



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: 8163)

**FIRST QUARTERLY RESULTS ANNOUNCEMENT
FOR THE THREE MONTHS ENDED 30 JUNE 2005**

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

* For identification purposes only

HIGHLIGHTS

- Turnover of the Group for the three months ended 30 June 2005 was HK\$10,314,000 as compared to HK\$9,227,000 for the corresponding period in the previous financial year.
- Profit attributable to shareholders for the three months ended 30 June 2005 was HK\$639,000 as compared to HK708,000 for the corresponding period in the previous financial year.
- Earnings per share of the Group was HK0.15 cents for the three months ended 30 June 2005 as compared to HK0.17 cents for the corresponding period in the previous financial year.
- The Board does not recommend the payment of any dividend for the three months ended 30 June 2005.

FIRST QUARTERLY UNAUDITED RESULTS FOR THE THREE MONTHS ENDED 30 JUNE 2005

The board of directors (the “Directors”) of Tradeeasy Holdings Limited (the “Company”) is pleased to announce that the unaudited consolidated first quarterly results of the Company and its subsidiaries (collectively referred to as the “Group” or “Tradeeasy”) for the three months ended 30 June 2005, together with the comparative unaudited figures for the corresponding period in 2004, are as follows:

	<i>Notes</i>	Three months ended 30 June	
		2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
TURNOVER	2	10,314	9,227
Cost of sales		<u>(5,730)</u>	<u>(4,593)</u>
Gross profit		4,584	4,634
Other revenue		11	6
Selling and distribution costs		(607)	(493)
General and administrative expenses		(2,687)	(2,724)
Advertising and promotion expenses		(589)	(685)
Other operating expenses		<u>–</u>	<u>(30)</u>
PROFIT FROM OPERATIONS		712	708
Finance costs		<u>–</u>	<u>–</u>
PROFIT BEFORE TAXATION		712	708
Taxation	3	<u>(73)</u>	<u>–</u>
PROFIT ATTRIBUTABLE TO SHAREHOLDERS		<u>639</u>	<u>708</u>
DIVIDEND		<u>–</u>	<u>–</u>
EARNINGS PER SHARE (<i>HK Cents</i>)	4		
Basic		<u>0.15</u>	<u>0.17</u>
Diluted		<u>0.15</u>	<u>N/A</u>

Notes:–

1. Basis of preparation and consolidation

The unaudited quarterly results have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) (which also include Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange. They have been prepared under the historical cost convention.

In 2004, the HKICPA issued a number of new or revised Hong Kong Accounting Standards and Hong Kong Financial Reporting Standards (“new HKFRSs”) which are effective for accounting periods beginning on or after 1 January 2005. The adoption of the new HKFRSs had no material impact on the Group’s results of operations and financial position except certain presentation and disclosure of accounts would be affected.

The accounting policies and methods of computation adopted are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2005. The accounts are unaudited but have been reviewed by the Company’s audit committee.

2. Turnover

Turnover represents the value of services rendered during the three-month period under review.

Revenue from the following activities has been included in turnover:–

	Unaudited for the three months ended 30 June	
	2005 HK\$’000	2004 HK\$’000
Integrated marketing solution services	1,779	1,479
Application Service Provider services	5,853	4,691
Technical consultancy services	2,682	3,057
	<hr/>	<hr/>
	10,314	9,227
	<hr/>	<hr/>

3. Taxation

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

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

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

4. Earnings per share

The calculation of basic earnings per share for the three months ended 30 June 2005 is based on the profit attributable to shareholders for the three months ended 30 June 2005 of HK\$639,000 (2004: HK\$708,000) and 421,000,000 ordinary shares in issue (2004: 421,000,000 shares) during the period.

The calculation of diluted earnings per share for the period ended 30 June 2005 is based on the profit attributable to shareholders for the period of HK\$639,000. The number of ordinary shares used in the calculation is 421,000,000 ordinary shares in issue during the period, as used in the basic earnings per share calculation; and 15,972,697 ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options outstanding during the period.

A diluted earnings per share amount for the period ended 30 June 2004 has not been disclosed as the share options outstanding during that period had an anti-dilutive effect on the basic earnings per share for that period.

5. Movement in reserves

Group	Share premium account HK\$'000	Contributed surplus HK\$'000	Exchange fluctuation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2004	16,337	66,710	11	(79,179)	3,879
Net profit for the year	–	–	–	2,757	2,757
Issue of shares, net of share issue expenses	788	–	–	–	788
At 31 March 2005 and 1 April 2005	17,125	66,710	11	(76,422)	7,424
Net profit for the period	–	–	–	639	639
At 30 June 2005	<u>17,125</u>	<u>66,710</u>	<u>11</u>	<u>(75,783)</u>	<u>8,063</u>

DIVIDEND

The Directors do not recommend the payment of any dividend for the three months ended 30 June 2005 (2004: Nil).

BUSINESS REVIEW

The Group recorded a turnover of approximately HK\$10.3 millions for the first quarter of three months ended 30 June 2005, as compared to HK\$9.2 millions for the corresponding quarter of 2004, representing a moderate increase of 12%. Accordingly, the Group also recorded a profit before tax of approximately HK\$712,000 as compared to HK\$708,000 of the corresponding quarter of last year, representing a slight increase. However, the profit attributable to the shareholders decreased from HK\$708,000 to HK\$639,000 of the quarter under review, due to a PRC profit tax charge of HK\$73,000. Gross profit margins also decreased from 50% to 44% due to the expenses spent on our cautious yet necessary expansion of sales and marketing activities in both Hong Kong and Mainland China. As the Group had been participating actively in the “procurement meetings”, the turnover generated from Integrated Marketing Services (IMS) and ASP Services had accordingly increased by 20% and 25% respectively as compared to that of last corresponding quarter.

As previously, the Group had been undertaken a number of initiatives to strengthen its core business and enhanced its core business with potentially high-growth and high-scalability revenue models. The Group had begun the initial stage of launching its Deep Sourcing Program and recruited as many as it could, the internationally renowned labels and major stores which had been sourcing through Tradeeasy's platform. The Group also worked closely with the local authorities in Mainland China through organizing buyer tours and participating in local trade fairs in Mainland China. More importantly, the Group continued to pursue the B2B transaction model and would be rolling out a pilot program shortly.

OUTLOOK

The dispute over the quota policy for garment industry in the USA and Europe unavoidably creates uncertainty for garment manufacturers in Mainland China and Hong Kong. Most of those manufacturers would hold back and become extremely cautious in planning their expansion forward not to mention cutting their advertising budget. In light of the aforesaid, Tradeeasy begins to shift its focus to other industries such as household items and gifts and attend more trade shows of these industries. Whilst having considered to shift to other industries, we are optimistic and believe the garment industry will bounce back strongly and its demand will be re-ignited.

The company will deploy more resources in research and development as well as forming partners in order to enhance the existing ASP model and possibly implement Supply Chain Management software.

The B2B environment continues to be promising while it becomes also more challenging for the management in order to remain as the same competitive. The Group will continue to seek opportunities in forming strategic partners and making valuable investments, all to further enhance shareholders' value.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 30 June 2005, the interests of the directors in the share capital of the Company (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules, were as follows:

Long positions in ordinary shares of the Company:

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

At 30 June 2005, none of the directors had any interest in the share options of the Company.

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

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

SHARE OPTION SCHEME

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

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

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

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

The subscription price of a share in respect of any particular option granted under the Scheme shall be such price as the board of directors in its absolute discretion shall determine, save that such price shall be the highest of: (i) the closing price of the shares as stated in the Stock Exchange'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.

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

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

No share options were exercised during the period. As at 30 June 2005, the Company had 36,000,000 share options outstanding under the Scheme, which represented approximately 8.6% of the Company's shares in issue as at that date. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 36,000,000 additional ordinary shares of the Company and additional share capital of HK\$360,000 and share premium of HK\$944,000 (before issue expenses).

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 June 2005, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions:

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

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

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

COMPETING INTERESTS

During the period under review, none of the directors or the management shareholders (as defined under the GEM Listing Rules) of the Company or their respective associates had any interests in a business that competed or might compete with the business of the Group either directly or indirectly.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

COMPLIANCE WITH RULES 5.34 TO 5.45 OF THE GEM LISTING RULES

The Company has complied with the board practices and procedures as set out in Rules 5.34 to 5.45 of the GEM Listing Rules since the listing of the Company's shares on the GEM on 7 March 2002.

AUDIT COMMITTEE

The Company established an audit committee on 26 September 2001 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the audit committee are, among other matters, (i) to review the Company's annual reports and accounts, half-yearly reports and quarterly reports and provide advice and comments thereon to the board of directors; and (ii) to review and supervise the financial reporting process and internal control procedures of the Group. The audit committee has three members comprising all the three independent non-executive directors, Mr. Wu Yao Hua, Terence, Mr. Lau Chi Yiu and Mr. Lau Ho Man, Edward. The audit committee has reviewed the Group's consolidated financial statements for the three months ended 30 June 2005, and confirmed that the preparation of such complied with applicable accounting standards, the requirements of the Stock Exchange and that adequate disclosures had been made.

By Order of the Board of
Tradeeasy Holdings Limited
YU LUP FAT, JOSEPH
Chairman

Hong Kong, 9 August 2005

Executive Directors:

Mr. Yu Lup Fat, Joseph (*Chairman*)
Mr. Yip Kwok Cheung (*Chief Executive Officer*)
Mr. Wong Kai Yin, Paul
Mr. To Man Yau, Alex

Independent Non-Executive Directors:

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

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