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 2011

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 2011.

FINANCIAL HIGHLIGHTS

	Note	**Year ended 31 December 2011 *(HK$'000)***	Year ended 31 December 2010 *(HK$'000)*
Turnover	*3*	**206,176**	216,091
Profit from operations		**74,922**	85,581
Profit attributable to equity shareholders of the Company		**70,065**	69,259
Total assets		**575,598**	562,369
Net assets		**340,806**	336,281
Dividend per share (HK cents)	*8*		
Interim		**2.8**	2.5
Proposed final		**6.1**	6.3
Earnings per share (HK cents)	*9*		
Basic		**9.1**	9.0
Diluted		**9.0**	8.9
Issued and fully paid ordinary shares (in '000)			
As at 31 December		**782,546**	778,606
Weighted average number of ordinary shares (basic) outstanding as at 31 December		**765,575**	765,706

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2011

	Note	**2011 (HK$'000)**	2010 (HK$'000)
Turnover	*3*	**206,176**	216,091
Interest income		**8,302**	8,028
Other net (loss)/income	*5*	**(422)**	12,408
Staff costs		**(88,188)**	(84,757)
Depreciation		**(19,517)**	(20,877)
Other operating expenses		**(31,429)**	(45,312)
Profit from operations		**74,922**	85,581
Share of results of associates		**5,841**	(3,989)
Profit before taxation	*6*	**80,763**	81,592
Taxation	*7*	**(10,698)**	(12,333)
Profit for the year		**70,065**	69,259
Earnings per share (HK cents)	*9*		
Basic		**9.1**	9.0
Diluted		**9.0**	8.9

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2011

	2011 *(HK$'000)*	2010 *(HK$'000)*
Profit for the year	**70,065**	69,259
Other comprehensive income for the year (after tax):		
Exchange difference on translation of financial statements of overseas associates	**4,080**	2,720
Available-for-sale debt securities: net movement in fair value reserve	**(1,596)**	(2,415)
Total comprehensive income for the year	**72,549**	69,564

CONSOLIDATED BALANCE SHEET

As at 31 December 2011

	Note	**2011** **(HK$'000)**	2010 (HK$'000)
Non-current assets			
Fixed assets		**45,010**	58,712
Goodwill		**9,976**	9,976
Interest in associates	*10*	**97,975**	78,744
		152,961	147,432
Current assets			
Trade receivables	*12*	**27,194**	22,916
Other receivables and prepayments		**21,832**	19,297
Other financial assets	*11*	**225,594**	156,739
Deposits with bank		**41,700**	118,500
Cash and cash equivalents		**106,317**	97,485
		422,637	414,937
Current liabilities			
Trade creditors, accounts payable and other payables	*13*	**224,512**	219,307
Taxation		**5,851**	350
		230,363	219,657
Net current assets		**192,274**	195,280
Total assets less current liabilities		**345,235**	342,712
Non-current liabilities			
Provision for long service payments		**2,727**	2,677
Deferred taxation		**1,702**	3,754
		4,429	6,431
NET ASSETS		**340,806**	336,281
Capital and Reserves			
Share capital	*14*	**156,509**	155,721
Reserves		**184,297**	180,560
TOTAL EQUITY		**340,806**	336,281

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2011

		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)*
As at 1 January 2010		155,661	118,007	(5,389)	6,278	529	1,731	46,037	322,854
Changes in equity for 2010									
Dividends approved in respect of the previous year		–	–	–	–	–	–	(31,144)	(31,144)
Issue of new shares	*14*	60	210	–	–	–	–	–	270
Equity-settled share-based transactions		–	–	–	912	–	–	–	912
Changes in shares held for share award scheme		–	–	(6,710)	–	–	–	–	(6,710)
Vesting of awarded shares		–	–	556	(556)	–	–	–	–
Lapse of share options		–	–	–	(1,194)	–	–	1,194	–
Total comprehensive income for the year		–	–	–	–	2,720	(2,415)	69,259	69,564
Dividends declared in respect of the current year	*8*	–	–	–	–	–	–	(19,465)	(19,465)
As at 31 December 2010 and 1 January 2011		**155,721**	**118,217**	**(11,543)**	**5,440**	**3,249**	**(684)**	**65,881**	**336,281**
Changes in equity for 2011									
Dividends approved in respect of the previous year		**–**	**–**	**–**	**–**	**–**	**–**	**(49,184)**	**(49,184)**
Issue of new shares	*14*	**788**	**3,232**	**–**	**(251)**	**–**	**–**	**–**	**3,769**
Equity-settled share-based transactions		**–**	**–**	**–**	**724**	**–**	**–**	**–**	**724**
Changes in shares held for share award scheme		**–**	**–**	**(1,794)**	**–**	**–**	**–**	**–**	**(1,794)**
Vesting of awarded shares		**–**	**–**	**951**	**(579)**	**–**	**–**	**–**	**372**
Lapse of share options		**–**	**–**	**–**	**(792)**	**–**	**–**	**792**	**–**
Total comprehensive income for the year		**–**	**–**	**–**	**–**	**4,080**	**(1,596)**	**70,065**	**72,549**
Dividends declared in respect of the current year	*8*	**–**	**–**	**–**	**–**	**–**	**–**	**(21,911)**	**(21,911)**
As at 31 December 2011		**156,509**	**121,449**	**(12,386)**	**4,542**	**7,329**	**(2,280)**	**65,643**	**340,806**

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 on The Stock Exchange of Hong Kong Limited.

The consolidated financial statements for the year ended 31 December 2011, 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 debt 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.

2. Changes in accounting policies

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

- HKAS 24 (revised 2009), Related party disclosures
- Improvements to HKFRSs (2010)

These developments relate primarily to clarification of certain disclosure requirements applicable to the Group's financial statements, and have no material impact on the contents of the Group's financial statements.

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

3. Turnover

The principal activity 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:

	2011 *(HK$'000)*	2010 *(HK$'000)*
Transaction and handling fees	**171,102**	183,929
Annual subscription and registration fees	**18,770**	17,044
Others	**16,304**	15,118
	206,176	216,091

4. Segment reporting

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. Other net (loss)/income

	2011	2010
	(HK$'000)	*(HK$'000)*
Net (loss)/gain on disposal of available-for-sale debt securities	**(422)**	10,508
Recovery of loan to an associate previously written off	**–**	1,900
	(422)	12,408

6. Profit before taxation

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

	2011	2010
	(HK$'000)	*(HK$'000)*
Staff costs:		
Contributions to defined contribution retirement plan	**2,196**	2,319
Equity-settled share-based payment expenses		
– share option schemes	**20**	131
– share award scheme	**704**	781
Salaries, wages and other benefits	**85,268**	81,526
	88,188	84,757
Other items:		
Auditors' remuneration	**771**	747
Depreciation		
– assets held for use under finance lease	**143**	143
– other assets	**19,374**	20,734
Operating lease charges in respect of properties	**1,398**	1,652
Net foreign exchange loss/(gain)	**272**	(664)

7. Taxation

	2011 *(HK$'000)*	2010 *(HK$'000)*
Provision for Hong Kong Profits Tax for the year	**12,651**	9,070
Provision for overseas tax for the year	**103**	84
Over-provision in respect of prior years	**(4)**	(3)
Deferred taxation	**(2,052)**	3,182
	10,698	12,333

The provision for Hong Kong Profits Tax for 2011 is calculated at 16.5% (2010:16.5%) of the estimated assessable profits for the year.

8. Dividends

	2011 *(HK$'000)*	2010 *(HK$'000)*
Interim	**21,911**	19,465
Proposed final	**47,735**	49,052
	69,646	68,517

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

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$70,065,000 (2010: HK$69,259,000) and the weighted average number of 765,575,000 ordinary shares (2010: 765,706,000 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$70,065,000 (2010: HK$69,259,000) and the weighted average number of ordinary shares of 781,419,000 shares (2010: 778,516,000 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.

10. Interest in associates

(a) 國富瑞("Guofurui")

In April 2010, the Company subscribed for a 25.17% equity interest in 國富瑞數據系統有限公司, China International Data Systems Co., Ltd ("Guofurui") for a cash consideration of RMB50,000,000. Guofurui is a sino-foreign equity joint venture with duration of operation of 30 years. It develops and operates data centres in China for the provision of disaster recovery, business continuity and other IT outsourcing services. In April 2011, the Group completed the fair value assessment of the assets acquired and liabilities assumed as part of its acquisition of equity interest in Guofurui. No goodwill was recognised upon acquisition of the 25.17% equity interest based on the final assessment on the accounting of the acquisition.

(b) 江蘇世成("SCNT")

In April 2011, the Group entered into an agreement with several parties to subscribe for a 24.5% equity interest in 江蘇世成網絡科技有限公司 ("SCNT") for a cash consideration of RMB2,450,000. SCNT was subsequently incorporated in June 2011. It has duration of operation of 20 years and is engaged in IT related services. During the year, the Group has injected RMB1,225,000 into SCNT. The remaining investment cost is required to be injected within two years of the company's establishment.

(c) 上海匯通("U-Link")

In May 2011, the Group subscribed for a 24.5% equity interest in 上海匯通供應鏈技術與運營有限公司 ("U-Link") for a cash consideration of RMB7,350,000. The relevant amount was fully paid up during the year. U-Link was subsequently incorporated in July 2011. It is a sino-foreign equity joint venture with duration of operation of 20 years and is engaged in supply chain management development and services.

11. Other financial assets

	2011	2010
	(HK$'000)	*(HK$'000)*
Current		
Available-for-sale debt securities at fair value		
– unlisted	**1,539**	1,523
– listed in Hong Kong	**109,621**	35,415
– listed outside Hong Kong	**114,434**	119,801
	225,594	156,739

As at 31 December 2011, 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 rating ranging from BBB- to AA–.

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:

	2011	2010
	(HK$'000)	*(HK$'000)*
Current	**24,576**	21,881
1 to 3 months overdue	**2,348**	683
More than 3 months overdue but less than 12 months overdue	**270**	352
	27,194	22,916

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

	2011	2010
	(HK$'000)	*(HK$'000)*
Trade creditors (due on demand or within 1 month)	**15,784**	11,958
Customer deposits received	**167,215**	166,187
Accrued charges and other payables	**41,513**	41,162
	224,512	219,307

Customer deposits received are refundable on demand.

14. Share capital

	2011		2010	
	Number of shares ***(in'000)***	**Amounts** ***(HK$'000)***	Number of shares *(in'000)*	Amounts *(HK$'000)*
Authorised:				
Ordinary shares of HK$0.20 (2010: HK$0.20) each	**1,250,000**	**250,000**	1,250,000	250,000
Ordinary shares, issued and fully paid:				
As at 1 January	**778,606**	**155,721**	778,306	155,661
Shares issued under share option schemes	**3,940**	**788**	300	60
As at 31 December	**782,546**	**156,509**	778,606	155,721

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.

The shares awarded under the Scheme are acquired from the open market. The net consideration paid, including any directly attributable incremental costs, is presented as "Shares held for Share Award Scheme" and deducted from total equity.

MANAGEMENT DISCUSSION AND ANALYSIS

General

2011 was a challenging year for the Management Team at Tradelink. After the turnaround achieved in 2010, the operating environment turned sour in 2011, with two natural disasters, the tsunami in Japan at the beginning of the year and the flooding in Thailand during the second half of the year, seriously disrupting the supply chain in this part of the world. These, together with the gyrations in the financial markets, caused first by the hiatus over the US debt limits and second by the sovereign debt crisis which is still being played out in Europe, dampened the world trade scene, which remains central to our performance. The resulting shrinkage in Hong Kong's GETS market, by about 4% year-on-year, largely put paid to our hopes of another stellar performance year.

The ill-winds blowing across the financial markets had another indirect effect on us, more specifically on our treasury operations. In view of the heightening of risks in the bond market, the Board decided at the end of the first quarter of 2011 to switch our portfolio of long-term bonds to investment grade bonds with a much shorter maturity. While this was laudably prudent, it nevertheless meant that we were unable to repeat the exceptional gain of over HK$10 million achieved from our treasury operations in 2010. The much lower yields for short-term investment grades also affected our interest income for the year.

Our answer to a shrinking GETS market and some erosion of market share was stringent cost control and a further efficiency increase of our operation. Furthermore we have reinforced the growth strategy for DTTN and Digi-Sign. In both businesses we won the trust of new big customers and introduced new services to them. For reasons beyond our control the profits from these new initiatives will only be booked in 2012 and thereafter. Thanks to savings from better cost controls and much improved performance in our China investments, we were able eventually to match the bottom line we achieved for 2010 despite the 4.6% decline in turnover, higher staff costs and the absence of any exceptional gains this year from our treasury operations. The Team, however, takes comfort from the fact that the various project delays can only mean a much better performance for 2012.

Business Review

Tradelink/DTTN

As mentioned above, our core business of providing front-end GETS suffered as a result of the 4% shrinkage in the overall market. Added to the intense competition from the other two service providers, we recorded a decline of some 8% in this area when compared with 2010.

Fortunately, mandatory use of the Customs & Excise Department's (Customs) Road Cargo System ("ROCARS") starting from 17 November 2011 provided a mini-windfall. In the run-up to, and immediately after, mandatory usage, the number of calls handled by Tradelink, as the agent appointed by Customs to provide call centre services on behalf of Government, increased sharply, with the total number of calls in the last 3 months in 2011 almost double that for the first 9 months of the year. Consequentially, there was a significant increase in service charges received from Customs. In addition, leveraging on our IT and operational infrastructure, we developed a comprehensive range of user-friendly ROCARS solutions to meet the needs of shippers and truckers. With positive market response, we received continuous customer support and new subscriptions despite starting to levy charges for the service in December 2011. We are hopeful that this will represent a new revenue stream for us.

During the year, we continued to make steady progress in developing Digital Trade and Transportation Network ("DTTN"). Revenue from our DTTN operations more than doubled year-on-year. With a number of new projects well underway, transaction levels should increase further in 2012. The collaboration with Cathay Pacific Airways and Global Logistics System (HK) Company Limited in May 2011 utilizing DTTN to pilot the world's first 100% paperless e-freight project, involving a cargo shipment from Hong Kong to Munich via Frankfurt, laid the foundations for closer co-operation with Cathay Pacific. We are currently exploring ways and means of using DTTN to develop a "freight forwarder community platform" for conducting business amongst our clients.

Our revised strategy for deploying DTTN in China was launched successfully during the year: three DTTN Gateways were set up with different strategic partners: one in Xiamen, one in Shanghai and one in Shenzhen. Together with the two at our own offices in Beijing and Guangzhou, the current deployment gives us a good geographic coverage of the market. Discussions currently in train should result in another three such Gateways being set up in China during 2012. This augurs well for our plan to deploy DTTN Gateways covering the major strategic locations in the China market over the next three years.

The Tradelink/DTTN platforms integration initiative was essentially completed by the end of the year and migration of DTTN clients to the new integrated platform should be completed by the end of the first quarter of 2012. Once completed, the team will focus on completing the development work for the "Tradelink Box", a suite of programmes spanning the whole supply chain as part of our effort to renew our technology to better serve our clients.

Digi-Sign Certification Services Limited ("Digi-Sign")

As mentioned above, Digi-Sign's new business roll-out experienced some delays which were beyond the control of the team. However, our planned expansion into the e-banking security market continued apace. Apart from concluding security token services contracts, albeit at a much smaller scale, with two other banks, preparatory work for the proposed common authentication scheme progressed satisfactorily. We received the go-ahead from the Hong Kong Monetary Authority ("HKMA") recently and anticipate service roll-out towards the end of 2012. As well, the team continued its efforts to complete work on meeting the HKMA's guidelines on the security solution necessary to enable accessing "high risk" banking services over mobile devices. We are confident that our proposed solution will address both regulatory and client concerns in this field, opening up new opportunities for further business growth.

During the year, Digi-sign also completed work on upgrading its systems to support the issuance of 2048 bit digital certificates to bring the security of its services to current international standards. R&D work on identifying further business opportunities in the e-banking security market also continued.

China

As also mentioned earlier, our three original China investments returned a much improved performance last year, turning a loss of HK$4 million in 2010 to a gain of HK$5.8 million in 2011.

As foreshadowed in our Interim Report this year, we entered into two additional joint ventures with strategic partners, investing RMB9.4 million, during the course of the year to improve our ability to penetrate the China market more efficiently and effectively.

Financial Review

The Group's turnover for the year fell 4.6%, from HK$216.1 million in 2010 to HK$206.2 million in 2011, due partly to a decline in the overall GETS market and partly to intense competition. Fortunately, this decline was balanced out by an 8% decrease in the Group's operating costs before depreciation, from HK$130.0 million to HK$119.6 million in 2011, due to better costs control and lower non-recurrent operating costs. In addition, depreciation charges for 2011, at HK$19.5 million, was also lower than the previous year by HK$1.4 million.

As a result, the Group's profit from operations for 2011 came to HK$74.9 million, down 12.5% as compared to 2010. This was due largely to the fact that the 2010 figures included two one-off other net income items amounting to over HK$12 million. Excluding such items, the Group's operating profit for 2011 was actually 2.9% higher than 2010.

The Group's investments in associates in the PRC returned a much better performance: from a net loss of HK$4.0 million in 2010 to a net profit of HK$5.8 million in 2011.

The profit attributable to equity shareholders for 2011 thus came to HK$70.1 million, a growth of 1.2% as compared to 2010. Again, excluding one-off other net income, the Group's net attributable profit for 2011 was nearly 24% higher than for 2010.

Basic earnings per share for 2011 were HK9.1 cents, up 1.1% from HK9.0 cents in 2010.

Liquidity and Financial Position

As at 31 December 2011, the Group had total cash and bank deposits of HK$148.0 million (31 December 2010: HK$216.0 million). The substantial reduction in our cash reserves is mainly accounted for by an increasing of the Group's investment in corporate bonds, treated as available-for-sale debt securities, from HK$156.7 million at the end 2010 to HK$225.6 million as at 31 December 2011. Total assets and net assets of the Group as at 31 December 2011 amounted to HK$575.6 million (31 December 2010: HK$562.4 million) and HK$340.8 million (31 December 2010: HK$336.3 million) respectively.

As at 31 December 2011, the Group had no borrowings (31 December 2010: Nil).

Capital and Reserves

As at 31 December 2011, the capital and reserves attributable to shareholders stood at HK$340.8 million, an increase of HK$4.5 million from 2010.

Charges on Assets and Contingent Liabilities

As at 31 December 2011, the Group has one bank guarantee, in the amount of HK$2.1 million, to the Government for the due performance of our GETS II Contract, which will remain in effect from 1 January 2010 to 31 December 2016. In addition, we have one performance bond, in the amount of HK$0.6 million, for the due performance of the call centre service under ROCARS. These are secured by a charge over our deposits and are subject to review annually.

The Group provides a bank guarantee, in the amount of HK$1.2 million, in respect of a revolving credit facility granted to Telstra Technology Services (Hong Kong) 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.

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

Capital Commitments

Capital commitments outstanding as at 31 December 2011 not provided for in the financial statements amounted to HK$0.5 million (31 December 2010: HK$0.7 million). They are mainly in respect of our hardware platform, software and computer equipment.

During the year, the Group entered into an agreement with strategic business partners to subscribe for a 24.5% equity interest in 江蘇世成網絡科技有限公司 ("SCNT") for a cash consideration of RMB2.45 million and has invested half of the cash consideration. The Group's outstanding commitment in respect of capital investment in SCNT not provided for in the financial statements amounted to RMB1.225 million.

Employees and Remuneration Policy

As at 31 December 2011, the Group employed 281 staff (2010: 279), of which 234 work in Hong Kong, 3 are based in Beijing and 44 in Guangzhou. The related staff costs for the year totaled HK$88.2 million (2010: HK$84.8 million).

The Group's remuneration policy is that all employees are rewarded on the basis of market salary 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 established a discretionary performance bonus scheme for general staff.

The Company operates two share option schemes and a share award scheme to reward the performance of employees at the assistant manager grade and above. Since implementation of the share award scheme in 2009, no additional options have been granted to employees although options previously granted remain valid.

Exposure to Fluctuation in Exchange Rates and Related Hedges

As at 31 December 2011, other than its investments in the PRC incorporated entities and Renminbi-denominated debt securities, the Group had no foreign exchange exposure or related hedges.

Audit Committee

The Group's Audit Committee has reviewed the accounting policies adopted by the Group and the financial statements for the year ended 31 December 2011.

Dividend

The Board has recommended a final dividend of HK6.1 cents per share (2010: HK6.3 cents per share) for the year ended 31 December 2011 for the approval of shareholders of the Company at the forthcoming annual general meeting. The final dividend will be paid, on or about 1 June 2012, to shareholders whose names appear on the Register of Members of the Company on 24 May 2012.

On 10 October 2011, the Company paid an interim dividend of HK2.8 cents per share (2010: HK2.5 cents per share) to shareholders. The total amount of 2011 interim dividend paid and 2011 final dividend payable is 100% of the Group's profit attributable to shareholders for 2011.

The Board would like to remind shareholders of the Company's dividend policy enunciated at the time of the IPO in 2005, which is that the Company will pay not less than 60% of its distributable profit as dividend. The fact that the Company has paid out 100% of its distributable profit over the past six years does not mean that the dividend policy has changed.

Closure of Register of Members

The Register of Members will be closed from 24 May to 25 May 2012, 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 form must be lodged with 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 not later than 4:30 pm on 23 May 2012.

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

During the year, except for shares purchased under the Share Award Scheme by its trustee 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the SEHK"). As part of this, the Company resolved to accept and implement all the recommendations following the SEHK's review of the CG Code last year to ensure that its corporate governance practices are equal to the best in Hong Kong.

The Board of Directors and Management are also 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 2011 containing all the detailed information will be dispatched to shareholders and available at the Company's website www.tradelink.com.hk in April 2012.

Annual General Meeting

It is proposed that the Annual General Meeting of the Company be held on 18 May 2012. 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, 27 March 2012

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. TSANG Oi Lin, Ophelia
Mr. IP Sing Chi, Eric
Mr. KIHM Lutz Hans, Michael

Executive Directors:
Mr. WU Wai Chung, Michael
Mr. CHENG Chun Chung, Andrew
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, J.P.