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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 2016

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 2016.

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the six months ended 30 June 2016 (Unaudited)*

		<b>Six months ended 30 June</b>	
		<b>2016</b>	<b>2015</b>
	<i>Note</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
<b>Revenue</b>	3	<b>106,443</b>	110,006
Interest income		<b>9,460</b>	7,664
Other net loss	5	<b>(272)</b>	(109)
Cost of purchases		<b>(7,050)</b>	(9,065)
Staff costs	6	<b>(50,755)</b>	(48,827)
Depreciation		<b>(3,310)</b>	(3,936)
Other operating expenses		<b>(17,125)</b>	(16,340)
<b>Profit from operations</b>		<b>37,391</b>	39,393
Share of results of associates		<b>(7,528)</b>	3,351
<b>Profit before taxation</b>	6	<b>29,863</b>	42,744
Taxation	7	<b>6,820</b>	(5,721)
<b>Profit for the period</b>		<b>36,683</b>	37,023

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
*For the six months ended 30 June 2016 (Unaudited) (Continued)*

		<b>Six months ended 30 June</b>	
	<i>Note</i>	<b>2016</b>	<b>2015</b>
		<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
<b>Profit attributable to equity shareholders of the Company</b>		<b><u>36,683</u></b>	<b><u>37,023</u></b>
<b>Earnings per share (HK cents)</b>	9		
Basic		<b>4.61</b>	4.66
Diluted		<b><u>4.61</u></b>	<b><u>4.66</u></b>

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

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

*For the six months ended 30 June 2016 (Unaudited)*

	<b>Six months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
	<b>(HK\$'000)</b>	<b>(HK\$'000)</b>
<b>Profit for the period</b>	<b>36,683</b>	<b>37,023</b>
<b>Other comprehensive income for the period (after tax and reclassification adjustments):</b>		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of:		
– financial statements of the People’s Republic of China (“PRC”) operations	<b>(620)</b>	<b>(2,640)</b>
Available-for-sale debt securities: net movement in fair value reserve	<b>8,253</b>	<b>5,812</b>
<b>Total comprehensive income for the period</b>	<b>44,316</b>	<b>40,195</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*As at 30 June 2016 (Unaudited)*

	<i>Note</i>	<b>As at 30 June 2016 Unaudited (HK\$'000)</b>	As at 31 December 2015 Audited (HK\$'000)
<b>Non-current assets</b>			
Property, plant and equipment		<b>26,573</b>	29,313
Goodwill		<b>9,976</b>	9,976
Interest in associates		<b>16,872</b>	24,917
Other financial assets	<i>13</i>	<b>391,092</b>	229,403
Deferred taxation	<i>10</i>	<b>11,678</b>	–
		<b>456,191</b>	293,609
<b>Current assets</b>			
Trade receivables	<i>11</i>	<b>16,937</b>	21,906
Other receivables and prepayments	<i>12</i>	<b>29,468</b>	114,987
Deposits with bank		<b>10,515</b>	3,800
Cash and cash equivalents		<b>41,301</b>	142,426
		<b>98,221</b>	283,119
<b>Current liabilities</b>			
Trade creditors, accounts payable and other payables	<i>14</i>	<b>206,382</b>	211,740
Taxation		<b>2,516</b>	791
		<b>208,898</b>	212,531
<b>Net current (liabilities)/assets</b>		<b>(110,677)</b>	70,588
<b>Total assets less current liabilities</b>		<b>345,514</b>	364,197

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*As at 30 June 2016 (Unaudited) (Continued)*

	<i>Note</i>	<b>As at 30 June 2016 Unaudited (HK\$'000)</b>	<b>As at 31 December 2015 Audited (HK\$'000)</b>
<b>Non-current liabilities</b>			
Provision for long service payments		<b>3,082</b>	3,033
Deferred taxation	<i>10</i>	<b>302</b>	515
		<b>3,384</b>	3,548
<b>NET ASSETS</b>		<b>342,130</b>	360,649
<b>Capital and reserves</b>			
Share capital	<i>15</i>	<b>295,743</b>	295,415
Reserves		<b>46,387</b>	65,234
<b>TOTAL EQUITY</b>		<b>342,130</b>	360,649

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the six months ended 30 June 2016 (Unaudited)**

	Share capital (HK\$'000)	Capital reserve (HK\$'000)	Exchange reserve (HK\$'000)	Fair value reserve (HK\$'000)	Retained profits (HK\$'000)	Total equity (HK\$'000)
<b>As at 1 January 2015</b>	293,532	1,414	10,188	(2,622)	74,616	377,128
<b>Changes in equity for the six months ended 30 June 2015:</b>						
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
<b>As at 30 June 2015 and 1 July 2015</b>	294,743	2,439	7,548	3,190	43,372	351,292
<b>Changes in equity for the six months ended 31 December 2015:</b>						
Dividends declared in respect of the current year	–	–	–	–	(28,589)	(28,589)
Issue of new shares	672	(121)	–	–	–	551
Equity-settled share-based transactions	–	1,054	–	–	–	1,054
Lapse of share options	–	(280)	–	–	280	–
Profit for the period	–	–	–	–	44,381	44,381
Other comprehensive income for the period	–	–	(6,132)	(1,908)	–	(8,040)
Total comprehensive income for the period	–	–	(6,132)	(1,908)	44,381	36,341
<b>As at 31 December 2015</b>	295,415	3,092	1,416	1,282	59,444	360,649

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
*For the six months ended 30 June 2016 (Unaudited) (Continued)*

	Share capital (HK\$'000)	Capital reserve (HK\$'000)	Exchange reserve (HK\$'000)	Fair value reserve (HK\$'000)	Retained profits (HK\$'000)	Total equity (HK\$'000)
As at 1 January 2016	295,415	3,092	1,416	1,282	59,444	360,649
<b>Changes in equity for the six months ended 30 June 2016:</b>						
Dividends approved in respect of the previous year	-	-	-	-	(63,553)	(63,553)
Issue of new shares	328	(53)	-	-	-	275
Equity-settled share-based transactions	-	443	-	-	-	443
Profit for the period	-	-	-	-	36,683	36,683
Other comprehensive income for the period	-	-	(620)	8,253	-	7,633
Total comprehensive income for the period	-	-	(620)	8,253	36,683	44,316
As at 30 June 2016	<u>295,743</u>	<u>3,482</u>	<u>796</u>	<u>9,535</u>	<u>32,574</u>	<u>342,130</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 2016 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 23 August 2016.

At 30 June 2016, the Group had net current liabilities of HK\$110,677,000. Notwithstanding the net current liabilities of the Group at 30 June 2016, the Group's interim financial report for the six months ended 30 June 2016 has been prepared on a going concern basis as the directors of the Group are of the opinions that the Group would have sufficient funds to meet its obligations as and when they fall due, having regard to the following:

- i. The Group will generate positive operating cash flows; and
- ii. it is not expected that significant customer deposits are required to be refunded in the next twelve months from the end of the reporting period.

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 2015, 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.

The financial information relating to the financial year ended 31 December 2015 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2015 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.



#### 4. SEGMENT REPORTING (CONTINUED)

Information regarding the Group's reportable segments results as provided to the Board of Directors for the periods ended 30 June 2016 and 2015 is set out below.

	Six months ended 30 June 2016				Total (HK\$'000)
	E-commerce		Security solutions (HK\$'000)	Other services (HK\$'000)	
	GETS (HK\$'000)	Commercial services (HK\$'000)			
Revenue from external customers	81,243	4,018	11,635	9,547	106,443
Inter-segment revenue	–	–	4,053	2,534	6,587
<b>Reportable segment revenue</b>	<b>81,243</b>	<b>4,018</b>	<b>15,688</b>	<b>12,081</b>	<b>113,030</b>
Elimination of inter-segment revenue					(6,587)
<b>Consolidated revenue</b>					<b>106,443</b>
<b>Reportable segment profit</b>	<b>20,636</b>	<b>2,800</b>	<b>274</b>	<b>7,086</b>	<b>30,796</b>
Interest income					9,460
Other net loss					(272)
Depreciation					(3,310)
Share of results of associates					(7,528)
Unallocated corporate income					717
<b>Consolidated profit before taxation</b>					<b>29,863</b>

#### 4. SEGMENT REPORTING (CONTINUED)

	Six months ended 30 June 2015				Total (HK\$'000)
	E-commerce		Security solutions (HK\$'000)	Other services (HK\$'000)	
	GETS (HK\$'000)	Commercial services (HK\$'000)			
Revenue from external customers	80,678	5,057	14,803	9,468	110,006
Inter-segment revenue	–	14	3,910	3,448	7,372
<b>Reportable segment revenue</b>	80,678	5,071	18,713	12,916	117,378
Elimination of inter-segment revenue					(7,372)
<b>Consolidated revenue</b>					<b>110,006</b>
<b>Reportable segment profit</b>	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
<b>Consolidated profit before taxation</b>					<b>42,744</b>

#### Geographic information

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

#### 5. OTHER NET LOSS

	Six months ended 30 June	
	2016 (HK\$'000)	2015 (HK\$'000)
Loss on disposal of available-for-sale debt securities	(272)	(148)
Gain on disposal of investment in an associate	–	39
	<b>(272)</b>	<b>(109)</b>

## 6. PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2016	2015
	(HK\$'000)	(HK\$'000)
<b>Staff costs:</b>		
Contributions to defined contribution retirement plan	1,491	1,456
Equity-settled share-based payment expenses		
– share option scheme	443	1,233
Salaries, wages and other benefits	48,821	46,138
	<u>50,755</u>	<u>48,827</u>
<b>Other items:</b>		
Auditors' remuneration	574	570
Depreciation		
– interest in leasehold land held for own use	71	71
– other property, plant and equipment	3,239	3,865
Operating lease charges in respect of properties	571	527
Net foreign exchange gain	(717)	(46)
Loss on disposal of property, plant and equipment	8	–

## 7. TAXATION

	Six months ended 30 June	
	2016	2015
	(HK\$'000)	(HK\$'000)
Provision for Income Tax for the period		
– Hong Kong Profits Tax	5,071	5,942
Deferred taxation ( <i>Note 10</i> )	(11,891)	(221)
	<u>(6,820)</u>	<u>5,721</u>
Income tax (credit)/expense		

The provision for Hong Kong Profits Tax for the period is calculated at 16.5% (2015: 16.5%) of the estimated assessable profits for the period.

## 8. DIVIDENDS

	Six months ended 30 June	
	2016	2015
	(HK\$'000)	(HK\$'000)
Interim dividend declared after the interim period of HK 2.4 cents per share (2015: HK 3.6 cents per share)	<u>19,066</u>	<u>28,577</u>

## 9. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK\$36,683,000 (2015: HK\$37,023,000) and the weighted average number of 794,276,000 ordinary shares (2015: 793,363,000 ordinary shares) in issue during the period.

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of HK\$36,683,000 (2015: HK\$37,023,000) and the weighted average number of 794,435,000 ordinary shares (2015: 793,968,000 ordinary shares), after adjusting for the effect of the potential dilution from ordinary shares issuable under the Company's share option schemes.

## 10. DEFERRED TAXATION

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the period are as follows:

	<b>Depreciation allowances in excess of related depreciation (HK\$'000)</b>	<b>Tax losses (HK\$'000)</b>	<b>Total (HK\$'000)</b>
<b>Deferred tax arising from:</b>			
As at 1 January 2016	(515)	–	(515)
Credited to profit or loss	<u>213</u>	<u>11,678</u>	<u>11,891</u>
As at 30 June 2016	<u>(302)</u>	<u>11,678</u>	<u>11,376</u>
		<b>As at 30 June 2016 (HK\$'000)</b>	<b>As at 31 December 2015 (HK\$'000)</b>
<b>Representing:</b>			
Deferred tax assets on the consolidated statement of financial position		<u>11,678</u>	–
Deferred tax liabilities on the consolidated statement of financial position		<u>(302)</u>	<u>(515)</u>
		<u>11,376</u>	<u>(515)</u>

As at 30 June 2016, the Group has recognised deferred tax assets in respect of cumulative tax losses of HK\$70,775,000 of a subsidiary not recognised in prior years. Based on a forecast prepared by management, future taxable profits against which the losses can be utilised will be available in foreseeable future. The tax losses do not expire under current tax registration.

## 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 2016 (HK\$'000)	As at 31 December 2015 (HK\$'000)
Less than 1 month	11,240	15,729
1 to 3 months	2,353	2,510
3 to 12 months	1,664	1,545
Over 12 months	1,680	2,122
	<u>16,937</u>	<u>21,906</u>

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

All other receivables and prepayments are expected to be recovered or recognised as expenses within one year.

As at 31 December 2015, included in the balance of HK\$114,987,000 was residual proceeds of RMB75 million (equivalent to HK\$87,585,000) receivable in respect of the disposal of an associate. The residual proceeds was received in January 2016.

## 13. OTHER FINANCIAL ASSETS

As at 30 June 2016, 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.

During the six months ended 30 June 2016, the Group has acquired corporate bonds of HK\$192,686,000 (2015: HK\$38,912,000).

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

	As at 30 June 2016 (HK\$'000)	As at 31 December 2015 (HK\$'000)
Trade creditors (due within one month or on demand)	11,824	9,447
Customer deposits received	148,651	152,522
Accrued charges and other payables	45,907	49,771
	<u>206,382</u>	<u>211,740</u>

Customer deposits received are refundable to customers on demand.

#### 15. SHARE CAPITAL

	As at 30 June 2016		As at 31 December 2015	
	Number of shares (in '000)	Amounts (HK\$'000)	Number of shares (in '000)	Amounts (HK\$'000)
<b>Ordinary shares, issued and fully paid:</b>				
As at 1 January	794,217	295,415	793,041	293,532
Shares issued under share option schemes	194	328	1,176	1,883
As at 30 June/31 December	<u>794,411</u>	<u>295,743</u>	<u>794,217</u>	<u>295,415</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

#### *E-commerce – GETS Review*

While the global economy was generally slow since last year, there was a little pleasant surprise of the overall Government Electronic Trading Services (“GETS”) market for the first half of 2016 as the total business volume for the period was up 2.6% year-on-year. Benefited from the overall market growth, our total transaction volume for the period also increased by 1.2%. Coupled with the overall increase in our GETS pricing, the Group’s total GETS revenue for the first half of the year was HK\$81.2 million, up from HK\$80.7 million for the same period last year. However due to inflation of the costs, our GETS profit for the period dropped from HK\$23.8 million last year to HK\$20.6 million this year.

As regards our current GETS licence, Government has formally confirmed its extension till end of 2018. As announced by the Government in their Consultation Paper on Development of Trade Single Window (“SW”) in April 2016, the SW is expected to take over from GETS upon its full implementation, by 2024 earliest. As such, Government intends to continue the GETS model from 2019 to 2024 buffered by a two-year extension. For the future SW, Government will leave room for private sector service providers (“VASPs”) to develop value-added services to help SW users make the most of the SW environment. In response to the Government’s public consultation, we have reverted our views on specific questions relating to GETS and SW business future as a private sector service provider. We will continue to keep a close eye on the market responses and Government’s further plan and development on SW implementation. Meanwhile with the current GETS licence extended to 2018 and a more concrete proposal for SW implementation with timeline from Government, we shall further our GETS business and formulate our strategy in view of potential changes.

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

Revenue from our Commercial Services (formerly called DTTN services) during the period declined from HK\$5 million for the first half of 2015 to HK\$4 million this year. Profit also fell to HK\$2.8 million, about HK\$0.9 million less than same period last year. The drop in revenue and profit in the first half of the year was mainly a timing issue as completion of a couple of major projects originally scheduled for the first half of the year has been pushed back to the second half of the year to better suit the operations and timeline of the customers concerned.

During the period under review, the team has successfully negotiated with one of our major clients to renew a multi-years contract to extend our services in terms of, not only, coverage to all their suppliers globally (in countries in three continents: Asia, Europe and Africa), but also, usage to 100% on our new platform. As one of the largest mail order houses in the world, this German-based client has been using our solution since 2007, connecting their suppliers and forwarders for supply-chain management. The arrangement further cements our business partnership with this renowned client and also enhances our success story showcasing our expertise and capability in delivering and supporting e-commerce solutions for global customers.

Leveraging on our stable products developed as building blocks to replicate similar solutions for other customers with similar needs, we are able to shorten significantly the delivery timeframe with reduced project costs and risks for our new orders. With more hot sales cases which would likely be closed in the coming months and projects under development which could be completed in the second half of the year, we are confident about the performance of this business segment for the whole year.

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

During the period under review, the revenue of the Group's Security Solutions business at HK\$11.6 million, was down 21.6% year-on-year. The revenue dropped was mainly due to some e-cheque related projects income recognized in the first half of last year but no such income in the first six months of this year. Following the smooth pilot launch of e-cheque in Hong Kong December last year, we have hoped that the full production of e-cheque in the first quarter of this year as announced by the Government would give a strong push to those banks who adopted a wait-and-see approach to make a move on implementing e-cheque. However, most banks continue to stall their decision on e-cheque implementation. Under the current challenging operating environment, the issue is further aggravated as banks are more cautious in their investments on new initiatives. That said, leveraging the technologies we have developed for e-cheque, we have several warm leads coming from the banking as well as other segments which we would pursue in the second half of the year.

Our one time password ("OTP") solution and services continued to gain traction in the market. We have entered into arrangements with two more banks for the supply and distribution of OTP tokens for their e-banking customers. Both projects would go live in the second half of this year.

During the period under review, additional resources have been deployed for the development of our mobile Point-of-Sale ("PoS")/payment solutions. With costs incurred for this product which is still at its investment stage, the profit of our Security Solutions business fell sharply to HK\$0.3 million.

As regards the progress of the development of our mobile PoS/payment solutions, it was a bumpy ride as we continued to hit roadblocks of various nature on our way, less to do with internal technical issues, but more about the complexity of the commercial issues between and amongst the many stakeholders involved. Though we have managed to clear roadblocks encountered up to now, they have been dragging our progress and causing delays to the completion of the project. So far envisaging no showstopper ahead, we are continuing with the development work of our solutions. While cautiously optimistic in working towards the finishing line of the product launch later this year, we have started soliciting interests from potential customers and so far the responses are encouraging.

During the period under review, we have started research and design of biometric-based authentication solution as a topical subject generating increasing interests from the banking industry. In partnership with a renowned global leader in mobile biometric authentication, we have developed a suite of advanced biometric authentication solutions that would help to combat the ever-rising risk of internet security. With the ingenious and creative design of our solutions attracting strong interests from some of our bank customers and other industries, we are hopeful that this product would be one of the key growth drivers of our Security Solutions business in the near future.

As foreshadowed in the 2015 Annual Report, riding on the Fintech trend and our competitive edge in the market, we are developing new initiatives on identity management for the banking and financial industry. We are working with partners on these new initiatives which we hope would become new revenue streams generating recurrent income.

### ***Other Services Review***

During the period under review, the revenue and profit from our other services at HK\$9.5 million and HK\$7 million respectively were the same as the corresponding figures in last year. We expect stable business for this segment which predominantly are GETS-related and included our own Road Cargo Service (“ROCARS”), call center service for Customs and Excise Department’s ROCARS and paper-to-electronic conversion services for paper users of our GETS.

### ***China Review***

The overall performance of our PRC associates for the first half of the year was disappointing as expected since the disposal of our Guofurui stake last year. While Guangdong Nanfang Haiian Science & Technology Service Company Limited (“Nanfang”) has a good recovery in terms of its business after resolving its historical legal problems last year, 上海匯通供應鏈技術與運營有限公司 (“U-Link”) has increased its loss due to its current phase of heavy investments into expanding the business.

Given the cyclical nature of this type of investments into China, we have become more cautious in our future endeavor in China as a whole.

### **Financial Review**

During the review period, the Group’s revenue came to HK\$106.4 million, a decline of 3.3% over the same period last year. The GETS revenue rose from HK\$80.7 million to HK\$81.2 million by about 0.6% or HK\$0.5 million year-on-year. Our Commercial Services recorded a revenue of HK\$4.0 million, drop 21.6% over the same period last year due to the delay in the project acceptance by customers to the third quarter of 2016. The revenue of our Security Solutions segment recorded a drop in revenue from HK\$14.8 million in the first half of 2015 to HK\$11.6 million for the same period this year by about 21.6%. The revenue drop of this segment was due to the slowdown of the momentum of the e-cheque project in the banking industry.

The Group's interest income increased 23.4% from HK\$7.7 million for the first half of 2015 to HK\$9.5 million for the period under review by HK\$1.8 million. The increase was due to the investment in corporate bonds with the cash proceeds from the disposal of our stake in Guofurui, our PRC associate, in December 2015.

The Group's operating expenses before depreciation increased by HK\$0.7 million or 0.9% from HK\$74.2 million in 2015 to HK\$74.9 million during the period under review. Staff costs increased from HK\$48.8 million to HK\$50.8 million, up by HK\$2.0 million or 4.1% as compared to the same period last year. The amount of cost of purchases dropped HK\$2.0 million from HK\$9.1 million for the first half of 2015 to HK\$7.1 million for the same period this year due to the slowdown of e-cheque projects in banking industry and the delay in the user acceptance of the Commercial Services projects. The other operating costs at HK\$17.1 million incurred during the period under review were higher than the amount at HK\$16.3 million for the same period last year by HK\$0.8 million. Depreciation charges for the period amounted to HK\$3.3 million, HK\$0.6 million lower than last year.

The Group's unaudited profit from operations for the six months ended 30 June 2016 was HK\$37.4 million, a decrease of HK\$2.0 million or 5.1% as compared to the first half result of 2015.

During the first half of 2016, the Group's share of results from its investments in the PRC associates was a net loss of HK\$7.5 million as compared to a share of profit of HK\$3.4 million for the same period last year, a swing of HK\$10.9 million. The reasons of the swing were that, firstly, the cessation of sharing Guofurui's profit after the disposal of our stake in December 2015. The amount of profit shared from Guofurui in the first half of 2015 was HK\$4.7 million. Secondly, U-Link, our PRC associate operating 4PL business in Shanghai, was still in its business development mode and incurred losses during the first half of 2016. Our share of U-Link's loss during the review period was higher than the amount of loss shared in same period last year by HK\$5.1 million. Thirdly, the Group made a provision for Nanfang's loss in a legal case. The amount of loss shared from Nanfang for the period under review was higher than the results shared in the same period last year by HK\$1.1 million.

As at 30 June 2016, our wholly-owned subsidiary, Digital Trade and Transportation Network Limited ("DTTNC") providing e-solutions to its customers has unused tax losses of HK\$70.8 million. DTTNC has developed a suite of supply-chain e-solutions to customers in logistics, warehousing, 3PL and retail industries and is expected to grow its revenue as well as its profit. There is evidence of sufficient taxable profit to utilise the tax losses. DTTNC has recognised the deferred tax assets in accordance with the current accounting standards. The amount of deferred tax credit is calculated to be HK\$11.7 million and is used to off-set the profits tax provision of HK\$4.9 million. The net taxation in the consolidated profit and loss account becomes a tax credit of HK\$6.8 million.

The Group's unaudited after tax profit for the six months ended 30 June 2016 came to HK\$36.7 million, a slight decline of 0.8% year-on-year. By excluding the effect of the deferred tax credit of HK\$11.7 million, the Group's profit for the period would be HK\$25.0 million.

Basic earnings per share for the first six months of 2016 were HK 4.61 cents as compared to HK 4.66 cents per share for the same period last year.

The Board has resolved to declare an interim dividend of HK 2.4 cents per share (2015: HK 3.6 cents per share) for the six months ended 30 June 2016 to shareholders. The interim dividend payout ratio is about 76% of the Group's profit for the period after excluding the deferred tax credit of HK\$11.7 million. The interim dividend payout ratio is consistent with the ratios for previous years at about 75%.

### **Liquidity and Financial Position**

As at 30 June 2016, the Group has total cash and bank deposits of HK\$51.8 million (31 December 2015: HK\$146.2 million). The reduction in the Group's cash reserves during the period under review was due to the further investment of remaining cash in USD-denominated financial assets as a result of the disposal of RMB-denominated financial assets in December 2015. The amount invested in financial assets, which had been classified as non-current assets, increased from HK\$229.4 million as at 31 December 2015 to HK\$391.1 million as at 30 June 2016 by HK\$161.7 million.

As at 30 June 2016, total assets and net assets of the Group amounted to HK\$554.4 million (31 December 2015: HK\$576.7 million) and HK\$342.1 million (31 December 2015: HK\$360.6 million) respectively. The Group had net current liabilities of HK\$110.7 million as at 30 June 2016 as compared to net current assets of HK\$70.6 million as at 31 December 2015.

As at 30 June 2016, the Group had no borrowings (31 December 2015: Nil).

### **Capital and Reserves**

As at 30 June 2016, the capital and reserves attributable to equity shareholders were HK\$342.1 million (31 December 2015: HK\$360.6 million), a reduction of HK\$18.5 million from the end of 2015. The reduction was mainly due to the distribution of a special dividend of HK\$23.0 million in May 2016.

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

As at 30 June 2016, the Group has obtained three bank guarantees totalling HK\$2.2 million (31 December 2015: three bank guarantees of HK\$2.3 million) issued to the Government for the due performance of services under various contracts. The bank guarantees are secured by a charge over deposits totalling HK\$3.2 million and are subject to review annually (31 December 2015: 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 2016 not provided for in the financial statements amounted to HK\$0.9 million (31 December 2015: HK\$0.2 million). They are mainly in respect of the purchase of computer equipment.

## **Employees and Remuneration Policy**

As at 30 June 2016, the Group employed 253 staff (30 June 2015: 256), of which 221 are in Hong Kong and 32 in Guangzhou. The related staff costs for the six months ended 30 June 2016 amounted to HK\$50.8 million (30 June 2015: HK\$48.8 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 operates two share option schemes to reward the performance of staff: one for assistant manager grade and above and the other one for staff at senior vice president grade and above.

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

As at 30 June 2016, other than its investments in the PRC incorporated entities and debt securities denominated in US dollars, the Group had no foreign exchange exposure and related hedges.

## **CORPORATE GOVERNANCE**

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

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 Listing Rules. In this regard, the Company confirms that it has complied with all code provisions during the six months ended 30 June 2016.

### **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 six months ended 30 June 2016.

### **Board of Directors**

Currently, the Company is led by and controlled through its Board of Directors which comprises four Executive Directors ("EDs"), three 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 six months ended 30 June 2016, the Company convened two Board meetings. Thirteen Directors attended the meeting held on 29 March 2016. In the meeting, the Directors reviewed and approved, among other things, the 2015 annual results, the Group's risk management framework and implementation plan and the change of company secretary and authorised representative. Twelve Directors attended the meeting held on 28 June 2016 and approved, among other things, the proposal for share options allocation to Directors and eligible grantees for 2015 financial year and the proposal for the revised staff bonus plan.

### **Audit Committee**

The interim results and the interim financial report for the six months ended 30 June 2016 have not been audited but have been reviewed by the Company's external auditor, KPMG, and the Audit Committee of the Company.

## **OTHER INFORMATION**

### **Interim Dividend**

The Board has resolved to declare an interim dividend of HK 2.4 cents per share (2015: HK 3.6 cents per share) for the six months ended 30 June 2016 to shareholders whose names appear on the register of members of the Company on 21 September 2016. Dividend will be paid to shareholders on or around 6 October 2016. The interim dividend payout ratio is about 76% of the Group's profit for the period after excluding the deferred tax credit of HK\$11.7 million.

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

During the six months ended 30 June 2016 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 21 September 2016 to 23 September 2016, 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, Wan Chai, Hong Kong, for registration not later than 4:30 pm on 20 September 2016. Dividend will be paid to shareholders on or around 6 October 2016.

## **Publication of Interim Results and Interim Report**

This interim results announcement is published on the respective websites of the Company (www.tradelink.com.hk) and The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). The 2016 interim report of the Company for the six months ended 30 June 2016 will be dispatched to shareholders and published on the aforesaid websites in due course.

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

Hong Kong, 23 August 2016

As at the date of this announcement, the Board of Directors of the Company comprises  
***Non-executive Directors:*** Dr. LEE Nai Shee, Harry, S.B.S., J.P. (Chairman), Dr. LEE Delman 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.