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**TRADELINK ELECTRONIC COMMERCE LIMITED**

**貿易通電子貿易有限公司**

**(the “Company”)**

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

**(Stock Code: 536)**

**Connected Transaction  
and  
Continuing Connected Transaction**

Reference is made to the Company’s announcement dated 11 December 2008 in relation to its success in bidding the tender for the provision of call centre services for a period of 5 years for the implementation of the Road Cargo System of the Government.

The Board announces that on 17 December 2008, the Company entered into the ROCARS Contract with the Government (as represented by The Director of Government Logistic) pursuant to which the Company has agreed to set up a call centre for the Customs and Excise Department of the Government and provide call centre services for the Road Cargo System.

The setting up of a call centre and the provision of call centre services are and will be conducted in the ordinary and usual course of business of the Company and on normal commercial terms. The Directors, including the independent non-executive Directors, are of the view that both the setting up of a call centre and the provision of call centre services are on normal commercial terms and the terms of the ROCARS Contract (including the considerations i.e. HK\$2,542,000 for the setting up of the call centre and the estimated annual total service charges receivable by the Company from the Government for the provision of call centre services during the continuance of the ROCARS Contract) are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

As at the date of this announcement, FSI is a substantial shareholder of the Company, holding approximately 12.30% of the entire issued share capital of the Company. As FSI is a wholly-owned entity of the Government, the Government is therefore a connected party of the Company under Chapter 14A

of the Listing Rules. As a result, the setting up of a call centre on a one-off basis under the ROCARS Contract will constitute a connected transaction (the “**Connected Transaction**”) while provision of call centre services on a continuing or recurring basis over a period of time will constitute a continuing connected transaction (the “**Continuing Connected Transaction**”) under the Listing Rules.

As the Percentage Ratios calculated in accordance with Chapter 14 of the Listing Rules for the Connected Transaction and the Continuing Connected Transaction will be less than 2.5%, therefore both the Connected Transaction and the Continuing Connected Transaction will only be subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules and will be exempt from the independent shareholders’ approval requirements under Rule 14A.48 of the Listing Rules.

### **The ROCARS Contract**

Date:	17 December 2008
Parties:	The Government and the Company
Nature of Transactions:	Setting up a call centre and providing call centre services for the Road Cargo System of the Customs and Excise Department of the Government.
Term:	Five years commencing from the production rollout of the ROCARS originally scheduled for September 2009.
Considerations:	(a) Connected Transaction: HK\$2,542,000 by two instalments (b) Continuing Connected Transaction: service charge per call multiplied by the number of calls subject to the Annual Cap.

### **Annual Cap**

Pursuant to the ROCARS Contract, the total service charge receivable by the Company per annum during the term of the ROCARS Contract will not exceed the amounts set out below:

On the basis of Government’s estimated call volume to be handled by the Company of the call centre services set out in the tender document, the annual

Cap of service charges to be derived from the ROCARS Contract throughout the 5-year term are calculated as below:

	2009 (4 months)	2010	2011	2012	2013	2014 (8 months)
	HK\$000	HK\$000	HK\$000	HK\$000	HK\$000	HK\$000
Initial set-up costs (I)	2,033.60	508.40	-	-	-	-
(II) x 4 months	35.00	-	-	-	-	-
(II) x 12 months	-	2,025.20	5,465.00	5,623.20	5,876.00	-
(II) x 8 Months	-	-	-	-	-	4,254.40
Projected Annual Revenue	2,068.60	2,533.60	5,465.00	5,623.20	5,876.00	4,254.40
<b>Annual Cap</b>	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00

The Annual Cap for the Continuing Connected Transaction is set by the Board on the basis of the highest projected annual revenue by reference to the Government's estimated call volume to be handled by the Company of the call centre services set out in the tender document. The Directors, including the independent non-executive Directors, are of the view that the Annual Cap is fair and reasonable.

The ROCARS Contract was awarded to the Company as the result of a tender launched by the Customs and Excise Department of the Government in April 2008. Pursuant to the tender documents of the ROCARS Contract, the contract duration of the ROCARS Contract, which is of a term of five years, was one of the offering terms which formed part of the tender. All interested bidders would be subject to the same set of terms and conditions as stated in the tendering documents which are not negotiable with the Government. Given that the term of the ROCARS Contract is in excess of three years, Optima Capital Limited (the "IFA") has been appointed as the independent financial adviser to the Company to advise on the duration of the ROCARS Contract. In assessing its opinion with regard to whether a term in excess of three years is in line with the normal business practice of the industry in Hong Kong, apart from reviewing the terms and conditions of the ROCARS Contract and its related tender documents, the IFA has sought to examine other similar tender notices issued by the Government. Moreover, as stated in this announcement, the Company has been providing Government Electronic Trading Services ("GETS") to the trade and logistics communities for

processing certain official trade-related documents including the call centre services. The contract for the GETS, similar to that of the ROCARS Contract, was awarded to the Company by the Government through open tendering process in 2002 for a term of five years commencing from 2004 to 2008, which has been extended for a further term of one year ending on 31 December 2009. In view of the term of the ROCARS Contract is in line with the range of the contract duration of other tenders launched by certain other departments of the Government and taking into the account the fact that the Company has been providing similar services to support the GETS for a contract term of more than three years, the IFA considered that the duration of the ROCARS Contract, which is a term of five years commencing from the production rollout of the ROCARS originally scheduled for September 2009, is of normal business practice for contracts of this type to be of such duration and it is in the interests of the Company and its shareholders as a whole to enter into the ROCARS Contract for such duration.

### **Reasons for the Connected Transaction and the Continuing Connected Transaction**

As part of the obligations under the GETS contract, the Company has also been providing call centre services to the trade and logistics communities for supporting GETS Customers using its established technical and operation infrastructure and facilities. The Company can leverage such infrastructure, facilities and resources which are expandable in a scalable manner to provide the services under the ROCARS Contract cost effectively maximizing its resources and bringing in new revenue for the Company.

The Connected Transaction and the Continuing Connected Transaction are and will be conducted in the ordinary and usual course of business of the Company and on normal commercial terms. The Directors, including the independent non-executive Directors, are of the view that both the setting up of a call centre and the provision of call centre services are on normal commercial terms and the terms of the ROCARS Contract (including the considerations i.e. HK\$2,542,000 for the setting up of the call centre and the estimated annual total service charges receivable by the Company for the provision of call centre services during the continuance of the ROCARS Contract) are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

### **Requirements under the Listing Rules**

As at the date of this announcement, FSI is a substantial shareholder of the Company, holding approximately 12.30% of the entire issued share capital of the Company. As FSI is a wholly-owned entity of the Government, the

Government is therefore a connected party of the Company under Chapter 14A of the Listing Rules. As a result, the setting up of a call centre on a one-off basis under the ROCARS Contract will constitute a connected transaction while provision of call centre services on a continuing or recurring basis over a period of time will constitute a continuing connected transaction under the Listing Rules.

As the Percentage Ratios calculated in accordance with Chapter 14 of the Listing Rules for the Connected Transaction and the Continuing Connected Transaction will be less than 2.5% respectively, therefore both the Connected Transaction and the Continuing Connected Transaction will only be subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules and will be exempt from the independent shareholders' approval requirements under Rule 14A.48 of the Listing Rules.

## **General**

The Company is principally engaged in the provision of trade-related electronic services for both Hong Kong and international business communities.

## **Definitions**

In this announcement, unless otherwise indicated in the context, the following expressions have the meanings set out below:

“Annual Cap”	the expected maximum amount of service charge receivable by the Company from the Government per annum during the term of the ROCARS Contract;
“Board”	the board of directors of the Company;
“Company”	Tradelink Electronic Commerce Limited
“FSI”	The Financial Secretary Incorporated of the Government;
“Directors”	the directors of the Company;
“Government”	The Government of Hong Kong;
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China;

“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange;
“Percentage Ratios”	the percentage ratios, other than the profit ratio, under Rule 14.07 of the Listing Rules;
“ROCARS”	the Road Cargo System to be implemented by the Customs and Excise Department of the Government.
“Road Cargo System”	an electronic advance cargo information system to be implemented and used by the Customs and Excise Department of the Government for customs clearance of cargoes entering and leaving Hong Kong by trucks at the land boundary control points.
“ROCARS Contract”	the contract dated 17 December 2008 and entered into between the Company and the Government relating to the setting up of a call centre and the provision of call centre services by the Company for the Road Cargo System;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“%”	per cent; and
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong.

By order of the Board  
Tradelink Electronic Commerce Limited  
YUE Kwok Hung, Justin  
Executive Director and CEO

Hong Kong, 24 December 2008

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

*Non-executive Directors:*

*Executive Directors:*

Dr. LEE Nai Shee, Harry, S.B.S., J.P. Mr. YUE Kwok Hung, Justin

*(Chairman)*

Mr. CHAK Hubert

Mr. LO Sze Wai, Albert

Mr. WEBB Lawrence

Mr. KIHM Lutz Hans Michael

Mr. IP Sing Chi

Ms. CHAN Wai Yan, Ann

Ms. CHUNG Shun Kwan

*Independent Non-executive*

*Directors:*

Mr. HO Lap Kee, Sunny

Mr. YUEN Kam Ho, George

Mr. CHUNG Wai Kwok, Jimmy

Mr. WU Wai Chung, Michael