

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

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This report, for which the directors of Tradeeasy Holdings Limited collectively and individually accept responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to Tradeeasy Holdings Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:- (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2002

The board of directors is pleased to announce the unaudited interim financial results of the Company and its subsidiaries (collectively referred to as the “Group” or “Tradeeasy”) for the six months ended 30 September 2002 as follows: —

Condensed Consolidated Income Statement

	Notes	Unaudited three months ended 30 September		Unaudited six months ended 30 September	
		2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
TURNOVER	3	8,154	12,945	17,301	28,673
Cost of sales		(6,291)	(6,146)	(11,858)	(14,418)
Gross profit		1,863	6,799	5,443	14,255
Other revenue		127	60	258	3,053
Selling expenses		(787)	(953)	(1,625)	(2,097)
General and administration expenses		(3,136)	(3,587)	(6,704)	(7,903)
Advertising and promotion expenses		(1,071)	(870)	(1,722)	(1,497)
Other operating expenses		(573)	—	(573)	—
PROFIT/(LOSS) FROM OPERATING ACTIVITIES	5	(3,577)	1,449	(4,923)	5,811
Finance costs		(51)	(96)	(99)	(179)
PROFIT/(LOSS) BEFORE TAX		(3,628)	1,353	(5,022)	5,632
Tax	6	—	—	—	—
PROFIT/(LOSS) FROM OPERATING ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		(3,628)	1,353	(5,022)	5,632
DIVIDENDS		—	—	—	—
EARNINGS/(LOSS) PER SHARE	7				
Basic		¢(0.91)	¢0.39	¢(1.26)	¢1.61



Condensed Consolidated Balance Sheet

	Notes	Unaudited 30 September 2002 HK\$'000	Audited 31 March 2002 HK\$'000
NON-CURRENT ASSETS			
Fixed assets	8	6,500	8,442
Deferred development expenditure	9	20,163	16,630
		26,663	25,072
CURRENT ASSETS			
Trade receivables	10	1,898	1,748
Prepayments, deposits and other receivables	11	2,707	6,274
Cash and cash equivalents		11,091	15,602
		15,696	23,624
CURRENT LIABILITIES			
Trade payables	12	314	264
Deferred service fees received in advance		4,733	4,221
Accruals and other payables		3,603	4,920
Finance lease payables	13	381	941
		9,031	10,346
NET CURRENT ASSETS			
		6,665	13,278
		33,328	38,350
CAPITAL RESERVES			
Issued capital		4,000	4,000
Reserves	14	29,328	34,350
		33,328	38,350

Condensed Consolidated Statement of Changes in Equity

	Share capital	Share premium account	Contributed surplus	Exchange fluctuation reserve	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2001	297	—	61,914	11	(59,242)	2,980
Profit for the six months	—	—	—	—	5,632	5,632
Issue of shares by a subsidiary	—	—	4,796	—	—	4,796
At 30 September 2001	<u>297</u>	<u>—</u>	<u>66,710</u>	<u>11</u>	<u>(53,610)</u>	<u>13,408</u>
At 1 April 2002	4,000	16,337	66,710	11	(48,708)	38,350
Loss for the six months	—	—	—	—	(5,022)	(5,022)
At 30 September 2002	<u>4,000</u>	<u>16,337</u>	<u>66,710</u>	<u>11</u>	<u>(53,730)</u>	<u>33,328</u>

Condensed Consolidated Cash Flow Statement

	Unaudited six months ended 30 September	
	2002 HK\$'000	2001 HK\$'000
Cash generated from operations	(2,182)	(495)
Interest paid	—	—
Interest received	65	12
Interest element of finance lease rental payments	(99)	(179)
Tax paid	—	—
Purchases of fixed assets	(933)	(1,582)
Additions to deferred development expenditure	(4,634)	(4,561)
Proceeds from issue of share capital of a subsidiary	—	4,796
Repayment of advance from directors	—	(153)
Repayment from shareholders	3,832	—
Capital element of finance lease rental repayments	(560)	(1,224)
Decrease in cash and cash equivalents	(4,511)	(3,386)
Cash and cash equivalents brought forward	15,602	7,298
Cash and cash equivalents carried forward	11,091	3,912
Analysis of the balances of cash and cash equivalents:—		
Cash and bank balances	11,091	3,912

Notes:—

1. Group reorganisation and basis of presentation

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 20 September 2001 under the Companies Law (Revised) of the Cayman Islands. In the preparation of the listing of the Company's shares on GEM, a group reorganisation ("Group Reorganisation") was effected whereby the Company became the holding company of the Group on 20 February 2002. The shares of the Company were listed on GEM on 7 March 2002. The details of the Group Reorganisation and the listing of the Company's shares on GEM were set out in the prospectus dated 26 February 2002 (the "Prospectus").

The results of the Group have been prepared on a merger basis as if the current group structure had been in existence throughout the periods under review or since the respective dates of incorporation or establishment of respective companies now comprising the Group, whichever is the shorter period.

The unaudited condensed interim financial statements have been prepared in accordance with Statements of Standard Accounting Practice (the "SSAP") No. 25 "Interim Financial Reporting" and Interpretations issued by the Hong Kong Society of Accountants (the "HKSA") and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable disclosure provisions of the GEM Listing Rules.

The same accounting policies adopted in the 2001/2002 annual accounts have been applied to this interim financial report.

All financial information relating to the period from 1 April 2002 to 30 September 2002 has not been audited.

2. Principal activities

The Group's principal activities were the provision of integrated marketing solution, Application Service Provider ("ASP") and technical consultancy services for the two periods ended 30 September 2001 and 2002.

3. Turnover

Turnover represents the value of services rendered.

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

	Unaudited three months ended 30 September 2002		Unaudited six months ended 30 September 2002	
	HK\$'000	2001 HK\$'000	HK\$'000	2001 HK\$'000
Integrated marketing solution services	1,898	4,367	4,117	8,827
ASP services	2,536	4,097	6,391	8,044
Technical consultancy services	3,720	4,481	6,793	11,802
	8,154	12,945	17,301	28,673

4. Segmental information

The analysis of the Group's revenue and contribution to results by geographical segment during the periods are as follows: —

	Unaudited three months ended 30 September 2002		Unaudited six months ended 30 September 2002	
	HK\$'000	2001 HK\$'000	HK\$'000	2001 HK\$'000
Segment revenue				
Hong Kong	4,434	8,464	10,508	16,871
The People's Republic of China	3,720	4,481	6,793	11,802
	8,154	12,945	17,301	28,673
Segment results				
Hong Kong	(3,314)	849	(4,001)	2,986
The People's Republic of China	(314)	504	(1,021)	2,646
	(3,628)	1,353	(5,022)	5,632

In accordance with the Group's primary internal financial reporting, the Group adopted geographical segments as the primary basis of segment reporting.

5. Profit/(loss) from operating activities

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

	Unaudited three months ended 30 September		Unaudited six months ended 30 September	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Staff costs*	4,127	5,537	8,238	11,492
Depreciation*	924	990	1,843	1,980
Amortisation of deferred development expenditure	780	589	1,560	1,118
Lease payments under operating leases				
— Land and buildings	827	1,039	1,629	2,313
— Office equipment	14	10	27	24
Loss on disposal of fixed assets	573	—	573	—
Forfeiture of customer deposits	—	—	—	(1,688)
Provision of contents	—	—	—	(1,285)
Interest income	(29)	(6)	(65)	(12)
Exchange gains, net	—	—	—	(8)

* net of amounts capitalised in deferred development expenditure

6. Tax

No provision for Hong Kong profits tax has been made as the Group either had no assessable profits arising in Hong Kong, or had losses brought forward from the prior year to offset the assessable profits during the six months ended 30 September 2002 (2001: 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 a 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 is entitled to full exemption from Mainland China income tax for the years 2000 to 2002 to be followed by a 50% reduction in the then applicable income tax rate for the years 2003 to 2005.

7. Earnings/(loss) per share

The calculation of basic earnings/(loss) per share for the three months and the six months ended 30 September 2002 is based on the net loss from ordinary activities attributable to shareholders of HK\$3.6 million and HK\$5 million (2001: net profit of approximately HK\$1.4 million and HK\$5.6 million) and the weighted average of approximately 400,000,000 shares (2001: approximately 350,000,000 shares) deemed to have been in issue during those periods.

Diluted earnings/(loss) per share for the three months and the six months periods ended 30 September 2002 and 2001 are not disclosed as no diluting events occurred during those periods.

8. Fixed assets

	Leasehold improvements HK\$'000	Furniture and fixtures HK\$'000	Computer and office equipment HK\$'000	Total HK\$'000
Cost				
At 1 April 2002	1,697	941	14,223	16,861
Additions	116	111	706	933
Disposal	(648)	(134)	(145)	(927)
At 30 September 2002	1,165	918	14,784	16,867
Accumulated depreciation				
At 1 April 2002	423	407	7,589	8,419
Depreciation	171	89	2,042	2,302
Write back on disposal	(244)	(53)	(57)	(354)
At 30 September 2002	350	443	9,574	10,367
Net book value				
At 30 September 2002	815	475	5,210	6,500
At 31 March 2002	1,274	534	6,634	8,442



9. Deferred development expenditure

	HK\$'000
Cost	
At 1 April 2002	19,164
Additions	5,093
	<hr/>
At 30 September 2002	24,257
Accumulated amortisation	
At 1 April 2002	2,534
Amortisation	1,560
	<hr/>
At 30 September 2002	4,094
Net book value	
At 30 September 2002	20,163
	<hr/>
At 31 March 2002	16,630
	<hr/>

10. Trade receivables

An aged analysis of the trade receivables is as follows:—

	Unaudited 30 September 2002 HK\$'000	Audited 31 March 2002 HK\$'000
Current to 30 days	357	515
31 to 60 days	207	192
61 to 90 days	206	148
Over 90 days	1,128	893
	<hr/>	<hr/>
	1,898	1,748
	<hr/>	<hr/>

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

11. Prepayments, deposits and other receivables

During the six months ended 30 September 2002, placing expenses of HK\$3,832,000 was refunded to the Company by certain shareholders of the Company in respect of the placing of the shares of the Company on GEM on 7 March 2002.

12. Trade payables

An aged analysis of the trade payables is as follows:—

	Unaudited 30 September 2002 HK\$'000	Audited 31 March 2002 HK\$'000
Current to 30 days	88	142
31 to 60 days	90	36
61 to 90 days	1	62
Over 90 days	135	24
	<hr/> 314 <hr/>	<hr/> 264 <hr/>

13. Finance lease payables

As at 30 September 2002, the total minimum lease payments under finance leases and their present values were as follows:—

	Unaudited Minimum lease payments 30 September 2002	Audited Minimum lease payments 31 March 2002	Unaudited Present value of minimum lease payments 30 September 2002	Audited Present value of minimum lease payments 31 March 2002
Amounts payable within one year	456	1,114	<u>381</u>	<u>941</u>
Future finance charges	<u>(75)</u>	<u>(173)</u>		
Total net finance lease payables	<u>381</u>	<u>941</u>		

14. Movement in reserves

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

15. Related party transactions

During the six months ended 30 September 2002, an aggregate amount of approximately HK\$755,000 was paid by the Group to CCT Infrastructure Limited ("CCTI"), a wholly owned subsidiary of CCT Telecom Holdings Limited which in turn is a substantial shareholder of the Company, in respect of a grant of non-exclusive use of the Group's present office premises in Quarry Bay, Hong Kong by CCTI. The arrangement was defined as a "Non-exempted continuing Connected Transaction" in the Prospectus.

INTERIM DIVIDEND

The directors do not recommend the payment of an interim dividend for the six months ended 30 September 2002 (2001: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business and operation review

Operations for the first half of year 2002 slowed down due to the unfavourable market sentiment and continuous global economic downturn. The overall market for marketing services for exporters remains sluggish, especially in Hong Kong. SME manufacturers are facing problems such as fierce competition and high operating cost and a number of them are struggling for survival. Most of them are skeptical of an imminent market recovery and are extremely conservative with their marketing budgets.

Turnover and loss attributable to the shareholders for the six months ended 30 September 2002 were respectively approximately HK\$17 million (2001: HK\$29 million) and HK\$5 million (2001: net profit of HK\$5.6 million). Included in the results of the first six months of 2001 were sales of content to a content provider and the forfeiture of non-refundable deposits from customers totaling HK\$3 million which were one-off in nature.

The management continues to exercise tight cost controls. The Group participated in more overseas trade shows than during the same period of last year which resulted in an increase of advertising and promotion expenses. In order to offset a major portion of the promotional expenses, the Group represented its clients in displaying their products in overseas trade shows for a fee. Despite additional professional and mandatory expenses required for compliance with the listing requirements of GEM, the selling expenses, administration expenses and promotion expenses in aggregate were reduced by 12% compared with the corresponding six month period in 2001. Some of the Group's offices in China were relocated to premises offering more favourable terms, HK\$573,000 was incurred as part of the operating expenses because of the removal.



The management believes that the PRC market has considerable growth potential and opportunities. With a view to expanding its market share in the PRC, the Group has actively been exploring new markets and finding appropriate agents. Six seminars were held in the South part of the PRC during the six months period ended 30 September 2002.

In order to explore and secure new sources of revenue, the Group entered into an arrangement with Yahoo! Hong Kong to market their on-line services to major corporations in southern China.

Prospect

Despite the global economic downturn, the PRC's export sector is expected to continue to grow. Looking ahead, the Group will focus its business development in China. The Group will actively look for strategic partners to represent the Group's services in different regions and to establish new sources of income.

The Group is in the process of finalising a co-operation agreement with a company in Hong Kong to promote Hong Kong exporters to the domestic China market. The intra-China trade platform has been established and will provide an Internet based communication platform to facilitate the Group's clients to market their products within China in a more efficient manner.

The Group will focus on off-line marketing services such as participating in overseas trade shows, organising meetings between buyers and sellers in Hong Kong so as to generate quality trade leads for the Group's clients. Trial meetings between sellers and buyers have been conducted and the services were well received.

The management believes ASP and technical consultancy services will provide better growth potential to the Group. The e-marketing module in the proprietary Management Automation Software, e-IMS, has been modified and enhanced to fit in the growing demand for SME exporters in China and Hong Kong.

The Group has adopted a cost containment strategy and will continuously enhance products and services to ensure that it is in a position to capture growth opportunities when the global economy recovers.

Liquidity, financial resources and capital structure

The Group's operation were principally financed by cash flows generated internally and from the proceeds of the listing on 7 March 2002. As at 30 September 2002, the Group's cash and cash equivalent amounted to HK\$11 million of which 90% was denominated in Hong Kong dollars. The Group adopts a conservative approach to its treasury policy. Cash is generally placed in short-term interest bearing deposits denominated in Hong Kong dollars with an authorized financial institute in Hong Kong.

As at 30 September 2002, the net asset value of the Group amounted to HK\$33 million. The Group had an obligation under the finance leases of HK\$0.4 million, all of which are repayable within the financial year ending 31 March 2003, on its computer servers and equipment at net book value HK\$1.6 million as at 30 September 2002. Apart from such finance leases, during the period under review and at the period end date, the Group had no other borrowings, banking facilities or assets pledged. The gearing ratios expressed as total long-term external borrowings/total equity were nil as at 30 September 2002 and 31 March 2002.

As at 30 September 2002, the Group's total current assets and total current liabilities were HK\$16 million and HK\$9 million respectively; the current ratio of the Group was 1.7 as compared to 2.3 as of 31 March 2002.

There has been no change in the capital structure of the Company during the six months ended 30 September 2002.



Foreign currency exposure

The Group's reporting currency is in Hong Kong dollars. Most of the transactions, assets and liabilities of the Group are dominated 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 significantly exposed to any exchange risk and accordingly, no hedging transaction was made during the period.

Contingent liabilities

As at 30 September 2002, the Group had no material contingent liabilities.

Future plans for investment or capital assets

The Group's future plans for investment or capital assets will be in line with the "Statement of Business Objectives" as contained in the Prospectus. The source of funding will come from the proceeds from the initial public offering and cash flows generated internally.

Acquisition and disposal of subsidiaries and affiliated companies

During the six months ended 30 September 2002, the Group had no material acquisitions and disposals of subsidiaries and affiliated companies.

Significant investments

During the six months ended 30 September 2002, the Group did not hold any significant investments.

Employee information

As at 30 September 2002, the Group employed 72 staffs in HK and 223 staffs in China. Total staff costs (including directors' remuneration) of the Group stood at HK\$9.7 million for the six months ended 30 September 2002. Staffs 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 medical insurance and share options schemes.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS OPERATION

The following is a comparison of the actual business progress in the period from 1 April 2002 to 30 September 2002 ("Review Period") and the business objectives as set out on pages 101 to 105 of the Prospectus. To attain our long-term business goals, the Group reviews its business objectives and strategies on an ongoing basis and makes 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

- | | |
|--|--|
| <ul style="list-style-type: none"> • Study and evaluate potential independent service providers as agents in the PRC • Appoint at least two independent service provider as agent to enhance the penetration of Tradeeasy in Jiangsu area in the PRC | <ul style="list-style-type: none"> • Study and evaluation on proposals from potential agents in progress. • The Group formed an alliance with two PRC organisations to create larger potential customer base |
|--|--|



Taiwan

- Select office location(s) to set up representative office(s) in Taiwan
- As Taiwan manufacturers are moving their manufacturing base to the PRC, the Group is studying the possibility of recruiting Taiwan customers in the PRC
- Appoint at least one independent service provider as an agent in Taiwan

Other parts of Asia

- Study and evaluate potential independent service providers as agents in India, Singapore or South Korea
- Study in progress

Strategic alliances

- Evaluate and form a strategic alliances with a content provider
- The Group entered into an arrangement with an international content provider to market their on-line services to major corporations in Southern China.

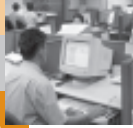
PRODUCT ENRICHMENT AND ENHANCEMENT

e-Marketplace

- Continue to increase the depth of the content and variety of features on tradeeasy.com such as the inclusion of the trading of parts and components
- The module for parts and components has been completed and rolled out

Management automation services

- Identify IP in respect of vertically developed software for specialized industries
- Study in progress
- Develop inventory and accounting software
- Specifications finalised for inventory and accounting software, looking for outsourcing partners.
- Develop the intra China trade platform, establish intra China Trade sales channel
- Development has been completed and rolled out
- Develop MRP
- Market research in progress
- The e-marketing module in the Group's proprietary ASP service, eIMS, was modified and enhanced to meet the demand from the market



Others

- Consider the possibility of organizing tradeshows in Europe, US for houseware, garment or premium gift industries for the Group's customers to promote their products
- Represent customers at tradeshows and exhibitions in overseas countries
- Market research in progress
- Represented customers to participate in 8 different tradeshows held in the USA, Japan, Germany and the United Kingdom

MARKETING AND PROMOTION

- Continue to advertise and promote the Tradeeasy brand name via multimedia and by attending or organizing at least six conferences and seminar in the PRC and Hong Kong
- Modify the sales cycle to enhance the overall efficiency and success rate in obtaining new customers through the enhancement of existing management system
- 6 conferences and seminars were held in HK and the PRC, participated in 8 overseas trade shows to promote the Group and clients' products.
- Work flows reviewed, modification finalised.

TECHNOLOGY MAINTENANCE

- Evaluate the existing computer hardware and software application
- Upgrade all application areas by applying XML technology and maintaining the existing server systems to support continuous growth
- Certain hardware were fine tuned and upgraded to maintain operational efficiency
- Review on the information management system was in progress; certain fine-tuning were completed to support increasing demand on server speed.



USE OF PROCEEDS

The placement of shares of the Company in the initial public offering has raised 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 up to 30 September 2002 HK\$'000	Amounts utilized up to 30 September 2002 HK\$'000
Business development	250	350
Product enrichment and enhancement	3,150	5,250
Marketing and promotion	1,000	2,150
Technology maintenance	1,750	1,050
	6,150	8,800

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 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 on short-term deposits.

DIRECTORS' INTERESTS IN SHARES

As at 30 September 2002, the interests of the directors and their associates in the share capital of the Company and any associated companies as defined in the Securities (Disclosure of Interest) Ordinance ("SDI Ordinance") as recorded in the register maintained by the Company pursuant to Section 29 of the SDI Ordinance, were as follows:—

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

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

Save as disclosed above, none of the directors or their associates had any personal, family, corporate or other interests in the equity or debt securities of the Company or any of its associated corporations as defined in the SDI Ordinance.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the sections headed "Directors' interests in shares" above and "Share option schemes" below, at no time during the period under review were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or children under 18 years of age, or were any such rights exercised by them, or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEMES

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

On 20 February 2002, the Company granted options under the Pre-IPO Share Option Scheme to 57 full-time employees, who are neither the directors of the Company nor the senior management of the Group, to subscribe for an aggregate of 5,714,500 shares in the Company. No further options were then granted under the Pre-IPO Share Option Scheme. Part of such options that were exercisable during 10 business days from and including 7 September 2002 to subscribe for an aggregate of 2,857,250 shares were lapsed without being exercised. Save as disclosed above, at no time during the six months ended 30 September 2002, such options granted was exercised or cancelled.

During the six months ended 30 September 2002, the Company did not grant any share option under the Share Option Scheme.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2002, the following entities holding interests of 10% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 16(1) of the SDI Ordinance:—

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

Note: Manistar Enterprises Limited is 100% beneficially owned by CCT Telecom Holdings Limited.

Save as disclosed above, the directors are not aware of any person who directly or indirectly, had a registered interest of 10% or more in the issued share capital of the Company as at 30 September 2002 which was required to be recorded pursuant to Section 16(1) of the SDI Ordinance.

SPONSOR'S INTERESTS

As at 30 September 2002, neither Hantec Capital Limited (the "Sponsor") nor any of its respective directors or employees or associates (as referred in Note 3 to Rule 6.35 of the GEM Listing Rules) had any interest in the share capital of the Company or of any members of the Group, or had any right to subscribe for or to nominate persons to subscribe for the share capital of the Company or of any members of the Group.

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



COMPETING INTEREST

During the period under review, none of the directors or the management shareholders (as defined under the GEM Listing Rules) of the Company had any interest in a business that competed or might compete with the business of the Group either directly or indirectly.

PURCHASES, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Other than in connection with the Company's placing, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period under review.

COMPLIANCE WITH RULES 5.28 TO 5.39 OF THE GEM LISTING RULES

The Company has complied with the board practices and procedures as set out in Rules 5.28 to 5.39 of the GEM Listing Rules during the period under review.

AUDIT COMMITTEE

The Company established an audit committee on 26 September 2001 with written terms of reference in compliance with Rules 5.23 to 5.25 of the GEM Listing Rules. The audit committee has three members comprising two independent non-executive directors, Mr. Tam King Ching, Kenny and Mr. Wu Yao Hua, Terence and one non-executive director, Mr. Tam Ngai Hung. The audit committee has reviewed the Group's unaudited consolidated interim results for the six months ended 30 September 2002.

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

Hong Kong, 11 November 2002