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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2012

The Board of Directors (the "Board") of Tradelink Electronic Commerce Limited ("Tradelink" or the "Company") is pleased to announce the unaudited interim consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2012.

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

		Six months ended 30 June	
	Note	**2012** **(*HK$'000*)**	2011 (*HK$'000*)
Turnover	*3*	**102,854**	101,503
Interest income		**6,059**	3,923
Other net loss	*5*	**–**	(422)
Cost of purchases		**(2,936)**	(753)
Staff costs	*6*	**(43,301)**	(44,671)
Depreciation		**(4,914)**	(10,669)
Other operating expenses		**(17,939)**	(14,527)
Profit from operations		**39,823**	34,384
Share of results of associates		**26**	(693)
Profit before taxation	*6*	**39,849**	33,691
Taxation	*7*	**(6,116)**	(4,959)
Profit for the period		**33,733**	28,732
Earnings per share (HK cents)	*9*		
Basic		**4.40**	3.76
Diluted		**4.31**	3.68

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Six months ended 30 June	
	2012	2011
	(HK$'000)	*(HK$'000)*
Profit for the period	**33,733**	28,732
Other comprehensive income for the period (after tax):		
Exchange difference on translation of financial statements of overseas operations	**(601)**	1,797
Available-for-sale securities: net movement in fair value reserve	**6,283**	738
Total comprehensive income for the period	**39,415**	31,267

CONSOLIDATED BALANCE SHEET (UNAUDITED)

	Note	**As at 30 June 2012 Unaudited *(HK$'000)***	As at 31 December 2011 Audited *(HK$'000)*
Non-current assets			
Fixed assets		**43,853**	45,010
Goodwill		**9,976**	9,976
Interest in associates	*10*	**97,409**	97,975
		151,238	152,961
Current assets			
Trade receivables	*11*	**27,470**	27,194
Other receivables and prepayments	*12*	**50,150**	21,832
Other financial assets	*13*	**258,375**	225,594
Deposits with bank		**3,700**	41,700
Cash and cash equivalents		**115,972**	106,317
		455,667	422,637
Current liabilities			
Trade creditors, accounts payable and other payables	*14*	**262,078**	224,512
Taxation		**9,706**	5,851
		271,784	230,363
Net current assets		**183,883**	192,274
Total assets less current liabilities		**335,121**	345,235

CONSOLIDATED BALANCE SHEET (UNAUDITED) (CONTINUED)

	Note	**As at 30 June 2012 Unaudited *(HK$'000)***	As at 31 December 2011 Audited *(HK$'000)*
Non-current liabilities			
Provision for long service payments		**2,946**	2,727
Deferred taxation		**1,697**	1,702
		4,643	4,429
NET ASSETS		**330,478**	340,806
Capital and reserves			
Share capital	*15*	**156,542**	156,509
Reserves		**173,333**	184,297
Total equity attributable to equity shareholders of the Company		**329,875**	340,806
Non-controlling interest		**603**	–
TOTAL EQUITY		**330,478**	340,806

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Attributable to equity shareholders of the Company							
	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 2011	155,721	118,217	(11,543)	5,440	3,249	(684)	65,881	336,281
Changes in equity for the six months ended 30 June 2011:								
Dividends approved in respect of the previous year	–	–	–	–	–	–	(49,184)	(49,184)
Issue of new shares	578	2,355	–	(180)	–	–	–	2,753
Equity-settled share-based transactions	–	–	–	441	–	–	–	441
Changes in shares held for share award scheme	–	–	534	–	–	–	–	534
Vesting of awarded shares	–	–	738	(557)	–	–	–	181
Lapse of share options	–	–	–	(232)	–	–	232	–
Total comprehensive income for the period	–	–	–	–	1,797	738	28,732	31,267
As at 30 June 2011 and 1 July 2011	156,299	120,572	(10,271)	4,912	5,046	54	45,661	322,273
Changes in equity for the six months ended 31 December 2011:								
Issue of new shares	210	877	–	(71)	–	–	–	1,016
Equity-settled share-based transactions	–	–	–	283	–	–	–	283
Changes in shares held for share award scheme	–	–	(2,328)	–	–	–	–	(2,328)
Vesting of awarded shares	–	–	213	(22)	–	–	–	191
Lapse of share options	–	–	–	(560)	–	–	560	–
Total comprehensive income for the period	–	–	–	–	2,283	(2,334)	41,333	41,282
Dividend declared in respect of current year	–	–	–	–	–	–	(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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) (CONTINUED)

	Attributable to equity shareholders of the Company									
	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)	Non-Controlling interest (HK$'000)	Total equity (HK$'000)
As at 1 January 2012	**156,509**	**121,449**	**(12,386)**	**4,542**	**7,329**	**(2,280)**	**65,643**	**340,806**	**–**	**340,806**
Changes in equity for the six months ended 30 June 2012:										
Dividends approved in respect of the previous year	–	–	–	–	–	–	(47,745)	(47,745)	–	(47,745)
Issue of new shares	33	138	–	(11)	–	–	–	160	–	160
Equity-settled share-based transactions	–	–	–	306	–	–	–	306	–	306
Changes in shares held for share award scheme	–	–	(4,079)	–	–	–	–	(4,079)	–	(4,079)
Vesting of awarded shares	–	–	971	(51)	–	–	92	1,012	–	1,012
Lapse of share options	–	–	–	(41)	–	–	41	–	–	–
Equity contribution from non-controlling interest	–	–	–	–	–	–	–	–	603	603
Total comprehensive income for the period	–	–	–	–	(601)	6,283	33,733	39,415	–	39,415
As at 30 June 2012	**156,542**	**121,587**	**(15,494)**	**4,745**	**6,728**	**4,003**	**51,764**	**329,875**	**603**	**330,478**

Notes:

1. BASIS OF PREPARATION

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited ("the SEHK"), including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The accounting policies adopted in preparing the interim financial report are consistent with those used in preparing the Group's annual financial statements for the year ended 31 December 2011, except for the changes set out in *Note 2*.

The interim financial report for the six-month period ended 30 June 2012 is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA.

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a few amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. None of these developments are relevant to the Group's financial statements and the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. TURNOVER

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

4. SEGMENT REPORTING

Starting from this year, the Board of Directors 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.
- 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.

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.

4. SEGMENT REPORTING (CONTINUED)

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments 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 of Directors for the periods ended 30 June 2012 and 2011 is set out below.

	Six months ended 30 June 2012				
	E-commerce		**Security**	**Other**	
	GETS	**DTTN services**	**solutions**	**services**	**Total**
	(HK$'000)	***(HK$'000)***	***(HK$'000)***	***(HK$'000)***	***(HK$'000)***
Turnover from external customers	**82,941**	**1,956**	**8,466**	**9,491**	**102,854**
Inter-segment turnover	**–**	**1,388**	**3,133**	**2,096**	**6,617**
Reportable segment turnover	**82,941**	**3,344**	**11,599**	**11,587**	**109,471**
Elimination of inter-segment turnover					**(6,617)**
Consolidated turnover					**102,854**
Reportable segment profit	**24,988**	**1,921**	**4,097**	**8,769**	**39,775**
Interest income					**6,059**
Depreciation					**(4,914)**
Share of results of associates					**26**
Unallocated corporate expenses					**(1,097)**
Consolidated profit before taxation					**39,849**

	Six months ended 30 June 2011				
	E-commerce		Security	Other	
	GETS	DTTN services	solutions	services	Total
	(HK$'000)	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*
Turnover from external customers	83,869	5,804	4,632	7,198	101,503
Inter-segment turnover	–	1,337	3,138	1,963	6,438
Reportable segment turnover	83,869	7,141	7,770	9,161	107,941
Elimination of inter-segment turnover					(6,438)
Consolidated turnover					101,503
Reportable segment profit	26,279	5,761	2,984	6,522	41,546
Interest income					3,923
Net loss on disposal of available-for-sale debt securities					(422)
Depreciation					(10,669)
Share of results of associates					(693)
Unallocated corporate expenses					6
Consolidated profit before taxation					33,691

5. OTHER NET LOSS

	Six months ended 30 June	
	2012	2011
	(HK$'000)	*(HK$'000)*
Net loss on disposal of available-for-sale debt securities	**–**	422

6. PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2012	2011
	(HK$'000)	*(HK$'000)*
Staff costs:		
Contributions to defined contribution retirement plan	**1,162**	1,117
Equity-settled share-based payment expenses		
– share option schemes	**–**	19
– share award scheme	**306**	422
Salaries, wages and other benefits	**41,833**	43,113
	43,301	44,671
Other items:		
Auditors' remuneration	**508**	468
Depreciation		
– assets held for use under finance lease	**71**	71
– other assets	**4,843**	10,598
Operating lease charges in respect of properties	**755**	668
Net foreign exchange loss/(gain)	**1,094**	(8)

7. TAXATION

	Six months ended 30 June	
	2012	2011
	(HK$'000)	*(HK$'000)*
Provision for Income Tax for the period		
– Hong Kong Profits Tax	**6,121**	6,032
– Overseas tax	**–**	111
	6,121	6,143
Deferred taxation	**(5)**	(1,184)
	6,116	4,959

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

8. DIVIDENDS

	Six months ended 30 June	
	2012	2011
	(HK$'000)	*(HK$'000)*
Interim dividend declared and paid after the interim period of HK 3.3 cents per share (2011: HK 2.8 cents per share)	**25,829**	21,882

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$33,733,000 (2011: HK$28,732,000) and the weighted average number of 766,361,000 ordinary shares (2011: 764,650,000 shares) in issue during the period 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$33,733,000 (2011: HK$28,732,000) and the weighted average number of 782,903,000 ordinary shares (2011: 780,386,000 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

As at 30 June 2012, the Group has 35% equity interest in i-Legal Service Ltd, 25% in Telstra Technology Services (Hong Kong) Limited, 20% in Guangdong Nanfang Haian Science & Technology Service Company Limited, 25.17% in 國富瑞數據系统有限公司 (China International Data Systems Co., Ltd.), 21.3% in 江蘇世成網絡科技有限公司 and 24.5% in 上海匯通供應鏈技術與運營有限公司.

There were no changes in the particulars of associates during the period.

11. 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:

	As at 30 June 2012	As at 31 December 2011
	(HK$'000)	*(HK$'000)*
Current	**25,697**	24,576
1 to 3 months overdue	**1,104**	2,348
More than 3 months overdue but less than 12 months overdue	**669**	270
	27,470	27,194

All the above balances are expected to be recovered within one year and they are generally covered by customer deposits received from customers (see *Note 14*).

12. OTHER RECEIVABLES AND PREPAYMENTS

Included in the balance of HK$50,150,000 are security tokens of HK$21,285,000 purchased in respect of security solution service to a local financial institution.

13. OTHER FINANCIAL ASSETS

As at 30 June 2012, 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 AA- to BBB-.

14. TRADE CREDITORS, ACCOUNTS PAYABLE AND OTHER PAYABLES

	As at 30 June 2012 *(HK$'000)*	As at 31 December 2011 *(HK$'000)*
Trade creditors (due on demand or within one month)	**11,048**	15,784
Customer deposits received	**165,131**	167,215
Accrued charges and other payables	**85,899**	41,513
	262,078	224,512

Customer deposits received are refundable on demand.

15. SHARE CAPITAL AND SHARE AWARD SCHEME

(a) Share capital

	As at 30 June 2012		As at 31 December 2011	
	Number of shares *(in '000)*	**Amounts** *(HK$'000)*	Number of shares *(in '000)*	Amounts *(HK$'000)*
Authorised:				
Ordinary shares of HK$0.20 (2011: HK$0.20) each	**1,250,000**	**250,000**	1,250,000	250,000
Ordinary shares, issued and fully paid:				
As at 1 January	**782,546**	**156,509**	778,606	155,721
Shares issued under share option schemes	**165**	**33**	3,940	788
As at 30 June/31 December	**782,711**	**156,542**	782,546	156,509

(b) 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.

During the period, the Company acquired, through the Trustee, a total of 4,200,000 ordinary shares (2011: Nil) of the Company from the open market at a total cash consideration of approximately HK$4,552,000 (2011: Nil) including transaction costs.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Highlights of the Group's business performance during the review period are:

Tradelink/DTTN

Tradelink's core business of providing front-end Government Electronic Trading Services ("GETS") dropped by 1.1% in the first half of 2012 when compared with the same period last year. The drop was due to intense competition coupled with a slight year-on-year shrinkage of 0.44% of the overall GETS market as a result of the weak global economy. The decline in revenue from our GETS business was, however, more than made up by revenue from our new Road Cargo Service ("ROCARS").

The cargo insurance service developed in conjunction with CMA Insurance Agent Limited, launched in May 2011 to provide our clients with a simple and convenient one-stop solution to acquire cargo insurance at attractive premium rates, has proven to be a success, with an increase in customer number and transaction volume by 38% and 43% respectively during the six months of 2012 as compared with last year. We will continue to explore new services which leverage on our robust and proven IT infrastructure to better serve our extensive SME customer base and help them to improve efficiency while reducing costs.

Service roll-out of our new end user solution platform, which forms part of our Supply Chain Management applications, was deferred in response to demand for additional applications from our customers. Development work on a new Freight Forwarder Invoice module, much needed by our shipper clients to help them deal with the thousands of freight invoices handled monthly, will commence shortly following extensive discussions with customers to ensure that their needs are efficiently and effectively met on a cost effective basis. As regards engagement with key customers, we have successfully signed up a leading brand management and distribution company in Hong Kong to provide a specialized solution to handle their order management. Making use of our solution, the company can connect its international fashion, beauty and life-style brand suppliers with its operations in Hong Kong to enhance the efficiency of its order processing cycle and its distribution to retail stores in Greater China and Asia. Work on the first phase of the solution is almost complete and will be ready for deployment shortly in respect of two premium brands initially. Meanwhile, discussion on the second phase of the solution, involving mobile applications for real-time order processing, is underway.

Following the successful trial run of the first paperless e-freight shipment in conjunction with Cathay Pacific Airways and Global Logistics System (HK) Company Limited ("GLSHK") last year, agreement has been reached with GLSHK to jointly develop a Community Platform to service our respective clients. The objective of the partnership is to build a platform that will easily and readily interconnect shippers and forwarders, the two key communities in the air cargo supply chain, for electronic document exchanges and processing with the aim of enhancing the efficiency and competitiveness of the air cargo industry in Hong Kong. Service roll-out is targeted for the first quarter of 2013.

Digi-Sign

In March of this year, Digi-Sign Certification Services Limited ("Digi-Sign") won the Hong Kong Government tender to develop a Smart Warrant Card System ("SWCS") for the Hong Kong Police Force. Development is progressing smoothly and Phase 1 of the project is expected to be completed in the second half of 2012, slightly ahead of schedule.

During the period under review, Digi-Sign further developed its online security business for the banking and financial services industries by signing on three new bank customers to provide security token services for their on-line customers. In addition, agreement was reached with an existing bank customer to launch an on-line system for the renewal of the security tokens of their customers. Roll-out of the security token service to meet the e-banking needs of a major bank in Hong Kong we announced in March this year commenced in June and is expected to be completed during the second half of 2012.

Development work on a common authentication scheme to meet the e-banking security needs of the consortium of banks to avoid the need for their over-lapping clients to carry multiple security devices is continuing. Testing of the device to ensure that it can also support credit cards previously issued by this consortium of banks will commence in the second half of this year to enable service roll-out either in the last quarter of 2012 or the first quarter of 2013. Meanwhile, development work on a security device which meets the standards set by the Hong Kong Monetary Authority to service the mobile e-banking needs of the local banking community is also almost complete. Service roll-out is scheduled for the spring of next year.

China

As regards our activities in the China market, our three earlier investments fared better during the first half of this year when compared with the same period last year. Business at Guangdong Nanfang Haian Science & Technology Service Company Ltd remained steady, albeit with profit slipping, while the data centre in Beijing operated by the China International Data Systems Co Ltd operated at a modest profit. As announced recently, we have received an approach to acquire part of our stake in the Beijing Data Center. If successful, the sale, at a premium, will be completed in the second half of this year. Discussion on a divestment of our interest in the logistics park at Pinggu is nearly complete.

Our joint-venture with the Kunshan District Government, ECI Corporation (Kunshan) ("ECI") and Universal EC Inc. (Taiwan), failed to take off. Following a review of its operations, the JV Board accepted the resignation of the CEO. A board meeting of the JV has been convened in early August 2012 at which the CEO of ECI assumed leadership of the management of SCNT while the CEO of Tradelink assumed Chairmanship of the Board and the business will be re-launched. In addition, our joint-venture 4PL company in Shanghai is slowly getting off the ground after completing the lengthy process of obtaining the various licences required to operate the business. It turned in its first profitable month in June.

Financial Review

During the review period, the Group's turnover was HK$102.9 million, an increase of 1.3% over the same period last year despite a drop in demand for our GETS services by 0.44%. The decline in demand for our GETS services was compensated by the roll-out of our ROCARS services and the supply of one-time password tokens to a local bank by Digi-Sign.

The Group's operating expenses before depreciation were HK$64.2 million for the first half of 2012, as compared to HK$60.0 million for the same period in 2011, an increase of HK$4.2 million. This was mainly due to the purchase of security tokens, at the amount of HK$2.9 million, pursuant to the contract for their supply to banks concerned. Depreciation charges for the first six months of 2012 amounted to HK$4.9 million, lower than the amount charged for the same period last year by HK$5.8 million due to the fact that the DTTN computer platform became fully depreciated in the fourth quarter of 2011.

As a result, for the six months ended 30 June 2012, the Group's unaudited profit from operations was HK$39.8 million, an increase of 15.7% as compared to HK$34.4 million for the same period in 2011.

During the review period, the Group's investments in associates in the PRC contributed a better return. The share of loss in the first six months of 2011, at HK$0.7 million, was turned into a share of profit at HK$0.03 million.

The Group's unaudited profit after taxation for the six months ended 30 June 2012 was thus HK$33.7 million, an increase of 17.4% over the same period in 2011.

Basic earnings per share for the six months of 2012 was HK 4.40 cents as compared to HK 3.76 cents per share for the same period last year.

The Board has resolved to declare an interim dividend of HK 3.3 cents per share (2011: HK 2.8 cents per share) for the six months ended 30 June 2012 to shareholders, an increase of 17.9% over the same period last year. The interim dividend payout ratio is about 75% of the Group's distributable profit attributable to shareholders and is consistent with the dividend payout ratio last year.

Liquidity and Financial Position

As at 30 June 2012, the Group had total cash and bank deposits of HK$119.7 million (31 December 2011: HK$148.0 million). The decrease in our cash reserve was mainly due to the increase in the Group's investment in corporate bonds, treated as available-for-sale debt securities, from HK$225.6 million at the end of 2011 to HK$258.4 million as at 30 June 2012. Total assets and net assets of the Group amounted to HK$606.9 million (31 December 2011: HK$575.6 million) and HK$330.5 million (31 December 2011: HK$340.8 million) respectively.

As at 30 June 2012, the Group had no borrowings (31 December 2011: Nil).

Capital and Reserves

As at 30 June 2012, the capital and reserves attributable to equity shareholders were HK$330.5 million, a reduction of HK$10.3 million from end 2011.

Charges on Assets and Contingent Liabilities

As at 30 June 2012, the Group had two bank guarantees and one performance bond issued to the Government for due performance of services provided under various contracts as follows:

(i) A bank guarantee issued by the Company, in the amount of HK$2.1 million, for the due performance of our GETS II Contract, which will remain effective from 1 January 2010 to 31 December 2016;

(ii) A performance bond issued by the Company, in the amount of HK$0.6 million, for the due performance of the call centre services under the ROCARS Contract, which will remain effect for 5 years commencing from the production roll-out of the ROCARS originally scheduled for September 2009; and

(iii) A bank guarantee issued by Digi-Sign, in the amount of HK$0.4 million, for the due performance of the SWCS on behalf of the Hong Kong Police. This guarantee will remain extant throughout the contract duration of 10 years commencing from the production rollout of the SWCS around end 2012.

The above bank guarantees and performance bond are secured by charges over deposits and are subject to review annually.

The Group also provided 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.

Other than the foregoing, the Group did not have any other charges on its assets.

Capital Commitments

Capital commitments outstanding as at 30 June 2012 not provided for in the financial statements amounted to HK$1.3 million (31 December 2011: HK$0.5 million). They are mainly in respect of hardware, software and other computer equipment.

As at 30 June 2012, the Group had an outstanding commitment of cash investment in SCNT, a PRC joint venture, for the amount of RMB1.2 million.

Employees and Remuneration Policy

As at 30 June 2012, the Group employed 267 staff (2011: 270), 229 in Hong Kong, 3 in Beijing and 35 in Guangzhou. The related staff costs for the six months ended 30 June 2012 amounted to HK$43.3 million (2011: HK$44.7 million).

The Group's remuneration policy is for all employees to be 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 for their performance, the Group has a discretionary performance bonus scheme for staff and operates two share option schemes and a share award scheme to reward performance of staff at the assistant manager grade and above.

Exposure to Fluctuation in Exchange Rates and Related Hedges

As at 30 June 2012, other than its investments in the PRC incorporated entities and Renminbi-denominated debt securities, the Group had no foreign exchange exposure and related hedges.

CORPORATE GOVERNANCE

The Company is committed to a high standard of corporate governance practices and every effort is made to ensure full compliance with the provisions of the Code on Corporate Governance Practices and the Corporate Governance Code effective 1 April 2012 contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). In this regard, the Company has complied with all these provisions during the review period.

To enable shareholders to better understand the Company's business activities, the Board of Directors has decided to introduce segment reporting with effect from these Interim Results. This is detailed in *Note 4* to the unaudited interim financial report and breaks down our business activities into three broad segments: E-commerce (GETS and DTTN services), Security solutions and Other services.

Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code")

The Company has adopted the Model Code and, having made specific enquiry of all Directors, confirms that all Directors have complied with the required standards as set out in the Model Code throughout the half-year period ended 30 June 2012.

Board of Directors

The Company is led by and controlled through the Board of Directors which comprises three Executive Directors, four Non-executive Directors, including the Chairman of the Board, and four Independent Non-executive Directors. The Board oversees the overall management and operations of the Company with the objective of enhancing shareholder value.

There is no service contract between the Company and the Non-executive and Independent Non-executive Directors. They have no fixed terms of service but are subject to rotational retirement and re-election at annual general meetings pursuant to Article 100 of the Articles of Association of the Company. Under that Article, about one half of the Directors shall retire but may be eligible for re-election at each annual general meeting.

During the period under review, the Company convened two Board meetings. Ten Directors attended the meeting held on 27 March 2012 to review and approve the 2011 annual results. Mr. IP Sing Chi, Eric, a Non-executive Director, was unable to attend the meeting as he was overseas. Nine Directors attended the Board meeting held on 26 June 2012. Mr. CHAK Hubert, an Independent Non-executive Director, and Ms. TSANG Oi Lin, Ophelia, a Non-executive Director, were unable to attend as Mr. CHAK was overseas while Ms. TSANG was ill.

Chairman and Chief Executive Officer

The positions of the Chairman of the Board and the Chief Executive Officer are held by Dr. LEE Nai Shee, Harry and Mr. WU Wai Chung, Michael, respectively to maintain effective segregation of duties. The Chairman is responsible for overseeing the functioning of the Board and the strategies of the Group while the Chief Executive is responsible for managing the Group's day-to-day businesses.

Audit Committee

The Group established an Audit Committee which comprises four Independent Non-executive Directors, namely Mr. CHUNG Wai Kwok, Jimmy (Chairman of the Audit Committee), Mr. CHAK Hubert, Mr. CHAU Tak Hay and Mr. HO Lap Kee, Sunny. The Audit Committee oversees the overall financial reporting process as well as the adequacy and effectiveness of the Group's internal control. The Audit Committee met on 27 March 2012 to review the consolidated financial statements for 2011 and held independent discussions with KPMG without the presence of the executive directors and senior management. The Audit Committee convened a meeting on 14 August 2012 to review the accounting policies adopted by the Group and the interim financial report for the six months ended 30 June 2012. It also had discussions with KPMG.

The interim financial report for the first six months of 2012 has not been audited but has been reviewed by the Company's external auditor, KPMG.

Remuneration Committee

The Group established a Remuneration Committee with a majority of Independent Non-executive Directors. The Remuneration Committee is responsible for making recommendations to the Board on the Group's policy and structure for all remuneration of Directors and senior management. The Remuneration Committee comprises the Chairman of the Board, Dr. LEE Nai Shee, Harry and two Independent Non-executive Directors, namely Mr. CHAU Tak Hay (Chairman of the Remuneration Committee) and Mr. CHUNG Wai Kwok, Jimmy. During the first six months of 2012, the Remuneration Committee met on 27 March 2012 to discuss and review the remuneration of Directors and the senior management. On 26 June 2012, the Remuneration Committee convened a meeting to fix the remuneration package for the Deputy Chief Executive Officer.

Nomination Committee

The Group established a Nomination Committee with a majority of Independent Non-executive Directors. The main duty of the Nomination Committee is to review the structure, size and composition of the Board and to select suitable Board members. The Nomination Committee comprises the Chairman of the Board, Dr. LEE Nai Shee, Harry and two Independent Non-executive Directors, namely Mr. HO Lap Kee, Sunny (Chairman of the Nomination Committee) and Mr. CHUNG Wai Kwok, Jimmy. During the first six months of 2012, the Nomination Committee met on 27 March 2012 to nominate and recommend Directors for approval by shareholders at the Company's Annual General Meeting ("AGM") on 18 May 2012. The six Directors appointed at the AGM are Mr. IP Sing Chi, Eric, Mr. KIHM Lutz Hans Michael, Mr. CHAU Tak Hay, Mr. HO Lap Kee, Sunny, Mr. CHENG Chun Chung, Andrew and Ms. CHUNG Shun Kwan, Emily. On 5 June 2012, the Nomination Committee considered and accepted the resignation of Mr. IP Sing Chi, Eric, a Non-executive Director, with effect from 26 June 2012 and recommended Mr. YING Tze Man, Kenneth to the Board for appointment as a Non-executive Director with effect from 26 June 2012. The Nomination Committee convened a meeting on 26 June 2012 to confirm the appointment of the Deputy Chief Executive Officer.

Investment Committee

The Group established an Investment Committee which comprises two Independent Non-executive Directors, namely Mr. CHAK Hubert (Chairman of the Investment Committee) and Mr. CHAU Tak Hay to guide the Group's investments in financial instruments. During the review period, the Investment Committee convened one meeting to review the execution of the investment policy by Management.

Corporate Governance Committee

The Group established a Corporate Governance Committee on 27 March 2012 with responsibilities for ensuring and upholding good corporate functions of the Company and its subsidiaries. The Corporate Governance Committee comprises four Independent Non-executive Directors, namely Mr. CHUNG Wai Kwok, Jimmy (Chairman of the Corporate Governance Committee), Mr. CHAK Hubert, Mr. CHAU Tak Hay and Mr. HO Lap Kee, Sunny. The Corporate Governance Committee convened a meeting on 14 August 2012 to review the Group's policies and practices on corporate governance, the Group's whistle-blowing policy and procedures, the training and continuous professional development of Directors and the relevant compliance disclosures in the Interim Report.

Directors' and Auditors' Attendance at the Annual General Meeting

The Chairman of the Board, Dr. LEE Nai Shee, Harry, and all four Independent Non-executive Directors, namely Mr. CHUNG Wai Kwok, Jimmy (Chairman of the Audit Committee and Corporate Governance Committee), Mr. CHAU Tak Hay (Chairman of the Remuneration Committee), Mr. HO Lap Kee, Sunny (Chairman of the Nomination Committee) and Mr. CHAK Hubert (Chairman of the Investment Committee) attended the Company's AGM held on 18 May 2012. Three of the Non-executive Directors, namely Ms. TSANG Oi Lin, Ophelia, Mr. KIHM Lutz Hans Michael and Mr. IP Sing Chi, Eric, were unable to attend the AGM as Ms TSANG was tied up on business and Mr. KIHM and Mr. IP were overseas.

The Company's external auditor, KPMG, attended the AGM to confirm the audited financial statements of the Company.

Directors' Insurance

The Company has arranged appropriate Directors' and Officers' liability insurance to indemnify its Directors for liabilities in respect of legal actions arising from its day-to-day business activities.

Changes in Information of Directors

Pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the changes of information of Directors of the Company since the publication of the 2011 annual report and up to the date of this announcement are as follows:

(i) Mr. IP Sing Chi, Eric resigned as a Non-executive Director with effect from 26 June 2012; and

(ii) Mr. YING Tze Man, Kenneth appointed as a Non-executive Director with effect from 26 June 2012.

Communications with Shareholders and Investors

The Company encourages two-way communication with both its institutional and individual investors to enhance investors' understanding of the Group's business performance and developments. The Company arranges for institutional investors, analysts and media to have company visits and one-on-one meeting with Management to discuss the Company's latest developments.

On 20 April 2012, the Company held an individual shareholders forum at the Company's Board room to brief the individual investors about the 2011 annual results and the latest corporate developments.

At the AGM held on 18 May 2012, Board members and senior management of the Company were available to answer questions raised by shareholders.

OTHER INFORMATION

Interim Dividend

The Board has resolved to declare an interim dividend of HK 3.3 cents per share (2011: HK 2.8 cents per share) for the six months ended 30 June 2012 to shareholders whose names appear on the Register of Members of the Company on 26 September 2012. Dividend warrants will be dispatched on or around 10 October 2012. Consistent with last year, the interim dividend payout ratio is about 75% of the Group's distributable profit attributable to shareholders.

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

During the six months ended 30 June 2012, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of its listed securities, other than those purchased for the Share Award Scheme by its trustee as detailed in *Note 15(b)*.

Closure of Register of Members

The Register of Members will be closed from 26 September 2012 to 28 September 2012, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfer of shares accompanied by share certificates and transfer forms must be lodged with the Company's Registrars, 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 25 September 2012. Dividend warrants will be dispatched on or around 10 October 2012.

Publication of Financial Information

The Interim report of the Group for the six months ended 30 June 2012 containing all detailed information will be dispatched to Shareholders and available at the Company's website www.tradelink.com.hk in September 2012.

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

Hong Kong, 28 August 2012

As at the date of this announcement, the Board comprises the following directors:

Non-executive Directors
Dr. LEE Nai Shee, Harry, S.B.S., J.P.
Ms. TSANG Oi Lin, Ophelia
Mr. KIHM Lutz Hans Michael
Mr. YING Tze Man, Kenneth

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.