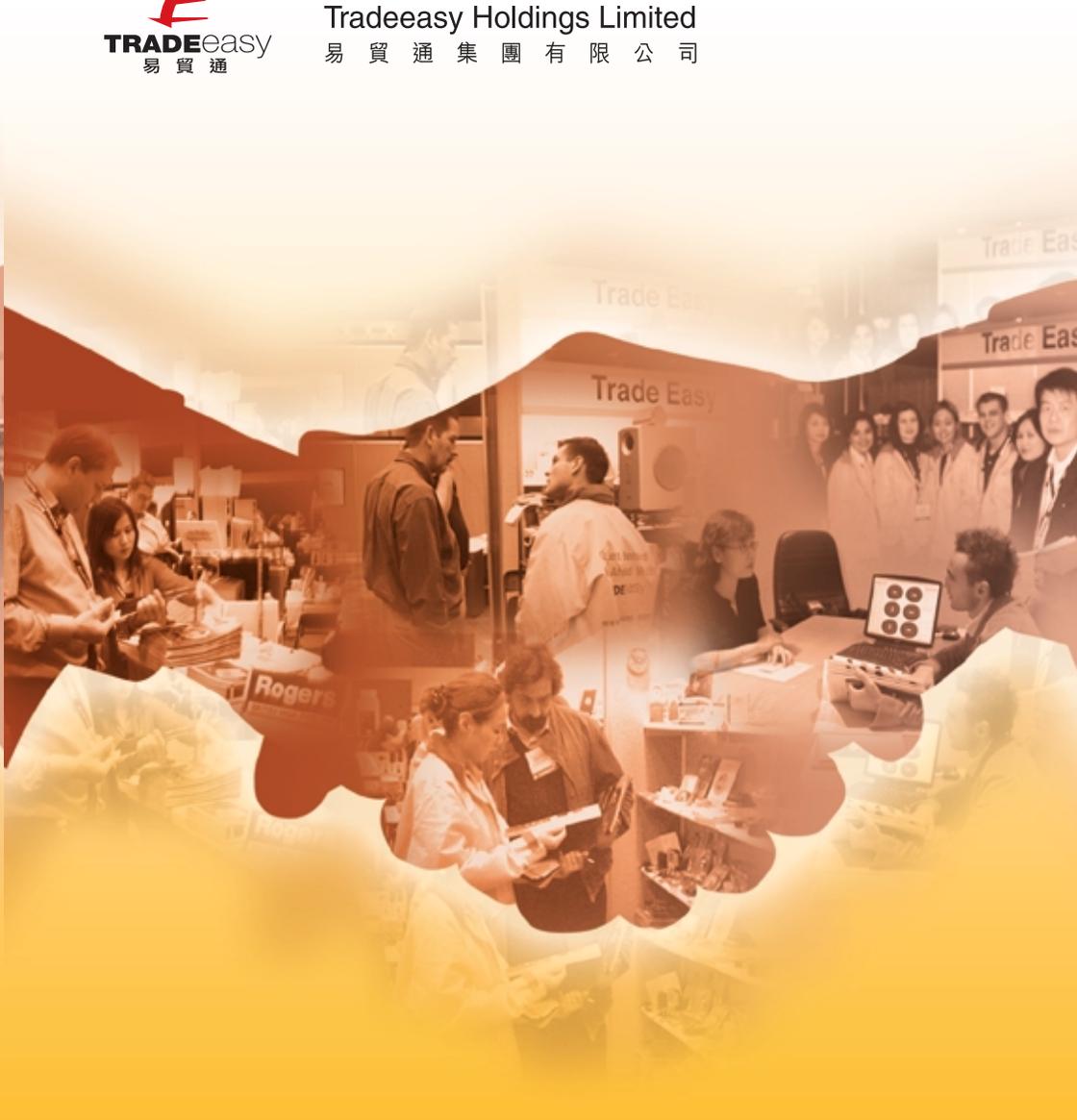




Tradeeasy Holdings Limited
易 貿 通 集 團 有 限 公 司



First Quarterly Report

For the three months ended 30 June 2003

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website at www.hkgem.com in order to obtain up-to-date information on GEM-listed issuers.

The Stock Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors of Tradeeasy Holdings Limited collectively and individually accept 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 three months ended 30 June 2003 was approximately HK\$9,015,000 as compared to approximately HK\$9,147,000 for the corresponding period in the previous financial year.
- Net loss of the Group for the three months ended 30 June 2003 was approximately HK\$608,000 as compared to approximately HK\$1,394,000 for the corresponding period in the previous financial year.
- Loss per share of the Group was approximately HK0.15 cents for the three months ended 30 June 2003 as compared to approximately HK0.35 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 2003.

FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 30 JUNE 2003

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 2003, together with the comparative unaudited figures for the corresponding period in 2002, are as follows:

	Notes	Unaudited for the three months ended 30 June	
		2003 HK\$'000	2002 HK\$'000 (Restated)
TURNOVER	3	9,015	9,147
Cost of sales		(5,505)	(5,567)
Gross profit		3,510	3,580
Other revenue		11	131
Selling and distribution costs		(409)	(838)
General and administrative expenses		(3,372)	(3,568)
Advertising and promotion expenses		(326)	(651)
Other operating expenses		(22)	—
LOSS FROM OPERATING ACTIVITIES		(608)	(1,346)
Finance costs		—	(48)
LOSS BEFORE TAX		(608)	(1,394)
Tax	4	—	—
NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		(608)	(1,394)
DIVIDEND		—	—
LOSS PER SHARE	5		
Basic		(0.15 cents)	(0.35 cents)
Diluted		N/A	N/A

Notes:

1. Basis of preparation and consolidation

These financial statements have been prepared in accordance with Hong Kong Statements of Standard Accounting Practice ("HKSSAPs"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention.

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the three months ended 30 June 2003. The results of subsidiaries acquired or disposed of during the period are consolidated from or to their effective dates of acquisition or disposal, respectively. The unaudited financial statements also comply with the disclosure requirements 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").

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

2. Impact of the revised HKSSAPs

The basis of preparation and principal accounting policies adopted for the preparation of these unaudited consolidated financial statements are consistent with those used in the preparation of the Group's audited financial statements for the year ended 31 March 2003, except that the Group has adopted SSAP 12 (Revised) "Income Taxes" which prescribes new accounting measurements and disclosure practices. The adoption of this SSAP 12 (Revised) during the financial period under review does not have any significant effect on the Group's unaudited consolidated results for the period and the prior period.

3. 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	
	2003	2002
	HK\$'000	HK\$'000
Integrated marketing solution services	1,102	2,219
Application Service Provider ("ASP") services	4,849	3,855
Technical consultancy services	3,064	3,073
	9,015	9,147



4. Tax

(i) *Hong Kong Profits Tax*

No provision for Hong Kong profits tax has been made as the Group either had no assessable profits arising in Hong Kong, or had losses brought forward from the prior year to offset the assessable profits during the three-month period under review (2002: Nil).

(ii) *PRC Corporate Income Tax*

Tradeeasy Information Technology (Guangzhou) Limited, a Sino-foreign co-operative joint venture company established and operating in Guangzhou, is subject to Mainland China corporate 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 corporate 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 corporate income tax rate was reduced to 15%. The notice also stated that Tradeeasy Information Technology (Beijing) Limited is entitled to full exemption from Mainland China corporate income tax for the years 2000 to 2002 to be followed by a 50% reduction in the corporate income tax rate for the years 2003 to 2005.

5. Loss per share

The calculation of basic loss per share for the three months ended 30 June 2003 is based on the net loss from ordinary activities attributable to shareholders for the three months ended 30 June 2003 of approximately HK\$0.6 million (2002: net loss of HK\$1.4 million) and the weighted average of approximately 400,000,000 shares (2002: 400,000,000 shares).

Diluted loss per share for the three months ended 30 June 2003 and 30 June 2002 have not been presented as no diluting events occurred during those periods. The Company's share options outstanding during those periods had an anti-dilutive effect on the basic loss per share for the relevant periods.



6. Movement in reserves

Other than the net loss for the three months ended 30 June 2003 and the net loss for the three months ended 30 June 2002, there was no movement of reserves of the Group during both periods.

DIVIDEND

The Directors do not recommend the payment of any dividend for the three months ended 30 June 2003 (2002: Nil).

BUSINESS REVIEW

The Group reported turnover of approximately HK\$9 million during the quarter under review, which is comparable to the turnover level of the same period in last year. Following the cost containment strategy which has been adopted since last year, net loss for the quarter reduced from approximately HK\$1.4 million to approximately HK\$0.6 million comparing with the first quarter in 2002.

Operating costs were controlled by streamlining operations, maintaining promotional and administrative expenses at a reasonable level, and appointing independent sales agents to replace the functions of certain representative offices in the PRC. In this particular respect, two more independent sales agents were appointed in April 2003 to replace the functions of the Fuzhou and Shenzhen representative offices in the PRC.

Management continued to exercise tight cost controls and is positive that the effect will become more remarkable in the future.

Notwithstanding the outbreak of SARS during the current period, the new version of e-IMS was well received by the market and the demand for ASP products has remained strong. Turnover for ASP services was approximately HK\$4.8 million, representing a HK\$1 million increase comparing with the same period of last year. Management recognised the importance of providing reliable and uninterrupted services to client by investing resources in system upgrading for the increasing sales of ASP products.



PROSPECT

Most of the overseas buyers cancelled their business trips to the PRC due to the SARS outbreak during the quarter under review. Some international trade fairs were postponed to the end of this year. The SARS epidemic has hindered the slow rebound of the market sentiment. Management remains cautiously optimistic about the future and believes that the economy will be recovered in the near future. It is expected that after a few months of wait-and-see, buyers will start trading again and by then, manufacturers will be ready to allocate more resources for marketing which will benefit the Group's business.

As mentioned in the paragraph headed "Business review", certain representative offices in the PRC have been replaced by independent sales agents. These measures improved the efficiency of the Group's operations in the PRC. More representative offices will be replaced by appointing independent sales agents in the coming year, which the management believes will further trim down the Group's overhead costs, increase overall operational efficiency and shorten the management's time.

Management believes ASP and technical consultancy services will further increase the Group's growth potential. As such, the Group will devote more resources to modify the e-IMS. The database system will be restructured to make it deployable for our clients, and the other hardware and software will also be upgraded continuously to accommodate such restructuring.

Management will continue to adopt cost containment strategies, develop innovative products, and explore new markets to make Tradeeasy become even more competitive.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS OR SHORT POSITIONS IN SHARES AND OPTIONS

As at 30 June 2003, the interests or short positions of the directors and the chief executives of the Company in the shares and underlying shares of the Company or any of its associated corporations (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 of Hong Kong Limited (the "Stock Exchange") pursuant to Rules 5.40 to 5.58 of the GEM Listing Rules, were as follows:

Name of director	Number of shares held and nature of interest	
	Personal	Family
Yu Lup Fat, Joseph	5,301,927	—
Yip Kwok Cheung (Note)	23,610,662	518,411
Wong Kai Yin, Paul	23,468,415	—
To Man Yau, Alex	14,994,162	—
	67,375,166	518,411

Note: The family interest of Mr. Yip Kwok Cheung in the shares of the Company is held by his wife, Ms. Choy Ching Yee, Ruby, for 518,411 shares.

Save as disclosed above, none of the directors or their associates as well as the chief executives of the Company as at 30 June 2003 had any direct/indirect interests or short positions in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by the directors as referred to in Rules 5.40 to 5.58 of the GEM Listing Rules. During the period under review, there was no debt securities issued by the Group at any time.



DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the paragraphs headed "Directors' and Chief Executives' Interests or Short Positions in Shares and Options" above and "Share Option Schemes" below, at no time during the period under review 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 children under 18 years of age, or were any such rights exercised by them, or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEMES

On 20 February 2002, two share option schemes, namely Pre-IPO Share Option Scheme and Share Option Scheme (as defined in the prospectus of the Company dated 26 February 2002 (the "Prospectus")), were approved by a written resolution of the sole shareholder of the Company. A summary of the terms of each share option scheme has been set out in Appendix V of the Prospectus under the sections headed "Pre-IPO Share Option Scheme" and "Share Option Scheme" respectively.

On 20 February 2002, the Company granted options under the Pre-IPO Share Option Scheme to 57 full-time employees, who are not the directors of the Company or members of senior management of the Group, to subscribe for an aggregate of 5,714,500 shares, representing in aggregate approximately 1.4% of the then issued share capital of the Company immediately following the completion of the placing, at an exercise price of HK\$0.30 each. The entire 5,714,500 share options lapsed during the year ended 31 March 2003.



SHARE OPTION SCHEMES *(continued)*

The Company operates another 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 ten years from that date, subject to earlier termination by the Company in a general meeting or by the board of directors.

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, exercisable at any time from 23 June 2003 to 22 June 2008 at an exercisable price of HK\$0.037 per share. Share options do not confer on the holders to dividends or to vote at shareholders’ meetings.



SUBSTANTIAL SHAREHOLDERS

As at 30 June 2003, the following entities (other than the directors or the chief executives of the Company) had an interest or short position in the shares and underlying shares of the Company, which were notified to the Company and the Stock Exchange pursuant to Part XV of the SFO, and required to be entered in the register kept by the Company pursuant to Section 336 of the SFO, and/or were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group pursuant to Part XV of the SFO:

Name of shareholder	Number of shares held	Percentage of the Company's issued capital
Manistar Enterprises Limited	93,364,070	23.34%
CCT Telecom Holdings Limited (Note)	93,364,070	23.34%
Ng Tung Ming	27,511,187	6.88%

Note: The interests disclosed includes 93,364,070 shares beneficially owned by Manistar Enterprises Limited, which is a wholly-owned subsidiary of CCT Telecom Holdings Limited.

Save as disclosed in the paragraphs headed "Substantial Shareholders" and "Directors' and Chief Executives' Interests or Short Positions in Shares and Options" above, as at 30 June 2003, the Directors are not aware of any person (other than the directors or the chief executives of the Company) who had an interest or short position in the shares and underlying shares of the Company, which were notified to the Company and the Stock Exchange pursuant to Part XV of the SFO, and required to be entered in the register pursuant to Section 336 of the SFO, and/or were directly or indirectly interested in 5% or more in the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group pursuant to Part XV of the SFO.



SPONSOR'S INTERESTS

Pursuant to the agreement dated 26 February 2002 between the Company and the Sponsor, the Sponsor is entitled to receive a fee for acting as the Company's sponsor for the period from 7 March 2002 to 31 March 2004.

As at 30 June 2003, neither Hantec Capital Limited (the "Sponsor") nor any of its directors or employees or associates (as referred in Note 3 to Rule 6.35 of the GEM Listing Rules) had any interests in the share capital of the Company or of any members of the Group, or had any rights to subscribe for or to nominate persons to subscribe for the share capital of the Company or of any members of the Group.

Save as disclosed above, the Sponsor had no other interests in the Company as at 30 June 2003.

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 SHARES OF THE COMPANY

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



COMPLIANCE WITH RULES 5.28 TO 5.39 OF THE GEM LISTING RULES

The Company has complied with the board practices and procedures as set out in Rules 5.28 to 5.39 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 5.23 to 5.27 of the GEM Listing Rules. The primary duties of the audit committee are to review the Company's annual reports and accounts, half-yearly reports and quarterly reports and to provide advices and comments thereon to the Directors. The audit committee is also responsible for reviewing and supervising the Company's financial reporting process and internal control system. The audit committee has three members comprising two independent non-executive directors, Mr. Lau Chi Yiu and Mr. Wu Yao Hua, Terence and one non-executive director, Mr. Tam Ngai Hung, Terry. The audit committee has reviewed the Group's unaudited consolidated results for the three months ended 30 June 2003, and confirmed that the preparation of such results complied with applicable accounting standards, the Stock Exchange and legal requirements and that adequate disclosures had been made.

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

Hong Kong, 11 August 2003