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)

Characteristics of The Growth Enterprise Market (the "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 announcement, 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 announcement.

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 (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 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*

CHAIRMAN'S STATEMENT

It is my pleasure as the first time during my tenure, to present this results announcement to you, our valuable Shareholders.

The year under review is a year full of developments within the Tradeeasy Group. Our Group has been deploying resources effectively in developing new technologies, establishing new business models, recruiting more quality buyers and providing a variety of services to international buyers.

Looking forward, we believe Mainland China is to continue the lead role in the international market and its position as the world's factory will become more significant. Accordingly, this will drive more SME buyers, who used to buy from their local importers, to come over to Mainland China and set up their presence there. Meanwhile, overseas manufacturers prone to shift their production lines to Mainland China, leading to the increase of demand on the related manufacturers' information.

In the past two years, the Group had been organizing "Procurement Meetings" and "Matching Conferences" for buyers to meet sellers face to face. During those Meetings and through our assistance, they communicated, built up their trust and successfully completed a number of transactions. The Meetings had contributed great value to both the buyers and sellers, and to Tradeeasy as a whole.

The Group has accumulated certain experience and obtained enough understanding for reasons of the possible frictions among buyers and sellers. Equally, we well understand the expectations from both parties and has been finding various means to fulfilling their expectations. We have been investing in a research and development project to establish a brand new B2B transaction model during the year 2005 to 2006. We anticipate this project development will continue for the forthcoming two quarters and a new phase of services will hopefully be available in the second quarter of 2006.

The development of the new business model requires substantial resources. I am pleased to report that the subscription of 550,000,000 new shares of the Company by CCT Telecom Holdings Limited ("CCT Telecom") was completed on 25 April 2006. The net proceeds from the subscription of approximately HK$20 million has enabled the Group to allocate more resources for sales and marketing expansion and the development of the new business model. With the injection of new capital and the support from CCT Telecom, our new controlling shareholder, the Group will be able to further expand its principal business and broaden its business spectrum and volume in both Hong Kong and the PRC.

The forthcoming year is another challenging year for the management of Tradeeasy but we are confident that we will break through to a new milestone through launching of new services. On behalf of the Board, I would like to take this opportunity to thank all Tradeeasy staff for their valuable contribution and our Shareholders for their continuing support. Tradeeasy will continue to be on the right track to success and we will strive to provide more value to our Shareholders.

FINAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2006

FINANCIAL HIGHLIGHTS

- For the financial year ended 31 March 2006, the Group recorded a turnover of approximately HK$39.6 million in comparison to approximately HK$39.5 million in last year.

- The Group recorded a gross profit of approximately HK$16.2 million this year as compared to approximately HK$18.8 million for the year ended 31 March 2005.

- The loss for the year was approximately HK$1.7 million this year, in comparison to profit for the year of 2.8 million in last year.

- Loss per share was approximately HK0.4 cent for the year ended 31 March 2006 as compared to earnings per share of approximately HK0.7 cent recorded in last year.

- The Board of Directors does not recommend the payment of a final dividend for the year ended 31 March 2006 (2005: Nil).

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2006

	Notes	2006 HK$'000	2005 HK$'000
REVENUE	5	**39,595**	39,476
Cost of sales		**(23,373)**	(20,654)
Gross profit		**16,222**	18,822
Other income and gains		**101**	18
Selling and distribution costs		**(2,516)**	(1,996)
General and administrative expenses		**(11,820)**	(9,996)
Advertising and promotion expenses		**(2,943)**	(3,232)
Other expenses		**(1,019)**	(827)
Gain on deemed disposal of associates		**445**	–
Share of profits and losses of associates		**(24)**	–
PROFIT/(LOSS) BEFORE TAX	6	**(1,554)**	2,789
Tax	7	**(149)**	(32)
PROFIT/(LOSS) FOR THE YEAR		**(1,703)**	2,757
DIVIDEND	9	**–**	–
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	11		
Basic		**HK(0.4) cent**	HK0.7 cent
Diluted		**N/A**	HK0.7 cent

CONSOLIDATED BALANCE SHEET

31 March 2006

	Notes	2006 HK$'000	2005 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**2,541**	2,756
Deferred development expenditure		**6,952**	5,263
Interests in associates		**522**	–
Total non-current assets		**10,015**	8,019
CURRENT ASSETS			
Trade receivables	*12*	**1,606**	3,218
Prepayments, deposits and other receivables		**1,900**	1,880
Cash and cash equivalents		**4,964**	6,448
Total current assets		**8,470**	11,546
CURRENT LIABILITIES			
Trade payables	*13*	**88**	203
Tax payable		**–**	32
Deferred service fees received in advance		**3,761**	3,611
Other payables and accruals		**4,442**	4,085
Total current liabilities		**8,291**	7,931
NET CURRENT ASSETS		**179**	3,615
Net assets		**10,194**	11,634
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital		**4,210**	4,210
Reserves		**5,984**	7,424
Total equity		**10,194**	11,634

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2006

	Issued share capital	Share premium account	Contributed surplus	Share option reserve	Exchange fluctuation reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
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 year	–	–	–	–	–	2,757	2,757
At 31 March 2005 and 1 April 2005	4,210	17,125*	66,710*	–*	11*	(76,422)*	11,634
Exchange realignment	–	–	–	–	(39)	–	(39)
Net loss for the year	–	–	–	–	–	(1,703)	(1,703)
Equity-settled share option arrangements	–	–	–	302	–	–	302
At 31 March 2006	**4,210**	**17,125***	**66,710***	**302***	**(28)***	**(78,125)***	**10,194**

* *These reserve accounts comprise the consolidated reserves of HK$5,984,000 (2005: HK$7,424,000) in the consolidated balance sheet.*

Notes:

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2006. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

2. IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The following new and revised HKFRSs affect the Group and are adopted for the first time for the current year's financial statements:

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 11	Construction Contracts
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 20	Accounting for Government Grants and Disclosure of Government Assistance
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 31	Interests in Joint Ventures
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 38	Intangible Assets

HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 39 Amendment	Transition and Initial Recognition of Financial Assets and Financial Liabilities
HKAS 40	Investment Property
HKFRS 2	Share-based Payment
HKFRS 3	Business Combinations
HKFRS 5	Non-current Assets Held for Sale and Discontinued Operations
HK(SIC)-Int 21	Income Taxes – Recovery of Revalued Non-depreciable Assets
HK-Int 4	Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases

The adoption of HKASs 1, 2, 7, 8, 10, 11, 12, 14, 16, 17, 18, 19, 20, 23, 27, 28, 31, 32, 33, 36, 37, 38, 39, 39 Amendment and 40, HKFRSs 3 and 5, HK(SIC)-Int 21 and HK-Int 4 has had no material impact on the accounting policies of the Group and the Company and the methods of computation in the Group's and the Company's financial statements.

HKAS 21 had no material impact on the Group. As permitted by the transitional provisions of HKAS 21, goodwill arising in a business combination prior to 1 January 2005 and fair value adjustments arising on that acquisition are deemed to be in the currency of the Company. In respect of acquisitions subsequent to 1 January 2005, any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of the assets and liabilities are treated as assets and liabilities of the foreign operation and are translated at the closing rate in accordance with HKAS 21.

HKAS 24 has expanded the definition of related parties and affected the Group's related party disclosures.

The impact of adopting the other HKFRSs is summarised as follows:

HKFRS 2 – Share-based Payment

In prior years, no recognition and measurement of share-based payment transactions in which employees (including directors) were granted share options over shares in the Company were required until such options were exercised by employees, at which time the share capital and share premium were credited with the proceeds received.

Upon the adoption of HKFRS 2, when employees (including directors) render services as consideration for equity instruments ("equity-settled transactions"), the cost of the equity-settled transactions with employees is measured by reference to the fair value at the date at which the instruments are granted.

The main impact of HKFRS 2 on the Group is the recognition of the cost of these transactions and a corresponding entry to equity for employee share options.

The Group has adopted the transitional provisions of HKFRS 2 under which the new measurement policies have not been applied to (i) options granted to employees on or before 7 November 2002; and (ii) options granted to employees after 7 November 2002 but which had vested before 1 January 2005.

As the Group did not have any employee share options which were granted during the period from 7 November 2002 to 31 December 2004 but had not yet vested as at 1 January 2005, the adoption of HKFRS 2 has had no impact on the retained profits as at 31 March 2004 and at 31 March 2005. The Group has recognised the cost of options which were granted during the year in the current year's income statement in accordance with the revised accounting policy.

3. IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements. Unless otherwise stated, these HKFRSs are effective for annual periods beginning on or after 1 January 2006:

HKAS 1 Amendment	Capital Disclosures
HKAS 19 Amendment	Actuarial Gains and Losses, Group Plans and Disclosures
HKAS 21 Amendment	Net Investment in a Foreign Operation
HKAS 39 Amendment	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 Amendment	The Fair Value Option
HKAS 39 & HKFRS 4 Amendments	Financial Guarantee Contracts
HKFRSs 1 & 6 Amendments	First-time Adoption of Hong Kong Financial Reporting Standards and Exploration for and Evaluation of Mineral Resources
HKFRS 6	Exploration for and Evaluation of Mineral Resources
HKFRS 7	Financial Instruments: Disclosures
HKFRS-Int-4	Determining whether an Arrangement contains a Lease
HKFRS-Int-5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
HK(IFRIC)-Int 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment (effective for annual periods beginning on or after 1 December 2005)
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies (effective for annual periods beginning on or after 1 March 2006)
HK(IFRIC)-Int 8	Scope of HKFRS 2 (effective for annual periods beginning on or after 1 May 2006)
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives (effective for annual periods beginning on or after 1 June 2006)

The HKAS 1 Amendment shall be applied for annual periods beginning on or after 1 January 2007. The revised standard will affect the disclosures about qualitative information about the Group's objective, policies and processes for managing capital; quantitative data about what the Company regards as capital; and compliance with any capital requirements and the consequences of any non-compliance.

HKFRS 7 will replace HKAS 32 and has modified the disclosure requirements of HKAS 32 relating to financial instruments. This HKFRS shall be applied for annual periods beginning on or after 1 January 2007.

In accordance with the amendments to HKAS 39 regarding financial guarantee contracts, financial guarantee contracts are initially recognised at fair value and are subsequently measured at the higher of (i) the amount determined in accordance with HKAS 37 and (ii) the amount initially recognised, less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18.

The HKAS 19 Amendment, HKAS 39 Amendment regarding cash flow hedge accounting of forecast intragroup transactions, HKFRSs 1 and 6 Amendments, HKFRS 6, HKFRS-Int-5, HK(IFRIC)-Int 6, HK(IFRIC)-Int 7 and HK (IFRIC)-Int 9 do not apply to the activities of the Group.

Except as stated above, the Group expects that the adoption of the other pronouncements listed above will not have any significant impact on the Group's financial statements in the period of initial application.

4. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES

(a) Effect on the consolidated balance sheet

At 31 March 2006 **Effect of new policy** **(Increase/(decrease))**	**Effect of adopting HKFRS 2 Equity-settled share option arrangements** *HK$'000*
Equity	
Share option reserve	302
Retained profits	(302)
	–

(b) Effect on the consolidated income statement for the year ended 31 March 2006

Year ended 31 March 2006	**Effect of adopting HKFRS 2 Equity-settled share option arrangements** *HK$'000*
Increase in cost of sales	(128)
Increase in general and administrative expenses	(174)
Total increase in loss	(302)
Increase in basic loss per share	HK(0.07) cent
Increase in diluted loss per share	N/A

5. REVENUE

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

An analysis of revenue is as follows:

	Group	
	2006	2005
	HK$'000	*HK$'000*
Integrated marketing solution services	**6,233**	7,913
Application Services Provider ("ASP") services	**22,581**	20,345
Technical consultancy services	**10,781**	11,218
	39,595	39,476

6. PROFIT/(LOSS) BEFORE TAX

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

	2006	2005
	HK$'000	*HK$'000*
Staff costs (including directors' remuneration):		
Salaries and related staff costs	**20,589**	17,101
Equity-settled share option expenses	**191**	–
Pension scheme contributions	**996**	900
	21,776	18,001
Less: Amounts capitalised in deferred development expenditure	**(2,165)**	(2,225)
	19,611	15,776
Auditors' remuneration	**700**	617
Depreciation	**1,294**	1,538
Amortisation of deferred development expenditure*	**895**	887
Minimum lease payments under operating leases:		
Land and buildings	**1,840**	1,726
Office equipment	**33**	69
	1,873	1,795
Loss on disposal and write-off of items of property, plant and equipment	**5**	369
Provisions for bad and doubtful debts on trade receivables	**616**	458
Provisions for other receivables	**398**	–
Foreign exchange differences, net	**(20)**	4
Interest income	**(81)**	(18)

* *The amortisation of deferred development expenditure is included in "Cost of sales" on the face of the consolidated income statement.*

7. 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 (2005: Nil) or had available tax losses brought forward from prior years to offset the assessable profits generated during the year (2005: 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.

	2006	2005
	HK$'000	*HK$'000*
Group:		
Current – Hong Kong	**–**	–
Current – Mainland China		
Charge for the year	**–**	32
Underprovision in prior years	**149**	–
Tax charge for the year	**149**	32

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 北京市海淀區國家稅務局, 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.

8. DEFERRED TAX

The Group has tax losses arising in Hong Kong of HK$41,068,000 (2005: HK$43,916,000) 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 2006, there was no unrecognised deferred tax liability (2005: 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.

9. DIVIDEND

No dividend has been paid or declared by the Company or any of its subsidiaries during the year (2005: Nil).

10. 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 table presents revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's business segments for the years ended 31 March 2006 and 2005.

Group	Integrated marketing solution services		ASP services		Technical consultancy services		Consolidated	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Sales to external customers	**6,233**	7,913	**22,581**	20,345	**10,781**	11,218	**39,595**	39,476
Segment results	**624**	920	**2,259**	2,367	**(3,018)**	638	**(135)**	3,925
Interest income							**81**	18
Gain on deemed disposal of associates							**445**	–
Share of profits and losses of associates							**(24)**	–
Unallocated revenue							**20**	–
Unallocated expenses							**(1,941)**	(1,154)
Profit/(loss) before tax							**(1,554)**	2,789
Tax							**(149)**	(32)
Profit/(loss) for the year							**(1,703)**	2,757
Assets and liabilities								
Segment assets	**5,963**	2,230	**2,315**	5,733	**2,821**	3,274	**11,099**	11,237
Interests in associates							**522**	–
Unallocated assets							**6,864**	8,328
Total assets							**18,485**	19,565
Segment liabilities	**1,608**	1,509	**1,220**	1,166	**933**	936	**3,761**	3,611
Unallocated liabilities							**4,530**	4,320
Total liabilities							**8,291**	7,931
Other segment information:								
Capital expenditure	**2,607**	2,932	**167**	850	**853**	444	**3,627**	4,226
Depreciation	**98**	115	**354**	296	**842**	1,127	**1,294**	1,538
Amortisation of deferred development expenditure	**171**	171	**328**	328	**396**	388	**895**	887
Other non-cash expenses	**120**	218	**433**	561	**466**	48	**1,019**	827

(b) Geographical segments

The following table presents revenue and certain asset and expenditure information for the Group's geographical segments for the years ended 31 March 2006 and 2005.

Group	Hong Kong		Mainland China		Consolidated	
	2006	2005	**2006**	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:						
Sales to external customers	**28,814**	28,258	**10,781**	11,218	**39,595**	39,476
Other segment information:						
Segment assets	**13,760**	12,066	**4,725**	7,499	**18,485**	19,565
Capital expenditure	**2,774**	3,782	**853**	444	**3,627**	4,226

11. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings/(loss) per share amounts is based on the net profit/(loss) for the year attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the year.

The calculation of diluted earnings/(loss) per share amounts is based on the net profit/(loss) for the year attributable to ordinary equity holders of the parent for the year. The weighted average number of ordinary shares used in the calculation is the ordinary shares in issue during the year, as used in the basic earnings/(loss) per share calculation and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options outstanding during the year.

The calculation of basic and diluted earnings/(loss) per share are based on:

	2006	2005
	HK$'000	*HK$'000*
Earnings/(loss)		
Net profit/(loss) attributable to ordinary equity holders of the parent, used in the basic earnings/(loss) and diluted earnings/(loss) per share calculation	**(1,703)**	2,757
	Number of Shares	
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings/(loss) per share calculation	**421,000,000**	419,964,384
Effect of dilution – weighted average number of ordinary shares:		
Share options	**11,330,929**	1,158,198
	432,330,929	421,122,582

A diluted loss per share amount for the year ended 31 March 2006 has not been disclosed as the share options outstanding during the year had an anti-dilutive effect on the basic loss per share for the year.

12. TRADE RECEIVABLES

The Group normally offers credit terms ranging from 14 to 45 days to its established customers. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

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

	Group	
	2006	2005
	HK$'000	*HK$'000*
Current to 30 days	**436**	1,271
31 to 60 days	**221**	322
61 to 90 days	**161**	442
Over 90 days	**788**	1,183
	1,606	3,218

13. TRADE PAYABLES

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

	Group	
	2006	2005
	HK$'000	*HK$'000*
Current to 30 days	**3**	83
31 to 60 days	**1**	99
61 to 90 days	**84**	2
Over 90 days	**–**	19
	88	203

The trade payables are non-interest-bearing and are normally settled on credit terms of 30 days.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

The Group recorded a turnover of approximately HK$39.6 million during the year under review, as compared to the turnover of approximately HK$39.5 million for the corresponding year 2005. Due to the expansion of sales and marketing network in the third and fourth quarters, investment in recruiting more quality buyers, providing free buyers services "Procurement Meetings" and "Matching Conferences", and the write-off of bad debt, the Group, in the end, has recorded a net loss of approximately HK$1.7 million as compared to a net profit of approximately HK$2.8 million of the last financial year.

As far as the Group's segment performance is concerned , the turnover of Integrated Marketing Solution services has decreased by approximately 21.5% to HK$6.2 million (2005: HK$7.9 million). The turnover of Application Services Provider services has increased by approximately 11.3% to HK$22.6 million (2005: HK$20.3 million). The turnover of Technical Consultancy services has decreased by approximately 3.6% to HK$10.8 million (2005: HK$11.2 million).

Despite that the Group did not record a revenue growth, the Management believes that a number of initiatives which had been taken to strengthen the Group's core business and the development of the high-scalability revenue models can eventually lead to future revenue growth and accordingly, provide better value to our buyers and sellers.

Operation review

The focus of last year has been on the buyers' side as we believed building up a high quality buyer community is the key to our success. It has been encouraging for us to have received positive feedback which we hope to turn into actual transactions. For the year under review, the Group has been actively participating in a number of local and overseas trade shows, and was able to double the number of last year, and consequently recruited more new buyers. We have also put extra efforts into emerging markets in Eastern Europe and South America.

Meanwhile, we have expanded our Buyers Service Team in Hong Kong and particularly, in Mainland China, by organizing more free "Procurement Meetings" and "Matching Conferences" there through the support of the Chinese local governmental authorities and trade shows organizers. We also organized for our buyers a number of factory visits and inspections. Through these activities, we have come to understand the buying pattern of our overseas buyers, their expectations as well as their particular requirements.

A new business unit, comprised international trade and technology experts, was set up last year to conduct research on the transaction model. With the services engagement between the company and its alliances, a beta site was also launched and is under the testing stage.

The garment industry has remained as the core business of the Group. First issue of the "Tradeeasy Hong Kong China Apparel & Accessories Trade Directory" ("Garment Directory") has been published during the year under review, with the intention to strengthen Tradeeasy's lead role in this aspect. The Garment Directory has proved to be an efficient tool particularly for buyers in the international trade shows and it is designed with greatest user-friendliness and expanded with extra contents such as factory infrastructure, production capacity and factory audit information.

As for the research and development of the Tradeeasy platform, our Group had completed a thorough review of the existing technology and hardware, and formulated a plan to revamp the system with the latest technology and hardware.

In the last quarter of the year under review, Tradeeasy also established a central training center in Mainland China to facilitate both central recruitment and sales staff training. The company has been expanding its sales force in China and deployed more resources in marketing activities including developing alliances with certain Chinese governmental authorities and trade shows organizers in Mainland China.

Employees

As at 31 March 2006, the Group employed 83 staff in Hong Kong (2005: 83) and 156 staff in Mainland China (2005: 122). Total staff costs (including directors' remuneration) of the Group were approximately HK$21.8 million (2005: HK$18.0 million). Headcount increased during the year ended 31 March 2006 for research and development of new business opportunities. 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.

Business Outlook

China's accession to the World Trade Organization will inevitably stimulate the export sector and its role as the world factory will accordingly become more significant. Overseas SME buyers used to buy from their local distributors in the past, prone to travel to Hong Kong and Mainland China these days for direct buying.

With the total uplift of the trade quota and import duties in 2008, our Management believes garment exported from Mainland China to oversea countries will increase exponentially. Although we foresee internet remains as the major mean of information flow and the base of making online transactions, we have confidence also in our Garment Directory, which has proved to be an efficient tool for buyers in the international trade shows.

Despite the past success and the optimistic future, we foresee there is still a gap between overseas SME buyers and local Chinese SME manufacturers, in terms of culture, communication, trust and expectation on quality. As an international trade enabler, we believe simply providing an on-line catalogue platform is not adequate to satisfy the increasing demand of both parties. On top of just matching the buyers and sellers to complete transactions on the Tradeeasy platform, we strongly believe our services should go beyond the traditional B2B online directory model for more value added services.

The main purpose for buyers and sellers visiting the platforms is to make transactions. The Company has deployed substantial resources in developing the new business model for B2B transaction platform, and anticipates to deploy more resources to roll out the transaction services in late 2006. New capital has been raised in April 2006 and funds received will be spent on the development by recruiting more trade and technology experts and on investment in the hardware and software, which hopes to revamp the existing system and upgrade the system by the more advance technology in order to support and widen our business scope.

All the new projects, especially when they are still in the developing stage, will inevitably affect the profit margin of the Company in first instance. It may take us some more time to smooth out the operation and establish best practices before profits can be reaped. However, we firmly believe B2B services should go further down in the supply chain, in order to provide better value to both SME buyers and sellers.

Segment information

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

Sales from rendering the integrated marketing solution services decreased by approximately 21.5% to HK$6.2 million and that from provision of ASP services increased by approximately 11.3% to HK$22.6 million. The sales from provision of technical consultancy services decreased by approximately 3.6% to HK$10.8 million.

As to the geographical segments, sales to Hong Kong market increased by approximately 2.0% to HK$28.8 million and that to Mainland China market decreased by approximately 3.6% to HK$10.8 million.

An analysis of the Group's turnover and financial results by principal activity and geographical area for the two financial years ended 31 March 2005 and 2006 is set out in note 10 to this results announcement.

Liquidity and financial resources

The Group is principally financed by cash flows generated internally. As at 31 March 2006, the Group's cash and bank balance amounted to approximately HK$5.0 million of which approximately 74.5% was denominated in Hong Kong dollars. Upon completion of subscription on 25 April 2006, net proceeds of approximately HK$20 million was received. It further improves the financial position and the liquidity of the Group.

As at 31 March 2006, the net assets value of the Group amounted to HK$10.2 million, representing approximately HK2.4 cents per share. During the financial year under review and at the year end date, the Group had no other borrowings and seasonality of borrowing requirement, banking facilities or assets pledged. The gearing ratio (i.e. total long-term external borrowings/total equity) of the Group as at 31 March 2006 was nil (2005: nil). As at 31 March 2006, the current ratio of the Group maintained at a healthy level of approximately 102% (2005: 146%).

Capital Structure

There has been no change in the capital structure of the Group during the year ended 31 March 2006.

On 25 April 2006, CCT Telecom Holdings Limited ("CCT Telecom") subscribed 550,000,000 ordinary shares of the Company for HK$22 million. After subscription, the shareholding interest of CCT Telecom in the Company has increased to 66.26%.

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 Group has both Renminbi receipts and payments in our PRC operation and the net Renminbi exposure is not significant, 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 2006, 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$1,190,000 (2005: HK$805,000) as at 31 March 2006. 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.

Future plans for investment on capital assets

The Group expects its primary capital expenditures to be investments in computer hardware and software required for operations and development of new or value-added services based on the current plan. The directors do 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 financial year ended 31 March 2006, the Group had no material acquisition and disposal of subsidiaries and affiliated companies.

Significant investments

During the financial year ended 31 March 2006, the Group did not hold any significant investments.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has always recognised the importance of the shareholders' transparency and accountability. It is the belief of the Board that the shareholders can maximise their benefits from good corporate governance. Throughout the financial year ended 31 March 2006, the Board has reviewed the Group's corporate governance practices and is satisfied that the Company has complied with the code provisions in the Code on Corporate Governance Practices (the "Code") set out in Appendix 15 to the GEM Listing Rules, except with the following deviations:

Code Provision A.2.1

During the year ended 31 March 2006 and before 25 April 2006, the positions of the chairman of the Board and the chief executive officer were held by separate individuals to maintain an effective segregation of duties with respect to the management of the Board and the day-to-day management of the Group's business.

Commencing from 25 April 2006, there is no separation of the role of chairman and chief executive officer as set out in the code provision A.2.1. Mr. Mak Shiu Tong, Clement currently assumes the role of both the Chairman and the Chief Executive Officer ("CEO") of the Company. Mr. Mak has substantial experience that is essential to fulfilling the role of the Chairman. At the same time, Mr. Mak has the appropriate management skills and business acumen that are the pre-requisites for assuming the role of the CEO in the day-to-day management of the Group. The Board is composed of five executive directors (including the Chairman) and three independent non-executive directors ("INED(s)") with a balance of skills and experience appropriate for the requirements of the Group. Furthermore, the general management of the Company's operations are performed by other individuals. The Board believes that there is no need to segregate the roles of the Chairman and the CEO as the balance of power and authority is already ensured by the current structure. The Board does not believe that the separation of the role of the Chairman and the CEO will improve the corporate performance.

Code Provision A.4.1

The code provision A.4.1 provides that non-executive directors should be appointed for a specific term, subject to re-election.

None of the resigned or existing INEDs is appointed for a specific term. However, all INEDs are subject to the retirement by rotation and re-election at every annual general meeting of the Company in accordance with the articles of association of the Company.

Code Provision A.4.2

The code provision A.4.2 provides that all directors appointed to fill a casual vacancy should be subject to the election by the shareholders at the first general meeting after their appointment. Every director, including those appointed for a specific term, should be subject to the retirement by rotation at least once every three years.

In accordance with the articles of association of the Company, any director appointed to fill a casual vacancy shall hold office only until the next following annual general meeting and shall then be eligible for re-election. The Board considers that such a deviation is not material as casual vacancy seldom happens and duration between appointment to fill casual vacancy and the immediate following annual general meeting is short.

Pursuant to the articles of association of the Company, the Chairman and the managing director of the Company shall not be subject to the retirement by the rotation or also not be taken into account in determining the number of directors to retire in each year. The Board considers that the continuity of the Chairman and his leadership will be essential for the stability of the key management of the Board. On the other hand, the Board will ensure that the directors of the Company (the "Director(s)") other than the Chairman will rotate at least once every three years in order to comply with the code provision A.4.2.

Audit Committee

During the year ended 31 March 2006, the audit committee of the Company (the "Audit Committee") consisted of three members comprising the three INEDs, namely Mr. Wu Yao Hua, Terence, Mr. Lau Chi Yiu and Mr. Lau Ho Man, Edward. All the three members of the Audit Committee resigned on 25 April 2006 and three new INEDs were appointed simultaneously as the Audit Committee members, namely Mr. Lam Kin Kau, Mark, Mr. Fung Hoi Wing, Henry and Mr. Lau Ho Wai, Lucas. All members of the Audit Committee hold the relevant industry or legal, accounting and financial experience necessary to advise on the Board's strategies and other related matters. All members of the Audit Committee have complete and unrestricted access to the external auditors and all employees of the Company.

For the financial year ended 31 March 2006, the Audit Committee reviewed the accounting principles and practices adopted by the Company and discussed with management the financial reporting matters. The Audit Committee also reviewed the internal control and risk management system of the Group. The Audit Committee also reviewed the quarterly results for the periods ended 30 June 2005 and 31 December 2005, half-yearly results for the period ended 30 September 2005 and the annual results for the year ended 31 March 2006 of the Company before announcement of all results.

Remuneration Committee

The remuneration committee of the Company (the "Remuneration Committee") for the year ended 31 March 2006 consisted of five members comprising the three INEDs, namely Mr. Wu Yao Hua, Terence, Mr. Lau Chi Yiu and Mr. Lau Ho Man, Edward, and two executive Directors, namely Mr. Yu Lup Fat, Joseph and Mr. Yip Kwok Cheung, Danny. All of them resigned as members of the Remuneration Committee on 25 April 2006. On the same day, five members of the Remuneration Committee were appointed and they are the three INEDs, namely Mr. Lam Kin Kau, Mark, Mr. Fung Hoi Wing, Henry and Mr. Lau Ho Wai, Lucas and the two executive Directors, namely Mr. Mak Shiu Tong, Clement and Mr. Tam Ngai Hung, Terry. The Remuneration Committee is chaired by one of the members who must be an INED. The current framework, policies and structure for the remuneration of the Directors and senior management were reviewed during the year ended 31 March 2006.

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 year.

PUBLICATION OF THE FINAL RESULTS, ANNUAL REPORT AND CORPORATE GOVERNANCE REPORT

The results announcement of the Company for the year ended 31 March 2006 is published on the website of each of the Company at www.tradeeasy.com and the GEM of the Stock Exchange at www.hkgem.com as at the date of this announcement. The annual report, corporate governance report and the notice of the annual general meeting of the Company will be despatched to the shareholders of the Company and made available on the website of each of the Company and the GEM of the Stock Exchange on or before 30 June 2006.

ANNUAL GENERAL MEETING

The 2006 annual general meeting of the shareholders of the Company will be held at 2208, 22/F., St. George's Building, 2 Ice House Street, Central, Hong Kong on Tuesday, 25 July 2006 at 10:30 a.m. and the notice of the annual general meeting of the Company will be published and despatched to the shareholders of the Company in the manner as required by the GEM Listing Rules in due course.

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

Hong Kong, 20 June 2006

Executive Directors:
Mr. Mak Shiu Tong, Clement *(Chairman & Chief Executive Officer)*
Mr. Tam Ngai Hung, Terry
Ms. Cheng Yuk Ching, Flora
Mr. Yip Kwok Cheung, Danny
Dr. William Donald Putt

Independent Non-Executive Directors:
Mr. Lam Kin Kau, Mark
Mr. Fung Hoi Wing, Henry
Mr. Lau Ho Wai, Lucas

This announcement will remain on the "Latest Company Announcements" page of the GEM website for at least 7 days from the date of its posting and on the website of the Company at www.tradeeasy.com.