:

1. Within two Business Days immediately after the Completion Date, the Company is required to send the notification signed by the relevant members of the Group to all the customers of the Unexpired Sales Contracts notifying them about the complete transfer of the B2B Business to the Purchaser (and/or its designated company(ies)) on the Completion Date and such notification will be sent by email and mail.

2. Within two Business Days immediately after the Completion Date, the Company and the Purchaser are required to present the surrender agreements signed by the relevant members of the Group together with the new tenancy agreements signed by the Purchaser (or its designated company(ies)) to the relevant landlords of the Premises for acceptance and signature by the relevant landlords. The Purchaser will assist in the matters relating to the surrender of the Unexpired Tenancy Agreements and will return the surrender agreements (if any) signed by the landlords to the Company.

3. Within two Business Days immediately after the Completion Date, the Company and the Purchaser will present the termination agreements signed by the relevant members of the Group together with the new employment agreements signed by the Purchaser (or its designated company(ies)) to the Relevant Chinese Employees and the Relevant Hong Kong Employees for acceptance and signature by the relevant employees. The Purchaser will assist the Company in matters relating to the termination of employment of the relevant employees and will return the termination agreements signed by the relevant employees (if any) to the Company.

4. If the Purchaser fails to perform any of the above post-completion obligations, the Company will sign the surrender agreements directly with the relevant landlords and will sign the termination agreements directly with the Relevant Chinese Employees and the Relevant Hong Kong Employees. Under such circumstances, the Purchaser will indemnify the Company against losses, claims, compensation, payments and liability suffered by the Group in accordance with the provisions set out in the sub-section headed "Best Effort Actions" in this section.

5. The Company will and will procure the relevant members of the Group to terminate the supply of utilities including water, gas (if any), electricity, telecommunications, and equipment maintenance services to the Premises within seven Business Days after the Completion Date and the Purchaser (or its designated company(ies)) will apply for such utilities and services (if required). The costs and fees in relation to the provision of utilities and services before the Completion Date will be borne by the Company. Such costs and fees in relation to the period from the Completion Date up to and including the date of termination of such utilities and services will be borne by the Purchaser.

6. The Company will and will procure the relevant members of the Group to cancel all the insurance policies relating to the B2B Business, the Relevant Chinese Employees and the Relevant Hong Kong Employees, the Premises and the Fixed Assets after the Completion Date and the Purchaser (or its designated company(ies)) may enter new insurance policies.

**Non-competition obligations**

The Company has undertaken to the Purchaser that within two years after the Completion Date, the Company and the Group will not directly or indirectly engage in a business that will directly or indirectly compete with the B2B Business and will not poach any customers or potential customers or any employees of the B2B Business or entice them to terminate their business or employment respectively in relation to the B2B Business.

## FINANCIAL EFFECT OF THE SALE TRANSACTIONS

Based on the Annual Report, the Completion of the Sale Transactions will result in an estimated unaudited gain of approximately HK$3.5 million being the difference between the Sale Consideration and (i) the net book value of the Fixed Assets; (ii) the net book value of those assets that relate to the B2B Business which will not be taken up by the Purchaser and which will be written off after disposal of the B2B Business; and (iii) the estimated fees and expenses in connection with the Sale Transactions. The gain will improve the Group’s liquidity and financial condition.

In addition, based on the unaudited pro forma consolidated balance sheet of the Remaining Group as set out in the Appendix IV to this circular, only taking into account of the effect of the Sale Transactions, the Sale Transactions may result in an increase in the total assets of the Remaining Group of about HK$204,000 and decrease in the total liabilities of the Remaining Group of about HK$3,318,000, leading to an increase in the net assets of the Remaining Group of approximately HK$3,522,000. The increase in the unaudited net assets of the Remaining Group is primarily due to the unaudited gain on disposal of the Business and Business Assets and the Fixed Assets.

Upon Completion, the financial results of the Remaining Group shall exclude the results of the B2B Business. The loss of the B2B Business for the year ended 31 March 2008 amounted to approximately HK$8,652,000. Based on the unaudited pro forma consolidated income statement of the Remaining Group as set out in the Appendix IV to this circular, the Sale Transactions may result in a change in results of the Remaining Group from a loss of approximately HK$9,377,000 to a profit of approximately HK$3,003,000, an improvement of approximately HK$12,380,000. The change is mainly due to the exclusion of the loss attributable to the B2B Business of approximately HK$8,652,000 and the inclusion of the unaudited gain on disposal of the B2B Business of approximately HK$3,728,000, based on the unaudited pro forma consolidated income statement of the Remaining Group.

**REASONS OF THE SALE TRANSACTIONS**

Before the Sale Transactions, the Group was principally engaged in the B2B Business and the Trading Business. For the year ended 31 March 2008, the Group has reported an audited loss of approximately HK$9.4 million, due mainly to the loss of the B2B Business. The B2B Business has been affected by the slowdown of the economy in the United States and worsening of business environment in the PRC which has in turn seriously affected the customers of the B2B Business. The Directors believe that the operating environment of the B2B Business of the Group will remain highly competitive. Although the management of the Group is cautiously optimistic about the future of export business in the PRC, the B2B Business will need substantial amount of resources and investments to revive in order to improve its competitiveness and to increase its scale of business.

In light of the above, the Directors consider that the S&P Agreement and the Sale Transactions represent a good opportunity for the Group to dispose of the loss-making B2B Business to a bigger B2B player in the PRC so that the Group can focus on redirecting its resources into the Trading Business and the Forest Projects which the Directors believe have high-growth potential. The Directors consider that the terms of the S&P Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Based on the Annual Report, the Sale Transactions will result in an estimated unaudited gain of approximately HK$3.5 million being the difference between the Sale Consideration and (i) the net book value of the Fixed Assets; (ii) the net book value of those assets that relate to the B2B Business which will not be taken up by the Purchaser and which will be written off after disposal of the B2B Business; and (iii) the estimated fees and expenses in connection with the Sale Transactions.

## INFORMATION OF THE PURCHASER

The Purchaser was incorporated in Hong Kong and the principal activity of the group in which the Purchaser is a member is the provision of total international trade solutions for both Mainland China manufacturers and overseas buyers including services like trading e-platform, supplier matching, logistics, insurance, customs and clearance, exhibition, certification and credit, etc.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Purchaser, 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 their respective subsidiaries and associates as defined in the GEM Listing Rules.

## INFORMATION OF THE COMPANY

The Company is an international trade enabler which is principally engaged in the B2B Business and the Trading Business.

The audited consolidated net assets value of the Group as at 31 March 2008 amounted to HK$57,839,000. The audited consolidated net loss before taxation and extraordinary items and audited consolidated net loss after taxation and extraordinary items of the Group for the year ended 31 March 2008 amounted to HK$9,377,000 and HK$9,377,000 respectively.

The audited turnover of Source Easy for the year ended 31 March 2008 amounted to HK$2.6 million and the audited net loss before taxation and extraordinary items and unaudited net loss after taxation and extraordinary items of Source Easy for the year ended 31 March 2008 amounted to HK$0.1 million and HK$0.1 million respectively.

**(2) CHANGE OF COMPANY NAME**

The Board proposes to change the name of the Company from "Tradeeasy Holdings Limited" to "CCT Resources Holdings Limited" and upon the name change becoming effective, the Chinese name of "中建資源集團有限公司" will be adopted to replace "易貿通集團有限公司" for identification purposes.

The Company is an international trade enabler which is principally engaged in the B2B Business and the Trading Business. Following Completion of the Sale Transactions and as the acquisition of the Forest Projects has been completed, the principal activities of the Remaining Group will be the engagement in the Trading Business and the Forest Projects.

In view of the above, the Board considers that the proposed new name will better reflect the future business development of the Group, as well as refresh its corporate identity and image. The Board is therefore of the view that the proposed Change of Company Name is in the interests of the Company and the Shareholders as a whole.

The proposed Change of Company Name will be subject to the following:

1. the passing of a special resolution by the Shareholders at the Second EGM to approve the Change of Company Name; and

2. the Registrar of Companies in the Cayman Islands approving the Change of Company Name.

Following the passing of the special resolution by the Shareholders at the Second EGM approving the Change of Company Name and subject to the approval of the Registrar of Companies in the Cayman Islands, the Change of Company Name will take effect upon the issuance of the certificate of incorporation on change of name by the Registrar of Companies in the Cayman Islands. The Company will carry out all necessary filing procedures in Hong Kong upon the Change of Company Name becoming effective.

The Change of Company Name will not affect any rights of the holders of securities of the Company. The existing certificates of securities in issue bearing the present name of the Company shall, after the proposed Change of Company Name becoming effective, continue to be evidence of title to such securities and the existing share certificates will continue to be valid for trading, settlement, registration and delivery purposes.

Once the Change of Company Name becomes effective, new share certificates will be issued only in the new name of the Company. Subject to the Change of Company Name becoming effective, the Shareholders may, during a specific period of not less than 30 days, submit their existing share certificates for the Shares to 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 in exchange of new share certificates at the expense of the Company. Any submission after that period will only be accepted for exchange at a fee of HK$2.50 (or such higher amount as may from time to time be allowed by the Stock Exchange) for each new share certificate or each existing share certificate cancelled, whichever number of share certificate involved is higher. The new share certificates are expected to be available for collection from the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, by the Shareholders within ten Business Days after lodgement of the existing share certificates with Tricor Tengis Limited for exchange purpose.

The Company will make further announcements as and when appropriate on the arrangement relating to the trading and dealings in the securities of the Company on the GEM under the new name of the Company and as to when the new name of the Company will become effective.

## GENERAL

As certain relevant percentage ratios for the Sale Transactions exceed 75%, the transactions contemplated under the S&P Agreement constitute a very substantial disposal of the Company under Chapter 19 of the GEM Listing Rules. The entering into of the S&P Agreement and the Sale Transactions are subject to the approval by the Shareholders by ordinary resolution at the First EGM. The proposed Change of Company Name is subject to the approval by the Shareholders by special resolution at the Second EGM.

The First EGM and the Second EGM will be convened to consider and, if thought fit, to approve the S&P Agreement and the Sale Transactions; and the Change of Company Name respectively. To the best of the Directors' knowledge, information and belief, having made all reasonable enquires, the Purchaser and its respective associates and parties acting in concert with it do not hold any Shares as at the Latest Practicable Date and no Shareholders has a material interest in the Sale Transactions. As such, no Shareholders is required to abstain from voting on the resolutions to approve the S&P Agreement and the Sale Transactions; and the Change of Company Name contemplated thereunder at the First EGM and the Second EGM respectively.

## THE FIRST EGM AND THE SECOND EGM

Notices convening the First EGM and the Second EGM to be held at 2208, 22/F., St. George's Building, 2 Ice House Street, Central, Hong Kong on Tuesday, 16 September 2008 at 10:00 a.m. and on Monday, 22 September 2008 at 10:00 a.m. respectively are set out on pages 160 to 164 of this circular. Forms of proxy for use by the Shareholders at the First EGM and the Second EGM are enclosed herein. Whether or not you intend to attend and vote at the First EGM and/or the Second EGM in person, you are requested to complete and return the accompanying forms 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 respective time appointed for holding the First EGM and the Second EGM. Such forms of proxy for use at the First EGM and the Second EGM are 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(s) of proxy will not preclude you from attending and voting at the First EGM and/or the Second 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) 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) 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) 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 S&P Agreement and the Sale Transactions 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 resolution proposed at the First EGM to approve the S&P Agreement and the Sale Transactions.

The Directors also consider that the proposed new name will better reflect the future business development of the Group, as well as refresh its corporate identity and image and in the interest of the Shareholders as a whole. The Directors recommend the Shareholders to vote in favour of the special resolution proposed at the Second EGM to approve the Change of Company Name.

## 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**
**Mak Shiu Tong, Clement**
*Chairman*

*The following is the text of a report, prepared for the purpose of incorporation in this Circular, received from our reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong.*

ERNST & YOUNG
安 永

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

28 August 2008

The Directors
Tradeeasy Holdings Limited

Dear Sirs,

We set out below our report on the financial information including the consolidated income statements, the consolidated statements of changes in equity and the consolidated cash flow statements for each of the three years ended 31 March 2006, 2007 and 2008 (the "Relevant Periods") and the consolidated and company balance sheets as at 31 March 2006, 2007 and 2008 and the notes thereto (the "Financial Information") of Tradeeasy Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), prepared on the basis set out in Section II below, for inclusion in the circular (the "Circular") of the Company dated 28 August 2008 in connection with the proposed very substantial disposal transaction of the Company.

The Company was incorporated in Cayman Islands with limited liability with its shares listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The principal activity of the Company is investment holding and the principal activities of the Group are set out below. The Company and its subsidiaries have adopted 31 March as their financial year end date, except for its subsidiaries established in the People's Republic of China (the "PRC") which have adopted 31 December as their financial year end date.

We have acted as the auditors of the Group for each of the Relevant Periods.

At the date of this report, the Company had direct and indirect interests in the following principal subsidiaries all of which are private companies (or, if incorporated outside Hong Kong, have characteristics substantially similar to those of a private company incorporated in Hong Kong), the particulars of which are set out below:

| Name | *Notes* | Place and date of incorporation/ registration and operations | Nominal value of issued ordinary/ registered share capital | Percentage of equity attributable to the Company | | Principal activities |
|---|---|---|---|---|---|---|
| | | | | Direct | Indirect | |
| Datawin Limited | *(3)* | Hong Kong 11 March 1993 | HK$100,000 Ordinary | – | 100 | Provision of integrated marketing solution and application service provider services |
| Tradeeasy Information Technology (Guangzhou) Limited ("Tradeeasy Guangzhou") | *(1), (4)* | PRC 7 June 2000 | US$300,000 | – | 100 | Provision of technical consultancy services |
| Tradeeasy Information Technology (Beijing) Limited ("Tradeeasy Beijing") | *(2), (5)* | PRC 21 June 2000 | US$300,000 | – | 100 | Provision of technical consultancy services |
| Source Easy Limited | *(3)* | Hong Kong 7 January 2004 | HK$10,000 Ordinary | – | 100 | Provision of business-to-business transaction |
| Tradeeasy Howv Technology Company Limited ("Howv") | *(1), (6)* | PRC 1 November 2006 | US$100,000 | – | 55 | Provision of technical consultancy service |

*Notes:*

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

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

(3) The financial statements of these companies for the years ended 31 March 2006, 2007 and 2008 were audited by Ernst & Young, Certified Public Accountants registered in Hong Kong.

(4) The financial statements of this company for the years ended 31 December 2005, 2006 and 2007 were audited by Beijing Zhongweihuahao Certified Public Accountants Co., Ltd. Guangdong Branch (北京中威華浩會計師事務所有限公司廣東分公司), Certified Public Accountants registered in the PRC.

(5) The financial statements of this company for the years ended 31 December 2005, 2006 and 2007 were audited by Beijing QQ Certified Public Accountants Co., Ltd. (北京全企會計師事務所有限公司), Certified Public Accountants registered in the PRC.

(6) The financial statements of this company for the period ended 31 December 2007 were audited by Xiamen Huacheng Certified Public Accountants Co., Ltd. (廈門華誠會計師事務所有限公司), Certified Public Accountants registered in the PRC.

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company (the "Directors"), principally affected the results for the Relevant Periods or formed a substantial portion of the net assets of the Group at 31 March 2006, 2007 and 2008. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

The Financial Information set out in this report has been prepared based on the audited consolidated financial statements of the Group for each of the three years ended 31 March 2006, 2007 and 2008 (hereinafter collectively referred to the "Underlying Financial Statements"), prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The Directors are responsible for the preparation of the Financial Information which gives a true and fair view, and for the contents of the Circular in which this report is included. In preparing the Financial Information which gives a true and fair view, it is fundamental that appropriate accounting policies are selected and applied consistently, that judgements and estimates made are prudent and reasonable, and that the reasons for any significant departure from applicable accounting standards are stated. It is our responsibility to form an independent opinion on the Financial Information and to report our opinion to you.

***Procedures performed in respect of the Relevant Periods***

For the purpose of this report, we have carried out such additional procedures as are necessary in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA. No adjustments were considered necessary to adjust the Underlying Financial Statements to conform to the Financial Information for the Relevant Periods.

***Opinion in respect of the Relevant Periods***

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of the Company and the Group as at 31 March 2006, 2007 and 2008 and of the results and cash flows of the Group for the Relevant Periods.

## I. FINANCIAL INFORMATION

### (a) Consolidated income statements

| | | Year ended 31 March | | |
|---|---|---|---|---|
| | | **2006** | **2007** | **2008** |
| | *Notes* | *HK$'000* | *HK$'000* | *HK$'000* |
| REVENUE | *5* | 39,595 | 46,099 | 41,214 |
| Cost of sales | | (23,373) | (30,106) | (27,674) |
| Gross profit | | 16,222 | 15,993 | 13,540 |
| Other income and gains | *5* | 101 | 949 | 1,924 |
| Selling and distribution costs | | (2,516) | (2,927) | (3,070) |
| General and administrative expenses | | (11,820) | (17,564) | (15,423) |
| Advertising and promotion expenses | | (2,943) | (3,831) | (3,293) |
| Other expenses | | (1,019) | (2,946) | (3,043) |
| Gain on deemed disposal of associates | | 445 | – | – |
| Share of losses of associates | | (24) | – | (12) |
| LOSS BEFORE TAX | *6* | (1,554) | (10,326) | (9,377) |
| Tax | *9* | (149) | – | – |
| LOSS FOR THE YEAR | | (1,703) | (10,326) | (9,377) |
| Attributable to: | | | | |
| Equity holders of the parent | *10* | (1,703) | (10,222) | (9,103) |
| Minority interests | | – | (104) | (274) |
| | | (1,703) | (10,326) | (9,377) |
| DIVIDEND | *11* | – | – | – |
| LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT | *12* | | | |
| Basic | | HK(0.4) cents | HK(1.1) cents | HK(0.9) cents |
| Diluted | | N/A | N/A | N/A |

**(b) Consolidated balance sheets**

| | | As at 31 March | | |
|---|---|---|---|---|
| | | **2006** | **2007** | **2008** |
| | *Notes* | *HK$'000* | *HK$'000* | *HK$'000* |
| NON-CURRENT ASSETS | | | | |
| Property, plant and equipment | *13* | 2,541 | 3,721 | 3,367 |
| Deferred development expenditure | *14* | 6,952 | 4,974 | 4,929 |
| Interests in associates | *16* | 522 | 422 | 410 |
| Total non-current assets | | 10,015 | 9,117 | 8,706 |
| CURRENT ASSETS | | | | |
| Trade receivables | *17* | 1,606 | 2,153 | 702 |
| Financial assets at fair value through profit or loss | *19* | – | 13,717 | 9,507 |
| Prepayments, deposits and other receivables | *18* | 1,900 | 1,647 | 11,318 |
| Due from a related company | *20* | – | 25 | 55 |
| Cash and cash equivalents | *21* | 4,964 | 5,961 | 37,303 |
| Total current assets | | 8,470 | 23,503 | 58,885 |
| CURRENT LIABILITIES | | | | |
| Trade payables | *22* | 88 | 487 | – |
| Deferred service fees received in advance | | 3,761 | 3,923 | 3,318 |
| Due to an associate | *16* | – | 392 | 909 |
| Other payables and accruals | *23* | 4,442 | 4,578 | 5,525 |
| Total current liabilities | | 8,291 | 9,380 | 9,752 |
| NET CURRENT ASSETS | | 179 | 14,123 | 49,133 |
| Net assets | | 10,194 | 23,240 | 57,839 |
| EQUITY | | | | |
| **Equity attributable to equity holders of the parent** | | | | |
| Issued capital | *25* | 4,210 | 9,720 | 11,803 |
| Reserves | *27(a)* | 5,984 | 13,571 | 46,040 |
| | | 10,194 | 23,291 | 57,843 |
| **Minority interests** | | – | (51) | (4) |
| Total equity | | 10,194 | 23,240 | 57,839 |

## (c) Consolidated statements of changes in equity

| | Notes | Issued capital HK$'000 | Share premium account HK$'000 | Contributed surplus HK$'000 | Share option reserve HK$'000 | Exchange fluctuation reserve HK$'000 | Accumulated losses HK$'000 | Total HK$'000 | Minority interests HK$'000 | Total equity HK$'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Attributable to equity holders of the parent | | | | | | | | |
| 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 | 26 | – | – | – | 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 | 26 | – | – | – | 2,280 | – | – | 2,280 | – | 2,280 |
| Capital contribution by a minority shareholder | | – | – | – | – | – | – | – | 54 | 54 |
| Issue of shares | 25 | 5,510 | 16,527 | – | – | – | – | 22,037 | – | 22,037 |
| Share issue expenses | 25 | – | (1,018) | – | – | – | – | (1,018) | – | (1,018) |
| At 31 March 2007 and 1 April 2007 | | 9,720 | 32,634* | 66,710* | 2,582* | (8)* | (88,347)* | 23,291 | (51) | 23,240 |
| Exchange realignment | | – | – | – | – | 177 | – | 177 | 1 | 178 |
| Total income and expense recognised directly in equity | | – | – | – | – | 177 | – | 177 | 1 | 178 |
| Loss for the year | | – | – | – | – | – | (9,103) | (9,103) | (274) | (9,377) |
| Total income and expense for the year | | – | – | – | – | 177 | (9,103) | (8,926) | (273) | (9,199) |
| Capital contribution by a minority shareholder | | – | – | – | – | – | – | – | 320 | 320 |
| Issue of new shares upon exercise of share options | 25 | 583 | 2,560 | – | (977) | – | – | 2,166 | – | 2,166 |
| Issue of new shares upon placing and top-up subscription | 25 | 1,500 | 41,250 | – | – | – | – | 42,750 | – | 42,750 |
| Share issue expenses | 25 | – | (1,438) | – | – | – | – | (1,438) | – | (1,438) |
| At 31 March 2008 | | 11,803 | 75,006* | 66,710* | 1,605* | 169* | (97,450)* | 57,843 | (4) | 57,839 |

* *These reserve accounts comprise the consolidated reserves of HK$5,984,000, HK$13,571,000 and HK$46,040,000 in the consolidated balance sheets as at 31 March 2006, 2007 and 2008, respectively.*

### (d) Consolidated cash flow statements

| | | Year ended 31 March | | |
|---|---|---|---|---|
| | | **2006** | **2007** | **2008** |
| | *Notes* | *HK$'000* | *HK$'000* | *HK$'000* |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Loss before tax | | (1,554) | (10,326) | (9,377) |
| Adjustments for: | | | | |
| Share of losses of associates | | 24 | – | 12 |
| Gain on deemed disposal of associates | | (445) | – | – |
| Interest income | *5* | (81) | (655) | (355) |
| Gains on disposals of financial assets at fair value through profit or loss | *5* | – | – | (997) |
| Fair value gains on financial assets at fair value through profit or loss | *5* | – | (267) | (433) |
| Depreciation | *6* | 1,294 | 1,289 | 1,368 |
| Amortisation of deferred development expenditure | *6* | 895 | 914 | 1,461 |
| Impairment of deferred development expenditure | *6* | – | 2,351 | 1,504 |
| Loss on disposals and write-off of items of property, plant and equipment | *6* | 5 | 8 | 385 |
| Impairment of trade receivables | *6* | 616 | 557 | 961 |
| Impairment of other receivables | *6* | 398 | 30 | 193 |
| Equity-settled share option expenses | *26* | 302 | 2,280 | – |
| Forfeiture of share options granted | | – | – | (65) |
| | | 1,454 | (3,819) | (5,343) |
| (Increase)/decrease in trade receivables | | 1,008 | (1,104) | 490 |
| (Increase)/decrease in prepayments, deposits and other receivables | | (402) | 223 | (9,864) |
| Increase in an amount due from a related company | | – | (25) | (30) |
| Increase/(decrease) in trade payables | | (115) | 399 | (487) |
| Increase/(decrease) in deferred service fees received in advance | | 132 | 162 | (605) |
| Increase in other payables and accruals | | 194 | 136 | 947 |
| Increase in an amount due to an associate | | – | 392 | 517 |
| Cash generated from/(used in) operations | | 2,271 | (3,636) | (14,375) |
| PRC tax paid | | (182) | – | – |
| Net cash inflow/(outflow) from operating activities | | 2,089 | (3,636) | (14,375) |

**(d) Consolidated cash flow statements (continued)**

| | | Year ended 31 March | | |
|---|---|---|---|---|
| | | **2006** | **2007** | **2008** |
| | *Notes* | *HK$'000* | *HK$'000* | *HK$'000* |
| Net cash inflow/(outflow) from operating activities | | 2,089 | (3,636) | (14,375) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Interest received | | 81 | 655 | 355 |
| Purchase of financial assets at fair value through profit or loss | | – | (13,450) | (23,360) |
| Proceeds from disposals of financial assets at fair value through profit or loss | | – | – | 29,000 |
| Purchases of items of property, plant and equipment | *13* | (1,065) | (2,406) | (1,225) |
| Proceeds from disposals of items of property, plant and equipment | | 9 | 8 | 9 |
| Additions to deferred development expenditure | *14* | (2,562) | (1,247) | (2,906) |
| (Increase)/decrease in an amount due from an associate | | (100) | 100 | – |
| Acquisition of associates | | (1) | – | – |
| Net cash inflow/(outflow) from investing activities | | (3,638) | (16,340) | 1,873 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Capital contribution by a minority shareholder | | – | 54 | 320 |
| Proceeds from issue of shares | *25* | – | 22,037 | 44,981 |
| Share issue expenses | | – | (1,018) | (1,438) |
| Net cash inflow from financing activities | | – | 21,073 | 43,863 |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | | (1,549) | 1,097 | 31,361 |
| Cash and cash equivalents at beginning of year | | 6,448 | 4,964 | 5,961 |
| Effect of foreign exchange rate changes, net | | 65 | (100) | (19) |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | | 4,964 | 5,961 | 37,303 |
| ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS | | | | |
| Cash and bank balances | *21* | 4,964 | 5,733 | 37,303 |
| Non-pledged time deposits, with original maturity of less than three months when acquired | *21* | – | 228 | – |
| | | 4,964 | 5,961 | 37,303 |

**(e) Balance sheets**

| | | As at 31 March | | |
|---|---|---|---|---|
| | | **2006** | **2007** | **2008** |
| | *Notes* | *HK$'000* | *HK$'000* | *HK$'000* |
| NON-CURRENT ASSETS | | | | |
| Interests in subsidiaries | *15* | 6,814 | 8,688 | – |
| CURRENT ASSETS | | | | |
| Prepayments, deposits and other receivables | *18* | 172 | 141 | 9,488 |
| Financial assets at fair value through profit or loss | *19* | – | 13,717 | 9,507 |
| Due from a related company | *20* | – | – | 21 |
| Cash and cash equivalents | *21* | 125 | 1,229 | 35,111 |
| Total current assets | | 297 | 15,087 | 54,127 |
| CURRENT LIABILITIES | | | | |
| Other payables and accruals | *23* | 663 | 703 | 1,019 |
| NET CURRENT ASSETS/ (LIABILITIES) | | (366) | 14,384 | 53,108 |
| Net assets | | 6,448 | 23,072 | 53,108 |
| EQUITY | | | | |
| Issued capital | *25* | 4,210 | 9,720 | 11,803 |
| Reserves | *27(b)* | 2,238 | 13,352 | 41,305 |
| Total equity | | 6,448 | 23,072 | 53,108 |

## II. NOTES TO FINANCIAL INFORMATION

### 1. CORPORATE INFORMATION

The registered office of Tradeeasy Holdings Limited is located at the offices of Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, British West Indies and the principal place of business is located at 20-21/F., Pan Asia Centre, No. 137 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong.

During the Relevant Periods, 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 Information.

In the opinion of the Directors, the holding company of the Company is Manistar Enterprises Limited ("Manistar"), which is incorporated in the British Virgin Islands, and the ultimate holding company of the Company is CCT Telecom Holdings Limited ("CCT Telecom"), which is incorporated with limited liability in the Cayman Islands and continues in Bermuda and listed on the Main Board of the Stock Exchange.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of preparation**

The Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Statements ("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. It has 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. The Financial Information is presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

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

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

1 *Effective for annual periods beginning on or after 1 January 2009*

2 *Effective for business combinations with acquisition date on or after the beginning of the first annual reporting period*

3 *Effective for annual periods beginning on or after 1 July 2009*

4 *Effective for annual periods beginning on or after 1 January 2008*

5 *Effective for annual periods beginning on or after 1 July 2008*

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

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

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

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

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

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

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

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

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

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

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

**Basis of consolidation**

The Financial Information includes the financial statements of the Company and its subsidiaries for the Relevant Periods. 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.

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

**Impairment of non-financial assets**

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

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

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

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

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

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

*Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Gains or losses on these financial assets are recognised in the income statement. The net fair value gain or loss recognised in the income statement does not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policy set out for "Revenue recognition" below.

*Loans and receivables*

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

*Fair value*

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

**Impairment of financial assets**

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

*Assets carried at amortised cost*

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognised in the income statement. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

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

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

**Derecognition of financial assets**

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

- the rights to receive cash flows from the asset have expired;

- the Group retains the rights to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

**Financial liabilities at amortised cost**

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

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

**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 statements, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

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

**Income tax**

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

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

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

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

- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

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

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

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

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

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

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

**Advertising and promotion expenses**

Advertising and promotion expenses are expensed as incurred.

**Share-based payment transactions**

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

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the Black-Scholes option pricing model, further details of which are given in note 26. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ("market conditions"), if applicable.

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

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

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

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

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

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

**Other employee benefits**

*Pension schemes*

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

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

**Foreign currencies**

The Financial Information is 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 dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the balance sheet date. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

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

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

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

**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 Information:

*Impairment of assets and deferred development expenditure*

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

**Estimation uncertainty**

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

*Impairment of trade receivables*

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

*Impairment of deferred development expenditure*

The Group determines whether deferred development expenditure is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the deferred development expenditure is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Where the actual outcome or expectation in future is different from the original estimate, such differences will impact on the carrying value of the deferred development expenditure and the 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 bases, the management of customer relationships, order processing and the enhancement of potential trade enquiries; and

(c) the technical consultancy services segment provides the development and production of electronic versions of marketing materials and product descriptions, and the provision of related technology services.

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

**(a) Business segments**

The following tables present revenue and loss and certain asset, liability and expenditure information for the Group's business segments for the Relevant Periods.

**Year ended 31 March 2006**

| | **Integrated marketing solution services** *HK$'000* | **ASP services** *HK$'000* | **Technical consultancy services** *HK$'000* | **Consolidated** *HK$'000* |
|---|---|---|---|---|
| Segment revenue: | | | | |
| Sales to external customers | 6,233 | 22,581 | 10,781 | 39,595 |
| Segment results | 624 | 2,259 | (3,018) | (135) |
| Interest income | | | | 81 |
| Gain on deemed disposal of associates | | | | 445 |
| Share of losses of associates | | | | (24) |
| Unallocated revenue | | | | 20 |
| Unallocated expenses | | | | (1,941) |
| Loss before tax | | | | (1,554) |
| Tax | | | | (149) |
| Loss for the year | | | | (1,703) |
| Assets and liabilities | | | | |
| Segment assets | 5,963 | 2,315 | 2,821 | 11,099 |
| Interests in associates | | | | 522 |
| Unallocated assets | | | | 6,864 |
| Total assets | | | | 18,485 |
| Segment liabilities | 1,608 | 1,220 | 933 | 3,761 |
| Unallocated liabilities | | | | 4,530 |
| Total liabilities | | | | 8,291 |
| Other segment information: | | | | |
| Capital expenditure | 2,607 | 167 | 853 | 3,627 |
| Depreciation | 98 | 354 | 842 | 1,294 |
| Amortisation of deferred development expenditure | 171 | 328 | 396 | 895 |
| Other non-cash expenses | 120 | 433 | 466 | 1,019 |

**Year ended 31 March 2007**

| | Integrated marketing solution services | ASP services | Technical consultancy services | Consolidated |
|---|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| Segment revenue: | | | | |
| Sales to external customers | 8,864 | 22,970 | 14,265 | 46,099 |
| Segment results | (2,755) | (1,046) | (3,803) | (7,604) |
| Interest income | | | | 655 |
| Share of losses of associates | | | | – |
| Unallocated revenue | | | | 294 |
| Unallocated expenses | | | | (3,671) |
| Loss before tax | | | | (10,326) |
| Tax | | | | – |
| Loss for the year | | | | (10,326) |
| Assets and liabilities | | | | |
| Segment assets | 5,052 | 2,467 | 3,330 | 10,849 |
| Interests in associates | | | | 422 |
| Unallocated assets | | | | 21,349 |
| Total assets | | | | 32,620 |
| Segment liabilities | 1,550 | 1,299 | 1,074 | 3,923 |
| Unallocated liabilities | | | | 5,457 |
| Total liabilities | | | | 9,380 |
| Other segment information: | | | | |
| Capital expenditure | 1,578 | 857 | 1,218 | 3,653 |
| Depreciation | 164 | 425 | 700 | 1,289 |
| Amortisation of deferred development expenditure | 173 | 326 | 415 | 914 |
| Impairment of deferred development expenditure | 2,351 | – | – | 2,351 |
| Other non-cash expenses | 79 | 206 | 310 | 595 |

**Year ended 31 March 2008**

| | Integrated marketing solution services | ASP services | Technical consultancy services | Consolidated |
|---|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| Segment revenue: | | | | |
| Sales to external customers | 9,006 | 18,007 | 14,201 | 41,214 |
| Segment results | (2,548) | (1,787) | (4,502) | (8,837) |
| Interest income | | | | 355 |
| Share of losses of associates | | | | (12) |
| Unallocated revenue | | | | 1,569 |
| Unallocated expenses | | | | (2,452) |
| Loss before tax | | | | (9,377) |
| Tax | | | | – |
| Loss for the year | | | | (9,377) |
| Assets and liabilities | | | | |
| Segment assets | 2,972 | 3,777 | 2,249 | 8,998 |
| Interests in associates | | | | 410 |
| Unallocated assets | | | | 58,183 |
| Total assets | | | | 67,591 |
| Segment liabilities | 1,120 | 979 | 1,220 | 3,319 |
| Unallocated liabilities | | | | 6,433 |
| Total liabilities | | | | 9,752 |
| Other segment information: | | | | |
| Capital expenditure | 536 | 3,335 | 260 | 4,131 |
| Depreciation | 230 | 496 | 642 | 1,368 |
| Amortisation of deferred development expenditure | 587 | 874 | – | 1,461 |
| Impairment of deferred development expenditure | 1,504 | – | – | 1,504 |
| Other non-cash expenses | 118 | 237 | 1,184 | 1,539 |

**(b) Geographical segments**

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

**Year ended 31 March 2006**

| | **Hong Kong** | **Mainland China** | **Consolidated** |
|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Segment revenue: | | | |
| Sales to external customers | 28,814 | 10,781 | 39,595 |
| Other segment information: | | | |
| Segment assets | 13,760 | 4,725 | 18,485 |
| Capital expenditure | 2,774 | 853 | 3,627 |

**Year ended 31 March 2007**

| | **Hong Kong** | **Mainland China** | **Consolidated** |
|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Segment revenue: | | | |
| Sales to external customers | 31,834 | 14,265 | 46,099 |
| Other segment information: | | | |
| Segment assets | 27,628 | 4,992 | 32,620 |
| Capital expenditure | 2,435 | 1,218 | 3,653 |

**Year ended 31 March 2008**

| | **Hong Kong** | **Mainland China** | **Consolidated** |
|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Segment revenue: | | | |
| Sales to external customers | 27,013 | 14,201 | 41,214 |
| Other segment information: | | | |
| Segment assets | 62,984 | 4,607 | 67,591 |
| Capital expenditure | 3,871 | 260 | 4,131 |

## 5. REVENUE

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

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

| | Year ended 31 March | | |
|---|---|---|---|
| | **2006** | **2007** | **2008** |
| | *HK$'000* | *HK$'000* | *HK$'000* |
| **Revenue** | | | |
| Integrated marketing solution services | 6,233 | 8,864 | 9,006 |
| ASP services | 22,581 | 22,970 | 18,007 |
| Technical consultancy services | 10,781 | 14,265 | 14,201 |
| | 39,595 | 46,099 | 41,214 |
| **Other income** | | | |
| Interest income | 81 | 655 | 355 |
| Others | – | 27 | 139 |
| | 81 | 682 | 494 |
| **Gains** | | | |
| Gains on disposal of financial assets at fair value through profit or loss | – | – | 997 |
| Fair value gains on financial assets at fair value through profit or loss | – | 267 | 433 |
| Foreign exchange differences, net | 20 | – | – |
| | 20 | 267 | 1,430 |
| | 101 | 949 | 1,924 |

## 6. LOSS BEFORE TAX

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

| | | Year ended 31 March | | |
|---|---|---|---|---|
| | | 2006 | 2007 | 2008 |
| | *Notes* | *HK$'000* | *HK$'000* | *HK$'000* |
| Staff costs (including directors' remuneration *(note 7)*): | | | | |
| Salaries and related staff costs | | 20,589 | 24,456 | 24,749 |
| Equity-settled share option expenses | | 191 | 2,233 | – |
| Pension scheme contributions | | 996 | 1,123 | 1,140 |
| | | 21,776 | 27,812 | 25,889 |
| *Less:* Amounts capitalised in deferred development expenditure | | (2,165) | (1,161) | (2,906) |
| | | 19,611 | 26,651 | 22,983 |
| Auditors' remuneration | | 700 | 700 | 700 |
| Depreciation | *13* | 1,294 | 1,289 | 1,368 |
| Amortisation of deferred development expenditure* | *14* | 895 | 914 | 1,461 |
| Impairment of deferred development expenditure** | *14* | – | 2,351 | 1,504 |
| Minimum lease payments under operating leases: | | | | |
| Land and buildings | | 1,840 | 2,044 | 2,382 |
| Office equipment | | 33 | 158 | 223 |
| | | 1,873 | 2,202 | 2,605 |
| Loss on disposals and write-off of items of property, plant and equipment** | | 5 | 8 | 385 |
| Impairment of trade receivables** | | 616 | 557 | 961 |
| Impairment of other receivables** | | 398 | 30 | 193 |
| Foreign exchange differences, net | | (20) | 60 | 20 |
| Gains on disposal of financial assets at fair value through profit or loss | | – | – | (997) |
| Fair value gains on financial assets at fair value through profit or loss | | – | (267) | (433) |
| Interest income | | (81) | (655) | (355) |

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

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

## 7. DIRECTORS' REMUNERATION

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

| | Year ended 31 March | | |
|---|---|---|---|
| | **2006** | **2007** | **2008** |
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Executive directors: | | | |
| Fees | – | – | – |
| Other emoluments: | | | |
| Salaries, housing allowances, other allowances and benefits in kind | 2,353 | 1,269 | 258 |
| Pension scheme contributions | 42 | 14 | 3 |
| Equity-settled share option expenses | – | 1,748 | – |
| | 2,395 | 3,031 | 261 |
| Independent non-executive directors: | | | |
| Fees | 180 | 180 | 180 |
| Equity-settled share option expenses | – | 54 | – |
| | 180 | 234 | 180 |
| | 2,575 | 3,265 | 441 |

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

**(a) Independent non-executive directors**

The remuneration paid to independent non-executive directors during the Relevant Periods was as follows:

| | Fees | Equity-settled share option expenses | Total remuneration |
|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* |
| **2006** | | | |
| Wu Yao Hua, Terence | 60 | – | 60 |
| Lau Chi Yiu | 60 | – | 60 |
| Lau Ho Man, Edward | 60 | – | 60 |
| | 180 | – | 180 |
| **2007** | | | |
| Lam Kin Kau, Mark | 56 | 18 | 74 |
| Fung Hoi Wing, Henry | 56 | 18 | 74 |
| Lau Ho Wai, Lucas | 56 | 18 | 74 |
| Wu Yao Hua, Terence | 4 | – | 4 |
| Lau Chi Yiu | 4 | – | 4 |
| Lau Ho Man, Edward | 4 | – | 4 |
| | 180 | 54 | 234 |
| **2008** | | | |
| Lam Kin Kau, Mark | 60 | – | 60 |
| Fung Hoi Wing, Henry | 60 | – | 60 |
| Lau Ho Wai, Lucas | 60 | – | 60 |
| | 180 | – | 180 |

There were no other emoluments payable to the independent non-executive directors during the Relevant Periods.

**(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* |
| **2006** | | | | | |
| 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 |
| **2007** | | | | | |
| Mak Shiu Tong, Clement | – | – | – | 850 | 850 |
| Tam Ngai Hung, Terry | – | – | – | 529 | 529 |
| Cheung Yuk Ching, Flora | – | – | – | 95 | 95 |
| William Donald Putt | – | – | – | 95 | 95 |
| Yu Lup Fat, Joseph | – | 9 | – | – | 9 |
| Yip Kwok Cheung, Danny | – | 1,185 | 12 | 179 | 1,376 |
| Wong Kai Yin, Paul | – | 42 | 1 | – | 43 |
| To Man Yau, Alex | – | 33 | 1 | – | 34 |
| | – | 1,269 | 14 | 1,748 | 3,031 |
| **2008** | | | | | |
| Mak Shiu Tong, Clement | – | – | – | – | – |
| Tam Ngai Hung, Terry | – | – | – | – | – |
| Cheung Yuk Ching, Flora | – | – | – | – | – |
| William Donald Putt | – | – | – | – | – |
| Yip Kwok Cheung, Danny *(note)* | – | 258 | 3 | – | 261 |
| | – | 258 | 3 | – | 261 |

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

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

## 8. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years ended 31 March 2006 and 2007 included two and three directors respectively, details of whose remuneration are set out in note 7 above. No director was included in the five highest paid employees for the year ended 31 March 2008. Details of the remuneration of the three, two and five non-director, highest paid employees for the years ended 31 March 2006, 2007 and 2008, respectively, are as follows:

| | Year ended 31 March | | |
|---|---|---|---|
| | **2006** | **2007** | **2008** |
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Salaries, housing allowances, other allowances and benefits in kind | 2,235 | 1,566 | 3,819 |
| Pension scheme contributions | 36 | 24 | 60 |
| | 2,271 | 1,590 | 3,879 |

The remuneration of each of the non-director, highest paid employees for the Relevant Periods fell within the range from Nil to HK$1,000,000.

## 9. TAX

No provision for Hong Kong profits tax has been made as the Group either did not generate any assessable profits arising in Hong Kong or had available tax losses brought forward from prior years to offset the assessable profits generated during the Relevant Periods. 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.

| | Year ended 31 March | | |
|---|---|---|---|
| | **2006** | **2007** | **2008** |
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Group: | | | |
| Current – Mainland China | | | |
| 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:

**Year ended 31 March 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) |

**Year ended 31 March 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 | – | – | – | – | – | – |

**Year ended 31 March 2008**

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

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

### 10. LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The consolidated loss attributable to equity holders of the parent for the years ended 31 March 2006, 2007 and 2008 includes losses of HK$1,929,000, HK$6,675,000 and HK$13,442,000, respectively, which have been dealt with in the financial statements of the Company *(note 27(b))*.

### 11. DIVIDEND

No dividend has been paid or declared by the Company during the Relevant Periods.

### 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:

| | Year ended 31 March | | |
|---|---|---|---|
| | **2006** | **2007** | **2008** |
| **Loss** | | | |
| Loss attributable to ordinary equity holders of the parent | HK$1,703,000 | HK$10,222,000 | HK$9,103,000 |
| **Shares** | | | |
| Weighted average number of ordinary shares in issue during the year | 421,000,000 | 934,852,000 | 1,069,319,000 |

Diluted loss per share amounts for the Relevant Periods have not been disclosed, as the share options outstanding during these years had an anti-dilutive effect on the basic loss per share amounts for these years.

## 13. PROPERTY, PLANT AND EQUIPMENT

**Group**

| | **Leasehold improvements** *HK$'000* | **Furniture and fixtures** *HK$'000* | **Computer and office equipment** *HK$'000* | **Total** *HK$'000* |
|---|---|---|---|---|
| At 1 April 2005, net of accumulated depreciation | 1,373 | 223 | 1,160 | 2,756 |
| Additions | 266 | 85 | 714 | 1,065 |
| Disposals and write-off | – | – | (14) | (14) |
| Depreciation provided during the year | (396) | (114) | (784) | (1,294) |
| Exchange realignment | 12 | 2 | 14 | 28 |
| At 31 March 2006 and 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 and 1 April 2007, net of accumulated depreciation | 1,497 | 327 | 1,897 | 3,721 |
| Additions | 764 | 73 | 388 | 1,225 |
| Disposals and write-off | (355) | (27) | (12) | (394) |
| Depreciation provided during the year | (500) | (94) | (774) | (1,368) |
| Exchange realignment | 80 | 23 | 80 | 183 |
| At 31 March 2008, net of accumulated depreciation | 1,486 | 302 | 1,579 | 3,367 |
| At 31 March 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 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 |
| At 31 March 2008: | | | | |
| Cost | 2,571 | 1,344 | 16,705 | 20,620 |
| Accumulated depreciation | (1,085) | (1,042) | (15,126) | (17,253) |
| Net carrying amount | 1,486 | 302 | 1,579 | 3,367 |

## 14. DEFERRED DEVELOPMENT EXPENDITURE

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

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

During the years ended 31 March 2007 and 2008, 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 and HK$1,504,000, respectively.

## 15. INTERESTS IN SUBSIDIARIES

**Company**

| | As at 31 March | | |
|---|---|---|---|
| | **2006** | **2007** | **2008** |
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Unlisted shares, at cost | 18,500 | 18,500 | 18,500 |
| Due from subsidiaries | 15,472 | 21,098 | 25,237 |
| | 33,972 | 39,598 | 43,737 |
| Impairment | (27,158) | (30,910) | (43,737) |
| | 6,814 | 8,688 | – |

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

As at 31 March 2006, 2007 and 2008, an impairment was recognised for certain unlisted investments and balances due from subsidiaries, with a carrying amount of HK$33,972,000, HK$39,598,000 and HK$43,737,000, respectively, (before deducting the impairment), because the recoverable amount determined based on the value in use of these subsidiaries, which were loss making in prior years, is less than the carrying amount.

## 16. INTERESTS IN ASSOCIATES

**Group**

| | As at 31 March | | |
|---|---|---|---|
| | **2006** | **2007** | **2008** |
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Share of net assets | 422 | 422 | 410 |
| Due from associates | 100 | – | – |
| | 522 | 422 | 410 |

As at 31 March 2007 and 2008, the amount due to an associate included in the Group's current liabilities of approximately HK$392,000 and HK$909,000, respectively, 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 and operations | Percentage of ownership interest attributable to the Group | Principal activity |
|---|---|---|---|---|
| Optimus China Limited | Ordinary shares of HK$1 each | Hong Kong | 23 | Provision of search engine services |

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

The above table lists the associate of the Group which, in the opinion of the Directors, principally affected the results for the Relevant Periods or formed a substantial portion of the net assets of the Group at 31 March 2006, 2007 and 2008. 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:

**Group**

| | As at 31 March | | |
|---|---|---|---|
| | **2006** | **2007** | **2008** |
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Assets | 2,030 | 2,829 | 1,563 |
| Liabilities | 188 | 985 | 1,308 |
| Revenue | – | – | 1,473 |
| Profit/(loss) | (104) | 2 | (50) |

## 17. TRADE RECEIVABLES

**Group**

| | As at 31 March | | |
|---|---|---|---|
| | **2006** | **2007** | **2008** |
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Trade receivables | 2,941 | 4,045 | 3,555 |
| Impairment | (1,335) | (1,892) | (2,853) |
| | 1,606 | 2,153 | 702 |

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at 31 March 2006, 2007 and 2008, based on the invoice date and net of impairment, is as follows:

**Group**

| | As at 31 March | | | | | |
|---|---|---|---|---|---|---|
| | 2006 | | 2007 | | 2008 | |
| | Balance | Percentage | Balance | Percentage | Balance | Percentage |
| | *HK$'000* | | *HK$'000* | | *HK$'000* | |
| Current to 30 days | 436 | 27 | 896 | 42 | 166 | 24 |
| 31 to 60 days | 221 | 14 | 145 | 7 | 98 | 14 |
| 61 to 90 days | 161 | 10 | 138 | 6 | 185 | 26 |
| Over 90 days | 788 | 49 | 974 | 45 | 253 | 36 |
| | 1,606 | 100 | 2,153 | 100 | 702 | 100 |

The movements in provision for impairment of trade receivables are as follows:

**Group**

| | 2006 | 2007 | 2008 |
|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* |
| At beginning of year | 719 | 1,335 | 1,892 |
| Impairment losses recognised *(note 6)* | 616 | 557 | 961 |
| At end of year | 1,335 | 1,892 | 2,853 |

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

**Group**

| | As at 31 March | | |
|---|---|---|---|
| | **2006** | **2007** | **2008** |
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Neither past due nor impaired | 830 | 1,033 | 275 |
| Less than one year past due | 763 | 860 | 427 |
| Due more than one year | 13 | 260 | – |
| | 1,606 | 2,153 | 702 |

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

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

## 18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

**Group**

| | As at 31 March | | |
|---|---|---|---|
| | **2006** | **2007** | **2008** |
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Prepayments | 494 | 446 | 433 |
| Deposits and other receivables | 1,406 | 1,201 | 10,885 |
| | 1,900 | 1,647 | 11,318 |

**Company**

| | As at 31 March | | |
|---|---|---|---|
| | **2006** | **2007** | **2008** |
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Prepayments | 140 | 141 | 2,169 |
| Deposits and other receivables | 32 | – | 7,319 |
| | 172 | 141 | 9,488 |

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

## 19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

**Group and Company**

| | As at 31 March | | |
|---|---|---|---|
| | **2006** | **2007** | **2008** |
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Equity-linked deposits, at fair value | – | 13,717 | 9,507 |

The above equity-linked deposits as at 31 March 2007 and 2008 were classified as held for trading.

## 20. DUE FROM A RELATED COMPANY

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

## 21. CASH AND CASH EQUIVALENTS

**Group**

| | As at 31 March | | |
|---|---|---|---|
| | **2006** | **2007** | **2008** |
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Cash and bank balances | 4,964 | 5,733 | 37,303 |
| Time deposits | – | 228 | – |
| Cash and cash equivalents | 4,964 | 5,961 | 37,303 |

**Company**

| | As at 31 March | | |
|---|---|---|---|
| | **2006** | **2007** | **2008** |
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Cash and bank balances | 125 | 1,001 | 35,111 |
| Time deposits | – | 228 | – |
| Cash and cash equivalents | 125 | 1,229 | 35,111 |

At 31 March 2006, 2007 and 2008, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK$1,267,000, HK$958,000 and HK$1,402,000, respectively. 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 deposit rates. Short term time deposits are made for varying periods of between one to two weeks depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents and the pledged deposits approximate to their fair values.

## 22. TRADE PAYABLES

An aged analysis of the trade payables as at 31 March 2006, 2007 and 2008, based on the invoice date, is as follows:

**Group**

| | As at 31 March | | | | | |
|---|---|---|---|---|---|---|
| | 2006 | | 2007 | | 2008 | |
| | Balance | Percentage | Balance | Percentage | Balance | Percentage |
| | *HK$'000* | | *HK$'000* | | *HK$'000* | |
| Current to 30 days | 3 | 4 | 389 | 80 | – | – |
| 31 to 60 days | 1 | – | 3 | 1 | – | – |
| 61 to 90 days | 84 | 96 | 94 | 19 | – | – |
| Over 90 days | – | – | 1 | – | – | – |
| | 88 | 100 | 487 | 100 | – | – |

The trade payables are non-interest-bearing and are normally settled on 30-day terms.

## 23. OTHER PAYABLES AND ACCRUALS

**Group**

| | As at 31 March | | |
|---|---|---|---|
| | **2006** | **2007** | **2008** |
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Other payables | 2,285 | 2,300 | 1,502 |
| Accruals | 2,157 | 2,278 | 4,023 |
| | 4,442 | 4,578 | 5,525 |

**Company**

| | As at 31 March | | |
|---|---|---|---|
| | **2006** | **2007** | **2008** |
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Other payables | 148 | 188 | – |
| Accruals | 515 | 515 | 1,019 |
| | 663 | 703 | 1,019 |

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

## 24. DEFERRED TAX

As at 31 March 2006, 2007 and 2008, the Group has tax losses arising in Hong Kong of HK$41,068,000, HK$42,947,000 and HK$47,434,000, respectively, that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time, and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

## 25. SHARE CAPITAL

**Shares**

| | As at 31 March | | |
|---|---|---|---|
| | **2006** | **2007** | **2008** |
| | *HK$'000* | *HK$'000* | *HK$'000* |
| *Authorised:* | | | |
| 20,000,000,000 ordinary shares of HK$0.01 each | 200,000 | 200,000 | 200,000 |
| *Issued and fully paid:* | | | |
| 421,000,000, 972,000,000 and 1,180,349,000 ordinary shares of HK$0.01 each as at 31 March 2006, 2007 and 2008, respectively | 4,210 | 9,720 | 11,803 |

During the Relevant Periods, the movements in share capital were as follows:

(a) Pursuant to a subscription agreement dated 7 March 2006, 550,000,000 shares of HK$0.01 each were issued during the year ended 31 March 2007 to CCT Telecom 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 during the year ended 31 March 2007 at the subscription price of HK$0.037 per share, 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.

(c) Pursuant to a placing and subscription agreement dated 13 November 2007, 150,000,000 shares of HK$0.01 each were issued during the year ended 31 March 2008 for cash at a subscription price of HK$0.285 per share for a total cash consideration, before expenses, of HK$42,750,000.

(d) The subscription rights attaching to 58,349,000 share options were exercised during the year ended 31 March 2008 at the weighted average subscription price of HK$0.038 per share, resulting in the issue of 58,349,000 shares of HK$0.01 each for a total cash consideration, before expenses, of HK$2,231,000.

A summary of the transactions involving the Company's issued ordinary share capital during the Relevant Periods is as follows:

| | Number of ordinary shares of HK$0.01 each in issue | Issued capital | Share premium account | Total |
|---|---|---|---|---|
| | | *HK$'000* | *HK$'000* | *HK$'000* |
| At 1 April 2005, 31 March 2006 and 1 April 2006 | 421,000,000 | 4,210 | 17,125 | 21,335 |
| Share subscription | 550,000,000 | 5,500 | 16,500 | 22,000 |
| Share options exercised | 1,000,000 | 10 | 27 | 37 |
| | 551,000,000 | 5,510 | 16,527 | 22,037 |
| Share issue expenses | – | – | (1,018) | (1,018) |
| At 31 March 2007 and 1 April 2007 | 972,000,000 | 9,720 | 32,634 | 42,354 |
| Share subscription | 150,000,000 | 1,500 | 41,250 | 42,750 |
| Share options exercised | 58,349,000 | 583 | 2,560 | 3,143 |
| | 208,349,000 | 2,083 | 43,810 | 45,893 |
| Share issue expenses | – | – | (1,438) | (1,438) |
| At 31 March 2008 | 1,180,349,000 | 11,803 | 75,006 | 86,809 |

**Share options**

Details of the Company's share option scheme and the share options issued under the scheme are included in note 26 below.

**26. SHARE OPTION SCHEME**

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

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

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

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

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

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

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

On 19 December 2005, a grant of 7,485,000 options beyond the limit under the Share Option Scheme was duly passed by the shareholders at the extraordinary general meeting of the Company. Upon the grant of 7,485,000 options, the aggregate number of options in issue and outstanding was 11.78% of the 421,000,000 shares then in issue and did not exceed the overall limit of 30% of the shares then in issue.

On 27 July 2006, a grant of 117,850,000 options beyond the limit under the Share Option Scheme was duly passed by the shareholders at the extraordinary general meeting of the Company. Upon the grant of 117,850,000 options, the aggregate number of options in issue and outstanding was 12.14% of the 971,000,000 shares then in issue and did not exceed the overall limit of 30% of the shares then in issue.

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

| | 2006 | | 2007 | | 2008 | |
|---|---|---|---|---|---|---|
| | Weighted average exercise price | Number of options | Weighted average exercise price | Number of options | Weighted average exercise price | Number of options |
| | *HK$ per share* | *'000* | *HK$ per share* | *'000* | *HK$ per share* | *'000* |
| At beginning of year | 0.036 | 36,000 | 0.038 | 48,227 | 0.038 | 164,577 |
| Granted during the year | 0.043 | 13,585 | 0.038 | 117,850 | – | – |
| Forfeited during the year | 0.043 | (1,358) | 0.043 | (500) | 0.039 | (1,328) |
| Exercised during the year | – | – | 0.037 | (1,000) | 0.038 | (58,349) |
| At end of year | 0.038 | 48,227 | 0.038 | 164,577 | 0.038 | 104,900 |

The weighted average share price at the date of exercise for share options exercised during the years ended 31 March 2007 and 2008 was HK$0.08 and HK$0.18, respectively.

The exercise prices and exercise periods of the share options outstanding as at 31 March 2006, 2007 and 2008 are as follows:

**2006**

| Number of options | Exercise price* | Exercise period |
|---|---|---|
| *'000* | *HK$ per share* | |
| 32,000 | 0.037 | 23 Jun 2003 to 22 Jun 2008 |
| 4,000 | 0.030 | 4 Nov 2004 to 3 Nov 2009 |
| 6,100 | 0.043 | 26 Oct 2005 to 25 Oct 2010 |
| 3,896 | 0.043 | 18 Jan 2006 to 19 Feb 2012 |
| 2,231 | 0.043 | 18 Jan 2007 to 19 Feb 2012 |
| 48,227 | | |

**2007**

| **Number of options** | **Exercise price*** | **Exercise period** |
|---|---|---|
| *'000* | *HK$ per share* | |
| 31,000 | 0.037 | 23 Jun 2003 to 22 Jun 2008 |
| 4,000 | 0.030 | 4 Nov 2004 to 3 Nov 2009 |
| 6,100 | 0.043 | 26 Oct 2005 to 25 Oct 2010 |
| 3,646 | 0.043 | 18 Jan 2006 to 19 Feb 2012 |
| 117,850 | 0.038 | 14 Aug 2006 to 13 Aug 2011 |
| 1,981 | 0.043 | 18 Jan 2007 to 19 Feb 2012 |
| 164,577 | | |

**2008**

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

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

The fair value of the share options granted during the years ended 31 March 2006 and 2007 was HK$302,000 and HK$2,280,000, respectively, of which the Group recognised a share option expense of HK$302,000 and HK$2,280,000 for the years ended 31 March 2006 and 2007, respectively.

The fair value of equity-settled share options granted during the years ended 31 March 2006 and 2007 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 years ended 31 March 2006 and 2007:

| Grant date | 27 Sep 2005 | 20 Dec 2005 | 20 Dec 2005 | 14 Aug 2006 |
|---|---|---|---|---|
| Exercise period | 26 Oct 2005 to 25 Oct 2010 | 18 Jan 2006 to 19 Feb 2012 | 18 Jan 2007 to 19 Feb 2012 | 14 Aug 2006 to 13 Aug 2011 |
| Dividend yield *(%)* | – | – | – | – |
| Expected volatility *(%)* | 101.56 | 119.19 | 119.19 | 113.15 |
| Historical volatility *(%)* | 101.56 | 119.19 | 119.19 | 113.15 |
| Risk-free interest rate *(%)* | 3.93 | 4.10 | 4.13 | 4.06 |
| Expected life of options *(year)* | 2.58 | 3.12 | 3.62 | 1 |
| Closing share price at grant date *(HK$)* | 0.040 | 0.042 | 0.042 | 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 ended 31 March 2007 resulted in the issue of 1,000,000 shares in the Company and new share capital of HK$10,000 and share premium of HK$27,000 (before issue expenses), as further detailed in note 25 to the Financial Information. The 58,349,000 share options exercised during the year ended 31 March 2008 resulted in the new issue of 58,349,000 ordinary shares in the Company and new share capital of approximately HK$583,000 and share premium of approximately HK$1,648,000 (before issue expenses), as further detailed in note 25 to the Financial Information.

As at 31 March 2008, the Company had 104,900,000 share options outstanding under the Share Option Scheme. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 104,900,000 additional ordinary shares in the Company and additional share capital of HK$1,049,000 and share premium of approximately HK$2,917,000 (before issue expenses).

As at the close business on 22 August 2008, 34,400,000 share options were further exercised and 20,000,000 share options lapsed subsequent to 31 March 2008. As a result, taking into account the exercise of share options after 31 March 2008, the Company had 50,500,000 share options outstanding under the Share Option Scheme, which represented approximately 4.3% of the Company's shares in issue as at that date.

## 27. RESERVES

### (a) Group

The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity on page 36 of this report.

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

**(b) Company**

| | Share premium account | Contributed surplus | Share option reserve | Accumulated losses | Total |
|---|---|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *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 and 1 April 2006 | 17,125 | 18,203 | 302 | (33,392) | 2,238 |
| Issue of shares | 16,527 | – | – | – | 16,527 |
| Share issue expenses | (1,018) | – | – | – | (1,018) |
| Equity-settled share option arrangements | – | – | 2,280 | – | 2,280 |
| Loss for the year | – | – | – | (6,675) | (6,675) |
| At 31 March 2007 and 1 April 2007 | 32,634 | 18,203 | 2,582 | (40,067) | 13,352 |
| Issue of new shares upon exercise of share options | 2,560 | – | (977) | – | 1,583 |
| Issue of new shares upon placing and top-up subscription | 41,250 | – | – | – | 41,250 |
| Share issue expenses | (1,438) | – | – | – | (1,438) |
| Loss for the year | – | – | – | (13,442) | (13,442) |
| At 31 March 2008 | 75,006 | 18,203 | 1,605 | (53,509) | 41,305 |

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 to the Financial Information. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to accumulated losses should the related options expire or be forfeited.

**28. CONTINGENT ASSETS/LIABILITIES**

(a) As at 31 March 2007 and 2008, a guarantee of HK$5,000,000 was given by the Company to a bank in connection with banking facilities granted to a subsidiary. As at 31 March 2007 and 2008, the banking facilities guaranteed by the Company to the subsidiary remained unutilised.

(b) During the year ended 31 March 2008, the Company and a subsidiary commenced a legal action against two former employees of the Group and a company for the alleged improper use of the Group's proprietary trade secrets and copyright materials. As at 31 March 2008, the Group successfully applied for an interlocutory injunction and property freezing injunction against the defendants, but it is still uncertain whether the Group would succeed the claim against the defendants. Accordingly, the Group has not recognised any contingent asset arising from the claims against the defendants as at 31 March 2008. The Group has recorded the estimated legal costs of approximately HK$1,115,000 in connection with the aforesaid legal action incurred up to 31 March 2008 in the Financial Information. Subsequent to 31 March 2008, the Group entered into a settlement with one of the defendants by way of a court order on 28 April 2008, and another settlement with the remaining two defendants also by way of a court order on 7 May 2008. Under the settlement arrangements, the defendants would pay the Group a total sum of HK$800,000 by instalments. As at the close of business on 22 August 2008, the Group received a total of HK$750,000 from the defendants.

## 29. OPERATING LEASE COMMITMENTS

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

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

**Group**

| | As at 31 March | | |
|---|---|---|---|
| | **2006** | **2007** | **2008** |
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Within one year | 1,384 | 2,215 | 2,100 |
| In the second to fifth years, inclusive | 982 | 2,011 | 3,046 |
| | 2,366 | 4,226 | 5,146 |

## 30. COMMITMENTS

In addition to the operating lease commitments detailed in note 29 above, the Group had the following commitments at 31 March 2006, 2007 and 2008:

**Group**

| | As at 31 March | | |
|---|---|---|---|
| | **2006** | **2007** | **2008** |
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Contracted, but not provided for capital contributions payable to a subsidiary | – | 374 | – |

## 31. RELATED PARTY TRANSACTIONS

**(a)** In addition to the transactions detailed elsewhere in the Financial Information, the Group had the following transactions with a related party during the Relevant Periods:

**Group**

| | Year ended 31 March | | |
|---|---|---|---|
| | **2006** | **2007** | **2008** |
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Service charges paid to an associate | – | 814 | 1,454 |

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

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

Details of the Group's amount due to the associate and amount due from a related company as at 31 March 2006, 2007 and 2008 are included in notes 16 and 20 to the Financial Information, respectively.

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

**Group**

| | Year ended 31 March | | |
|---|---|---|---|
| | **2006** | **2007** | **2008** |
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Short term employee benefits | 3,050 | 3,936 | 3,805 |
| Post-employment benefits | 54 | 60 | 58 |
| Share-based payments | 50 | 2,048 | – |
| Total compensation paid to key management personnel | 3,154 | 6,044 | 3,863 |

Further details of directors' emoluments are included in note 7 to the Financial Information.

## 32. FINANCIAL INSTRUMENTS BY CATEGORY

Other than certain investments being classified as financial assets at fair value through profit or loss as disclosed in note 19 to the Financial Information, all financial assets and liabilities of the Group and the Company as at 31 March 2006, 2007 and 2008, are loans and receivables and financial liabilities stated at amortised cost, respectively.

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

***Foreign currency risk***

The Group has transactional currency exposures. Such exposures arise from sales, purchases or expenditure by operating units in currencies other than the units' functional currency. The following table demonstrates the sensitivity at 31 March 2006, 2007 and 2008 to a reasonably possible change in the RMB exchange rate, with all other variables held constant, of the Group's loss before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity.

**2006**

| | **Increase/ (decrease) in RMB rate** | **Increase/ (decrease) in loss before tax** | **Increase/ (decrease) in equity** |
|---|---|---|---|
| | *%* | *HK$'000* | *HK$'000* |
| If HK$ weakens against RMB | 10 | 256 | (256) |
| If HK$ strengthens against RMB | (10) | (256) | 256 |

**2007**

| | Increase/ (decrease) in RMB rate | Increase/ (decrease) in loss before tax | Increase/ (decrease) in equity |
|---|---|---|---|
| | *%* | *HK$'000* | *HK$'000* |
| If HK$ weakens against RMB | 10 | 305 | (305) |
| If HK$ strengthens against RMB | (10) | (305) | 305 |

**2008**

| | Increase/ (decrease) in RMB rate | Increase/ (decrease) in loss before tax | Increase/ (decrease) in equity |
|---|---|---|---|
| | *%* | *HK$'000* | *HK$'000* |
| If HK$ weakens against RMB | 10 | 411 | (411) |
| If HK$ strengthens against RMB | (10) | (411) | 411 |

***Capital management***

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

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

The Group monitors capital using a gearing ratio, which is total long term borrowing divided by total equity of the Group. As at 31 March 2006, 2007 and 2008, the gearing ratio was zero.

## III. SUBSEQUENT EVENTS

(a) During the year ended 31 March 2008, the Company and a subsidiary commenced a legal action against two former employees of the Group and a company for the alleged improper use of the Group's proprietary trade secrets and copyright materials. Subsequent to 31 March 2008, settlements were reached and details of this legal case are disclosed in note 28(b) to the Financial Information.

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

Details of the acquisition of the Forest Projects were set out in the joint announcements of CCT Telecom and the Company dated 23 October 2007 and 28 March 2008, and the Company's circular to shareholders dated 30 May 2008. The acquisition of the Forest Projects was approved by the Company's shareholders at the extraordinary general meeting of the Company held on 18 June 2008, and was completed on 12 August 2008. On 12 August 2008, the Company issued convertible bonds to MCL and Manistar in aggregate principal amounts of approximately HK$777 million and HK$139 million, respectively. The convertible bonds are due on 11 August 2011, interest-free and convertible into the shares of the Company at the conversion price of HK$0.10 per share (subject to adjustment).

(c) On 8 August 2008, the Company announced that it entered into a conditional sale and purchase agreement dated 8 August 2008 (the "S&P Agreement") with a third party (the "Purchaser") for the sale and transfer of the on-line and off-line business, which includes the provision of on-line and off-line integrated marketing solutions and management automation services, (the "Disposal Business") and certain related business assets by the Group to the Purchaser under the terms of the S&P Agreement (the "Sale Transactions"). The sale consideration payable by the Purchaser to the Company shall be equal to the basic consideration of HK$12,000,000, plus the Unexpired Service Contracts Consideration (net of the Deferred Service Fees Received) and the Additional Acquisition Consideration (as defined in the Circular).

The Purchaser paid HK$4,000,000 to the Company on the date of signing of the S&P Agreement as the prepayment for the basic consideration. The balance of the basic consideration in the amount of HK$8,000,000 will be payable by the Purchaser to the Company upon completion of the Sale Transactions.

Details of the Sale Transactions were set out in the announcement of the Company dated 8 August 2008. The Sale Transactions are subject to the approval by the Company's shareholders at an extraordinary general meeting to be held on 16 September 2008. Since certain conditions precedent have not been fulfilled or waived up to the date of this report, it is not practicable to estimate the financial impact on the Group in connection with the Sale Transactions.

For the purpose of presenting the financial information of the Disposal Business for the Relevant Periods, the combined income statements, combined balance sheets, combined cash flow statements and combined statements of changes in equity of the Company's subsidiaries, which conducted the Disposal Business, for the Relevant Periods included in the Financial Information are set out as follows:

**(i) Combined income statements**

| | Year ended 31 March | | |
|---|---|---|---|
| | **2006** | **2007** | **2008** |
| | *HK$'000* | *HK$'000* | *HK$'000* |
| REVENUE | 39,308 | 42,709 | 38,600 |
| Cost of sales | (23,090) | (26,954) | (25,593) |
| Gross profit | 16,218 | 15,755 | 13,007 |
| Other income and gains | 95 | 233 | 117 |
| Selling and distribution costs | (2,516) | (2,927) | (3,070) |
| General and administrative expenses | (9,745) | (12,948) | (12,358) |
| Advertising and promotion expenses | (2,943) | (3,831) | (3,293) |
| Other expenses | (1,019) | (2,946) | (3,043) |
| Gain and deemed disposal of associates | 445 | – | – |
| Share of losses of associates | (24) | – | (12) |
| PROFIT/(LOSS) BEFORE TAX | 511 | (6,664) | (8,652) |
| Tax | (149) | – | – |
| PROFIT/(LOSS) FOR THE YEAR | 362 | (6,664) | (8,652) |
| Attributable to: | | | |
| Equity holders of the parent | 362 | (6,560) | (8,378) |
| Minority interests | – | (104) | (274) |
| | 362 | (6,664) | (8,652) |

**(ii) Combined balance sheets**

| | As at 31 March | | |
|---|---|---|---|
| | **2006** | **2007** | **2008** |
| | *HK$'000* | *HK$'000* | *HK$'000* |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 2,541 | 3,721 | 3,367 |
| Deferred development expenditure | 6,952 | 4,974 | 4,929 |
| Interests in associates | 522 | 422 | 410 |
| Total non-current assets | 10,015 | 9,117 | 8,706 |
| CURRENT ASSETS | | | |
| Trade receivables | 1,578 | 2,106 | 616 |
| Prepayments, deposits and other receivables | 1,629 | 1,302 | 1,786 |
| Due from group companies | – | – | 1,084 |
| Due from a related company | – | 25 | 55 |
| Cash and cash equivalents | 4,346 | 3,790 | 2,077 |
| Total current assets | 7,553 | 7,223 | 5,618 |
| CURRENT LIABILITIES | | | |
| Trade payables | 60 | 93 | – |
| Deferred service fees received in advance | 3,761 | 3,923 | 3,318 |
| Due to an associate | – | 392 | 909 |
| Due to group companies | 14,909 | 19,660 | 25,246 |
| Other payables and accruals | 3,614 | 3,641 | 4,372 |
| Total current liabilities | 22,344 | 27,709 | 33,845 |
| NET CURRENT LIABILITIES | (14,791) | (20,486) | (28,227) |
| Net liabilities | (4,776) | (11,369) | (19,521) |
| COMBINED EQUITY | | | |
| **Equity attributable to equity holders of the parent** | | | |
| Issued capital | 2,971 | 2,971 | 2,971 |
| Reserves | (7,747) | (14,289) | (22,488) |
| | (4,776) | (11,318) | (19,517) |
| **Minority interests** | – | (51) | (4) |
| Total equity | (4,776) | (11,369) | (19,521) |

For the purpose of presentation of the above combined balance sheets, the balances of the issued capital and reserves represent the combined issued capital and reserves of the Company's subsidiaries which conducted the Disposal Business, respectively.

### (iii) Combined statements of changes in equity

| | Attributable to equity holders of the parent | | | | | | |
|---|---|---|---|---|---|---|---|
| | Issued capital | Contributed surplus | Exchange fluctuation reserve | Accumulated losses | Total | Minority interests | Total equity |
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| At 1 April 2005 | 2,971 | 64,037 | 11 | (72,118) | (5,099) | – | (5,099) |
| Exchange realignment | – | – | (39) | – | (39) | – | (39) |
| Total income and expense recognised directly in equity | – | – | (39) | – | (39) | – | (39) |
| Profit for the year | – | – | – | 362 | 362 | – | 362 |
| Total income and expense for the year | – | – | (39) | 362 | 323 | – | 323 |
| At 31 March 2006 and 1 April 2006 | 2,971 | 64,037 | (28) | (71,756) | (4,776) | – | (4,776) |
| Exchange realignment | – | – | 18 | – | 18 | (1) | 17 |
| Total income and expense recognised directly in equity | – | – | 18 | – | 18 | (1) | 17 |
| Loss for the year | – | – | – | (6,560) | (6,560) | (104) | (6,664) |
| Total income and expense for the year | – | – | 18 | (6,560) | (6,542) | (105) | (6,647) |
| Capital contribution by a minority shareholder | – | – | – | – | – | 54 | 54 |
| At 31 March 2007 and 1 April 2007 | 2,971 | 64,037 | (10) | (78,316) | (11,318) | (51) | (11,369) |
| Exchange realignment | – | – | 179 | – | 179 | 1 | 180 |
| Total income and expense recognised directly in equity | – | – | 179 | – | 179 | 1 | 180 |
| Loss for the year | – | – | – | (8,378) | (8,378) | (274) | (8,652) |
| Total income and expense for the year | – | – | 179 | (8,378) | (8,199) | (273) | (8,472) |
| Capital contribution by a minority shareholder | – | – | – | – | – | 320 | 320 |
| At 31 March 2008 | 2,971 | 64,037 | 169 | (86,694) | (19,517) | (4) | (19,521) |

For the purpose of presentation of the above combined statements of changes in equity, the balances of the issued capital and reserves represent the combined issued capital and reserves of the Company's subsidiaries which conducted the Disposal Business, respectively.

### (iv) Combined cash flow statements

| | Year ended 31 March | | |
|---|---|---|---|
| | **2006** | **2007** | **2008** |
| | *HK$'000* | *HK$'000* | *HK$'000* |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit/(loss) before tax | 511 | (6,664) | (8,652) |
| Adjustments for: | | | |
| Gain on deemed disposal of associates | (445) | – | – |
| Share of losses of associates | 24 | – | 12 |
| Interest income | (76) | (217) | (50) |
| Depreciation | 1,294 | 1,289 | 1,368 |
| Amortisation of deferred development expenditure | 895 | 914 | 1,461 |
| Impairment of deferred development expenditure | – | 2,351 | 1,504 |
| Loss on disposals and write-off of items of property, plant and equipment | 4 | 8 | 385 |
| Impairment of trade receivables | 616 | 557 | 961 |
| Impairment of other receivables | 398 | 30 | 193 |
| | 3,221 | (1,732) | (2,818) |
| (Increase)/decrease in trade receivables | 1,024 | (1,085) | 529 |
| (Increase)/decrease in prepayments, deposits and other receivables | (287) | 297 | (677) |
| Increase in amounts due from group companies | – | – | (1,084) |
| Increase in amount due from a related company | – | (25) | (30) |
| Increase/(decrease) in trade payables | (143) | 33 | (93) |
| Increase/(decrease) in deferred service fees received in advance | 150 | 162 | (605) |
| Increase in other payables and accruals | 82 | 27 | 731 |
| Increase in an amount due to an associate | – | 392 | 517 |
| Cash generated from/(used in) operations | 4,047 | (1,931) | (3,530) |
| PRC tax paid | (149) | – | – |
| Net cash inflow/(outflow) from operating activities | 3,898 | (1,931) | (3,530) |

| | Year ended 31 March | | |
|---|---|---|---|
| | 2006 | 2007 | 2008 |
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Net cash inflow/(outflow) from operating activities | 3,898 | (1,931) | (3,530) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest received | 76 | 217 | 50 |
| Purchases of items of property, plant and equipment | (1,065) | (2,406) | (1,225) |
| Proceeds from disposals of items of property, plant and equipment | 9 | 8 | 9 |
| Additions to deferred development expenditure | (2,562) | (1,247) | (2,906) |
| (Increase)/decrease in an amount due from an associate | (100) | 100 | – |
| Net cash outflow from investing activities | (3,642) | (3,328) | (4,072) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Advances from/(repayment to) group companies | (2,113) | 4,751 | 5,586 |
| Capital contribution by a minority shareholder | – | 54 | 320 |
| Net cash inflow/(outflow) from financing activities | (2,113) | 4,805 | 5,906 |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (1,857) | (454) | (1,696) |
| Cash and cash equivalents at beginning of year | 6,292 | 4,346 | 3,790 |
| Effect of foreign exchange rate changes, net | (89) | (102) | (17) |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | 4,346 | 3,790 | 2,077 |
| ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS | | | |
| Cash and bank balances | 4,346 | 3,790 | 2,077 |

(d) On 8 August 2008, the Company announced to propose the change of the Company's name from "Tradeeasy Holdings Limited" to "CCT Resources Holdings Limited". The proposed change of company name is subject to the approval of the Company's shareholders at the extraordinary general meeting to be held on 22 September 2008.

## IV. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group and the Company in respect of any period subsequent to 31 March 2008.

Yours faithfully,
**Ernst & Young**
*Certified Public Accountants*
Hong Kong

*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 Leung**
*Certified Public Accountants*
5/F., Effectual Building,
16 Hennessy Road,
Wanchai,
Hong Kong

28 August 2008

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

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 31 March, 2008 (the "Relevant Periods") for inclusion in the circular of Tradeeasy Holdings Limited ("Tradeeasy") dated 28 August 2008 (the "Circular") in connection with the proposed very substantial disposal transaction of 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 23 April 2007. The Group has not carried on any business for the period from its date of incorporation to 31 March 2008. The Company entered into a conditional agreement on 4 October 2007 as revised and amended by a supplemental agreement on 17 October 2007, the second supplemental agreement dated 28 February 2008 and the third supplemental agreement dated 20 March 2008 (together the "Agreements") with its then immediate holding company and Tradeeasy, pursuant to which Tradeeasy 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, Tradeeasy will become the holding company of the Company. The Company have established 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' report, the Agreements have been completed.

As at 31 March 2008, 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 |
|---|---|---|---|---|
| PT Merdeka Tapare Timber | Indonesia 17 January 2008 | US$500,000 | 65% | Not yet commenced business |
| Merdeka Logging Limited | British Virgin Islands 1 August 2007 | US$100 | 100% | Not yet commenced business |
| Merdeka Plantation Limited | British Virgin Islands 1 August 2007 | US$100 | 100% | Not yet commenced business |

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 31 March 2008 and the Group's results and cash flows for the period ended 31 March 2008.

## I. CONSOLIDATED INCOME STATEMENT

| | Notes | 23.4.2007 (date of incorporation) to 31.3.2008 HK$ |
|---|---|---|
| Turnover | 3 | – |
| Cost of sales | | – |
| Gross profit | | – |
| Other revenue | 3 | 18,090 |
| Administrative and operating expenses | | (2,844,795) |
| Loss from operating activities | 4 | (2,826,705) |
| Finance costs | | – |
| Loss before taxation | | (2,826,705) |
| Taxation | 6 | – |
| Loss for the period | | (2,826,705) |
| Attributable to: | | |
| Equity holders of the Company | | (2,534,562) |
| Minority interests | | (292,143) |
| | | (2,826,705) |

## II. CONSOLIDATED BALANCE SHEET

| | Notes | 23.4.2007 (date of incorporation) to 31.3.2008 HK$ |
|---|---|---|
| **Non-current assets** | | |
| Property, plant and equipment | 7 | 2,147,801 |
| **Current assets** | | |
| Prepayment, deposits and other receivables | 10 | 3,688,120 |
| Cash and bank balances | 11 | 3,903,999 |
| | | 7,592,119 |
| **Total assets** | | 9,739,920 |
| **Equity and Liabilities** | | |
| **Capital and reserves** | | |
| Share capital | 12 | 78,000 |
| Accumulated losses | | (2,534,562) |
| | | (2,456,562) |
| **Minority interests** | | 1,072,857 |
| **Total equity** | | (1,383,705) |
| **Current liabilities** | | |
| Other payable and accruals | 13 | 7,931,063 |
| Amount due to immediate holding company | 9 | 3,192,562 |
| **Total liabilities** | | 11,123,625 |
| **Total equity and liabilities** | | 9,739,920 |

## III. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Share capital *HK$* | Accumulated losses *HK$* | Minority interests *HK$* | Total *HK$* |
|---|---|---|---|---|
| Issue of ordinary shares | 78,000 | – | – | 78,000 |
| Loss for the period | – | (2,534,562) | (292,143) | (2,826,705) |
| Capital contribution by a minority shareholder | – | – | 1,365,000 | 1,365,000 |
| 31st March 2008 | 78,000 | (2,534,562) | 1,072,857 | (1,383,705) |

## IV. CONSOLIDATED CASH FLOW STATEMENT

| | 23.4.2007 (date of incorporation) to 31.3.2008 |
|---|---|
| | *HK$* |
| **Cash flows from operating activities** | |
| Loss before taxation | (2,826,705) |
| Adjustments for:– | |
| Depreciation | 17,749 |
| Interest income | (18,090) |
| Operating loss before changes in working capital | (2,827,046) |
| Increase in other receivable | (3,688,120) |
| Increase in other payable and accruals | 7,931,063 |
| **Cash generated from operations** | 1,415,897 |
| Interest received | 18,090 |
| Net cash inflow from operating activities | 1,433,987 |
| **Cash flows from investment activities** | |
| Acquisition of property, plant and equipment | (2,165,550) |
| Net cash outflow from investing activities | (2,165,550) |
| **Cash flows from financing activities** | |
| Proceeds from the issue of shares | 78,000 |
| Capital contribution by a minority shareholder | 1,365,000 |
| Increase in amount due to immediate holding company | 3,192,562 |
| Net cash inflow from financing activities | 4,635,562 |
| **Net increase in cash and cash equivalents** | 3,903,999 |
| **Cash and cash equivalents at the beginning of the period** | – |
| **Cash and cash equivalents at the end of the period** | 3,903,999 |
| **Analysis of cash and cash equivalents** | |
| Cash and bank balances | 3,903,999 |

## V. COMPANY BALANCE SHEET

| | Notes | 31.3.2008<br>HK$ |
|---|---|---|
| **Assets** | | |
| **Non-current assets** | | |
| Property, plant and equipment | 7 | 837,692 |
| Investment in subsidiaries | 8 | 2,580,600 |
| | | 3,418,292 |
| **Current assets** | | |
| Prepayment, deposits and other receivables | 10 | 3,660,058 |
| Cash and bank balances | 11 | 2,167,840 |
| | | 5,827,898 |
| **Total assets** | | 9,246,190 |
| **Equity and liabilities** | | |
| **Capital and reserves** | | |
| Share capital | 12 | 78,000 |
| Accumulated losses | | (2,043,955) |
| **Total equity** | | (1,965,955) |
| **Current liabilities** | | |
| Other payable and accruals | 13 | 8,019,583 |
| Amount due to immediate holding company | 9 | 3,192,562 |
| **Total liabilities** | | 11,212,145 |
| **Total equity and liabilities** | | 9,246,190 |

## 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 23 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) Property, plant and equipment**

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:

| | |
|---|---|
| Plant and Machinery | 33.3% |
| Furniture and fixtures | 20% |
| Office equipment | 20% |

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.

**(e) 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.

**(f) 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.

**(g) 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.

**(h) 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.

**(i) 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.

**(j) 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.

**(k) 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.

**(l) 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.

**(m) 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 | 18,090 |
| Total revenue recognised during the period | 18,090 |

**4. Loss from operating activities**

Loss from operating activities is arrived at after charging:

| | *HK$* |
|---|---|
| Auditors' remuneration | 65,000 |
| Depreciation | 17,749 |

**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 | (2,826,705) |
| Tax at statutory income tax at 17.5% | (494,673) |
| Tax effect of unused tax losses not recognised | 494,673 |
| 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. Property, plant and equipment

### Group

| | Plant and Machinery | Furniture and fixture | Office equipment | Total |
|---|---|---|---|---|
| | *HK$* | *HK$* | *HK$* | *HK$* |
| Additions during the period | 1,313,660 | 813,272 | 38,618 | 2,165,550 |
| Depreciation for the period | (3,551) | (13,554) | (644) | (17,749) |
| Net book values as at 31 March 2008 | 1,310,109 | 799,718 | 37,974 | 2,147,801 |

### Company

| | Furniture and fixture | Office equipment | Total |
|---|---|---|---|
| | *HK$* | *HK$* | *HK$* |
| Additions during the period | 813,272 | 38,618 | 851,890 |
| Depreciation for the period | (13,554) | (644) | (14,198) |
| Net book values as at 31 March 2008 | 799,718 | 37,974 | 837,692 |

## 8. Investment in subsidiaries

| | *HK$* |
|---|---|
| Unlisted shares, at cost | 2,536,560 |
| Due from subsidiaries | 44,040 |
| | 2,580,600 |

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.

### 9. Amount due from immediate holding company

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

### 10. Prepayment, deposits and other receivables

| | The Group | The Company |
|---|---|---|
| | *HK$* | *HK$* |
| Other receivables | 390,320 | 390,320 |
| Prepayments and deposits | 3,297,800 | 3,269,738 |
| | 3,688,120 | 3,660,058 |

The directors consider that the carrying amounts of prepayment, deposits and other receivables approximately to their fair value.

### 11. Cash and bank balances

| | The Group | The Company |
|---|---|---|
| | *HK$* | *HK$* |
| Denominated in Hong Kong dollars | 3,903,999 | 2,167,840 |

### 12. 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 3 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.

### 13. Other payables and accruals

| | The Group | The Company |
|---|---|---|
| | *HK$* | *HK$* |
| Amount due to a creditor | 7,340,000 | 7,340,000 |
| Other payables | 559,285 | 647,805 |
| Accruals | 31,778 | 31,778 |
| | 7,931,063 | 8,019,583 |

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

### 14. Operating lease commitments

As at 31 March 2008, the Group's total future minimum lease payments under non-cancellable operating leases are repayable as follows:

| | |
|---|---|
| | *HK$* |
| Within one year | 1,848,648 |
| In the second to fifth years inclusive | 3,389,188 |
| | 5,237,836 |

**15. 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 | 1 January, 2009 |
| HKFRS 8 | Operating Segments | 1 January, 2009 |
| HK(IFRIC)-Int 12 | Service Concession Arrangements | 1 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 31 March 2008.

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

## 1. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 June 2008 (being the latest practicable date for ascertaining information relating to this indebtedness statement), the Enlarged Group had an outstanding unsecured other loan of approximately HK$3,687,000.

Save as aforesaid, and apart from intra-group liabilities, 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 outstanding at the close of business on 30 June 2008.

## 2. 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 Sale Transactions and the Manistar Subscription, 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.

## 3. FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

The sale proceeds from the Sale Transactions of approximately HK$12,000,000 will be used to pay the accounts payables and accrued expenses in relation to the B2B business and fees and expenses in connection with the Sale Transactions. The Group intends that the remaining sales proceeds would be used as general working capital of the Group.

The net sale proceeds from the Sale Transactions will be for working capital purposes, thereby improving the liquidity of the Group. This in turn enables the Group to have greater financial flexibility to focus its resources on its retained Trading Business and the Forest Projects.

The Board believes that gross turnover of trading businesses is usually much bigger than that of the B2B business. Following the signing of the S&P Agreement, the Group will redirect its resources to the Trading Business in order to grow the business. The Board believes that the Trading Business has good potential and its turnover will increase significantly from its current level.

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

## 4. MAJOR DISPOSAL EVENTS

There was no major disposal event in the financial year 2007 and 2008.

## 5. MATERIAL ADVERSE CHANGE

The Directors confirm that there was no material adverse change in the financial or trading position of the Group since 31 March 2008, being the date of which the latest published audited consolidated financial statements of the Group were made up.

## 6. MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

### Year ended 31 March 2008

After Completion of the Sale Transactions, the Remaining Group shall continue to be engaged in the Trading Business.

The turnover of the Trading Business for the year ended 31 March 2008 was approximately HK$2.6 million, representing approximately 6.3% of the Group's turnover for the same period based on the Annual Report.

The Company will expand the Trading Business. The Board believes that the Trading Business has good potential and expects its turnover will increase significantly from its current level.

**Liquidity, Financial Resources and Capital Structure**

Based on the unaudited pro forma consolidated balance sheet of the Remaining Group, as at 31 March 2008, the Remaining Group did not have any net borrowings and its assets were liquid. The Group employs a conservative approach to its treasury policy, cash management and risk control, and funding needs are principally financed by cash flow generated from the Remaining Group's operations.

Based on the unaudited pro forma consolidated balance sheet of the Remaining Group, the Remaining Group's net asset value as at 31 March 2008 amounted to approximately HK$61,361,000. The Remaining Group had no borrowings or assets pledged during the year and as at 31 March 2008. The gearing ratio (i.e. total borrowings/total equity) of the Remaining Group as at 31 March 2008 was nil. Based on the unaudited pro forma consolidated balance sheet of the Remaining Group, as at 31 March 2008, the Remaining Group had total current assets of approximately HK$67,385,000 and total current liabilities of approximately HK$6,434,000. The current ratio of the Remaining Group was approximately 1,047.3% as at 31 March 2008, which is financially very healthy.

**Foreign Currency Exposure**

The Remaining Group's reporting currency is in Hong Kong dollars. Most of the transactions, assets and liabilities of the Remaining Group are denominated in Hong Kong dollars and US dollars. The Board considers that the Remaining Group is not exposed to any significant exchange risk and accordingly, no hedging transaction was made during the year under review.

**Charge of Group Assets**

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

**Contingent Liability**

As at 31 March 2008, a corporate guarantee of HK$5,000,000 was given by the Company to a bank in connection with banking facilities granted to a subsidiary. As at 31 March 2008, the relevant banking facilities guaranteed by the Company to the subsidiary remain unutilised.

**Future Plans for Material Investments or Capital Assets**

As at 31 March 2008, the Remaining Group did not have future plans for material investments or capital assets. During the year under review, the Company entered into the Forest Agreement for the Acquisition Transactions which result in the acquisition of the Forest Projects in Indonesia. The Acquisition Transactions under the Forest Agreement were completed on 12 August 2008.

**Acquisition and Disposal of Material Subsidiaries and Affiliated Companies**

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

**Significant Investment**

As at 31 March 2008, the Remaining Group invested in equity-linked deposits with an estimated fair market value of approximately HK$9,507,000. Save as disclosed above, the Remaining Group has not held any significant investments during the financial year ended 31 March 2008.

**Employees**

As at 31 March 2008, the Remaining Group employed 5 staff in Hong Kong. Staff is remunerated according to their performance and working experience. In addition to the basic salaries and participation in the provident fund contributions, other staff benefits include Share Options Scheme.

*Set out below is the letter from Ernst & Young, the auditors of the Company, on the unaudited pro forma financial information of the Remaining Group together with the unaudited pro forma financial information of the Remaining Group in connection with the Sale Transactions of the Company.*

ERNST & YOUNG
安 永

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

28 August 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 135 to 145 in Appendix IV to the circular of the Company dated 28 August 2008 (the "Circular") in connection with the proposed very substantial disposal 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 Sale Transactions (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 135 to 145 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 Sale Transactions actually occurred as at the dates indicated therein or at any future dates; or

- the results and cash flows of the Group for the year ended 31 March 2008 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 2008; 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 Remaining Group

The following is an illustrative and unaudited pro forma consolidated balance sheet of the Remaining Group which is prepared based on the audited consolidated balance sheet of the Group as at 31 March 2008 after giving effect to the pro forma adjustments as explained in the notes below, for the purposes of illustrating the effect of the Sale Transactions on the financial position of the Group immediately after Completion as if the Sale Transactions had taken place on 31 March 2008.

The 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 Remaining Group had the Sale Transactions been completed as at 31 March 2008 or at any future dates.

| | The Group as at 31 March 2008 | Pro forma adjustment | Pro forma Adjustment | Unaudited pro forma Remaining Group |
|---|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| | *Note (a)* | *Note (b)* | *Note (c)* | |
| **N0N-CURRENT ASSETS** | | | | |
| Properties, plant and equipment | 3,367 | (3,367) | | – |
| Deferred development expenditure | 4,929 | | (4,929) | – |
| Interests in associates | 410 | | | 410 |
| Total non-current assets | 8,706 | | | 410 |
| **CURRENT ASSETS** | | | | |
| Trade receivables | 702 | | | 702 |
| Financial assets at fair value through profit or loss | 9,507 | | | 9,507 |
| Prepayments, deposits and other receivables | 11,318 | | | 11,318 |
| Due from a related company | 55 | | | 55 |
| Cash and cash equivalents | 37,303 | | 8,500 | 45,803 |
| Total current assets | 58,885 | | | 67,385 |
| **CURRENT LIABILITIES** | | | | |
| Deferred service fees received in advance | 3,318 | | (3,318) | – |
| Due to an associate | 909 | | | 909 |
| Other payables and accruals | 5,525 | | | 5,525 |
| Total current liabilities | 9,752 | | | 6,434 |
| **NET CURRENT ASSETS** | 49,133 | | | 60,951 |
| **Net assets** | 57,839 | | | 61,361 |
| **EQUITY** | | | | |
| Equity attributable to equity holders of the parent | | | | |
| Issued capital | 11,803 | | | 11,803 |
| Reserves | 46,040 | (3,367) | 6,889 | 49,562 |
| | 57,843 | | | 61,365 |
| Minority interests | (4) | | | (4) |
| | 57,839 | | | 61,361 |

*Notes to unaudited pro forma consolidated balance sheet of the Remaining Group:*

*(a) The audited consolidated balance sheet of the Group as at 31 March 2008 was extracted from the accountants' report on the Group which is set out in Appendix I to this circular.*

*(b) The adjustment represents the exclusion of the assets and liabilities attributable to the Business and Business Assets and the Fixed Assets as at 31 March 2008, as if the Sale Transactions had been completed on 31 March 2008.*

*(c) The adjustment to the cash and cash equivalents represents the estimated net cash proceeds to be received from the Sale Transactions which is calculated as follows:*

| | *HK$'000* |
|---|---|
| *Sale Consideration to be received* | *12,000* |
| *Less:* | |
| *the payment of fees and expenses in connection with the Sale Transactions* | *(3,500)* |
| *Estimated net cash proceeds* | *8,500* |

*The aggregate effect of adjustments (b) and (c) to the Group's reserves represents the estimated unaudited gain on disposal of the Business and Business Assets and the Fixed Assets which is calculated as follows:*

| | | *HK$'000* |
|---|---|---|
| *Sale Consideration (Note (1))* | | *12,000* |
| *Add/(less):* | | |
| *(i)* | *the net book value of the Fixed Assets as at 31 March 2008* | *(3,367)* |
| *(ii)* | *the carrying value of deferred development expenditure related to B2B Business as at 31 March 2008 (Note (2))* | *(4,929)* |
| *(iii)* | *the Deferred Service Fees Received as at 31 March 2008 (Note (3))* | *3,318* |
| *(iv)* | *the fees and expenses in connection with the Sale Transactions* | *(3,500)* |
| *Estimated unaudited gain on disposal* | | *3,522* |

*Notes to unaudited pro forma consolidated balance sheet of the Remaining Group (continued):*

*(c) (continued)*

*Notes:*

*(1) The amount of the Unexpired Service Contracts Consideration, net of the amount of the Deferred Service Fees Received based on the financial position of the Group as at 31 March 2008 is insignificant and thus the net amount is not included in the above calculation, and the final net amount is to be determined on the Completion Date. The Additional Acquisition Consideration is assumed to be nil in the above calculation and its final amount, if any, is to be determined upon Completion.*

*(2) The carrying value of deferred development expenditure, which is not taken up by the Purchaser, is written off and included in the above calculation, as a result of the discontinuance of the B2B Business upon Completion.*

*(3) As the obligation to provide services under the Unexpired Service Contracts will be taken up by the Purchaser upon Completion, the Deferred Service Fees Received as at 31 March 2008 is written back and included in the above calculation.*

*(d) Subsequent to 31 March 2008, the very substantial acquisition in relation to the Acquisition Transactions (the "Very Substantial Acquisition") and the Manistar Subscription by the Company was completed on 12 August 2008. The unaudited pro forma consolidated financial information of the Remaining Group has not taken into account the financial effect of the Very Substantial Acquisition and the Manistar Subscription. Please refer to the circular of the Company dated 30 May 2008 about how the Very Substantial Acquisition and the Manistar Subscription might have affected the financial information presented in respect of the Group.*

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

The following is an illustrative and unaudited pro forma consolidated income statement of the Remaining Group which is prepared based on the audited consolidated income statement of the Group for the year ended 31 March 2008, after giving effect to the pro forma adjustments as explained in the notes below, for the purposes of illustrating the effect of the Sale Transactions on the results of the Group as if the Sale Transactions had taken place on 1 April 2007.

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 Remaining Group for the year ended 31 March 2008 or any future periods had the Sale Transactions been completed on 1 April 2007 or at any future dates.

| | **The Group for the year ended 31 March 2008** | **Pro forma adjustment** | **Pro forma adjustment** | **Unaudited Pro forma Remaining Group** |
|---|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| | *(Note a)* | *(Note b)* | *(Note c)* | |
| REVENUE | 41,214 | (38,600) | | 2,614 |
| Cost of sales | (27,674) | 25,593 | | (2,081) |
| Gross profit | 13,540 | | | 533 |
| Other income and gains | 1,924 | (117) | 3,728 | 5,535 |
| Selling and distribution costs | (3,070) | 3,070 | | – |
| Administrative expenses | (15,423) | 12,358 | | (3,065) |
| Advertising and promotion expenses | (3,293) | 3,293 | | – |
| Other expenses | (3,043) | 3,043 | | – |
| Share of losses of associates | (12) | 12 | | – |
| PROFIT/(LOSS) BEFORE TAX | (9,377) | | | 3,003 |
| Tax | – | | | – |
| PROFIT/(LOSS) FOR THE YEAR | (9,377) | 8,652 | 3,728 | 3,003 |
| Attributable to: | | | | |
| Equity holders of the parent | (9,103) | 8,378 | 3,728 | 3,003 |
| Minority interests | (274) | 274 | – | – |
| | (9,377) | 8,652 | 3,728 | 3,003 |

*Notes to the unaudited pro forma consolidated income statement of the Remaining Group:*

*(a) The audited consolidated income statement of the Group for the year ended 31 March 2008 was extracted from the accountants' report on the Group, which is set out in Appendix I to this circular.*

*(b) The adjustment represents the exclusion of the results attributable to the B2B Business for the year ended 31 March 2008 (as extracted from note (c) of Section III in the accountants' report on the Group set out in Appendix I to this circular) as if the Sale Transactions had been completed on 1 April 2007. This unaudited pro forma adjustment will not have continuing income statement effect to the Remaining Group.*

*(c) The adjustment represents the estimated unaudited gain on disposal of the Business and Business Assets and the Fixed Assets which is calculated as follows:*

| | | HK$'000 |
|---|---|---|
| Sale Consideration (Note (1)) | | 12,000 |
| Add/(less): | | |
| (i) | the net book value of Fixed Assets as at 1 April 2007 | (3,721) |
| (ii) | the carrying value of deferred development expenditure related to B2B Business as at 1 April 2007 (Note (2)) | (4,974) |
| (iii) | the Deferred Service Fees Received as at 1 April 2007 (Note (3)) | 3,923 |
| (iv) | the fees and expenses in connection with the Sale Transactions | (3,500) |
| Estimated unaudited gain on disposal | | 3,728 |

*Notes to the unaudited pro forma consolidated income statement of the Remaining Group (continued):*

*(c) (continued)*

*Notes:*

*(1) The amount of the Unexpired Service Contracts Consideration, net of the amount of the Deferred Service Fees Received based on the financial position of the Group as at 1 April 2007 is insignificant and thus the net amount is not included in the above calculation, and the final net amount is to be determined on the Completion Date. The Additional Acquisition Consideration is assumed to be nil in the above calculation and its final amount, if any, is to be determined upon Completion.*

*(2) The carrying value of deferred development expenditure, which is not taken up by the Purchaser, is written off and included in the above calculation, as a result of the discontinuance of the B2B Business upon Completion.*

*(3) As the obligation to provide services under the Unexpired Service Contracts will be taken up by the Purchaser upon Completion, the Deferred Service Fees Received as at 1 April 2007 is written back and included in the above calculation.*

*This unaudited pro forma adjustment will not have continuing income statement effect to the Remaining Group.*

*(d) Subsequent to 31 March 2008, the very substantial acquisition in relation to the Acquisition Transactions (the "Very Substantial Acquisition") and the Manistar Subscription by the Company was completed on 12 August 2008. The unaudited pro forma consolidated financial information of the Remaining Group has not taken into account the financial effect of the Very Substantial Acquisition and the Manistar Subscription. Please refer to the circular of the Company dated 30 May 2008 about how the Very Substantial Acquisition and the Manistar Subscription might have affected the financial information presented in respect of the Group.*

**(3) Unaudited pro forma consolidated cash flow statement**

The following is an illustrative and unaudited pro forma consolidated cash flow statement of the Remaining Group which is prepared on the consolidated cash flow statement of the Group for the year ended 31 March 2008, after giving effect to the pro forma adjustments as explained in the notes below, for the purposes of illustrating the effect of the Sale Transactions on the cash flows of the Group as if the Sale Transactions had taken place on 1 April 2007.

This illustrative pro forma 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 Remaining Group for the year ended 31 March 2008 or any future periods had the Sale Transactions been completed on 1 April 2007 or at any future dates.

## (3) Unaudited pro forma consolidated cash flow statement (continued)

| | The Group for the year ended 31 March 08 HK$'000 (Note a) | Pro forma adjustment HK$'000 (Note b) | Pro forma adjustment HK$'000 (Note c) | Pro forma adjustment HK$'000 (Note d) | Unaudited Pro forma Remaining Group HK$'000 |
|---|---|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Profit/(loss) before tax | (9,377) | 8,652 | 3,728 | | 3,003 |
| Adjustments for: | | | | | |
| Share of losses of associates | 12 | (12) | | | – |
| Interest income | (355) | 50 | | | (305) |
| Gains on disposals of financial assets at fair value through profit or loss | (997) | – | | | (997) |
| Fair value gains on financial assets at fair value through profit or loss | (433) | – | | | (433) |
| Gain on disposal of the Business and Business Assets and the Fixed Assets | – | – | (3,728) | | (3,728) |
| Depreciation | 1,368 | (1,368) | | | – |
| Amortisation of deferred development expenditure | 1,461 | (1,461) | | | – |
| Impairment of deferred development expenditure | 1,504 | (1,504) | | | – |
| Loss on disposals and write-off of items of property, plant and equipment | 385 | (385) | | | – |
| Impairment of trade receivables | 961 | (961) | | | – |
| Impairment of other receivables | 193 | (193) | | | – |
| Forfeiture of share options granted | (65) | – | | | (65) |
| | (5,343) | 2,818 | – | – | (2,525) |
| Decrease/(increase) in trade receivables | 490 | (529) | | | (39) |
| Increase in prepayments, deposits and other receivables | (9,864) | 677 | | 1,084 | (8,103) |
| Increase in amount due from a related company | (30) | 30 | | | – |
| Increase in amounts due from group companies | – | 1,084 | | (1,084) | – |
| Decrease in trade payables | (487) | 93 | | | (394) |
| Decrease in deferred service fees received in advance | (605) | 605 | | | – |
| Increase in other payables and accruals | 947 | (731) | | (5,586) | (5,370) |
| Increase in an amount due to an associate | 517 | (517) | | | – |
| Net cash outflow from operating activities | (14,375) | 3,530 | – | (5,586) | (16,431) |

**(3) Unaudited pro forma consolidated cash flow statement (continued)**

| | The Group for the year ended 31 March 08 *HK$'000* *(Note a)* | Pro forma adjustment *HK$'000* *(Note b)* | Pro forma adjustment *HK$'000* *(Note c)* | Pro forma adjustment *HK$'000* *(Note d)* | Unaudited Pro forma Remaining Group *HK$'000* |
|---|---|---|---|---|---|
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Interest income | 355 | (50) | | | 305 |
| Purchases of financial assets at fair value through profit or loss | (23,360) | – | | | (23,360) |
| Proceeds from disposal of financial assets at fair value through profit or loss | 29,000 | – | | | 29,000 |
| Purchases of items of property, plant and equipment | (1,225) | 1,225 | | | – |
| Proceeds from disposal of items of property, plant and equipment | 9 | (9) | | | – |
| Additions to deferred development expenditure | (2,906) | 2,906 | | | – |
| Net proceeds from the Sale Transactions | – | – | 8,500 | – | 8,500 |
| Net cash inflow from investing activities | 1,873 | 4,072 | 8,500 | – | 14,445 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| Advances from group companies | – | (5,586) | | 5,586 | – |
| Capital contribution by a minority shareholder | 320 | (320) | | | – |
| Proceeds from issue of shares | 44,981 | – | | | 44,981 |
| Shares issue expense | (1,438) | – | | | (1,438) |
| Net cash inflow/(outflow) from financing activities | 43,863 | (5,906) | – | 5,586 | 43,543 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 31,361 | 1,696 | 8,500 | – | 41,557 |
| Cash and cash equivalents at beginning of year | 5,961 | – | – | – | 5,961 |
| Effect of foreign exchange rate changes, net | (19) | 17 | – | – | (2) |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | 37,303 | 1,713 | 8,500 | – | 47,516 |

*Notes to the unaudited pro forma consolidated cash flow statement of the Remaining Group:*

*(a) The audited consolidated cash flow statement of the Group for the year ended 31 March 2008 was extracted from the accountants' report on the Group, which is set out in Appendix I to this circular.*

*(b) The adjustment represents the exclusion of the cash flows attributable to the B2B Business for the year ended 31 March 2008 as if the Sale Transactions had been completed on 1 April 2007. This unaudited pro forma adjustment will not have continuing cash flow effect to the Remaining Group.*

*(c) The adjustment represents the gain on disposal of the Business and Business Assets and the Fixed Assets of approximately HK$3,728,000, and the net cash consideration received of approximately HK$8,500,000 (net of payment of fees and expenses of approximately HK$3,500,000) as if the Sale Transactions had been completed on 1 April 2007. This unaudited pro forma adjustment will not have continuing cash flow effect to the Remaining Group.*

*(d) The adjustment represents the reclassification of the effect of the cash flows between the Remaining Group and the B2B Business for the year ended 31 March 2008 as if the Sale Transactions had been completed on 1 April 2007. This unaudited pro forma adjustment will not have continuing cash flow effect to the Remaining Group.*

*(e) Subsequent to 31 March 2008, the very substantial acquisition in relation to the Acquisition Transactions (the "Very Substantial Acquisition") and the Manistar Subscription by the Company was completed on 12 August 2008. The unaudited pro forma consolidated financial information of the Remaining Group has not taken into account the financial effect of the Very Substantial Acquisition and the Manistar Subscription. Please refer to the circular of the Company dated 30 May 2008 about how the Very Substantial Acquisition and the Manistar Subscription might have affected the financial information presented in respect of the Group.*

## 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 2008 (being the date of the latest published audited accounts of the Company), the Latest Practicable Date and after the issue of the conversion Shares upon full conversion of the MCL Convertible Bonds and the Manistar Convertible Bonds 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:* | | |
| 1,180,349,000 | Shares in issue as at 31 March 2008 | 11,803,490 |
| 34,400,000 | Shares issued by the exercise of the share options of the Company | 344,000 |
| 1,214,749,000 | Shares in issue as at the Latest Practicable Date | 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 the Directors 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 50,500,000 Shares, representing approximately 4.16% of the issued share capital of the Company.

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. DISCLOSURE OF INTERESTS

### (a) Directors' interests and short positions in the shares and underlying 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 the underlying Shares of the share options and the convertible bonds of the Company as at the Latest Practicable Date***

*(i) Long positions in the Shares:*

| Name of the Director | Number of the Shares beneficially held and nature of interest Personal | Corporate | Total | Approximate percentage of the total issued share capital *(%)* |
|---|---|---|---|---|
| Mak Shiu Tong, Clement *(Note)* | 19,344,000 | 643,364,070 | 662,708,070 | 54.56 |
| Tam Ngai Hung, Terry | 7,500,000 | – | 7,500,000 | 0.62 |
| Fung Hoi Wing, Henry | 550,000 | – | 550,000 | 0.05 |
| Lau Ho Wai, Lucas | 950,000 | – | 950,000 | 0.08 |

*Note: Included in the shareholdings in which Mr. Mak Shiu Tong, Clement was interested, 643,364,070 Shares were held by Manistar (a wholly-owned subsidiary of CCT Telecom) and Mr. Mak Shiu Tong, Clement is deemed to be interested in such Shares under the SFO as he is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of CCT Telecom. The interest of Mr. Mak Shiu Tong, Clement in these Shares has also been disclosed under the section headed "Substantial Shareholders' Interests" below.*

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

| Name of the Director | Date of grant of the share options | Exercise period of the share options | Exercise price per Share | Number of the share options outstanding | Number of the total underlying Shares | Approximate percentage of the total issued share capital |
|---|---|---|---|---|---|---|
| | | | *HK$* | | | *(%)* |
| 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 |

(iii) *Long positions in the underlying Shares of the convertible bonds of the Company:*

| Name of the Director | Description of equity derivatives | Number of the total underlying Shares | Approximate percentage of the total issued share capital |
|---|---|---|---|
| | | | *(%)* |
| Mak Shiu Tong, Clement | Manistar Convertible Bonds *(Note)* | 1,388,400,000 | 114.30 |

*Note: The Manistar Convertible Bonds with an outstanding principal amount of HK$138,840,000 as at the Latest Practicable Date, were issued by the Company to Manistar (a wholly-owned subsidiary of CCT Telecom) on 12 August 2008 following the completion of the Manistar Subscription Agreement on the same date. The Manistar Convertible Bonds, due on 11 August 2011, are interest-free and convertible into the Shares (subject to conversion restriction pursuant to the terms of the Manistar Convertible Bonds) at the conversion price of HK$0.10 per Share (subject to adjustments pursuant to the terms of the Manistar Convertible Bonds). Mr. Mak Shiu Tong, Clement is deemed to be interested in such underlying Shares under the SFO as he is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of CCT Telecom. The interest of Mr. Mak Shiu Tong, Clement in these underlying Shares has also been disclosed under the section headed "Substantial Shareholders' Interests" below.*

### *(2) Interests and short positions in the shares and the underlying shares of an associated corporation – CCT Telecom as at the Latest Practicable Date*

*Long positions in the shares of CCT Telecom:*

| Name of the Director | Number of the shares beneficially held and nature of interest Personal | Family | Corporate | Total | Approximate percentage of the total issued share capital (%) |
|---|---|---|---|---|---|
| Mak Shiu Tong, Clement | 715,652 | – | 294,775,079 | 295,490,731 | 34.62 |
| Tam Ngai Hung, Terry | 500,000 | – | – | 500,000 | 0.06 |
| Cheng Yuk Ching, Flora *(Note)* | 14,076,713 | 160,000 | – | 14,236,713 | 1.67 |
| 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.*

### *(3) Interests and short positions in the shares and the underlying shares of an associated corporation – CCT Tech International Limited ("CCT Tech"), a fellow subsidiary of the Company, as at the Latest Practicable Date*

*Long positions in the shares of CCT Tech:*

| Name of the Director | Number of the shares beneficially held and nature of interest Personal | Corporate | Total | Approximate percentage of the total issued share capital (%) |
|---|---|---|---|---|
| Mak Shiu Tong, Clement *(Note)* | 120,000,000 | 33,026,391,124 | 33,146,391,124 | 50.67 |
| Tam Ngai Hung, Terry | 20,000,000 | – | 20,000,000 | 0.03 |
| Cheng Yuk Ching, Flora | 18,000,000 | – | 18,000,000 | 0.03 |

*Note: Included in the shareholdings in which Mr. Mak Shiu Tong, Clement was interested, 33,026,391,124 shares of CCT Tech were held by CCT Telecom through its indirect wholly-owned subsidiaries and Mr. Mak Shiu Tong, Clement is deemed to be interested in such shares under the SFO as he is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of CCT Telecom.*

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 Group (excluding contracts expiring or determinable by the Company or any member of the 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 2008, 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.

## 4. 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 positions in the Shares and the underlying Shares of the share options and the convertible bonds of the Company as at the Latest Practicable Date:**

*(i) Long positions in the Shares:*

| Name of the Shareholder | Capacity and nature of interest | *Notes* | Number of the Shares held | Approximate percentage of the total issued share capital *(%)* |
|---|---|---|---|---|
| Manistar | Directly beneficially owned | *(1)* | 643,364,070 | 52.96 |
| CCT Telecom | Through a controlled corporation | *(1)* | 643,364,070 | 52.96 |
| Mak Shiu Tong, Clement | Through a controlled corporation | *(2)* | 662,708,070 | 54.56 |

*Notes:*

*(1) The Shares were held by Manistar, which is a wholly-owned subsidiary of CCT Telecom.*

*(2) Mr. Mak Shiu Tong, Clement is deemed to be interested in such Shares under the SFO as he is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of CCT Telecom. The details of interest of Mr. Mak Shiu Tong, Clement in these Shares have also been disclosed under the section headed "Disclosure of Interests" above.*

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

| Name of the holder of the share options of the Company | 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 |

*(iii) Long positions in the underlying Shares of the convertible bonds of the Company:*

| Name of the holder of the convertible bonds of the Company | Description of equity derivatives | *Notes* | Principal amount of the convertible bonds *HK$* | Number of the total underlying Shares | Approximate percentage of the total issued share capital *(%)* |
|---|---|---|---|---|---|
| MCL | MCL Convertible Bonds | *(1)* | 776,880,000 | 7,768,800,000 | 639.54 |
| Merdeka Finance Group Limited | MCL Convertible Bonds | *(1)* | 776,880,000 | 7,768,800,000 | 639.54 |
| Lai Wing Hung | MCL Convertible Bonds | *(1)* | 776,880,000 | 7,768,800,000 | 639.54 |
| Manistar | Manistar Convertible Bonds | *(2)* | 138,840,000 | 1,388,400,000 | 114.30 |
| CCT Telecom | Manistar Convertible Bonds | *(2)* | 138,840,000 | 1,388,400,000 | 114.30 |
| Mak Shiu Tong, Clement | Manistar Convertible Bonds | *(2)* | 138,840,000 | 1,388,400,000 | 114.30 |

*Notes:*

*(1) The MCL Convertible Bonds with an outstanding principal amount of HK$776,880,000 as at the Latest Practicable Date, were issued by the Company to MCL on 12 August 2008 following the completion of the Forest Agreement on the same date. The MCL Convertible Bonds, due on 11 August 2011, are interest-free and convertible into the Shares (subject to conversion restrictions and conversion lock-up provisions pursuant to the MCL Convertible Bonds) at the conversion price of HK$0.10 per Share (subject to adjustments pursuant to the MCL Convertible Bonds). Merdeka Finance Group Limited is deemed to be interested in such underlying Shares under the SFO as it is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of MCL. Mr. Lai Wing Hung is deemed to be interested in such underlying Shares under the SFO as he is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of Merdeka Finance Group Limited.*

(2) *The Manistar Convertible Bonds with an outstanding principal amount of HK$138,840,000 as at the Latest Practicable Date, were issued by the Company to Manistar (a wholly-owned subsidiary of CCT Telecom) on 12 August 2008 following the completion of the Manistar Subscription Agreement on the same date. The Manistar Convertible Bonds, due on 11 August 2011, are interest-free and convertible into the Shares (subject to conversion restriction pursuant to the Manistar Convertible Bonds) at the conversion price of HK$0.10 per Share (subject to adjustments pursuant to the Manistar Convertible Bonds). Mr. Mak Shiu Tong, Clement is deemed to be interested in such underlying Shares under the SFO as he is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of CCT Telecom. The interest of Mr. Mak Shiu Tong, Clement in these underlying Shares has also been disclosed under the section headed "Disclosure of Interests" above.*

**(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** *(%)* |
|---|---|---|
| PT Merdeka Tapare Timber | PT Amiete Nimio *(Note)* | 35.00 |
| PT Merdeka Tapare Timber | Sontang Alboin Manurung *(Note)* | 35.00 |
| PT Merdeka Tapare Timber | Ray Gutafson Manurung *(Note)* | 35.00 |

*Note:* *PT Amiete 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 PT Merdeka Tapare Timber was indirectly held through their shareholdings in PT Amiete 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.

## 5. 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.

## 6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors 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 Group.

## 7. QUALIFICATIONS AND CONSENTS OF EXPERTS

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 |
| Yip Leung & So Limited | Certified Public Accountants |

(i) None of Ernst & Young 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;

(ii) Each of Ernst & Young 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 appears; and

(iii) None of Ernst & Young 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 2008, the date to which the latest published audited financial statements of the Group was made up.

## 8. 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 2008, being the date to which the latest published audited financial statements of the Group were made up, up to the Latest Practicable Date.

The Sale Transactions will not have any adverse effect on the operation, liquidity and financial resources, and capital structure of the Group.

## 9. 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 S&P Agreement;

(ii) 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 placing of an aggregate of 150,000,000 existing Shares and top-up subscription of 150,000,000 new Shares under the general mandate of the Company;

(iii) the Forest Agreement (including the initial 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); and

(iv) the Manistar Subscription Agreement (including the initial subscription agreement dated 4 October 2007, the supplemental subscription agreement dated 17 October 2007, the second supplemental subscription agreement dated 28 February 2008 and the third supplemental subscription agreement dated 20 March 2008).

## 10. 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) 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.

Profile of each of the members of the audit committee is as follows:

**Mr. LAM Kin Kau, Mark**, aged 54, 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 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 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.

(e) Mr. Lam Che Wah, Danny is the company secretary of the Company. Mr. Lam is an associate member of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.

(f) Ms. Yeung Ming Chu is the qualified accountant of the Company. Ms. Yeung is a fellow of the Association of Chartered Certified Accountants and an associate of the Hong Kong Institute of Certified Public Accountants. She is also an associate member of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.

(g) In the event of inconsistency, the English language text of this circular shall prevail over the Chinese language text.

## 11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents of the 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 Second EGM:

(a) the memorandum and articles of association of the Company;

(b) the letter from the Board, the text of which is set out on pages 8 to 30 of this circular;

(c) the accountants' report on the Group, the text of which is set out in Appendix I of this circular;

(d) the accountants' report on the MTG Group, the text of which is set out in Appendix II of this circular;

(e) the unaudited pro forma financial information of the Remaining Group, the text of which is set out in Appendix IV of this circular;

(f) the letters of consent from Ernst & Young and Yip Leung & So Limited referred to in the section headed "Qualifications and consents of experts" in this appendix;

(g) the annual reports of the Company for the two financial years ended 31 March 2007 and 2008;

(h) the material contracts referred to in the section headed "Material Contracts" in this appendix;

(i) the circular dated 30 May 2008 in relation to very substantial acquisition and connected transaction of the Company involving the acquisition of the Forest Projects and the Manistar Subscription; and

(j) this circular.

TRADEeasy
易 貿 通

# TRADEEASY HOLDINGS LIMITED
# （易貿通集團有限公司*）

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 08163)

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting 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 Tuesday, 16 September 2008 at 10:00 a.m. for the purpose of considering and, if thought fit, passing, with or without modification, the following resolution as an ordinary resolution of the Company:

**ORDINARY RESOLUTION**

"**THAT**:

(a) the agreement dated 8 August 2008 (the "**S&P Agreement**") entered into between the Company and Global Market Group (Asia) Limited (the "**Purchaser**") (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 following sale and transfer transactions (the "**Sale Transactions**"): (1) the sale and transfer by the Company and its subsidiaries and purchase by the Purchaser of the Business and Business Assets (as defined in the circular of the Company dated 28 August 2008, a copy of which is tabled at the meeting and marked "**B**" and initialled by the Chairman for identification purposes (the "**Circular**")); (2) the gift of the Fixed Assets (as defined in the Circular); and (3) the procurement of the Best Effort Actions (as defined in the Circular), information relating to which is set out in the Circular, be and is hereby approved, ratified and confirmed;

(b) the Sale Transactions and all other transactions, if any, contemplated under the S&P Agreement, information relating to which is set out in the Circular, be and are hereby approved, ratified and confirmed; and

* *For identification purpose only*

(c) any director of the Company be and is 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 to be incidental to, ancillary to or in connection with the matters contemplated in or relating to the S&P Agreement, the completion thereof and to effect the transactions contemplated thereunder, including the Sale Transactions, as he/she may consider necessary, desirable or expedient and to agree 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 S&P Agreement) as are, in the opinion of the director of the Company, in the interest of the Company and its shareholders as a whole."

By Order of the Board of
**TRADEEASY HOLDINGS LIMITED**
**Mak Shiu Tong, Clement**
*Chairman*

Hong Kong, 28 August 2008

*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

*Registered Office:*
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
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. A shareholder of the Company who is the holder of more than one share is entitled to appoint more than one proxy to attend and vote in his stead.*

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.*

# TRADEEASY HOLDINGS LIMITED
# （易貿通集團有限公司*）

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 08163)

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting 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 Monday, 22 September 2008 at 10:00 a.m. for the purpose of considering and, if thought fit, passing, with or without modification, the following resolution as a special resolution of the Company:

**SPECIAL RESOLUTION**

"**THAT** subject to and conditional upon the approval of the Registrar of Companies in the Cayman Islands being obtained, the name of the Company be changed from "Tradeeasy Holdings Limited" to "CCT Resources Holdings Limited" and that such new name of the Company be registered with the Registrar of Companies in the Cayman Islands and the Registrar of Companies in Hong Kong, and upon the change of name becoming effective, the existing Chinese name adopted by the Company for identification purposes "易貿通集團有限公司" be changed to "中建資源集團有限公司" accordingly, and THAT any director of the Company be and is hereby authorised to do all such acts and things and sign or execute all documents on behalf of the Company which may in their opinion be necessary, desirable or expedient for the purpose of giving effect to and implement the aforesaid change of the name of the Company."

By Order of the Board of
**TRADEEASY HOLDINGS LIMITED**
**Mak Shiu Tong, Clement**
*Chairman*

Hong Kong, 28 August 2008

* *For identification purpose only*

*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

*Registered Office:*
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
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. A shareholder of the Company who is the holder of more than one share is entitled to appoint more than one proxy to attend and vote in his stead.*

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.*

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