



Tradelink Electronic Commerce Limited

貿易通電子貿易有限公司

(Incorporated in Hong Kong under the Companies Ordinance with limited liability)

("the Company")

(Stock Code: 536)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2008

The Board of Directors (the "Board") of Tradelink Electronic Commerce Limited ("Tradelink" or the "Company") is pleased to announce the unaudited interim consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2008.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Six months ended 30 June	
		2008 Unaudited (HK\$'000)	2007 Unaudited (HK\$'000)
Turnover	2	114,696	116,726
Interest income		6,567	4,742
Staff costs	4	(39,124)	(37,757)
Depreciation		(4,867)	(5,705)
Other operating expenses		(21,157)	(23,280)
Profit from operations		56,115	54,726
Share of losses of an associate		(11,077)	(11,938)
Gain on partial disposal of an associate		-	345
Profit before taxation	4	45,038	43,133
Taxation	5	(8,339)	(9,332)
Profit attributable to equity shareholders of the Company		36,699	33,801
Interim Dividend	6		
Total		28,097	28,091
Per share		HK cents 3.61	HK cents 3.61
Earnings per share	7		
Basic		HK cents 4.72	HK cents 4.34
Diluted		HK cents 4.71	HK cents 4.32

CONDENSED CONSOLIDATED BALANCE SHEET

Notes	As at 30 June 2008 Unaudited (HK\$'000)	As at 31 December 2007 Audited (HK\$'000)
Non-current assets		
	43,695	44,547
Fixed assets		
Interest in leasehold land held for own use under operating lease	5,555	5,626
Interest in associates	31,701	43,020
	<u>80,951</u>	<u>93,193</u>
Current assets		
Trade receivables	25,067	19,381
Other receivables and prepayments	19,353	11,974
Other financial assets	69,242	69,342
Deposits with bank	3,592	188,500
Cash and cash equivalents	364,073	186,206
	<u>481,327</u>	<u>475,403</u>
Current liabilities		
Trade creditors, accounts payable and other payables	222,647	221,479
Taxation	6,988	4,142
	<u>229,635</u>	<u>225,621</u>
Net current assets	<u>251,692</u>	<u>249,782</u>
Total assets less current liabilities	<u>332,643</u>	<u>342,975</u>
Non-current liabilities		
Provision for long service payments	2,367	2,173
Deferred taxation	951	954
	<u>3,318</u>	<u>3,127</u>
Net assets	<u>329,325</u>	<u>339,848</u>
Capital and Reserves		
Share capital	155,661	155,642
Reserves	173,664	184,206
	<u>329,325</u>	<u>339,848</u>

Notes:

1. Basis of preparation

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited ("the SEHK"). The unaudited condensed consolidated interim financial statements also comply with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The accounting policies adopted in preparing the unaudited condensed consolidated interim financial statements are consistent with those used in preparing the Group's annual financial statements for the year ended 31 December 2007. The interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2007.

The preparation of the unaudited condensed interim financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The unaudited interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2007 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards.

The unaudited condensed consolidated financial statements for the six-month period ended 30 June 2008 have been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA.

2. Turnover

The principal business of the Company is the provision of front-end Government Electronic Trading Services (“GETS”) for processing certain official trade-related documents. Turnover represents the value of services provided and goods supplied to customers. The amount of each significant category of revenue recognised in turnover during the period is as follows:

	Six months ended 30 June	
	2008	2007
	Unaudited	Unaudited
	(HK\$'000)	(HK\$'000)
Transaction and handling fees	102,651	105,303
Annual subscription and registration fees	8,726	8,705
Others	3,319	2,718
	114,696	116,726

3. Segment reporting

No segment information is presented in respect of the Group’s business and geographical segments. Throughout the period, the Group has been operating principally in a single business and geographical segment, i.e. the operation of electronic trading services in Hong Kong.

4. Profit before taxation

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2008	2007
	Unaudited	Unaudited
	(HK\$'000)	(HK\$'000)
Staff costs, including directors’ remuneration:		
Contributions to defined contribution retirement plan	1,137	1,104
Equity settled share-based payment expenses	791	856
Salaries, wages and other benefits	37,196	35,797
	39,124	37,757
Other items:		
Auditor’s remuneration	392	350
Depreciation		
- assets held for use under operating lease	71	72
- other assets	4,796	5,633
Operating lease charges in respect of properties	555	513

5. Taxation

	Six months ended 30 June	
	2008	2007
	Unaudited	Unaudited
	(HK\$'000)	(HK\$'000)
Provision for Hong Kong Profits Tax for the period	8,342	9,765
Deferred taxation	(3)	(433)
	8,339	9,332

The provision for Hong Kong Profits Tax for 2008 is calculated at 16.5% (2007:17.5%) of the estimated assessable profits for the period.

6. Dividend

	Six months ended 30 June	
	2008	2007
	Unaudited	Unaudited
	(HK\$'000)	(HK\$'000)
Interim dividend declared and paid after the interim period of HK cents 3.61 per share (2007: HK cents 3.61 per share)	28,097	28,091

7. Earnings per share

The calculation of the basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK\$36,699,000 (2007: HK\$33,801,000), and the weighted average number of 778,276,000 ordinary shares (2007: 778,132,000 shares) in issue during the period.

The calculation of the diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK\$36,699,000 (2007: HK\$33,801,000), and the weighted average number of 778,662,000 ordinary shares (2007: 782,382,000 shares).

8. Interest in associates

As at 30 June 2008, the Company held 76,500,000 shares of Digital Trade and Transportation Network Limited (“DTTNC”), which represented a shareholding of 56.57% (31 December 2007: 56.57%) in DTTNC.

During the interim period ended 30 June 2008, there were no changes in the particulars of associates.

The Group's interest in DTTNC is stated at the group's share of net assets of DTTNC.

In view of the losses incurred by DTTNC and its performance to date falling below expectations, DTTNC's management commissioned a review of its business plan and strategic options. The results of this review are currently under discussion among DTTNC's stakeholders and it is expected that a restructuring of the business and shareholding structure will be required for DTTNC to continue to operate its business and pursue its longer term objectives. The details of any such restructuring have yet to be determined and will be subject to the approval of the relevant stakeholders.

The continuing losses incurred by DTTNC and its performance to date continuing to fall below expectations have given rise to an indication that the carrying value of the long lived assets of DTTNC as at 30 June 2008 may be impaired. Under these circumstances, Hong Kong Accounting Standard 36 (“HKAS 36”), Impairment of Assets, issued by the Hong Kong Institute of Certified Public Accountants, requires DTTNC's management to estimate the recoverable amount of the long lived assets, stated at HK\$43.9 million in DTTNC's financial statements at 30 June 2008, and provide for any impairment. However, given the uncertainty about whether and how the restructuring of DTTNC will proceed and the precise form of any such restructuring and its impact of the future operations of DTTNC, its directors and the Company's directors consider that it is not feasible to conduct an estimation of the future operating cashflows of DTTNC's business or to estimate the fair values of the long lived assets at the present time. As such, the directors have been unable to determine whether any impairment loss should be reflected in DTTNC's financial statements and equity accounted for in this interim report. The estimation of the recoverable amount of DTTNC's long lived assets will be reassessed once the future of DTTNC is further clarified and any necessary impairment loss can be quantified with a greater degree of accuracy.

9. Trade receivables

Credit terms granted by the Group to customers generally range from one week to one month. An ageing analysis of trade receivables, based on the invoice date is as follows:

	As at 30 June 2008 Unaudited (HK\$'000)	As at 31 December 2007 Audited (HK\$'000)
Current	<u>24,157</u>	19,064
1 to 3 months overdue	438	284
More than 3 months overdue but less than 12 months overdue	<u>472</u>	<u>33</u>
	<u>25,067</u>	<u>19,381</u>

All the above balances are expected to be received within one year and they are generally covered by customer deposits received from customers.

10. Other financial assets

As at 30 June 2008, the Company held US Government Treasury Bonds in the amount of HK\$69,242,000 (31 December 2007: HK\$69,342,000).

11. Trade creditors, accounts payable and other payables

	As at 30 June 2008 Unaudited (HK\$'000)	As at 31 December 2007 Audited (HK\$'000)
Trade creditors (due on demand or within one month)	7,543	7,701
Customer deposits received	172,149	171,658
Accrued charges and other payables	42,955	42,120
	222,647	221,479

Customer deposits received are refundable on demand.

12. Capital and reserves**(a) Share capital**

	Number of shares (in '000)	Amounts (HK\$'000)
Authorised:		
Ordinary shares of HK\$0.20 (2007: HK\$0.20) each		
As at 31 December 2007 and 30 June 2008	1,250,000	250,000
Issued and fully paid:		
As at 1 January 2007	778,076	155,615
Shares issued under share option scheme	134	27
As at 31 December 2007 / 1 January 2008	778,210	155,642
Shares issued under share option scheme	96	19
As at 30 June 2008	778,306	155,661

12. Capital and reserves (continued)

(b) Reserves

	Share premium (HK\$'000)	Capital reserve (HK\$'000)	Retained profits (HK\$'000)	Total (HK\$'000)
As at 1 January 2007	117,722	2,757	53,129	173,608
Dividends approved in respect of the previous year	-	-	(39,685)	(39,685)
Shares issued under share option scheme	67	-	-	67
Equity settled share-based transactions	-	856	-	856
Profit for the period	-	-	33,801	33,801
As at 30 June 2007	117,789	3,613	47,245	168,647
As at 1 July 2007	117,789	3,613	47,245	168,647
Dividends declared in respect of the current year	-	-	(28,091)	(28,091)
Shares issued under share option scheme	53	-	-	53
Equity settled share-based transactions	-	1,194	-	1,194
Profit for the period	-	-	42,403	42,403
As at 31 December 2007	117,842	4,807	61,557	184,206
As at 1 January 2008	117,842	4,807	61,557	184,206
Dividends approved in respect of the previous year	-	-	(48,099)	(48,099)
Shares issued under share option scheme	165	(98)	-	67
Equity settled share-based transactions	-	791	-	791
Profit for the period	-	-	36,699	36,699
As at 30 June 2008	118,007	5,500	50,157	173,664

EXTRACT FROM THE INDEPENDENT REVIEW REPORT

The Group's condensed financial statements for six months of 2008 have been reviewed by the Group's auditors. The independent interim review report contained a qualified conclusion. The following is the extract from the independent review report:

“Basis for qualified conclusion

Included in the interest in associates in the condensed balance sheet as at 30 June 2008 is the group's investment in an associate, Digital Trade and Transportation Network Limited ("DTTNC"),

amounting to HK\$31.7 million. As explained in note 9 to the interim financial report, there are indications of possible impairment in the carrying value of DTTNCo's long lived assets. However, for reasons explained in note 9, management has not re-estimated the recoverable amount of these assets as at 30 June 2008 and therefore has not been able to comply with the requirements of Hong Kong Accounting Standard 36 ("HKAS 36"), Impairment of Assets, issued by the Hong Kong Institute of Certified Public Accountants. As the group accounts for its interests in DTTNCo under the equity method of accounting, any impairment loss identified in respect of DTTNCo's long lived assets would have reduced the carrying value of the group's interest in DTTNCo and the group's profit for the period.

Qualified conclusion

Except for the effect of the matter described in the preceding paragraph, based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2008 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim financial reporting".

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Highlights of the Group's business performance during the review period are:

Tradelink

- The Group's core businesses of providing front-end GETS Services experienced a small decline in the first half of 2008. On an overall basis, they were stable.
- In response to the tender issued by the Government in April 2008 for the new GETS licence for the period starting January 2010, Tradelink has submitted its proposals. While results have yet to be announced, Tradelink is confident of the successful renewal of its GETS licence by Government for a further term of 7 years from 2010.
- As regards the other Government tender for the implementation of the Road Cargo System ("ROCARS"), Tradelink has responded to the tender invitation in May 2008. The results are expected to be announced in September 2008.
- For its Trader Documentation Service ("TDS"), with the successful deployment of the service to more shippers and buyers for supply chain management, such users include a major Korean based forwarder and a renowned forwarder appointed by several large US importers for shipments from the region.
- To create a local presence and to reinforce the effectiveness of its approach to the China market, Tradelink set up a branch office in Beijing in February 2008. The establishment of this Beijing office enables Tradelink to tap market information and to facilitate closer relationship with business prospects. Since its opening, several business opportunities and initiatives have been identified and being worked on in and around Beijing.

DTTNC

- Digital Trade and Transportation Network ("DTTN") continued to make progress, albeit the progress is still slower than expected.
- In line with its strategic sales focus, DTTN is targeting high value hub customers to build up a vertical community of DTTN-connected hubs in major industry sectors including electronic and apparel/garments and at the same time expanding the clusters of its existing major hub customers. DTTN customer base currently stands at about 3,600 including a number of leading organizations

in the region / worldwide in industry sectors such as freight forwarding, manufacturers / distributors of electrical appliances, electronic components, textiles and garments.

- With regard to the banking sector, DTTN has been engaged by one of the largest US banks to develop integration to its online payment solution as a joint initiative to promote electronic payment through DTTN. Development of the integration solution has been completed and DTTN is currently working with the bank on a mass marketing program to recruit customers.
- DTTN is also working closely with software vendors in Hong Kong. In April 2008, DTTN officially awarded DTTN-enabled Certificates to 13 software vendors as recognition that the solutions developed by these vendors have passed the DTTN Compliance Test Program. This is the ongoing objective of DTTN to develop partnerships with software vendors to develop easy-to-use electronic business solutions that enable the SMEs to adopt e-commerce easily and readily with their trading partners via DTTN. A series of seminars and workshops are being organized to train the SMEs on the use of these user-friendly front-end applications in conjunction with DTTN.
- In view of the slower than expected progress, the Board of DTTNCo has commissioned the consultant, Grant Thornton Specialist Services Limited, to undertake a thorough review of DTTN. The review report has identified a number of options for taking DTTN forward. These options are being considered by the Government and by DTTN shareholders.
- In view of the losses that DTTNCo is continuing to incur, there are indications of possible impairment in the carrying value of DTTNCo's long lived assets and the Group has considered making an impairment provision on its investment in DTTNCo. However, given the different options and details of any restructuring plan are still under consideration by DTTN stakeholders, it is difficult, at this stage, to arrive at what is a reasonable level of impairment, and therefore, has not complied with the requirements of Hong Kong Accounting Standard 36 ("HKAS36"), Impairment of Assets. For this reason, KPMG, our external auditor, has issued a qualified interim review report. The Group will re-assess the fair value of DTTN once the restructuring process has been completed, which is expected to be towards the end of 2008.

Digi-Sign

- The Group's wholly-owned subsidiary Digi-Sign Certification Services Limited ("Digi-Sign") has further strengthened its business relationship with a number of banks in Hong Kong by extending its service offering to not only the digital certificates but also hardware security modules for the secure storage of the digital certificates. This combined solution provides the best-in-class security offering for on-line e-banking services.
- Digi-Sign has made further progress in expanding its business reach to the other segment of the market. It has entered into a commercial arrangement with a regulatory body to provide digital certificates to all the member organizations of the commission. Digi-Sign has also been contracted to design and develop the corresponding security infrastructure for the regulatory body to enable the transfer of electronic records from the member organizations to the commission. The service will be put into production towards the end of 2008.

FINANCIAL REVIEW

Turnover for the six months ended 30 June 2008 was HK\$114.7 million, a decrease of 1.7 % over the same period in 2007. The decrease is attributed by a small decline in the GETS services especially the Certificate of Origin (“CO”) and Production Notification (“PN”) services. Operating expenses (excluding depreciation) were HK\$60.3 million for the first half of 2008 as compared to HK\$61.0 million, lower than the operating expenses for the same period in 2007 by HK\$0.7 million.

Depreciation charges for the first six months of 2008 amounted to HK\$4.9 million, representing HK\$0.8 million lower than the amount charged at HK\$5.7 million for the same period in 2007.

During the review period, profit from operations was HK\$56.1 million, an increase of 2.6 % over the same period in 2007.

For the six months ended 30 June 2008, the amount of loss shared from DTTNCo was HK\$11.1 million, lower than the amount of loss shared for the same period in 2007 at HK\$11.9 million by HK\$0.8 million.

Coupling the benefit from the profits tax rate reduction from 17.5% to 16.5%, the unaudited profit attributable to the ordinary equity shareholders of the Company for the six months ended 30 June 2008 was HK\$36.7 million, an increase of HK\$2.9 million over the profit for the same period in 2007. Excluding the share of loss from DTTNCo, the profit from the core business for the six months ended 30 June 2008 was HK\$47.8 million, representing a profit increase of 5.3 %.

Basic earnings per ordinary share for the six months of 2008 increased by 8.8 % to HK cents 4.72 as compared to HK cents 4.34 for the same period in 2007.

LIQUIDITY AND FINANCIAL POSITION

As at 30 June 2008, the Group had total cash and bank deposits of HK\$367.7 million (31 December 2007: HK\$374.7 million). Total assets and net assets of the Group amounted to HK\$562.3 million (31 December 2007: HK\$568.6 million) and HK\$329.3 million (31 December 2007: HK\$339.8 million) respectively.

As at 30 June 2008, the Group had no borrowings (31 December 2007: Nil).

CAPITAL AND RESERVES

As at 30 June 2008, the capital and reserves attributable to the ordinary equity shareholders were HK\$329.3 million, which had decreased from the amount of HK\$339.8 million at the end of 2007 by HK\$10.5 million.

CHARGE ON ASSETS AND CONTINGENT LIABILITIES

As at 30 June 2008, the Group held two guarantees from The Hongkong & Shanghai Banking Corporation Limited in the aggregate amount of HK\$2.1 million as guarantee to the Government for due performance as stated in the GETS Agreements. The guarantee line facility was secured by a charge over deposit in the amount of HK\$2.1 million. The facility is subject to review on an annual basis.

The Group did not have any other charges on assets.

The Group has provided a bank guarantee amounted to HK\$1.2 million, in relation to a revolving credit facility granted to KAZ Computer Services Hongkong Limited, an associate of the Group. The guarantee is a continuing security and shall not be released or discharged until the expiration of six months after payment, discharge or satisfaction in full of the guaranteed liability.

CAPITAL COMMITMENTS

Capital commitments outstanding as at 30 June 2008 not provided for in the financial statements amounted to HK\$1.2 million (31 December 2007: HK\$2.7 million). They are in respect of platform hardware, software and computer equipment.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2008, the Group employed a work force of 241 (2007: 232). 238 employees work in Hong Kong and 3 employees are based in Beijing. The related staff costs for the six months ended 30 June 2008 totalled HK\$39.1 million (2007: HK\$37.8 million).

The Group's remuneration policy is that all employees are rewarded on the basis of the market salary levels. In addition to salaries, the Group provides staff benefits including medical insurance and contribution to staff's mandatory provident fund. To motivate and reward all levels of employees to achieve the Group's profit target, the Group has established a discretionary performance bonus scheme. Payment of discretionary performance bonus depends on the actual financial performance of the Group. The Group also operates two employee share option schemes to motivate employees' performance.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES AND RELATED HEDGES

As at 30 June 2008, the Group had no foreign exchange exposure and related hedges.

AUDIT COMMITTEE

The Audit Committee has reviewed the accounting policies adopted by the Group and the interim consolidated financial statements for the six months ended 30 June 2008.

The interim consolidated financial statements for the first six months of 2008 have not been audited but have been reviewed by the Company's external auditor, KPMG.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK cents 3.61 per share for the six months ended 30 June 2008 to shareholders whose names appear on the Register of Members of the Company on 25 September 2008. Dividend warrants will be dispatched on or around 9 October 2008. The 2008 interim dividend is same as that paid for the interim of 2007.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 25 September 2008 to 3 October 2008 both days inclusive during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfer of shares accompanied by share certificates and transfer forms must be lodged with the Company's Registrars, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 pm on 24 September 2008. Dividend warrants will be dispatched on or around 9 October 2008.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2008, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of its listed securities.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has always committed to a high standard of corporate governance practices. Great effort has been made to comply with the code provisions set out in the Code on Corporate Governance Practices (“CG Code”) contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong (the “Listing Rules”). In this regard, the Company has complied with all these provisions throughout the six months ended 30 June 2008.

PUBLICATION OF FINANCIAL INFORMATION

The interim report of the Group for the six months ended 30 June 2008 containing all the detailed information will be dispatched to shareholders and available at the Company’s website www.tradelink.com.hk in September 2008.

By Order of the Board
Tradelink Electronic Commerce Limited
LEE Nai Shee, Harry
Chairman

Hong Kong, 2 September 2008

As at the date of this announcement, the Board of Directors of the Company comprises the following Directors:

Non-executive Directors:

Dr. LEE Nai Shee, Harry, S.B.S., J.P. (*Chairman*)
Mr. CHAK Hubert
Mr. LAU Kam Kuen, David
Mr. LO Sze Wai, Albert
Mr. WEBB Lawrence
Mr. KIHM Lutz Hans Michael
Mr. IP Sing Chi

Executive Directors:

Mr. YUE Kwok Hung, Justin
Ms. CHUNG Shun Kwan, Emily

Independent Non-executive Directors:

Mr. HO Lap Kee, Sunny
Mr. YUEN Kam Ho, George
Mr. CHUNG Wai Kwok, Jimmy
Mr. WU Wai Chung, Michael