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 FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

The board of directors (the "Board") of Tradelink Electronic Commerce Limited ("Tradelink" or the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2023.

FINANCIAL HIGHLIGHTS

	Note	**Year ended 31 December 2023 *(HK$'000)***	Year ended 31 December 2022 *(HK$'000)*
Revenue	*3*	**266,611**	258,815
Profit from operations		**78,186**	80,094
Profit attributable to ordinary equity shareholders of the Company		**100,639**	52,333
Total assets		**545,581**	532,561
Net assets		**376,204**	364,413
Dividend per share (HK cents)	*8*		
Interim		**3.7**	1.83
Proposed final		**6.3**	4.67
Proposed special		**–**	2.75
Earnings per share (HK cents)	*9*		
Basic		**12.7**	6.6
Diluted		**12.7**	6.6
Issued and fully paid ordinary shares (in '000)			
As at 31 December		**794,634**	794,634
Weighted average number of ordinary shares (basic) outstanding as at 31 December		**794,634**	794,634

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023

	Note	**2023** **(HK$'000)**	2022 (HK$'000)
Revenue	*3*	**266,611**	258,815
Cost of purchases		**(27,756)**	(18,167)
Staff costs	*5(a)*	**(120,133)**	(118,610)
Depreciation	*5(b)*	**(8,925)**	(8,479)
Other operating expenses	*5(c)*	**(31,611)**	(33,465)
Profit from operations		**78,186**	80,094
Other net income/(loss)	*6*	**32,161**	(20,427)
Share of results of an associate		**705**	(585)
Profit before taxation	*5*	**111,052**	59,082
Taxation	*7*	**(10,413)**	(6,749)
Profit for the year		**100,639**	52,333
Earnings per share (HK cents)	*9*		
Basic		**12.7**	6.6
Diluted		**12.7**	6.6

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 year ended 31 December 2023

	2023	2022
	(HK$'000)	*(HK$'000)*
Profit for the year	**100,639**	52,333
Other comprehensive income for the year (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	**(823)**	(46)
Debt securities measured at fair value through other comprehensive income ("FVOCI") – net movement in fair value reserve	**–**	(1,148)
Total comprehensive income for the year	**99,816**	51,139

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Note	**2023** (HK$'000)	2022 (HK$'000)
Non-current assets			
Property, plant and equipment		**25,483**	20,756
Goodwill		**9,976**	9,976
Interest in an associate	*11*	**5,145**	–
Deferred tax assets	*12*	**56**	137
		40,660	30,869
Current assets			
Trade receivables and contract assets	*13*	**42,646**	42,093
Other receivables, prepayments and other contract costs	*14*	**17,577**	19,557
Taxation recoverable		**–**	2,953
Deposits with banks		**168,363**	69,977
Cash and cash equivalents		**276,335**	366,545
		504,921	501,125
Non-current assets classified as assets held for sale	*10*	**–**	567
		504,921	501,692
Current liabilities			
Trade creditors, contract liabilities and other payables	*15*	**159,638**	163,291
Taxation payable		**4,839**	851
		164,477	164,142
Net current assets		**340,444**	337,550
Total assets less current liabilities		**381,104**	368,419
Non-current liabilities			
Provision for long service payments		**2,017**	2,810
Deferred tax liabilities	*12*	**2,121**	1,006
Other payables	*15*	**762**	190
		4,900	4,006
NET ASSETS		**376,204**	364,413
Capital and Reserves			
Share capital	*16*	**296,093**	296,093
Reserves		**80,111**	68,320
TOTAL EQUITY		**376,204**	364,413

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	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 2022		296,093	7,217	739	1,148	12	73,421	378,630
Changes in equity for 2022								
Dividends approved in respect of the previous year		–	–	–	–	–	(51,254)	(51,254)
Equity-settled share-based transactions		–	440	–	–	–	–	440
Profit for the year		–	–	–	–	–	52,333	52,333
Other comprehensive income for the year		–	–	(46)	(1,148)	–	–	(1,194)
Total comprehensive income for the year		–	–	(46)	(1,148)	–	52,333	51,139
Dividends declared in respect of the current year	*8*	–	–	–	–	–	(14,542)	(14,542)
As at 31 December 2022		**296,093**	**7,657**	**693**	**–**	**12**	**59,958**	**364,413**
Changes in equity for 2023								
Dividends approved in respect of the previous year		**–**	**–**	**–**	**–**	**–**	**(58,962)**	**(58,962)**
Equity-settled share-based transactions		**–**	**338**	**–**	**–**	**–**	**–**	**338**
Lapse of share options		**–**	**(470)**	**–**	**–**	**–**	**470**	**–**
Profit for the year		**–**	**–**	**–**	**–**	**–**	**100,639**	**100,639**
Other comprehensive income for the year		**–**	**–**	**(823)**	**–**	**–**	**–**	**(823)**
Total comprehensive income for the year		**–**	**–**	**(823)**	**–**	**–**	**100,639**	**99,816**
Dividends declared in respect of the current year	*8*	**–**	**–**	**–**	**–**	**–**	**(29,401)**	**(29,401)**
As at 31 December 2023		**296,093**	**7,525**	**(130)**	**–**	**12**	**72,704**	**376,204**

Notes:

1. BASIS OF PREPARATION

The financial information relating to the years ended 31 December 2023 and 2022 included in this announcement of annual results does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those consolidated financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the consolidated financial statements for the year ended 31 December 2023 in due course. The Company's auditor has reported on the consolidated financial statements for both years. The auditor's reports were unqualified and they did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying it's reports, and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The principal accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2022 except for the changes stated as in *Note 2*.

The consolidated financial statements for the year ended 31 December 2023 comprise the Group and the Group's interest in an associate.

The measurement basis used in the preparation of the financial statements is the historical cost basis, except for other financial assets measured at their fair value.

Non-current assets held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2. CHANGES IN ACCOUNTING POLICIES

(a) New and amended HKFRSs

The HKICPA has issued the following new and amended HKFRSs that are first effective for the current accounting period of the Group:

- HKFRS 17, *Insurance contracts*
- Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to HKAS 1, *Presentation of financial statements and HKFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies*
- Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to HKAS 12, *Income taxes: International tax reform-Pillar Two model rules*

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

(b) New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism

In June 2022 the Hong Kong SAR Government (the "Government") gazetted the Hong Kong Employment and Retirement Schemes Legislation ("Offsetting Arrangement") (Amendment) Ordinance 2022 (the "Amendment Ordinance"), which will come into effect from 1 May 2025 (the "Transition Date"). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to mandatory provident fund ("MPF") scheme to reduce the long service payment ("LSP") in respect of an employee's service from the Transition Date (the abolition of the "offsetting mechanism"). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" that provides accounting guidance relating to the offsetting mechanism and the abolition of the mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP.

2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism (Continued)

However, applying this approach, upon the enactment of the Amendment Ordinance in June 2022, it is no longer permissible to apply the practical expedient in paragraph 93(b) of HKAS 19 that previously allowed such deemed contributions to be recognised as reduction of service cost (negative service cost) in the period the contributions were made; instead these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit.

The Group has applied the guidance and changed its accounting policy in connection with its LSP liability. The guidance does not have a material impact on the Group's results and financial position for the current or prior periods that have been prepared or presented.

3. REVENUE

The principal activity 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 year 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 the Group's Government Electronic Trading Services and supply chain solutions.
Identity Management:	This segment generates income from the provision of digital certificate services, security products and biometric-based authentication solutions for identity management.
Other Services:	This segment comprises handling fees for paper-to-electronic conversion services, income from payment technology solutions and other projects.

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 for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2023 and 2022 are set out below.

	31 December 2023			
	E-Commerce *(HK$'000)*	**Identity Management** *(HK$'000)*	**Other Services** *(HK$'000)*	**Total** *(HK$'000)*
Disaggregated by timing of revenue recognition				
Point in time	**128,520**	**12,114**	**20,193**	**160,827**
Over time	**35,177**	**56,773**	**13,834**	**105,784**
Revenue from external customers	**163,697**	**68,887**	**34,027**	**266,611**
Inter-segment revenue	**–**	**7,817**	**6,901**	**14,718**
Reportable segment revenue	**163,697**	**76,704**	**40,928**	**281,329**
Elimination of inter-segment revenue				**(14,718)**
Consolidated revenue				**266,611**
Reportable segment profit	**50,219**	**16,232**	**20,660**	**87,111**
Depreciation				**(8,925)**
Other net income				**32,161**
Share of results of an associate				**705**
Consolidated profit before taxation				**111,052**

4. SEGMENT REPORTING (CONTINUED)

	31 December 2022			
	E-Commerce *(HK$'000)*	Identity Management *(HK$'000)*	Other Services *(HK$'000)*	Total *(HK$'000)*
Disaggregated by timing of revenue recognition				
Point in time	129,053	13,757	16,346	159,156
Over time	43,112	33,954	22,593	99,659
Revenue from external customers	172,165	47,711	38,939	258,815
Inter-segment revenue	–	7,817	5,680	13,497
Reportable segment revenue	172,165	55,528	44,619	272,312
Elimination of inter-segment revenue				(13,497)
Consolidated revenue				258,815
Reportable segment profit	60,904	5,248	22,421	88,573
Depreciation				(8,479)
Other net loss				(20,427)
Share of results of an associate				(585)
Consolidated profit before taxation				59,082

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. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

		Note	**2023** **(HK$'000)**	2022 (HK$'000)
(a)	**Staff costs:**			
	Contributions to defined contribution retirement plan		**3,090**	3,298
	Equity-settled share-based payment expenses		**338**	440
	Salaries, wages and other benefits		**116,705**	114,872
			120,133	118,610
(b)	**Depreciation:**			
	Owned property, plant and equipment		**5,964**	5,496
	Right-of-use assets		**2,961**	2,983
			8,925	8,479
(c)	**Other operating expenses:**			
	Auditors' remuneration		**1,099**	1,039
	Directors' fees and emoluments		**2,251**	2,280
	Facilities management fees		**4,806**	4,805
	Repair and maintenance fees		**6,099**	5,777
	Office rental and utilities		**4,015**	3,903
	Consultancy fees		**2,585**	3,564
	Telecommunications costs		**1,749**	1,711
	Promotion and marketing expenses		**1,999**	2,518
	Recruitment fees		**532**	1,148
	Listing expenses		**1,034**	1,055
	Service fee to business partners		**1,498**	887
	Impairment loss on trade receivables and contract assets		**379**	173
	Others	*(i)*	**3,565**	4,605
			31,611	33,465

(i) Others include travelling, insurance, and other office and general expenses.

6. OTHER NET INCOME/(LOSS)

	Note	**2023** **(HK$'000)**	2022 *(HK$'000)*
Interest income		**20,412**	5,567
Net foreign exchange (loss)/gain		**(342)**	171
Reversal of impairment loss on interest in an associate	*11*	**4,719**	–
Gain on disposal of non-current assets classified as assets held for sale	*10*	**6,805**	–
Government grants for Research and Development Cash Rebate Scheme	*(a)*	**520**	–
Other income		**47**	–
Net loss on disposals of debt securities measured at FVOCI		**–**	(1,534)
Reversal of impairment loss on other financial assets		**–**	1,447
Fair value loss on other financial assets measured at fair value through profit or loss ("FVPL"):			
– Units in investment funds		**–**	(16,686)
– Debt and equity securities		**–**	(15,819)
Investment income on other financial assets measured at FVPL:			
– Units in investment funds		**–**	887
– An equity security		**–**	12
Government grants for Employment Support Scheme	*(b)*	**–**	5,528
		32,161	(20,427)

(a) In 2023, the Group successfully applied for funding support from the Research and Development Cash Rebate Scheme, set up by the Government. The purpose of the scheme is to reinforce the research culture among business enterprises and encourage them to establish stronger partnership with designated local public research institutions.

(b) In 2022, the Group successfully applied for funding support from the Employment Support Scheme under the Anti-epidemic Fund, set up by the Government. The purpose of the funding was to provide financial support to employers to retain their current employees or hire more employees when the business revived. Under the terms of the grant, the Group was required to employ a sufficient number of employees with reference to its proposed employee headcounts in each subsidy month.

7. TAXATION

	2023	2022
	(HK$'000)	*(HK$'000)*
Current tax – Hong Kong Profits Tax		
Provision for the year	**9,235**	5,899
Over-provision in respect of prior year	**(18)**	(50)
	9,217	5,849
Current tax – outside Hong Kong		
Under-provision in respect of prior year	**–**	3
Deferred taxation		
Origination and reversal of temporary differences	**1,196**	897
	10,413	6,749

The provision for Hong Kong Profits Tax for 2023 is calculated at 16.5% (2022: 16.5%) of the estimated assessable profits for the year, except for the Company which is a qualifying corporation under the two-tiered Profits Tax rate regime. Taxation for subsidiaries outside Hong Kong is charged at the appropriate current rates of taxation ruling in the relevant countries.

For the Company, the first HK$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for the Company was calculated at the same basis in 2022.

The provision for Hong Kong Profits Tax for 2023 and 2022 takes into account the enhanced Research and Development tax deductions claimed on staff costs incurred during the year, pursuant to Schedule 45 of the Hong Kong Inland Revenue Ordinance. The qualifying expenditure is entitled to enhanced two-tiered tax deductions, i.e. 300% for the first HK$2 million and 200% for the remaining amount.

The provision for Hong Kong Profits Tax for 2023 takes into account a reduction granted by the Government of 100% of the tax payable for the year of assessment 2022/23 subject to a maximum reduction of HK$6,000 for each business (2022: a maximum reduction of HK$10,000 was granted for the year of assessment 2021/22 and was taken into account in calculating the provision for 2022).

8. DIVIDENDS

	2023	2022
	(HK$'000)	*(HK$'000)*
Interim	**29,401**	14,542
Proposed final	**50,062**	37,109
Proposed special	**–**	21,853
	79,463	73,504

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

9. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK$100,639,000 (2022: HK$52,333,000) and the weighted average number of 794,634,000 ordinary shares (2022: 794,634,000 ordinary shares) in issue during the year.

Basic earnings per share are the same as diluted earnings per share as the Company has no dilutive potential shares.

10. NON-CURRENT ASSETS CLASSIFIED AS ASSETS HELD FOR SALE

On 26 December 2022, the Group entered into an agreement to sell its entire interest of 20% of Guangdong Nanfang Haian Science & Technology Service Company Limited ("Nanfang") at a consideration of RMB6,432,000 to 海華電子企業(中國)有限公司 ("海華"), a subsidiary of the controlling shareholder of Nanfang. Thereafter, the Group's interest in Nanfang had been classified as non-current assets held for sale. As at 31 December 2022, the process of disposal transaction was not completed and the interest in an associate with the carrying amount of HK$567,000 was classified as assets held for sale.

On 24 July 2023, the process of disposal transaction of the entire interest of 20% of Nanfang to 海華 was completed and a gain on disposal (including the release of the corresponding exchange difference previously kept in the exchange reserve) of HK$6,805,000 was recognised.

11. INTEREST IN AN ASSOCIATE

The Group has effective interest of 9.297% in an associate, OnePort Holdings (BVI) Limited ("OnePort"). The Group has determined that it has significant influence on OnePort even though it holds less than 20% of the voting rights in OnePort as the Chief Executive Officer of the Group is representing the Group as a director of OnePort. The investment in OnePort was previously fully impaired due to its accumulated losses position in prior years. During the year ended 31 December 2023, the Group received dividend of HK$279,000 from OnePort. At 31 December 2023, management assessed the recoverable amount of OnePort based on value-in-use calculations. The estimates of the recoverable amount were based on the present values of the budgeted future cash flows, discounted at a pre-tax discount rate of 14%, by reference to the activity level and future zero growth rate beyond the five-year period financial forecast of OnePort. As the recoverable amount exceeded the carrying amount, after taking into account share of profit recognised net of dividend received during the year, reversal of provision for impairment loss of HK$4,719,000 was made at 31 December 2023.

12. DEFERRED TAXATION

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

Deferred tax arising from:	**Depreciation allowances in excess of related depreciation** *(HK$'000)*	**Credit loss allowance** *(HK$'000)*	**Total** *(HK$'000)*
As at 1 January 2023	**(1,006)**	**137**	**(869)**
Charged to profit or loss	**(1,115)**	**(81)**	**(1,196)**
As at 31 December 2023	**(2,121)**	**56**	**(2,065)**

	2023 *(HK$'000)*	2022 *(HK$'000)*
Representing:		
Deferred tax assets in the consolidated statement of financial position	**56**	137
Deferred tax liabilities in the consolidated statement of financial position	**(2,121)**	(1,006)
	(2,065)	(869)

At the end of the reporting period, the Group has total tax losses of HK$2,328,000 (2022: HK$5,572,000). The Group has not recognised deferred tax assets in respect of cumulative tax losses of HK$2,328,000 (2022: HK$5,572,000) as it is not probable that future taxable profits against which the losses can be utilised will be available. The tax losses do not expire under current tax legislation.

13. TRADE RECEIVABLES AND CONTRACT ASSETS

	Note	**2023** **(HK$'000)**	2022 *(HK$'000)*
Trade receivables, net of loss allowance	*(a)*	**31,750**	27,134
Contract assets, net of loss allowance	*(b)*	**10,896**	14,959
		42,646	42,093

(a) Trade receivables, net of loss allowance

Credit terms offered by the Group to customers are based on individual commercial terms negotiated with customers. Credit periods generally range from one day to one month.

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:

	2023 **(HK$'000)**	2022 *(HK$'000)*
Less than 1 month	**21,389**	13,751
1 to 3 months	**6,981**	8,132
3 to 12 months	**3,306**	4,851
Over 12 months	**74**	400
	31,750	27,134

The amount of trade receivables expected to be recovered after more than one year is HK$260,000 (2022: Nil). All of the remaining balances are expected to be recovered within one year and some of them are covered by deposits from customers (see *Note 15*).

(b) Contract assets, net of loss allowance

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 year are from performance obligations satisfied (or partially satisfied) in the current year.

The amount of contract assets expected to be recovered after more than one year is HK$229,000 (2022: HK$1,901,000). All of the other contracts assets are expected to be recovered within one year.

13. TRADE RECEIVABLES AND CONTRACT ASSETS (CONTINUED)

(c) Loss allowances

The Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime expected credit losses ("ECLs"), which is calculated using a provision matrix. As the Group's historical credit loss experience indicates similar loss patterns for different customer segments, the loss allowance based on past due status is not distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables and contract assets:

	2023				
	Gross carrying amount *(HK$'000)*	**Provision on individual basis** *(HK$'000)*	**ECL rates** *%*	**ECLs** *(HK$'000)*	**Total loss allowance** *(HK$'000)*
Current (not past due)	**31,424**	**–**	**0.1%**	**(19)**	**(19)**
Less than 1 month past due	**5,803**	**–**	**0.5%**	**(27)**	**(27)**
1 to 3 months past due	**3,586**	**–**	**3.6%**	**(131)**	**(131)**
Over 3 months past due	**2,170**	**–**	**7.4%**	**(160)**	**(160)**
	42,983	**–**		**(337)**	**(337)**

	2022				
	Gross carrying amount *(HK$'000)*	Provision on individual basis *(HK$'000)*	ECL rates *%*	ECLs *(HK$'000)*	Total loss allowance *(HK$'000)*
Current (not past due)	26,914	(129)	0.1%	(20)	(149)
Less than 1 month past due	5,265	–	0.4%	(23)	(23)
1 to 3 months past due	4,801	–	0.7%	(34)	(34)
Over 3 months past due	5,941	(385)	4.3%	(237)	(622)
	42,921	(514)		(314)	(828)

Expected loss rates are based on actual loss experience over the past two years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

13. TRADE RECEIVABLES AND CONTRACT ASSETS (CONTINUED)

(c) Loss allowances (continued)

Receivables that were not past due relate to a wide range of customers for which allowance is made on an individual basis based on expected loss rate determined on the basis described above.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management considers that allowance is made in respect of balances on both individual and collective basis based on expected loss rate determined on the basis as described above.

Movement in the loss allowance account in respect of trade receivables and contract assets during the year is as follows:

	2023	2022
	(HK$'000)	*(HK$'000)*
As at 1 January	**828**	827
Amounts written off during the year	**(870)**	(172)
Impairment losses recognised during the year	**379**	173
As at 31 December	**337**	828

14. OTHER RECEIVABLES, PREPAYMENTS AND OTHER CONTRACT COSTS

	Note	**2023** **(HK$'000)**	2022 (HK$'000)
Other receivables and prepayments	*(a)*	**12,561**	12,479
Other contract costs	*(b)*	**5,016**	7,078
		17,577	19,557

(a) Other receivables and prepayments

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

(b) Other contract costs

Other contract costs capitalised as at 31 December 2023 and 2022 relate to the costs to fulfil contracts with customers at the reporting date. Other contract costs are recognised as part of "cost of purchases" in the statement of profit or loss in the period in which revenue from the related sales or services is recognised. There was no impairment in relation to the opening balance of capitalised costs or the costs capitalised during the year (2022: Nil).

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

15. TRADE CREDITORS, CONTRACT LIABILITIES AND OTHER PAYABLES

	Note	**2023** **(HK$'000)**	2022 (HK$'000)
Trade creditors	*(a)*	**8,403**	8,784
Customer deposits received	*(b)*	**106,016**	111,859
Accrued charges and other payables	*(c)*	**35,494**	30,376
Contract liabilities	*(d)*	**9,017**	11,578
Lease liabilities		**1,470**	884
		160,400	163,481
Representing			
– Non-current		**762**	190
– Current		**159,638**	163,291
		160,400	163,481

15. TRADE CREDITORS, CONTRACT LIABILITIES AND OTHER PAYABLES (CONTINUED)

(a) Trade creditors

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

	2023	2022
	(HK$'000)	*(HK$'000)*
Less than 1 month	**8,242**	8,758
1 to 3 months	**108**	26
Over 3 months	**53**	–
	8,403	8,784

(b) Customer deposits received

Customer deposits received are refundable on demand.

(c) Accrued charges and other payables

The amount mainly includes accruals and payables of staff costs and other operating expenses.

(d) Contract liabilities

When the Group receives a deposit before the production activity commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the project exceeds the amount of the deposit. The amount of the deposit, if any, was negotiated on a case by case basis with customers.

15. TRADE CREDITORS, CONTRACT LIABILITIES AND OTHER PAYABLES (CONTINUED)

(d) Contract liabilities (continued)

Movements in contract liabilities

	2023	2022
	(HK$'000)	*(HK$'000)*
As at 1 January	**11,578**	14,939
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the period	**(11,322)**	(14,528)
Increase in contract liabilities as a result of billing in advance	**8,761**	11,167
As at 31 December	**9,017**	11,578

As at 31 December 2023, the amount of billings in advance of performance expected to be recognised as income after more than one year is HK$225,000 (2022: HK$256,000).

16. SHARE CAPITAL

	2023		2022	
	Number of shares	**Amounts**	Number of shares	Amounts
	(in '000)	***(HK$'000)***	*(in '000)*	*(HK$'000)*
Ordinary shares, issued and fully paid:				
As at 1 January and 31 December	**794,634**	**296,093**	794,634	296,093

17. 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 21 April 2023, 6,800,000 (19 April 2022: 7,400,000) share options were granted for HK$1.00 consideration to Directors, senior management and employees of the Group under the Share Option Scheme 2014.

18. REVIEW OF RESULTS

The financial results for the year ended 31 December 2023 have been reviewed with no disagreement by the Audit Committee of the Company. The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been compared by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2023 and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by KPMG.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

E-Commerce Business Review

2023 was certainly a challenging year for our E-Commerce business due to its close association with the Hong Kong external trading environment which was significantly affected by the turbulent global economy. In 2023, the occurrence of high levels of inflation and interest rates, coupled with geopolitical tensions, created significant uncertainty and has continued to pose challenges for the world market. Facing the weakening external demand and, above all, significant tightening of monetary conditions, Hong Kong's external trading performance was severely impacted. Although there was some recovery in the second half of 2023, it should be noted that this was from a low base when compared to the same period in 2022 when the outbreak of the Russia-Ukraine dispute aggravated the already gloomy economic conditions at that time. The GETS market, as a key indicator of Hong Kong's external trade activities, shrank 9.8% year-on-year which already was a considerable improvement over the first half-year drop of 16.3%.

Under such a pessimistic operating environment, our E-Commerce business recorded a decline in revenue, dropping by 4.9% to HK$163.7 million in 2023 from HK$172.2 million in 2022. The segment profit also experienced a decline, down by 17.5% to HK$50.2 million when compared to the HK$60.9 million profit in 2022. It is worth noting that the full-year results, although still somewhat unsatisfactory, showed some slight improvement when compared to the first half of 2023, as revenue and segment profit declined by 7.8% and 29.4% respectively then.

In 2023, the revenue of our GETS business sub-segment within the E-Commerce business amounted to HK$141.8 million, representing a decline of 1.9% compared to the HK$144.6 million achieved in 2022. Despite the overall market shrinkage of 9.8% in the GETS market, we managed to outperform the market with a relatively smaller decline of 1.9%. This continued trend aligned with the performance observed in the first half of the year. Our ability to outperform the overall GETS market demonstrated our competitive strength in delivering high-quality services that our customers were willing to pay a premium for. Despite a drop in the business volume processed, we were able to accomplish relatively favourable results through our ability to capture value from our offering which enabled us to achieve a somewhat considerable increase in the average price of our services. Taking a closer look at our GETS business in the second half of 2023, despite a market shrinkage of 3.1%, there was actually a positive growth in revenue, with an increase of 1.3% compared to the same period in 2022.

As explained in our previous reports, the overall average price increase in our GETS business was primarily achieved when we renewed customer contracts. During these renewals, we were able to negotiate higher prices for our services, contributing to the overall increase. Additionally, we observed a drop in the business volume of a couple of key customers due to their own change of business operations. These customers were previously receiving steep discounts from us for their bulk business. Their decline in volume which was substantially more than that of the market had the effect of lessening their impact on dragging down our overall average price. Furthermore, the positive trend observed in the first half of 2023 for our Electronic Cargo Manifest service business within the GETS sub-segment continued throughout the second half of the year. This was due to the increased demand and capacity in the air cargo industry following the reopening of international borders. The surge in revenue, amounting to 24%, helped to mitigate the overall revenue decline within our GETS business for 2023.

As regards our Supply Chain Solutions ("SCS") sub-segment within the E-Commerce business segment, its performance in 2023 was disappointing with 20.6% drop in revenue to HK$21.9 million from HK$27.6 million in 2022. Despite a marginal increase of approximately 1.6% in revenue from ongoing maintenance and support services which used to contribute about half of the total revenue, our project revenue experienced a significant decline of 41% year-on-year in 2023. The poor performance of this business sub-segment since first half of the year unfortunately continued throughout the year. Several projects for which we had received verbal approval from customers ultimately fell through due to various issues, including the lapse of their government funding applications or approvals. In the absence of government funding support, customers were reluctant to invest solely with their own funds under the current uncertain economic climate and many decided not to proceed with the original plans. Hence for new projects, aside from a major enhancement project confirmed in the first half of the year for a Warehouse Management System ("WMS") previously developed for a repeat customer, we only received one additional order from the same customer for another WMS to be used for their other business operations. During the year, certain development resources were deployed to revamp our two core products, WMS and Transportation Management System ("TMS") with a view to enhancing its stability, robustness, and functionalities. This effort was undertaken as part of our strategic review of the business direction and strategy within this specific business sub-segment, taking into account the current market situation and technology trends. While our SCS business delivered disappointing results in 2023, we considered it essential and useful that we invested time and resources to conduct this strategic business review in order to identify areas for improvement and strengthen our market positioning and competitiveness. Through the review, we gained valuable insights into the challenges and opportunities within the supply chain industry. It allowed us to assess our current strategies and make necessary adjustments to better align with market demands.

In terms of the outlook of our E-Commerce business, barring any significant unforeseen events that could severely impact the global economy and Hong Kong's external trade, we are cautiously optimistic about its performance in 2024. As for our GETS business, which comprises a significant portion of our E-Commerce business, its performance will heavily depend on the external environment, which is still full of uncertainty and continues to weigh on Hong Kong's external trade. That said, considering the challenging conditions experienced in 2023, where the market faced exceptional difficulties, we do not anticipate a significant further decline in the GETS market. Furthermore, the results of our GETS business in 2023 provided evidence of our ability to achieve respectable price increases for our services to offset the decline in business volume and as a result, outperform the market. We are reasonably hopeful about continuing this positive trend in 2024 and optimistic about the outlook of our GETS business for the upcoming year.

For the Government's implementation of its Trade Single Window ("TSW"), their plan to complete the final phase of the project by the end of 2027 may face challenges due to the delay in the TSW (Phase 3) tendering exercise. We would adopt a wait-and-see approach until they are ready to engage with us to address issues of mutual concerns upon the full implementation of the TSW. In the meantime, we will continue to strive for excellence and offer quality services, including value-added services, to meet the specific needs of our customers and further strengthen our relationship with them. Considering our strong presence in the GETS market and our longstanding relationships with customers spanning almost three decades, we are reasonably confident that we would be able to make valuable contributions in the future TSW operational compliance and efficiency.

As regards our SCS business sub-segment, with our anticipated completion of the strategic review and implementation of improvements to reinforce our market position and align with market demands before mid-2024, we expect a better year for SCS business sub-segment in terms of its performance in 2024. We anticipate a more promising year ahead, rebounding from a year of consolidation in 2023. Indeed, as we were preparing our revamped standard core products, WMS and TMS, we have already received interests from several potential customers. We will actively pursue these opportunities and are optimistic about successfully closing some deals and deploying our new standard products to them earliest within the first half of 2024. Given our extensive experience and sound domain knowledge in the supply chain industry, as well as our sizeable customer base in the GETS market, most of whom are active players in the field, we are confident in our distinct competitive advantage over other players in the supply chain solution market. Furthermore, we will actively pursue opportunities to leverage the synergy between our GETS business and the supply chain solution market to further enhance our position.

Overall, we maintain a cautiously optimistic view about the prospect of our E-Commerce business in 2024.

Identity Management ("IDM") Business Review

As anticipated in the 2023 Interim Report, our IDM business delivered exceptional performance in 2023, with a revenue surge of 44.4% from HK$47.7 million in 2022 to HK$68.9 million in 2023. Even more impressive was its segment profit which soared to HK$16.2 million, approximately 3.1 times higher than the profit in 2022. Following the pleasing results achieved in the first half of 2023, momentum of the business gained further traction in the second half of the year, with revenue and segment profit growth surpassing that of the first half. Indeed, the results achieved in 2023 by our IDM business were truly remarkable. Despite starting from a lower base in 2022, when the performance of this business segment was unsatisfactory, the business experienced a strong rebound, demonstrating its resilience and ability to overcome challenges. The impressive results of 2023 signified a significant turnaround for the business after a couple of dismal years. During those challenging periods when the operation environment was unfavourable, we strategically allocated resources towards valuable research and development ("R&D") initiatives which were proven to be fruitful, as we began to see the positive outcomes materialising in 2023. This explained the significant improvement of the profit margin for our IDM business in 2023.

Upon closer examination of the revenue breakdown for our IDM business in 2023, it was noted the growth was primarily attributed to our IDM-related projects and solutions. Due to its significant increase of 61% vis-à-vis a moderate increase of 5% for our Public Key Infrastructure ("PKI")-related projects and solutions, its contribution to the overall revenue of our IDM business segment increased from approximately 70% in 2022 to 78% in 2023. While related essentially to our Recognized Certification Authority business, our PKI-related products and services included the security token business and associated delivery services amongst others. The business which primarily was provided for several banks and one of the disciplinary services of the Government has maintained a steady level of revenue with modest growth over the years. The key growth driver of this segment was our IDM-related projects and solutions. The demand for these services has consistently increased due to the evolving technological landscape and the rising cybersecurity threats and risks. As technology continues to advance, the need for robust identity management solutions becomes even more crucial. Our electronic Know-Your-Customers ("eKYC") solution for digital onboarding has consistently been our most popular and sought-after product. However, we have also observed a gradual increase in interest and adoption of our digital signing solution over the past few years. Particularly in 2023, our new generation of the solution, which supported remote application and issuance of recognized certificates for e-Passport holders to sign legally-binding documents, experienced significant growth. During the year, apart from the order for digital signing solution received from a private hospital which we mentioned in the 2023 Interim Report, we received new orders for our digital signing solution from two financial institutions based outside Hong Kong. These institutions utilised our solution for digital document signing by clients located abroad, with recognized certificates being remotely issued to them using their e-Passports for identity authentication. Revenue generated from our digital signing solution in

2023 was more than 7 times of that in 2022. This growth indicated a strong rising demand for digital signing for local as well as cross-border and global business transactions. As businesses have increasingly embraced digital transformation, the need for secure and efficient digital signing capabilities becomes paramount.

Turning back to our eKYC business, its performance in 2023 was encouraging as its revenue also grew considerably by 39% compared to last year. One particular repeat customer worth mentioning was a major international bank. They placed two sizeable orders with us. One was for our upgraded eKYC solution which supported a unique angle-free feature for capturing identity document. The new feature further improved the user experience and enhanced the accuracy of our solution. The other order was for our enhanced eKYC solution for digital onboarding of their clients holding Exit-Entry Permit issued to Mainlanders for travelling to Hong Kong and Macau. These product enhancements were the valuable outcomes of our dedicated R&D efforts during the challenging years when our business was significantly impacted by the COVID-19 pandemic.

Looking ahead in 2024, we will strive to seize the growing opportunities for our services and products. We have already identified promising leads that we intend to capitalise on. Notably The Stock Exchange of Hong Kong Limited ("SEHK") has announced the implementation of digital signatures supported by recognized certificates for the electronic submission of prospectuses and accompanying documents to SEHK and Company Registry for authorisation and registration with a six-month transition period starting from 1 January 2024. By 1 July 2024, SEHK will only accept such documents duly digitally signed and submitted electronically to them. As the sole commercial Recognized Certification Authority to issue recognized certificates for this purpose, we have received significant interest from banks, legal firms, and audit firms. Our digital signing solution, which offers the unique advantage of allowing signatories abroad to use certificates issued based on their e-Passports, has garnered considerable attention. We plan to collaborate with strategic partners to offer a comprehensive document management solution with our distinct digital signing feature incorporated to support the document workflow requirements. By providing a total solution for document management and remote digital document signing, we empower our clients to streamline their processes, enhance security and comply with the applicable rules as necessary. We are very keen about the opportunities that lie ahead, and we have a positive outlook for this business.

At the same time, we will continue to invest in R&D and explore new opportunities to further advance our IDM-related products and solutions. While acknowledging the significant uncertainties in the global economy, we recognise that 2024 will present external challenges as Hong Kong's financial secretary had said at the beginning of the year. Barring any unforeseen circumstances, we maintain a reasonable degree of optimism regarding the prospect of our IDM business in 2024. Building upon the successes of 2023, we aim to achieve comparable results and look for continued growth.

Other Services Business Review

The performance of our Other Services, which includes Smart Point-of-Sales ("PoS") and related business, as well as GETS-related services, closely aligned with our predictions outlined in the 2023 Interim Report. In 2023, the revenue recorded for this business segment amounted to HK$34.0 million, representing a decrease of 12.6% compared to the HK$38.9 million revenue in 2022. Unfortunately, the segment profit for the entire year of 2023 took a downturn. Despite an initial increase of 8.6% in the first half of the year, it declined by 7.9% to HK$20.7 million, compared to the HK$22.4 million profit in 2022. The segment profit dropped was mainly attributed to the increased cost of sales of Smart PoS devices ordered by customers. Further, the exceptional performance of our Smart PoS and related business in the second half of 2022, driven by a major project, set a high benchmark for comparison. The outstanding performance in 2022 partly contributed to the decline in segment profit for the business segment in 2023.

In terms of the breakdown of the HK$34.0 million total revenue recorded in 2023, our Smart PoS and related business contributed HK$12.7 million and GETS-related services contributed HK$21.3 million. There was a significant drop of 28.7% in revenue for our Smart PoS and related business compared to the HK$17.8 million recorded in 2022. On the other hand, GETS-related services saw a marginal increase of 1.0% compared to the HK$21.1 million revenue in 2022.

The decline in revenue for our Smart PoS and related business was anticipated. In 2023, the recurring maintenance and support revenue for our Smart PoS devices deployed for our bank customers maintained largely at same level as in 2022. The decline in revenue for this business can be attributed to the completion of a major project by the end of 2022. As mentioned in our 2023 Interim Report, although we continued to receive rental and support service revenue from the project after its completion, the absence of development revenue had a significant impact on this business. While there were slight signs of recovery in the retail market during the second half of 2023, leading to additional revenue from new orders for Smart PoS devices placed by our two bank customers, the overall revenue for our Smart PoS and related business still experienced a notable decline.

Regarding our GETS-related business, its performance for the full year was in line with our expectations as outlined in the 2023 Interim Report. Despite being closely tied to our GETS business, which experienced a decline due to the challenging external environment in 2023, the revenue for our GETS-related business actually recorded a slight increase, which was a pleasant surprise. This was primarily attributed to the further increase in revenue from our own Road Cargo System ("ROCARS") and call centre services offered to Customs & Excise Department's ROCARS, both of which rebounded strongly in the second half of the year with the increased cross-border cargo trucking activity creating favourable environment for our services. Revenue from these two services in 2023 increased by about 33% year-on-year. Our paper-to-electronic conversion service for GETS was another area that performed well, with revenue recording a marginal increase. Despite the expected contraction in the market for this business, we were able to secure business from customers and maintain the popularity of our services by offering value-adding and customised solutions. As anticipated, the performance of our partnership with PingAn OneConnect Bank (Hong Kong) Limited ("PAOB") showed slight improvement in the second half of 2023. This was in line with a slightly more favourable lending market and signs of global economic recovery during that period. As a result, the decline in revenue narrowed when compared to the first half of the year. Together with the additional revenue from the call centre service we offered to the Government to support their TSW (Phases 1 and 2) documents, we were able to deliver satisfactory results for our GETS-related business in 2023.

Outlook of our Smart PoS business which closely depends on the local retail market is expected to remain challenging in 2024. The lingering effects of global economic uncertainties, China's slow economic recovery and the underperformance of Hong Kong's equity and real estate markets all adversely affect the local market. Hong Kong residents "tripping north" to Shenzhen and travelling overseas have also become a growing trend that impacts local retail sales. We expect our sales of Smart PoS devices in 2024 to maintain, at best, a stable level. Given the challenging market conditions, we recognise the need to think outside the box and explore innovative approaches to address some long-standing practical market issues. We are actively seeking breakthrough solutions that will enable us to navigate the current cloudy backdrop.

Our GETS-related business, while closely tied to the GETS market, has consistently outperformed in past years. We are confident in our ability to continue this trend, considering the various services and initiatives we have introduced within this business that not only enhance our GETS-related business performance but also increase our GETS customers' loyalty and engagement. Leveraging our extensive GETS customer base and deep domain knowledge, we have formed strategic collaborations with partners to offer services that go beyond trade compliance operations. This includes expanding into areas such as banking and financial services, addressing the diverse practical needs of our customers. One successful example was our collaboration with PAOB. Further with our connection to Hong Kong Monetary Authority's Commercial Data Interchange which they are actively promoting and enhancing with new features, we are optimistic about the potential for working with more partners on initiatives that provide three-way benefits to us, our partners, and our customers. In collaborating with these partners, we can unlock new avenues for service offerings and new revenues.

In conclusion, we maintain a cautiously optimistic outlook for our Other Services business in 2024.

FINANCIAL REVIEW

The Group's revenue for the year ended 31 December 2023 grew by 3.0% or HK$7.8 million to HK$266.6 million. In 2023, revenue of our E-Commerce and Other Services segments dropped, whereas those of our Identity Management segment increased. The discussion and analysis of the Group's business performance during the year are set out in the sections headed "Management Discussion and Analysis – Business Review".

The Group's operating expenses before depreciation in 2023 were HK$179.5 million, representing an increase of 5.4% or HK$9.3 million from HK$170.2 million in 2022. It was mainly attributable to the increase of HK$9.6 million to HK$27.8 million on the cost of purchases as the project revenue with supplies to customers increased in 2023. Staff costs in 2023 were HK$120.1 million, higher than 2022 at HK$118.6 million by 1.3% or HK$1.5 million. The other operating costs dropped from HK$33.5 million to HK$31.6 million, down by 5.5% or HK$1.9 million as compared to the last financial year. Depreciation charges in 2023 increased by 5.3% or HK$0.4 million to HK$8.9 million as compared to 2022.

The Group's profit from operations in 2023 was HK$78.2 million, a decrease of HK$1.9 million or 2.4% as compared to 2022.

For the year ended 31 December 2023, the Group recorded other net income of HK$32.2 million, as compared to other net loss of HK$20.4 million recorded in 2022. The turnaround was mainly attributable to (1) the absence of fair value loss on investments in financial instruments in 2023 (loss of HK$32.5 million was recognised in 2022); (2) the increase in interest income of HK$14.8 million in 2023 from time deposits of proceeds of financial investments disposed of in 2022 and the high interest rate environment in 2023; (3) the gain on disposal of Nanfang amounted to HK$6.8 million since the disposal transaction was fully completed in 2023 and (4) the reversal of impairment loss on interest in an associate, OnePort amounted to HK$4.7 million. In prior years, the Group's investment in OnePort was fully impaired due to the accumulated losses incurred by OnePort. For the year ended 31 December 2023, the Group reversed the provision for impairment loss of HK$4.7 million after reviewing its current recoverable amount. In addition to that, the Group shared a profit of HK$0.7 million from OnePort in 2023.

Taxation for 2023 at HK$10.4 million was higher than that of the last financial year by HK$3.7 million. Included in the taxation for 2023 was HK$1.9 million enhanced tax deductions for certain research and development expenditures, compared to HK$1.7 million in 2022.

The Group's after tax profit for 2023 was HK$100.6 million, up by HK$48.3 million or 92.3% as compared to 2022.

Given no dilution of shares during the year, our basic and diluted earnings per share for the year ended 31 December 2023 were the same at HK 12.7 cents, higher than that for 2022 at HK 6.6 cents by HK 6.1 cents.

Dividend

The Board has recommended a final dividend of HK 6.3 cents per share for 2023 (2022: HK 4.67 cents per share). The proposed final dividend, together with the interim dividend of HK 3.7 cents per share (2022: HK 1.83 cents per share) paid on 6 October 2023, amounted to HK 10.0 cents per share for 2023. The total amount of interim and proposed final dividends for 2023 represents a payment of about 79% of the profit attributable to ordinary equity shareholders of the Company.

The proposed final dividend will be submitted to shareholders for approval at the annual general meeting on 24 May 2024. If approved, the final dividend will be paid to shareholders whose names appear on the register of members of the Company on 31 May 2024, on or about 14 June 2024.

The Board reminds shareholders that the Company's dividend policy enunciated at the time of our IPO in 2005 is that it will pay no less than 60% of its distributable profit as dividend. The Group has been giving out dividend to our shareholders as much as possible out of our distributable profits provided that it is allowed by the Hong Kong Companies Ordinance and also for the sake of prudency, it would enable us to have reserve against unforeseeable risk as well as potential future business expansion or investment.

Liquidity and Financial Position

As at 31 December 2023, the Group had total cash and bank deposits of HK$444.7 million (2022: HK$436.5 million). During 2023, the Group did not invest in any financial instruments. Before any investment or business opportunities were identified, the cash surplus reserves were parked in bank deposits 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 31 December 2023 amounted to HK$545.6 million (2022: HK$532.6 million) and HK$376.2 million (2022: HK$364.4 million) respectively.

As at 31 December 2023, the Group had no borrowings (2022: Nil).

Save as disclosed above, the Group did not hold any other significant financial investment as at 31 December 2023.

Material Acquisitions or Disposals

Save as disclosed elsewhere in this results announcement, the Group did not have any material acquisitions or disposals in relations to subsidiaries and associates during the year ended 31 December 2023.

Capital and Reserves

As at 31 December 2023, the capital and reserves attributable to shareholders was HK$376.2 million (2022: HK$364.4 million), an increase of HK$11.8 million from the end of 2022.

Charges on Assets and Contingent Liabilities

As at 31 December 2023, the Group has obtained two bank guarantees totaling HK$2.2 million (2022: two bank guarantees of HK$2.2 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$2.2 million (2022: HK$2.2 million). Other than the foregoing, the Group did not have any other charges on its assets.

Capital Commitments

Capital commitments outstanding as at 31 December 2023 not provided for in the financial statements amounted to HK$3.2 million (2022: HK$1.9 million), mainly in respect of the purchase of platform software and computer equipment for the Group.

Employees and Remuneration Policy

As at 31 December 2023, the Group employed 242 staff (2022: 255), of which 204 are in Hong Kong and 38 in Guangzhou. The related staff costs for the year came to HK$120.1 million (2022: HK$118.6 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 31 December 2023, other than its investments in the PRC and Macau incorporated entities, and cash and bank deposits denominated in US dollars, the Group had no foreign exchange exposure and related hedges.

CORPORATE GOVERNANCE

Compliance with the Corporate Governance Code ("CG Code")

The Company is committed to a high standard of corporate governance and the Board believes that good corporate governance is fundamental to effective and proper management of the Company in the interests of its stakeholders. The Company has made every effort to ensure full compliance with the code provisions in Part 2 of the CG Code contained in Appendix C1 of the Rules Governing the Listing of Securities on SEHK (the "Listing Rules"). The Company confirms that it has complied with all code provisions during the year ended 31 December 2023.

The Board

As at 31 December 2023, the Company is led by and controlled through its Board which comprises three Executive Directors ("EDs"), four Non-executive Directors ("NEDs"), including the Chairman of the Board, and five Independent Non-executive Directors ("INEDs"). The Board oversees the overall management and operations of the Company with the objective of enhancing value of ordinary equity shareholders of the Company ("Shareholders").

There are employment contracts between the Company and its EDs and service contracts between the Company and its NEDs and INEDs. Each service contract is for a period of three years. It can be terminated by the Company or NED/INED by giving one month's notice in writing or payment in lieu of notice.

All Directors shall retire by rotation in accordance with the Articles of Association of the Company and the Listing Rules or at such time as may be required by resolution of the Board.

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

The Company has adopted the Model Code set out in Appendix C3 of the Listing Rules to govern its Directors' dealings in the Company's securities. Having made specific enquiry, all Directors have confirmed compliance with the required standards set out in the Model Code and its code of conduct regarding Directors' securities transactions during 2023.

Audit Committee

The Audit Committee has reviewed the Group's accounting policies and the consolidated financial statements for the year ended 31 December 2023. It also had independent discussions with the internal auditor and the external auditor, KPMG, without the presence of Management.

OTHER INFORMATION

Final Dividend

The Board has recommended a final dividend of HK 6.3 cents per share for 2023 (2022: HK 4.67 cents per share). The proposed final dividend, together with the interim dividend of HK 3.7 cents per share (2022: HK 1.83 cents per share) paid on Friday, 6 October 2023, amounted to HK 10.0 cents per share for 2023. The total amount of interim and proposed final dividends for 2023 represents a payment of about 79% of the Group's profit attributable to Shareholders for 2023.

The proposed final dividend will be submitted to Shareholders for approval at the annual general meeting on Friday, 24 May 2024 ("2024 AGM"). If approved, the final dividend will be paid to Shareholders whose names appear on the register of members of the Company on Friday, 31 May 2024, on or about Friday, 14 June 2024.

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

During the year, 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 Tuesday, 21 May 2024 to Friday, 24 May 2024, both days inclusive, during which period no transfer of shares will be registered to determine the Shareholders' entitlement to attend and vote at the 2024 AGM. In order to qualify to attend and vote at the 2024 AGM, 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 at 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 Monday, 20 May 2024.

The register of members will also be closed from Friday, 31 May 2024 to Tuesday, 4 June 2024, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final 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 at 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 Thursday, 30 May 2024.

Publication of Final Results and 2023 Annual Report

This announcement is published on the respective websites of the Company (www.tradelink.com.hk) and HKEXnews (www.hkexnews.hk).

The annual report of the Group for the year ended 31 December 2023 will be dispatched to Shareholders and published on the aforesaid websites within the prescribed timeline under the Listing Rules.

2024 AGM

Notice of the 2024 AGM will be published and dispatched to Shareholders within the prescribed time and in such manner as required under the Listing Rules.

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

Hong Kong, 22 March 2024

As at the date of this announcement, the Board of the Company comprises
Non-executive Directors**:** Dr. LEE Harry Nai Shee, S.B.S., J.P. (Chairman), Dr. LEE Delman, Mr. YING Tze Man and Mr. YUEN Wing Sang Vincent;
Executive Directors**:** Mr. TSE Kam Keung, Mr. CHENG Chun Chung Andrew and Ms. CHUNG Shun Kwan; and
Independent Non-executive Directors**:** Mr. CHAK Hubert, Mr. CHAU Tak Hay, Ms. CHAN Chi Yan, Mr. CHUNG Wai Kwok Jimmy and Mr. LIN Sun Mo Willy, G.B.S., J.P., FCILT