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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 1 March 2012 in respect of the receipt of an official confirmation from the Government that it has accepted the tender submitted by the Company’s wholly owned subsidiary, Digi-Sign to supply Smart Warrant Card System to the Hong Kong Police Force for a period of 10 years.

On 25 April 2012, Digi-Sign entered into the SWCS Contract with the Government (represented by The Director of Government Logistic) whereby Digi-Sign will supply, deliver, install, commission and maintain related hardware and software and related services for the implementation of the SWCS for the Hong Kong Police Force and to provide on-going system support and maintenance services for the SWCS.

The SWCS Contract

Date: 25 April 2012

Parties: The Government and Digi-Sign, a wholly owned subsidiary of the Company.

Nature of Transactions: Supply, delivery, installation, commissioning, maintenance of hardware, software and related services for the implementation of the SWCS for the Hong

Kong Police Force and provision of on-going system support and maintenance services for the SWCS.

Term: Ten years commencing from the production rollout of the SWCS around end of this year.

Considerations: (a) On a one-off basis, HK\$8,896,905.50 for the supply, delivery, installation, commissioning, maintenance of hardware, software and related services for the implementation of the SWCS.
(b) On an on-going basis, (i) HK\$70,000.00 per annum for the on-going technical support by Digi-Sign for development and other purposes in relation to the SWCS throughout the Term; and (ii) HK\$2,034,879.00, per annum for the on-going system support and maintenance services for the SWCS receivable from the second year of the Term with free system support and maintenance service for its first year. As stipulated by the Government in the tender documents, both (i) and (ii) above shall be adjustable with reference to the Consumer Price Index (B) released by the Census and Statistics Department on an annual basis.

Annual Cap

Pursuant to the SWCS Contract as described above, the on-going system support and maintenance service charge receivable by the Company per annum commencing from the second year of the term and during the term of the SWCS Contract will be HK\$2,034,879.00, adjustable with reference to the Consumer Price Index (B) on an annual basis. In addition, the SWCS Contract envisages the provision of technical support per annum by Digi-Sign for development and other purposes in relation to the SWCS at the rate of HK\$70,000.00 per annum commencing from the first year of the term and during the term of the SWCS Contract, also adjustable with reference to the Consumer Price Index (B) on an annual basis. Such services are separately chargeable.

Given the above, the Board has set a maximum aggregate annual value (“**Annual Cap**”) for the on-going provision of the aforesaid technical support and the system support and maintenance services (together the “**Continuing Connected Transaction**”) at HK\$2,300,000.00 during the Term. The Annual Cap is arrived at by assuming an CPI(B) of 5.6% on an annual basis during the Term. The Directors, including the independent non-executive Directors, are of the view that the Annual Cap is fair and reasonable.

General

The Company is principally engaged in the provision of trade-related electronic services for both Hong Kong and international business communities and Digi-Sign is principally engaged in the certification services as a Recognised Certification Authority under the Electronic Transactions Ordinance (Cap.553).

Requirements under the Listing Rules

As at the date of this announcement, FSI is a substantial shareholder of the Company, holding approximately 12.22% 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 Digi-Sign is a wholly owned subsidiary of the Company, the supply, delivery, installation, commissioning, maintenance of hardware, software and related services for the implementation of the SWCS on a one-off basis under the SWCS Contract will constitute a connected transaction (the “**Connected Transaction**”) while the provision of on-going system support and maintenance services and on-going technical support for development and other purposes will constitute the Continuing Connection Transaction for the Company under the Listing Rules.

As the Percentage Ratios calculated in accordance with Chapter 14 of the Listing Rules for the Connected Transaction and the Annual Cap for the Continuing Connected Transaction will be more than 0.1% but less than 5% respectively, both the Connected Transaction and the Continuing Connected Transaction will only be subject to the reporting and announcement requirements and will be exempt from the independent shareholders’ approval requirements under Rule 14A.32 and Rule 14A.34 respectively of the Listing Rules.

The Directors, including the independent non-executive Directors, are of the view that performance of the SWCS Contract will be in the ordinary and usual course of business of Digi-Sign on normal commercial terms and that the terms of the contract are on normal commercial terms, are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Independent Financial Advice on Continuing Connected Transaction

As the term of the SWCS Contract is in excess of three years, Optima Capital Limited (the “IFA”) has been appointed as the independent financial adviser to the Company to explain why a longer period for the agreement is required and to advise whether it is normal business practice for the SWCS Contract to be of such duration.

The IFA notes that the ten year contract duration of the SWCS Contract is one of the offering terms of the tender. All interested bidders are subject to the same set of terms and conditions which are not negotiable with the Government.

In assessing whether a term in excess of three years for the SWCS Contract is in line with the normal business practice of the industry in Hong Kong, the IFA has examined other similar contracts or tender award notices posted by certain departments of the Government and available on the websites of the respective departments of the Government as of 25 April 2012, being the date of the SWCS Contract and notes that the term is in line with the range of contract duration of other contracts awarded by certain other departments of the Government. In addition, the IFA notes that the Group is providing similar digital certificate issuance and maintenance services to other independent commercial institutions with years of services ranging from three to almost ten years. In view of these, the IFA considered that the duration of the SWCS Contract, which is a term of ten years commencing from the production rollout of the SWCS for the Hong Kong Police Force, is of normal business practice for contracts of this type to be of such duration and that it is in the interests of the Company and its shareholders as a whole to enter into the SWCS Contract for such duration.

Reasons for the Connected Transaction and the Continuing Connected Transaction

The nature of the SWCS Contract is in line with Digi-Sign’s core business and will help the company to further strengthen its position in the market. The SWCS Contract also provides significant revenue contribution to the Company.

Material Interests

As Ms. TSANG Oi Lin, Ophelia is a civil servant of the Government, the Board considers that she has a material interest in the SWCS Contract. Ms TSANG has therefore abstained from voting on the board resolution of the Company in respect of the SWCS Contract.

Definitions

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

“Board”	the board of directors of the Company;
“Company”	Tradelink Electronic Commerce Limited
“Digi-Sign”	Digi-Sign Certification Services Limited
“FSI”	The Financial Secretary Incorporated of the Government;
“Directors”	the directors of the Company;
“Government”	The Government of the Hong Kong Special Administrative Region of the People’s Republic of China;
“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 of Hong Kong Limited;
“Percentage Ratios”	the percentage ratios under Rule 14.07 of the Listing Rules;
“SWCS”	Smart Warrant Card System, a highly secure

system under which the staff of the Hong Kong Police Force will be able to use their new warrant cards to carry out security functions in both contact and contactless fashions.

“SWCS Contract”	the contract dated 25 April 2012 and entered into between Digi-Sign and the Government relating to the supply, delivery, installation, commissioning of hardware, software and related services for the implementation of the Smart Warrant Card System for the Hong Kong Police Force of the Government and the provision of on-going system support and maintenance services for the Smart Warrant Card System by Digi-Sign;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“%”	per cent;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong; and

By order of the Board
Tradelink Electronic Commerce Limited
WU Wai Chung, Michael
Executive Director and CEO

Hong Kong, 4 May 2012

As at the date of this announcement, the Board of Directors of the Company comprises ***Non-executive Directors:*** Dr. LEE Nai Shee, Harry, S.B.S., J.P. (Chairman), Ms. TSANG Oi Lin, Ophelia, Mr. IP Sing Chi, Eric and Mr. KIHM Lutz Hans Michael; ***Executive Directors:*** Mr. WU Wai Chung, Michael, Mr. CHENG Chun Chung, Andrew and Ms. CHUNG Shun Kwan, Emily; and ***Independent Non-executive Directors:*** Mr. CHAK Hubert, Mr. CHAU Tak Hay, Mr. CHUNG Wai Kwok, Jimmy and Mr. HO Lap Kee, J.P.