



TRADEEASY HOLDINGS LIMITED
(易貿通集團有限公司)*
(incorporated in the Cayman Islands with limited liability)
Stock Code: 8163

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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

Approved by: _____

To be submitted to SEHK on 1 June 2005

**FINAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2005**

Financial Highlights

- For the financial year ended 31 March 2005, the Group recorded a turnover of approximately HK\$39.5 millions in comparison to approximately HK\$31.9 millions last year, representing an increase of approximately HK\$7.6 millions.
- The Group recorded a gross profit of approximately HK\$18.8 millions this year as compared to approximately HK\$10.3 millions for the year ended 31 March 2004.
- The net profit attributable to shareholders was approximately HK\$2.8 millions this year, in comparison to net loss of approximately HK\$21.9 millions in last year.
- Earnings per share was approximately HK0.7 cents for the year ended 31 March 2005 as compared to loss per share of approximately HK5.5 cents recorded in last year.
- The Board of Directors does not recommend the payment of a final dividend for the year ended 31 March 2005 (2004: Nil).

CONSOLIDATED PROFIT AND LOSS ACCOUNT

The Board of Directors of Tradeeasy Holdings Limited (the “Company”) is pleased to announce that the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group” or “Tradeeasy”) for the year ended 31 March 2005, together with comparative audited figures are as follows:

	<i>Notes</i>	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
TURNOVER	3	39,476	31,862
Cost of sales		<u>(20,654)</u>	<u>(21,534)</u>
Gross profit		18,822	10,328
Other revenue		18	34
Selling and distribution costs		(1,996)	(1,745)
General and administrative expenses		(9,996)	(13,433)
Advertising and promotion expenses		(3,232)	(2,882)
Write-off of deferred development expenditure		–	(13,657)
Other operating expenses		<u>(827)</u>	<u>(589)</u>
PROFIT/(LOSS) FROM OPERATING ACTIVITIES	4	2,789	(21,944)
Finance costs		<u>–</u>	<u>–</u>
PROFIT/(LOSS) BEFORE TAX		2,789	(21,944)
Tax	5	<u>(32)</u>	<u>–</u>
NET PROFIT/(LOSS) FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		<u>2,757</u>	<u>(21,944)</u>
DIVIDEND	7	<u>–</u>	<u>–</u>
EARNINGS/(LOSS) PER SHARE (HK cents)	9		
Basic		<u>0.7</u>	<u>(5.5)</u>
Diluted		<u>0.7</u>	<u>N/A</u>

Notes:

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (which also include Statements of Standard Accounting Practice and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention.

2. IMPACT OF RECENTLY ISSUED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

The Hong Kong Institute of Certified Public Accountants has 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 Group has not early adopted these new HKFRSs in the financial statements for the year ended 31 March 2005. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these HKFRSs would have a significant impact on its results of operations and financial position.

3. TURNOVER

Turnover represents the value of services rendered during the year.

Revenue from the following activities has been included in turnover:

	Group	
	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
Integrated marketing solution services	7,913	4,837
Application Service Provider (“ASP”) services	20,345	15,939
Technical consultancy services	11,218	11,086
	<u>39,476</u>	<u>31,862</u>

Details of the operations and the services provided are set out in note 8 to the results announcement.

4. PROFIT/(LOSS) FROM OPERATING ACTIVITIES

The Group's profit/(loss) from operating activities is arrived at after charging/(crediting):

	2005 HK\$'000	2004 HK\$'000
Staff costs (including directors' remuneration):		
Salaries and related staff costs	17,101	15,582
Pension scheme contributions	900	758
	<u>18,001</u>	<u>16,340</u>
Less: Amounts capitalised in deferred development expenditure	(2,225)	–
	<u>15,776</u>	<u>16,340</u>
Auditors' remuneration	617	558
Depreciation	1,538	2,438
Amortisation of deferred development expenditure*	887	3,478
Minimum lease payments under operating leases:		
Land and buildings	1,726	1,560
Office equipment	69	69
	<u>1,795</u>	<u>1,629</u>
Loss on disposal and write-off of fixed assets	369	19
Provisions for bad and doubtful debts on trade receivables	458	453
Exchange losses/(gains), net	4	(1)
Interest income	(18)	(26)

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

5. TAX

No provision for Hong Kong profits tax has been made as the Group either did not generate any assessable profits arising in Hong Kong during the year (2004: Nil) or had available tax losses brought forward from prior years to offset the assessable profits generated during the year (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.

	2005 HK\$'000	2004 HK\$'000
Group:		
Current – Hong Kong	–	–
Current – Elsewhere	32	–
	<u>32</u>	<u>–</u>
Tax charge for the year	<u>32</u>	<u>–</u>

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 was granted the status 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.

6. DEFERRED TAX

The Group has tax losses arising in Hong Kong of HK\$43,916,000 (2004: HK\$48,616,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time.

At 31 March 2005, there was no unrecognised deferred tax liability (2004: Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries as the Group has no liability to additional tax should such amounts be remitted.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

7. DIVIDEND

No dividend has been paid or declared by the Company or any of its subsidiaries during the year (2004: Nil).

8. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the services they provide. Each of the Group's business segments represents a strategic business unit that offers services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

- (a) the integrated marketing solution services segment provides an internet platform to allow international buyers to identify suppliers and products and to enable suppliers to market their products to buyers;
- (b) the ASP services segment provides international traders with an integrated management automation system for carrying out the maintenance of their existing customer base, the management of customer relationships, order processing and the enhancement of potential trade enquiries; and
- (c) the technical consultancy services segment provides the development and production of electronic versions of marketing materials and product descriptions, and the provision of related technology services.

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

(a) Business segments

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's business segments.

Group	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	7,913	4,837	20,345	15,939	11,218	11,086	39,476	31,862
Segment results	920	(4,892)	2,367	(15,654)	638	192	3,925	(20,354)
Interest income							18	26
Unallocated revenue							-	8
Unallocated expenses							(1,154)	(1,624)
Profit/(loss) from operating activities							2,789	(21,944)
Finance costs							-	-
Profit/(loss) before tax							2,789	(21,944)
Tax							(32)	-
Net profit/(loss) from ordinary activities attributable to shareholders							2,757	(21,944)

Group	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 assets	<u>2,230</u>	<u>1,011</u>	<u>5,733</u>	<u>2,392</u>	<u>3,274</u>	<u>4,394</u>	11,237	7,797
Unallocated assets							<u>8,328</u>	<u>9,555</u>
Total assets							<u>19,565</u>	<u>17,352</u>
Segment liabilities	<u>1,509</u>	<u>1,561</u>	<u>1,166</u>	<u>777</u>	<u>936</u>	<u>1,663</u>	3,611	4,001
Unallocated liabilities							<u>4,320</u>	<u>5,472</u>
Total liabilities							<u>7,931</u>	<u>9,473</u>
Other segment information:								
Capital expenditure	2,932	57	850	189	444	748	4,226	994
Depreciation	115	322	296	1,059	1,127	1,057	1,538	2,438
Amortisation of deferred development expenditure	171	789	328	2,135	388	554	887	3,478
Write-off of deferred development expenditure	–	3,450	–	9,543	–	664	–	13,657
Other non-cash expenses:								
– segment	218	105	561	348	48	19	827	472
– unallocated							–	117
							<u>827</u>	<u>589</u>

(b) Geographical segments

The following tables present revenue and certain asset and expenditure information for the Group's geographical segments.

Group	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	<u>28,258</u>	<u>20,776</u>	<u>11,218</u>	<u>11,086</u>	<u>39,476</u>	<u>31,862</u>
Other segment information:						
Segment assets	12,066	9,005	7,499	8,347	19,565	17,352
Capital expenditure	<u>3,782</u>	<u>246</u>	<u>444</u>	<u>748</u>	<u>4,226</u>	<u>994</u>

9. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the net profit from ordinary activities attributable to shareholders for the year of HK\$2,757,000 (2004: net loss of HK\$21,944,000) and the weighted average of 419,964,384 ordinary shares in issue (2004: 400,000,000) during the year.

The calculation of diluted earnings per share for the year ended 31 March 2005 is based on the net profit from ordinary activities attributable to shareholders for the year of HK\$2,757,000. The weighted average number of ordinary shares used in the calculation is the 419,964,384 ordinary shares in issue during the year, as used in the basic earnings per share calculation; and the weighted average of 1,158,198 ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options outstanding during the year.

A diluted loss per share amount for the year ended 31 March 2004 has not been disclosed as the share options outstanding during that year had an anti-dilutive effect on the basic loss per share for that year.

10. RESERVES

Group

	Share premium account <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Exchange fluctuation reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2003	16,337	66,710	11	(57,235)	25,823
Net loss for the year	–	–	–	(21,944)	(21,944)
At 31 March 2004 and 1 April 2004	16,337	66,710	11	(79,179)	3,879
Issue of shares, net of share issue expenses	788	–	–	–	788
Net profit for the year	–	–	–	2,757	2,757
At 31 March 2005	<u>17,125</u>	<u>66,710</u>	<u>11</u>	<u>(76,422)</u>	<u>7,424</u>

The contributed surplus of the Group represents 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The year 2004-2005 was a fruitful one for Tradeeasy. It marked a new era for the Group. In January 2005, the international trade regulations for China's accession to the World Trade Organization had been finalised. Meanwhile, export quota for garment industries to enter into North America and European countries had been lifted. As a result, International buyers started increasing their PRC purchases. Inquiries from overseas buyers to our sellers also increased, so as the demand for our B2B services. The Group had successfully established an efficient management team to capture the opportunities in these favourable market conditions.

Our 2004-2005 financial results had demonstrated our momentum, as evidenced by:

- Recorded revenue of HK\$39.5 millions, represented a 23.8% increase from HK\$31.9 millions of the last financial year.
- Gross profit ratio increased to 48% from 32% of the last financial year.
- Recorded net profit of HK\$2.8 millions as compared to the net loss of HK\$21.9 millions of the last financial year.

Revenue growth is significant and we were particularly pleased in this aspect. We had been devoting a lot of efforts over the past few years to improve the profitability of the Group by streamlining our operation processes, reviewing our workflow and document flow, not to mention developing new internal automation and reporting systems.

As far as the Group's segment performance is concerned, the turnover for Integrated Marketing Solution Services has increased by 61% to HK\$7.9 millions (2004: HK\$4.9 millions). The turnover of ASP Services has increased by 28% to HK\$20.4 millions (2004: HK\$15.9 millions). The turnover for Technical Consultancy Services has also increased by 1% to HK\$11.2 millions (2004: HK\$11.1 millions).

Operation Review

The first stage of the Chinese version of the portal www.tradeeasy.com had commenced during the year under review. This is to facilitate Chinese sellers to understand the operation of the Group better and at the same time to conduct domestic B2B trade within China. Daily traffic into the portal had an expected growth rate of more than 60%. Even more encouraging, inquiries in the form of General Inquiries, Offer to Buy, Urgent Offers, Ask For Quotation increased by double. As the number of subscribed sellers increased, number of products showcased in the portal had an expected increase to over 250,000.

The Group's ASP services and e-IMS, had been modified with advanced database management, templates generation and users account management functions. As the demand for the services increased, the Group would keep modifying the existing system to cope with a wider range of requirements and increasing user friendliness. The servers' farm was re-constructed with hardware and latest technology to deal with the increasing amount of data transactions.

Many international buyers, especially those with their own private labels, set stringent criteria in choosing their sellers. Detailed information on the sellers, including their research and development abilities, factory audit status, quality control mechanism, infrastructure and experiences, are particularly required by those buyers. The Group's directory namely: Buyer Members Directory had been issued and served as members' newsletter with main focus on interviews with both buyers and suppliers, which could provide additional details on sellers, to complement sellers information on tradeeasy.com. The first issue was published in April 2004. Sufficient copies were widely distributed in overseas trade shows and well received by the market with positive comments.

The Group had always been focusing on recruiting quality buyers as Buyer Members. More resources were deployed in marketing the Group's services overseas, developing alliances, analyzing buyers' needs, matching their requirements, providing more in-depth services. Number of registered Buyer Members had increased to over 250,000, with an increase of 20% as compared that of year ended 2004. More than 500 buyers had participated in our Procurement Meetings , and successfully met up with more than 2,000 Tradeeasy Seller Members face to face.

Prospects

The Group will continue to undertake numerous initiatives and important strategies to strengthen its business. Garment industry has always been the major industry of our Group and we will continue to focus on that. We are developing a new IT team in China, so as to keep pace with the demand of modifying our existing products, upgrading our IT infrastructure and to provide more streamlining automation program to strike for better operation efficiency. We are also extending our buyer recruitment program to cover Middle-East, northern European and eastern European countries, where we regard as high-growth markets. At the same time, we are co-operating with different alliances to put together the Supply Chain Management Automation Program in ASP model which then will be offered to our existing customers. We are currently working on the B2B transaction model.

The management believes that the favourable market conditions for the year ended 2005 will continue to exist and will be even better in the coming year. Accordingly, our established efficient management team will be cautiously expanding further and take the good opportunities in the market. We have also a strong position in the B2B market and we have a set of products that can differentiate ourselves well from our competitors. The Group is confident to further enhance its brand name in the PRC and assume the role of an international trade enabler. We undertake to our shareholders that we will be positioning well to sustain the good results of last year and will further improve our performance as a whole.

Segment information

The revenue of the Group comprises the rendering of the integrated marketing solution services, the ASP services and the technical consultancy services.

Sales from rendering the integrated marketing solution services increased by approximately 61% to HK\$7.9 millions and that from provision of ASP services increased by approximately 28% to HK\$20.4 millions. The sales from provision of technical consultancy services increased by approximately 1% to HK\$11.2 millions.

As to the geographical segments, sales to Hong Kong market increased by approximately 36% to HK\$28.3 millions and that to Mainland China market increased by approximately 1% to HK\$11.2 millions.

An analysis of the Group's turnover and contribution to results by principal activity and geographic area of operations for the two years ended 31 March 2004 and 2005 is set out in note 8 to the results announcement.

Liquidity and financial resources

The Group is principally financed by cash flows generated internally. As at 31 March 2005, the Group's cash and bank balance amounted to HK\$6.4 millions, of which 47% was denominated in Hong Kong dollars.

As at 31 March 2005, the net assets value of the Group amounted to HK\$11.6 millions, representing approximately HK2.8 cents per share. During the financial year under review and at the year end date, the Group had no other borrowings, banking facilities or assets pledged. The gearing ratio (ie. total long-term external borrowings/total equity) of the Group as at 31 March 2005 was nil (2004: nil). As at 31 March 2005, the Group had total current assets of HK\$11.5 millions and total current liabilities of HK\$7.9 millions. The current ratio of the Group has increased to this year's 1.5 from 1.1 in the prior financial year.

There has been no change in the capital structure of the Group during the year ended 31 March 2005.

Foreign currency exposure

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

Charges on group assets

As at 31 March 2005, the Group did not have any charges on group assets.

Contingent liability

The Group had a contingent liability in respect of possible future long service payments to employees under the Hong Kong Employment Ordinance, with a maximum possible amount of HK\$805,000 (2004: HK\$659,000) as at 31 March 2005. The contingent liability has arisen because, at the balance sheet date, a number of current employees have achieved the required number of years of service to the Group in order to be eligible for long service payments under the Employment Ordinance if their employment is terminated under certain circumstances. A provision has not been recognised in respect of such possible payments, as it is not considered probable that the situation will result in a material future outflow of resources from the Group.

Employee information

As at 31 March 2005, the Group employed 83 staff in Hong Kong (2004: 75) and 122 staff in Mainland China (2004: 136). Total staff costs (including directors' remuneration) of the Group were approximately HK\$18.0 millions (2004: HK\$16.3 millions). Due to the growth in turnover, the commission paid to employees increased accordingly during the year ended 31 March 2005. 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 options scheme.

Acquisition and disposal of subsidiaries and affiliated companies

During the two financial years ended 31 March 2004 and 2005, the Group had no material acquisitions and disposals of subsidiaries and affiliated companies.

Significant investments

During the two financial years ended 31 March 2004 and 2005, the Group did not hold any significant investments.

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 year.

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 throughout the year ended 31 March 2005.

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 who at the beginning of the year was the Company's non-executive director. Mr. Lau Ho Man, Edward was re-designated on 24 September 2004. The audit committee has reviewed the Group's consolidated results for the year ended 31 March 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
Tradeeasy Holdings Limited
Yu Lup Fat, Joseph
Chairman

Hong Kong, 1 June 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

This announcement will appear on the GEM website at www.hkgem.com for at least 7 days from the date of this posting and on the website of the Company at www.tradeeasy.com.