

[For Immediate Release]



Tradelink Announces 2019 Interim Results

Financial highlights for the six months ended 30 June 2019

- Revenue: HK\$124.7 million
- Operating profit: HK\$38.8 million
- Profit before tax: HK\$40.3 million
- Profit for the period: HK\$34.2 million
- Interim dividend: HK 3.3 cents per share

(Hong Kong, 27 August 2019) **Tradelink Electronic Commerce Limited** (“Tradelink” or “the Group”) (SEHK Stock Code: 0536) is pleased to announce its unaudited interim results for the six months ended 30 June 2019.

For the first half of 2019, the Group’s revenue was HK\$124.7 million, down by 0.3% on HK\$125.1 million, and after tax profit at HK\$34.2 million, down 10.7% on HK\$38.3 million, for the same period last year. The Group’s operating profit for the period at HK\$38.8 million was lower than the profit last year at HK\$44.9 million, due to a slight decrease in turnover and an increase in total costs. The Board has resolved to declare an interim dividend of HK 3.3 cents per share.

The performances of the Group’s three business segments, namely E-Commerce, Identity Management (“IDM”) and Other Services were mixed. Affected by the weak Government Electronic Trading Services (“GETS”) market, its E-Commerce business revenue at HK\$85.0 million, was down slightly by 3.7% compared to the revenue of HK\$88.3 million for the same period last year. Credit to the Group’s effective cost control, the reportable segmental profit for its E-Commerce business for the period was HK\$26.8 million, down slightly by 3.9% or HK\$1.1 million, compared to the HK\$27.9 million last year.

As for the Group’s IDM business, although several completed or work-in-progress projects contributed recognizable revenues, its overall turnover for the reporting period dropped by 13.1% from HK\$27.0 million last year to HK\$23.5 million this year. Reportable profit of the segment was down 59.4% to HK\$2.0 million. It was mainly due to the serious slump of its security token delivery business. The business of token delivered dropped steeply by 60.0%, resulting in a drop in revenue of HK\$5.3 million.

Other Services business recorded revenue and segmental profit increase from HK\$9.8 million and HK\$6.2 million last year to HK\$16.2 million and HK\$7.1 million for the first half of the year, representing an increase of 65.9% and 15.4% respectively. The pleasing results in the revenue of Other Services business was primarily due to its Smart Point-of-Sales (“PoS”) business, which, after years of cultivation, brought in a handsome revenue of HK\$6.2 million in the reporting period.

Regarding the share of result of the PRC associate, Guangdong Nanfang Haian Science and Technology Service Company Limited (“Nanfang”), with its receipt of a lump sum payment from the relevant government authority for its core river manifest declaration services between September 2018 and June 2019, the Group recorded a share of profit from Nanfang in the amount of HK\$1.4 million for the period, an almost 3 times increase from the HK\$0.4 million share profit last year.

Mr. K.K. Tse, CEO of Tradelink said, “As for the outlook of our business for the remainder of the year, the operating environment of our GETS business is expected to stay weak. Our worst fear is that Sino-US trade tensions would escalate causing a catastrophic crash of the global economy and accelerating the slump of the Hong Kong trading activities. That said, given the stable GETS competitive landscape, our stringent cost control measures and our ability to achieve an overall price increase from customers, we are confident that our GETS business will continue to generate reasonably good profits for the Company. Furthermore, we are optimistic about the prospects of our Supply Chain Solutions, IDM and Smart PoS businesses for the rest of the year given the strong momentum built up in the first half year and with orders already secured and solid sales pipelines on hand. The years of effort we have put into diversifying our business to mitigate the risk from reliance on the GETS business is paying off as reflected in our results for the period.”

Appendix: Consolidated Statement of Profit or Loss for the six months ended 30 June 2019 (unaudited)

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About Tradelink Electronic Commerce Limited

Established in 1988, Tradelink Electronic Commerce Limited is a leading provider of e-commerce services for Hong Kong business community. Since 1997, Tradelink has been providing Government Electronic Trading Services (GETS) for the trading community, initially under a 7-year exclusive franchise (1997-2003) and thereafter under licences with the current one expiring by end of 2024, extendable up to three years at the Government's discretion. Over the years, Tradelink has earned the trust and support of the trading community; enabling it to stand firmly as the dominant player in the e-commerce market. With the mission to empower its clients with business enabled e-solutions for their commercial and financial activities, Tradelink has diversified its business beyond GETS into other business areas. In addition to GETS, Tradelink also offers a wide range of solutions, including supply chain solutions, digital certification services/identity management solutions, payment technology solutions and a Community Logistics Platform through its subsidiaries Digital Trade and Transportation Network Limited, Digi-Sign Certification Services Limited, Tradelink PayTech Solutions Limited and VSHIP Limited.

Tradelink was listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock Code: 0536) on 28 October 2005. For more information about Tradelink, please visit www.tradelink.com.hk.

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Appendix:

Consolidated Statement of Profit or Loss for the six months ended 30 June 2019 (unaudited)

	Six months ended 30 June	
	2019 <i>(HK\$'000)</i>	2018 <i>(HK\$'000)</i>
Revenue	124,688	125,073
Interest income	7,620	7,463
Other net income	92	-
Cost of purchases	(12,074)	(11,706)
Staff costs	(59,312)	(56,717)
Depreciation	(3,955)	(3,401)
Other operating expenses	(18,245)	(15,853)
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Profit from operations	38,814	44,859
Reversal of impairment loss on other financial assets	38	209
Share of results of associates	1,429	398
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Profit before taxation	40,281	45,466
Taxation	(6,067)	(7,145)
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Profit for the period	34,214	38,321
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Earnings per share (HK cents)		
Basic	4.31	4.82
Diluted	4.31	4.82
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