Tradelink Electronic Commerce Limited
貿易通電子貿易有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 536)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

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 2019.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2019 (Unaudited)

		Six months ended 30 June	
		2019	2018 *(Note)*
	Note	***(HK$'000)***	*(HK$'000)*
Revenue	*3*	**124,688**	125,073
Interest income		**7,620**	7,463
Other net income	*5*	**92**	—
Cost of purchases		**(12,074)**	(11,706)
Staff costs	*6*	**(59,312)**	(56,717)
Depreciation		**(3,955)**	(3,401)
Other operating expenses		**(18,245)**	(15,853)
Profit from operations		**38,814**	44,859
Reversal of impairment loss on other financial assets		**38**	209
Share of results of associates		**1,429**	398
Profit before taxation	*6*	**40,281**	45,466
Taxation	*7*	**(6,067)**	(7,145)
Profit for the period		**34,214**	38,321

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2019 (Unaudited) (Continued)

		Six months ended 30 June	
		2019	2018 *(Note)*
	Note	***(HK$'000)***	*(HK$'000)*
Earnings per share (HK cents)	*9*		
Basic		**4.31**	4.82
Diluted		**4.31**	4.82

Note: *The Group has initially applied HKFRS 16 as at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 2.*

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 2019 (Unaudited)

	Six months ended 30 June	
	2019	2018
		(Note)
	(HK$'000)	*(HK$'000)*
Profit for the period	**34,214**	38,321
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 the operations outside Hong Kong	**(65)**	(136)
Debt securities measured at fair value through other comprehensive income ("FVOCI") — net movement in fair value reserve	**11,317**	(12,220)
Total comprehensive income for the period	**45,466**	25,965

Note: *The Group has initially applied HKFRS 16 as at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 2.*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2019 (Unaudited)

	Note	**As at 30 June 2019 Unaudited (HK$'000)**	As at 31 December 2018 *(Note)* Audited *(HK$'000)*
Non-current assets			
Property, plant and equipment	*2*	**26,152**	26,587
Goodwill		**9,976**	9,976
Interest in associates		**19,457**	18,078
Other financial assets	*13*	**299,936**	305,499
Deferred tax assets	*10*	**2,698**	3,719
		358,219	363,859
Current assets			
Trade receivables and contract assets	*11*	**36,635**	44,117
Other receivables, prepayments and other contract costs	*12*	**21,844**	15,918
Other financial assets	*13*	**15,566**	42,233
Deposits with bank		**27,111**	4,222
Cash and cash equivalents		**94,846**	82,253
		196,002	188,743
Current liabilities			
Trade creditors, contract liabilities and other payables	*2,14*	**194,873**	194,222
Taxation		**5,282**	3,241
		200,155	197,463
Net current liabilities		**(4,153)**	(8,720)
Total assets less current liabilities		**354,066**	355,139

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2019 (Unaudited) (Continued)

	Note	**As at 30 June 2019 Unaudited (HK$'000)**	As at 31 December 2018 *(Note)* Audited *(HK$'000)*
Non-current liabilities			
Provision for long service payments		**3,250**	3,179
Deferred tax liabilities	*10*	**1,167**	1,203
Other payables	*2,14*	**597**	—
		5,014	4,382
NET ASSETS		**349,052**	350,757
Capital and reserves			
Share capital	*15*	**296,093**	296,093
Reserves		**52,959**	54,664
TOTAL EQUITY		**349,052**	350,757

Note: *The Group has initially applied HKFRS 16 as at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 2.*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2019 (Unaudited)

	Note	**Share capital** *(HK$'000)*	**Capital reserve** *(HK$'000)*	**Exchange reserve** *(HK$'000)*	**Fair value reserve** *(HK$'000)*	**Other reserve** *(HK$'000)*	**Retained profits** *(HK$'000)*	**Total equity** *(HK$'000)*
As at 1 January 2018		296,039	5,028	1,795	(1,506)	—	53,042	354,398
Changes in equity for the six months ended 30 June 2018:								
Dividends approved in respect of the previous year		—	—	—	—	—	(50,062)	(50,062)
Issue of new shares		54	(5)	—	—	—	—	49
Equity-settled share-based transactions		—	536	—	—	—	—	536
Lapse of share options		—	(16)	—	—	—	16	—
Profit for the period		—	—	—	—	—	38,321	38,321
Other comprehensive income for the period		—	—	(136)	(12,220)	—	—	(12,356)
Total comprehensive income for the period		—	—	(136)	(12,220)	—	38,321	25,965
As at 30 June 2018 and 1 July 2018		296,093	5,543	1,659	(13,726)	—	41,317	330,886
Changes in equity for the six months ended 31 December 2018:								
Dividends declared in respect of the current year	*8*	—	—	—	—	—	(27,812)	(27,812)
Equity-settled share-based transactions		—	408	—	—	—	—	408
Profit for the period		—	—	—	—	—	51,447	51,447
Other comprehensive income for the period		—	—	(744)	(3,428)	—	—	(4,172)
Total comprehensive income for the period		—	—	(744)	(3,428)	—	51,447	47,275
Transfer to other reserve		—	—	—	—	12	(12)	—
As at 31 December 2018 ***(Note)***		296,093	5,951	915	(17,154)	12	64,940	350,757

Note: *The Group has initially applied HKFRS 16 as at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 2.*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2019 (Unaudited) (Continued)

	Note	**Share capital** *(HK$'000)*	**Capital reserve** *(HK$'000)*	**Exchange reserve** *(HK$'000)*	**Fair value reserve** *(HK$'000)*	**Other reserve** *(HK$'000)*	**Retained profits** *(HK$'000)*	**Total equity** *(HK$'000)*
As at 1 January 2019		**296,093**	**5,951**	**915**	**(17,154)**	**12**	**64,940**	**350,757**
Changes in equity for the six months ended 30 June 2019:								
Dividends approved in respect of the previous year		—	—	—	—	—	**(47,678)**	**(47,678)**
Equity-settled share-based transactions		—	**507**	—	—	—	—	**507**
Profit for the period		—	—	—	—	—	**34,214**	**34,214**
Other comprehensive income for the period		—	—	**(65)**	**11,317**	—	—	**11,252**
Total comprehensive income for the period		—	—	**(65)**	**11,317**	—	**34,214**	**45,466**
As at 30 June 2019		**296,093**	**6,458**	**850**	**(5,837)**	**12**	**51,476**	**349,052**

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 2019 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 27 August 2019.

At 30 June 2019, the Group had net current liabilities of HK$4,153,000. Notwithstanding the net current liabilities of the Group as at 30 June 2019, the Group's consolidated financial statements for the six months ended 30 June 2019 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 continue to 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 2018, 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 2018 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 2018 to the Registrar of Companies as required by 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.

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a new Hong Kong Financial Reporting Standards ("HKFRSs"), HKFRS 16, *Leases*, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for HKFRS 16, *Leases*, none of the 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 in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16, *Leases*

HKFRS 16 replaces HKAS 17, *Leases*, and the related interpretations, HK(IFRIC) 4, *Determining whether an arrangement contains a lease*, HK(SIC) 15, *Operating leases — incentives*, and HK(SIC) 27, *Evaluating the substance of transactions involving the legal form of a lease.* It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

The Group has initially applied HKFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and there was no impact to the opening balance of equity at 1 January 2019 upon the initial application of HKFRS 16. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(a) Changes in the accounting policies

(i) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases.

Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

HKFRS 16, *Leases* (Continued)

(a) Changes in the accounting policies (Continued)

(ii) Lessee accounting

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets. As far as the Group is concerned, these newly capitalised leases are primarily in relation to property, plant and equipment.

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. For the Group, low-value assets are typically office equipment. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

HKFRS 16, *Leases* (Continued)

(b) Critical accounting judgements and sources of estimation uncertainty in applying the above accounting policies

(i) Determining the lease term

As explained in the above accounting policies, the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

(c) Transitional impact

At the date of transition to HKFRS 16 (i.e. 1 January 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 January 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 3.56%.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

(i) the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 December 2019; and

(ii) when measuring the lease liabilities at the date of initial application of HKFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment).

2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

HKFRS 16, *Leases* (Continued)

(c) Transitional impact (Continued)

The following table reconciles the operating lease commitments as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019:

	1 January 2019 *(HK$'000)*
Operating lease commitments at 31 December 2018	1,015
Less: commitments relating to leases exempt from capitalisation:	
— short-term leases and other leases with remaining lease term ending on or before 31 December 2019	(178)
	837
Less: total future interest expenses	(23)
Present value of remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and total lease liabilities recognised at 1 January 2019	814

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position at 31 December 2018.

As at 31 December 2018, the Group had no leases previously classified as finance leases.

The Group presents right-of-use assets in "property, plant and equipment" and presents lease liabilities in "other payables" in the statement of financial position.

2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

HKFRS 16, *Leases* (Continued)

(c) Transitional impact (Continued)

The following table summarises the impact of the adoption of HKFRS 16 on the Group's consolidated statement of financial position:

	Carrying amount as at 31 December 2018 *(HK$'000)*	Capitalisation of operating lease contracts *(HK$'000)*	Carrying amount as at 1 January 2019 *(HK$'000)*
Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16:			
Property, plant and equipment	26,587	814	27,401
Total non-current assets	**363,859**	**814**	**364,673**
Trade creditors, contract liabilities and other payables (current)	194,222	494	194,716
Total current liabilities	**197,463**	**494**	**197,957**
Net current liabilities	**(8,720)**	**(494)**	**(9,214)**
Total assets less current liabilities	**355,139**	**320**	**355,459**
Other payables (non-current)	—	320	320
Total non-current liabilities	**4,382**	**320**	**4,702**
Net assets	**350,757**	**—**	**350,757**

The analysis of the net book value of the Group's right-of-use assets by class of underlying asset at the end of the reporting period and at the date of transition to HKFRS 16 is as follows:

	As at 30 June 2019 ***(HK$'000)***	As at 1 January 2019 *(HK$'000)*
Included in "Property, plant and equipment":		
Ownership interests in leasehold land and buildings held for own use, carried at depreciated cost	**13,547**	14,449
Other properties leased for own use, carried at depreciated cost	**564**	814
Plant, machinery and equipment, carried at depreciated cost	**617**	—
	14,728	15,263

2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

HKFRS 16, *Leases* (Continued)

(d) Lease liabilities

The remaining contractual maturities of the Group's lease liabilities at the end of the reporting period and at the date of transition to HKFRS 16 are as follows:

	As at 30 June 2019		As at 1 January 2019	
	Present value of the minimum lease payments *(HK$'000)*	**Total minimum lease payments *(HK$'000)***	Present value of the minimum lease payments *(HK$'000)*	Total minimum lease payments *(HK$'000)*
Within one year	**568**	**598**	494	513
More than one year but within five years	**597**	**630**	320	324
	1,165	**1,228**	814	837
Less: total future interest expenses		**(63)**		(23)
Present value of lease liabilities		**1,165**		814

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the reported profit from operations in the Group's consolidated statement of profit or loss, as compared to the results if HKAS 17 had been applied during the period.

In the cash flow statement, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a change in presentation of cash flows within the consolidated cash flow statement.

3. REVENUE

The principal business of the Group is the provision of Government Electronic Trading Services ("GETS") for processing certain official trade-related documents. Revenue represents the value of services provided and goods supplied to customers. All of the Group's revenue is within the scope of HKFRS 15, *Revenue from contracts with customers*. The amount of each significant category of revenue recognised during the period is disclosed in *Note 4*.

4. SEGMENT REPORTING

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

E-Commerce	:	This segment generates income from processing government trade-related documents and supply chain solutions.
Identity Management	:	This segment generates income from the provision of security products, digital certificates, security solutions and biometric-based authentication solutions for identity management.
Other Services	:	This segment comprises handling fees for the conversion of paper form to electronic messages, income from the provision of technical support and other project services.

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

4. **SEGMENT REPORTING (CONTINUED)**

Disaggregation of revenue from contracts with customers by timing of revenue recognition, as well as information regarding the Group's reportable segments results as provided to the Board of Directors for the purposes of resource allocation and assessment of segment performance for the periods ended 30 June 2019 and 2018 are set out below.

	Six months ended 30 June 2019			
	E-Commerce *(HK$'000)*	**Identity Management** *(HK$'000)*	**Other Services** *(HK$'000)*	**Total** *(HK$'000)*
Disaggregated by timing of revenue recognition				
Point in time	**70,960**	**7,532**	**14,273**	**92,765**
Over time	**14,054**	**15,931**	**1,938**	**31,923**
Revenue from external customers	**85,014**	**23,463**	**16,211**	**124,688**
Inter-segment revenue	**—**	**3,912**	**4,324**	**8,236**
Reportable segment revenue	**85,014**	**27,375**	**20,535**	**132,924**
Elimination of inter-segment revenue				**(8,236)**
Consolidated revenue				**124,688**
Reportable segment profit	**26,773**	**2,002**	**7,139**	**35,914**
Interest income				**7,620**
Other net income				**92**
Depreciation				**(3,955)**
Reversal of impairment loss on other financial assets				**38**
Share of results of associates				**1,429**
Unallocated corporate expenses				**(857)**
Consolidated profit before taxation				**40,281**

4. SEGMENT REPORTING (CONTINUED)

	Six months ended 30 June 2018			
	E-Commerce *(HK$'000)*	Identity Management *(HK$'000)*	Other Services *(HK$'000)*	Total *(HK$'000)*
Disaggregated by timing of revenue recognition				
Point in time	75,227	9,266	7,601	92,094
Over time	13,070	17,740	2,169	32,979
Revenue from external customers	88,297	27,006	9,770	125,073
Inter-segment revenue	—	3,910	4,764	8,674
Reportable segment revenue	88,297	30,916	14,534	133,747
Elimination of inter-segment revenue				(8,674)
Consolidated revenue				125,073
Reportable segment profit	27,857	4,926	6,187	38,970
Interest income				7,463
Depreciation				(3,401)
Reversal of impairment loss on other financial assets				209
Share of results of associates				398
Unallocated corporate income				1,827
Consolidated profit before taxation				45,466

Note: The Group has initially applied HKFRS 16 as at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 2.

Geographic information

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

5. OTHER NET INCOME

	Six months ended 30 June	
	2019	2018
	(HK$'000)	*(HK$'000)*
Net gain on disposal of debt securities measured at FVOCI	**92**	—

6. PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2019	2018
		(Note)
	(HK$'000)	*(HK$'000)*
Staff costs:		
Contributions to defined contribution retirement plan	**1,636**	1,584
Equity-settled share-based payment expenses	**507**	536
Salaries, wages and other benefits	**57,169**	54,597
	59,312	56,717
Other items:		
Auditors' remuneration	**620**	597
Depreciation		
— interest in leasehold land held for own use	**71**	71
— other owned property, plant and equipment	**3,590**	3,330
— right-of-use assets	**294**	—
Impairment loss on trade receivables	**776**	511
Operating lease charges in respect of properties	**484**	723
Net foreign exchange loss/(gain)	**857**	(1,827)
Interest on lease liabilities	**19**	—

Note: *The Group has initially applied HKFRS 16 as at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 2.*

7. TAXATION

	Six months ended 30 June	
	2019	2018
	(HK$'000)	*(HK$'000)*
Provision for Income Tax for the period		
— Hong Kong Profits Tax	**5,082**	5,950
Deferred taxation *(Note 10)*	**985**	1,195
Income tax expense	**6,067**	7,145

The provision for Hong Kong Profits Tax for the period is calculated at 16.5% (2018: 16.5%) of the estimated assessable profits for the period.

8. DIVIDENDS

	Six months ended 30 June	
	2019	2018
	(HK$'000)	*(HK$'000)*
Interim dividend declared after the interim period of HK 3.3 cents per share (2018: HK 3.5 cents per share)	**26,223**	27,812

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$34,214,000 (2018: HK$38,321,000) and the weighted average number of 794,634,000 ordinary shares (2018: 794,612,000 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$34,214,000 (2018: HK$38,321,000) and the weighted average number of 794,634,000 ordinary shares (2018: 794,637,000 ordinary shares), after adjusting for the effect of the potential dilution from ordinary shares issuable under the Company's share option scheme.

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:

Deferred tax arising from:	**Depreciation allowances in excess of related depreciation** ***(HK$'000)***	**Tax losses** ***(HK$'000)***	**Credit loss allowance** ***(HK$'000)***	**Total** ***(HK$'000)***
As at 1 January 2019	**(1,203)**	**3,500**	**219**	**2,516**
Credited/(charged) to profit or loss	**36**	**(1,057)**	**36**	**(985)**
As at 30 June 2019	**(1,167)**	**2,443**	**255**	**1,531**

	As at 30 June 2019 ***(HK$'000)***	As at 31 December 2018 *(HK$'000)*
Representing:		
Deferred tax assets on the consolidated statement of financial position	**2,698**	3,719
Deferred tax liabilities on the consolidated statement of financial position	**(1,167)**	(1,203)
	1,531	2,516

11. TRADE RECEIVABLES AND CONTRACT ASSETS

	Note	**As at 30 June 2019 (HK$'000)**	As at 31 December 2018 (HK$'000)
Trade receivables, net of loss allowance	*(a)*	**25,736**	33,554
Contract assets	*(b)*	**10,899**	10,563
		36,635	44,117

(a) Trade receivables, net of loss allowance

Credit terms granted by the Company to customers generally range from one day 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 and net of loss allowance, is as follows:

	As at 30 June 2019 (HK$'000)	As at 31 December 2018 (HK$'000)
Less than 1 month	**16,695**	19,313
1 to 3 months	**3,008**	7,097
3 to 12 months	**5,269**	4,952
Over 12 months	**764**	2,192
	25,736	33,554

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

(b) Contract assets

The Group's contracts include payment schedules which require stage payments over the contract period once milestones are reached. These payment schedules prevent the build-up of significant contract assets.

All of the revenue recognised during the period are from performance obligations satisfied (or partially satisfied) in the current period.

All of the contract assets are expected to be recovered within one year.

12. OTHER RECEIVABLES, PREPAYMENTS AND OTHER CONTRACT COSTS

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

13. OTHER FINANCIAL ASSETS

	As at 30 June 2019 *(HK$'000)*	As at 31 December 2018 *(HK$'000)*
Debt securities measured at FVOCI		
— listed	**315,502**	347,732
Representing:		
— Non-current	**299,936**	305,499
— Current	**15,566**	42,233
	315,502	347,732

As at 30 June 2019, the Group had corporate bonds and classified them as debt securities measured at FVOCI. 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 2019, the Group disposed of corporate bonds of HK$42,679,000 (2018: HK$3,944,000) and did not acquire any corporate bonds (2018: Nil).

HKFRS 13, *Fair value measurement* categorises fair value measurements into a three-level hierarchy. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

- Level 3 valuations: Fair value measured using significant unobservable inputs

At 30 June 2019, the debt securities measured at FVOCI held by the Group fall into Level 1 of the fair value hierarchy described above.

During the six months ended 30 June 2019, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the date of the event or change in circumstances that caused the transfer.

14. TRADE CREDITORS, CONTRACT LIABILITIES AND OTHER PAYABLES

	As at 30 June 2019	As at 1 January 2019 *(Note)*	As at 31 December 2018
	(HK$'000)	*(HK$'000)*	*(HK$'000)*
Trade creditors *(Note 14(a))*	**5,934**	11,447	11,447
Customer deposits received *(Note 14(b))*	**131,675**	134,851	134,851
Accrued charges and other payables	**25,303**	38,358	38,358
Contract liabilities	**31,393**	9,566	9,566
Lease liabilities	**1,165**	814	—
	195,470	195,036	194,222
Representing:			
— Non-current	**597**	320	—
— Current	**194,873**	194,716	194,222
	195,470	195,036	194,222

Note: *The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under HKAS 17. These liabilities have been aggregated with the brought forward balances relating to leases previously classified as finance leases. Comparative information as at 31 December 2018 has not been restated and relates solely to leases previously classified as finance leases. Further details on the impact of the transition to HKFRS 16 are set out in Note 2.*

(a) As at the end of the reporting period, the ageing analysis of trade creditors, based on the invoice date, is as follows:

	As at 30 June 2019	As at 31 December 2018
	(HK$'000)	*(HK$'000)*
Less than 1 month	**5,608**	11,079
1 to 3 months	**326**	368
	5,934	11,447

(b) Customer deposits received are refundable on demand.

15. SHARE CAPITAL

	As at 30 June 2019		As at 31 December 2018	
	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	**794,634**	**296,093**	794,586	296,039
Shares issued under share option schemes	**—**	**—**	48	54
As at 30 June/31 December	**794,634**	**296,093**	794,634	296,093

16. EQUITY-SETTLED SHARE-BASED TRANSACTIONS

Share option scheme

The share option scheme currently in operation was adopted on 9 May 2014 ("the Share Option Scheme 2014"). Under the Share Option Scheme 2014, options will be granted to eligible persons, including Directors, employees, consultants, business associates or advisers as the Board of the Company may identify from time to time ("Grantees"), entitling them to subscribe for shares of the Company, subject to acceptance of the Grantees and the payment of HK$1.00 by each of the Grantees upon acceptance of the options. Each option gives the holder the right to subscribe for one ordinary share in the Company. On 4 May 2018 and 12 April 2019, 7,400,000 and 7,900,000 share options were granted respectively for HK$1.00 consideration to Directors, senior management and employees of the Group under Share Option Scheme 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

E-Commerce Business Review

For the first half of 2019, the total revenue from our Government Electronic Trading Services ("GETS") and Supply Chain Solutions was HK$85.0 million, representing a drop of 3.7%, or HK$3.3 million, compared to HK$88.3 million for the same period last year. The overall GETS market slumped 6.1% year-on-year in the first half of the year, the biggest dip since the global financial crisis in 2008/09. Hit head on by the slowdown of external trading activities, the overall GETS market plummeted, as such the revenue the Group received from our GETS for the first half of 2019 at HK$79.8 million, was down 4.6%, or HK$3.8 million, against HK$83.6 million last year. While the market shrinkage was outside our control, because of our ability to achieve an overall price increase of our services, the GETS revenue loss was of a smaller magnitude than that of the market. As for our Supply Chain Solutions, its revenue for the reporting period increased slightly, helping reduce the revenue loss for our combined E-Commerce business segment. In anticipation of the challenging external environment for our GETS business, we have stepped up our cost control measures and with effective cost management, E-Commerce business recorded segmental profit of HK$26.8 million for the reporting period, 3.9% lower, or HK$1.1 million less, than the HK$27.9 million made last year.

Aside from external factors affecting the overall GETS market, the operating environment was stable for GETS. The transition to the new GETS licences starting 2019 for the three incumbent service providers was smooth. On the technical front, all enhancements required under the new GETS licence were deployed by the end of 2018 for production in 2019. Business-wise, as the same three service providers continued to operate the service, the competitive landscape, as expected, remained very stable. With new price ceilings allowed under the new licence, we were able to achieve a moderate overall price increase compared with the same period last year.

For the first half of 2019, revenue from our Supply Chain Solutions was HK$5.2 million slightly up 11.8% compared to the HK$4.7 million for the same period last year. While revenue last year was made up of only regular recurrent revenue, this year additional revenue was recognised from a Warehouse Management System ("WMS") project on work-in-progress basis. The project, although not sizeable, has particular significance, as the customer, who is a major express courier, is expanding its business beyond its traditional Business-to-Consumer (B2C) delivery services to supporting Business-to-Business (B2B) e-business operations. Impressed by our sound all-round domain knowledge, they confirmed this first order with us with potential in the future to expand to other business applications to support their new business areas.

Regarding the mega project signed before the end of last year involving the provision of an advanced warehouse solution with Automated Guided Vehicles ("AGVs") to support the daily business operations at the new warehouse of a leading retail chain in Hong Kong, during the reporting period, we have been working closely with the project partner providing the AGVs to prepare for the delivery of the first batch of equipment to integrate with our WMS/Warehouse Execution System for pilot testing. Moreover, the retail chain client also confirmed with us an order for a 4-way shuttle racking system as part and partial of their new warehouse automation project. The 4-way shuttle racking system will not only provide high density storage space hence increase space utilization at their new warehouse, but can also enhance the efficiency of storing and retrieval of pallets by the shuttles that run automatically within the racking system. While the shuttles and racking equipment will be provided by our partner, we would provide our software licence for system integration and act as the project manager who oversees implementation of the overall system.

As for the outlook of our GETS business in the second half of the year, it is uncertain with the yet to be resolved Sino-US trade conflicts affecting the global economy. Although this external factor is beyond our control, we would do all our best to deliver the most effective services that customers would consider as having great value-for-money. Regarding the status of the Government's Trade Single Window ("SW"), 5 more documents had been rolled out in the first half of 2019, bringing the total to 10 including the first 5 launched before the end of 2018. The 10 documents are among the 13 documents originally planned under Phase 1 of the SW to be rolled out in mid-2018. We would closely monitor Phase 1 implementation and market responses to this pilot phase to help the development of our strategy to prepare for the full SW launch.

We are more optimistic about the prospect of our Supply Chain Solutions business in the second half of the year. Barring any unforeseeable circumstances or issues outside our control, the main mega warehouse project and the ancillary shuttle racking system should be completed before end of the year according to current project schedule and taking into account the progress made to date. We also have high chances of winning a couple of major contracts, with work needing to begin before the end of the year once orders are confirmed. Regarding the application for IT support funding from the Government for our project to research and develop a middleware that would provide flexibility to warehouse operators to implement automated warehousing solutions, we are glad that we received the funding approval from the Government to commence this 9-month project in June.

Identity Management ("IDM") Business Review

For the first half of 2019, the Group's revenue from IDM business was HK$23.5 million, down 13.1% compared to the HK$27.0 million made in the same period last year. During the reporting period, both the ongoing recurrent and project revenue of our IDM business recorded near double-digits growth year-on-year, whereas the revenue from security token business and related delivery service plunged 60%, itself representing a loss of revenue of HK$5.3 million; and explained the overall revenue drop of our IDM business. As mentioned in the 2018 Annual Report, we expected revenue from security token delivery service to shrink as our major bank customer had been replacing hard tokens issued to their clients with soft tokens. On the costs side, to enhance our solutions to keep pace with fast evolving technology and market development, during the reporting period, we have deployed considerable additional resources on Research and Development ("R&D") work, in particular, to enhance the electronic Know-Your-Customer ("eKYC") solutions to support the new Smart Hong Kong Identity ("HKID") Card embedded with more advanced and sophisticated security features. With extra R&D expenses incurred jacking up total costs, the segmental profit of our IDM business for the first half year dropped almost 60% from HK$4.9 million last year to HK$2.0 million this year.

Although the IDM results for the first half of the year were apparently not that impressive for the reasons explained above, we were able to maintain the strong momentum of our eKYC and biometric two factor authentication ("2FA") projects. During the reporting period, we have successfully completed delivery of a couple of eKYC projects carried forward from last year and signed up several new projects for our eKYC and biometric 2FA solutions. Among these new orders, three are for eKYC solutions from a virtual bank, a renowned insurance company and a local bank, and two biometric 2FA solutions from a local bank and the other for the Macau operations of another local bank. We are pleased to have our first virtual bank customer and first insurance company customer ordering our eKYC solution for digital onboarding of their clients. Also upon successful enhancement of our eKYC solution to support the new smart HKID card, the solution we are going to deliver to our insurance company client will also support the new smart HKID card. During the reporting period, with work already started for these new orders, revenue from these work-in-progress projects were recognized.

For the second half of the year, leveraging the latest guidelines on remote onboarding and 2FA requirements issued by regulators of the financial industries, we will continue to promote our eKYC/biometric 2FA solutions to potential customers including virtual banks, stockbrokers and insurance companies with which we have been working closely and have built healthy sales pipelines. Additionally, Stored Value Facilities licensees looking for IDM solutions for remote onboarding of their clients will also be our targets. With customer demand growing and solid references and hot leads on hand, plus projects in progress which will continue, we are reasonably confident of catching up the shortfall from the first half of the year and achieving an overall positive results full year of our IDM business.

Other Services Business Review

For the first half of 2019, revenue of our Other Services which comprised GETS-related services, Smart Point-of-Sales ("PoS") business and the community logistics platform VSHIP, amounted to HK$16.2 million and compared to HK$9.8 million for the same period last year, represented an increase of about 65.9%. While our Other Services revenue from first half of last year came almost all from GETS-related services only, revenue this year came not only from our GETS-related services, but also from our Smart PoS business which generated HK$6.2 million in revenue. With additional revenue from Smart PoS business, our Other Services prided strong revenue growth in the reporting period. After some years of hard work overcoming hurdles of all sorts, Smart PoS business started reaping harvest in the second half of last year and its growth momentum has continued this year. As foreshadowed in the 2018 Annual Report, our two bank customers, a major local bank and a bank whose parent is a major commercial bank in China, have placed bigger Smart PoS orders from us. For the first half of 2019, the quantity of Smart PoS ordered was almost 50% more than that in full year 2018, and hence the remarkable increase in revenue from our Smart PoS business. As for our GETS-related services business, made up of primarily our Road Cargo System ("ROCARS"), the call centre services offered to Customs & Excise Department's ROCARS and the paper-to-electronic conversion service for our GETS paper users, it remained stable with revenue on par the level last year. On the cost side, not only higher cost of purchase was incurred to fulfil the increased Smart PoS orders, additional staff resource was also deployed to support the growing Smart PoS business. As such, for the first half of 2019, the reportable profit of the Other Services business segment increased to HK$7.1 million, or by 15.4%, compared to HK$6.2 million recorded for the same period last year.

For the remainder of the year, we expect continuous growing demand of our Smart PoS, in particular from our major local bank customer with whom we are working on a longer term contract. GETS-related services business is expected to continue stable. As such, we are optimistic about the outlook of our Other Services business in the second half of 2019.

Last but not least, regarding our community logistics platform VSHIP, which was soft launched in April 2018, we have been ramping up not only registration of shipper and logistics service provider users, but also the bid and offer activities on the platform. Indeed since the bid and offer service initially for supporting only sea freight was extended to include air freight quotation in April this year, activities in terms of Request for Quote ("RFQ") and Offers have climbed up significantly, at times almost doubled. At the same time, to strengthen the functionality of the platform for meeting market needs, we are developing a new domestic/cross-border trucking module so that freight quotation for the three transportation modes — air, sea and road — can all be supported by the platform. Phase 1 of this new trucking service is expected to be launched before end of the year. Other new features and functions which will be developed in the near future include track and trace of goods, and online payment and settlement. As mentioned in the 2018 Annual Report, VSHIP services will continue to be offered free of charge till users at large come to appreciate the values of our services/features which we will continue to add on the VSHIP platform. To us, VSHIP is a strategic component of our supply chain/e-logistics ecosystem with end-to-end solutions to offer to the user community.

China Associate Review

The performance of our major associate in China, Guangdong Nanfang Haian Science & Technology Service Company Limited ("Nanfang") improved during the reporting period as our share of profit at HK$1.4 million, was almost 3 times more than the HK$0.4 million last year. The improvement was mainly due to the lump sum payment Nanfang received from the local mainland government for their river manifest declaration service between September 2018 and June 2019. While Nanfang was not allowed to collect revenue from users of their river manifest declaration service starting September 2018, they have agreement from the authority that they would receive a one-off payment for the 10-month period between September 2018 and June 2019. After receiving the payment, Nanfang will wind down the river manifest declaration service which will no longer generate revenue. As mentioned in the 2018 Annual Report, Nanfang had shifted their business focus to government projects and so far they have achieved good results. With Nanfang having projects already secured and promising prospects, we are not too concerned about the associate's turnover for the remainder of the year, although it is mindful that the margins of these projects will generally be lower than that of the river manifest service.

Financial Review

The Group's revenue for the six-month period ended 30 June 2019 came to HK$124.7 million, a decline of 0.3% over the same period last year despite drop in E-Commerce revenue by 3.7% to HK$85.0 million, and IDM revenue by 13.1% to HK$23.5 million. The declines, were, however, compensated by 65.9% increase in revenue from Other Services to HK$16.2 million due to higher sales for the Smart PoS business. The drop in E-Commerce revenue was mainly driven by the weak GETS market in the first half of 2019 while the decline in IDM revenue was largely attributed to decreased revenue in security token delivery service, which offset the increase in revenue from eKYC and 2FA solutions.

The Group's operating expenses before depreciation for the first half of 2019 were HK$89.6 million, up by HK$5.4 million or 6.4% over the last review period. Staff costs increased from HK$56.7 million to HK$59.3 million, up by HK$2.6 million or 4.6% year-on-year. The other operating costs increased from HK$15.9 million to HK$18.2 million, up by HK$2.3 million or 15.1% over the same period last year. This was entirely due to the impact of the fluctuation in the exchange rate of the US dollar on our bond portfolio, from an exchange gain of HK$1.8 million during the first half of last year to a loss of HK$0.9 million this year. Depreciation charges for the period amounted to HK$4.0 million, was HK$0.6 million higher than last year.

The Group's profit from operations for the review period was HK$38.8 million, a drop of 13.5% over the same period last year.

The Group's share of results from PRC associates for the review period was a share of profit of HK$1.4 million, higher than that for the same period in 2018 by HK$1.0 million.

Our wholly-owned subsidiary, Digital Trade and Transportation Network Limited ("DTTNCo"), providing e-solutions to its customers, had a deferred tax asset balance amounted to HK$3.7 million as at the end of 2018. As DTTNCo continued to generate profit this year, the deferred tax asset was utilized and gave rise to a deferred tax charge of HK$1.1 million for the first half of 2019, which was nearly the same as that of last review period.

The Group's unaudited after tax profit for the six months ended 30 June 2019 came to HK$34.2 million, a decline of 10.7% over the same period last year.

Basic earnings per share for the first six months of 2019 were HK 4.31 cents, lower than that for the same period in 2018 at HK 4.82 cents per share by HK 0.51 cents. Diluted earnings per share for the six months of 2019 were also HK 4.31 cents, lower than that for the same period in 2018 at HK 4.82 cents by HK 0.51 cents.

Dividend

The Board has resolved to declare an interim dividend of HK 3.3 cents per share (2018: HK 3.5 cents per share) for the six months ended 30 June 2019 to shareholders, a drop of 5.7%. The interim dividend payout ratio is about 74.4% of the Group's profit for the period excluding the deferred tax charge of DTTNCo at HK$1.1 million. The interim dividend payout ratio is close to the ratios for the previous years at about 75%.

Liquidity and Financial Position

As at 30 June 2019, the Group had total cash and bank deposits of HK$122.0 million (31 December 2018: HK$86.5 million).

The other financial assets as at 30 June 2019 in the non-current and current assets amounted to HK$299.9 million (31 December 2018: HK$305.5 million) and HK$15.6 million (31 December 2018: HK$42.2 million) respectively, represented the fair value of the fixed income USD-denominated corporate bonds with no more than US$3 million nominal value each invested in any single issuer with maturity dates less than five years. As at 30 June 2019, the weighted average of the portfolio coupon and yield were about 3.9% (31 December 2018: 3.9%) and 3.7% (31 December 2018: 3.7%) respectively. As at 30 June 2019, 67% (31 December 2018: 71%) of the total amount was invested in investment grade corporate bonds. The remaining 33% (31 December 2018: 29%) was invested in non-investment grade or non-rated corporate bonds. All corporate bonds held as at 30 June 2019 were tradable in open market.

To balance the risk and returns, all investments in corporate bonds were made in accordance with the investment guidelines which had been approved by the Investment Committee comprising three Independent Non-executive Directors and one Non-executive Director of the Company. Before any opportunities are identified to acquire new businesses, the cash surpluses are parked in corporate bonds as part of our treasury operations to improve the yield of the Group's cash surpluses.

Total assets and net assets of the Group as at 30 June 2019 amounted to HK$554.2 million (31 December 2018: HK$552.6 million) and HK$349.1 million (31 December 2018: HK$350.8 million) respectively.

As at 30 June 2019, the Group had no borrowings. (31 December 2018: Nil).

Capital and Reserves

As at 30 June 2019, the capital and reserves attributable to shareholders was HK$349.1 million (31 December 2018: HK$350.8 million), a reduction of HK$1.7 million from the end of 2018.

Charges on Assets and Contingent Liabilities

As at 30 June 2019, the Group has obtained two bank guarantees totaling HK$2.1 million (31 December 2018: three bank guarantees totaling HK$4.2 million) issued to the Government for the due performance by the Group pursuant to the terms of the contracts with the Government. The bank guarantees are secured by a charge over deposits totaling HK$2.1 million (31 December 2018: HK$4.2 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 2019 not provided for in the financial statements amounted to HK$2.7 million (31 December 2018: HK$1.5 million), mainly in respect of the purchase of leasehold improvements for the Group.

Employees and Remuneration Policy

As at 30 June 2019, the Group employed 261 staff (30 June 2018: 265), of which 230 were in Hong Kong and 31 in Guangzhou. The related staff costs for the review period were HK$59.3 million (30 June 2018: HK$56.7 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 various commission, incentive and bonus schemes to drive performance and growth.

The Company operates a share option scheme to reward the performance of staff at senior vice president grade and above.

Exposure to Fluctuation in Exchange Rates and Related Hedges

As at 30 June 2019, other than its investments in the PRC and Macau incorporated entities and financial assets 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 (the "Code") set out in Appendix 14 of the Listing Rules. The Company confirms that it has complied with all code provisions during the six months ended 30 June 2019.

The Board

Currently, the Company is led by and controlled through its Board which comprises three Executive Directors ("ED"), four Non-executive Directors ("NED"), including the Chairman of the Board, and five Independent Non-executive Directors ("INED"). The Board oversees the overall management and operations of the Company with the objective of enhancing shareholder value.

There are employment contracts between the Company and its ED and service contracts between the Company and its NED and INED.

During the six months ended 30 June 2019, the Company convened two Board meetings. All Directors attended the meeting held on 26 March 2019 and in the meeting, the Directors reviewed and approved, among other things, the 2018 annual results, the 2018 annual report, the effectiveness of Group's risk management and internal control systems and share option allocations for eligible staff for 2018. Nine Directors attended the meeting held on 11 June 2019 and in the meeting, the Directors noted, among other things, the annual update on the cyber security implementation in the Group and the timetable for the 2019 interim results announcement and reviewed the Shareholders Communication Policy of the Company.

The attendance of Directors in Board meetings of the Company during the six months ended 30 June 2019 is as follows:

	Board meetings attended/ Eligible to attend
Chairman and Non-executive Director	
Dr. LEE Nai Shee, Harry, S.B.S., J.P.	2/2
Executive Directors	
Mr. TSE Kam Keung *(Chief Executive Officer)*	2/2
Mr. CHENG Chun Chung, Andrew *(Chief Technology Officer)*[(1)]	1/2
Ms. CHUNG Shun Kwan, Emily *(Chief Operations Officer)*	2/2
Non-executive Directors	
Dr. LEE Delman	2/2
Mr. YING Tze Man, Kenneth	2/2
Mr. YUEN Wing Sang, Vincent[(2)]	1/2
Independent Non-executive Directors	
Mr. CHAK Hubert	2/2
Ms. CHAN Chi Yan	2/2
Mr. CHAU Tak Hay[(3)]	1/2
Mr. CHUNG Wai Kwok, Jimmy	2/2
Mr. HO Lap Kee, Sunny, J.P.	2/2

Notes:

(1) Mr. CHENG Chun Chung, Andrew was unable to attend the Board meeting on 11 June 2019 due to other prior business commitment.

(2) Mr. YUEN Wing Sang, Vincent was unable to attend the Board meeting on 11 June 2019 due to overseas engagement.

(3) Mr. CHAU Tak Hay was unable to attend the Board meeting on 11 June 2019 due to other prior business commitment.

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 2019.

Audit Committee

The interim results and the interim financial report for the six months ended 30 June 2019 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 3.3 cents per share (2018: HK 3.5 cents per share) for the six months ended 30 June 2019 to shareholders whose names appear on the register of members of the Company on 25 September 2019. Dividend will be paid to shareholders on or around 9 October 2019. The interim dividend payout ratio is about 74.4% of the Group's profit for the period excluding the deferred tax charge.

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

During the six months ended 30 June 2019 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 Wednesday, 25 September 2019 to Friday, 27 September 2019, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration, no later than 4:30 p.m. on Tuesday, 24 September 2019.

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 HKEXnews (www.hkexnews.hk). The interim report of the Company for the six months ended 30 June 2019 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, 27 August 2019

As at the date of this announcement, the Board of the Company comprises
***Non-executive Directors*:** Dr. LEE Nai Shee, Harry, S.B.S., J.P. (Chairman), Dr. LEE Delman, Mr. YING Tze Man, Kenneth and Mr. YUEN Wing Sang, Vincent;
***Executive Directors*:** Mr. TSE Kam Keung, Mr. CHENG Chun Chung, Andrew and Ms. CHUNG Shun Kwan, Emily; 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.