



**貿易通**  
**TRADELINK**

貿易通電子貿易有限公司  
Tradelink Electronic Commerce Limited

People Building Successful e-Commerce

電子商貿 以人成就



# 2020 Interim Results Presentation

# FINANCIAL HIGHLIGHTS

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# Overview of 2020 Interim Results

Revenue

HK\$ 119.7M

↓ 4.0% YoY

Profit from operations

HK\$ 31.6M

↓ 18.5% YoY

Profit before tax

HK\$ 24.5M

↓ 39.3% YoY

Profit for the period

HK\$ 20.2M

↓ 41.0% YoY

Net cash flow from operating activities

HK\$ 39.4M

Cash & bank deposits

HK\$ 260.2M

Other financial assets

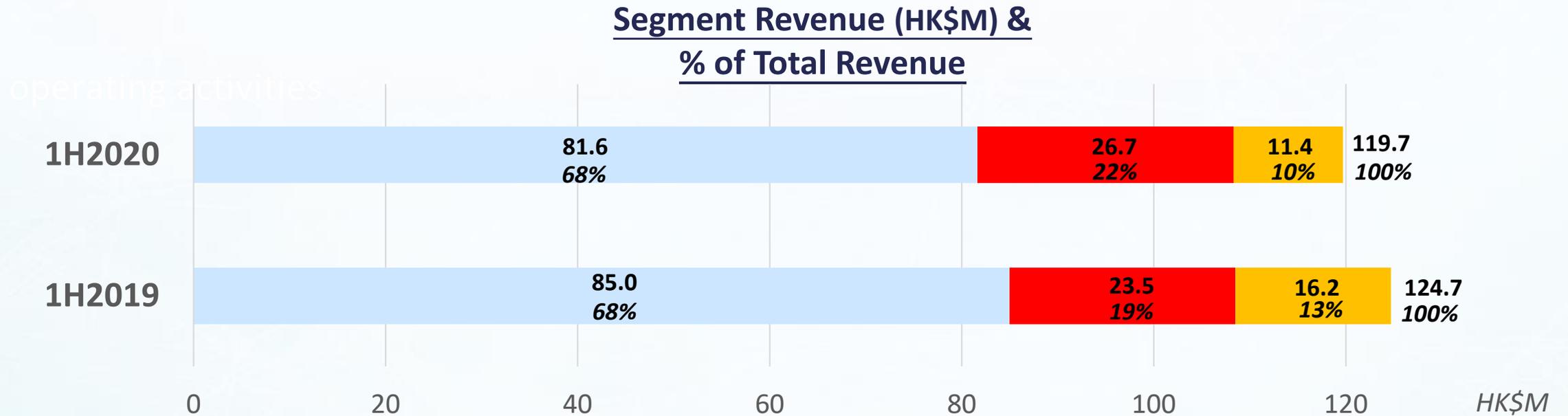
HK\$ 183.8M

- Maintain strong and healthy financials

# Financial Highlights

Six months ended 30 June (HK\$M)	1H 2020 (unaudited)	1H 2019 (unaudited)	Change
<b>Revenue</b>	<b>119.7</b>	124.7	(4.0)%
<b>Profit from operations</b>	<b>31.6</b>	38.8	(18.5)%
<b>Profit before taxation</b>	<b>24.5</b>	40.3	(39.3)%
Taxation	<b>(4.3)</b>	(6.1)	(29.5)%
<b>Profit for the period</b>	<b>20.2</b>	34.2	(41.0)%
<b>Earnings per share (HK cents)</b>			
Basic	<b>2.54</b>	4.31	(41.1)%
Diluted	<b>2.54</b>	4.31	(41.1)%
<b>Interim dividend per share (HK cents)</b>	<b>1.95</b>	3.3	(40.9)%

# Segment 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

Six months ended 30 June	1H 2020 (Unaudited)	1H 2019 (Unaudited)
Operating profit margin	26.4%	31.1%
Net profit margin	16.9%	27.4%
Effective tax rate	17.5%	15.1%
Current ratio	1.9	1.0
Debtors' turnover days	30	22
Dividend payout ratio	~75.3% <sup>2</sup>	~74.4% <sup>1</sup>

<sup>1</sup>This represents about 74.4% payout of our distributable profit after excluding the deferred tax charge of DTTNCo at HK\$ 1.1 million.

<sup>2</sup>This represents about 75.3% payout of our distributable profit after excluding the deferred tax charge of DTTNCo at HK\$0.4 million.

# Key Balance Sheet Items

<b>(HK\$M)</b>	<b>As at 30 Jun 2020 (Unaudited)</b>	<b>As at 31 Dec 2019 (Audited)</b>
<b>Property, plant and equipment</b>	<b>27.7</b>	<b>23.7</b>
<b>Trade receivables and contract assets</b>	<b>45.5</b>	<b>63.6</b>
<b>Other financial assets</b>	<b>183.8</b>	<b>317.6</b>
<b>Cash and bank deposits</b>	<b>260.2</b>	<b>143.4</b>
<b>Net assets</b>	<b>339.6</b>	<b>370.9</b>

# BUSINESS REVIEW

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

- Our total E-Commerce business revenue from GETS and Supply Chain Solutions dropped by 4.0% to HK\$81.6 million; segment profit at HK\$25.8 million was 3.7% lower than the profit last year
- Revenue of GETS business was down 9.3% to HK\$72.4 million
  - Sharp global economic contraction and serious disruptions caused by the continued spread of COVID-19 pandemic
  - Unprecedented plummet of the overall GETS market as it dropped 9.2% year-on-year
- Supply Chain Solutions revenue surged by 77.1% to HK\$9.2 million
  - Included Transportation Management System (TMS)/Warehouse Management System (WMS) to a new customer in the recycling/environmental protection industry to facilitate their pick-up order processing, fleet scheduling, route planning as well as inventory management and reporting of waste items to meet the regulatory requirements. This is a work-in progress project
  - Included the revenue of the remaining hardware (which was the 4-way shuttles) ordered for the automated warehouse solution for our major retail chain client

# Identity Management Business Review

- IDM business recorded satisfactory results for the first half of 2020
  - Revenue grew significantly by 13.7% to HK\$26.7 million
  - Profit grew significantly by 7.6% to HK\$2.2 million
  - 30% surge of revenue from recurring, maintenance and support services from previously delivered projects
- Project revenue from eKYC projects carried forward and two new projects signed
  - New order from a leading global bank who has been using our eKYC solutions to support the 2003 Smart Hong Kong Identity (HKID) Card and the new order was for an extension of our eKYC solutions to support the new 2018 Smart HKID Card
  - New project from insurance industry to extend the current eKYC solutions for supporting HKID Card. The project included Exit-Entry Permit (EEP) for Travelling to and from Hong Kong and Macao and China Identity Cards (CNID)/Passports

# Others Services Business Review

- Other Services business revenue and profit dropped 29.4% and 32.0% to HK\$11.4 million and HK\$4.9 million respectively
- Revenue of Smart PoS business dipped significantly by 66.1% to HK\$2.1 million
  - Smart PoS business users are mainly from the retail industry, one of the sectors (with the exception of grocery) that have been hardest hit by the COVID-19 pandemic
  - No new Smart PoS order from our bank customers for deployment for their retail clients in the first half of the year
  - Revenue recorded for our Smart PoS business was all from the maintenance and support services provided for existing PoS deployment
- Other GETS-related services business declined a bit less severe than that of our GETS business
  - Our other GETS-related services business also contracted due to the shrinkage of GETS market
  - Won back a partner from competitor. The partner provides paper collection service for trade declaration and this helped slightly narrow the revenue shortfall of our other GETS-related services

# PROSPECTS

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# Prospects – E-Commerce Business GETS

## Outlook of GETS Business

- Remained bleak as economic conditions remain dire with the COVID-19 pandemic continues to unfold in some places of the world while other places are witnessing fresh waves of infections
- Based on the poor trade and related figures released so far this year, Hong Kong's trade performance will remain under acute pressure in the near term
- Strive to implement more stringent cost control measures as far as possible while maintaining the ability to deliver quality services valued by our customers

## Government's Trade Single Window (SW) Implementation

- Phase 2 documents will be commenced in March 2023, but no development schedule for Phase 3 documents which essentially include the current GETS documents
- Closely monitor any progress made by the Government in relation to the development of the future Value Added Service Providers (VASP) market under SW and formulate our VASP strategy accordingly

# Prospects – E-Commerce Business Supply Chain Solutions

## Outlook of Supply Chain Solutions Business

- Affected by the COVID-19 pandemic to some extent
- Have a couple of hot cases on hand, among which we hope some could be closed as soon as the COVID-19 pandemic is under control
- Won an open tender issued by the Environmental Protection Department for the provision of service for an enhanced tracking of chemical waste and clinical waste consignment
- Amongst our hot leads, there are two major projects which we are bidding, and at least for one of them we have a reasonable chance of winning

# Prospects – Identity Management Business

## Outlook of Identity Management Business

- Continue to pursue hot cases we have been working on
- Our comprehensive eKYC solutions supporting not only HKID Card (2003 and new 2018) but also identity documents beyond HKID Card (such as EEP and CNID / Passports), providing us a key competitive edge to differentiate our solution from other similar solutions in the market
- Ride on our strong customer networks to cultivate more opportunities in the banking and insurance industry

# Prospects – Others Services Business

## Smart PoS

- Remains weak given the high uncertainties surrounding the COVID-19 pandemic
- Gearing up our resources to look into opportunities to extend our Smart PoS service offerings for online payments amid the COVID-19 pandemic
- Pursuing a couple of prospective bank customers, hoping to expand our bank customer base to deploy our Smart PoS for their retail clients

## Other GETS-related Services

- Our other GETS-related services business is expected to remain weak given the gloomy outlook of GETS business

# CORPORATE PROFILE

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# Corporate Profile

## Share Information

### Listing Date

28/10/2005

### Share Price (@25/8/2020)

HK\$0.83

### Issued Shares (@25/8/2020)

794,633,719 Shares

### Market Cap

HK\$660 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