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 2021

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 2021.

FINANCIAL HIGHLIGHTS

	Note	**Year ended 31 December 2021** ***(HK$'000)***	Year ended 31 December 2020 *(HK$'000)*
Revenue	*3*	**273,825**	261,213
Profit from operations		**87,069**	92,687
Profit attributable to equity shareholders of the Company		**73,653**	72,800
Total assets		**564,530**	586,245
Net assets		**378,630**	384,327
Dividend per share (HK cents)	*8*		
Interim		**2.8**	1.95
Proposed final		**6.45**	7.25
Earnings per share (HK cents)	*9*		
Basic		**9.3**	9.2
Diluted		**9.3**	9.2
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 2021

	Note	**2021** **(HK$'000)**	2020 (HK$'000)
Revenue	*3*	**273,825**	261,213
Interest income		**3,340**	10,450
Other net (loss)/income	*5*	**(9,595)**	6,137
Cost of purchases		**(22,749)**	(23,788)
Staff costs	*6(a)*	**(122,348)**	(120,824)
Depreciation	*6(b)*	**(8,484)**	(9,088)
Other operating expenses	*6(c)*	**(26,920)**	(31,413)
Profit from operations		**87,069**	92,687
Reversal of impairment loss on other financial assets	*11*	**1,882**	99
Impairment loss on interest in an associate	*10*	**(834)**	(9,000)
Share of results of an associate		**(1,899)**	(1,395)
Profit before taxation	*6*	**86,218**	82,391
Taxation	*7*	**(12,565)**	(9,591)
Profit for the year		**73,653**	72,800
Earnings per share (HK cents)	*9*		
Basic		**9.3**	9.2
Diluted		**9.3**	9.2

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	2021 **(*HK$'000*)**	2020 (*HK$'000*)
Profit for the year	**73,653**	72,800
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	**(643)**	944
Debt securities measured at fair value through other comprehensive income ("FVOCI") – net movement in fair value reserve	**776**	6,015
Total comprehensive income for the year	**73,786**	79,759

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Note	**2021** **(HK$'000)**	2020 (HK$'000)
Non-current assets			
Property, plant and equipment		**23,531**	24,064
Goodwill		**9,976**	9,976
Interest in an associate	*10*	**1,282**	4,542
Other financial assets	*11*	**35,238**	69,914
Deferred tax assets	*12*	**1,255**	652
		71,282	109,148
Current assets			
Trade receivables and contract assets	*13*	**40,210**	64,711
Other receivables, prepayments and other contract costs	*14*	**12,156**	16,503
Other financial assets	*11*	**231,364**	222,215
Taxation recoverable		**309**	1,639
Deposits with banks		**44,576**	69,073
Cash and cash equivalents		**164,633**	102,956
		493,248	477,097
Current liabilities			
Trade creditors, contract liabilities and other payables	*15*	**175,187**	196,313
Taxation payable		**6,412**	226
		181,599	196,539
Net current assets		**311,649**	280,558
Total assets less current liabilities		**382,931**	389,706
Non-current liabilities			
Provision for long service payments		**2,805**	3,012
Deferred tax liabilities	*12*	**1,227**	1,167
Other payables	*15*	**269**	1,200
		4,301	5,379
NET ASSETS		**378,630**	384,327
Capital and Reserves			
Share capital	*16*	**296,093**	296,093
Reserves		**82,537**	88,234
TOTAL EQUITY		**378,630**	384,327

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	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 2020		296,093	6,750	438	(5,643)	12	73,277	370,927
Changes in equity for 2020								
Dividends approved in respect of the previous year		–	–	–	–	–	(51,651)	(51,651)
Equity-settled share-based transactions		–	787	–	–	–	–	787
Lapse of share options		–	(361)	–	–	–	361	–
Profit for the year		–	–	–	–	–	72,800	72,800
Other comprehensive income for the year		–	–	944	6,015	–	–	6,959
Total comprehensive income for the year		–	–	944	6,015	–	72,800	79,759
Dividends declared in respect of the current year	*8*	–	–	–	–	–	(15,495)	(15,495)
As at 31 December 2020		**296,093**	**7,176**	**1,382**	**372**	**12**	**79,292**	**384,327**
Changes in equity for 2021								
Dividends approved in respect of the previous year		**–**	**–**	**–**	**–**	**–**	**(57,611)**	**(57,611)**
Equity-settled share-based transactions		**–**	**378**	**–**	**–**	**–**	**–**	**378**
Lapse of share options		**–**	**(337)**	**–**	**–**	**–**	**337**	**–**
Profit for the year		**–**	**–**	**–**	**–**	**–**	**73,653**	**73,653**
Other comprehensive income for the year		**–**	**–**	**(643)**	**776**	**–**	**–**	**133**
Total comprehensive income for the year		**–**	**–**	**(643)**	**776**	**–**	**73,653**	**73,786**
Dividends declared in respect of the current year	*8*	**–**	**–**	**–**	**–**	**–**	**(22,250)**	**(22,250)**
As at 31 December 2021		**296,093**	**7,217**	**739**	**1,148**	**12**	**73,421**	**378,630**

Notes:

1. BASIS OF PREPARATION

The financial information relating to the years ended 31 December 2021 and 2020 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 Companies Ordinance is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the consolidated financial statements for the year ended 31 December 2021 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"), accounting principles generally accepted in Hong Kong 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 2020 except for the changes stated as in *Note 2*.

The consolidated financial statements for the year ended 31 December 2021 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 *(Note 11)*.

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 that are first effective for the current accounting period of the Group:

- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, *Interest rate benchmark reform – phase 2*
- Amendment to HKFRS 16, *Covid-19-Related Rent Concessions beyond 30 June 2021*

None of these amendments 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 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 2021 and 2020 are set out below.

	31 December 2021			
	E-Commerce *(HK$'000)*	**Identity Management** *(HK$'000)*	**Other Services** *(HK$'000)*	**Total** *(HK$'000)*
Disaggregated by timing of revenue recognition				
Point in time	**150,895**	**13,947**	**20,692**	**185,534**
Over time	**37,494**	**39,871**	**10,926**	**88,291**
Revenue from external customers	**188,389**	**53,818**	**31,618**	**273,825**
Inter-segment revenue	**–**	**7,826**	**5,471**	**13,297**
Reportable segment revenue	**188,389**	**61,644**	**37,089**	**287,122**
Elimination of inter-segment revenue				**(13,297)**
Consolidated revenue				**273,825**
Reportable segment profit	**74,423**	**9,673**	**15,374**	**99,470**
Interest income				**3,340**
Other net loss				**(9,595)**
Depreciation				**(8,484)**
Reversal of impairment loss on other financial assets				**1,882**
Impairment loss on interest in an associate				**(834)**
Share of results of an associate				**(1,899)**
Unallocated corporate income				**2,338**
Consolidated profit before taxation				**86,218**

4. SEGMENT REPORTING (CONTINUED)

	31 December 2020			
	E-Commerce *(HK$'000)*	Identity Management *(HK$'000)*	Other Services *(HK$'000)*	Total *(HK$'000)*
Disaggregated by timing of revenue recognition				
Point in time	136,584	16,608	17,590	170,782
Over time	37,426	47,033	5,972	90,431
Revenue from external customers	174,010	63,641	23,562	261,213
Inter-segment revenue	–	7,821	4,730	12,551
Reportable segment revenue	174,010	71,462	28,292	273,764
Elimination of inter-segment revenue				(12,551)
Consolidated revenue				261,213
Reportable segment profit	59,089	17,636	9,988	86,713
Interest income				10,450
Other net income				6,137
Depreciation				(9,088)
Reversal of impairment loss on other financial assets				99
Impairment loss on interest in an associate				(9,000)
Share of results of an associate				(1,395)
Unallocated corporate expenses				(1,525)
Consolidated profit before taxation				82,391

Geographic information

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

5. OTHER NET (LOSS)/INCOME

	Note	**2021** **(*HK$'000*)**	2020 (*HK$'000*)
Net loss on disposals of debt securities measured at FVOCI		**(4,777)**	(9,710)
Investment income on units in investment funds measured at fair value through profit or loss ("FVPL")		**1,348**	435
Fair value (loss)/gain on other financial assets measured at FVPL			
– Units in investment funds		**(5,679)**	389
– Debt and equity securities		**(577)**	1,907
Dividend income on an equity security measured at FVPL		**90**	–
Net loss on disposals of associates		**–**	(47)
Government grants for Employment Support Scheme	*(a)*	**–**	12,980
Government grants for Enterprise Support Scheme	*(b)*	**–**	183
		(9,595)	6,137

(a) In 2020, the Group successfully applied for funding support from the Employment Support Scheme under the Anti-epidemic Fund, set up by the HKSAR Government. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Group is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees.

(b) In 2020, the Group successfully applied for the government grants under the Innovation and Technology Fund ("the Fund"), set up by the Hong Kong Government. The purpose of the Fund is to encourage innovation by granting financial assistance to commercial entities whose research and development projects meet certain criteria.

6. PROFIT BEFORE TAXATION

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

		2021	2020
		(HK$'000)	*(HK$'000)*
(a)	**Staff costs:**		
	Contributions to defined contribution retirement plan	**3,415**	3,360
	Equity-settled share-based payment expenses	**378**	787
	Salaries, wages and other benefits	**118,555**	116,677
		122,348	120,824
(b)	**Depreciation:**		
	Owned property, plant and equipment	**5,462**	6,141
	Right-of-use assets	**3,022**	2,947
		8,484	9,088
(c)	**Other operating expenses:**		
	Auditors' remuneration	**1,051**	1,053
	Directors' fees and emoluments	**2,330**	2,490
	Facilities management fees	**4,806**	4,943
	Repair and maintenance fees	**5,422**	5,230
	Office rental and utilities	**3,824**	3,907
	Telecommunications costs	**1,737**	1,806
	Promotion and marketing expenses	**737**	1,460
	Impairment loss on trade receivables and contract assets	**265**	614
	Net foreign exchange (gain)/loss	**(2,338)**	1,525
	Others	**9,086**	8,385
		26,920	31,413

7. TAXATION

	2021 *(HK$'000)*	2020 *(HK$'000)*
Current tax – Hong Kong Profits Tax		
Provision for the year	**13,172**	8,907
Over-provision in respect of prior year	**(68)**	(42)
	13,104	8,865
Current tax – outside Hong Kong		
Provision for the year	**4**	11
Deferred taxation		
(Reversal)/origination of temporary differences	**(543)**	715
	12,565	9,591

The provision for Hong Kong Profits Tax for 2021 is calculated at 16.5% (2020: 16.5%) of the estimated assessable profits for the year. Taxation for subsidiaries outside Hong Kong is charged at the appropriate current rates of taxation ruling in the relevant countries.

The provision for Hong Kong Profits Tax for 2021 and 2020 takes into account the enhanced Research and Development tax deductions claimed on staff costs incurred during the year, pursuant to Schedule 45 of the 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.

8. DIVIDENDS

	2021 *(HK$'000)*	2020 *(HK$'000)*
Interim	**22,250**	15,495
Proposed final	**51,254**	57,611
	73,504	73,106

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$73,653,000 (2020: HK$72,800,000) and the weighted average number of 794,634,000 ordinary shares (2020: 794,634,000 ordinary shares) in issue during the year.

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK$73,653,000 (2020: HK$72,800,000) and the weighted average number of ordinary shares of 794,926,000 (2020: 794,634,000) after adjusting for the effect of the potential dilution from ordinary shares issuable under the Company's share option scheme.

10. INTEREST IN AN ASSOCIATE

During the year ended 31 December 2021, the Group carried out impairment assessments for the recoverable amount of Guangdong Nanfang Haian Science & Technology Service Company Limited ("Nanfang"). As the recoverable amount of Nanfang was less than the carrying amount, additional provision for impairment loss of HK$834,000 was made for the year ended 31 December 2021. As at 31 December 2020, provision for impairment loss (including goodwill) of HK$16,500,000 has been made. The estimates of the recoverable amount of Nanfang were based on the present values of the budgeted future cash flows, discounted at the market risk-adjusted discount rate of 14% (2020: 14%), by reference to the projected volume, activity level and future zero growth rate (2020: 3%) beyond the five-year period financial forecast of the underlying business of Nanfang up to 2038. For the years ended 31 December 2021 and 31 December 2020, same basis of impairment measurement in respect of the interest in Nanfang is performed by management.

11. OTHER FINANCIAL ASSETS

	Note	**2021 *(HK$'000)***	2020 *(HK$'000)*
Financial assets measured at FVOCI			
Listed debt securities	*(a)*	**9,430**	104,162
Financial assets measured at FVPL			
Listed debt and equity securities	*(b)*	**161,188**	156,406
Units in investment funds	*(c)*	**95,984**	31,561
		257,172	187,967
		266,602	292,129
Representing:			
– Non-current		**35,238**	69,914
– Current		**231,364**	222,215
		266,602	292,129

11. OTHER FINANCIAL ASSETS (CONTINUED)

(a) The amount represents USD-denominated corporate bonds. The debt securities are issued by corporate entities with credit quality commensurate with the return as considered acceptable to the Group.

During the year ended 31 December 2021, the Group did not acquire any corporate bonds (2020: acquired corporate bonds at a cost of HK$21,786,000) but disposed of corporate bonds at a consideration of HK$92,676,000 (2020: HK$229,618,000).

As at 31 December 2021, 100% (2020: 34%) of the total amount was invested in non-investment grade or non-rated corporate bonds. The remaining 66% was invested in investment grade corporate bonds as at 31 December 2020. All corporate bonds held as at 31 December 2021 were tradable in open market.

As at 31 December 2021, there was no debt securities measured at an amount equal to lifetime ECL. As at 31 December 2020, the loss allowance of one of the non-investment grade debt securities, which has a gross carrying amount of HK$4,054,000, was measured at an amount equal to lifetime ECLs as there was an unfavourable change in its external market price since 2019 which indicated that its credit risk had been increased significantly. Such debt security was disposed during the year ended 31 December 2021. All other debt securities did not have significant credit risk at 31 December 2021.

(b) The amount comprises the investment in a USD-denominated discretionary Asian investment grade single bonds portfolio and shares of a Hong Kong listed equity security.

The former has a carrying value of HK$157,589,000 (2020: HK$156,406,000). The portfolio is managed by the Group's financial service provider. It consists of listed bonds with fixed maturity dates and listed perpetual bonds.

The latter has a carrying value of HK$3,599,000 (2020: Nil). During the year ended 31 December 2021, the Group acquired the shares in an equity at a cost of HK$4,415,000 (2020: Nil).

11. OTHER FINANCIAL ASSETS (CONTINUED)

(c) The amounts represent USD-denominated investment funds. They mainly invest in equities, bonds, and may invest in other funds and financial derivative instruments.

During the year ended 31 December 2021, the Group acquired units in investment funds at a cost of HK$69,926,000 (2020: HK$31,194,000).

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

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

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

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

At 31 December 2021, the units in investment funds measured at FVPL held by the Group fall into Level 2 of the fair value hierarchy, whereas all other financial assets held by the Group fall into Level 1 of the fair value hierarchy.

The fair value of corporate bonds, single bonds portfolio and equity investments traded in active markets are based on quoted market prices at the end of the reporting period and included in Level 1.

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of investment funds is determined using the unadjusted net asset value provided by the fund manager. The units in the investment funds are redeemable at the reportable net asset value at, or approximately at, the measurement date.

During the year ended 2021 and 2020, there were no transfers between Level 1 and Level 2, nor transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the date of the event or change in circumstances that caused the transfer.

11. OTHER FINANCIAL ASSETS (CONTINUED)

Loss allowances

The Group measures loss allowances for debt securities at an amount equal to 12-month ECLs unless there has been a significant increase in credit risk since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Movement in the loss allowance account in respect of debt securities during the year is as follows:

	2021			2020		
	12-month ECL *(HK$'000)*	**Lifetime ECL** *(HK$'000)*	**Total** *(HK$'000)*	12-month ECL *(HK$'000)*	Lifetime ECL *(HK$'000)*	Total *(HK$'000)*
Balance as at 1 January	**2,140**	**1,189**	**3,329**	1,900	1,528	3,428
Impairment losses recognised during the year	**–**	**–**	**–**	2,039	–	2,039
Reversal of impairment loss during the year	**(693)**	**(1,189)**	**(1,882)**	(1,799)	(339)	(2,138)
Balance as at 31 December	**1,447**	**–**	**1,447**	2,140	1,189	3,329

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)*	**Fair value changes on other financial assets measured at FVPL** *(HK$'000)*	**Total** *(HK$'000)*
As at 1 January 2021	**(1,072)**	**652**	**(95)**	**(515)**
(Charged)/credited to profit or loss	**(155)**	**(446)**	**1,144**	**543**
As at 31 December 2021	**(1,227)**	**206**	**1,049**	**28**

12. DEFERRED TAXATION (CONTINUED)

	2021 *(HK$'000)*	2020 *(HK$'000)*
Representing:		
Deferred tax assets in the consolidated statement of financial position	**1,255**	652
Deferred tax liabilities in the consolidated statement of financial position	**(1,227)**	(1,167)
	28	(515)

At the end of the reporting period, the Group has total tax losses of HK$11,820,000 (2020: HK$14,037,000). The Group has not recognised deferred tax assets in respect of cumulative tax losses of HK$11,820,000 (2020: HK$14,037,000) 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	**2021** *(HK$'000)*	2020 *(HK$'000)*
Trade receivables, net of loss allowance	*(a)*	**24,969**	39,577
Contract assets, net of loss allowance	*(b)*	**15,241**	25,134
		40,210	64,711

(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:

	2021 *(HK$'000)*	2020 *(HK$'000)*
Less than 1 month	**15,769**	12,626
1 to 3 months	**4,614**	7,141
3 to 12 months	**3,970**	16,933
Over 12 months	**616**	2,877
	24,969	39,577

All the above balances are expected to be recovered within one year and some of them are covered by deposits from customers *(see Note 15).*

13. TRADE RECEIVABLES AND CONTRACT ASSETS (CONTINUED)

(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$4,936,000 (2020: Nil). All of the other contracts assets are expected to be recovered within one year.

(c) Loss allowances

The Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience indicates different loss patterns for different customer segments, the loss allowance based on past due status is 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:

	2021				
	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)	**28,945**	**(126)**	**–**	**–**	**(126)**
Less than 1 month past due	**4,580**	**–**	**–**	**–**	**–**
1 to 3 months past due	**2,564**	**–**	**–**	**–**	**–**
Over 3 months past due	**4,948**	**(305)**	**8.5%**	**(396)**	**(701)**
	41,037	**(431)**		**(396)**	**(827)**

	2020				
	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)	37,052	(395)	–	–	(395)
Less than 1 month past due	6,698	–	–	–	–
1 to 3 months past due	1,773	–	–	–	–
Over 3 months past due	21,140	(701)	4.2%	(856)	(1,557)
	66,663	(1,096)		(856)	(1,952)

13. TRADE RECEIVABLES AND CONTRACT ASSETS (CONTINUED)

(c) Loss allowances (continued)

Expected loss rates are based on actual loss experience over the past three 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.

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 (i) no impairment allowance is necessary in respect of those balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable, and (ii) allowance is made in respect of balances over 3 months past due 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:

	2021 *(HK$'000)*	2020 *(HK$'000)*
As at 1 January	**1,952**	1,520
Amounts written off during the year	**(1,390)**	(182)
Impairment losses recognised during the year	**265**	614
As at 31 December	**827**	1,952

14. OTHER RECEIVABLES, PREPAYMENTS AND OTHER CONTRACT COSTS

	Note	**2021** **(HK$'000)**	2020 *(HK$'000)*
Other receivables and prepayments	*(a)*	**7,638**	9,713
Other contract costs	*(b)*	**4,518**	6,790
		12,156	16,503

(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 2021 and 2020 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 (2020: 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	**2021** **(HK$'000)**	2020 *(HK$'000)*
Trade creditors	*(a)*	**9,098**	24,894
Customer deposits received	*(b)*	**116,188**	122,144
Accrued charges and other payables		**34,031**	32,718
Contract liabilities	*(c)*	**14,939**	15,335
Lease liabilities		**1,200**	2,422
		175,456	197,513
Representing			
– Non-current		**269**	1,200
– Current		**175,187**	196,313
		175,456	197,513

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:

	2021	2020
	(HK$'000)	*(HK$'000)*
Less than 1 month	**8,972**	24,480
1 to 3 months	**126**	414
	9,098	24,894

(b) Customer deposits received

Customer deposits received are refundable on demand.

(c) 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.

Movements in contract liabilities

	2021	2020
	(HK$'000)	*(HK$'000)*
As at 1 January	**15,335**	12,662
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	**(14,781)**	(11,862)
Increase in contract liabilities as a result of billing in advance	**14,385**	14,535
As at 31 December	**14,939**	15,335

As at 31 December 2021, the amount of billings in advance of performance expected to be recognised as income after more than one year is HK$411,000 (2020: HK$554,000).

16. SHARE CAPITAL

	2021		2020	
	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

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 16 April 2021, 6,800,000 (17 April 2020: 7,900,000) 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 2021 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 profit or loss and comprehensive income and the related notes thereto for the year ended 31 December 2021 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 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 the auditor.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

E-Commerce Business Review

For our E-Commerce business segment, 2021 was a prosperous year after two depressing years initially caused by the local social incidents in the latter half of 2019, followed by the Coronavirus Disease 2019 ("COVID-19") pandemic starting in early 2020 devastating the global economy. Backed by a remarkably favorable operating environment, our E-Commerce business recorded outstanding results in 2021. Our 2021 E-Commerce segment revenue of HK$188.4 million was 8.3%, or HK$14.4 million higher than the 2020 revenue of HK$174.0 million. Even more impressive was the segment profit which grew from HK$59.1 million in 2020 to HK$74.4 million in 2021, an increase of 26.0% or HK$15.3 million.

Looking at the breakdown of the revenue for the two business sub-segments under E-Commerce, i.e., Government Electronic Trading Services ("GETS") and Supply Chain Solutions, their turnover in 2021 was HK$167.5 million and HK$20.9 million respectively. For our GETS business sub-segment, this represented a growth of 11.1% year-on-year, or HK$16.8 million from the HK$150.7 million turnover recorded in 2020. As for our Supply Chain Solutions, revenue in 2021 dropped 10.3%, or HK$2.4 million from HK$23.3 million in 2020. The Supply Chain Solutions revenue in 2020 included the charges for the 4-way shuttles which our major retail client paid for the order we placed on their behalf for the automated warehouse project. If such exceptional revenue in 2020 was excluded, there would have been only a nominal drop in revenue for 2021. Nevertheless given the significant surge of the GETS business which typically dominates our E-Commerce business, the slight dip of the Supply Chain Solutions business only marginally narrowed the E-Commerce business growth in 2021.

As mentioned in our 2021 Interim Report, global trade and production activities started to revive as massive COVID-19 vaccination programs being rolled out throughout many countries. Hong Kong's trade performance strongly rebounded in the first half of the year. Indeed the sharp V-shape rebound was the strongest ever compared with any recovery after a major crisis affecting the economy over the last two decades, including the global financial crisis of 2008/09 to the outbreak of SARS in 2003. As of the time of writing the Interim Report, we were mindful about having a higher base in the second half of 2020 when the market to some extent picked up in comparison with the corresponding period in 2021. Against our cautious estimate, the rapid pace of growth actually continued into the second half of 2021 with no sign of slowing down, and as a result for the entire year of 2021, the year-on-year growth of the GETS market peaked at 21.0%, just marginally less than the 22.1% yearly increase for the first half of the year. The GETS market in 2021 achieved a record high in terms of transaction volume not reached in more than two decades, exceeding by almost 10% the pre-local social incidents and COVID-19 pandemic level in 2018. Besides a growing market, another important favorable factor for the GETS business was the stable and healthy competitive market environment in which we have been operating for quite some years. Led by us as the dominant market player, rather than competing on price, the competition amongst GETS providers has primarily been on quality of service where we have a distinct edge given our long history in serving the community and understanding of the needs of our customers. We are also the only GETS provider accredited with industry-recognized accolades in customer services; enabling us to earn the trust of our customers who generally accept a premium price for our services which they consider as value-for-money. Generally speaking, including those customers who are more sensitive about price, we achieved an overall average price increase each year, even in 2021 when we signed contracts with them in 2020 at a time most businesses were extremely pessimistic about their business prospects.

However we have to highlight the challenge we have faced in recent years with regards to the shift of trade declaration submissions from shippers to couriers. Such a trend, as explained in our previous reports, has resulted in the exceptional increase in transaction volume from our courier customers and has adversely affected our overall average price. The trend, unfortunately, has exacerbated due to two key COVID-19 pandemic-related reasons. First there was the surge of E-Commerce business which more often than not was handled by couriers. Secondly, with the significant drop of freight capacity during the pandemic, couriers usually have advantages over their counterparts due to their more flexible and versatile operations. For those major couriers who have their own cargo fleets, their competitive advantages further stand out among everyone else. The transaction volume from our major courier customers for the second half of 2021 skyrocketed even more than in the first half of the year. The transaction growth from our major courier customers for the entire 2021 was more than three times the market increase and their share of volume in our GETS business in 2021 was up more than 30% year-on-year. As such, though we could achieve a price increase from customers, due to the sheer volume of business from these major courier customers to whom we offer lower pricing, our overall average price still dropped somewhat during 2021. Fortunately the expanded volume more than offset the effect of the price drop and as a result, our GETS revenue actually recorded a remarkable increase in 2021.

As for our Supply Chain Solutions business sub-segment, its performance in 2021 was not as satisfactory as we would have hoped. Though the recurrent maintenance services revenue which included the warehouse automation solution for which we started charging our major retail client commencing in 2021 after the expiry of the 1-year default liability period from solution delivery, recorded a moderate revenue increase, revenue from projects dropped. As a result, the total revenue in 2021 plunged 10.3% year-on-year. Included in the project revenue was revenue recorded for projects carried forward from previous years and a new project signed up in the second half of the year. This new project which involved our Warehouse Management System (“WMS”) and Transportation Management System (“TMS”) was ordered by a renowned logistics company to support their cold chain logistics operations. We would enhance our solutions to support the specific needs of such operations. Apart from this order, we in fact have a couple of new projects for which we received confirmation just before the end of the year with development work commencing in early 2022.

Indeed, for the Supply Chain Solutions business, 2021 was a year of consolidation. After successfully developing our flagship products and gaining recognition in the market over the past couple of years, during the year we conducted a comprehensive review of our strategy intended to take our Supply Chain Solutions business forward in the coming years, including a revamp and enhancement of our technical infrastructure to meet the evolving customer requirements in a more flexible and cost-effective manner.

Looking ahead to 2022, the operating environment of our E-Commerce business, specifically our GETS business sub-segment is expected to face tremendous uncertainty. The global economy enters 2022 in a weaker position than previously expected. As the new Omicron COVID-19 variant has spread, some countries have re-imposed mobility restrictions and tightened anti-pandemic which could pose renewed pressure on economic activities. Moreover supply chain disruptions in major economies, developments surrounding China-US relations and geopolitical tensions would also undermine the momentum of global recovery. What is more, the latest conflict between Russia and Ukraine has already negatively impacted the global economy. The International Monetary Fund expects to cut its global growth forecast to account for the economic consequences of the Russian invasion of Ukraine. Considering these various factors, local analysts expect Hong Kong's 2022 export growth to slow down. Against such a cloudy operating environment in 2022, we can at best hold a cautiously optimistic view about our GETS business. Aside from these external factors beyond our control, given a stable competitive market landscape and a service quality well-regarded by our massive base of customers, we are confident about maintaining our dominant market position. To cope with the rapid transaction growth from major courier customers, we are looking at the possibility of leveraging our collaboration with partners which enhances the value we could provide to direct customers as a way to re-shift GETS transactions from couriers back to shippers.

Regarding the Government's Trade Single Window ("TSW"), the latest official line as set out in the Chief Executive's Policy Address in October 2021 was that the Government would press ahead with the development of Phase 2 so as to meet their current schedule for roll out of that phase in 2023 in batches. As for Phase 3 which covers the current documents under GETS, the Government would conduct further trade engagement to finalize the implementation details of that phase with a view to submitting a funding proposal to the Legislative Council in 2022–23. Based on the current progress of Phase 3 preparation work and Government's anticipated three-year development cycle, it is highly likely that Government would need to invoke their right to extend the current GETS contract up to three years till 2027. Moreover, considering the need to allow a smooth transition from GETS to TSW, further arrangement might possibly be required among parties concerned.

In relation to our Supply Chain Solutions, we are more positive about its prospects in 2022 and are confident that its performance would moderately improve. As mentioned earlier, we already have on hand a couple of projects confirmed late last year and would commence work in 2022. Besides, pending the completion of our solutions to support cold chain logistics for our major logistics company client, we have another customer in the same industry already showing interest in such solutions. We are hopeful that this new order can be confirmed in the latter part of 2022. There are also several hot prospects for which we believe we have a high chance of winning within the year. In addition there is the continuous enhancement from existing customers on solutions previously installed in order to cope with customers' ever-changing business operations. Some of these requests for changes could be rather sizeable. We are also witnessing more opportunities to up-sell and cross-sell more solutions to existing customers and we are seizing such opportunities with several targeted major clients. Upon the completion of the revamp of our technical infrastructure, we can also see the potential to repackage our WMS to become a standard product to offer to SME clients which previously have always been underserved. We are testing this market using our standard WMS as the door opener in the sales process, hopefully to persuade our SME clients to use our standard product, followed by future minor customization to meet their specific needs. While all of these developments sound rather positive, we still have to state a caveat relating to the ongoing spread of the new Omicron COVID-19 variant affecting the global economy and more specifically the budgets of our customers. With reservations about their own business prospects, their buying decision for our solutions may be held back.

Identity Management ("IDM") Business Review

The performance of our IDM business for 2021 was a bit disappointing as its revenue at HK$53.8 million was down 15.4% or HK$9.8 million compared with that of HK$63.6 million recorded in 2020. Segment profit also dropped 45.2% from HK$17.6 million in 2020 to HK$9.7 million in 2021. In terms of the revenue breakdown and year-on-year changes, while its recurrent maintenance service revenue increased slightly from HK$10.2 million in 2020 to HK$13.0 million in 2021, both IDM project revenue and revenue for services related to our recognized Certificate Authority business, which included, amongst others, the security token business and related delivery services, shrank. A more significant drop took place in our IDM projects which in recent years have predominantly been for electronic Know-Your-Customer ("eKYC") and related identification verification solutions for digital onboarding. While the total IDM project revenue recorded in 2020 was HK$34.4 million, the revenue in 2021 was slashed to HK$23.7 million. There were two key reasons for the decline in business. The first was the delay in signing the formal contract with a customer on a major eKYC project in 2021. Though we have informal confirmation from customer and all salient points agreed, the actual contract preparation and confirmation process had taken a longer time to finish. In order to meet the customer's timeline, with the agreement of the customer, we had commenced development work in 2021. However as formal signing of the contract was still pending at the end of the year, revenue recognition in respect of substantial development work undertaken is deferred to 2022. Secondly, many of our customers in the financial services and banking industry had their budgets constrained in 2021.

Their corporate decisions to cut the 2021 budgets were made at a time when they faced severe business challenges in 2020 due to the COVID-19 pandemic. Thus several hot prospects which we were confident to close sales in the year did not materialize due to those customers delaying their decisions. Regarding our security token business and the related delivery services, the decline in business was expected as explained in our previous report where we mentioned our major bank customers switching from using hard security tokens to soft tokens since a few years ago.

Looking into the details of revenue from our IDM projects in 2021, it included revenue recognized on a work-in-progress ("WIP") basis on carry-forward and new projects as well as from completed projects. There were a couple of major WIP eKYC solution projects, one of them was for a major insurance company and another for a customer-cum-strategic partner whose business is to provide data intelligence services to financial institutions to enhance risk management. As for another order placed by a repeat customer in early 2021 to use our eKYC solution for digital onboarding for online gaming account, by year end our development work was close to completion. Anyhow, against the adverse operating environment for our IDM business in 2021, we were happy in the second half of the year to secure a new order from a local bank with Chinese background. The order was for an eKYC solution to support digital onboarding of the bank's customers. The project was completed and delivered to the bank with revenue fully recognized before the end of the year.

After a dismal year, going into 2022, we are more positive about the prospects of our IDM business, expecting a slight improvement in its performance. Apart from the increasing recurrent maintenance services revenue, we would have additional revenues from projects, which include, at the least those from our major eKYC project for which development work was undertaken in 2021 but unbilled. Development work for this project would continue throughout 2022. We also expect if not all, at least some of those hot prospects which we could not conclude due to customers' budget constraints in 2021, could revive. On the other hand, we have been pursuing several new potential projects some of which we believe we have a high chance of closing in 2022. Of equal importance are the ongoing enhancement and change requests from existing customers on previously installed solutions to cope with customers' changing or new business and operational requirements. Some of these are major enhancements and the works involved are fairly substantial. As we have a large installed base of customers' solutions, on top of the increasing income for ongoing maintenance services, we have more opportunity for such requests for enhancement or change. Moreover, as in our Supply Chain Solution business, we will promote and cross-sell our other IDM products to our existing customers which help them implement a complete solution on digital identity lifecycle for supporting their business operations. Such solutions range from eKYC for digital onboarding, two-factor authentication ("2FA") for authentication/login, digital certificates for authorization to digital journey analytics.

With regard to our work on research and development, due to the rising risk of cyber threat, we are looking into the opportunity to enter into this business space. Enterprises, big or small, are increasingly concerned about attacks on the cyber community. As Gartner, an information technology research organization, explains, cyber risks and threats refer to both internal and external exposure in its operation across interconnected digital environment that may impact the goals and values of an organization. Cyber risk exposures were once generally associated with core IT systems, but have now extended to include the risks introduced by external entities or devices. To prevent such cyber risks, protect customers from attacks and carry out post-mortem investigation, we are working with potential partners and evaluating new technology to develop comprehensive solutions for our customers. We plan to test the market initially with existing products from our potential partners and depending on the market response, will devise a comprehensive strategy as appropriate.

To summarize, we are reasonably confident about a slightly better year for 2022 in terms of the performance of our IDM business and a clearer roadmap for our longer term development of the business in this segment.

Other Services Business Review

Our Other Services business, comprising Smart PoS, GETS-related services and partnerships recorded outstanding results for the whole year of 2021. As the growth momentum further intensified in the second half of the year, the turnover and profit growth of the business segment exceeded that of the first half of the year. The total revenue recorded for 2021 was HK$31.6 million, representing a handsome year-on-year increase of 34.2% against the HK$23.6 million revenue for 2020. Segment profit growth was even stronger, soaring 54% from HK$10.0 million in 2020 to HK$15.4 million in 2021. The rebound of our Other Services business was from an exceptionally depressing year of 2020 when the COVID-19 pandemic seriously dampened the economy, and as a result catastrophically affected our Other Services business, in particular our Smart PoS business with close ties to the retail market which was almost grounded to a standstill during the year. With the easing of the pandemic since early 2021, the local retail market slowly recovered following the gradual relaxation of anti-pandemic social restrictions. Our Smart PoS business already started to see improvement in the first half of the year and grew significantly in line with the retail market recovery and improving market sentiment in the second half of the year, with revenue rising 64.7% to HK$7.6 million for the whole year of 2021 vis-à-vis the HK$4.6 million revenue for 2020. The whole year's growth was also somewhat higher than the 43.8% growth in the first half of the year largely due to more Smart PoS orders placed by our bank customers in the latter part of the year whereas in the first half, only a small order was received. The revenue from sales of Smart PoS in 2021, which increased more than five-fold year-on-year, was still far behind the pre-pandemic level at only about 20% of the total sales in 2019. Our ongoing maintenance and support services income and project income also increased by about 20% over 2020.

Benefitting from the favorable GETS operating environment in 2021, our GETS-related services also performed reasonably well. These services primarily comprised our Road Cargo System ("ROCARS"), the call center services offered to the Customs & Excise Department ("C&ED") for their ROCARS and the paper-to-electronic conversion services for our GETS paper users. Together with our GETS-related partnership with Ping An OneConnect Bank (Hong Kong) Limited ("PAOB") which generated a considerable amount of revenue in 2021, the total turnover of our GETS-related services and partnerships of about HK$24.1 million, was up 26.8% compared with the revenue of HK$19.0 million in 2020. As mentioned in our 2020 Annual Report about the data entry services we offered to shipper customers to eliminate the tedious work of preparing the trade declaration submissions or overcome resources issues in processing such work, the business continued to flourish even more noticeably in 2021. This was an interesting phenomenon as when businesses rapidly and strongly rebounded in 2021, customers generally focused efforts on their actual business rather than allocating valuable staff resources on tedious compliance paperwork. This was particularly evident in start-ups setting up business under the pandemic. As such, although our traditional paper-to-electronic conversion services offered at our network of service centers has dropped, the increase in the data entry services businesses was more than offset the decline, resulting in a net increase of our revenue from these particular services. Turning to our partnership with PAOB, as mentioned in our interim report, we received revenue for assisting the promotion of their SME loan services to our GETS customers. With its credit assessment modelling based on the data we have provided on the usage of GETS of our customers on an anonymous basis, PAOB would be able to come with a credit scoring for our customers from which a list of target customers can be compiled for our promotion of PAOB's loan services. Unlike 2020 during which we only received a minimal revenue from this partnership due to the fact that PAOB's full launch of the loan service just commenced in October 2020, the revenue we received for the entire year of 2021 was rather significant. Thanks to PAOB's unique model leading to its own business success, we are also able to benefit.

Looking ahead to 2022, the latest local wave of the Omicron COVID-19 variant since the beginning of the year has already drawn heavily on consumption sentiment and posed renewed pressures on the retail sector. The retail sector faced tremendous risks as the Government re-imposed strict public health restrictions to date amid the latest wave of the pandemic. Recovery for the retail industry hinges on the course of the pandemic and also to a great extent, the re-opening of borders. With local consumption being the remaining key demand driver and the uncertainty over the development of the pandemic, it is difficult to predict the likely path of the retail business outlook for the whole of 2022. As such we would not have high expectations on our sales of Smart PoS to our bank customers for their retail merchant clients. There is, though, a positive development in our Smart PoS business for which we expect a harvest in 2022. We have been in discussion with a renowned enterprise in the services sector for quite some time on a project involving payment system development and integration as well as a deployment of over 200 Smart PoS at their 40+ outlets in Hong Kong and Macau. This major deal was in the final stages of confirmation at the end of 2021. We expect official confirmation during early 2022 with development work continuing in the year and completion in early 2023. With the revenue to be generated from this major project expected to offset the drop of our Smart PoS sales revenue, we hope that our Smart PoS business in 2022 would improve slightly, or at least remain at a steady level.

Our GETS-related services, as always, hinges on the GETS operating environment which in turn depends on Hong Kong's external trade market. For reasons we stated previously in this report about the uncertainty and risks affecting the GETS market in 2022, we could at best be cautiously optimistic about our GETS-related business prospects in the year. On the other hand, we are reasonably confident about generating a higher revenue in 2022 from our partnership with PAOB based on the strong growth momentum of their SME loan business accumulating over the years and expected to continue into 2022. Another positive development worth mentioning is that we have successfully secured a new contract in effect until the end of 2024 with the Hongkong Post to continue using their post office network to provide paper trade declarations collection services for our customers.

Investment in PRC Associate Review

The business of Guangdong Nanfang Haian Science & Technology Service Company Limited ("Nanfang"), our major associate in China in 2021, continued to be disappointing as they had incurred further losses, on a year-on-year basis. Our share of their losses has increased accordingly, rising from HK$1.4 million in 2020 to HK$1.9 million in 2021. In 2020, Nanfang received various subsidies from the Central Government as part of pandemic relief. The company also implemented stringent cost controls that effectively reduced their total costs. As a consequence, Nanfang was able to manage a modest business turnaround in the second half of 2020, resulting in the reduction in losses for the whole of 2020. However, due to the slashing of government pandemic relief grants and rationalization of the government budget in 2021, Nanfang's business continued to run in the red in the second half of 2021, ultimately leading to a further increase in losses for the entire year. It was worth noting as well that several sizeable government projects which Nanfang was once confidently pursuing had subsequently been called off or held in abeyance in 2021 due to government budget constraints. On the cost side, they have been trying hard to rationalize their costs by various means over the past few years.

It was rather unfortunate that Nanfang lost their de-facto monopoly on the river manifest declaration service as that had been one of their most profitable business segments, and be saddled by a drawn-out legal dispute with one of their shareholders. In addition, their business has been seriously impacted by the COVID-19 pandemic. Over the past few years, Nanfang had already been seriously struggling; seeking to reduce their losses and staying in business with the hope of achieving a breakthrough. However, such hope seems misplaced and the chance of a revival looks slim. As such, to err on the side of caution, we have elected to further write down our investments in Nanfang by HK$0.8 million in the second half of 2021.

The outlook of Nanfang's business in 2022 is still not that promising as the external operating environment would unlikely have significant improvement. That said as Nanfang has already on hand several government projects secured, albeit of smaller scale, and coupled with a substantial slash of their costs by a considerable downsizing of their used-to-be large research and development team, they are reasonably confident about having some slight improvement of their performance in 2022. Though it is unlikely that they could achieve a break even in 2022, we hope that their loss would reduce somewhat.

FINANCIAL REVIEW

The Group's revenue for the year ended 31 December 2021 increased by HK$12.6 million to HK$273.8 million, representing a 4.8% year-on-year growth. In 2021, revenue of E-Commerce and Other Services segments increased, while the Identity Management segment declined.

The E-Commerce segment comprising GETS and Supply Chain Solutions recorded an increase in revenue of HK$14.4 million or 8.3% to HK$188.4 million in 2021, mainly attributed to the strong rebound of the overall GETS market during 2021. GETS revenue was HK$167.5 million, increased by HK$16.8 million or 11.1% with the GETS market recovered by 21% in 2021. As for Supply Chain Solutions, its revenue fell by 10.3% to HK$20.9 million in 2021, mainly due to the drop in the amount of work-in-progress projects work. The drop was partly offset by the increase in its recurrent revenue with WMS and TMS projects delivered to the customers. Revenue of Identity Management was down by 15.4% or HK$9.8 million to HK$53.8 million in 2021, mainly due to a drop in its project revenue as the business was adversely affected by the challenging COVID-19 pandemic business environment of the banking and financial industry in 2021. Several customers have held back their decisions to confirm new orders with us due to budget constraints. On the other hand, recurrent revenue such as maintenance and support service on eKYC and 2FA from this business increased year-on-year with projects delivered to customers over the years. Other Services business segment consisted of GETS-related services and Smart Point-of-sales business. Revenue of this segment rose sharply by 34.2% or HK$8.1 million to HK$31.6 million in 2021. The growth mainly came from new income stream from our collaboration with PAOB for assisting them to promote their SME services to our GETS customers and new Smart Point-of-sales units order from its major customer.

The Group's operating expenses before depreciation in 2021 were HK$172.0 million, representing a drop of 2.3% or about HK$4.0 million from HK$176.0 million in 2020. Staff costs was HK$122.3 million in 2021, an increase of 1.3% or HK$1.5 million as compared to 2020. The other operating costs were HK$26.9 million in 2021 as compared to HK$31.4 million in 2020, representing a drop of 14.3% or HK$4.5 million year-on-year. This was mainly attributable to a swing in foreign currency exchange difference of about HK$3.8 million for the two financial years, which meant that it was an exchange gain of HK$2.3 million for 2021 but was an exchange loss of HK$1.5 million for 2020. If ignoring the exchange difference for the two years, the other operating expenses was a drop of 2.1% year-on-year. Depreciation charges in 2021 was HK$8.5 million, down by HK$0.6 million as compared to 2020.

Interest income for 2021 was HK$3.3 million, dropped by 68.0% mainly due to the drop in interest income generated from corporate bonds measured at fair value through other comprehensive income ("FVOCI") with the switching of a significant portion of the investment in corporate bonds to a discretionary single bonds portfolio and investment funds during 2020 and 2021. These financial assets are measured at fair value through profit or loss ("FVPL") with all their income and expenses reported under "other net income/loss".

The other net income of HK$6.1 million in 2020 turned to other net loss of HK$9.6 million in 2021 mainly due to two factors. First, in 2021, there was the lack of the funding support from the Employment Support Scheme ("ESS") of HK$13.0 million, which we received in 2020. Second, the volatilities in the investment in UBS bond funds mainly accounted for a fair value loss of HK$6.3 million on financial assets measured aft FVPL recorded in 2021 as compared to a gain of HK$2.3 million in 2020 of the investments, which was partly offset by a reduction in net loss on disposal of corporate bonds with the loss on disposal recognised as HK$4.8 million in 2021.

As a result of the decrease in financial assets measured at FVOCI, a reversal of the provision for impairment loss (i.e. expected credit loss) of HK$1.9 million was recorded upon the disposal and maturity of the corporate bonds during 2021.

The Group's profit from operations in 2021 was HK$87.1 million, a decrease of HK$5.6 million as compared to 2020. If excluding the other income of HK$13.0 million from the ESS subsidy received in 2020, the operating profit in 2021 would have been increased by HK$7.4 million or 9.2% year-on-year.

In 2021, the Group continued to share losses from its associate, Nanfang. The share of loss increased to HK$1.9 million as compared to HK$1.4 million in 2020. During the year, a review of the investment in Nanfang resulted in a provision of HK$0.8 million, as compared to HK$9.0 million in 2020, for impairment loss on this investment.

Taxation for 2021 increased by HK$3.0 million, to HK$12.6 million. One major reason is that the other subsidy from the ESS in 2020 is a non-taxable item. The taxation for 2021 included the HK$2.1 million impact from enhanced tax deductions for certain research and development expenditures, compared to HK$2.6 million in 2020.

The Group's after tax profit for 2021 was HK$73.7 million, slightly increased by HK$0.9 million or 1.2% as compared to 2020.

Basic earnings per share for 2021 were HK 9.3 cents, higher than that for 2020 by HK 0.1 cent. Diluted earnings per share for 2021 were also HK 9.3 cents, higher than that for 2020 by HK 0.1 cent.

Dividend

The Board has recommended a final dividend of HK 6.45 cents per share for 2021 (2020: HK 7.25 cents per share). The proposed final dividend, which together with the interim dividend of HK 2.8 cents per share (2020: HK 1.95 cents per share) paid on 8 October 2021 will result in a total dividend of HK 9.25 cents per share for 2021, representing an increase of 0.5% over 2020. The total dividend for 2021 represents a payment of 99.8% of the Group's profit attributable to shareholders for 2021.

The proposed final dividend will be submitted to shareholders for approval at the annual general meeting on 6 May 2022. If approved, the final dividend will be paid to shareholders whose names appear on the register of members of the Company on 13 May 2022, on or about 25 May 2022.

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 attributable 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/investment.

Liquidity and Financial Position

As at 31 December 2021, the Group had total cash and bank deposits of HK$209.2 million (2020: HK$172.0 million). The increase in the cash balance by HK$37.2 million mainly attributed to net impact of the proceeds collected from the maturity/disposal of corporate bonds of HK$92.7 million and the amount invested in investment funds of HK$69.9 million during 2021. Details of the investments in other financial assets are set out in the section headed "Significant Investments Held" below.

Total assets and net assets of the Group as at 31 December 2021 amounted to HK$564.5 million (2020: HK$586.2 million) and HK$378.6 million (2020: HK$384.3 million) respectively.

As at 31 December 2021, the Group had no borrowings (2020: Nil).

Significant Investments Held

As at 31 December 2021, the Group held a diversified portfolio of investments in financial products with an aggregate carrying amount of HK$266.6 million (2020: HK$292.1 million). These assets comprising:

(i) corporate bonds with carrying value of HK$9.4 million being listed debt securities measured at FVOCI;

(ii) a discretionary single bonds portfolio with carrying value of HK$157.6 million and shares in Tracker Fund of Hong Kong (SEHK: 2800) with carrying value of HK$3.6 million, together as listed debt and equity securities measured at FVPL; and

(iii) units in investment funds measured at FVPL with carrying value of HK$96.0 million.

The movements in the other financial assets held by the Group during the year are as below:

	1 January 2021 *(HK$'000)*	Addition during the year *(HK$'000)*	Disposal/ Maturity/ Redemption during the year *(HK$'000)*	Fair value change measured at FVOCI *(HK$'000)*	Fair value change measured at FVPL *(HK$'000)*	Foreign exchange difference & others *(HK$'000)*	31 December 2021 *(HK$'000)*
Financial assets measured at FVOCI							
– Listed debt securities	104,162	–	(92,676)	(2,119)	–	63	9,430
Financial assets measured at FVPL							
– Listed debt and equity securities	156,406	4,415	–	–	(577)	944	161,188
– Units in investment funds	31,561	69,926	–	–	(5,679)	176	95,984
	292,129	74,341	(92,676)	(2,119)	(6,256)	1,183	266,602

The details of the investments are as below:

(i) Listed debt securities measured at FVOCI

The listed debt securities measured at FVOCI as at 31 December 2021 were 2 (31 December 2020: 9) USD-denominated corporate bonds with investment costs of HK$9.7 million, issued by Hong Kong listed companies or their subsidiaries in the real estate sector. As at 31 December 2021, the nominal value of each investment ranged from US$0.3 million to US$1 million whereas the coupon rate ranged from 5.5% to 6.55% per annum. The aggregate fair value of these bonds were HK$9.4 million (accounting for 1.7% of the Group's total assets).

The 2 corporate bonds will mature in 2024 and 2025. As at 31 December 2021, 100% (31 December 2020: 34%) of the total carrying amount was in non-investment grade or non-rated corporate bonds. Nil (31 December 2020: 66%) was in investment grade corporate bonds. All corporate bonds held as at 31 December 2021 were tradable in open market.

During 2021, a reversal of the provision for impairment loss (i.e. expected credit loss) of HK$1.9 million was made as 5 corporate bonds matured and some disposed of during the year. Interest income generated from the listed debt securities measured at FVOCI decreased to HK$2.8 million in 2021 (2020: HK$8.5 million) as a result of reduced investment in these assets. On the other hand, the Group recorded loss on disposal of corporate bonds of HK$4.8 million in 2021 mainly to close the exposure in a corporate bond for risk mitigation. Each of the bonds disposed of or matured in 2021 was no more than US$3 million nominal value.

(ii) Listed debt and equity securities measured at FVPL

The Group also invests in a discretionary single bonds portfolio and the Tracker Fund of Hong Kong, which are accounted for as FVPL.

(a) The Group seeks to achieve the investment objectives of reducing investment concentration risk and to enhance returns of its cash surplus reserves for shareholders. The Company entered into a discretionary asset management mandate with UBS AG, Hong Kong Branch (the "Manager" or "UBS") on 8 July 2020 and subsequently invested its cash surplus reserves in a USD-denominated discretionary Asian investment grade single bonds portfolio. The investment cost was HK$154.4 million.

As at 31 December 2021, the portfolio consisted of 52 single bonds with individual nominal value of no more than US$0.5 million each. The single bond which had the largest carrying value, as at 31 December 2021, in this portfolio was HK$4.4 million (accounting for 0.8% of the Group's total assets) and the aggregate fair value of the portfolio was HK$157.6 million (accounting for 28.0% of the Group's total assets). As for bonds issuer type, approximate 51%, 29%, 18% and 2% in this portfolio were corporates, financials, government and others respectively. As for maturity dates, approximately 53% of the bonds will be matured within 5 years, 34% will be matured after 5 years and 13% belongs to perpetual bonds.

During the year, this portfolio recorded a fair value gain of HK$0.2 million which included accrued interest from the bonds, net of management fees.

The Company agreed to pay the Manager a management fee, payable quarterly in arrears, which is equal to 0.65% per annum applied to the monthly value of the managed portfolio based on the last business day of the previous month. The fees cover the management fee, transaction fee and custody fee. The Manager manages assets in the portfolio in accordance with the terms of the investment strategy set. The objective is moderate appreciation of assets. Moderate volatility of asset value expected. The Company has the right to change the investment strategy, add or withdraw funds at any time.

(b) The Group invested in Tracker Fund of Hong Kong at the cost of about HK$4.4 million during 2021. Fair value loss of HK$0.8 million was recorded for this investment in 2021.

(iii) Units in investment funds measured at FVPL

The Group held USD-denominated units in investment funds which are issued by UBS and HSBC Asset Management with fair value totaled HK$96.0 million as at 31 December 2021. The investment funds recorded net fair value loss of HK$5.7 million in 2021 mainly attributed to the volatilities of the UBS bond funds.

The details of the units of investment funds are as below:

Name of funds	Investment strategy	Investment cost *(US$ million)*	Fair value as at 31 December 2021 *(US$ million)*	Dividend received during 2021 *(US$ million)*	Expected rate of return	Maturity date	Redemption
UBS (CAY) Investment Fund Series – UBS Asian Bonds Series 5 (USD)	Mainly invest in USD- denominated fixed income securities issued by sovereigns, quasi- sovereigns and corporates in the Asian Pacific ex-Japan region	1.0	0.8	0.04	Target gross yield to maturity 4.8% – 5.3% per annum	30 June 2024	To redeem on any dealing day
UBS (CAY) Investment Fund Series – UBS Asian Bonds Series 6 (USD)	Mainly invest in USD- denominated fixed income securities issued by sovereigns, quasi- sovereigns and corporates in the Asian Pacific ex-Japan region	3.0	2.5	0.13	Target gross yield to maturity 5.0% – 5.75% per annum	22 December 2023	To redeem on any dealing day
HSBC Investment Funds Trust – HSBC Asian Bond Fund	Mainly invest in a broad spread of quoted bonds, government bonds, other unquoted fixed- interest securities and financial derivative in Asia	3.0	3.0	–	No fixed rate of return	No fixed maturity	To redeem on any dealing day
HSBC Global Funds ICAV – Multi Factor Worldwide Equity Fund	Mainly invest in shares of companies that are based anywhere in the world, real estate investment trusts and depository receipts	3.0	3.0	–	No fixed rate of return	No fixed maturity	To redeem on any dealing day
HSBC Global Investment Funds – Managed Solutions – Asia Focused Conservative	The fund's exposure is mainly to bonds and shares related to Asia-Pacific excluding Japan	1.0	1.0	–	No fixed rate of return	No fixed maturity	To redeem on any dealing day
HSBC Global Investment Funds – Managed Solutions – Asia Focused Income	The fund's exposure is mainly to bonds and shares related to Asia-Pacific excluding Japan	1.0	1.0	–	No fixed rate of return	No fixed maturity	To redeem on any dealing day
HSBC Global Investment Funds – Managed Solutions – Asia Focused Growth	The fund's exposure is mainly to bonds and shares related to Asia-Pacific excluding Japan	1.0	1.0	–	No fixed rate of return	No fixed maturity	To redeem on any dealing day
Total		13.0	12.3	0.17			

Save as disclosed above, the Group did not hold any other significant financial investment as at 31 December 2021.

To balance risk and returns, all investments in the other financial assets were made in accordance with the investment guidelines which had been approved by the Board of the Company. Before any opportunities were identified to acquire new businesses, the cash surplus reserves were parked in the other financial assets as part of our treasury operations to improve the yield of the Group's cash surpluses.

Material acquisitions or disposals

Saved 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 2021.

Capital and Reserves

As at 31 December 2021, the capital and reserves attributable to shareholders was HK$378.6 million (2020: HK$384.3 million), a decrease of HK$5.7 million from the end of 2020.

Charges on Assets and Contingent Liabilities

As at 31 December 2021, the Group has obtained two bank guarantees totaling HK$2.2 million (2020: three 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 (2020: 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 2021 not provided for in the financial statements amounted to HK$0.3 million (2020: HK$3.4 million), mainly in respect of the purchase of leasehold improvements for the Group.

Employees and Remuneration Policy

As at 31 December 2021, the Group employed 267 staff (2020: 267), of which 234 are in Hong Kong and 33 in Guangzhou. The related staff costs for the year came to HK$122.3 million (2020: HK$120.8 million). The Group's remuneration policy is that all employees are rewarded on the basis of market levels. In addition to salaries, the Group provides staff benefits including medical insurance and contribution to staff's mandatory provident fund. To motivate and reward staff, the Group has 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 2021, other than its investments in the PRC and Macau incorporated entities and other financial assets 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. It has made every effort to ensure full compliance with the code provisions in the CG Code contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company confirms that it has complied with all code provisions during the year ended 31 December 2021.

The Board

As at 31 December 2021, 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 shareholder value.

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 of the Company.

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

The Company has adopted the Model Code set out in Appendix 10 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 during 2021.

Audit Committee

The Audit Committee has reviewed the Group's accounting policies and the consolidated financial statements for the year ended 31 December 2021. It also had independent discussions with the internal auditor and the external auditor, KPMG, without the presence of the management team.

OTHER INFORMATION

Final Dividend

The Board has recommended a final dividend of HK 6.45 cents per share for 2021 (2020: HK 7.25 cents per share). The proposed final dividend, together with the interim dividend of HK 2.8 cents per share (2020: HK 1.95 cents per share) paid on 8 October 2021, represents a dividend payout ratio of 99.8% of the Group's profit attributable to shareholders for 2021.

The proposed final dividend will be submitted to shareholders for approval at the annual general meeting ("AGM") on Friday, 6 May 2022. If approved, the final dividend will be paid to shareholders whose names appear on the register of members of the Company on Friday, 13 May 2022, on or about Wednesday, 25 May 2022.

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, 3 May 2022 to Friday, 6 May 2022, both days inclusive, during which period no transfer of shares will be registered to determine the shareholders' entitlement to attend and vote at the AGM to be held on Friday, 6 May 2022. In order to qualify to attend and vote at the 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 Friday, 29 April 2022.

The register of members will also be closed from Friday, 13 May 2022 to Tuesday, 17 May 2022, 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, 12 May 2022.

Publication of Final Results and 2021 Annual Report

This announcement is published on the respective websites of the Company (www.tradelink.com.hk) and HKEXnews of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk).

The annual report of the Group for the year ended 31 December 2021 will be dispatched to shareholders and published on the aforesaid websites within the prescribed timeline under the Listing Rules.

AGM

It is proposed that the AGM of the Company be held on Friday, 6 May 2022. Notice of the 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 Nai Shee, Harry, S.B.S., J.P.
Chairman

Hong Kong, 22 March 2022

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