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## 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 2009

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 2009.

### CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	Note	Six months ended 30 June	
		2009 (HK\$'000)	2008 (HK\$'000)
<b>Turnover</b>	3	<b>92,835</b>	114,696
Interest income		<b>2,596</b>	6,567
Staff costs	5	<b>(39,954)</b>	(39,124)
Depreciation		<b>(7,594)</b>	(4,867)
Other operating expenses		<b>(22,585)</b>	(21,157)
<b>Profit from operations</b>		<b>25,298</b>	56,115
Share of results of associates		<b>(2,564)</b>	(11,077)
<b>Profit before taxation</b>	5	<b>22,734</b>	45,038
Taxation	6	<b>(5,014)</b>	(8,339)
<b>Profit for the period</b>		<b>17,720</b>	36,699
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>17,799</b>	36,699
Minority interests		<b>(79)</b>	-
<b>Profit for the period</b>		<b>17,720</b>	36,699
<b>Earnings per share</b>	8		
Basic		<b>HK cents 2.29</b>	HK cents 4.72
Diluted		<b>HK cents 2.29</b>	HK cents 4.71

Details of dividends payable to equity shareholders of the Company are set out in *Note 7*.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
(UNAUDITED)**

	<b>Six months ended 30 June</b>	
	<b>2009</b>	<b>2008</b>
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
<b>Profit for the period</b>	<b>17,720</b>	<b>36,699</b>
<b>Other comprehensive income for the period (after tax):</b>		
Exchange difference on translation of financial statements of a PRC associate	<b>496</b>	-
Available-for-sale securities: net movement in fair value reserve	<b>1,002</b>	-
<b>Total comprehensive income for the period</b>	<b>19,218</b>	<b>36,699</b>
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>19,297</b>	<b>36,699</b>
Minority interests	<b>(79)</b>	-
<b>Total comprehensive income for the period</b>	<b>19,218</b>	<b>36,699</b>

## CONSOLIDATED BALANCE SHEET (UNAUDITED)

	<i>Note</i>	As at 30 June 2009 Unaudited (HK\$'000)	As at 31 December 2008 Audited (HK\$'000)
<b>Non-current assets</b>			
Fixed assets		68,462	41,461
Interest in leasehold land held for own use under operating lease		5,413	5,484
Goodwill	9	9,976	-
Interest in associates	10	23,099	42,539
		<b>106,950</b>	89,484
<b>Current assets</b>			
Trade receivables	11	17,828	18,401
Other receivables and prepayments		13,968	14,876
Other financial assets	12	76,980	-
Deposits with bank		8,000	5,124
Cash and cash equivalents		307,416	434,359
		<b>424,192</b>	472,760
<b>Current liabilities</b>			
Trade creditors, accounts payable and other payables	13	216,048	220,046
Taxation		2,471	2,438
		<b>218,519</b>	222,484
<b>Net current assets</b>		<b>205,673</b>	250,276
<b>Total assets less current liabilities</b>		<b>312,623</b>	339,760
<b>Non-current liabilities</b>			
Provision for long service payments		2,220	2,282
Deferred taxation		873	718
		<b>3,093</b>	3,000
<b>NET ASSETS</b>		<b>309,530</b>	336,760
<b>Capital and Reserves</b>			
Share capital	14	155,661	155,661
Reserves		153,869	180,819
<b>Total equity attributable to equity shareholders of the Company</b>		<b>309,530</b>	336,480
Minority interests		-	280
<b>TOTAL EQUITY</b>		<b>309,530</b>	336,760

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	<i>Attributable to equity shareholders of the Company</i>					Minority interests (HK\$'000)	Total equity (HK\$'000)	
	<i>Note</i>	Share capital (HK\$'000)	Share premium (HK\$'000)	Capital reserve (HK\$'000)	Retained profits (HK\$'000)			Total (HK\$'000)
<b>As at 1 January 2008</b>		155,642	117,842	4,807	61,557	339,848	-	339,848
<b>Changes in equity for the six months ended 30 June 2008:</b>								
Dividends approved in respect of the previous year		-	-	-	(48,099)	(48,099)	-	(48,099)
Shares issued under share option scheme		19	165	(98)	-	86	-	86
Equity settled share-based transactions		-	-	791	-	791	-	791
Total comprehensive income for the period		-	-	-	36,699	36,699	-	36,699
<b>As at 30 June 2008 and 1 July 2008</b>		155,661	118,007	5,500	50,157	329,325	-	329,325
<b>Changes in equity for the six months ended 31 December 2008:</b>								
Equity settled share-based transactions		-	-	836	-	836	-	836
Equity contribution from minority shareholder		-	-	-	-	-	268	268
Total comprehensive income for the period		-	-	-	34,416	34,416	12	34,428
Dividends declared in respect of the current year	7	-	-	-	(28,097)	(28,097)	-	(28,097)
<b>As at 31 December 2008</b>		155,661	118,007	6,336	56,476	336,480	280	336,760

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) (CONTINUED)

	<i>Attributable to equity shareholders of the Company</i>										
	<i>Note</i>	Share capital <i>(HK\$'000)</i>	Share premium <i>(HK\$'000)</i>	Shares held for share award scheme <i>(HK\$'000)</i>	Capital reserve <i>(HK\$'000)</i>	Exchange reserve <i>(HK\$'000)</i>	Fair value reserve <i>(HK\$'000)</i>	Retained profits <i>(HK\$'000)</i>	Total <i>(HK\$'000)</i>	Minority interests <i>(HK\$'000)</i>	Total equity <i>(HK\$'000)</i>
<b>As at 1 January 2009</b>		155,661	118,007	-	6,336	-	-	56,476	336,480	280	336,760
<b>Changes in equity for the six months ended 30 June 2009:</b>											
Dividends approved in respect of the previous year		-	-	-	-	-	-	(42,962)	(42,962)	-	(42,962)
Equity settled share-based transactions		-	-	-	430	-	-	-	430	-	430
Changes in shares held for share award scheme	<i>14(b)</i>	-	-	(3,715)	-	-	-	-	(3,715)	-	(3,715)
Lapse of share options		-	-	-	(656)	-	-	656	-	-	-
Acquisition of minority interest	<i>9(b)</i>	-	-	-	-	-	-	-	-	(201)	(201)
Total comprehensive income for the period		-	-	-	-	496	1,002	17,799	19,297	(79)	19,218
<b>As at 30 June 2009</b>		155,661	118,007	(3,715)	6,110	496	1,002	31,969	309,530	-	309,530

## Notes:

### 1. Basis of preparation

The interim financial report has 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 interim financial report also complies 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 interim financial report are consistent with those used in preparing the Group’s annual financial statements for the year ended 31 December 2008, except for the changes set out in *Note 2*. The interim financial report should be read in conjunction with the annual financial statements for the year ended 31 December 2008.

The financial report for the six-month period ended 30 June 2009 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. Changes in accounting policies

The HKICPA has issued one new Hong Kong Financial Reporting Standard (“HKFRS”), a number of amendments to HKFRSs and new interpretations that are first effective for the current accounting period of the Group and the Company.

The key impact of these developments on the interim financial report is as follows:

- HKFRS 8 requires segment disclosures to be based on the way that the Group’s chief operation decision maker regards and manages the Group. The adoption of HKFRS 8 has resulted in the basis presentation of segment information in a manner that is more consistent with internal reporting provided to the Group’s most senior executive management, and has resulted in the Group continuous to be classified as one segment (see *Note 4*).
- As a result of the adoption of HKAS 1 (revised 2007), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

### 3. Turnover

The principal business of the Group 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	
	2009	2008
	(HK\$’000)	(HK\$’000)
Transaction and handling fees	81,670	102,651
Annual subscription and registration fees	8,443	8,726
Others	2,722	3,319
	<b>92,835</b>	<b>114,696</b>

#### 4. Segment reporting

In prior periods, segment information reported externally under HKAS 14, Segmental Reporting, was analysed on the basis of the types of services provided by the Group, and it had been concluded that the Group had been operating principally in a single business and geographical segment. As explained in Note 2, HKFRS 8 requires disclosures of operating segment information based on information reported to the Group's senior management for the purposes of resource allocation and performance assessment. From the perspective of the Group's senior management, it is considered that assessment of operating performance is focused on the Group as a whole, as all of the Group's activities are considered to be primarily dependant on the volume of trading activities in Hong Kong and are highly integrated and interdependent on each other. Resources are allocated based on what is beneficial for the Group rather than any specific department. Therefore, management considers the Group continuous to have one operating segment under the requirement of HKFRS 8.

#### 5. Profit before taxation

Profit before taxation is arrived at after charging:

	<b>Six months ended 30 June</b>	
	<b>2009</b>	<b>2008</b>
	<b>(HK\$'000)</b>	<b>(HK\$'000)</b>
<b>Staff costs, including directors' remuneration:</b>		
Contributions to defined contribution retirement plan	1,246	1,137
Equity settled share-based payment expenses		
- share options scheme	354	791
- share award scheme	76	-
Salaries, wages and other benefits	38,278	37,196
	<b>39,954</b>	<b>39,124</b>
<b>Other items:</b>		
Auditor's remuneration	415	392
Depreciation		
- assets held for use under operating lease	71	71
- other assets	7,523	4,796
Operating lease charges in respect of properties	854	555

#### 6. Taxation

	<b>Six months ended 30 June</b>	
	<b>2009</b>	<b>2008</b>
	<b>(HK\$'000)</b>	<b>(HK\$'000)</b>
Provision for Profits Tax for the period		
- Hong Kong	4,792	8,342
- overseas	68	-
	<b>4,860</b>	<b>8,342</b>
Deferred taxation	154	(3)
	<b>5,014</b>	<b>8,339</b>

The provision for Hong Kong Profits Tax for 2009 is calculated at 16.5% (2008:16.5%) of the estimated assessable profits for the period.

## 7. Dividend

	Six months ended 30 June	
	2009 (HK\$'000)	2007 (HK\$'000)
Interim dividend declared and paid after the interim period of HK cents 1.752 per share (2008: HK cents 3.61 per share)	<u>13,636</u>	<u>28,097</u>

## 8. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK\$17,799,000 (2008: HK\$36,699,000) and the weighted average of ordinary shares in issue during the period less shares held for share award scheme of 775,775,000 (2008: weighted average of shares in issue during the period of 778,276,000 shares).

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of HK\$17,799,000 (2008: HK\$36,699,000) and the weighted average number of 778,306,000 ordinary shares (2008: 778,662,000 shares), after adjusting for the effect of the potential dilution from ordinary shares issuable under the Company's share options schemes and share award scheme.

## 9. Acquisition of a subsidiary and minority interests

### (a) Acquisition of a subsidiary

On 26 March 2009, the Company purchased 58,740,000 ordinary shares in Digital Trade and Transportation Network Limited ("DTTNC"), previously an associate in which the Company already holds 56.57% equity interest prior to the acquisition, for a cash consideration of HK\$22,791,000. These newly acquired 58,740,000 ordinary shares represented the remaining 43.43% of all the issued and paid-up capital in DTTNC, and as such DTTNC became a wholly-owned subsidiary of the Company.

A goodwill of HK\$9,976,000 is recognised, which is attributable mainly to the technical expertise, intelligence property, and the synergies expected to be achieved from integrating DTTNC into the Group's existing business and customer base of DTTNC. The above analysis is provisional and amendments may be made to the goodwill amount in the period up to 12 months from the date of acquisition.

### (b) Acquisition of minority interest

In June 2009 the Group acquired an additional 49% interest in 天津貿易通科技有限公司 for RMB245,000 in cash, increasing its ownership from 51% to 100%.



## 10. Interest in associates

In December 2008, the Company acquired a 20% equity capital in Guangdong Nanfang Haiian Science & Technology Service Company Limited (“Nanfang”) at a consideration of RMB20 million. Goodwill of HK\$17,742,000 has been recognised on the acquisition of 20% interest in Nanfang based on the initial accounting for the acquisition. Amendments may be made to the goodwill amount in the period up to 12 months from the date of acquisition. Management is in the process of finalising the initial accounting for the acquisition; as such no amendment was made as to the carrying amount of the goodwill in respect of Nanfang.

During the period, Nanfang declared a dividend of RMB605,000 to the Company in respect of the profit for the year ended 31 December 2008.

There were no other changes in the particulars of associates during the period other than those mentioned above.

## 11. 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:

	<b>As at 30 June 2009 (HK\$'000)</b>	<b>As at 31 December 2008 (HK\$'000)</b>
Current	<b>17,172</b>	17,838
1 to 3 months overdue	<b>373</b>	482
More than 3 months overdue but less than 12 months overdue	<b>283</b>	81
	<b>17,828</b>	18,401

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

## 12. Other financial assets

The Group has purchased corporate note issued by Kowloon–Canton Railway Corporation (“KCRC”), which is listed on the Stock Exchange of Hong Kong Limited. The KCRC note is denominated in USD, with nominal amount of US\$9,600,000, term of 10 years ending in 2019, and coupon interest of 5.125% per annum. The corporate note was acquired at fair value of HK\$76,140,000. The Company designated the instrument as available-for-sale securities with fair value changes of HK\$1,002,000 recognised in equity.

### 13. Trade creditors, accounts payable and other payables

	As at 30 June 2009 (HK\$'000)	As at 31 December 2008 (HK\$'000)
Trade creditors (due on demand or within one month)	8,898	9,190
Customer deposits received	169,288	171,603
Accrued charges and other payables	37,862	39,253
	<b>216,048</b>	<b>220,046</b>

Customer deposits received are refundable on demand.

### 14. Capital and share award scheme

#### (a) Share capital

	Number of shares (in ' 000)	Amounts (HK\$'000)
<b>Authorised:</b>		
Ordinary shares of HK\$0.20 (2008: HK\$0.20) each		
As at 31 December 2008 and 30 June 2009	1,250,000	250,000
<b>Issued and fully paid:</b>		
As at 1 January 2008	778,210	155,642
Shares issued under share option scheme	96	19
As at 31 December 2008 / 1 January 2009	778,306	155,661
Shares issued under share option scheme	-	-
As at 30 June 2009	778,306	155,661

#### (b) Shares held for share award scheme

On 16 March 2009, the Board adopted a Share Award Scheme ("the Scheme") as a means of rewarding and retaining employees at the grade of assistant manager or above with the Group.

The shares awarded under the Scheme are acquired from the open market. The net consideration paid, including any directly attributable incremental costs, is presented as "Shares held for Share Award Scheme" and deducted from total equity. Equity settled share-based payment transactions under the Scheme follow the accounting policies of equity settled share-based payments as disclosed in the Group's annual financial statements for the year ended 31 December 2008.

During the period the Company acquired 5,432,000 Tradelink shares (30 June 2008: Nil) through purchases from the open market for the Share Award Scheme. The total amount paid to acquire the shares during the period was HK\$4,004,000 (six months ended 30 June 2008: Nil).

In accordance with the Scheme rules, awardees are not entitled to dividend declared prior to the award date. The amount of 2008 final dividend declared prior to the award date at the amount of HK\$290,000 after netting off the relevant handling fees was charged against the costs of shares held for share award scheme.

## EXTRACT FROM THE INDEPENDENT REVIEW REPORT

The Group's interim financial report for the six-month period ended 30 June 2009 has 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**

In respect of the interim financial report for the six-month period ended 30 June 2008, we qualified our review conclusion in our review report dated 2 September 2008 on the grounds of non-compliance with Hong Kong Accounting Standard 36 (HKAS 36), *Impairment of assets*, issued by the Hong Kong Institute of Certified Public Accountants. Specifically, although there were indications of possible impairment in the carrying value of long lived assets of an associate as at 30 June 2008, the recoverable amount of such long lived assets as at that date had not been estimated. Any impairment loss recognised against the carrying value of such long lived assets as at 30 June 2008 would have reduced the group's share of the results of the associate and hence the group's profit for the six-month period ended 30 June 2008. These income statement amounts are included uncorrected as comparative amounts in the interim financial report for the six months ended 30 June 2009. However, this issue has no impact on the comparative amounts in respect of the balance sheet, or the amounts reported in respect of the group's profit for the six month period ended 30 June 2009, as the matter was properly resolved in the preparation of the annual financial statements for the year ended 31 December 2008.

### **Qualified conclusion**

Based on our review, with the exception of the matter relating to the comparative amounts for the consolidated income statement in respect of the six-month period ended 30 June 2008 described in the preceding paragraph, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2009 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**

- In the first half of 2009, Tradelink's core business of providing GETS services experienced a decline of 18% compared to the same period in 2008, tracking by and large the economic downturn that Hong Kong experienced as a whole. Transaction volume picked up significantly in June 2009, which together with other economic indicators, would seem to suggest that the worst is over.

## **DTTNCo**

- In March 2009, Tradelink completed the buyout of DTTNCo's other shareholders, making DTTNCo a wholly-owned subsidiary of Tradelink. Since then, DTTNCo has undergone a series of restructuring to remove duplications between Tradelink and DTTNCo thereby resulting in reduction of annual operation costs of more than HK\$10 million.
- With regard to the local market for Digital Trade and Transportation Network ("DTTN"), DTTNCo continues to adopt the hub-and-spoke approach in recruiting and activating hub customers and their trading partners with value added applications where appropriate. Notwithstanding the slowing down of the global economy, DTTN business has been able to sustain a steady growth in the first half of 2009. The total number of transactions processed in the first half of 2009 grew by 25% compared to the same period last year.
- In respect of the China market, the Group is working with China International Electronic Commerce Centre ("CIECC"), an organisation under the Ministry of Commerce to provide a simple tool on CIECC's business portal for DTTN document creation and exchange between buyers and sellers after business matching on the portal. With this strategic partnership in China, it is believed that the project would provide a boost to increase the awareness and promote the usage of DTTN in China.
- On the solution front, the Group has developed a "DTTN gateway" solution which is a basic and low cost platform that can readily be deployed and operated locally. Through a link to the main DTTN platform in Hong Kong, the DTTN gateway can deliver the full DTTN functions and services to local enterprises and organizations. Discussions with several parties in China, including municipal governments are currently underway for the deployment of such DTTN solutions.

## **Digi-Sign**

- Digi-Sign Certification Services Limited ("Digi-Sign") continued to make steady progress. One area where Digi-Sign stands to acquire additional market share is in the provision of security solutions for online transactions for the financial services sector.

## **Preparing for the Future**

- In May 2009, Tradelink signed a Memorandum of Understanding with the Management Committee of Changsha Jinxia Economic Development Zone to explore the possibility of joint development of Hunan Jinxia Logistics Information Centre, which aims at promoting modern logistics development in the Hunan Region through the sharing of experience and adoption of DTTN. It is believed that the business co-operation will add value to the Group's business development in China and lay a solid foundation for the provision of diversified services to its customers in China.
- As for investment projects, in May 2009 Tradelink entered into a Memorandum of Understanding with Beijing Changdian Zhiyuan Guangdianzi Company with the intention of Tradelink investing RMB 50 million (around 25% shareholding) in this company which provides data centres, disaster recovery and business continuity services. As economy in the Mainland continues to grow, it is believed that there will be an increasing demand for such IT support services. Development of the phase 1 of the project will complete later this year.

- Another investment project which Tradelink is working on is for a 10% shareholding in a joint venture logistics park operation in the Pinggu area of Beijing. The project involves the setting up of an IT infrastructure to support the operations of the logistics park. With its experience, Tradelink is well positioned to provide the IT solution for the joint venture.

## **FINANCIAL REVIEW**

On 26 March 2009, the Company completed the acquisition of 43.43% of issued share capital of DTTNCo from the other shareholders at a total consideration of HK\$22.8 million, making DTTNCo a wholly-owned subsidiary of the Company. The Company adopted the equity accounting method to account for DTTNCo's pre-acquisition loss and shared the loss of DTTNCo. The post-acquisition financial results of DTTNCo were consolidated into the Group's financial statements.

Turnover for the six months ended 30 June 2009 was HK\$92.8 million, a decrease of 19.1 % over the same period in 2008. The decrease was attributed by the decline in the GETS services due to the slowdown of the global demand. Operating expenses (excluding depreciation) were HK\$62.5 million for the first half of 2009 as compared to HK\$60.3 million for the same period in 2008, increased by HK\$2.2 million due to the consolidation of the operating costs of DTTNCo in the Group's financial statement.

Depreciation charges for the first six months of 2009 amounted to HK\$7.6 million, representing HK\$2.7 million higher than the amount charged at HK\$4.9 million for the same period last year due to the consolidation of depreciation charge of DTTNCo.

For the six months ended 30 June 2009, profit from operations was HK\$25.3 million, a decrease of 54.9% as compared to HK\$56.1 million for the same period in 2008.

During the review period, the share of net results of associates was HK\$2.6 million of which the share of DTTNCo's pre-acquisition loss was \$2.8 million and the share of profit of an associate was \$0.2 million. The share of results of associates for the same period in 2008 was HK\$11.1 million, decreased by HK\$8.5 million.

The unaudited profit for the six months ended 30 June 2009 was HK\$17.7 million, a decrease of HK\$19.0 million over the profit for the same period in 2008. Profit attributable to equity shareholders of the Company for the six months ended 2009 amounted to HK\$17.8 million (2008: HK\$36.7 million).

Basic earnings per ordinary share for the six months of 2009 decreased by 51.5% to HK cents 2.29 as compared to HK cents 4.72 for the same period last year.

## **LIQUIDITY AND FINANCIAL POSITION**

As at 30 June 2009, the Group had total cash and bank deposits of HK\$315.4 million (31 December 2008: HK\$439.5 million). Total assets and net assets of the Group amounted to HK\$531.1 million (31 December 2008: HK\$562.2 million) and HK\$309.5 million (31 December 2008: HK\$336.8 million) respectively.

As at 30 June 2009, the Group had no borrowings (31 December 2008: Nil).

## **CAPITAL AND RESERVES**

As at 30 June 2009, the capital and reserves attributable to the ordinary equity shareholders were HK\$309.5 million, which had decreased from the amount of HK\$336.5 million at the end of 2008 by HK\$27.0 million.

## **CHARGES ON ASSETS AND CONTINGENT LIABILITIES**

As at 30 June 2009, the Group had obtained three bank guarantees and one performance bond from The Hongkong & Shanghai Banking Corporation Limited. Two of the guarantees, total at the amount of HK\$2.1 million, are provided to the Government for the due performance of the current GETS contract which will expire on 31 December 2009. The other guarantee at the amount of HK\$2.1 million, is provided to the Government for the award of the new GETS II Contract which will come to effect on 1 January 2010. The performance bond at the amount of HK\$0.6 million is provided to the Government for the award of the tender and the due performance of the call centre service of Road Cargo System (“ROCARS”). The bank guarantees and performance bond are secured by a charge over deposit in the amount of HK\$4.8 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 amounting 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 2009 not provided for in the financial statements amounted to HK\$4.4 million (31 December 2008: HK\$1.3 million). They are mainly in respect of hardware platform, software and computer equipment.

As at 30 June 2009, the Company entered into an agreement with business partners to establish a joint venture to develop and operate an e-logistics park in the Pinggu area of Beijing for the provision of electronic commerce and logistics solutions to enterprises in merchandise, retail, distribution, import/export, logistics and financial sectors in Beijing, Tianjin and the Hebei Province. The Company will invest RMB11.0 million to acquire 10% of equity capital of the joint venture.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 30 June 2009, the Group employed 284 staff (2008: 241). 280 staff worked in Hong Kong and 4 staff were based in Beijing. The related staff costs for the six months ended 30 June 2009 totaled HK\$40.0 million (2008: HK\$39.1 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 of staff performance, the Group has established a discretionary performance bonus scheme for general staff. The Company operates two share option schemes and a share award scheme to reward performance of employees at the assistant manager grade and above.

## **EXPOSURE TO FLUCTUATION IN EXCHANGE RATES AND RELATED HEDGES**

As at 30 June 2009, 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 2009.

The interim consolidated financial statements for the first six months of 2009 have not been audited but have been reviewed by the Company's external auditor, KPMG.

## **REMUNERATION COMMITTEE**

During the first six months of 2009, the Remuneration Committee met once to discuss and review, inter alia, the remuneration of the Directors and the senior management.

## **NOMINATION COMMITTEE**

During the six-month period ended 30 June 2009, the Nomination Committee met once to nominate and recommended for subsequent approval by shareholders at the Company's Annual General Meeting on 8 May 2009 the appointment and re-appointment of a total of 9 Directors.

## **INTERIM DIVIDEND**

The Board has resolved to declare an interim dividend of HK cents [1.752] per share for the six months ended 30 June 2009 to shareholders whose names appear on the Register of Members of the Company on 24 September 2009. Dividend warrants will be dispatched on or around 9 October 2009. Consistent with last year, the interim dividend payout ratio is [76.6%] of the Group's distributable profit attributable to shareholders.

## **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members will be closed from 25 September 2009 to 2 October 2009 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, 17<sup>th</sup> Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 pm on 24 September 2009. Dividend warrants will be dispatched on or around 9 October 2009.

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

During the six months ended 30 June 2009, 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 2009.

## **PUBLICATION OF FINANCIAL INFORMATION**

The interim report of the Group for the six months ended 30 June 2009 containing all the detailed information will be dispatched to Shareholders and available at the Company's website [www.tradelink.com.hk](http://www.tradelink.com.hk) in September 2009.

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

Hong Kong, 1 September 2009

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

### ***Non-executive Directors:***

Dr. LEE Nai Shee, Harry, S.B.S., J.P. (*Chairman*)  
Ms. CHAN Wai Yan, Ann  
Mr. IP Sing Chi  
Mr. KIHM Lutz Hans Michael  
Mr. LO Sze Wai, Albert  
Mr. WEBB Lawrence

### ***Executive Directors:***

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

### ***Independent Non-executive Directors:***

Mr. CHAK Hubert  
Mr. CHAU Tak Hay  
Mr. CHUNG Wai Kwok, Jimmy  
Mr. HO Lap Kee, Sunny  
Mr. YUEN Kam Ho, George