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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 FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2009

The Board of Directors (the “Board”) of Tradelink Electronic Commerce Limited (“Tradelink” or the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2009.

FINANCIAL HIGHLIGHTS

	<i>Note</i>	Year ended 31 December 2009 (HK\$'000)	Year ended 31 December 2008 (HK\$'000)
Turnover	3	199,225	232,605
Profit from operations		58,598	110,199
Profit for the year		45,032	71,127
Attributable to:			
Equity shareholders of the Company		45,111	71,115
Minority interests		(79)	12
Total assets		549,794	562,244
Net assets		322,854	336,760
Dividend per share	7		
Interim		HK cents 1.752	HK cents 3.61
Proposed final		HK cents 4.0	HK cents 5.52
Earnings per share	8		
Basic		HK cents 5.8	HK cents 9.1
Diluted		HK cents 5.8	HK cents 9.1
Issued and fully paid ordinary shares (in '000)			
As at 31 December		778,306	778,306
Weighted average number of ordinary shares (basic) outstanding as at 31 December		773,681	778,276

CONSOLIDATED INCOME STATEMENT*For the year ended 31 December 2009*

	<i>Note</i>	2009 (HK\$'000)	2008 (HK\$'000)
Turnover	3	199,225	232,605
Interest income		5,937	12,681
Staff costs		(82,334)	(80,639)
Depreciation		(18,656)	(9,383)
Other operating expenses		(45,574)	(45,065)
Profit from operations		58,598	110,199
Share of results of associates		(2,037)	(22,222)
Profit before taxation	5	56,561	87,977
Taxation	6	(11,529)	(16,850)
Profit for the year		45,032	71,127
Attributable to:			
Equity shareholders of the Company		45,111	71,115
Minority interests		(79)	12
Profit for the year		45,032	71,127
Earnings per share	8		
Basic		HK cents 5.8	HK cents 9.1
Diluted		HK cents 5.8	HK cents 9.1

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*For the year ended 31 December 2009*

	2009 <i>(HK\$'000)</i>	2008 <i>(HK\$'000)</i>
Profit for the year	45,032	71,127
Other comprehensive income for the year (after tax):		
Exchange difference on translation of financial statements of an overseas associate	529	–
Available-for-sale securities: net movement in fair value reserve	<u>1,731</u>	<u>–</u>
Total comprehensive income for the year	<u>47,292</u>	<u>71,127</u>
Attributable to:		
Equity shareholders of the Company	47,371	71,115
Minority interests	<u>(79)</u>	<u>12</u>
Total comprehensive income for the year	<u>47,292</u>	<u>71,127</u>

CONSOLIDATED BALANCE SHEET*As at 31 December 2009*

	<i>Note</i>	2009 (HK\$'000)	2008 (HK\$'000)
Non-current assets			
Fixed assets		59,657	41,461
Interest in leasehold land held for own use under operating lease		5,342	5,484
Goodwill	<i>9(a)</i>	9,976	–
Interest in associates	<i>10</i>	23,659	42,539
		98,634	89,484
Current assets			
Trade receivables	<i>12</i>	22,503	18,401
Other receivables and prepayments		28,913	14,876
Other financial assets	<i>11</i>	147,373	–
Deposits with bank		5,000	5,124
Cash and cash equivalents		247,371	434,359
		451,160	472,760
Current liabilities			
Trade creditors, accounts payable and other payables	<i>13</i>	220,096	220,046
Taxation		3,867	2,438
		223,963	222,484
Net current assets		227,197	250,276
Total assets less current liabilities		325,831	339,760
Non-current liabilities			
Provision for long service payments		2,405	2,282
Deferred taxation		572	718
		2,977	3,000
NET ASSETS		322,854	336,760
Capital and Reserves			
Share capital	<i>14</i>	155,661	155,661
Reserves		167,193	180,819
Total equity attributable to equity shareholders of the Company		322,854	336,480
Minority interests		–	280
TOTAL EQUITY		322,854	336,760

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2009

	Attributable to equity shareholders of the Company										
	Note	Share capital (HK\$'000)	Share premium (HK\$'000)	Shares held for Share Award Scheme (HK\$'000)	Capital reserve (HK\$'000)	Exchange reserve (HK\$'000)	Fair value reserve (HK\$'000)	Retained profits (HK\$'000)	Total (HK\$'000)	Minority interests (HK\$'000)	Total equity (HK\$'000)
As at 1 January 2008		155,642	117,842	-	4,807	-	-	61,557	339,848	-	339,848
Changes in equity for 2008:											
Dividends approved in respect of the previous year		-	-	-	-	-	-	(48,099)	(48,099)	-	(48,099)
Shares issued under share option schemes		19	165	-	(98)	-	-	-	86	-	86
Equity settled share-based transactions		-	-	-	1,627	-	-	-	1,627	-	1,627
Equity contribution from minority shareholder		-	-	-	-	-	-	-	-	268	268
Total comprehensive income for the year		-	-	-	-	-	-	71,115	71,115	12	71,127
Dividends declared in respect of the current year	7	-	-	-	-	-	-	(28,097)	(28,097)	-	(28,097)
As at 31 December 2008 and 1 January 2009		155,661	118,007	-	6,336	-	-	56,476	336,480	280	336,760
Changes in equity for 2009:											
Dividends approved in respect of the previous year	7	-	-	-	-	-	-	(42,962)	(42,962)	-	(42,962)
Equity settled share-based transactions		-	-	-	990	-	-	-	990	-	990
Changes in shares held for share award scheme	15	-	-	(5,389)	-	-	-	-	(5,389)	-	(5,389)
Lapse of share options		-	-	-	(1,048)	-	-	1,048	-	-	-
Acquisition of minority interests	9(b)	-	-	-	-	-	-	-	-	(201)	(201)
Total comprehensive income for the year		-	-	-	-	529	1,731	45,111	47,371	(79)	47,292
Dividends declared in respect of the current year	7	-	-	-	-	-	-	(13,636)	(13,636)	-	(13,636)
As at 31 December 2009		155,661	118,007	(5,389)	6,278	529	1,731	46,037	322,854	-	322,854

Notes:

1. Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited (“the SEHK”).

The consolidated financial statements for the year ended 31 December 2009, comprise the Group and the Group’s interest in associates.

The measurement basis used in the preparation of the financial statements is the historical cost basis, except for available-for-sale securities, which are stated at their fair value (*Note 11*).

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2. Changes in accounting policies

The HKICPA has issued one new 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 financial statements 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 year 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 year, 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.

- As a result of the adoption of the amendments to HKFRS 7, the financial statements include expanded disclosures about the fair value measurement of the Group's financial instruments, categorising these fair value measurements into a three-level fair value hierarchy according to the extent to which they are based on observable market data. The Group has taken advantage of the transitional provisions set out in the amendments to HKFRS 7, under which comparative information for the newly required disclosures about the fair value measurements of financial instruments has not been provided.

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 year is as follows:

	2009 (HK\$'000)	2008 (HK\$'000)
Transaction and handling fees	175,152	206,939
Annual subscription and registration fees	16,691	17,263
Others	<u>7,382</u>	<u>8,403</u>
	<u>199,225</u>	<u>232,605</u>

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 depending 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 particular 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:

	2009 (HK\$'000)	2008 (HK\$'000)
Staff costs, including directors' remuneration:		
Salaries, wages and other benefits	78,870	76,817
Contributions to defined contribution retirement plan	2,474	2,195
Equity-settled share-based payment expenses		
– share option schemes	533	1,627
– share award scheme	457	–
	<u>82,334</u>	<u>80,639</u>
Other items:		
Auditors' remuneration	702	658
Depreciation		
– assets held for use under operating lease	142	142
– other assets	18,514	9,241
Operating lease charges in respect of properties	1,926	1,127
Net foreign exchange loss	47	876

6. Taxation

	2009 (HK\$'000)	2008 (HK\$'000)
Provision for Hong Kong Profits Tax for the year	11,629	17,138
Provision for overseas tax for the year	68	–
Over-provision in respect of prior years	(22)	(52)
Deferred taxation	(146)	(181)
Effect on deferred tax balances as at 1 January resulting from a change in tax rate	–	(55)
	<u>11,529</u>	<u>16,850</u>

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

7. Dividends

	2009 (HK\$'000)	2008 (HK\$'000)
Interim	13,636	28,097
Proposed final	31,132	42,962
	<u>44,768</u>	<u>71,059</u>

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

8. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK\$45,111,000 (2008: HK\$71,115,000) and the weighted average number of 773,681,000 ordinary shares (2008: 778,276,000 shares) in issue during the year less shares held for share award scheme.

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK\$45,111,000 (2008: HK\$71,115,000) and the weighted average number of ordinary shares of 778,306,000 (2008: 778,276,000 shares) after adjusting for the effect of the potential dilution from ordinary shares issuable under the Company's share option 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 held a 56.57% equity interest prior to the acquisition, for a cash consideration of HK\$22,791,000. These newly acquired 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, intellectual property, and the synergies expected to be achieved from integrating DTTNC into the Group's existing business and customer base. 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 interests

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 Haian Science & Technology Service Company Limited ("Nanfang") at a consideration of RMB20 million. Goodwill of HK\$17,742,000 was recognised on the acquisition of 20% interest in Nanfang based on the initial accounting for the acquisition.

In December 2009, the Group finalised the detailed fair value assessment of all the assets and liabilities acquired and assumed as part of its acquisition of interest in Nanfang. In accordance with HKFRS 3, Business Combination, the goodwill originally recognised and reported with respect to the acquisition of Nanfang has been adjusted to offset the differences identified between the final assessed values of Nanfang's identifiable assets and liabilities and the provisional values of these assets and liabilities that had previously been reported in the financial statements for the year ended 31 December 2008. The final assessment has resulted in the goodwill as at 31 December 2008 being revised from HK\$17,742,000 to HK\$8,464,000.

11. Other financial assets

	2009 (HK\$'000)	2008 (HK\$'000)
Current		
Available-for-sale securities carried at fair value		
– listed in Hong Kong	76,858	–
– listed outside Hong Kong	70,515	–
	<u>147,373</u>	<u>–</u>

As at 31 December, the Group held corporate bonds and designated the instruments as available-for-sale securities with fair value changes recognised in equity.

12. 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:

	2009 (HK\$'000)	2008 (HK\$'000)
Current	21,872	17,838
1 to 3 months overdue	475	482
More than 3 months overdue but less than 12 months overdue	156	81
	<u>22,503</u>	<u>18,401</u>

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

13. Trade creditors, accounts payable and other payables

	2009 (HK\$'000)	2008 (HK\$'000)
Trade creditors (due on demand or within one month)	11,528	9,190
Customer deposits received	168,509	171,603
Accrued charges and other payables	40,059	39,253
	<u>220,096</u>	<u>220,046</u>

Customer deposits received are refundable on demand.

14. Share capital

	2009		2008	
	Number of shares (in '000)	Amounts (HK\$'000)	Number of shares (in '000)	Amounts (HK\$'000)
Authorised:				
Ordinary shares of HK\$0.20 (2008: HK\$0.20) each	1,250,000	250,000	1,250,000	250,000
Ordinary shares, issued and fully paid:				
As at 1 January	778,306	155,661	778,210	155,642
Shares issued under share option schemes	–	–	96	19
As at 31 December	778,306	155,661	778,306	155,661

15. 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 within the Group and to encourage employees to have, through the award of the Company’s shares under the Scheme, a direct financial interest in the long term success of the Company.

During the year, the Company acquired from the open market through the trustee a total of 7,432,000 ordinary shares of the Company at a total cash consideration of approximately HK\$5,746,000.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Tradelink

As we stated in the 2009 Interim Report, the Group’s core business of providing front-end Government Electronic Trading Services (“GETS”) fell by 18% in the first half of 2009. This narrowed in the second half of the year to 9%, resulting in an overall drop in 2009 of 13% when compared to 2008.

In compliance with the terms of the new GETS contract (2010–2016), Tradelink successfully developed the necessary enhancements to its computer platform. The enhanced platform was rolled out on 1 January 2010 in accordance with the requirements of the new GETS contract.

Pursuant to the contract awarded by the Government to set up and provide call centre services for the Road Cargo System (“ROCARS”) for the Customs & Excise Department, Tradelink officially started operations of the call centre services in mid January 2010.

DTTNC

As mentioned in the Interim Report, Digital Trade and Transportation Network Limited (“DTTNC”) became a wholly-owned subsidiary of Tradelink with effect from March 2009 after we completed the buyout of the other DTTNC shareholders. Acquisition of DTTNC has enabled us to achieve significant operational costs saving by integrating the business and operations of the two companies and removing duplicated resources. The work in relation to integrating DTTNC and Tradelink’s main platform has commenced but will take some two years to complete. Only upon full integration of the two platforms will significant savings in relation to the repairs and maintenance costs be achieved. Meanwhile, marketing of the combined services began in earnest since the fall of 2009.

The value propositions of the acquisition to our customers are that our services have been greatly enhanced because of our ability to offer total solutions with value-adding business applications to meet specific customer requirements. As a result, we are gaining easier and wider customer acceptance of our bundled solution offerings to them. One example of this is our ability to offer a renowned electrical products manufacturer with global operations our Trader Documentation Service (“TDS”) to fully automate its shipping and delivery processes with its freight forwarders and factories in Hong Kong and the Mainland through the Digital Trade and Transportation Network (“DTTN”) platform. The next phase of the project will include the automation of its sales processes and the establishment of an integrated connection with its sales offices in Europe for document exchanges.

In addition to marketing our new combined Tradelink/DTTN platform to new clients, we have begun to re-visit customers of the old DTTN company to see how we could better serve their needs. With our current ability to provide bundled applications, we have had a number of major success cases involving either re-activating dormant customers or expanding the project scope of active customers to support new business processes and/or to expand business processes with new partners. We are confident that the acquisition of DTTNC will bring long term benefits to Tradelink.

Digi-Sign

Digi-Sign Certification Services Limited (“Digi-Sign”) has made encouraging progress during 2009. As mentioned in our Interim Report, Digi-Sign has been actively working with the financial services sector to provide security solutions for online banking transactions which fully comply with the guidelines of the Hong Kong Monetary Authority. Digi-Sign offers financial institutions one of few viable security solution mechanisms which can effectively combat fraud cases arising from the security loophole on the internet. The solution has now been successfully deployed by a number of major banks for use by their corporate online banking customers. We are working actively with these institutions to extend such solutions to their e-banking retail customers.

Investments Projects

Following the signing of the Memorandum of Understanding with Beijing Changdian Zhiyuan Optoelectronic Company Limited (“Changdian”) in May 2009, Tradelink entered into an agreement in September 2009 with the three existing shareholders of Changdian for the subscription of 25.17% of the equity capital of Changdian. Completion of Tradelink’s capital injection is pending fulfillment of the conditions precedent set out in the agreement.

As regards our investment in a joint venture logistics park in the Pinggu area of Beijing, Tradelink and the joint venture partners are in the process of finalising the acquisition of approximately 10% of the shareholding of the joint venture. Aside from the investment front, the Pinggu District Government appointed Tradelink to develop the IT platform to automate the day to day operations of the logistics park as well as a range of Business-to-Government and Business-to-Business services. The platform was completed and delivered to the Pinggu District Government in December 2009. Discussion regarding appointing Tradelink to develop Phase 2 of the IT platform is nearing completion.

Financial Review

Following completion of the acquisition of DTTNCo in March 2009, making DTTNCo a wholly-owned subsidiary of the Company, the Company adopted the equity accounting method to share the pre-acquisition loss of DTTNCo whilst the post-acquisition financial results of DTTNCo were consolidated into the Group’s financial statements.

Throughout the year of 2009, the Company maintained a customer base of 54,000 customers. The Group’s turnover for the first half of 2009 recorded a decline of 19.1% over the same period in 2008. With the gradual recovery of the global economy, the decline in the second half of 2009 reduced to 9.8% over the same period of 2008. As a result, the Group’s overall turnover for 2009 dropped by 14.4% to HK\$199.2 million. Operating expenses before depreciation rose by 1.8% to HK\$127.9 million in 2009 due to the consolidation of the operating costs of DTTNCo into the Group’s financial results.

Depreciation charges for 2009 amounted to HK\$18.7 million, HK\$9.3 million higher than in 2008 due to the consolidation of the depreciation charges of DTTNCo.

Profit from operations for 2009 was HK\$58.6 million, a decrease of 46.8% as compared to HK\$110.2 million in 2008.

For the year, the share of net loss of associates was HK\$2.0 million, which included the share of DTTNCo’s pre-acquisition loss of HK\$2.8 million and the share of profit of an associate at HK\$0.8 million. As compared to 2008, this represents a significant reduction of HK\$20.2 million.

Net profit for the Group in 2009 decreased by 36.7% to HK\$45.0 million, whilst profit attributable to the equity shareholders of the Company was HK\$45.1 million.

Basic earnings per ordinary share decreased from HK cents 9.1 in 2008 to HK cents 5.8 in 2009.

Liquidity and Financial Position

As at 31 December 2009, the Group had total cash and bank deposits of HK\$252.4 million (31 December 2008: HK\$439.5 million). During the year, the Group invested in corporate bonds/notes which were treated as available-for-sale securities at the market value of HK\$147.4 million on the balance sheet date. Total assets and net assets of the Group amounted to HK\$549.8 million (31 December 2008: HK\$562.2 million) and HK\$322.9 million (31 December 2008: HK\$336.8 million) respectively.

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

Capital and Reserves

As at 31 December 2009, the capital and reserves attributable to the ordinary equity shareholders were HK\$322.9 million, a decrease of HK\$13.6 million from the amount as at the end of 2008.

Charges on Assets and Contingent Liabilities

As at 31 December 2009, the Group had three bank guarantees and one performance bond from The Hongkong & Shanghai Banking Corporation Limited.

Two of the guarantees, totalling HK\$2.1 million, are provided to the Government for the due performance of the GETS contract which expired on 31 December 2009. In accordance with the terms and conditions of the GETS contract, the guarantees remain in full force and effect and irrevocable until (a) the date falling four months after the expiry of the GETS contract; or (b) the date on which all the obligations and liabilities of the Contractor (i.e. the Company) under the GETS contract have been duly carried out, completed and discharged in accordance with the GETS contract, whichever is the later.

The other guarantee, at the amount of HK\$2.1 million, is provided to the Government for the award of the new GETS contract which came into 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 under ROCARS.

The bank guarantees and performance bond are secured by a charge over deposits in the amount of HK\$4.8 million. These are subject to review on an annual basis.

The Group did not have any other charges on its assets.

The Group has provided a bank guarantee at the amount of HK\$1.2 million, in respect of a revolving credit facility granted to Telstra Technology Services (Hong Kong) Limited (formerly known as KAZ Computer Services Hongkong Limited), an associate of the Group. The guarantee is a continuing security and may 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 31 December 2009 not provided for in the financial statements amounted to HK\$6.5 million (31 December 2008: HK\$1.3 million). They are mainly in respect of the Group's hardware platform, software and computer equipment.

During the year, the Company entered into agreements with the existing shareholders of Changdian in Beijing to subscribe for 25.17% equity capital of Changdian for a cash consideration of RMB50.0 million. Changdian is undergoing a restructuring exercise to undertake a new business project involving the provision of data centres, disaster recovery and business continuity services. As at 31 December 2009, completion of the Group's capital injection is pending the successful application for the business licence and foreign exchange approval from the appropriate administrations of the PRC Government.

Employees and Remuneration Policy

As at 31 December 2009, the Group employed 287 staff (2008: 278), 283 of whom work in Hong Kong and 4 are based in Beijing. The related staff costs for the year amounted to HK\$82.3 million (2008: HK\$80.6 million).

The Group's remuneration policy is to reward all employees on the basis of market 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 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 31 December 2009, the Group had no foreign exchange exposure and related hedges.

Audit Committee

The Company's Audit Committee has reviewed the accounting policies adopted by the Group and the consolidated financial statements for the year ended 31 December 2009.

Dividend

The Board has recommended payment of a final dividend of HK cents 4.0 per share (2008: HK cents 5.52 per share) for the year ended 31 December 2009 to shareholders subject to the approval of shareholders of the Company at the forthcoming annual general meeting. The final dividend will be paid to shareholders whose names appear on the Register of Members of the Company on 4 May 2010, on or about 19 May 2010.

On 9 October 2009, the Company paid an interim dividend of HK cents 1.752 per share (2008: HK cents 3.61 per share) to shareholders. The total amount of 2009 interim dividend paid and 2009 final dividend payable is 100% of the Group's profit attributable to shareholders for 2009.

The Board would like to draw the attention of shareholders to the Company's dividend policy. This policy, enunciated at the time of the Company's IPO in 2005, is that the Company will pay no less than 60% of its distributable profit as dividend. The fact that the Company has paid out 100% of its distributable profit over the last four years does not mean that the dividend policy has changed.

Closure of Register of Members

The Register of Members will be closed from 4 May to 7 May 2010 both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend, all transfer of shares accompanied by share certificates and transfer forms must be lodged with the Company's Registrar, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 pm on 3 May 2010.

Purchase, Sale or Redemption of the Company's Listed Securities

During the year except for shares purchased under the Share Award Scheme mentioned in *Note 15* above, 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 is committed to maintaining a high standard of corporate governance. It continuously ensures its operations comply with the provisions set out in the Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 of the Listing Rules on the SEHK.

The Board of Directors and Management are dedicated to operating a sound and effective system of internal control and risk management to safeguard shareholders' investment and the Company's assets.

As part of its on-going effort, during the year, the Company continued to assess its internal control system taking reference from the internal control framework laid down by COSO (The Committee of Sponsoring Organisations of the Treadway Commission, 1994). Efforts were made to assess the Company's internal control system against five elements, namely control environment, risk assessment, control activities, communication and monitoring. In addition, the Company also carried out a high-level risk assessment review. Conducted in the form of a self-risk assessment completed by relevant department heads and supplemented by some high-level and independent risk control tests conducted by the Company's Internal Audit Department, the review covered the Company's operations in Hong Kong and associated key processes and sub-processes grouped under areas including strategic management, core business process and resources management.

Based on the results of the above assessment and review, the Board is satisfied that the internal control and risk management system of the Company is adequate and effective. The Company will continue to emphasise the need for good corporate governance and maintain an effective internal control and risk management system for the Company in the years to come.

Publication of Financial Information

The annual report of the Group for the year ended 31 December 2009 containing all the detailed information will be dispatched to shareholders and available at the Company's website www.tradelink.com.hk in April 2010.

Annual General Meeting

It is proposed that the Annual General Meeting of the Company be held on 7 May 2010. Notice of the Annual General Meeting will be published and issued to shareholders in due course.

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

Hong Kong, 23 March 2010

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*)
Ms. CHAN Wai Yan, Ann
Mr. IP Sing Chi, Eric
Mr. KIHM Lutz Hans, Michael
Mr. LO Sze Wai, Albert
Mr. WEBB Lawrence
Mr. YUE Kwok Hung, Justin

Executive Directors:

Mr. WU Wai Chung, Michael
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