

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Shares.



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)
(Stock Code: 536)

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO THE ACQUISITION OF
43.43% EQUITY INTEREST IN
DIGITAL TRADE AND TRANSPORTATION NETWORK LTD.**

Financial adviser to Tradelink Electronic Commerce Limited



The Proposed Acquisition

DTTNC_o is currently owned as to 56.57% by the Company. On 19 December 2008, the Company proposed to procure the Vendors to enter into the Agreement within 4 weeks after obtaining Independent Shareholders' approval on the Agreement, pursuant to which the Company will purchase, and the Vendors will sell their DTTN Shares. Upon signing and completion of the Agreement, DTTNC_o will become a wholly owned subsidiary of the Company.

The Directors consider that the terms of the Proposed Acquisition have been materially finalized and the terms of the final sale and purchase agreement will not be materially different from the terms of the Agreement which is to be approved by the Independent Shareholders of the Company at the EGM. The Company will seek re-approval from the Independent Shareholders if there is material change to the terms of the Agreement approved by the Independent Shareholders of the Company.

General

Based on the relevant consideration of the Proposed Acquisition in the Agreement, the applicable percentage ratios defined in Rule 14.07 of the Listing Rules will exceed 5% but less than 25%, the Proposed Acquisition will be classified as a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules and is subject to the relevant reporting and announcement requirements under Chapter 14 of the Listing Rules. As (1) one of the Vendors, the Financial Secretary Incorporated, is interested in 95,673,000 Shares, representing approximately 12.3% of the issued share capital of the Company and (2) another Vendor, HKGCC is a 11.09% shareholder in DTTNCo and hence both of them being connected persons of the Company, the Proposed Acquisition also constitutes a connected transaction for the Company pursuant to Chapter 14A of the Listing Rules and is subject to Independent Shareholders' approval in the EGM.

The Vendors, including the Financial Secretary Incorporated and HKGCC, and their respective associates will abstain from voting at the EGM on all resolutions in respect of the Proposed Acquisition.

The Company has established the Independent Board Committee, comprising three independent non-executive Directors, being Mr Yuen Kam Ho, George, Mr Chung Wai Kwok, Jimmy and Mr Wu Wai Chung, Michael, to advise the Independent Shareholders in respect of the Proposed Acquisition. As Mr. Ho Lap Kee, Sunny, an independent non-executive Director, is a director of the Hong Kong Shippers' Council, a 0.24% shareholder of DTTNCo and one of the Vendors, he is excluded from the Independent Board Committee. Optima Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Proposed Acquisition.

A circular containing, amongst other things, (i) further information on the Proposed Acquisition, (ii) the respective letters of advice from the Independent Board Committee and from Optima Capital Limited, and (iii) a notice convening the EGM will be despatched to the Shareholders in accordance with the requirements of the Listing Rules as soon as practicable.

As the Proposed Acquisition may or may not proceed to completion, shareholders and the public should exercise caution when dealing in the securities of the Company.

DTTNCo is currently owned as to 56.57% by the Company. On 19 December 2008, the Company proposed to procure the Vendors to enter into the Agreement within 4 weeks after obtaining Independent Shareholders' approval on the Agreement, pursuant to which the Company will purchase, and the Vendors will sell their DTTN Shares. The salient terms of the Agreement are summarized as follows:

AGREEMENT

The Intended Parties

(a) the Vendors

(b) the Company as purchaser

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendors (except for the Financial Secretary Incorporated and HKGCC) are third parties independent of the Company and connected persons of the Company.

Terms

Pursuant to the Agreement, the Vendors shall sell as beneficial owners of the Sale Shares, and the Company shall purchase the Sale Shares free from all liens, charges, encumbrances, equities and adverse interests and with all rights attached or accruing thereto at Completion (including the right to receive all dividends and other distributions declared, made or paid on or after Completion).

Consideration

A total consideration of HK\$18,796,800, representing HK\$0.32 per Sale Share, if payment in cash for the Sale Shares is elected; or HK\$19,971,600, representing HK\$0.34 per Sale Share, if payment in Consideration Shares is elected. The consideration payable by the Company under the share alternative is higher than the cash alternative to provide incentives to the Vendors for choosing the share alternative so as to lower the financial burden of the Group for the acquisition.

The consideration shall be satisfied at Completion by the Company in either of the following manners at the election of the Vendors by giving a written notice to the Company upon execution of the Agreement:

- (a) in cash; or
- (b) by the issue of the Consideration Shares, which shall be determined in accordance with the following formula:

$$\text{Number of Consideration Shares to be issued} = \text{HK\$0.34} \times \text{NP} / \text{IP}$$

Where:

NP = number of shares held by the Vendors in DTTNCo; and

IP = issue price of the Consideration Shares which shall equal to the the 5-day average closing price of the Shares of the Company prior to the date of EGM but shall not be lower than HK\$0.42 per Share.

The consideration has been determined by the Directors taking into consideration of the financial performance, business prospect of DTTNCo after the Proposed Acquisition and the unaudited net assets of DTTNCo of approximately HK\$42.5 million as at 31 October 2008.

On the basis that all the Vendors elect option (b) above and assuming the issue price of the Consideration Shares is at its minimum (calculated based on 20% discount to the last closing price before the date of this announcement, or 5 days average closing

price before the date of this announcement, whichever is lower, which is equal to HK\$0.42 per Share), a total of 47,551,431 Consideration Shares will be issued to satisfy the consideration of the Proposed Acquisition, representing approximately 6.11% of the existing issued share capital of the Company and approximately 5.76% of the enlarged share capital of the Company upon issue of the Consideration Shares. The Consideration Shares will be issued under a specific mandate to be sought at the EGM.

Application will be made to the Stock Exchange for the listing of and permission to deal in the Consideration Shares. There will not be any restriction on the subsequent sale of the Consideration Shares upon completion of the Proposed Acquisition.

Completion and conditions precedent

Completion is subject to the satisfaction of the below conditions:

- (i) the approval of the Independent Shareholders in respect of the purchase by the Company of the Sales Shares shall remain valid and not having been revoked;
- (ii) the receipt by the Company of the waiver of pre-emptive right by each of the Vendors in respect of the other Vendors' sale interest in DTTNCo;
- (iii) the Listing Committee of the Stock Exchange having granted the listing of and permission to deal in the Consideration Shares;
- (iv) the amendment in such form and substance to the satisfaction of the Company of the Operating Agreement, or the cancellation of such agreement;
- (v) the execution by all the Vendors, the Company and DTTNCo of an instrument to cancel the Shareholders' Agreement and the relevant deeds of adherence whereby the parties, inter-alia, mutually waive the rights and discharge and release each other from further obligations and liabilities under the Shareholders' Agreement and the deeds of adherence; and
- (vi) all third party's consents required to give effect to the transactions contemplated under the Agreement having been obtained to the satisfaction of DTTNCo.

The Company may waive conditions (iv), (v) and (vi) above at its discretion.

If the conditions specified above are not fulfilled or waived within 7 days from the date of execution of the Agreement (or such other date as may be agreed by the parties thereto), the Agreement shall forthwith become null and void and cease to have any effect whatsoever and none of the parties thereto shall have any claims against the other parties thereto for costs, damages, compensations or otherwise (save for any antecedent breach).

SHAREHOLDING STRUCTURE OF THE COMPANY

The table below sets out the shareholding structure of the Company to the best knowledge of the Directors as at the date of this announcement and immediately following Completion:

	Shareholding as at the date of this announcement		Shareholding immediately following the Completion (Note)	
	No. of Shares	%	No. of Shares	%
Vendor				
The Financial Secretary Incorporated	95,673,000	12.29	121,173,000	14.67
Directors	1,860,000	0.24	1,860,000	0.23
Public:				
- Vendors				
The Federation of Hong Kong Industries	25,000,000	3.21	31,071,429	3.76
The Hong Kong Association of Freight Forwarding and Logistics Ltd	1,562,500	0.20	1,829,643	0.22
The Hong Kong Shippers' Council	-	-	267,143	0.03
The Hong Kong General Chamber of Commerce	29,375,000	3.77	41,517,858	5.03
The Indian Chamber of Commerce Hong Kong	-	-	3,035,715	0.37
The Hong Kong Exporters' Association	-	-	267,143	0.03
- Other Public	624,835,555	80.28	624,835,555	75.66
	778,306,055	100.00	825,857,486	100.00

Note: On the basis that all the Vendors elect for payment in Consideration Shares and assuming the issue price of the Consideration Shares is at its minimum (i.e. HK\$0.42 per Share),

INFORMATION ON THE COMPANY

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

INFORMATION ON DTTNCO

The principal business of DTTNCo is to develop and operate a digital trade and transportation network for interconnection among the trade, logistics and finance industries to facilitate information flow using one single, low cost digital link and hence enhancing efficiency.

DTTNCo recorded an audited net loss of approximately HK\$13.70 million and HK\$43.20 million for the two years ended 31 December 2006 and 2007 respectively, and DTTNCo had audited net assets of approximately HK\$75.85 million as at 31 December 2007. As at 31 October 2008, DTTNCo had unaudited net assets of

approximately HK\$42.5 million based on the unaudited management account prepared by DTTNCo.

INFORMATION ON THE VENDORS

The Financial Secretary Incorporated is a corporation sole incorporated under the Financial Secretary Incorporation Ordinance, Cap 1015 of the laws of Hong Kong.

The Federation of Hong Kong Industries was established under the Federation of Hong Kong Industries Ordinance, Cap 321 of the laws of Hong Kong, to promote and foster the interests of Hong Kong's industrial and business communities and advise the government on policies and legislation which affect business.

The Hong Kong Association of Freight Forwarding and Logistics Ltd is a non-profit making organization founded in 1966 which promotes, protects and develops the carriage of goods, and the businesses of cargo forwarding agents and logistics service providers in particular.

The Hong Kong Shippers' Council is an independent organisation established in 1967 to protect and promote the interests of Hong Kong exporters and importers, traders and manufacturers in matters relating to the transportation of merchandise.

The Hong Kong General Chamber of Commerce is a self-funding, non-profit business organization founded in 1861 to watch over and protect the general interests of commerce, to collect information on all matters of interest to the mercantile community and to communicate with authorities and other thereupon.

The Indian Chamber of Commerce Hong Kong was established in 1952 to promote and protect the commerce of Hong Kong and South China, and to represent and express the views of the Indian community on matters of commercial interest in Hong Kong.

The Hong Kong Exporters' Association was established in 1955 to closely liaise with local and overseas trade associations to safeguard interests of Hong Kong's export trade and expand business opportunities for exporters.

REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION

The Company is principally engaged in the provision of trade-related electronic services connecting the government and the business parties, whilst DTTNCo provides the platform for interconnection among the trade, logistics and finance industries. DTTNCo is currently owned as to 56.57% by the Company. Upon signing and completion of the Agreement, DTTNCo will become a wholly-owned subsidiary of the Company.

The Directors consider that the Proposed Acquisition has a strategic value to the Company. As mentioned in the 2008 interim report of the Company, the Company intended to make more significant progress with DTTNCo's development. The Directors believe that the Proposed Acquisition will allow the integration of the businesses of the Company and DTTNCo where improvement can be explored and

synergies can be realized. Upon Completion, DTTNCo will become a wholly owned subsidiary of the company. Cost synergy can be realized as DTTNCo can then be subsumed in the Company's operations where business and operational resources can be shared and costs can be saved. In addition, DTTNCo's business platform can be integrated with the service platform of the Company. Further, upon Completion, the Operating Agreement will be either amended or cancelled such that the constraints on the operation of DTTNCo under the Operating Agreement can be removed. With these constraints removed, DTTNCo can bundle value-adding applications with its basic document exchange services, adding more values and benefits to its customers, whereby DTTNCo can better cater the customers' needs and is expected to enhance its commercial viability and to bring in more business opportunities in the future.

Given the benefits and potential synergies that are expecting to be realized upon Completion, despite the loss making history of DTTNCo, the Directors (excluding the independent non-executive Directors whose view would be given in the circular to be despatched to the Shareholders after taking into account the advice of the independent financial adviser) consider that the Proposed Acquisition would bring in business synergy to the Company and is in the interests of the Company and its Shareholders as a whole. The Directors (excluding the independent non-executive Directors whose view will be given in the circular to be despatched to the Shareholders after taking into account the advice of the independent financial adviser) also consider that the terms of the Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Directors consider that the terms of the Proposed Acquisition have been materially finalized and the terms of the final sale and purchase agreement will not be materially different from the terms of the Agreement which is to be approved by the Independent Shareholders of the Company at the EGM. The Company will seek re-approval from the Independent Shareholders if there is material change to the terms of the Agreement approved by the Independent Shareholders of the Company.

GENERAL

Based on the relevant consideration of the Proposed Acquisition in the Agreement, the applicable percentage ratios defined in Rule 14.07 of the Listing Rules exceed 5% but are less than 25%, the Proposed Acquisition will be classified as a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules and is subject to the relevant reporting and announcement requirements under Chapter 14 of the Listing Rules. As (1) one of the Vendors, the Financial Secretary Incorporated, is interested in 95,673,000 Shares, representing approximately 12.29% of the issued share capital of the Company and (2) another Vendor, HKGCC is a 11.09% shareholder in DTTNCo and hence both of them being connected persons of the Company, the Proposed Acquisition constitutes a connected transaction for the Company pursuant to Chapter 14A of the Listing Rules and is subject to Independent Shareholders' approval in the EGM.

The Vendors, including the Financial Secretary Incorporated and HKGCC, and their respective associates will abstain from voting at the EGM on all resolutions in respect of the Proposed Acquisition.

The Company has established the Independent Board Committee, comprising three independent non-executive Directors, being Mr Yuen Kam Ho, George, Mr Chung Wai Kwok, Jimmy and Mr Wu Wai Chung, Michael, to advise the Independent Shareholders in respect of the Proposed Acquisition. As Mr. Ho Lap Kee, Sunny, an independent non-executive Director, is a director of the Hong Kong Shippers' Council, a 0.24% shareholder of DTTNCo and one of the Vendors, he is excluded from the Independent Board Committee. Optima Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Proposed Acquisition.

A circular containing, amongst other things, (i) further information on the Proposed Acquisition, (ii) the respective letters of advice from the Independent Board Committee and from Optima Capital Limited, and (iii) a notice convening the EGM will be despatched to the Shareholders in accordance with the requirements of the Listing Rules as soon as practicable.

As the Proposed Acquisition may or may not proceed to completion, shareholders and the public should exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Agreement”	the sale and purchase agreement which the Company shall procure the Vendors to enter into, pursuant to which the Company shall purchase, and the Vendors shall sell the Sale Shares
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Business Day”	a day (other than Saturday, Sunday or gazetted public holiday and a day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which commercial banks are open for business in Hong Kong
“Company”	Tradelink Electronic Commerce Limited,
“Completion”	completion of the Agreement
“Consideration Shares”	Shares to be issued by the Company in accordance with the Agreement to satisfy part of the consideration for the purchase of the Sale Shares
“Director(s)”	the director(s) of the Company
DTTN Shares	ordinary share of HK\$1.00 each in the capital of DTTNCo

“DTTNCo”	Digital Trade and Transportation Network Ltd., a company incorporated in Hong Kong with limited liability
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and, if thought appropriate, to approve, among other matters (if any), the Agreement and all transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“HKGCC”	Hong Kong General Chamber of Commerce
“Independent Board Committee”	the independent board committee, comprising three independent non-executive Directors, being Mr Yuen Kam Ho, George, Mr Chung Wai Kwok, Jimmy and Mr Wu Wai Chung, Michael, to advise the Independent Shareholders in respect of the Proposed Acquisition
“Independent Shareholders”	Shareholders other than the Vendors and their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Operating Agreement”	the operating agreement of DTTNCo dated 31 August 2005 between DTTNCo and the Government of Hong Kong
“Proposed Acquisition”	the proposed acquisition of 43.43% equity interest in DTTNCo pursuant to the Agreement
“Sale Shares”	58,740,000 shares of DTTNCo, representing 43.43% of the issued share capital of DTTNCo held by the Vendors
“Share(s)”	ordinary share(s) of nominal value of HK\$0.20 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Shareholders’ Agreement”	the shareholders’ agreement of DTTNCo dated 31 August 2005 between the Financial Secretary Incorporated, the Company and DTTNCo and as supplemented by the supplemental agreement dated 22 May 2006
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Vendor(s)”	(i) the Financial Secretary Incorporated; (ii) the Federation of Hong Kong Industries; (iii) the Hong Kong Association of Freight Forwarding and Logistics Ltd; (iv) the Hong Kong Shippers’ Council; (v) the Hong Kong General Chamber of Commerce; (vi) the Indian Chamber of Commerce Hong Kong; and (vi) the Hong Kong Exporters’ Association
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent.

By the order of the Board
Tradelink Electronic Commerce Limited
YUE Kwok Hung
Executive Director & CEO

Hong Kong, 19 December 2008

As at the date of this announcement, the Board comprises (a) two executive Directors, namely Mr. YUE Kwok Hung, Justin and Ms. CHUNG Shun Kwan; (b) seven non-executive Directors, namely Dr. LEE Nai Shee, Harry, S.B.S., J.P. (Chairman), Mr. CHAK Hubert, Mr. LO Sze Wai, Albert, Mr. WEBB Lawrence, Mr. KIHM Lutz Hans Michael, Mr. IP Sing Chi and Ms. CHAN Wai Yan, Ann; and (c) four independent non-executive Directors, namely Mr. HO Lap Kee, Sunny, Mr. YUEN Kam Ho, George, Mr. CHUNG Wai Kwok, Jimmy and Mr. WU Wai Chung, Michael.