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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)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

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 2024.

FINANCIAL HIGHLIGHTS

	<i>Note</i>	Year ended 31 December 2024 (HK\$'000)	Year ended 31 December 2023 (HK\$'000)
Revenue	<i>3</i>	247,625	266,611
Profit from operations		67,351	78,186
Profit attributable to ordinary equity shareholders of the Company		81,958	100,639
Total assets		536,137	545,581
Net assets		378,795	376,204
Dividend per share (HK cents)	<i>8</i>		
Interim		3.7	3.7
Proposed final		6.4	6.3
Earnings per share (HK cents)	<i>9</i>		
Basic		10.3	12.7
Diluted		10.3	12.7
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 2024

		2024	2023
	Note	(HK\$'000)	(HK\$'000)
Revenue	3	247,625	266,611
Cost of purchases		(21,833)	(27,756)
Staff costs	5(a)	(113,086)	(120,133)
Depreciation	5(b)	(9,348)	(8,925)
Other operating expenses	5(c)	(36,007)	(31,611)
Profit from operations		67,351	78,186
Other net income	6	21,405	32,161
Share of results of an associate		529	705
Profit before taxation	5	89,285	111,052
Taxation	7	(7,327)	(10,413)
Profit for the year		81,958	100,639
Earnings per share (HK cents)	9		
Basic		10.3	12.7
Diluted		10.3	12.7

Details of dividends payable to ordinary 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 2024

	2024 (HK\$'000)	2023 (HK\$'000)
Profit for the year	81,958	100,639
Other comprehensive income for the year (after tax and reclassification adjustments):		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of the operations outside Hong Kong	<u>17</u>	<u>(823)</u>
Total comprehensive income for the year	<u>81,975</u>	<u>99,816</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Note	2024 (HK\$'000)	2023 (HK\$'000)
Non-current assets			
Property, plant and equipment		25,583	25,483
Goodwill		9,976	9,976
Interest in an associate	10	5,274	5,145
Deferred tax assets	11	606	56
		<u>41,439</u>	<u>40,660</u>
Current assets			
Trade receivables and contract assets	12	23,872	42,646
Other receivables, prepayments and other contract costs	13	17,265	17,577
Taxation recoverable		509	—
Deposits with banks		376,767	168,363
Cash and cash equivalents		76,285	276,335
		<u>494,698</u>	<u>504,921</u>
Current liabilities			
Trade creditors, contract liabilities and other payables	14	150,170	159,638
Taxation payable		2,401	4,839
		<u>152,571</u>	<u>164,477</u>
Net current assets		<u>342,127</u>	<u>340,444</u>
Total assets less current liabilities		<u>383,566</u>	<u>381,104</u>
Non-current liabilities			
Provision for long service payments		2,104	2,017
Deferred tax liabilities	11	2,275	2,121
Other payables	14	392	762
		<u>4,771</u>	<u>4,900</u>
NET ASSETS		<u>378,795</u>	<u>376,204</u>
Capital and reserves			
Share capital	15	296,093	296,093
Reserves		82,702	80,111
TOTAL EQUITY		<u>378,795</u>	<u>376,204</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Note	Share capital (HK\$'000)	Capital reserve (HK\$'000)	Exchange reserve (HK\$'000)	Other reserve (HK\$'000)	Retained profits (HK\$'000)	Total equity (HK\$'000)
As at 1 January 2023		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
Changes in equity for 2024							
Dividends approved in respect of the previous year		-	-	-	-	(50,062)	(50,062)
Equity-settled share-based transactions		-	79	-	-	-	79
Lapse of share options		-	(3,165)	-	-	3,165	-
Profit for the year		-	-	-	-	81,958	81,958
Other comprehensive income for the year		-	-	17	-	-	17
Total comprehensive income for the year		-	-	17	-	81,958	81,975
Dividends declared in respect of the current year	8	-	-	-	-	(29,401)	(29,401)
As at 31 December 2024		296,093	4,439	(113)	12	78,364	378,795

Notes:

1. BASIS OF PREPARATION

The financial information relating to the years ended 31 December 2024 and 2023 included in this announcement of final 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 2023 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 2024 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 its 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 (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "SEHK").

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 2023 except for the changes stated as in *Note 2*.

The consolidated financial statements for the year ended 31 December 2024 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.

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

The HKICPA has issued the following amendments to HKFRSs for the current accounting period of the Group:

- Amendments to HKAS 1, *Presentation of financial statements – Classification of liabilities as current or non-current* (“2020 amendments”) and amendments to HKAS 1, *Presentation of financial statements – Non-current liabilities with covenants* (“2022 amendments”)
- Amendments to HKFRS 16, *Leases – Lease liability in a sale and leaseback*
- Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial instruments: Disclosures – Supplier finance arrangements*

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

3. REVENUE

The principal 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 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 GETS 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, and 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 2024 and 2023 are set out below.

	31 December 2024			
	E-Commerce	Identity	Other	Total
	(HK\$'000)	Management	Services	(HK\$'000)
		(HK\$'000)	(HK\$'000)	
Disaggregated by timing of revenue recognition				
Point in time	135,138	7,015	16,498	158,651
Over time	36,561	38,794	13,619	88,974
Revenue from external customers	171,699	45,809	30,117	247,625
Inter-segment revenue	–	7,825	6,905	14,730
Reportable segment revenue	171,699	53,634	37,022	262,355
Elimination of inter-segment revenue				(14,730)
Consolidated revenue				247,625
Reportable segment profit	54,965	3,321	18,413	76,699
Depreciation				(9,348)
Other net income				21,405
Share of results of an associate				529
Consolidated profit before taxation				89,285

4. SEGMENT REPORTING (CONTINUED)

	31 December 2023			
	E-Commerce	Identity	Other	Total
	(HK\$'000)	Management	Services	(HK\$'000)
		(HK\$'000)	(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

Geographic information

No geographic information is shown as the revenue and operating profit of the Group is substantially derived from activities in the Hong Kong Special Administrative Region (“HKSAR” or “Hong Kong”).

5. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Note	2024 (HK\$'000)	2023 (HK\$'000)
(a) Staff costs:			
Contributions to defined contribution retirement plan		2,909	3,090
Equity-settled share-based payment expenses		79	338
Salaries, wages and other benefits		110,098	116,705
		<u>113,086</u>	<u>120,133</u>
(b) Depreciation:			
Owned property, plant and equipment		6,402	5,964
Right-of-use assets		2,946	2,961
		<u>9,348</u>	<u>8,925</u>
(c) Other operating expenses:			
Auditors' remuneration		1,088	1,099
Directors' fees and emoluments		1,920	2,251
Facilities management fees		4,911	4,806
Repair and maintenance fees		5,639	6,099
Office rental and utilities		3,818	4,015
Consultancy fees		2,654	2,585
Telecommunications costs		1,719	1,749
Promotion and marketing expenses		1,012	1,999
Recruitment fees		450	532
Listing expenses		1,033	1,034
Legal and professional fees		1,768	445
Service fees to business partners		2,080	1,498
Impairment loss on trade receivables and contract assets		4,392	379
Others	(i)	3,523	3,120
		<u>36,007</u>	<u>31,611</u>

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

6. OTHER NET INCOME

		2024	2023
	Note	(HK\$'000)	(HK\$'000)
Interest income		22,580	20,412
Net foreign exchange loss		(1,847)	(342)
Other income		672	47
Reversal of impairment loss on interest in an associate	10	–	4,719
Gain on disposal of non-current assets classified as assets held for sale	(a)	–	6,805
Government grants for Research and Development Cash Rebate Scheme	(b)	–	520
		21,405	32,161

- (a) On 24 July 2023, the process of disposal transaction of the entire interest of 20% of Guangdong Nanfang Haian Science & Technology Service Company Limited (“Nanfang”) to 海華電子企業(中國)有限公司 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.
- (b) In 2023, the Group successfully applied for funding support from the Research and Development Cash Rebate Scheme, set up by the Government of HKSAR (the “Government”). The purpose of the scheme was to reinforce the research culture among business enterprises and encourage them to establish stronger partnership with designated local public research institutions.

7. TAXATION

	2024 (HK\$'000)	2023 (HK\$'000)
Current tax – Hong Kong Profits Tax		
Provision for the year	7,865	9,235
Over-provision in respect of prior year	(9)	(18)
	<u>7,856</u>	<u>9,217</u>
Current tax – outside Hong Kong		
Over-provision in respect of prior year	(133)	–
Deferred taxation		
Reversal and origination of temporary differences	(396)	1,196
	<u><u>7,327</u></u>	<u><u>10,413</u></u>

The provision for Hong Kong Profits Tax for 2024 is calculated at 16.5% (2023: 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 2023.

The provision for Hong Kong Profits Tax for 2024 and 2023 take 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 2024 takes into account a reduction granted by the Government of 100% of the tax payable for the year of assessment 2023/24 subject to a maximum reduction of HK\$3,000 for each business (2023: a maximum reduction of HK\$6,000 was granted for the year of assessment 2022/23 and was taken into account in calculating the provision for 2023).

8. DIVIDENDS

	2024 (HK\$'000)	2023 (HK\$'000)
Interim	29,401	29,401
Proposed final	50,857	50,062
	<u>80,258</u>	<u>79,463</u>

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\$81,958,000 (2023: HK\$100,639,000) and the weighted average number of 794,634,000 ordinary shares (2023: 794,634,000 ordinary shares) in issue during the year.

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

10. 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. During the year ended 31 December 2024, the Group received dividend of HK\$400,000 (2023: 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 ended 31 December 2023, reversal of provision for impairment loss of HK\$4,719,000 was made at 31 December 2023. Management considered no additional or reversal of impairment loss of interest in OnePort is necessary for 2024.

11. 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 2024	(2,121)	56	(2,065)
(Charged)/credited to profit or loss	(154)	550	396
As at 31 December 2024	<u>(2,275)</u>	<u>606</u>	<u>(1,669)</u>
		2024 (HK\$'000)	2023 (HK\$'000)
Representing:			
Deferred tax assets on the consolidated statement of financial position		606	56
Deferred tax liabilities on the consolidated statement of financial position		<u>(2,275)</u>	<u>(2,121)</u>
		<u>(1,669)</u>	<u>(2,065)</u>

At the end of the reporting period, the Group had total tax losses of HK\$156,000 (2023: HK\$2,328,000). The Group has not recognised deferred tax assets in respect of cumulative tax losses of HK\$156,000 (2023: HK\$2,328,000) 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.

12. TRADE RECEIVABLES AND CONTRACT ASSETS

	<i>Note</i>	2024 (HK\$'000)	2023 (HK\$'000)
Trade receivables, net of loss allowance	(a)	21,259	31,750
Contract assets, net of loss allowance	(b)	2,613	10,896
		23,872	42,646

(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:

	2024 (HK\$'000)	2023 (HK\$'000)
Less than 1 month	10,854	21,389
1 to 3 months	5,096	6,981
3 to 12 months	5,309	3,306
Over 12 months	–	74
	21,259	31,750

As at 31 December 2024, all of the trade receivables were expected to be recovered within one year. As at 31 December 2023, the amount of trade receivables expected to be recovered after more than one year was HK\$260,000 and all of the other trade receivables were expected to be recovered within one year. Some of the trade receivables are covered by deposits from customers (see *Note 14*).

(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.

As at 31 December 2024, all of the contract assets were expected to be recovered within one year. As at 31 December 2023, the amount of contract assets expected to be recovered after more than one year was HK\$229,000 and all of the other contract assets were expected to be recovered within one year.

12. 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:

	2024				
	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)	13,441	(1,502)	0.1%	(4)	(1,506)
Less than 1 month past due	3,750	–	0.1%	(1)	(1)
1 to 3 months past due	3,385	–	0.1%	(1)	(1)
Over 3 months past due	7,014	(1,702)	9.6%	(508)	(2,210)
	<u>27,590</u>	<u>(3,204)</u>		<u>(514)</u>	<u>(3,718)</u>
	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)
	<u>42,983</u>	<u>–</u>		<u>(337)</u>	<u>(337)</u>

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.

12. 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 the 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 the 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:

	2024 (HK\$'000)	2023 (HK\$'000)
As at 1 January	337	828
Amounts written off during the year	(1,011)	(870)
Impairment losses recognised during the year	4,392	379
As at 31 December	3,718	337

13. OTHER RECEIVABLES, PREPAYMENTS AND OTHER CONTRACT COSTS

	Note	2024 (HK\$'000)	2023 (HK\$'000)
Other receivables and prepayments	(a)	13,095	12,561
Other contract costs	(b)	4,170	5,016
		17,265	17,577

(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 2024 and 2023 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 (2023: Nil).

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

14. TRADE CREDITORS, CONTRACT LIABILITIES AND OTHER PAYABLES

	<i>Note</i>	2024 (HK\$'000)	2023 <i>(HK\$'000)</i>
Trade creditors	<i>(a)</i>	7,065	8,403
Customer deposits received	<i>(b)</i>	100,151	106,016
Accrued charges and other payables	<i>(c)</i>	31,289	35,494
Contract liabilities	<i>(d)</i>	10,551	9,017
Lease liabilities		1,506	1,470
		150,562	160,400
Representing:			
– Non-current		392	762
– Current		150,170	159,638
		150,562	160,400

(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:

	2024 (HK\$'000)	2023 <i>(HK\$'000)</i>
Less than 1 month	6,944	8,242
1 to 3 months	121	108
Over 3 months	–	53
	7,065	8,403

(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.

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

(d) Contract liabilities (continued)

Movements in contract liabilities

	2024 (HK\$'000)	2023 (HK\$'000)
As at 1 January	9,017	11,578
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	(8,792)	(11,322)
Increase in contract liabilities as a result of billing in advance	10,326	8,761
As at 31 December	10,551	9,017

As at 31 December 2024, the amount of billings in advance of performance expected to be recognised as income after more than one year was HK\$301,000 (2023: HK\$225,000).

15. SHARE CAPITAL

	2024		2023	
	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 and 31 December	794,634	296,093	794,634	296,093

16. EQUITY-SETTLED SHARE-BASED TRANSACTIONS

Share option scheme

The share option scheme of the Company (the “Share Option Scheme 2014”) was adopted on 9 May 2014 and expired on 8 May 2024. Under the Share Option Scheme 2014, options were granted to eligible persons, including Directors, employees, consultants, business associates or advisers as the Board may identify from time to time (the “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. No new share options was granted for the year ended 31 December 2024. On 21 April 2023, 6,800,000 share options were granted for HK\$1.00 consideration to Directors, Senior Management and employees of the Group under the Share Option Scheme 2014.

17. REVIEW OF RESULTS

The financial results for the year ended 31 December 2024 have been reviewed with no disagreement by the Audit and Governance 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 2024 as set out in this 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 2024 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

As anticipated in the 2024 Interim Report, our E-Commerce segment (which includes the GETS and Supply Chain Solutions (“SCS”) sub-segments) delivered a pleasing performance for the year. Total revenue rose 4.9% year-on-year to HK\$171.7 million (2023: HK\$163.7 million). The segment profit also increased 9.5% year-on-year to HK\$55.0 million (2023: HK\$50.2 million). Both figures have reversed the downward trend we experienced in the last two years.

Despite the challenges brought by geopolitical tensions, heightened Sino-US relation and slower than expected interest rate cuts around the globe, Hong Kong’s external trade activities in 2024 outperformed that in 2023. The total amount of trade declarations, a good proxy of Hong Kong’s external trade volume, grew by 4.1% year-on-year. Against this background, our GETS transaction volume increased by 7.2% year-on-year. We outperformed the market as we were able to leverage on our quality and reliable services to capture new or increasing business demand. Revenue from our GETS business increased by 6.0% to HK\$150.3 million (2023: HK\$141.8 million). Our ability to achieve revenue increases higher than the increase in the volume of trade declarations demonstrated our ability to deliver quality services to our customers who were willing to continue to pay a premium to stay with us not just in bad times but also in good ones. Taking a closer look at our GETS business, the average price of our trade declaration service dropped marginally. As explained in previous reports, changes in the average price level are mainly affected by price change at contract renewal and the overall business volume achieved. In 2024, we managed to achieve increase in business volume as well as higher contract renewal prices concurrently. Hence, despite the significant increases in business volume of a number of our bulk business customers, the average price was not notably dragged down.

Regarding the SCS sub-segment, the relatively good performance in the first half of the year could not be maintained throughout the year. Its turnover for 2024 dropped marginally by 2.3% to HK\$21.4 million (2023: HK\$21.9 million). Volatile external trade environment plus sluggish domestic consumption market had a combined adverse impact on our SCS customers’ willingness to invest in new digitalisation projects. Nevertheless, by mid-2024, we completed a strategic review and have since implemented a series of improvement measures to reconstitute our business consultant teams, equipping them with strengthened industry and business process knowledge, and a customer-centric culture. Backed by the new team set up, we completed a new Dutiable Commodities Permit (“DCP”)-related system integration project for a client from the tobacco trading industry and tackled other outstanding projects with established clients. The former has been a good success story for us in appealing to other potential DCP service clients, whereas the latter has cleared the way for more in-depth discussions with established clients on the scope and implementation details of new projects in 2025.

We are cautiously optimistic about our E-Commerce business performance in 2025. While our GETS business will continue to be significantly affected by the external trade environment which is unlikely to be less volatile than in 2024, GETS good performance as reported in the above paragraphs is a good indication that the resilience of this business sub-segment to external challenges will continue. As regards the development of the Trade Single Window (“TSW”) by the Government, their project coordination office had begun to engage with us and other GETS service providers in the second half of 2024 to discuss on various technical and interfacing issues involved. This is a positive development as it would no doubt facilitate a smoother transition to the TSW environment. However, we will continue to push for earlier and more detailed discussion on the Value Added Service Provider arrangements in 2025 which remains our primary focus. Internally, we plan to finish upgrading and refreshing our key GETS-related systems and introduce the revamped services under a consolidated and revamped Tradelink eBiz Portal by mid-2025 to better prepare ourselves and our clients for the transition to TSW. As for our SCS sub-segment, we remain confident that upon full implementation of the measures identified in our strategic review, we will have effectively repositioned ourselves in the highly competitive supply chain market. Unless there is a significant drop in Hong Kong’s external trade volume, we are optimistic about the return of positive year-on-year revenue growth of the business sub-segment.

Identity Management (“IDM”) Business Review

For the year 2024, our IDM business recorded total revenue of HK\$45.8 million (2023: HK\$68.9 million) and segment profit of HK\$3.3 million (2023: HK\$16.2 million), denoting a drop of 33.5% and 79.5% year-on-year respectively. Although the performance appeared disappointing, it’s worth noting that both the segment revenue and segment profit recorded in 2023 were historical highs, representing the peak in the past five years. In 2024, we faced the combined challenge of comparing our performance to an exceptionally strong base, a slower than anticipated economic recovery particularly in terms of performance of the local retail market and a relatively high fixed staff cost structure. Expected deals with existing customers delayed till end of 2024 or postponed to the beginning of 2025 also affected our revenue for the year. Recurrent revenue from maintenance services dropped 3.1% and new project revenue was down by 47.6%.

In July 2024, one of our IDM’s business associates wound down business, leading to a default in payment to us in the amount of HK\$1.9 million. Moreover, the closure of this company had a direct impact on our electronic Know-Your-Customer (“eKYC”) solution offering in relation to customers from the Mainland as we were originally engaged with the company for its identity checking service for Mainland citizen. We had to put a related project with a multinational bank on hold as a result. Additionally, one of the stored value facility (“SVF”) licensees in Hong Kong, which had acquired our eKYC services last year, surrendered its SVF license to the authority and ended the contract. Weak market demand throughout 2024 also led to a sharp decline in revenue from our digital signing solution.

To mitigate the high fixed staff cost of the business unit, we continued to redeploy part of the workforce to research and development (“R&D”)-related work, preparing for new opportunities in 2025 and beyond. With relevant resources allocated to R&D in 2024, we are hopeful that we will have new products and services that can bring significant revenue contribution in the years to come. We will step up marketing efforts to raise awareness and promote these new offerings to both the private and public sectors.

Despite the challenges faced in 2024, we are confident that the performance of our IDM business will regain a positive growth in 2025. Both our personal and corporate digital identity services, as well as associated remote signing services, are gaining traction in the market. We have arranged with an internationally renowned digital document management service provider to integrate our digital signing service, which is scheduled for launch in early 2025. Additionally, as new cybersecurity threats and vulnerabilities continue to emerge, there is ongoing demand for our IDM products and solutions to meet regulatory requirements and customer expectations. A turnkey digital onboarding service using our digital identity solution and service to comply with the latest regulatory requirements for securities brokers operating in Hong Kong will also be launched in early 2025. In August 2024, Digi-Sign Certification Services Limited, the Company’s wholly-owned subsidiary and the only commercial Recognized Certification Authority in Hong Kong, received permission from the Government to issue a new type of digital certificate to corporates both local and overseas, enabling them to carry out digital transactions bound by the Electronic Transactions Ordinance (Cap.553, Laws of Hong Kong). This achievement aligns with the Government’s Digital Corporate Identity (“CorpID”) initiative, while highlighting our capability to enhance secure digital solutions for various business administration-related purposes. We believe our work has the potential to significantly advance the CorpID initiative, assisting the Government in creating a secure and efficient digital environment for the benefit of all stakeholders.

Other Services Business Review

Our Other Services business comprises two sub-segments – (1) Smart Point-of-Sales (“PoS”) and related business, and (2) GETS-related services. This business segment recorded a 11.5% drop in revenue to HK\$30.1 million (2023: HK\$34.0 million) and a 10.9% drop in profit to HK\$18.4 million (2023: HK\$20.7 million). By sub-segment, Smart PoS and related business made revenue of HK\$9.0 million (2023: HK\$12.7 million) and GETS-related services HK\$21.1 million (2023: HK\$21.3 million).

According to Government statistics, total retail sales in Hong Kong in 2024 shrank by 7.3% year-on-year. Affected by weak consumer spending, the recurring maintenance and support revenue of our Smart PoS devices deployed for bank customers declined by about 7%. In 2024, we also witnessed a surge in the number of players – payment facilitators and acquirers – entering the Hong Kong payment market. With those entities being direct competitors with the banks we are serving, we had not received any new orders for Smart PoS devices during the year. Despite the challenging environment, we remain committed to maintaining our high quality services and support to existing customers and will closely monitor the increasingly competitive payment market to identify new growth opportunities.

Benefitting from the overall GETS market growing by a small single digit, our GETS-related services delivered a fairly stable performance. The sub-segment received increased referral income from the key partner PAO Bank Limited and also increased electronic trading access services-related fees, offsetting the negative impact of the absence of the one-off revenue from setting up call centre services for the Customs & Excise Department in 2023. Looking ahead for 2025, we are cautiously optimistic about our GETS-related services business provided recovery of the local retail sector can continue to benefit from the various mitigation measures rolled out and to be introduced by the Government and the performance of Hong Kong's external trade will continue its upward trend.

FINANCIAL REVIEW

The Group's revenue for the year ended 31 December 2024 was HK\$247.6 million, dropped by 7.1% or HK\$19.0 million as compared to 2023. The discussion and analysis of the Group's business performance during the year are set out in the section headed "Management Discussion and Analysis – Business Review".

The Group's operating expenses before depreciation in 2024 were HK\$170.9 million, down by 4.8% from HK\$179.5 million in 2023. The decrease was owed to the drop in staff costs and cost of purchases by HK\$7.0 million and HK\$5.9 million respectively, being offset by the increase in other operating expenses of HK\$4.4 million. Staff costs in 2024 were HK\$113.1 million, lower than 2023 at HK\$120.1 million by 5.9%. The cost of purchases declined as a result of the decrease in the number of projects with goods supplied to customers. Other operating expenses in 2024 were HK\$36.0 million, higher than the last financial year by 13.9% or HK\$4.4 million. Other operating expenses in 2024 included impairment loss on trade receivables and contract assets at HK\$4.4 million (2023: HK\$0.4 million) assessed under the expected credit loss model in accordance with the applicable accounting standard. The rise was primarily due to the increased credit risk of customers in the volatile business environment. Depreciation charges in 2024 were up 4.7% or HK\$0.4 million to HK\$9.3 million as compared to 2023.

The Group's profit from operations in 2024 was HK\$67.4 million, a decrease of 13.9% or HK\$10.8 million as compared to 2023.

For the year ended 31 December 2024, the other net income was down by 33.4% or HK\$10.8 million to HK\$21.4 million mainly because of the gain on disposal of Nanfang at HK\$6.8 million and the reversal of impairment loss on interest in OnePort at HK\$4.7 million recorded in 2023. No such other income was recorded in 2024. In addition, the Group shared a profit of HK\$0.5 million (2023: HK\$0.7 million) from OnePort for the year of 2024.

Taxation for 2024 at HK\$7.3 million was lower than that of the last financial year by HK\$3.1 million. Included in the taxation for 2024 was HK\$3.1 million enhanced tax deductions for certain research and development expenditures, compared to HK\$1.9 million in 2023.

The Group's after tax profit for 2024 was HK\$82.0 million, down by HK\$18.7 million or 18.6% as compared to 2023.

Given no dilution of shares during the year, our basic and diluted earnings per share for the year ended 31 December 2024 were the same at HK 10.3 cents, lower than that for 2023 at HK 12.7 cents by HK 2.4 cents.

Dividend

The Board has recommended a final dividend of HK 6.4 cents per share for 2024 (2023: HK 6.3 cents per share). Adding together the proposed final dividend and the interim dividend of HK 3.7 cents per share (2023: HK 3.7 cents per share) paid on 7 October 2024, the total amount of dividend per share for 2024 is HK 10.1 cents, 1.0% higher than that for 2023. The total dividend for 2024 represents a payment of about 98% of the profit attributable to ordinary equity shareholders of the Company for the year.

The proposed final dividend will be submitted to shareholders for approval at the annual general meeting of the Company to be held on 16 May 2025 ("2025 AGM"). If approved, the final dividend is expected to be paid on 6 June 2025 to the shareholders whose names appear on the register of members of the Company on 23 May 2025.

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 Companies Ordinance (Cap.622, Laws of Hong Kong) and also for the sake of prudence, 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 2024, the Group had total cash and bank deposits of HK\$453.1 million (2023: HK\$444.7 million). During 2024, 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 2024 amounted to HK\$536.1 million (2023: HK\$545.6 million) and HK\$378.8 million (2023: HK\$376.2 million) respectively.

As at 31 December 2024, the Group had no borrowings (2023: Nil).

Save as disclosed above, the Group did not hold any other significant financial investment as at 31 December 2024.

Material Acquisitions or Disposals

Save as disclosed elsewhere in this announcement, the Group did not have any material acquisitions or disposals in relations to subsidiaries and associates during the year ended 31 December 2024.

Capital and Reserves

As at 31 December 2024, the capital and reserves attributable to shareholders was HK\$378.8 million (2023: HK\$376.2 million), an increase of HK\$2.6 million from the end of 2023.

Charges on Assets and Contingent Liabilities

As at 31 December 2024, the Group has obtained two bank guarantees totalling HK\$2.2 million (2023: two bank guarantees totalling 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 totalling HK\$2.2 million (2023: 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 2024 not provided for in the financial statements amounted to HK\$1.9 million (2023: HK\$3.2 million), mainly in respect of the purchase of platform software and computer equipment for the Group.

Employees and Remuneration Policy

As at 31 December 2024, the Group employed 223 staff (2023: 242), of which 186 were in Hong Kong and 37 in Guangzhou. The related staff costs for the year came to HK\$113.1 million (2023: HK\$120.1 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.

Exposure to Fluctuation in Exchange Rates and Related Hedges

As at 31 December 2024, 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 (the “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 applied the principles of good corporate governance and made every effort to ensure full compliance with the code provisions (the “Code Provisions”) in Part 2 of the CG Code contained in Appendix C1 to the Listing Rules. The Company confirms that it has complied with all applicable Code Provisions during the year ended 31 December 2024.

The Board

As at 31 December 2024, the Company is led by and controlled through its Board comprising two Executive Directors (“EDs”), three Non-executive Directors (“NEDs”), including the Chairman of the Board, and four 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 the EDs and service contracts between the Company and the NEDs and INEDs. Each service contract is for a period of three years and can be terminated by the Company or the relevant Director 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 to 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 standard set out in the Model Code and its code of conduct regarding Directors’ securities transactions during the year ended 31 December 2024.

Audit and Governance Committee

The Audit and Governance Committee of the Board has reviewed the Group’s accounting policies and final results for the year ended 31 December 2024. It also had independent discussions with the Company’s internal auditor and external auditor, KPMG, without the presence of Management of the Company.

OTHER INFORMATION

Final Dividend

The Board has recommended a final dividend of HK 6.4 cents per share for the year ended 31 December 2024 (2023: HK 6.3 cents per share). The proposed final dividend, together with the interim dividend of HK 3.7 cents per share (2023: HK 3.7 cents per share) paid to Shareholders on 7 October 2024, amounted to HK 10.1 cents per share for the year ended 31 December 2024. The total amount of the interim dividend and the proposed final dividend for the year ended 31 December 2024 is about 98% of the profit attributable to Shareholders for the year.

The proposed final dividend will be submitted to Shareholders for approval at the 2025 AGM. If approved, the final dividend is expected to be paid on Friday, 6 June 2025 to the Shareholders whose names appear on the register of members of the Company on Friday, 23 May 2025.

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 of the Company will be closed from Tuesday, 13 May 2025 to Friday, 16 May 2025, both days inclusive, during which period no transfer of shares of the Company will be registered to determine the Shareholders' entitlement to attend and vote at the 2025 AGM. In order to qualify to attend and vote at the 2025 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, 12 May 2025.

The register of members of the Company will also be closed from Friday, 23 May 2025 to Tuesday, 27 May 2025, both days inclusive, during which period no transfer of shares of the Company will be registered to determine the Shareholders' entitlement to the final dividend. 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, 22 May 2025.

Publication of Final Results and 2024 Annual Report

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

The annual report of the Company for the year ended 31 December 2024 will be dispatched to Shareholders and published on the aforesaid websites within the prescribed timeline under the Listing Rules.

2025 AGM

The notice of the 2025 AGM will be published and dispatched to Shareholders within the prescribed timeline and in such manner as required under the Listing Rules.

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

Hong Kong, 18 March 2025

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 and Mr. YUEN Wing Sang Vincent;

Independent Non-executive Directors: Mr. CHAK Hubert, Mr. CHAU Tak Hay, Ms. CHEUNG Ho Ling Honnus and Mr. LIN Sun Mo Willy, G.B.S., J.P., FCILT; and

Executive Directors: Mr. YUEN Man Chung, S.B.S. and Mr. CHENG Chun Chung Andrew.