





# FINANCIAL HIGHLIGHTS

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# Overview of 2019 Annual Results

Revenue

HK\$ 337.2M

↑ 24% YoY

Profit from operations

HK\$ 101.2M

↓ 3.4% YoY

Profit before tax

HK\$ 96.2M

↓ 9.4% YoY

Profit for the year

HK\$ 82.2M

↓ 8.4% YoY

Net cash flow from operating activities

HK\$ 81.5M

Cash & bank deposits

HK\$ 143.4M

Other financial assets

HK\$ 317.6M

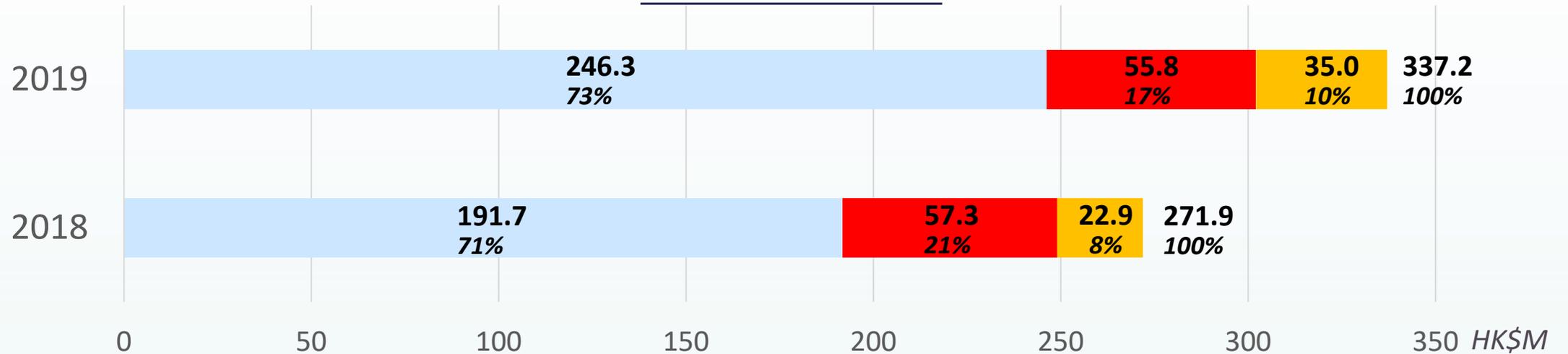
- Maintain strong and healthy financials

# Financial Highlight

(HK\$M)	For the year ended 31 Dec 2019	For the year ended 31 Dec 2018	Change
<b>Revenue</b>	<b>337.2</b>	271.9	24.0%
<b>Profit from operations</b>	<b>101.2</b>	104.8	(3.4%)
<b>Profit before taxation</b>	<b>96.2</b>	106.2	(9.4%)
Taxation	<b>(14.0)</b>	(16.4)	(14.5%)
<b>Profit for the year</b>	<b>82.2</b>	89.8	(8.4%)
<b>Earnings per share (HK cents)</b>			
Basic	<b>10.3</b>	11.3	(8.8%)
Diluted	<b>10.3</b>	11.3	(8.8%)
<b>(HK cents)</b>	<b>2019</b>	2018	<b>Change</b>
<b>Total dividend for the year per share</b>	<b>9.8</b>	9.5	3.2%
Interim dividend per share	<b>3.3</b>	3.5	(5.7%)
Final dividend per share	<b>6.5</b>	6.0	8.3%

# Segment Revenue

**Segment Revenue (HK\$M) &  
% of Total Revenue**



**E-Commerce\*** generates income from processing government trade-related documents and supply chain solutions.

**Identity Management** generates income from the provision of security products, digital certificates, security solutions and biometric-based authentication solutions for identity management.

**Other Services** comprises handling fees for the conversion of paper form to electronic messages, income from the provision of technical support and other project services.

*\*Starting from 1H2018, the two sub-segments (GETS and Supply Chain Solutions) were presented as E-Commerce segment in the view of the strategic development of our overall E-Commerce business for the trade and logistics industry in the light of the changing operating environment.*

# Key Financial Ratios

For the year ended 31 December	2019	2018
Operating profit margin	30.0%	38.5%
Net profit margin	24.4%	33.0%
Effective tax rate	14.6%	15.4%
Current ratio	1.22	0.96
Debtors' turnover days	32	18
Dividend payout ratio	91.6% <sup>2</sup>	84.1% <sup>1</sup>

<sup>1</sup>This represents about 84.1% of the Group's profit for the 2018.

<sup>2</sup>This represents about 91.6% payout of our distributable profit after excluding the deferred tax charge relating to tax loss.

# Key Balance Sheet Items

<b>(HK\$M)</b>	<b>As at 31 Dec 2019</b>	<b>As at 31 Dec 2018</b>
<b>Property, plant and equipment</b>	<b>23.7</b>	<b>26.6</b>
<b>Trade receivables and contract assets</b>	<b>63.6</b>	<b>44.1</b>
<b>Other financial assets</b>	<b>317.6</b>	<b>347.7</b>
<b>Cash and bank deposits</b>	<b>143.4</b>	<b>86.5</b>
<b>Net assets</b>	<b>370.9</b>	<b>350.8</b>



# **BUSINESS REVIEW**

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# E-Commerce Business Review – GETS & Supply Chain Solutions

- Our total E-Commerce revenue from GETS and Supply Chain Solutions grew by 28.5% to HK\$246.3 million, but segment profit at HK\$69.2 million was 4.8% lower than the profit last year
  - Exceptional income from the supplies of goods for fulfillment of the mega warehouse automation project
  - Including the additional cost of purchase of goods for that mega project, total costs of the E-Commerce segment surged to HK\$177.1 million in 2019, up 48.8% from HK\$119.0 million in 2018
- Overall GETS market slumped 4.8% year-on-year
  - Affected by the slowdown of Hong Kong external trade
  - A slight improvement in the second half of the year resulting in a marginally narrowing decline in revenue for the full year. Our ability to achieve an overall price increase of our services, we managed to contain our GETS revenue loss to a level less than market shrinkage

# E-Commerce Business Review – GETS & Supply Chain Solutions (Cont.)

- More confirmed projects in 2019, a demonstration of the versatility and adaptability of our WMS
  - A WMS project supporting the operation of physical stores and eShop of a leading retail chain selling consumer electronic products and home appliances
  - A WMS and Transportation Management System for use by a major service provider offering storage, reprocessing and recycling services for abandoned regulated electrical equipment
  - A group of enterprises involved in music internationally to use our WMS for managing their warehouse inventory of musical instruments and publications
- Automated Guided Vehicles (“AGVs”) integrated with our WMS/Warehouse Execution System (“WES”)
  - Subject to further performance tuning and delivery of the remaining batches of the 4-way shuttles by our partners, we expect the project to be completed and delivered to our major retail chain store customer in early 2020
  - Successful delivery of project is of paramount importance and key strategic value to us as it is the biggest and most sophisticated automated warehouse project of this kind in Asia (ex-China).
  - It would become our key reference site for those who are looking for similar solutions to address their warehouse operation issues, not only in Hong Kong but also in the region

# Identity Management Business Review

- IDM business caught up significantly in 2H2019, turning profit drop of almost 60% in 1H2019 to profit growth of 40% year-on-year
  - Revenue from our IDM projects in 2019 recorded an increase of 9% compared with 2018
- Our most sought-after eKYC solutions grew more than 1.5 times compared to 2018
  - A number of completed projects carried forward from last year and new projects signed up during the year with work-in-progress
  - Secured several major eKYC projects including one for our second virtual bank customer, one for our first Stored Value Facilities (“SVF”) licensee and a local Chinese bank in Hong Kong
  - Enhanced our eKYC solution to support the New Smart Hong Kong Identity (“HKID”) Card

# Others Services Business Review

- Other Services business recorded a strong growth in revenue from HK\$22.9 million in 2018 to HK\$35.0 million in 2019, up 53.1%
  - Smart PoS business surged more than four times from HK\$3.5 million in 2018 to HK\$14.8 million in 2019
- Growth momentum of our Smart PoS business gathered continued
  - Two bank customers, a major local bank and a bank whose parent is a large commercial bank in China, continued to place orders with us
  - The number of Smart PoS we installed in the market in 2019 was more than three times than the total deployed in 2018
  - Confirmed a multi-year contract with our major local bank customer
- GETS-related services business achieved a satisfactory result
  - Gratified with our paper-to-electronic conversion services business for which we had concern due to the loss of one of our partners providing the paper collection service to our competitor since early 2019
  - With the new outlets set up through one of our other partners and the new service delivery mode we introduced, we successfully salvaged a handsome portion of business volume



# PROSPECTS

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# Prospects – E-Commerce Business GETS

## Outlook of GETS Business

- Hit hard by the already dismal economy as further aggravated by the novel coronavirus epidemic, the operating environment for our E-Commerce business is expected to be seriously grim
- Further shrinkage of the GETS market is clearly inevitable and what is uncertain is the extent of the fall
- Our GETS business would otherwise remain steadfast given a stable competitive environment and the devoted support of our massive customer base

## Government Single Window Implementation

- Stay vigilant and continue to monitor closely its progress particularly with regard to its implementation schedule for phase 2 and phase 3
- Conduct research and explore potential related business opportunities which we could offer to our customers, enhancing their stickiness with us before full implementation of the SW

# Prospects – E-Commerce Business Supply Chain Solutions

## Outlook of Supply Chain Solutions Business

- Could not be immune to the tough operating environment expected in 2020, but not that pessimistic as that of GETS's
- Have on hand several potential customers interested in implementing our supply chain solutions to support their business operations

## Automated Warehouse Projects

- Deploy similar automated solutions for their warehouse for wet goods and cold storage for our major retail chain customer in Hong Kong in 2020 and beyond
- A couple of target customers who are interested in implementing warehouse automation solutions similar to the mega-warehouse project we deployed for the major retail chain store, albeit likely on a smaller scale.

# Prospects – Identity Management Business

## Outlook of Identity Management Business

- Focus on promoting and selling our eKYC solutions to potential customers for digital onboarding of their clients
- Continue to pursue opportunities in the banking and financial industries including banks, in particular virtual banks, insurance companies, stockbrokers and SVF licensees

## Seizing opportunities beyond the banking and financial industries

- Enable our eKYC solutions to further stand out from others in the market
- Keep pace with the evolving technology changes and to cope with the potential security risks
- Constantly appraising our products and exploring opportunities for enhancement or new products

# Prospects – Others Services Business

## Smart PoS

- Expected a tough operating environment severely hit by the coronavirus outbreak as well as the unresolved local social issues causing the consumer market to plummet
- Expect fewer Smart PoS would be ordered by our bank customers and deployed for their retail clients
- Work on a new partnership arrangement with a payment gateway to target SME retailers for deployment of our Smart PoS

## GETS-related Services

- Captured back a paper collection service partner who we lost to our competitor in 2019
- Follow the early termination of the contract between our partner and our competitor, this partner issued an open tender which we successfully won and a new two-year contract commencing February 2020 was awarded to us
- Expect a rather dismal year in 2020 similar to our GETS business

The background features a complex, abstract design. On the left, there are several concentric, semi-transparent circular patterns with varying shades of blue and white, resembling a stylized globe or a technical interface. On the right, a large, low-poly green shape, similar to a crystal or a modern architectural form, is set against a light green gradient. The overall aesthetic is clean, modern, and technological.

# CORPORATE PROFILE

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# Corporate Profile

## Share Information

### Listing Date

28/10/2005

### Share Price (@24/3/2019)

HK\$0.97

### Issued Shares (@24/3/2019)

794,633,719 Shares

### Market Cap

HK\$771 Million

## Key Business Segment

### E-Commerce

#### GETS

Government Electronic Trading services (Import & Export Declaration, Dutiable Commodities Permit, Electronic Cargo Manifest and Certificate of Origin)

#### Supply Chain Solutions

Provide electronic supply-chain solutions for the trade, logistics, warehousing and retail industries (Digital Warehousing Solutions, Distributed Order Management System, Transport and Distribution Solutions, Internet-of-Things and Supplier/ Vendor Management Solutions etc.)

### Identity Management

Provides online/mobile security services and solutions for identity management (IDM). Our portfolio of IDM solutions includes digital certificates, security tokens and biometric-based authentication solutions

### Other Services

GETS-related services including paper-to-electronic conversion services for paper users of GETS services, Road Cargo System (ROCARS) and ROCARS call center service on behalf of Customs & Excise Department

New incubating businesses including Smart PoS and VSHIP, a community logistics platform

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