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## 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)**

### **DISCLOSEABLE TRANSACTIONS SUBSCRIPTIONS OF FINANCIAL PRODUCTS**

#### **SUBSCRIPTIONS OF FINANCIAL PRODUCTS**

(i) On 22 January 2020, DTTNCo, a wholly-owned subsidiary of the Company, subscribed for the First Financial Product issued by UBS HK with a principal amount of HK\$7.8 million and (ii) on 17 July 2020, the Company subscribed for the Second Financial Product also issued by UBS HK with a principal amount of HK\$23.4 million.

The aggregate principal amount of Financial Products subscribed by DTTNCo and the Company pursuant to the Subscriptions amounted to HK\$31.2 million.

#### **IMPLICATIONS UNDER THE LISTING RULES**

Each of the First Subscription and the Second Subscription on a standalone basis does not constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules. However, as the First Subscription and the Second Subscription were subscribed from the same issuer, UBS HK, and the Second Subscription was conducted within 12 months of the date of the First Subscription, and at the time of the Second Subscription, the First Financial Product remained outstanding, they are required to be aggregated as a series of transactions pursuant to Rules 14.22 and 14.23(1) of the Listing Rules. As the highest applicable ratio (as defined under the Listing Rules) in respect of the Subscriptions exceeds 5% but is less than 25%, the Subscriptions constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and are subject to the notification and announcement requirements.

#### **INTRODUCTION**

(i) On 22 January 2020, DTTNCo, a wholly-owned subsidiary of the Company, subscribed for the First Financial Product issued by UBS HK with a principal amount of HK\$7.8 million and (ii) on 17 July 2020, the Company subscribed for the Second Financial Product also issued by UBS HK with a principal amount of HK\$23.4 million.

The aggregate principal amount of the Financial Products subscribed by DTTNCo and the Company pursuant to the Subscriptions amounted to HK\$31.2 million.

## **SUBSCRIPTIONS OF FINANCIAL PRODUCTS**

The Financial Products are two bond funds offered and issued by UBS HK and were launched on 22 January 2020 and 17 July 2020 with the investment objective to achieve total return by investing primarily in USD-denominated fixed income securities issued by sovereigns, quasi-sovereigns and corporates in the Asia Pacific ex-Japan region with the average credit rating of BBB-.

Further details regarding the terms of the Financial Products are as follows:

### **(i) The First Subscription**

|   |   |
|---|---|
| <b>Date of subscription</b>                                 | : 22 January 2020   |
| <b>First Financial Product</b>                              | : UBS (CAY) Investment Fund Series – UBS Asian Bonds Series 5 (USD)   |
| <b>Parties</b>  | : DTTNCo (as subscriber)<br><br>UBS HK (as the issuer)  |
| <b>Subscription amount</b>                                  | : US\$1 million (equivalent to about HK\$7.8 million)   |
| <b>Class</b>  | : Class A-qdist (USD) (quarterly distribution of dividends)<br>There is no guarantee of regular distribution and, if distribution is made, of the amount being distributed.   |
| <b>Date of maturity</b>                                     | : On or around 30 June 2024   |
| <b>Target gross yield to maturity</b>                       | : 4.8% - 5.3% per annum   |
| <b>Repayment arrangement of the principal and interests</b> | : (i) Holders, who invest in the fund's distributing share classes, may receive regular dividend distributions during the duration of the fund term. The fund also seeks to make a final payout upon its maturity that largely corresponds to the yield to maturity of Asia Pacific-ex Japan bonds.<br><br>(ii) Maturity payout and dividend distributions can be influenced by potential bond issuer defaults and market conditions prior to the maturity of the bonds held by the fund or the fund maturity date. |
| <b>Early redemption</b>                                     | : Holders of the First Financial Product have the right of early redemption at any time prior to maturity subject to payment of a redemption fee up to 1% of the redemption proceeds.   |

## **(ii) The Second Subscription**

- Date of subscription** : 17 July 2020
- Second Financial Product** : UBS (CAY) Investment Fund Series – UBS Asian Bonds Series 6 (USD)
- Parties** : The Company (as subscriber)  
UBS HK (as the issuer)
- Subscription amount** : US\$3 million (equivalent to about HK\$23.4 million)
- Class** : Class K-1-qdist (USD) (quarterly distribution of dividend)  
There is no guarantee of regular distribution and, if distribution is made, of the amount being distributed.
- Date of maturity** : On or around 22 December 2023
- Target gross yield to maturity** : 5.0% - 5.75% per annum
- Repayment arrangement of the principal and interests** : (i) Holders, who invest in the fund’s distributing share classes, may receive regular dividend distributions during the duration of the fund term. The fund also seeks to make a final payout upon its maturity that largely corresponds to the yield to maturity of Asia Pacific-ex Japan bonds.  
  
(ii) Maturity payout and dividend distributions can be influenced by potential bond issuer defaults and market conditions prior to the maturity of the bonds held by the fund or the fund maturity date.
- Early redemption** : Holders of the Second Financial Product have the right of early redemption at any time prior to maturity subject to payment of a redemption fee up to 3% of the redemption proceeds.

## **FURTHER INFORMATION OF THE SUBSCRIPTIONS**

As at the date of this announcement, (1) DTTNCo held the First Financial Product in a principal amount of HK\$7.8 million and interest income of HK\$0.4 million has been received under the First Subscription, and (2) the Company held the Second Financial Product in a principal amount of HK\$23.4 million and interest income of HK\$0.7 million has been received under the Second Subscription.

## **REASONS FOR AND BENEFITS OF THE SUBSCRIPTIONS**

The Subscriptions were made by the Group for treasury management purpose in order to maximise the utilisation of its surplus cash with an aim to obtaining a better return, minimising risk and securing high liquidity to meet the funding need of the Group. Taking into account of, among others, (i) the level of risks; (ii) the expected rate of return; and (iii) the terms to maturity, the Group considers that the Subscriptions will provide the Group with better return than deposits generally offered by commercial banks and increase the Group's overall earnings in the long run. Further, the Subscriptions were funded by the Company's surplus cash and would not affect the working capital or the operation of the Group. As such, the Directors are of the view that the Subscriptions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Group recognises the importance of diversification on its financial investments while at the same time generating a reasonable rate of return. During 2020, the Company also engaged UBS HK to manage a discretionary portfolio of Asian investment grade single bonds. As at the date of this announcement, the portfolio consisted of 54 single bonds with individual nominal value of no more than US\$0.5 million each. Indeed, the Group has been using UBS HK to purchase fixed income securities for over 10 years in our treasury management activities.

## **INFORMATION OF THE COMPANY**

The principal activity of the Company is the provision of Government Electronic Trading Services ("GETS") for processing certain official trade-related documents. Leveraging its core competence, the Company has diversified its business into other areas including supply chain solutions, identity management solutions and payment technology solutions, some of which businesses are being operated by the Company's subsidiaries.

## **INFORMATION OF UBS HK**

UBS HK is a branch of UBS AG, a bank incorporated in Switzerland. It provides a broad range of financial services including wealth management, advisory services, underwriting, financing, brokerage and asset management. To the best knowledge, information and belief of the Directors, having made all reasonable enquiry, UBS HK and its ultimate parent company or companies are third parties independent of the Company and its connected persons.

## **IMPLICATIONS UNDER THE LISTING RULES**

Each of the First Subscription and the Second Subscription on a standalone basis does not constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules. However, as the First Subscription and the Second Subscription were subscribed from the same issuer, UBS HK, and the Second Subscription was completed within 12 months of the date of the First Subscription, and at the time of the Second Subscription, the First Financial Product remained outstanding, they are required to be aggregated as a series of transactions pursuant to Rules 14.22 and 14.23(1) of the Listing Rules. As the highest applicable ratio (as defined under the Listing Rules) in respect of the Subscriptions exceeds 5% but is less than 25%, the Subscriptions constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and are subject to the notification and announcement requirements.

This announcement was not made in a timely manner in accordance with Rule 14.34 of the Listing Rules, as the Company proceeded on the misunderstanding that the Subscriptions taken out for ordinary and usual treasury management purpose would be exempted from notifiable transactions requirements under the revenue exemption. The Company understands that it should have informed the Stock Exchange and published an announcement as soon as possible in accordance with Rule

14.34 of the Listing Rules as and when the obligation arises. The Company would like to stress that the non-compliance was inadvertent and unintentional, and in order to prevent similar incidents from reoccurring, the Company intends to strengthen internal training to enhance financial product knowledge and compliance awareness among staff in its financial and compliance functions; and shall seek advices from professional advisers as to any action required to be taken in relation to proposed transactions where necessary in the future.

Going forward, the Company will make appropriate disclosure in a timely manner to ensure compliance with the Listing Rules.

## **DEFINITIONS**

Unless otherwise specified, the following terms have the following meanings in this announcement:

|                            |   |
|----------------------------|---|
| “Board”                    | the board of Directors of the Company;  |
| “Company”                  | Tradelink Electronic Commerce Limited, a company incorporated in Hong Kong with limited liability, whose shares are listed on the main board of the Stock Exchange; |
| “Director(s)”              | the director(s) of the Company;   |
| “DTTNCo”                   | Digital Trade and Transportation Network Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company;          |
| “Financial Products”       | the First Financial Products and the Second Financial Products;   |
| “First Financial Product”  | UBS (CAY) Investment Fund Series – UBS Asian Bonds Series 5 (USD) issued by UBS HK ;  |
| “First Subscription”       | the subscription for the First Financial Product by DTTNCo;   |
| “Group”                    | the Company together with its subsidiaries;   |
| “HK\$”                     | Hong Kong dollars, the lawful currency of Hong Kong;  |
| “Hong Kong”                | the Hong Kong Special Administrative Region of the People’s Republic of China;  |
| “Listing Rules”            | the Rules Governing the Listing of Securities on the Stock Exchange;  |
| “Second Financial Product” | UBS (CAY) Investment Fund Series – UBS Asian Bonds Series 6 (USD) issued by UBS HK;   |
| “Second Subscription”      | the subscription for the Second Financial Product by the Company;   |
| “Shareholder(s)”           | holder(s) of the share(s) in the share capital of the Company;  |
| “Stock Exchange”           | The Stock Exchange of Hong Kong Limited;  |
| “Subscriptions”            | the First Subscription and the Second Subscription;   |

|          |   |
|----------|---|
| “UBS HK” | UBS AG, Hong Kong Branch, a branch of UBS AG, a bank incorporated in Switzerland; |
| “US\$”   | United States dollar, the lawful currency of the United States of America; and    |
| “%”      | per cent.   |

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

Hong Kong, 27 May 2021

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