



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.

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2004

Financial Highlights

- For the financial year ended 31 March 2004, the Group recorded a turnover of approximately HK\$31.9 million in comparison to approximately HK\$34.2 million last year, representing a decrease of approximately HK\$2.3 million.
- The Group recorded a gross profit of approximately HK\$10.3 million this year as compared to approximately HK\$12.5 million for the year ended 31 March 2003.
- The net loss attributable to shareholders was approximately HK\$21.9 million this year, which included write-off of deferred development expenditure of approximately HK\$13.7 million, in comparison to approximately HK\$8.5 million in last year.
- Loss per share was approximately HK5.5 cents for the year ended 31 March 2004 as compared to approximately HK2.1 cents recorded in last year.
- The Board of Directors does not recommend the payment of a final dividend for the year ended 31 March 2004 (2003: 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 2004, together with comparative audited figures are as follows:

	<i>Notes</i>	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
TURNOVER	3	31,862	34,163
Cost of sales		<u>(21,534)</u>	<u>(21,681)</u>
Gross profit		10,328	12,482
Other revenue		34	301
Selling and distribution costs		(1,745)	(2,869)
General and administrative expenses		(13,433)	(13,423)
Advertising and promotion expenses		(2,882)	(3,197)
Write-off of deferred development expenditure		(13,657)	—
Other operating expenses		<u>(589)</u>	<u>(1,647)</u>
LOSS FROM OPERATING ACTIVITIES	4	(21,944)	(8,353)
Finance costs	8	<u>—</u>	<u>(174)</u>
LOSS BEFORE TAX		(21,944)	(8,527)
Tax	5	<u>—</u>	<u>—</u>
NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	7	<u>(21,944)</u>	<u>(8,527)</u>
DIVIDEND	9	<u>—</u>	<u>—</u>
LOSS PER SHARE (HK cents)	11		
Basic		<u>(5.5)</u>	<u>(2.1)</u>
Diluted		<u>N/A</u>	<u>N/A</u>

Notes:

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Statements of Standard Accounting Practice, 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 A REVISED STATEMENT OF STANDARD ACCOUNTING PRACTICE (“SSAP”)

SSAP 12 (Revised) “Income taxes” is effective for the first time for the current year’s financial statements.

SSAP 12 prescribes the accounting for income taxes payable or recoverable, arising from the taxable profit or loss for the current period (current tax); and income taxes payable or recoverable in future periods, principally arising from taxable and deductible temporary differences and the carryforward of unused tax losses (deferred tax).

The SSAP has had no significant impact for these financial statements on the amounts recorded for income taxes.

3. TURNOVER

Turnover represents the value of services rendered during the year.

Revenue from the following activities has been included in turnover:

	Group	
	2004	2003
	<i>HK\$’000</i>	<i>HK\$’000</i>
Integrated marketing solution services	4,837	6,665
Application Service Provider (“ASP”) services	15,939	12,646
Technical consultancy services	<u>11,086</u>	<u>14,852</u>
	<u>31,862</u>	<u>34,163</u>

4. LOSS FROM OPERATING ACTIVITIES

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

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Staff costs (including directors' remuneration):		
Salaries and related staff costs	15,781	18,133
Pension scheme contributions	<u>559</u>	<u>618</u>
	16,340	18,751
Less: Amounts capitalised in deferred development expenditure	<u>—</u>	<u>(3,067)</u>
	<u>16,340</u>	<u>15,684</u>
Auditors' remuneration	558	485
Depreciation	2,438	4,684
Less: Amounts capitalised in deferred development expenditure	<u>—</u>	<u>(920)</u>
	<u>2,438</u>	<u>3,764</u>
Amortisation of deferred development expenditure*	3,478	3,810
Minimum lease payments under operating leases:		
Land and buildings	1,560	2,456
Office equipment	<u>69</u>	<u>93</u>
	<u>1,629</u>	<u>2,549</u>
Loss on disposal of fixed assets	19	1,036
Provisions for bad and doubtful debts on trade receivables	453	390
Write-off of deposits	—	221
Exchange losses/(gains), net	(1)	1
Interest income	<u>(26)</u>	<u>(99)</u>

* 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 did not generate any assessable profits arising in Hong Kong during the year (2003: Nil).

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

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

No provision for deferred tax has been provided as the taxable and deductible temporary differences are immaterial for the current and prior years.

The Group has tax losses arising in Hong Kong of HK\$8,490,000 (2003: HK\$6,808,000) 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 2004, there is no significant unrecognised deferred tax liability (2003: 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. NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS

The net loss from ordinary activities attributable to shareholders for the year ended 31 March 2004 dealt with in the financial statements of the Company was HK\$24,221,000 (2003: HK\$9,969,000).

8. FINANCE COSTS

	Group	
	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on finance leases	<u>—</u>	<u>174</u>

9. DIVIDEND

No dividend has been paid or declared by the Company or any of its subsidiaries during the year (2003: 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 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	
	2004	2003	2004	2003	2004	2003	2004	2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:								
Sales to external customers	<u>4,837</u>	<u>6,665</u>	<u>15,939</u>	<u>12,646</u>	<u>11,086</u>	<u>14,852</u>	<u>31,862</u>	<u>34,163</u>
Segment results	<u>(4,892)</u>	<u>(2,150)</u>	<u>(15,654)</u>	<u>(5,313)</u>	<u>192</u>	<u>446</u>	(20,354)	(7,017)
Interest income							26	99
Unallocated revenue							8	202
Unallocated expenses							(1,624)	(1,637)
Loss from operating activities							(21,944)	(8,353)
Finance costs							—	(174)
Loss before tax							(21,944)	(8,527)
Tax							—	—
Net loss from ordinary activities attributable to shareholders							<u>(21,944)</u>	<u>(8,527)</u>

10. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

Group	Integrated marketing solution services				Technical consultancy services		Consolidated	
	2004	2003	2004	2003	2004	2003	2004	2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	<u>1,011</u>	<u>4,090</u>	<u>2,392</u>	<u>16,538</u>	<u>4,394</u>	<u>6,164</u>	7,797	26,792
Unallocated assets							<u>9,555</u>	<u>9,339</u>
Total assets							<u>17,352</u>	<u>36,131</u>
Segment liabilities	<u>1,561</u>	<u>1,236</u>	<u>777</u>	<u>653</u>	<u>1,663</u>	<u>2,039</u>	4,001	3,928
Unallocated liabilities							<u>5,472</u>	<u>2,380</u>
Total liabilities							<u>9,473</u>	<u>6,308</u>
Other segment information:								
Capital expenditure	57	273	189	4,696	748	3,762	994	8,731
Depreciation	322	1,270	1,059	2,411	1,057	1,003	2,438	4,684
Amortisation	789	889	2,135	2,921	554	—	3,478	3,810
Write-off of deferred development expenditure	3,450	—	9,543	—	664	—	13,657	—
Other non-cash expenses:								
- segment	3,113	288	10,333	547	694	772	14,140	1,607
- unallocated							<u>—</u>	<u>40</u>
							<u>14,140</u>	<u>1,647</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	
	2004	2003	2004	2003	2004	2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:						
Sales to external customers	<u>20,776</u>	<u>19,311</u>	<u>11,086</u>	<u>14,852</u>	<u>31,862</u>	<u>34,163</u>
Other segment information:						
Segment assets	9,005	27,579	8,347	8,552	17,352	36,131
Capital expenditure	<u>246</u>	<u>4,969</u>	<u>748</u>	<u>3,762</u>	<u>994</u>	<u>8,731</u>

11. LOSS PER SHARE

The calculation of basic loss per share is based on the net loss from ordinary activities attributable to shareholders for the year of HK\$21,944,000 (2003: HK\$8,527,000) and the weighted average of 400,000,000 ordinary shares in issue (2003: 400,000,000) during the year.

Diluted loss per share amounts for the years ended 31 March 2004 and 2003 have not been disclosed as the share options outstanding during these years had an anti-dilutive effect on the basic loss per share for these years.

12. 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 2002	16,337	66,710	11	(48,708)	34,350
Net loss for the year	—	—	—	(8,527)	(8,527)
At 31 March 2003 and 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	<u>16,337</u>	<u>66,710</u>	<u>11</u>	<u>(79,179)</u>	<u>3,879</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.

Company

	Share premium account <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2002	16,337	18,203	(345)	34,195
Net loss for the year	—	—	(9,969)	(9,969)
At 31 March 2003 and 1 April 2003	16,337	18,203	(10,314)	24,226
Net loss for the year	—	—	(24,221)	(24,221)
At 31 March 2004	<u>16,337</u>	<u>18,203</u>	<u>(34,535)</u>	<u>5</u>

The contributed surplus of the Company represents the excess of the fair value of the shares of a subsidiary acquired in prior years, over the nominal value of the Company's shares issued in exchange therefor.

Under the Companies Law (Revised) of the Cayman Islands, the share premium account is distributable to the shareholders of the Company, provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

MANAGEMENT DISCUSSION AND ANALYSIS

Business and operations review

The Group recorded a turnover of approximately HK\$31.9 million during the year under review, as compared to approximately HK\$ 34.2 million for the same period in 2003, and this represented a moderate rate of 6.7% decrease from last year. Due to the write-off of deferred development expenditure of approximately HK\$ 13.7 million, the Group recorded a net loss of approximately HK\$ 21.9 million attributable to shareholders for the twelve months ended 31 March 2004, representing an increase of 157.6 % as compared to the net loss of approximately HK\$ 8.5 million for the corresponding period in last financial year.

During the year under review, deferred development expenditure of approximately HK\$13.7 million for the old versions of ASP services and integrated marketing solution services were considered obsolete and fully written-off.

The Group has undertaken a number of initiatives to strengthen its core business and is in the process of enhancing its core business by adding to it high-growth and high-scalability revenue model.

Modifications of existing products

A new version of the group's ASP services (e-marketing and e-CRM services) was successfully launched in April 2003. This new version has added certain improvements to operational procedures and general usability with its new features on templates development and reporting system. As a result, it was well received and more customers became to know its advantages. The Group is pleased to note that revenue generated from the ASP services had increased from HK\$12.6 million for the year ended 31 March 2003 to HK\$15.9 million for the year ended 31 March 2004.

The Group's B2B portal "tradeeasy.com" was re-structured and revamped in February 2004. It has been equipped with new technology to ensure our customers with better search results and efficiency.

New products / services development

In order to complement the online products showcase on "tradeeasy.com", the Group has published on a bi-monthly basis the "Buyer Member Directory" together with CD ROMs since April 2004. The Directory had been distributed to the buyers during overseas trade shows, for both purposes of broadcasting sellers' products and recruiting new buyer members.

The Group first started to organize Procurement Meetings for over 50 buyers as value-added services to meet up with over 500 sellers on a face-to-face basis in the last financial year 2003. This year, while having accumulated the experiences earned from individual trade shows organizers in organizing such Procurement Meetings, the Group has stepped ahead to

start organizing Matching Conferences. By so doing, it enabled the Group to serve a greater number of buyers and sellers in each event. Matching conferences were being organized in mainland China and Hong Kong, covered vertical industries including shoes, garments, gifts, bags, household items and consumer electronics. More than 200 buyers were able to meet up with over 2,000 sellers at the same time, business transactions were made on the spot.

Buyer recruitment

The management believes that the building-up of an active and high-quality buyer community is our key to success. From our experiences, buyers recruited at trade shows typically possess the right profile to benefit the Group's seller members. For the year under review, the Group actively participated in 10 local and overseas trade shows and had recruited over 100,000 new buyer members from over 50 countries including United States, Europe and Hong Kong. The total number of high-quality buyers (those recruited from trade shows) has increased by more than 60% as compared with last year.

Alliances

The Group's success can be gauged by the level of activities between Tradeeasy's sellers and buyers. Our business development team has been progressively seeking adequate alliances to achieve our business goals. An alliance program was developed during the year with trade show organizers in the PRC, in order to sponsor Tradeeasy buyers to participate the trade shows and meet up with sellers face-to-face. Other similar programs were also developed with various trade consulates to organize overseas buying tours to China.

In order to increase the traffic for Tradeeasy's sellers, the Group has entered into a content provider agreement with Yahoo! Hong Kong (Holdings) Limited to provide the Group's B2B content, sellers' information and products information for listing on Yahoo! Hong Kong's Business Finder directory. Our management believes that Tradeeasy's sellers should be able to gain wider exposure through such valuable cooperation.

BUSINESS OUTLOOK

China's accession to the World Trade Organization is expected to keep the export sector growing. China's role as the world's factory will further accelerate. Overseas manufacturers tend to wind down their operations and outsource their production to China manufacturers. Meanwhile, buyers and merchandisers increase their activities in sourcing products from China so as to be competitive. Due to the increasing free flow of market information, many overseas SME buyers, who used to buy from their local distributors, will travel to Hong Kong and mainland China to buy directly from the manufacturers.

In readiness of the above increasing activities, the management is well positioned to meet with the growing demand for sellers' information, screening and auditing, factory tours and related services. For the year to come, the Group will continue to:

Develop its services: Besides providing products information to buyers, the Group will extend to those off-line activities such as screening and auditing, procurement meetings, matching conferences, buying tours and other supporting sourcing services and aim at becoming a reliable business partner to its overseas buyers through its establishment of 11 offices in the PRC and its 10 years experience in doing business there.

Form alliance: The cooperation with Yahoo! Hong Kong (Holdings) Limited is definitely a major project for the year. This alliance development, together with a new business model, B2B2C (Business to Business to Consumer), offer the Group and its customers tremendous potentials to grow.

Implement trading platform: The platform at its initial stage incorporates product information, inventory, availability, digital images of products, purchase, and logistics/shipping information. Future enhancements will be introduced later to allow buyers and sellers real-time procurement, integrated order management, real-time product catalogs, real-time tracking, and real-time “offer to buy/sell”, “auction”, and “reverse auction”. This platform will allow the Group to take the advantages of a true “transaction-based” revenue model with high scalability.

As evidenced by the PRC’s embrace of the internet and e-commerce, our management firmly believes that over the time, there are many opportunities for us to develop the market there for true online procurement (B2B) and foresees that the demand for our off-line services will continue to grow. The Group is confident to enhance its brand name in the PRC and assume the role of an international trade enabler.

Segment information

The revenue of the Group comprises the rendering of the integrated marketing solution services, the Application Service Provider (“ASP”) services and the technical consultancy services.

Sales from rendering the integrated marketing solution services decreased by approximately 27.4% to 4.8 million and that from provision of ASP services increased by approximately 26.0% to HK\$15.9 million. The sales from provision of technical consultancy services decreased by approximately 25.4% to HK\$11.1 million.

As to the geographical segments, sales to Hong Kong market increased by approximately 7.6% to HK\$20.8 million and that to mainland China market decreased by approximately 25.4% to HK\$11.1 million.

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 2003 and 2004 is set out in note 10 to the results announcement.

Liquidity and financial resources

The Group is principally financed by cash flows generated internally and from the proceeds of the listing of the Company on 7 March 2002. As at 31 March 2004, the Group’s cash and bank balance amounted to HK\$8.4 million, of which 59% was denominated in Hong Kong dollars.

As at 31 March 2004, the net assets value of the Group amounted to HK\$7.9 million, representing approximately HK2.0 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 2004 was nil (2003: nil). As at 31 March 2004, the Group had total current assets of HK\$10.8 million and total current liabilities of HK\$9.5 million. The current ratio of the Group has decreased to this year's 1.14 from 1.73 in the prior financial year.

There has been no change in the capital structure of the Company during the year ended 31 March 2004.

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 2004, the Group did not have any charges on group assets.

Contingent liabilities

The Group had a contingent liability in respect of possible future long service payments to employees under the Hong Kong Employment Ordinance, with a maximum possible amount of HK\$659,000 (2003: HK\$478,000) as at 31 March 2004. 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 or capital assets

The Group's future plans for investment or capital assets will be in line with the section headed "Statement of Business Objectives" in the Prospectus of the Company dated 26 February 2002. The source of funding will come from the proceeds of the listing of the Company's shares and cash flows generated internally.

Employee Information

As at 31 March 2004, the Group employed 75 staff in Hong Kong (2003: 56) and 136 staff in mainland China (2003: 168). Total staff costs (including directors' remuneration) of the Group were approximately HK\$16.3 million (2003: HK\$18.8 million). Due to the

appointment of agents during the financial year, the number of staff in mainland China reduced. 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 2003 and 2004, the Group had no material acquisitions and disposals of subsidiaries and affiliated companies.

Significant investments

During the two financial years ended 31 March 2003 and 2004, the Group did not hold any significant investments.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS OPERATION

The following is a comparison of the actual business progress for the year ended 31 March 2004 (“Review Period”) and the business objectives as set out on pages 101 to 105 of the Prospectus dated 26 February 2002. To attain our long-term business goals, the Group reviews its business objectives and strategies on an ongoing basis and make adjustments as necessary.

Business objectives for the Review Period as set out in the Prospectus

Actual business progress in the Review Period

BUSINESS DEVELOPMENT

The PRC

For the six months ended 30 September 2003

- | | |
|--|--|
| <ul style="list-style-type: none">● Study and evaluate potential independent service providers as agents in the PRC.● Appoint at least two independent service providers as agents to enhance the penetration of TRADEeasy in Hubei and/or Yunnan in the PRC. | <ul style="list-style-type: none">● Two more agents were successfully appointed, evaluation continues.● Instead, two agents were appointed in Shenzhen and Fuzhou. No agent was finally appointed in Hubei and Yunnan as the Group’s market research indicated that both areas were not ready for ASP products. |
|--|--|

***Business objectives for the Review Period
as set out in the Prospectus***

***Actual business progress in the Review
Period***

For the six months ended 31 March 2004

- Study and evaluate potential independent service providers as agents in the PRC.
- Appoint at least one agent in Guizhou and/or Guangxi to enhance the penetration of TRADEeasy in the PRC.
- Two more agents were successfully appointed, evaluation and plan continues.
- No agent appointed in either Guizhou or Guangxi because market is not ready for ASP products.

Taiwan

For the six months ended 30 September 2003

- Establish a representative office in Kaohsiung.
- Appoint at least one independent service provider as agent to enhance the penetration of TRADEeasy in Taiwan.
- The Group believes that it is not cost effective to set up a representative office in Taiwan at this stage.
- As Taiwan manufacturers are moving their manufacturing bases to the PRC, the Group is now recruiting these manufacturers as our customers in the PRC to replace the need of appointment of agents in Taiwan.

For the six months ended 31 March 2004

- Appoint at least one independent service provider as agent to enhance the penetration of TRADEeasy in Taiwan.
- No Taiwan agent was appointed as Taiwanese manufacturers are moving their production to the PRC. Instead, the Group is developing alliance in Taiwan.

***Business objectives for the Review Period
as set out in the Prospectus***

***Actual business progress in the Review
Period***

Other parts of Asia

For the six months ended 30 September 2003

- | | |
|--|---|
| <ul style="list-style-type: none">● Appoint at least one independent service provider as agent in India, Singapore or South Korea to enhance the penetration of TRADEeasy in Asia.
● Revise and evaluate the performance of an agency plan. | <ul style="list-style-type: none">● Due to the rapid growth of the PRC export market, the Group will focus its market expansion effort first in the PRC. The Group may resume its expansion into other Asian markets when the economic environment improves.
● The Group continues to revise the elements of agency plan in order to improve both competitiveness and operational efficiency of the Group. |
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For the six months ended 31 March 2004

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| <ul style="list-style-type: none">● Appoint at least one independent service provider as agent in India, Singapore or South Korea to enhance the penetration of TRADEeasy in Asia.
● Revise and evaluate the performance of an agency plan. | <ul style="list-style-type: none">● No agent was appointed in other parts of Asia. Resources were allocated to PRC, the largest market in Asia.
● The Group is developing strategic alliances to gain exposure in other parts of Asia. |
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Strategic alliance

For the six months ended 30 September 2003

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|---|--|
| <ul style="list-style-type: none">● Evaluate potential strategic alliance with companies providing logistic services, payment solutions, inspection services, trade finance services, technology services and/or content providers. | <ul style="list-style-type: none">● The Group has established an alliance with a technology company to modify the existing e-IMS system for B2C market.
● In alliance with an international company, the Group is considering to provide accreditation services to PRC manufacturers. |
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***Business objectives for the Review Period
as set out in the Prospectus***

***Actual business progress in the Review
Period***

For the six months ended 31 March 2004

- Form strategic alliances with companies providing logistic services, payment solutions, inspection services, trade finance services, technology service and/or content providers.
- Alliances with inspection services company, payment solution, trade services and world leading content provider were formed.

PRODUCT ENRICHMENT AND ENHANCEMENT

e-Marketplace

For the six months ended 30 September 2003

- Continue to increase the depth of the content and variety of features on tradeeasy.com in relation to China domestic trade, China import and export trade.
- The group is constructing a new tradeeasy.com with Chinese version to promote domestic trade in the PRC.

For the six months ended 31 March 2004

- Continue to increase the depth of the content and variety of features on tradeeasy.com in relation to China domestic trade, China import and export trade.
- Chinese version of tradeeasy.com is ready to launch.

Management automation services

For the six months ended 30 September 2003

- Roll out MRP system.
- The market sentiment is not appropriate for providing MRP system to the SME's , and therefore the Group will focus in e-marketing and e-CRM.
- Enrich product width to Supply Chain Management ("SCM").
- New services, "Procurement Meeting", was introduced to allow sellers to meet with buyers face-to-face.
- The Group is considering to provide "Factory Audit" services to enhance "SCM".

***Business objectives for the Review Period
as set out in the Prospectus***

***Actual business progress in the Review
Period***

For the six months ended 31 March 2004

- Formal launch of MRP system.
- Enrich product width to Supply Chain Management (“SCM”).
- The market sentiment is not appropriate for providing MRP system to SMEs, and therefore the Group focuses in e-marketing and e-CRM.
- New service “Matching Conference” was introduced.

Others

For the six months ended 30 September 2003

- Launch overseas advertisement placement services for TRADEeasy’s customers in overseas international trade magazine.
- Such services were launched.

For the six months ended 31 March 2004

- Launch overseas advertisement placement services for TRADEeasy’s customers in overseas international trade magazine
- Evaluate the operations on overseas advertisement placement
- Such services were launched.
- Evaluation is in progress.

MARKETING AND PROMOTION

For the six months ended 30 September 2003

- Continue to advertise and promote the brand name of TRADEeasy via multimedia and by attending or organising at least six conferences and seminars in the PRC and Hong Kong.
- Diversify publicity works to overseas market through e-mail campaigns, distribution of te-Link and participating in at least six trade shows in US, Europe, the PRC and Hong Kong.
- More than six Matching Conferences and product seminars were held in the PRC during the period under review.
- The Group has participated in three overseas tradeshows in the U.S. and Europe to promote the Group’s products and services.

***Business objectives for the Review Period
as set out in the Prospectus***

- Modify the sales cycle in order to enhance the overall efficiency and success rate on obtaining new customers through the development and enhancement of the internal sales and customer services automation system.

For the six months ended 31 March 2004

- Continue to advertise and promote the brand name of TRADEeasy via multimedia and by attending or organising at least six conferences and seminars in the PRC and Hong Kong.
- Diversify publicity work to overseas market through e-mail campaigns, distribution of te-Link and participating in at least six trade shows in US, Europe, the PRC and Hong Kong.
- Modify the sales cycle in order to enhance the overall efficiency and success rate on obtaining new customers through the development and enhancement of the internal sales and customer services automation system.

Actual business progress in the Review Period

- Internal sales and customer services automation systems were constantly reviewed and enhanced in order to increase the overall efficiency and success rate on obtaining new customers.

- More than six conferences and seminars were held in mainland China and Hong Kong.
- The Group participated in seven trade shows in United States, Europe, mainland China and Hong Kong.
- The internal sales and marketing system were modified and upgraded.

TECHNOLOGY MAINTENANCE

For the six months ended 30 September 2003

- Evaluate the effectiveness, fault-tolerance of existing computer hardware and software applications and upgrade them if necessary.
- Review on the computer hardware and software continues. Certain fine-tuning and upgrading on the existing software applications were conducted to improve the execution efficiency and functionality.

For the six months ended 31 March 2004

- Evaluate the effectiveness, fault-tolerance of existing computer hardware and software applications and upgrade them if necessary.
- New hardware maintenance packages were introduced to provide uninterrupted services.

USE OF PROCEEDS

The placement of shares of the Company in the initial public offering has raised net proceeds of approximately HK\$20 million. The Group utilized the net proceeds as follows: -

Business objectives	Planned use of proceeds as stated in the Prospectus from 1 April 2003 to 31 March 2004 <i>HK\$'000</i>	Actual amounts utilized from 1 April 2003 to 31 March 2004 <i>HK\$'000</i>
Business development	1,960	1,589
Product enrichment and enhancement	1,000	1,027
Marketing and promotion	2,100	2,272
Technology maintenance	<u>500</u>	<u>403</u>
	<u>5,560</u>	<u>5,291</u>

In order to enhance the foothold in the competitive market, the Group has accelerated the modification and enhancement of the e-marketing module in e-IMS. More resources were allocated to promotional activities in this period so as to meet with the schedule for overseas trade shows. The Group estimated the total expenditure to achieve the Group's business objectives will be in line with the amounts disclosed in the paragraph "Statement of Business Objectives" in the section headed "Business Objectives" in the Prospectus. The Group has placed the unused balance of proceeds from the initial public offering with authorised financial institutions in Hong Kong as bank deposits.

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 5.28 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-year 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, who at the beginning of the period was Mr. Tam Ngai Hung. Mr. Tam Ngai Hung resigned on 18 December 2003 and Mr. Lau Ho Man, Edward was appointed as a non-executive director and a member of the audit committee on the same date. The audit committee has reviewed the Group's consolidated results for the year ended 31 March 2004, 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
Tradeeasy Holdings Limited
Yu Lup Fat, Joseph
Chairman

Hong Kong, 18 June 2004

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

Non-Executive Director:

Mr. Lau Ho Man, Edward

Independent Non-Executive Directors:

Mr. Lau Chi Yiu
Mr. Wu Yao Hua, Terence

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.