



Tradeeasy Holdings Limited
易貿通集團有限公司



Interim Report

For the six months ended 30 September 2005

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This report, for which the directors of Tradeeasy Holdings Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the “GEM Listing Rules”) 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 report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.



Highlights

- Turnover of the Group for the six months ended 30 September 2005 was HK\$21,100,000 as compared to HK\$19,400,000 for the corresponding period in the previous financial year.
- Net profit of the Group for the six months ended 30 September 2005 was HK\$1,300,000 as compared to the net profit of HK\$1,600,000 for the corresponding period in the previous financial year.
- Earnings per share of the Group was HK0.3 cents for the six months ended 30 September 2005 as compared to the earnings per share of HK0.4 cents for the corresponding period in the previous financial year.
- As at 30 September 2005, the cash and cash equivalents of the Group was HK\$6,700,000 and there were no bank borrowings.
- The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2005.



Interim Results for the six months ended 30 September 2005

The board of directors (the "Board") of Tradeeasy Holdings Limited (the "Company") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the "Group" or "Tradeeasy") for the three months and the six months ended 30 September 2005, together with the comparative unaudited figures for the corresponding periods in 2004 respectively, are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Unaudited three months ended 30 September		Unaudited six months ended 30 September	
		2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
TURNOVER	2	10,830	10,215	21,145	19,442
Cost of sales		(5,872)	(5,266)	(11,602)	(9,859)
Gross profit		4,958	4,949	9,543	9,583
Other revenue		13	4	24	10
Selling and distribution costs		(592)	(510)	(1,201)	(1,003)
General and administrative expenses		(2,843)	(2,529)	(5,530)	(5,253)
Advertising and promotion expenses		(899)	(993)	(1,487)	(1,678)
Other operating expenses		-	-	-	(30)
Finance costs		-	-	-	-
PROFIT BEFORE TAX	4	637	921	1,349	1,629
Tax	5	-	-	(73)	-
PROFIT ATTRIBUTABLE TO SHAREHOLDERS		637	921	1,276	1,629
EARNINGS PER SHARE (HK cents)					
Basic	6	0.15	0.22	0.30	0.39
Diluted		0.15	N/A	0.29	N/A
DIVIDEND		-	-	-	-



CONDENSED CONSOLIDATED BALANCE SHEET

	<i>Notes</i>	Unaudited 30 September 2005 HK\$'000	Audited 31 March 2005 HK\$'000
NON-CURRENT ASSETS			
Fixed assets	7	2,638	2,756
Deferred development expenditure	8	6,145	5,263
Total non-current assets		8,783	8,019
CURRENT ASSETS			
Trade receivables	9	2,513	3,218
Prepayments, deposits and other receivables		2,278	1,880
Cash and cash equivalents		6,744	6,448
Total current assets		11,535	11,546
CURRENT LIABILITIES			
Trade payables	10	461	203
Tax Payable		–	32
Deferred service fees received in advance		3,760	3,611
Accruals and other payables		3,187	4,085
Total current liabilities		7,408	7,931
NET CURRENT ASSETS		4,127	3,615
TOTAL ASSETS LESS CURRENT LIABILITIES		12,910	11,634
CAPITAL AND RESERVES			
Equity attributable to equity holders of the Company			
Issued capital		4,210	4,210
Reserves	11	8,700	7,424
		12,910	11,634



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued Share capital <i>HK\$'000</i>	Share premium account <i>HK\$'000</i>	Contri- buted surplus <i>HK\$'000</i>	Exchange fluctuation reserve <i>HK\$'000</i>	Accu- mulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2004	4,000	16,337	66,710	11	(79,179)	7,879
Issue of shares, net of share issue expenses*	210	788	-	-	-	998
Net profit for the period	-	-	-	-	1,629	1,629
At 30 September 2004	4,210	17,125	66,710	11	(77,550)	10,506
At 1 April 2005	4,210	17,125	66,710	11	(76,422)	11,634
Net profit for the period	-	-	-	-	1,276	1,276
At 30 September 2005	4,210	17,125	66,710	11	(75,146)	12,910

* On 25 February 2004, the Company has entered into a Subscription Agreement, whereby it has conditionally agreed to place 21,000,000 new shares to Bay2Peak Strategies Limited at a price of HK\$0.05 per share. This transaction was completed on 19 April 2004.



CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited	
	six months ended	
	30 September	
	2005	2004
	HK\$'000	HK\$'000
Net cash inflow/(outflow) from operating activities	2,265	(614)
Net cash outflow from investing activities	(1,969)	(862)
Net cash inflow from financing activities	–	997
Net increase/(decrease) in cash and cash equivalents	296	(479)
Cash and cash equivalents at beginning of period	6,448	8,430
Cash and cash equivalents at end of period	6,744	7,951
Analysis of the balances of cash and cash equivalents:–		
Cash and bank balances	6,744	7,951



Notes:–

1. Basis of preparation

The unaudited interim results have been prepared in accordance with Hong Kong Financial Reporting Standards (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 and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards, herein collectively referred to as the new HKFRSs, which are generally effective for accounting periods beginning on or after 1 January 2005. The 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.

Saved as disclosed below, the accounting policies and methods of computation in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2005.

In 2005, the Group has adopted the new HKFRSs which are effective for periods beginning or after 1 January 2005. The relevant new HKFRSs are set out below:

HKAS 1	Presentation of Financial Statements
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after Balance Sheet Date
HKAS 12	Income Taxes
HKAS 16	Property, Plant and Equipment
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 32	Financial Instruments; Disclosure and Presentation
HKAS 33	Earnings Per Share
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKFRS 2	Share-based Payment



1. Basis of preparation *(continued)*

The accounting policies which have material impacts on the Group are set out below:

The adoption of HKFRS 2 has resulted in a change in accounting policy for employee share options. Prior to this, the provision of share options to employees did not result in a charge to the income statement. Following the adoption of HKFRS 2, the fair value of share options at grant date is amortised over the relevant vesting periods to the income statement.

The adoption of other new HKFRS does not result in material changes to the Group's accounting policies except certain presentation and disclosure of the accounts would be affected.

2. Turnover

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

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

	Unaudited		Unaudited	
	for the three months		for the six months	
	ended 30 September		ended 30 September	
	2005	2004	2005	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Integrated marketing solution services	1,597	1,959	3,376	3,438
Application Service Provider services	6,564	5,634	12,419	10,325
Technical consultancy services	2,669	2,622	5,350	5,679
	10,830	10,215	21,145	19,442



3. Segment information

An analysis of the Group's turnover and operating results for the periods by business and geographical segments is as follows:-

(a) Business segments

	Unaudited six months ended 30 September							
	Integrated marketing solution services		ASP services		Technical consultancy services		Consolidated	
	2005	2004	2005	2004	2005	2004	2005	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:								
Sales to external customers	3,376	3,438	12,419	10,325	5,350	5,679	21,145	19,442
Segment results	602	(97)	2,370	1,732	(1,051)	478	1,921	2,113
Interest income							24	10
Unallocated revenue							-	-
Unallocated expenses							(596)	(494)
Profit from operating activities							1,349	1,629
Finance costs							-	-
Profit before tax							1,349	1,629
Tax							(73)	-
Profit attributable to shareholders							1,276	1,629

(b) Geographical segments

	Unaudited six months ended 30 September					
	Hong Kong		Mainland China		Consolidated	
	2005	2004	2005	2004	2005	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:						
Sales to external customers	15,795	13,763	5,350	5,679	21,145	19,442
Segment results	2,972	1,635	(1,051)	478	1,921	2,113



4. Profit before tax

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

	Unaudited three months ended 30 September		Unaudited six months ended 30 September	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Staff costs (including directors' remuneration)				
Salaries and related staff costs	4,782	4,110	9,436	8,002
Pension scheme contributions	309	258	583	500
	5,091	4,368	10,019	8,502
Less: Amounts capitalised in deferred development expenditure	(543)	(592)	(1,024)	(592)
	4,548	3,776	8,995	7,910
Depreciation	381	412	785	753
Amortisation of deferred development expenditure*	204	227	444	455
Minimum lease payments under operating leases:				
Land and buildings	598	432	1,201	893
Office equipment	34	30	65	55
Interest income	(13)	(7)	(24)	(10)

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



5. Tax

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the three months and six months ended 30 September 2005.

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 status as 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.

6. Earnings per share

The calculation of basic earnings per share for the three months and the six months ended 30 September 2005 and 2004, is based on the profit attributable to shareholders of HK\$600,000 and HK\$1,300,000 respectively (2004: HK\$900,000 and HK\$1,600,000) and on the weighted average of 421,000,000 ordinary shares in issue (2004: 421,000,000 ordinary shares) during those periods.

The calculation of diluted earnings per share for the three months and six months ended 30 September 2005 is based on the profit attributable to shareholders for the period of HK\$600,000 and HK\$1,300,000 respectively. The number of ordinary shares used in the calculation is 421,000,000 ordinary shares in issue during the periods, as used in the basic earnings per share calculation; and weighted average of 14,123,118 ordinary shares and 13,009,367 ordinary shares respectively, assumed to have been issued at no consideration on the deemed exercise of all share options outstanding during the three months and six months ended 30 September 2005.

A diluted earnings per share amount for the period ended 30 September 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.



7. Fixed assets

	Leasehold improvements <i>HK\$'000</i>	Furniture and fixtures <i>HK\$'000</i>	Computer and office equipment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost:				
At 1 April 2005	1,960	1,124	15,936	19,020
Additions	201	62	404	667
At 30 September 2005	2,161	1,186	16,340	19,687
Accumulated depreciation:				
At 1 April 2005	587	901	14,776	16,264
Provided during the period	193	72	520	785
At 30 September 2005	780	973	15,296	17,049
Net book value:				
At 30 September 2005	1,381	213	1,044	2,638
At 31 March 2005	1,373	223	1,160	2,756

8. Deferred development expenditure

	<i>HK\$'000</i>
Cost:	
At 1 April 2005	7,175
Additions	1,326
At 30 September 2005	8,501
Accumulated amortisation:	
At 1 April 2005	1,912
Provided during the period	444
At 30 September 2005	2,356
Net book value:	
At 30 September 2005	6,145
At 31 March 2005	5,263



9. Trade receivables

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

	Unaudited 30 September 2005 <i>HK\$'000</i>	Audited 31 March 2005 <i>HK\$'000</i>
Current to 30 days	354	1,271
31 to 60 days	244	322
61 to 90 days	229	442
Over 90 days	1,686	1,183
	2,513	3,218

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

10. Trade payables

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

	Unaudited 30 September 2005 <i>HK\$'000</i>	Audited 31 March 2005 <i>HK\$'000</i>
Current to 30 days	252	83
31 to 60 days	98	99
61 to 90 days	31	2
Over 90 days	80	19
	461	203

11. Movement in reserves

Save as disclosed in “Condensed Consolidated Statement of Changes in Equity”, there was no other movement of reserves of the Group.



Interim Dividend

The Board does not recommend payment of any interim dividend for the six months ended 30 September 2005 (2004: Nil).

Management Discussion and Analysis

Business and Operation Review

Tradeeasy recorded a net profit of HK\$1.3 million for the six months ended 30 September 2005, as compared to the net profit of HK\$1.6 million for the corresponding period in 2004, which represents a 21.5 % decrease. The Group reported a turnover of HK\$21.1 millions for the six months period of 2005, as compared to HK\$19.4 millions for the corresponding period in 2004, representing a moderate increase of 8.7%. The decrease in net profit, however, is due to the increasing expenses in expansion of sales and marketing as well as development of scalable new projects, details of which were outlined in our previous reports.

Comparing to the 2004 interim results, segmented performance such as income generated from the Application Service Provider (ASP) Services increased by 16.9% whereas the income from the Integrated Marketing Solution Services (IMS) and Technical Consultancy Services remained rather stable during the six months period.

The Deep Sourcing Program that was launched in the first quarter proved to be very successful. Tradeeasy was able to recruit a number of internationally-renowned labels, department stores, chain stores, and discount stores, which had been sourcing through the Tradeeasy platform and participating in our Procurement Meetings.



Management Discussion and Analysis *(continued)*

Business and Operation Review *(continued)*

More than 20 buying tours were organized during the quarter under review, with hundreds of international buyers had been participating in Mainland China local trade fairs and meeting up with Tradeeasy sellers face to face. Tradeeasy's buyer services are extending to include industrial specific services such as factory audit and quality control mechanism, which we believe, would maximize the chances for buyers to placing orders with sellers.

The Garment Industry still remained as our core industry. The company rolled out more comprehensive buyers services to further strengthen its leading position in this industry, including but not limiting to the publishing of the most comprehensive garment and related industries' directories in Mainland China.

As for the research and development of Tradeeasy platform, the Group had been continuously deploying its resources during the second quarter under review and targeted for a more sophisticated search engine, more effective Buyer/Seller communications platform not to mention more e-Commerce applications.

Outlook

As garment has been the company's core industry, the disputes over the quota policy for garment industry in the USA has inevitably affected the company's performance during the quarter under review. However, indications show that the garment industry will bounce back in the near future as Mainland China has established stronger skills and higher quality in this industry. To maximize the Group's possible return from the potential growth of various industries in Mainland China, the Group will continue to strengthen the Tradeeasy platform in order to maintain its competitiveness in both Mainland China and Hong Kong.



Management Discussion and Analysis *(continued)*

Outlook *(continued)*

The Group will continue to deploy sufficient resources to enhance our ASP model and technology, develop a stronger customer aggregation and retention policy, achieve higher scalability products and services such as a Supply Chain Management software and will, in the near future, devote to demonstrate stronger capabilities that distinguish us from our peers and enhance greater shareholder value.

Liquidity, financial resources and capital structure

As at 30 September 2005, the Group's cash and cash equivalents amounted to HK\$6,700,000, of which 71% was denominated in Hong Kong dollars. The Group adopts a conservative approach to its treasury policy and is principally financed by cash flows generated internally.

The Group's net asset value as at 30 September 2005 amounted to HK\$12,900,000, representing HK3.1 cents per share. During the period under review and as at period end date, the Group had no borrowings, banking facilities or assets pledged. The gearing ratio (i.e. total long-term external borrowings/total equity) of the Group as at 30 September 2005 was nil (2004: nil). As at 30 September 2005, the Group had total current assets of HK\$11,500,000 and total current liabilities of HK\$7,400,000. The current ratio of the Group was 1.56 as at 30 September 2005 as compared to 1.46 of 31 March 2005.

There has been no change in the capital structure of the Company during the six months ended 30 September 2005.

Foreign currency exposure

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



Management Discussion and Analysis *(continued)*

Contingent liabilities

The Group had a contingent liability in respect of possible future long service payments to employees under the Hong Kong Employment Ordinance, with a maximum possible amount of HK\$900,000 as at 30 September 2005 (2004: HK\$600,000). The contingent liability has arisen because, at the balance sheet date, a number of current employees have achieved the required number of years of service to the Group in order to be eligible for long service payments under the Employment Ordinance if their employment is terminated under certain circumstances. A provision has not been recognized in respect of such possible payments, as it is not considered probable that the situation will result in a material future outflow of resources from the Group. Save for the above, the Group had no significant contingent liability as at 30 September 2005.

Future plans for investment or capital assets

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

Acquisition and disposal of subsidiaries and affiliated companies

During the six months ended 30 September 2005 and 2004, the Group had no material acquisition and disposal of subsidiaries and affiliated companies.

Significant investments

During the six months ended 30 September 2005 and 2004, the Group did not hold any significant investment.



Management Discussion and Analysis *(continued)*

Employee information

As at 30 September 2005, the Group employed 76 staff in Hong Kong (2004: 80) and 159 staff in Mainland China (2004: 105). Total staff costs (including directors' remuneration) of the Group were HK\$10,000,000 (2004: HK\$8,500,000). Comparing same period of previous year, the Group engaged more staff in Mainland China as some of the resources were allocated to our PRC branches. Staff are remunerated according to their performance and working experience. In addition to the basic salaries and participation in the mandatory provident fund scheme, staff benefits include share option scheme.

Directors' Interests in Shares

At 30 September 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 ordinary shares held	Percentage of the Company's issued share capital
Yu Lup Fat, Joseph	5,301,927	1.26
Yip Kwok Cheung	23,610,662	5.61
Wong Kai Yin, Paul	22,284,415	5.29
To Man Yau, Alex	10,994,162	2.61
	62,191,166	14.77



Directors' Interests in Shares *(continued)*

The interests of the directors in the share options of the Company are separately disclosed under the heading "Share Option Scheme".

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" above and in the "Share option scheme" below, 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 such term is defined in the GEM Listing Rules) abstaining from voting.



Share Option Scheme *(continued)*

If options are granted to a connected person (as such term is defined in the GEM Listing Rules) or its 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 by way of 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 subscription price of a share in respect of any particular option granted under the Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price shall be the higher 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 Option Scheme *(continued)*

Name of grantee	Date of grant	Exercise price of share options <i>HK\$</i>	Exercisable period	At 1 April 2005	Granted during the period	At 30 September 2005
Employees in aggregate	22 Apr 2003	0.037	23 Jun 2003 to 22 Jun 2008	12,000,000	-	12,000,000
	6 Oct 2004	0.030	4 Nov 2004 to 3 Nov 2009	4,000,000	-	4,000,000
	27 Sep 2005	0.043	26 Oct 2005 to 25 Oct 2010	-	2,100,000	2,100,000
Others in aggregate	22 Apr 2003	0.037	23 Jun 2003 to 22 Jun 2008	20,000,000	-	20,000,000
	27 Sep 2005	0.043	26 Oct 2005 to 25 Oct 2010	-	4,000,000	4,000,000
				36,000,000	6,100,000	42,100,000

As at 30 September 2005, all of the options remained outstanding. No options had been exercised, lapsed nor cancelled under the Option Scheme during the six months ended 30 September 2005.

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

The closing market price per share immediately before the date on which the share options were granted was HK\$0.04.



Substantial Shareholders' Interests in Shares

As at 30 September 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" 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.

Corporate Governance

The Company has complied with the code provisions set out in Code of Corporate Governance Practice (the "Code on CG Practices") contained in Appendix 15 to the GEM Listing Rules, except that the non-executive directors of the Company are not appointed for specific terms, but are subject to retirement by rotation in accordance with the Company's articles of association. To comply with the Code on CG Practices, the Board proposes to amend the articles of association of the Company that all non-executive directors will be appointed for a specific term of no more than three years, but be eligible for re-appointment upon retirement.

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.



Code of Conduct Regarding Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has also made specific enquiry of all directors and the Company are not aware of any non-compliance with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company throughout the period.

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 to review the Company's annual reports and accounts, half-year reports and quarterly reports and to provide advices and comments thereon to the Board. The audit committee is also responsible for reviewing and supervising the Company's financial reporting process and internal control procedures of the Group. The audit committee has three members comprising all the 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 unaudited consolidated interim results for the six months ended 30 September 2005, and confirmed that the preparation of such complied with applicable accounting standards, the requirement of the Stock Exchange and that adequate disclosures had been made.

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

Hong Kong, 10 November 2005