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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 2015

The Board of Directors (the “Board”) of Tradelink Electronic Commerce Limited (“Tradelink” or the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2015.

#### FINANCIAL HIGHLIGHTS

	<i>Note</i>	<b>Year ended 31 December 2015 (HK\$'000)</b>	<b>Year ended 31 December 2014 (HK\$'000)</b>
<b>Revenue</b>	3	<b>222,719</b>	226,293
<b>Profit from operations</b>		<b>85,982</b>	83,646
<b>Profit for the year</b>		<b>81,404</b>	74,183
<b>Profit attributable to equity shareholders of the Company</b>		<b>81,404</b>	74,183
<b>Total assets</b>		<b>576,728</b>	612,074
<b>Net assets</b>		<b>360,649</b>	377,128
<b>Dividend per share (HK cents)</b>	8		
Interim		<b>3.6</b>	3.6
Proposed final		<b>5.1</b>	4.9
Proposed special		<b>2.9</b>	3.7
<b>Earnings per share (HK cents)</b>	9		
Basic		<b>10.2</b>	9.3
Diluted		<b>10.2</b>	9.3
<b>Issued and fully paid ordinary shares (in'000)</b>			
As at 31 December		<b>794,217</b>	793,041
Weighted average number of ordinary shares (basic) outstanding as at 31 December		<b>793,731</b>	789,335

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS***For the year ended 31 December 2015*

	<i>Note</i>	<b>2015</b> <b>(HK\$'000)</b>	2014 <b>(HK\$'000)</b>
<b>Revenue</b>	3	<b>222,719</b>	226,293
Interest income		<b>15,195</b>	14,370
Other net income	5	<b>12,455</b>	5,722
Cost of purchases		<b>(16,044)</b>	(17,730)
Staff costs		<b>(102,342)</b>	(101,280)
Depreciation		<b>(7,159)</b>	(8,935)
Other operating expenses		<b>(38,842)</b>	(34,794)
<b>Profit from operations</b>		<b>85,982</b>	83,646
Share of results of associates		<b>6,596</b>	6,888
Share of result of joint venture		–	(409)
Impairment loss on interest in associate	10(c)	–	(3,000)
Impairment loss on interest in joint venture	11	–	(1,280)
<b>Profit before taxation</b>	6	<b>92,578</b>	85,845
Taxation	7	<b>(11,174)</b>	(11,662)
<b>Profit for the year</b>		<b>81,404</b>	74,183
<b>Profit attributable to equity shareholders of the Company</b>		<b>81,404</b>	74,183
<b>Earnings per share (HK cents)</b>	9		
Basic		<b>10.2</b>	9.3
Diluted		<b>10.2</b>	9.3

Details of dividends payable to equity shareholders of the Company are set out in *Note 8*.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*For the year ended 31 December 2015*

	<b>2015</b> <i>(HK\$'000)</i>	2014 <i>(HK\$'000)</i>
<b>Profit for the year</b>	<b>81,404</b>	74,183
<b>Other comprehensive income for the year</b> <b>(after tax and reclassification adjustments):</b>		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of:		
– financial statements of the People's Republic of China ("PRC") operations	<b>(8,772)</b>	(329)
Available-for-sale debt securities: net movement in fair value reserve	<b>3,904</b>	(3,062)
<b>Total comprehensive income for the year</b>	<b>76,536</b>	70,792

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION***As at 31 December 2015*

	<i>Note</i>	<b>2015</b> <i>(HK\$'000)</i>	2014 <i>(HK\$'000)</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>29,313</b>	30,607
Goodwill		<b>9,976</b>	9,976
Interest in associates	<i>10</i>	<b>24,917</b>	101,511
Other financial assets	<i>12</i>	<b>229,403</b>	–
		<b>293,609</b>	142,094
<b>Current assets</b>			
Trade receivables	<i>13</i>	<b>21,906</b>	23,310
Other receivables and prepayments	<i>14</i>	<b>114,987</b>	44,391
Other financial assets	<i>12</i>	–	288,235
Deposits with bank		<b>3,800</b>	3,727
Cash and cash equivalents		<b>142,426</b>	110,317
		<b>283,119</b>	469,980
<b>Current liabilities</b>			
Trade creditors, accounts payable and other payables	<i>15</i>	<b>211,740</b>	226,625
Taxation		<b>791</b>	4,889
		<b>212,531</b>	231,514
<b>Net current assets</b>		<b>70,588</b>	238,466
<b>Total assets less current liabilities</b>		<b>364,197</b>	380,560
<b>Non-current liabilities</b>			
Provision for long service payments		<b>3,033</b>	3,017
Deferred taxation		<b>515</b>	415
		<b>3,548</b>	3,432
<b>NET ASSETS</b>		<b>360,649</b>	377,128
<b>Capital and Reserves</b>			
Share capital	<i>16</i>	<b>295,415</b>	293,532
Reserves		<b>65,234</b>	83,596
<b>TOTAL EQUITY</b>		<b>360,649</b>	377,128

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the year ended 31 December 2015*

		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 equity (HK\$'000)	
	<b>As at 1 January 2014</b>	158,058	131,117	(8,222)	4,954	10,517	440	76,092	372,956
	<b>Changes in equity for 2014</b>								
	Dividends approved in respect of the previous year	-	-	-	-	-	(49,115)	(49,115)	
16	Issue of new shares	4,152	205	-	(812)	-	-	-	3,545
	Equity-settled share-based transactions	-	-	-	3,821	-	-	-	3,821
	Transition to no-par value regime on 3 March 2014	131,322	(131,322)	-	-	-	-	-	-
	Vesting of awarded shares	-	-	8,222	(6,548)	-	2,001	-	3,675
	Lapse of share options	-	-	-	(1)	-	1	-	-
	Profit for the year	-	-	-	-	-	74,183	-	74,183
	Other comprehensive income for the year	-	-	-	-	(329)	(3,062)	-	(3,391)
	Total comprehensive income for the year	-	-	-	-	(329)	(3,062)	74,183	70,792
8	Dividends declared in respect of the current year	-	-	-	-	-	(28,546)	-	(28,546)
	<b>As at 31 December 2014 and 1 January 2015</b>	<b>293,532</b>	<b>-</b>	<b>-</b>	<b>1,414</b>	<b>10,188</b>	<b>(2,622)</b>	<b>74,616</b>	<b>377,128</b>
	<b>Changes in equity for 2015</b>								
	Dividends approved in respect of the previous year	-	-	-	-	-	(68,267)	-	(68,267)
16	Issue of new shares	1,883	-	-	(329)	-	-	-	1,554
	Equity-settled share-based transactions	-	-	-	2,287	-	-	-	2,287
	Lapse of share options	-	-	-	(280)	-	280	-	-
	Profit for the year	-	-	-	-	-	81,404	-	81,404
	Other comprehensive income for the year	-	-	-	-	(8,772)	3,904	-	(4,868)
	Total comprehensive income for the year	-	-	-	-	(8,772)	3,904	81,404	76,536
8	Dividends declared in respect of the current year	-	-	-	-	-	(28,589)	-	(28,589)
	<b>As at 31 December 2015</b>	<b>295,415</b>	<b>-</b>	<b>-</b>	<b>3,092</b>	<b>1,416</b>	<b>1,282</b>	<b>59,444</b>	<b>360,649</b>

Notes:

## 1. BASIS OF PREPARATION

The financial information relating to the years ended 31 December 2015 and 2014 included in this announcement of annual results does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those consolidated financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2014 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the consolidated financial statements for the year ended 31 December 2015 in due course. The Company's auditor has reported on the consolidated financial statements for both years. The auditor's reports were unqualified and they did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports, and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, 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. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The principal accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014 except for the changes stated as in *Note 2*.

The consolidated financial statements for the year ended 31 December 2015 comprise the Group and the Group's interest in associates and a joint venture.

The measurement basis used in the preparation of the financial statements is the historical cost basis, except for available-for-sale debt securities, which are stated at their fair value (*Note 12*).

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.

## 2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- Annual Improvements to HKFRSs 2010-2012 Cycle
- Annual Improvements to HKFRSs 2011-2013 Cycle

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended HKFRSs are discussed below:

### Annual Improvements to HKFRSs 2010-2012 Cycle and 2011-2013 Cycle

These two cycles of annual improvements contain amendments to nine standards with consequential amendments to other standards. Among them, HKAS 24, *Related party disclosures* has been amended to expand the definition of a "related party" to include a management entity that provides key management personnel services to the reporting entity, and to require the disclosure of the amounts incurred for obtaining the key management personnel services provided by the management entity. These amendments do not have an impact on the Group's related party disclosures as the Group does not obtain key management personnel services from management entities.

## 3. REVENUE

The principal business of the Group is the provision of front-end Government Electronic Trading Services ("GETS") for processing certain official trade-related documents. Revenue represents the value of services provided and goods supplied to customers. The amount of each significant category of revenue recognised during the year is disclosed in *Note 4*.

## 4. SEGMENT REPORTING

The Board of the Group reviews the internal reporting by segments to assess performance and allocate resources. The Group has identified the following reportable segments:

E-commerce:	This segment generates income from processing trade-related government documents and business-related documents. It can be further divided into two sub-segments as follows:	
	GETS	This sub-segment generates income from customers using Tradelink's electronic front-end solutions for processing certain government trade-related documents.
	Commercial services (previously known as Digital Trade and Transportation Network ("DTTN") services)	This sub-segment generates income from the electronic logistics platform for facilitating information flows among the trade logistics and finance industries.
Security solutions:	This segment generates income from the provision of security products, digital certificates and security solutions and mobile security solutions.	
Other services:	This segment comprises handling fees for the conversion of paper form to electronic messages, income from the provision of technical support and other project services.	

Revenue and expenses are allocated to the reportable segments with reference to fees and sales generated and the expenses incurred by those segments. The measure used for reporting segment results is profit before interest, taxation and depreciation.

Information regarding the Group's reportable segments results as provided to the Board for the years ended 31 December 2015 and 2014 is set out below.

	31 December 2015				Total (HK\$'000)
	E-commerce		Security solutions (HK\$'000)	Other services (HK\$'000)	
	GETS (HK\$'000)	Commercial services (HK\$'000)			
Revenue from external customers	164,802	9,669	29,504	18,744	222,719
Inter-segment revenue	-	216	8,419	6,983	15,618
<b>Reportable segment revenue</b>	<b>164,802</b>	<b>9,885</b>	<b>37,923</b>	<b>25,727</b>	<b>238,337</b>
Elimination of inter-segment revenue					(15,618)
<b>Consolidated revenue</b>					<b>222,719</b>
<b>Reportable segment profit</b>	<b>46,998</b>	<b>4,285</b>	<b>4,211</b>	<b>13,739</b>	<b>69,233</b>
Interest income					15,195
Other net income					12,455
Depreciation					(7,159)
Share of results of associates					6,596
Unallocated corporate expenses					(3,742)
<b>Consolidated profit before taxation</b>					<b>92,578</b>



31 December 2014

	E-commerce				Total (HK\$'000)
	GETS (HK\$'000)	Commercial services (HK\$'000)	Security solutions (HK\$'000)	Other services (HK\$'000)	
Revenue from external customers	173,794	11,687	22,495	18,317	226,293
Inter-segment revenue	–	312	6,841	6,019	13,172
<b>Reportable segment revenue</b>	173,794	11,999	29,336	24,336	239,465
Elimination of inter-segment revenue					(13,172)
<b>Consolidated revenue</b>					<u>226,293</u>
<b>Reportable segment profit</b>	54,990	5,963	664	13,429	75,046
Interest income					14,370
Other net income					5,722
Depreciation					(8,935)
Share of results of associates					6,888
Share of result of joint venture					(409)
Impairment loss on interest in associate					(3,000)
Impairment loss on interest in joint venture					(1,280)
Unallocated corporate expenses					(2,557)
<b>Consolidated profit before taxation</b>					<u>85,845</u>

#### Geographic information

No geographic information is shown as the revenue and operating profit of the Group is substantially derived from activities in Hong Kong.

#### 5. OTHER NET INCOME

	2015 (HK\$'000)	2014 (HK\$'000)
Net gain on disposal of available-for-sale debt securities	381	5,722
Net gain on disposal of associates	12,074	–
	<u>12,455</u>	<u>5,722</u>

## 6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	2015 (HK\$'000)	2014 (HK\$'000)
<b>Staff costs:</b>		
Contributions to defined contribution retirement plan	2,816	2,611
Equity-settled share-based payment expenses		
– share option scheme	2,287	739
– share award scheme	–	3,082
Salaries, wages and other benefits	97,239	94,848
	<u>102,342</u>	<u>101,280</u>
<b>Other items:</b>		
Auditors' remuneration	986	931
Depreciation		
– interest in leasehold land held for own use	142	142
– other property, plant and equipment	7,017	8,793
Operating lease charges in respect of properties	1,084	904
Net foreign exchange loss	3,742	2,559
Net gain on disposals of property, plant and equipment	–	(145)

## 7. TAXATION

	2015 (HK\$'000)	2014 (HK\$'000)
Provision for Hong Kong Profits Tax for the year	10,862	13,633
Provision for PRC taxes for the year	213	209
Over-provision in respect of prior years	(1)	(1,542)
Deferred taxation	100	(638)
	<u>11,174</u>	<u>11,662</u>

The provision for Hong Kong Profits Tax for 2015 is calculated at 16.5% (2014: 16.5%) of the estimated assessable profits for the year. Taxation for PRC subsidiaries is similarly calculated using the effective rates of taxation that are expected to be applicable in the PRC.

## 8. DIVIDENDS

	2015 (HK\$'000)	2014 (HK\$'000)
Interim	28,589	28,546
Proposed final	40,505	38,859
Proposed special	23,032	29,343
	<u>92,126</u>	<u>96,748</u>

The final dividend and special dividend proposed after the end of the reporting period have not been recognised as a liability at the end of the reporting period.

## 9. 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\$81,404,000 (2014: HK\$74,183,000) and the weighted average number of 793,731,000 ordinary shares (2014: 789,335,000 ordinary shares) in issue during the year.

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK\$81,404,000 (2014: HK\$74,183,000) and the weighted average number of ordinary shares of 794,137,000 (2014: 793,177,000) after adjusting for the effect of the potential dilution from ordinary shares issuable under the Company's share option schemes.

## 10. INTEREST IN ASSOCIATES

- (a) On 13 July 2015, the Company entered into an agreement to sell its entire equity interest of 25.17% of China International Data Systems Co., Ltd at a consideration of RMB 85,000,000 (equivalent to HK\$99,263,000). The transaction was completed in December 2015. As such, a gain on disposal of HK\$12,035,000 was recognised during the year.
- (b) On 8 May 2015, the Group entered into an agreement to sell its entire equity interest of 24.5% of 江蘇世成網絡科技有限公司 at a consideration of RMB 408,000 (equivalent to HK\$504,000). The transaction was completed in June 2015. As such, a gain on disposal of HK\$39,000 was recognised for the year.
- (c) During the year ended 31 December 2014, the Group recognised an impairment loss of HK\$3,000,000 for its interest in an associate. Following an assessment of the recoverable amount of the Group's investment in Guangdong Nanfang Hai'an Science & Technology Service Company Limited ("Nanfang"), the carrying amount of Nanfang was written down to the recoverable amount of HK\$20,365,000 at 31 December 2014. The goodwill in relation to the interests in Nanfang was impaired by HK\$3,000,000. The estimates of the recoverable amount of Nanfang were based on the present values of the budgeted future cash flows, discounted at the market risk-adjusted discount rate of 14%, by reference to the projected volume, activity level and future growth rates of the underlying business of Nanfang. The fair value on which the recoverable amount is based on is categorised as a Level 3 measurement. For the year ended 31 December 2015, same basis of impairment measurement in respect of the interest in Nanfang is performed by management. No additional or reversal of provision for impairment is considered necessary.

## 11. INTEREST IN JOINT VENTURE

During the year ended 31 December 2014, the Group recognised an impairment loss of HK\$1,280,000 for its interest in 北京工聯環球科技有限公司 ("T-Link") based on the financial situation of T-Link. As the recoverable amount of T-Link was less than the carrying amount, an impairment charge was included in "Impairment loss on interest in joint venture" in the Consolidated Statement of Profit or Loss. For the year ended 31 December 2015, there is no improvement in the financial situation of the joint venture and no reversal of provision for impairment of joint venture is recorded.

## 12. OTHER FINANCIAL ASSETS

	2015 (HK\$'000)	2014 (HK\$'000)
Available-for-sale debt securities at fair value		
– listed	<u>229,403</u>	<u>288,235</u>
Representing:		
– Non-current	229,403	–
– Current	<u>–</u>	<u>288,235</u>
	<u>229,403</u>	<u>288,235</u>

As at 31 December 2015 and 2014, the Group held corporate bonds and designated the instruments as available-for-sale debt securities with fair value changes recognised in other comprehensive income and accumulated separately in equity in the fair value reserve. The debt securities are issued by corporate entities with credit quality commensurate with the return as considered acceptable to the Group.

### 13. TRADE RECEIVABLES

Credit terms granted by the Company to customers generally range from one week to one month. Credit terms offered by other companies of the Group based on individual commercial terms negotiated with customers.

As of the end of the reporting period, the ageing analysis of trade receivables, based on the invoice date is as follows:

	<b>2015</b> <i>(HK\$'000)</i>	2014 <i>(HK\$'000)</i>
Less than 1 month	<b>15,729</b>	16,736
1 to 3 months	<b>2,510</b>	3,444
3 to 12 months	<b>1,545</b>	1,357
Over 12 months	<b>2,122</b>	1,773
	<b>21,906</b>	23,310

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

The ageing analysis of trade receivables that are past due but neither individually nor collectively considered as impaired are as follows:

	<b>2015</b> <i>(HK\$'000)</i>	2014 <i>(HK\$'000)</i>
Neither past due nor impaired	<b>13,522</b>	14,065
Less than 1 month past due	<b>3,317</b>	4,025
1 to 3 months past due	<b>2,520</b>	2,549
Over 3 months past due	<b>2,547</b>	2,671
	<b>8,384</b>	9,245
	<b>21,906</b>	23,310

Receivables that were neither past due nor impaired relate to a wide range of customers for which there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management considers that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

#### 14. OTHER RECEIVABLES AND PREPAYMENTS

As at 31 December 2015, included in the balance of HK\$114,987,000 (2014: HK\$44,391,000) is residual proceeds of RMB 75 million (equivalent to HK\$87,585,000) receivable in respect of the disposal of an associate (2014: Nil) (*Note 10*). All other receivables and prepayments are expected to be recovered or recognised as expenses within one year.

#### 15. TRADE CREDITORS, ACCOUNTS PAYABLE AND OTHER PAYABLES

	2015 (HK\$'000)	2014 (HK\$'000)
Trade creditors (due on demand or within 1 month)	9,447	9,706
Customer deposits received	152,522	157,705
Accrued charges and other payables	49,771	59,214
	<u>211,740</u>	<u>226,625</u>

Customer deposits received are refundable on demand.

#### 16. SHARE CAPITAL

	2015		2014	
	Number of shares (in'000)	Amounts (HK\$'000)	Number of shares (in'000)	Amounts (HK\$'000)
<b>Ordinary shares, issued and fully paid:</b>				
As at 1 January	793,041	293,532	790,290	158,058
Shares issued under share option schemes	1,176	1,883	2,751	4,152
Transition to no-par regime on 3 March 2014 ( <i>Note</i> )	–	–	–	131,322
As at 31 December	<u>794,217</u>	<u>295,415</u>	<u>793,041</u>	<u>293,532</u>

*Note:* The transition to the no-par value regime under the Hong Kong Companies Ordinance occurred automatically on 3 March 2014. On that date, the share premium account and any capital redemption reserve were subsumed into share capital in accordance with section 37 of Schedule 11 to the Ordinance. These changes did not impact on the number of shares in issue or the relative entitlement of any of the members. Since that date, all changes in share capital have been made in accordance with the requirements of Parts 4 and 5 of the Ordinance.

#### 17. EQUITY-SETTLED SHARE-BASED TRANSACTIONS

##### Share option scheme

The Company currently has two share options schemes in operation, the first one was adopted on 14 October 2005 (the “Share Option Scheme 2005”) and the second one was adopted on 9 May 2014 (the “Share Option Scheme 2014”). Under the Share Option Scheme 2014, options will be granted to eligible persons, including Directors, employees, consultants, business associates or advisers as the Board of the Company may identify from time to time (“Grantees”), entitling them to subscribe for shares of the Company, subject to acceptance of the Grantees and the payment of HK\$1.00 by each of the Grantees upon acceptance of the options. Each option gives the holder the right to subscribe for one ordinary share in the Company. On 2 July 2015 and 30 June 2014, 7,600,000 and 12,200,000 share options were granted respectively for HK\$1.00 consideration to Directors, senior management and employees of the Group under Share Option Scheme 2014.

## MANAGEMENT DISCUSSION AND ANALYSIS

### **E-Commerce – GETS Review**

After continuous growth year-on-year since 2012, the overall Government Electronic Trading Services (“GETS”) market in 2015 dropped 1.5% due to the weak global economy affecting Hong Kong’s external trade sector. Aside from this unfavorable market factor, our core business in GETS during the past year was stable. However, due to the loss of all our Textiles Trader Registration Scheme (“TTRS”) revenue since termination of the service by the Government and one of our major GETS clients since beginning of 2015, the Group’s GETS revenue was down almost 5%, to HK\$164.8 million notwithstanding our success in achieving an overall price increase for all our GETS services. For GETS business, most of the costs for operation are fixed costs in running the technical platform. As such the GETS profits in 2015 dropped by 14.5% to HK\$47.0 million from HK\$55.0 million in 2014.

The gloomy economic sentiment is expected to continue into at least the first half of 2016. The overall GETS market which closely ties to Hong Kong’s external trade will not be immune. Against a backdrop of cut-throat competition and shrinking market, we will strive to uphold our GETS revenue by maintaining our service reliability, quality and integrity. We are committed to delivering these core values in pursuit of customer loyalty which is particularly imperative to enable us stay resilient under the current market challenges. On this, we have absolute confidence given our market reputation and brand recognition. Meanwhile we will continue implementing service improvement and developing/offering more value-added services, including offerings from our Commercial Services division to our GETS customers as our strategy to enhance customer stickiness and loyalty; and possibly to generate new revenue. These also tie in with our overall strategy in face of the potential threats as well as opportunities that might bring to our GETS business by Government’s planned “single window” implementation. Given now that Government has expressed its intention to extend our current GETS licence by two years till end of 2018, continuity of our GETS business is definite until then. That said, we believe even under the future “single window” implementation, GETS is going to be a key component; and Tradelink as the dominant GETS services provider, should potentially have a prominent role to play. According to the Government’s plan, more than 50 documents will be submitted through the single window. We will look into the opportunities regarding all these other documents outside the four under the scope of our current GETS licence while keeping a close eye on Government’s progress of the “single window” planning and implementation work.

### **E-Commerce – Commercial Services Review**

Revenue from our Commercial Services (formerly called DTTN services) in 2015 recorded a drop of about 17% to HK\$9.7 million and profits down 28%, to HK\$4.3 million, compared to 2014 revenue and profits at HK\$11.7 million and HK\$6.0 million respectively. The drop was due to the slippage of a couple of customer projects previously targeted for completion before end of 2015. The team is wrapping up the outstanding issues of these carried-over projects for customer sign-off in early 2016.

During the second half of 2015, several major projects were completed and delivered to customers, including a Delivery Order Management System (“DOMS”) with Track-and-Trace/Proof-of-Delivery (“POD”) function developed for a multinational home furniture retailer. A similar system has also been launched for a global, luxury fashion, beauty and lifestyle retailer for managing the delivery of orders from multiple channels. With the addition of these renowned names to our customer list, we have further strengthened our references for our supply-chain e-solutions, including Warehouse Management System (“WMS”), DOMS and POD for customers in logistics, warehousing, 3PL and retail industries. Leveraging on our success stories and enhanced brand reputation, the team will adopt a focus approach in 2016 to market our proven solutions/products as the building block and replicate them for deployment to customers with similar needs. The team is working on a healthy sales pipeline with hot leads from existing customers and partner referral. Quality sales leads are also being referred from the GETS team from within their massive customer base. We are confident in achieving a steady, strong growth of the Commercial Services business in 2016 which we hope can start the harvest of our services/products including WMS, DOMS and POD which we have spent some years to develop and enhance continuously. With our innovative design, our products stand out in the market for their flexibility, extensibility and modularity for easy plug-in to cater for different user needs.

### **Security Solutions – Digi-Sign/TESS Review**

As foreshadowed in the 2015 interim report, the Group’s security solutions business continued a strong growth in the second half of 2015. Total revenue in 2015 was HK\$29.5 million, an increase of 31% year-on-year. While maintaining uptrend of our security token delivery business for our major bank client, up 10.2% year-on-year, we also successfully captured new revenue contribution from the e-cheque projects which we have completed and delivered to our bank customers before e-cheque service pilot launch in December 2015. Of particular strategic importance was one of our bank clients has deployed a turn-key total solution from us for their e-cheque project including development of the e-cheque user interface integrating with their e-banking platform as well as back office e-cheque workflow processing. This is an impressive reference which showcases our expertise and capabilities not only in developing e-security/Public Key Infrastructure solutions supporting digital certificates but also e-workflow processing system for the banking industry. With our strong customer reference and leveraging on Government’s next wave of mass PR program for the e-cheque full production by end of Q1 2016, we expect new bank customers coming on line for our e-cheque solutions, or possibly turn-key integrated solution similar to our reference case, as a key growth driver of our Security Solution business in 2016. We already have several such hot leads for e-cheque which we have been working on. With the smooth pilot launch and market acceptance, those banks who used to take a wait-and-see approach are now making the move. Also, demand for our digital certificates for e-cheque in 2016 will definitely grow from existing and new bank customers following the service full launch and market demand. As anticipated, the launch of e-cheque has brought us new business in a number of areas, from digital certificates, e-cheque projects of various scale/scope, to security tokens for e-banking as pre-requisite for using e-cheque; and last not least, e-workflow back office systems for banks.

For our mobile wallet business for which the result was somewhat disappointing, we have conducted a review of the market situation and business environment in the light of the latest fast changing market landscape and emerging technology. Due to various internal and external factors, we missed the narrow time window to market our product and as a result, decided not worth pursuing the business further. We will complete our mobile wallet project orders on hand and meanwhile has started to free up resources to work on other business initiatives. In fact, we have been working full force in second half of the year to catch up the mobile Point-of-Sale (“PoS”) project schedule which unfortunately was delayed due to the prolonged time taken to co-ordinate and synchronize the work with many other concerned parties. Also, upon thorough study of the market needs of the retail industry, the team has identified opportunity to develop products with concept similar to that of our mobile PoS but can cater for a wider range of applications. While wrapping up the final stage of the technical development work, we hope we would soon finalize business arrangement with our first customer. With all jigsaw pieces mostly in place, we could shortly and confidently announce a firm date for launch of our suite of mobile payment solutions, with most importantly, our first customer reference within the first half of 2016. This together with e-cheque related business will be our key growth driver of this business segment in 2016.

Meanwhile, we will keep track of the technological trend and development in particular in respect of the fast moving mobile and payment related market. Given our sound domain knowledge and solid experiences in e-security and payment solutions for the banking industry, we expect more doors be opened to grow our security solutions business riding on the FinTech trend in the market.

### **Others Services Review**

During the year, other services, predominantly GETS-related which included our own Road Cargo Service (“ROCARS”) and ROCARS call center service on behalf of Customs & Excise Department, as well as our paper-to-electronic conversion services for paper users of our GETS services, offered stable contribution to our performance. We expect performance of these business to continue steady in the coming year.

Regarding iTeM, originally planned as our B2C E-commerce platform, has been launched, in a technical sense and a limited scale, in the year. Based on the feedback from soft launch, we are conducting further enhancement of the platform for commercial launch. As regards the merchant directory running on our iTeM platform for a major international credit card operator, again, more enhancement work is needed from feedback in the market after project launch. Meanwhile the team is actively pursuing new related initiatives as potential business growth areas. One of the initiatives is to develop some form of FinTech product with add-on e-logistics/workflow processing functions for which discussion is already underway with several interested partners. We are reasonably confident in signing up the first client soon. With our first reference client on board, we are prudently optimistic with this business initiative.



## China Review

During the year, business performance of our PRC associates was steady. Share of results from our PRC associates amounted to HK\$6.6 million; roughly at par with the level in 2014. Before the end of the year, the Group successfully completed the disposal of our stake in Guofurui at a gain of HK\$12.0 million.

As regards the corporate re-structuring of 上海匯通供應鏈技術與運營有限公司 (“U-Link”), our joint venture 4PL company in Shanghai, the exercise has been completed in the second half of the year involving capital increase and a major logistics company in Shenzhen as a new shareholder of its subsidiary operating U-Link’s 4PL platform. Although the historical legal issue of Guangdong Nanfang Haiian Science & Technology Service Company Limited caused by the previous management has been resolved in the year, it has caused some damages to the company in terms of its business and staff morale. Hopefully this will only be temporary. On the other hand, while it is expected that the re-structuring of U-Link will strengthen its business going forward, we may have to accept negative contribution from this associate in the near future as it continues investing in business expansion.

With three PRC associates left after disposal of our Guofurui stake, in 2016 we will take a rigorous review of our activities in China taking into consideration our core competence, competitive edges, Central Government policy direction and most importantly our lessons learned from our previous ventures in China.

## Financial Review

The Group’s revenue for the year fell 1.6%, from HK\$226.3 million in 2014 to HK\$222.7 million in 2015. The GETS revenue dropped HK\$9.0 million from HK\$173.8 million in 2014 to HK\$164.8 million in 2015 due to the termination of TTRS by the Government in November 2014 causing the loss of revenue at about HK\$5.0 million in 2015 when compared with 2014. The weak GETS market and the loss of a major client accounted for revenue drop of HK\$4.0 million in 2015. The Commercial Services revenue fell HK\$2.0 million from HK\$11.7 million in 2014 to HK\$9.7 million in 2015 due to project delay by customers. The revenue of Security Solutions had strong growth in revenue from HK\$22.5 million in 2014 to HK\$29.5 million in 2015, an increase by 31%. The revenue increase came from the completion of three E-cheque projects for the major banks and the high volume of security tokens delivery for our major bank client from 167,000 tokens delivered in 2014 to 184,000 tokens in 2015. The revenue of Other Services increased by 2.2% from HK\$18.3 million to HK\$18.7 million.

The Group’s interest income increased 5.7% year-on-year, from HK\$14.4 million in 2014 to HK\$15.2 million in 2015. The disposal of our 25.17% stake investment in our data centre service in a PRC associate in Beijing completed in December 2015. The Group recorded a disposal gain of HK\$12.0 million. In switching of part of our debt securities during the year, a net income of HK\$0.4 million was recorded, lower than the amount of net income in 2014 at HK\$5.7 million by HK\$5.3 million due to the high volatility of bond prices in the global market in anticipation of interest rate increase.

The Group's overall costs before depreciation charge increased from HK\$153.8 million in 2014 to HK\$157.2 million in 2015, a year-on-year increase of HK\$3.4 million or 2.2%. Staff costs for 2015 at HK\$102.3 million was slightly higher than the staff costs for 2014 at HK\$101.3 million by HK\$1.0 million. The cost of purchases declined from HK\$17.7 million in 2014 to HK\$16.0 million in 2015, a decrease of 9.5%. The other operating costs increased from HK\$34.8 million in 2014 to HK\$38.8 million in 2015 due to the devaluation of RMB in August 2015 causing an increase in foreign exchange loss of HK\$1.2 million.

Depreciation charges in 2015 at HK\$7.2 million, were lower than 2014 by HK\$1.8 million.

The Group's profit from operations for 2015 came to HK\$86.0 million, an increase of 2.9% over the HK\$83.6 million in 2014.

The Group's associates and joint venture in the PRC contributed a share of profit of HK\$6.6 million in 2015, as compared to a share of profit at HK\$6.9 million in 2014. The profit shared from Guofurui was incorporated in the Group's accounts up to November 2015 as the disposal of our 25.17% in Guofurui was completed in December 2015. No impairment of our investment in PRC associates was made in 2015.

The Group's profit before tax for 2015 came to HK\$92.6 million, higher than 2014 by HK\$6.8 million. Net profit for 2015 was HK\$81.4 million, higher than that for 2014 at HK\$74.2 million by HK\$7.2 million or 9.7%.

Basic earnings per share for 2015 were HK 10.2 cents, higher than 2014 by HK 0.9 cents. Diluted earnings per share for 2015 was also HK 10.2 cents, higher than 2014 by HK 0.9 cents.

## **Dividend**

The Board has recommended a final dividend of HK 5.1 cents per share for 2015 (2014: HK 4.9 cents per share), an increase of 4.1%. The proposed final dividend, together with the interim dividend of HK 3.6 cents (2014: HK 3.6 cents) paid on 12 October 2015 amounted to HK 8.7 cents per share, an increase of 2.4%. The total amount of interim and proposed final dividend for 2015 represents a payment of 100% of the Group's profit attributable to shareholders excluding the gain on disposal of Guofurui.

Apart from the final dividend, the Board has also recommended returning the entire amount of gain on disposal of our investment in Guofurui at HK\$12.0 million and the surplus revenue reserves of the Company at HK\$11.1 million through a special dividend of HK 2.9 cents (2014: HK 3.7 cents) per share as the Company has no immediate need for the cash. This brings the total dividend for 2015 to HK 11.6 cents per share, a decrease of about 4.9% over the 2014 dividend at HK 12.2 cents per share.

The proposed final dividend and special dividend will be submitted to shareholders for approval at the annual general meeting on 13 May 2016. If approved, the final dividend and special dividend will be paid to shareholders whose names appear on the Register of Members of the Company on 19 May 2016, on or about 31 May 2016.

The Board reminds shareholders that the Company's dividend policy enunciated at the time of our IPO in 2005 is that it will pay no less than 60% of its distributable profit as dividend. The fact that the Company has paid out 100% of its attributable profit for the past ten years and 100% of its distributable profit this year does not mean that the policy has changed.

### **Liquidity and Financial Position**

As at 31 December 2015, the Group had total cash and bank deposits of HK\$146.2 million (2014: HK\$114.0 million). The cash increase of HK\$32.2 million was mainly due to the following significant cash transactions during the year:

- (i) The Group sold all its RMB-denominated available-for-sale debt securities (also known as financial assets) in December 2015 at the amount equivalent to HK\$83.2 million in December 2015 to mitigate the risk of potential foreign exchange loss of RMB. Part of the cash proceeds at the amount of HK\$23.8 million was reinvested in USD-denominated available-for-sale debt securities before the end of 2015. The remaining portion of the cash proceeds was kept in the Group's bank accounts for investment in USD-denominated available-for-sale debt securities in January 2016.
- (ii) In connection with the disposal of our stake of 25.17% in Guofurui, the Group received a total cash deposits of RMB 10.0 million from the potential buyer and paid a withholding tax of RMB 4.3 million to the PRC tax authority on the gain on disposal transaction. Furthermore, the Group collected RMB 10.0 million being the balance of cash proceeds for the disposal of our 8.5% equity investment in Pinggu.
- (iii) During the year, the distribution of a special dividend of HK\$29.4 million was approved by the shareholders at the annual general meeting on 8 May 2015. An additional cash investment HK\$5.5 million into one of our PRC associates, U-Link, was approved by the Board to increase our shareholding from 24.5% to 26.0%.

Total assets and net assets of the Group as at 31 December 2015 amounted to HK\$576.7 million (2014: HK\$612.1 million) and HK\$360.6 million (2014: HK\$377.1 million) respectively.

As at 31 December 2015, the Group had no borrowings (2014: Nil).

### **Capital and Reserves**

As at 31 December 2015, the capital and reserves attributable to shareholders stood at HK\$360.6 million (2014: HK\$377.1 million). The reduction in capital and reserves was due to the payment of 100% of the Group's 2014 distributable profit and the payment of a special dividend at the amount of HK\$29.4 million as approved by the shareholders at the annual general meeting on 8 May 2015.

## **Charges on Assets and Contingent Liabilities**

As at 31 December 2015, the Group had three bank guarantees totaling HK\$2.3 million (2014: HK\$2.6 million) and nil performance bonds (2014: two performance bonds totaling HK\$0.7 million) issued to the Government for the due performance by the Group pursuant to the terms of the contracts with the Government. The bank guarantees and performance bonds are secured by a charge over deposits totaling HK\$3.8 million (2014: HK\$3.8 million).

Other than the foregoing, the Group had no other charges on its assets.

## **Capital Commitments**

Capital commitments outstanding as at end of 2015 not provided for in the financial statements amounted to HK\$0.2 million (2014: HK\$1.8 million), mainly in respect of the purchases of computer equipment for the Group.

## **Exposure to Fluctuation in Exchange Rates and Related Hedges**

As at 31 December 2015, the Group had exposures to foreign exchange risk through investments in the available-for-sale debt securities denominated in US dollars and investments in PRC established entities. The US dollars are pegged and do not expect to have significant currency risk. The Group has not hedged the foreign exchange exposure of in connection with the investments in PRC established entities.

## **Audit Committee**

The Audit Committee has reviewed the Group's accounting policies and the financial statements for the year ended 31 December 2015. It also had independent discussions with the internal auditor and the external auditor, KPMG, without the presence of the management team.

## **CORPORATE REVIEW**

### **Employees and Remuneration Policy**

As at 31 December 2015, the Group employed 259 staff (2014: 253), of which 226 work in Hong Kong and 33 in Guangzhou. The related staff costs for the year came to HK\$102.3 million (2014: HK\$101.3 million).

The Group's remuneration policy is that all employees are rewarded at market levels. In addition to salaries, the Group provides staff benefits including medical insurance and contributions to the staff's mandatory provident fund. To motivate and reward performance, the Group has a discretionary performance bonus scheme to better drive and reward growth.

The Company operates two share option schemes to reward performance of staff: one for assistant manager grade and above and the other one for staff at senior vice president grade and above.

## **Corporate Developments**

Tradelink call centre won a Gold Award and the “Best-in-Class” in the “Commerce and Utilities” category in the 2015 Mystery Caller Assessment Award organized by the Hong Kong Call Centre Association. This was the fourth consecutive year Tradelink won the Gold Award, demonstrating our consistently high quality services to our customers.

During the year, Tradelink and its wholly-owned subsidiary, Digi-Sign, also continued their status as a “Caring Company” conferred by the Hong Kong Council of Social Service. Also, Tradelink and Digi-Sign have been accredited with the “Happy Company Logo 2015” of Happy Organization Label Scheme, in recognition of our building of a healthy and pleasant working environment for our staff. At the same time, as an honor to Tradelink and Digi-Sign in providing enhanced retirement benefits to our staff, we have been conferred the ‘Good MPF Employer Award 2014/15’ by the Mandatory Provident Fund Schemes Authority.

## **OTHER INFORMATION**

### **Closure of Register of Members**

The register of members will be closed from Wednesday, 11 May 2016 to Friday, 13 May 2016, both days inclusive, during which period no transfer of shares will be registered to determine the shareholders’ entitlement to attend and vote at the annual general meeting of the Company (“AGM”) to be held on Friday, 13 May 2016. All duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong for registration, no later than 4:30 pm on Tuesday, 10 May 2016.

The register of members will also be closed from Thursday, 19 May 2016 to Monday, 23 May 2016, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final and special dividends, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong for registration, no later than 4:30 pm on Wednesday, 18 May 2016.

### **Purchase, Sale or Redemption of the Company’s Listed Securities**

During the year, neither the Company nor its subsidiaries purchased, sold or redeemed any of its listed securities.

## **Compliance with the Corporate Governance Code**

The Company is committed to a high standard of corporate governance and every effort is made to ensure full compliance with the code provisions of the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”). In this regard, the Company confirms that it has complied with all code provisions during 2015.

## **Publication of Final Results and 2015 Annual Report**

This announcement is published on the respective websites of the Company ([www.tradelink.com.hk](http://www.tradelink.com.hk)) and HKExnews of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)).

The annual report of the Group for the year ended 31 December 2015 will be dispatched to shareholders and published on the respective websites of the Company ([www.tradelink.com.hk](http://www.tradelink.com.hk)) and HKExnews of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) in April 2016.

## **Annual General Meeting**

It is proposed that the AGM of the Company be held on Friday, 13 May 2016. Notice of the AGM will be published and dispatched to shareholders within the prescribed time and in such manner as required under the Listing Rules.

By Order of the Board  
**Tradelink Electronic Commerce Limited**  
**Dr. LEE Nai Shee, Harry, S.B.S., J.P.**  
*Chairman*

Hong Kong, 29 March 2016

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), Dr. LEE Delman, Mr. KIHM Lutz Hans Michael and Mr. YING Tze Man, Kenneth; ***Executive Directors:*** Mr. TSE Kam Keung, Mr. CHENG Chun Chung, Andrew, Ms. CHUNG Shun Kwan, Emily and Mr. LI Fuk Kuen, Wilfred; and ***Independent Non-executive Directors:*** Mr. CHAK Hubert, Mr. CHAU Tak Hay, Ms. CHAN Chi Yan, Mr. CHUNG Wai Kwok, Jimmy and Mr. HO Lap Kee, Sunny, J.P.