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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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

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 2015.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

	Note	Six months ended 30 June	
		2015 (HK\$'000)	2014 (HK\$'000)
Revenue	3	110,006	110,891
Interest income		7,664	7,055
Other net (loss)/income	5	(109)	3,669
Cost of purchases		(9,065)	(9,406)
Staff costs	6	(48,827)	(46,497)
Depreciation		(3,936)	(4,674)
Other operating expenses		(16,340)	(19,348)
Profit from operations		39,393	41,690
Share of results of associates		3,351	3,248
Share of result of joint venture		–	(238)
Profit before taxation	6	42,744	44,700
Taxation	7	(5,721)	(6,629)
Profit for the period		37,023	38,071

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED) (CONTINUED)

		Six months ended 30 June	
		2015	2014
	<i>Note</i>	(HK\$'000)	(HK\$'000)
Profit attributable to equity shareholders of the Company		37,023	38,071
Earnings per share (HK cents)			
Basic	9	4.66	4.84
Diluted		4.66	4.80

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 (UNAUDITED)**

	Six months ended 30 June	
	2015	2014
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Profit for the period	37,023	38,071
Other comprehensive income for the period (after tax and reclassification adjustments):		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of:		
– financial statements of PRC operations	(2,640)	(1,030)
Available-for-sale debt securities:		
net movement in fair value reserve	<u>5,812</u>	<u>2,833</u>
Total comprehensive income for the period	<u>40,195</u>	<u>39,874</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

		As at 30 June 2015 Unaudited (HK\$'000)	As at 31 December 2014 Audited (HK\$'000)
	<i>Note</i>		
Non-current assets			
Property, plant and equipment		28,641	30,607
Goodwill		9,976	9,976
Interest in associates	10	107,521	101,511
		146,138	142,094
Current assets			
Trade receivables	11	22,167	23,310
Other receivables and prepayments	12	42,897	44,391
Other financial assets	13	294,424	288,235
Deposits with bank		4,580	3,727
Cash and cash equivalents		88,618	110,317
		452,686	469,980
Current liabilities			
Trade creditors, accounts payable and other payables	14	236,222	226,625
Taxation		8,103	4,889
		244,325	231,514
Net current assets		208,361	238,466
Total assets less current liabilities		354,499	380,560

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
(CONTINUED)

		As at 30 June 2015 Unaudited <i>(HK\$'000)</i>	As at 31 December 2014 Audited <i>(HK\$'000)</i>
	<i>Note</i>		
Non-current liabilities			
Provision for long service payments		3,013	3,017
Deferred taxation		194	415
		<u>3,207</u>	<u>3,432</u>
NET ASSETS		<u>351,292</u>	<u>377,128</u>
Capital and reserves			
Share capital	<i>15</i>	294,743	293,532
Reserves		56,549	83,596
TOTAL EQUITY		<u>351,292</u>	<u>377,128</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

		Attributable to equity shareholders of the Company							
			Shares held for share award scheme						
<i>Note</i>	Share capital (HK\$'000)	Share premium (HK\$'000)	(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 2014	158,058	131,117	(8,222)	4,954	10,517	440	76,092	372,956	
Changes in equity for the six months ended 30 June 2014:									
Dividends approved in respect of the previous year	-	-	-	-	-	-	(49,115)	(49,115)	
Issue of new shares	2,833	205	-	(588)	-	-	-	2,450	
Equity-settled share-based transactions	-	-	-	1,666	-	-	-	1,666	
Transition to no-par value regime on 3 March 2014	131,322	(131,322)	-	-	-	-	-	-	
Vesting of awarded shares	-	-	8,222	(4,912)	-	-	364	3,674	
Profit for the period	-	-	-	-	-	-	38,071	38,071	
Other comprehensive income for the period	-	-	-	-	(1,030)	2,833	-	1,803	
Total comprehensive income for the period	-	-	-	-	(1,030)	2,833	38,071	39,874	
As at 30 June 2014 and 1 July 2014	292,213	-	-	1,120	9,487	3,273	65,412	371,505	
Changes in equity for the six months ended 31 December 2014:									
Dividend declared in respect of the current year	8	-	-	-	-	-	(28,546)	(28,546)	
Issue of new shares	1,319	-	-	(224)	-	-	-	1,095	
Equity-settled share-based transactions	-	-	-	2,155	-	-	-	2,155	
Vesting of awarded shares	-	-	-	(1,636)	-	-	1,637	1	
Lapse of share options	-	-	-	(1)	-	-	1	-	
Profit for the period	-	-	-	-	-	-	36,112	36,112	
Other comprehensive income for the period	-	-	-	-	701	(5,895)	-	(5,194)	
Total comprehensive income for the period	-	-	-	-	701	(5,895)	36,112	30,918	
As at 31 December 2014	293,532	-	-	1,414	10,188	(2,622)	74,616	377,128	

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

	Attributable to equity shareholders of the Company						
	Note	Share capital (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 2015		293,532	1,414	10,188	(2,622)	74,616	377,128
Changes in equity for the six months ended 30 June 2015:							
Dividends approved in respect of the previous year		-	-	-	-	(68,267)	(68,267)
Issue of new shares		1,211	(208)	-	-	-	1,003
Equity-settled share-based transactions		-	1,233	-	-	-	1,233
Profit for the period		-	-	-	-	37,023	37,023
Other comprehensive income for the period		-	-	(2,640)	5,812	-	3,172
Total comprehensive income for the period		-	-	(2,640)	5,812	37,023	40,195
As at 30 June 2015		<u>294,743</u>	<u>2,439</u>	<u>7,548</u>	<u>3,190</u>	<u>43,372</u>	<u>351,292</u>

Notes:

1. BASIS OF PREPARATION

The interim results set out in the announcement do not constitute the Group's interim financial report for the six months ended 30 June 2015 but are extracted from the interim financial report.

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"). It was authorised for issue on 25 August 2015.

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 2014, except for the changes set out in *Note 2*.

The interim financial report 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 the following amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company.

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

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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 in revenue during the period is disclosed in *Note 4*.

4. SEGMENT REPORTING

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.

Revenue and expenses are allocated to the reportable segments with reference to 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 of Directors for the periods ended 30 June 2015 and 2014 is set out below.

	Six months ended 30 June 2015				
	E-commerce		Security solutions (HK\$'000)	Other services (HK\$'000)	Total (HK\$'000)
	GETS (HK\$'000)	DTTN services (HK\$'000)			
Revenue from external customers	80,678	5,057	14,803	9,468	110,006
Inter-segment revenue	-	14	3,910	3,448	7,372
Reportable segment revenue	80,678	5,071	18,713	12,916	117,378
Elimination of inter-segment revenue					(7,372)
Consolidated revenue					110,006
Reportable segment profit	23,815	3,739	1,257	6,917	35,728
Interest income					7,664
Other net loss					(109)
Depreciation					(3,936)
Share of results of associates					3,351
Unallocated corporate income					46
Consolidated profit before taxation					42,744

4. SEGMENT REPORTING (CONTINUED)

	Six months ended 30 June 2014				
	E-commerce		Security solutions (HK\$'000)	Other services (HK\$'000)	Total (HK\$'000)
	GETS (HK\$'000)	DTTN services (HK\$'000)			
Revenue from external customers	85,072	5,972	10,503	9,344	110,891
Inter-segment revenue	–	145	3,535	3,116	6,796
Reportable segment revenue	85,072	6,117	14,038	12,460	117,687
Elimination of inter-segment revenue					(6,796)
Consolidated revenue					110,891
Reportable segment profit	28,219	2,425	836	7,097	38,577
Interest income					7,055
Other net income					3,669
Depreciation					(4,674)
Share of results of associates					3,248
Share of result of joint venture					(238)
Unallocated corporate expenses					(2,937)
Consolidated profit before taxation					44,700

5. OTHER NET (LOSS)/INCOME

	Six months ended 30 June	
	2015 (HK\$'000)	2014 (HK\$'000)
(Loss)/gain on disposal of available-for-sale debt securities	(148)	3,669
Gain on disposal of investment in an associate	39	–
	(109)	3,669

6. PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2015	2014
	(HK\$'000)	(HK\$'000)
Staff costs:		
Contributions to defined contribution retirement plan	1,456	1,294
Equity-settled share-based payment expenses		
– share option scheme	1,233	4
– share award scheme	–	1,662
Salaries, wages and other benefits	46,138	43,537
	<u>48,827</u>	<u>46,497</u>
Other items:		
Auditors' remuneration	570	562
Depreciation		
– assets held for use under finance lease	71	71
– other assets	3,865	4,603
Operating lease charges in respect of properties	527	416
Net foreign exchange (gain)/loss	(46)	2,938
Net gain on disposals of property, plant and equipment	–	(51)

7. TAXATION

	Six months ended 30 June	
	2015	2014
	(HK\$'000)	(HK\$'000)
Provision for Income Tax for the period		
– Hong Kong Profits Tax	5,942	6,965
– PRC tax	–	79
	<u>5,942</u>	<u>7,044</u>
Deferred taxation	(221)	(415)
	<u>5,721</u>	<u>6,629</u>

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

8. DIVIDENDS

	Six months ended 30 June	
	2015	2014
	(HK\$'000)	(HK\$'000)
Interim dividend declared after the interim period of HK 3.6 cents per share (2014: HK 3.6 cents per share, paid)	<u>28,577</u>	<u>28,546</u>

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\$37,023,000 (2014: HK\$38,071,000) and the weighted average number of 793,363,000 ordinary shares (2014: 785,912,000 shares) in issue during the period.

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK\$37,023,000 (2014: HK\$38,071,000) and the weighted average number of 793,968,000 ordinary shares (2014: 792,762,000 shares), after adjusting for the effect of the potential dilution from ordinary shares issuable under the Company's share option schemes.

10. INTEREST IN ASSOCIATES

- (i) In March 2015, the Group further invested RMB4,350,000 in 上海匯通供應鏈技術與運營有限公司, increasing its ownership from 24.5% to 26%.
- (ii) On 8 May 2015, the Group entered into an agreement to sell its entire 24.5% of the issued share capital of 江蘇世成網絡科技有限公司 at a consideration of RMB408,000. The transaction was completed in June 2015. As such, a disposal gain of HK\$39,000 was recognised for the period.

11. 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:

	As at 30 June 2015 (HK\$'000)	As at 31 December 2014 (HK\$'000)
Less than 1 month	15,028	16,736
1 to 3 months	1,738	3,444
3 to 12 months	3,455	1,357
Over 12 months	1,946	1,773
	22,167	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 (*see Note 14*).

12. OTHER RECEIVABLES AND PREPAYMENTS

Included in the balance of HK\$42,897,000 (31 December 2014: HK\$44,391,000) are security tokens of HK\$8,864,000 (31 December 2014: HK\$12,470,000) purchased in respect of security solution service to certain customers.

13. OTHER FINANCIAL ASSETS

As at 30 June 2015, 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 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.

14. TRADE CREDITORS, ACCOUNTS PAYABLE AND OTHER PAYABLES

	As at 30 June 2015 (HK\$'000)	As at 31 December 2014 (HK\$'000)
Trade creditors (due on demand or within one month)	7,248	9,706
Customer deposits received	155,327	157,705
Accrued charges and other payables	73,647	59,214
	<u>236,222</u>	<u>226,625</u>

Customer deposits received are refundable on demand.

15. SHARE CAPITAL

	As at 30 June 2015		As at 31 December 2014	
	Number of shares (in' 000)	Amounts (HK\$'000)	Number of shares (in' 000)	Amounts (HK\$'000)
Ordinary shares, issued and fully paid:				
As at 1 January	793,041	293,532	790,290	158,058
Shares issued under share option schemes	756	1,211	2,751	4,152
Transition to no-par value regime on 3 March 2014 (<i>Note</i>)	—	—	—	131,322
As at 30 June/31 December	<u>793,797</u>	<u>294,743</u>	<u>793,041</u>	<u>293,532</u>

Note: The transition to the no-par value regime under the Hong Kong Companies Ordinance (Cap. 622) 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 in accordance with the requirements of Parts 4 and 5 of the Ordinance.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

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

Tradelink

Our Government Electronic Trading Services ("GETS") operations during the first six months of 2015 were affected by a weakening of the overall GETS market, down by 2% year-on-year. This, plus the loss of one of our major clients and the termination of the Textiles Traders Registration Scheme ("TTRS") by the Government, reduced our GETS revenue for the period by about 5%. Our other trade-related services, however, remained steady, recording a modest gain, from HK\$9.3 million for the first half of 2014 to HK\$9.5 million for the period.

The weakness in Hong Kong's external trade sector undermined our effort to continue the uptrend in the Group's GETS revenue which we achieved last year and is a disappointment. While we will try our best to achieve an uptrend for the whole year despite the first half result, much will depend on overall market conditions, over which we have no control, during the remainder of this year. Therefore, rather than pin all our hopes on a timely turnaround of the external trade sector, prudence demands our devoting additional resources to improving our other revenue sources in anticipation of a shortfall in the Group's GETS revenue for the year.

DTTN

Revenue from our Digital Trade and Transportation Network ("DTTN") services during the period also declined, with revenue falling from HK\$6 million for the first half of 2014 to just over HK\$5 million this year, a drop of some 15%. The main cause of this was some technical issues related to our business of sourcing products for customers, a very low margined business. The decline in revenue thus had little effect on DTTN profitability. As a matter of fact, despite the 15% decline in revenue, DTTN's reportable segment profit for the period actually rose, from HK\$2.4 million during the first half of 2014 to HK\$3.7 million for the period under review, an increase of over 50%.

The technical issues affecting our sourcing business have now largely been resolved and we expect DTTN revenue to catch up during the remainder of this year. In addition, with a number of major projects scheduled for completion in the second half of this year, DTTN revenue for the whole year should continue to grow.

Regarding our B2C E-commerce platform, iTeM, enhancement work in white labeling it as the merchant directory of one of the major international credit card operators is close to completion. Meanwhile discussions with banks to sign up their merchants onto this directory are progressing smoothly with the support our partnership with this credit card operator. The merchant directory running on our platform is expected to be launched during Q3 of this year. Other joint services are either in the process of development or under exploration. This too will form a new business initiative for the Group.

Digi-Sign/TESS

During the period under review, Digi-Sign Certification Services Limited (“Digi-Sign”) revenue recovered strongly, by over 40%, from HK\$10.5 million for the first half of 2014 to HK\$14.8 million. In particular, our security tokens delivery service performed well. Deliveries for our major bank client during the first six months of this year increased from 83,000 to 91,000, or by about 9%, when compared with the same period last year. We expect this growth to continue as in addition to new clients coming on line, demand from existing clients is expected to increase with the roll-out of E-cheque towards the end of this year.

The project work for the E-cheque initiative, scheduled for a Q4 2015 launch, continued during the period, with development work already completed for some clients while others are on schedule for completion over the course of the second half of this year. Sales of our digital certificates will grow exponentially with the launch of these E-cheque systems.

The opportunities identified during discussions with banks on our E-cheque solution last year have not only evolved into a new Financial Technology (“FinTech”) business for Digi-Sign but had spin-offs for our DTTN and GETS businesses. In the process of pitching for an E-cheque solution tender with one of the major banks, the DTTN team developed the guts of a “Rule Engine” software, which was welcomed not only by our bank clients but also by a whole range of logistics service providers and our shipper clients. We will pursue these opportunities vigorously.

The FinTech business has all the makings of a new Digi-Sign initiative which enables us to further enhance our suite of solution offerings to the banks. Leveraging on this FinTech trend, we will devote additional resources into developing this business to meet the high demand of our bank clients for such solutions.

Work on our mobile wallet solution continued, with the product launched by three banks in Hong Kong and development work to enable its launch in Taiwan nearing completion. Unfortunately, roll-out of the product in Singapore and China is being delayed by cost issues which we hope to resolve through discussions with our supplier. If this, and other technical improvements we require from the manufacturer, can be resolved, we envisage a major increase in usage for the product both in Hong Kong and in the Region.

With the launch of our mobile Point-of-Sale (“PoS”) solution, now scheduled for Q4 of this year, the Group will have a unique set of solutions to break into Hong Kong’s mobile payment market, ensuring further growth and diversification of our business.

China

Our China activities developed apace during the first half of this year, with a number of new projects underway. The principal one will be the platform for connecting the carriers, cargo terminal and freight forwarders at Shenzhen Airport, a platform not dissimilar to the Community Platform we jointly developed with our partner in Hong Kong connecting the same group of users. Development work is in its final stages and testing should commence in Q3 of 2015.

To exploit opportunities in the market offered from the policy initiative in the PRC to enhance domestic consumption and to develop cross-border E-commerce, we are in the process of signing a co-operation agreement with a subsidiary of Ministry of Commerce of the People's Republic of China ("MOFCOM") to develop a direct sales business for imports, initially in a bonded warehouse adjacent to the Beijing Capital International Airport. The warehouse is currently under renovation and the plan is to have the facility operational by the end of 2015. Although the terms of the co-operation agreement is still under discussion, our PRC partner has already secured agreement to develop similar facilities in Tientsin and is in discussion with relevant authorities to expand to other major cities.

During the period, our China investments performed roughly on par with last year, with our share of the results of our PRC associates coming to about HK\$3 million, roughly the same as last year. We, however, expect contribution from this source to decline during the second half of this year in light of the agreement signed recently to dispose of our stake in China International Data Systems Co., Ltd ("Guofurui"), the Beijing Data Center, for RMB85 million. Although the disposal is subject to, among other things, the approval by the relevant authorities, it is expected that the transaction would be completed before the end of 2015 and as such the Group will not share Guofurui's profit during the second half.

In fact, we fully expect our share of the results of our PRC associates to go into negative territory during the second half of the year as, apart from no longer sharing Guofurui's profits, our share of losses at 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, might increase as it dedicates additional resources into developing and marketing its business. Much will, however, depend on the outcome of a capital increase and business restructuring exercise it is in the process of completing. As part of this exercise, U-Link is in the final stages of acquiring a logistics business, one of the largest in Shenzhen with an annual turnover of RMB200 million. In exchange for around 20% of the subsidiary operating U-Link's 4PL platform, the logistics company will inject its entire business into the subsidiary with an undertaking that the company will have at least RMB50 million net asset at the time of injection. At the same time, one of Shenzhen's leading venture capital funds will inject RMB43 million into the same subsidiary in return for a stake of around 20%. The due diligence exercises for the scheme has already been undertaken successfully and the necessary formality to complete the transaction, expected for Q3 2015, is in process.

Apart from this, U-Link's business during the period continued to expand, recording an average of 9,000 transactions per month. To enhance the attractiveness of its platform and to improve loyalty, it launched a logistics financing service in conjunction with local financial institutions to finance an early discounted payment of the freight charges of member truckers. The service has been well received by members and has the support of local authorities.

Financial Review

During the period under review, the Group's revenue was HK\$110.0 million, a decline of 0.8% year-on-year. The GETS segment revenue fell from HK\$85.1 million to HK\$80.7 million by about 5% or HK\$4.4 million year-on-year. The revenue drop was attributed to the termination of the TTRS service by the Government in November 2014, the weak GETS market and the loss one of our main customers. Our DTTN services recorded a revenue of HK\$5.1 million, drop 15% year-on-year due to the delay in finalizing the technical products for our customers. The technical issues were resolved and the technical products were identified. Such projects were scheduled for completion in the second half of 2015. About our third business segment on security solutions by Digi-Sign and Tradelink E-Biz Secure Solutions Limited ("TESS"), the revenue grew strongly by 40% from HK\$10.5 million to HK\$14.8 million year-on-year due to the increase in the security tokens deliveries for our major bank client and the completion of E-cheque projects carried down from the last quarter of 2014.

The Group's operating expenses before depreciation for the first half of 2015 came to HK\$74.2 million, a drop of HK\$1.1 million or 1.5% year-on-year. Staff costs increase was in line with the market inflation so as to retain experienced IT staff in particular. Additional headcounts were recruited in managing the delivery of our DTTN services and security solutions projects. Furthermore, the foreign exchange fluctuation of our RMB-denominated bonds moved from a loss of HK\$2.9 million to a gain of HK\$46,000 year-on-year. Depreciation charges for the period amounted to HK\$3.9 million, HK\$0.8 million lower than last year.

The Group's unaudited profit from operations for the six months ended 30 June 2015 came to HK\$39.4 million, 5.5% down year-on-year as the first half result of 2014 included a one-off net income of HK\$3.7 million from switching of our corporate bonds portfolio. The one-off net income was not incurred this year due to the high volatility of the bonds prices in the global market in anticipation of interest rate increase by the US Federal Reserves. Ignoring this one-off net income in 2014, the profit from operations during the period under review would have increased by 3.6%.

During the first half of 2015, the results from the Group's investments in the PRC associates recorded a net share of profit of HK\$3.4 million as compared with HK\$3.0 million last year, an increase of HK\$0.4 million year-on-year.

The Group's unaudited after tax profit for the six months ended 30 June 2015 came to HK\$37.0 million, a decline of 2.8% year-on-year. Ignoring the net income from the switching of our corporate bonds holding last year, this year's performance would have grown 7.6% over the same period last year.

Basic earnings per share for the first six months of 2015 were HK 4.66 cents as compared to HK 4.84 cents per share for the same period last year.

The Board has resolved to declare an interim dividend of HK 3.6 cents per share (2014: HK 3.6 cents per share) for the six months ended 30 June 2015 to shareholders. The interim dividend payout ratio is about 77% of the Group's current year profit.

Liquidity and Financial Position

As at 30 June 2015, the Group had total cash and bank deposits of HK\$93.2 million (31 December 2014: HK\$114.0 million). The reduction in the Group's cash reserves during the period under review was due to the distribution a special dividend of HK\$29.4 million as approved by the shareholders at the annual general meeting on 8 May 2015 and a further cash investment of HK\$5.5 million into one of our PRC associates, U-Link, to increase our shareholding from 24.5% to 26%. In connection with the disposal of our stake of 25.17% in Guofurui, the Group received a total cash deposits of RMB20.0 million from the potential buyers.

Total assets and net assets of the Group as at 30 June 2015 amounted to HK\$598.8 million (31 December 2014: HK\$612.1 million) and HK\$351.3 million (31 December 2014: HK\$377.1 million) respectively.

As at 30 June 2015, the Group had no borrowings (31 December 2014: Nil).

Capital and Reserves

As at 30 June 2015, the capital and reserves attributable to equity shareholders were HK\$351.3 million (31 December 2014: HK\$377.1 million), a reduction of HK\$25.8 million from the end of 2014. The reduction was mainly due to the distribution of a special dividend of HK\$29.4 million.

Charges on Assets and Contingent Liabilities

As at 30 June 2015, the Group has obtained three bank guarantees totaling HK\$2.3 million (31 December 2014: three bank guarantees of HK\$2.6 million and two performance bonds of HK\$0.7 million) issued to the Government for the due performance of services under various contracts. The bank guarantees are secured by a charge over deposits totaling HK\$3.8 million and are subject to review annually (31 December 2014: HK\$3.8 million).

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

Capital Commitments

Capital commitments outstanding as at 30 June 2015 not provided for in the financial statements amounted to HK\$1.6 million (31 December 2014: HK\$1.8 million). They are mainly in respect of the purchase of computer equipment.

Employees and Remuneration Policy

As at 30 June 2015, the Group employed 256 staff (2014: 250), of which 224 are in Hong Kong and 32 in Guangzhou. The related staff costs for the six months ended 30 June 2015 amounted to HK\$48.8 million (2014: HK\$46.5 million).

The Group's remuneration policy is that all employees are rewarded on the basis of market 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, the Group has a discretionary performance bonus scheme to drive performance and growth.

The Company also has share option scheme to reward the performance of, and to help retain, staff at Senior Vice President grade and above.

Exposure to Fluctuation in Exchange Rates and Related Hedges

As at 30 June 2015, 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 code provisions in the Corporate Governance Code set out 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 confirms that it has complied with all code provisions during the review period.

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 Code throughout the half-year period ended 30 June 2015.

Board of Directors

Currently, the Company is led by and controlled through its Board of Directors which comprises four Executive Directors ("EDs"), four Non-executive Directors ("NEDs"), including the Chairman of the Board, and five Independent Non-executive Directors ("INEDs"). 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 NEDs and INEDs. 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, one half of the Directors is required to retire but are eligible for re-election at each annual general meeting.

During the period under review, the Company convened two Board meetings. Thirteen Directors attended the meeting held on 24 March 2015 to review and approve the 2014 annual results and to endorse the amendments on the Share Option Scheme 2014 for submission to shareholders for approval at the Annual General Meeting held on 8 May 2015 (the "AGM"). Mr CHAK Hubert, an INED, was unable to attend the Board meeting due to other prior business engagement. Eleven Directors attended the meeting held on 30 June 2015. Dr. LEE

Nai Shee, Harry, S.B.S., J.P., a NED and the Chairman of the Board, and Ms. CHAN Chi Yan, an INED were unable to attend because of business engagement overseas and health reason respectively.

Chairman and Chief Executive Officer

During the period under review, the positions of the Chairman of the Board and the Chief Executive Officer (“CEO”) are held by Dr. LEE Nai Shee, Harry, S.B.S., J.P., 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 CEO is responsible for managing the Group’s day-to-day business. With effect from 1 July 2015, Mr. TSE Kam Keung was appointed the CEO of the Company. To facilitate a smooth transition with Mr. WU Wai Chung Michael, the incumbent CEO of the Company, Mr. TSE will temporarily act as the CEO-designate of the Company before taking the full CEO role from 1 September 2015.

Audit Committee

The Group has an Audit Committee to oversee the overall financial reporting process as well as the adequacy and effectiveness of the Group’s internal controls. During the period under review, it comprised six members including Mr. TSE Kam Keung who was re-designated as an ED on 1 July 2015. As at the date of this announcement, the Committee is composed of five INEDs, namely, Mr. CHUNG Wai Kwok, Jimmy (Chairman of the Committee), Mr. CHAK Hubert, Ms. CHAN Chi Yan, Mr. CHAU Tak Hay and Mr. HO Lap Kee, Sunny, J.P.

The Audit Committee met on 10 March 2015 to review the consolidated financial statements for 2014, reviewed and approved audit plans and audit reports prepared by the Internal Audit Department of the Company, reviewed and proposed the audit fee for 2015, recommended the re-appointment of the external auditor and held separate independent discussions with KPMG and the Company’s Internal Auditor without the presence of the executive directors and senior management. The Committee convened another meeting on 11 August 2015 to review the accounting policies adopted by the Group and the interim results and the interim financial report for the six months ended 30 June 2015. It also had separate discussions with KPMG.

The interim results and the interim financial report for the six months ended 30 June 2015 have not been audited but have been reviewed by the Company’s external auditor, KPMG.

Remuneration Committee

The Group has a Remuneration Committee, comprising a majority of INEDs, for making recommendations to the Board on the Group’s remuneration policy and structure for all Directors and senior management. The Committee comprises the Chairman of the Board, Dr. LEE Nai Shee, Harry, S.B.S., J.P., and two INEDs, namely Mr. CHAU Tak Hay (Chairman of the Committee) and Mr. CHUNG Wai Kwok, Jimmy.

The Committee met on 10 March 2015, 16 June 2015 and 11 August 2015. At the March meeting, the Committee discussed and reviewed the remuneration of Directors and the senior management. The Committee also recommended the Board to amend the Share Option Scheme 2014 for shareholders' approval. At the June meeting, the Committee reviewed and approve Management's recommendations on the grant of share options to Directors and eligible employees. At the August meeting, the Committee discussed the end of contract arrangement for the incumbent CEO at the end of his service by end of August 2015.

Nomination Committee

The Group has a Nomination Committee, comprising a majority of INEDs, to review the structure, size and composition of the Board and to select suitable Board members based on a balance of skills, professional qualifications and experience and diversity of perspectives appropriate to the Company's business. The Committee comprises the Chairman of the Board, Dr. LEE Nai Shee, Harry, S.B.S., J.P., and two INEDs, namely Mr. HO Lap Kee, Sunny, J.P. (Chairman of the Committee) and Mr. CHUNG Wai Kwok, Jimmy.

During the first six months of 2015, it met once on 10 March 2015. At the meeting, the Committee nominated and recommended re-appointment of Directors for shareholders' approval at the AGM. Mr. WU Wai Chung, Michael had not offered himself for re-election due to his impending retirement in August 2015. The six Directors re-appointed at the AGM were: Dr. LEE Delman, Mr. YING Tze Man, Kenneth, Mr. CHAK Hubert, Ms. CHAN Chi Yan, Mr. CHUNG Wai Kwok, Jimmy and Mr. LI Fuk Kuen, Wilfred.

Investment Committee

The Group has an Investment Committee to guide the Group's investments in financial instruments. Currently, the Committee comprises one NEDs namely, Dr. LEE Delman and three INEDs, namely Mr. CHAK Hubert (Chairman of the Committee), Mr. CHAU Tak Hay and Ms. CHAN Chi Yan. Mr. CHAK replaced Mr. TSE Kam Keung as the Chairman of the Committee after the re-designation of Mr. TSE as an ED on 1 July 2015. On 10 March 2015, the Committee met to review the execution of the investment policy by Management, the portfolio of the Company's investment and to consider the proposed changes to the investment guidelines. On 11 August 2015, the Committee met to discuss the global economic and investment outlook and review the investment strategy.

Corporate Governance Committee

The Group has a Corporate Governance Committee to ensure and uphold good corporate functions of the Company and its subsidiaries. The Committee currently comprises five INEDs, namely Mr. CHUNG Wai Kwok, Jimmy (Chairman of the Committee), Mr. CHAK Hubert, Mr. CHAU Tak Hay, Ms. CHAN Chi Yan and Mr. HO Lap Kee, Sunny, J.P. Mr. TSE Kam Keung was a member of the Committee during the period under review and ceased to be a member upon his re-designation as an ED on 1 July 2015. The Committee met twice on 10 March 2015 and 11 August 2015 to review the Group's policies and practices on corporate governance, the Group's whistle-blowing policy and procedures and the relevant compliance disclosures in the 2015 Interim Report.

Directors' and Auditors' Attendance at the Annual General Meeting

The Chairman of the Board, Dr. LEE Nai Shee, Harry, S.B.S., J.P., and Chairmen of the Board Committees, namely Mr. CHUNG Wai Kwok, Jimmy (Chairman of the Audit Committee and Corporate Governance Committee), Mr. CHAU Tak Hay (Chairman of the Remuneration Committee) and Mr. HO Lap Kee, Sunny, J.P. (Chairman of the Nomination Committee), attended the AGM on 8 May 2015. Mr. TSE Kam Keung (Chairman of the Investment Committee at that time) was unable to attend due to other business engagement overseas. Two other Directors, Mr. KIHM Lutz Hans Michael and Dr. LEE Delman were unable to attend due to other business commitments.

The Company's external auditor, KPMG, also attended the AGM to confirm the audited financial statements of the Company and to answer questions from shareholders.

Directors' Insurance

The Company has arranged Directors' and Officers' liability insurance at the amount of HK\$100 million to indemnify Directors for liabilities in respect of legal actions arising from its day-to-day business activities.

Changes in Information of Directors

There have been no change in the information of Directors of the Company since publication of the 2014 annual report up to the date of this announcement, save for:

- (i) the re-designation of Mr. TSE Kam Keung from NED to ED upon his taking on the role of CEO of the Company with effect from 1 July 2015. In the first two months, Mr. TSE acts as CEO-designate before he takes on the full role of CEO; and
- (ii) the retirement of Mr. WU Wai Chung, Michael as ED after the conclusion of the AGM on 8 May 2015.

Communications with Shareholders and Investors

The Company encourages two-way communication with investors to enhance understanding of the Group's performance and developments. The Company arranges company visits and one-on-one meetings with Management for institutional investors, analysts and media to discuss the Company's latest developments. Twelve such meetings were arranged during the period when Management met with thirty institutional investors, analysts and the media.

On 10 April 2015, the Company also held a forum for its individual shareholders at the Company's Board room to brief them on the 2014 annual results and the latest corporate developments. Twenty-four individual shareholders attended the meeting.

Board members, including most of Chairmen of the respective Board Committees, and Senior Management of the Company attended the AGM to answer questions raised by shareholders.

OTHER INFORMATION

Interim Dividend

The Board has resolved to declare an interim dividend of HK 3.6 cents per share (2014: HK 3.6 cents per share) for the six months ended 30 June 2015 to shareholders whose names appear on the Register of Members of the Company on 23 September 2015. Dividend warrants will be dispatched on or around 12 October 2015. The interim dividend payout ratio is about 77% of the Group's distributable profit attributable to shareholders for the period.

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

During the six months ended 30 June 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of its listed securities.

Closure of Register of Members

The Register of Members will be closed from 23 to 25 September 2015, 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 Share 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 22 September 2015. Dividend warrants will be dispatched on or around 12 October 2015.

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

Hong Kong, 25 August 2015

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, Ms. CHAN Chi Yan, Mr. CHAU Tak Hay, Mr. CHUNG Wai Kwok, Jimmy and Mr. HO Lap Kee, Sunny, J.P.