



Tradelink

貿易通電子貿易有限公司

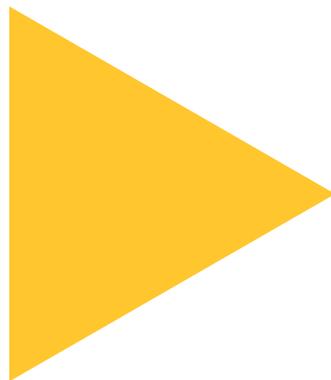
Tradelink Electronic Commerce Limited

Stock Code 股份代號：536

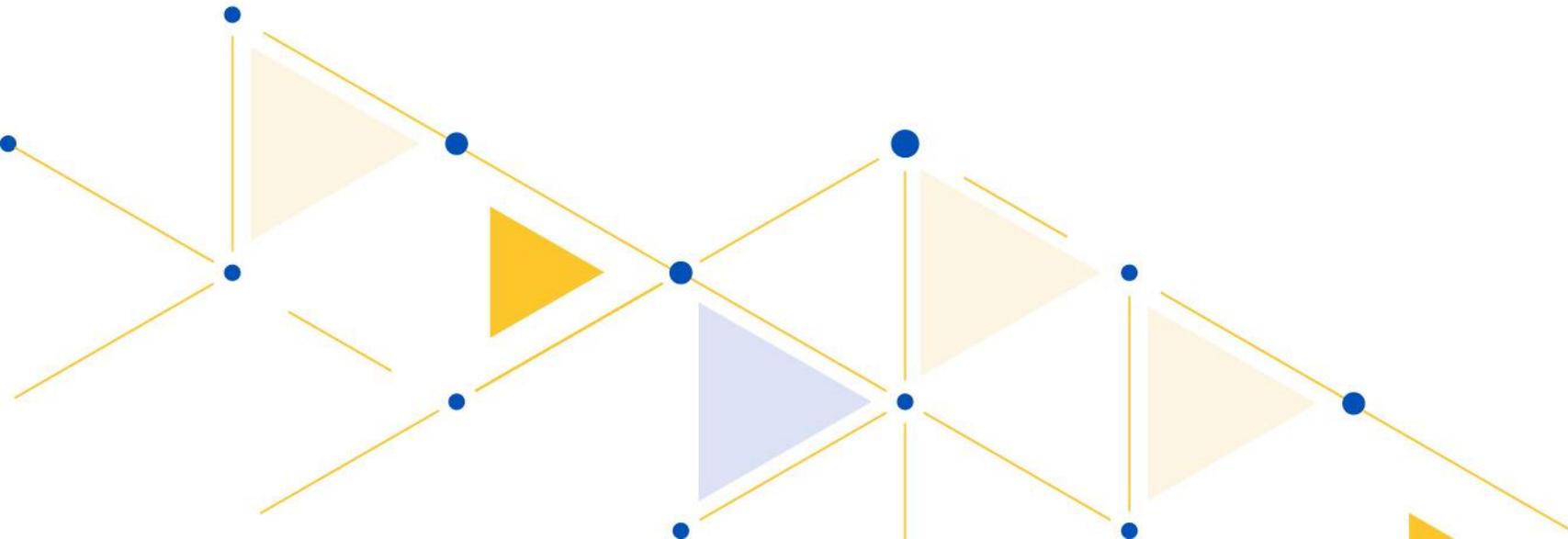
**Maximising
digital efficiency**

引領數碼 成就非凡

2023 Annual Results Presentation



FINANCIAL HIGHLIGHTS



Overview of 2023 Annual Results

Revenue

HK\$266.6 M

↑ 3.0% YoY

Profit from operations

HK\$78.2 M

↓ 2.4% YoY

Profit before tax

HK\$111.1M

↑ 88.0% YoY

Profit for the year

HK\$100.6 M

↑ 92.3% YoY

Net cash flow from operating activities

HK\$85.7 M

Cash & bank deposits

HK\$444.7 M

- Maintain strong and healthy financials

Overview of 2023 Annual Results

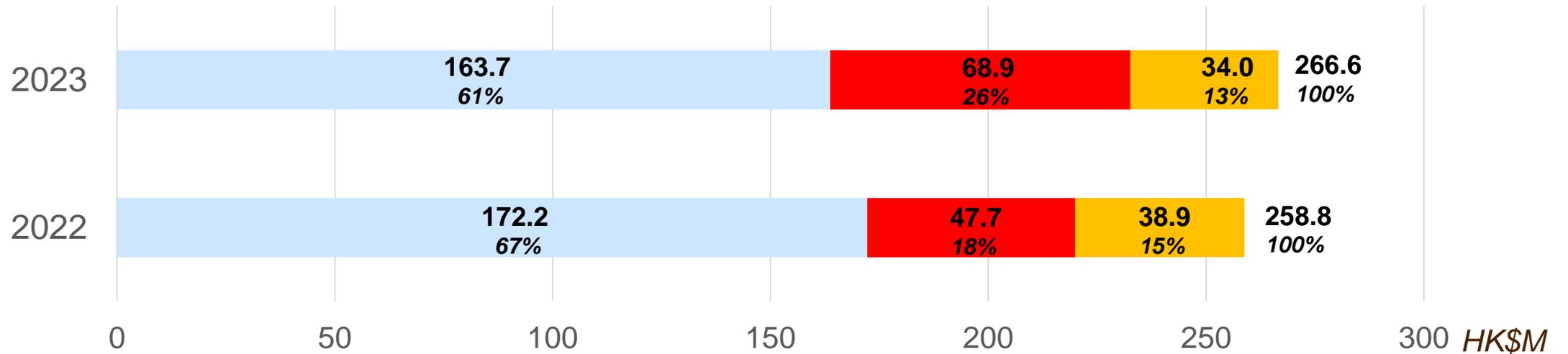
- ▶ Operating results comparable to 2022 results
- ▶ Net profit significantly increased by 92.3%
 - Interest income from bank deposits in which sales of proceeds of financial instruments were invested
 - Gain from the disposal of shareholding of Guangdong Nanfang Hai'an Science & Technology Service Company Limited ("Nanfang")
 - Recognised a reversal of impairment loss and share of results of its associate, OnePort Holdings (BVI) Limited
- ▶ Assurance provided to focus on controllable areas after disposing of financial instruments and Nanfang

Financial Highlights

(HK\$M)	For the year ended 31 Dec 2023	For the year ended 31 Dec 2022	Change
Revenue	266.6	258.8	3.0%
Profit from operations	78.2	80.1	(2.4%)
Profit before taxation	111.1	59.1	88.0%
Taxation	(10.4)	(6.7)	55.2%
Profit for the year	100.6	52.3	92.3%
Earnings per share (HK cents)			
Basic	12.7	6.6	92.4%
Diluted	12.7	6.6	92.4%
(HK cents)	2023	2022	Change
Total dividend for the year per share	10.0	9.25	8.1%
Interim dividend per share	3.7	1.83	102.2%
Final dividend per share	6.3	4.67	34.9%
Special dividend per share	N/A	2.75	N/A

Segment Revenue

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



E-Commerce generates income from the Group's Government Electronic Trading Services ("GETS") and Supply Chain Solutions ("SCS")

Identity Management ("IDM") generates income from the provision of digital certificate services, security products and biometric-based authentication solutions for identity management

Other Services comprises handling fees for paper-to-electronic conversion services, income from payment technology solutions and other projects

Key Financial Ratios

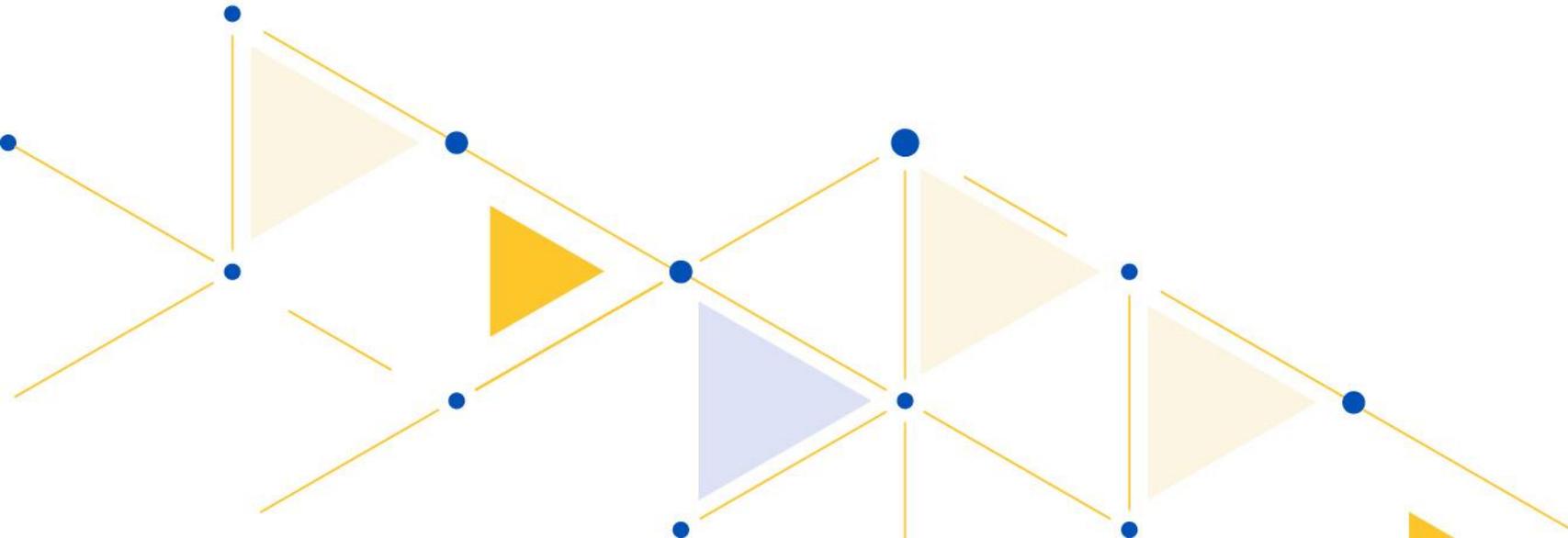
For the year ended 31 December	2023	2022
Operating profit margin	29.3%	30.9%
Net profit margin	37.7%	20.2%
Effective tax rate	9.4%	11.4%
Current ratio	3.07	3.06
Debtors' turnover days	28	26
Dividend payout ratio	79.0%	98.7%*

**The total amount of interim dividend and final dividend for 2022 represents a payment of 98.7% of the Group's profit attributable to shareholders. To celebrate the Group's 35th anniversary, the Group paid a special dividend of HK 2.75 cents per share. As a result, the total dividends was HK 9.25 cents per share, the same as the 2021 total dividends.*

Key Balance Sheet Items

(HK\$M)	As at 31 Dec 2023	As at 31 Dec 2022
Property, plant and equipment	25.5	20.8
Trade receivables and contract assets	42.6	42.1
Cash and bank deposits	444.7	436.5
Net assets	376.2	364.4

BUSINESS REVIEW



E-Commerce Business Review

GETS & SCS

- ▶ E-Commerce's revenue down by 4.9% to HK\$163.7 million; segment profit dropped by 17.5% to HK\$50.2 million

GETS

- ▶ Revenue declined by 1.9% to HK\$141.8 million
 - Outperformed the market with a smaller decline compared to 9.8% shrinkage of the overall GETS market
 - Increase in average service price

SCS

- ▶ Revenue down 20.6% to HK\$21.9 million
 - Conduct strategic review of the business direction and strategy
 - Several expected new projects fell through due to the client's internal issues and lapse of their government funding applications or approvals
 - In 2H, only one new order from a repeat customer for another Warehouse Management System ("WMS")

IDM Business Review

- ▶ IDM business revenue surge of 44.4% to HK\$68.9 million; segment profit of HK\$16.2 million, surging by more than 3 times
 - IDM-related projects and solutions revenue: impressive growth of 61%
 - Digital signing solution revenue: remarkable growth, exceeding 7 times that of 2022
 - Electronic Know-Your-Customers ("eKYC") solutions revenue: considerable growth of 39%
 - Public Key Infrastructure ("PKI")-related project revenue: moderate growth of 5%

- ▶ The IDM business's research and development ("R&D") efforts enhanced its cost-efficiency and boosted both profit margin and amount

- ▶ Secured new orders for digital signing solution and eKYC solution
 - Major private hospital placed a substantial order for digital signing solution
 - Two financial institutions based outside Hong Kong ordered digital signing solution
 - A major international bank placed two significant orders for eKYC solution

Others Services Business Review

- ▶ Other Services business, comprising Smart Point-of-Sales (“PoS”) and related business, and GETS-related services business, revenue fell 12.6% to HK\$34.0 million while segment profit down 7.9% to HK\$20.7 million

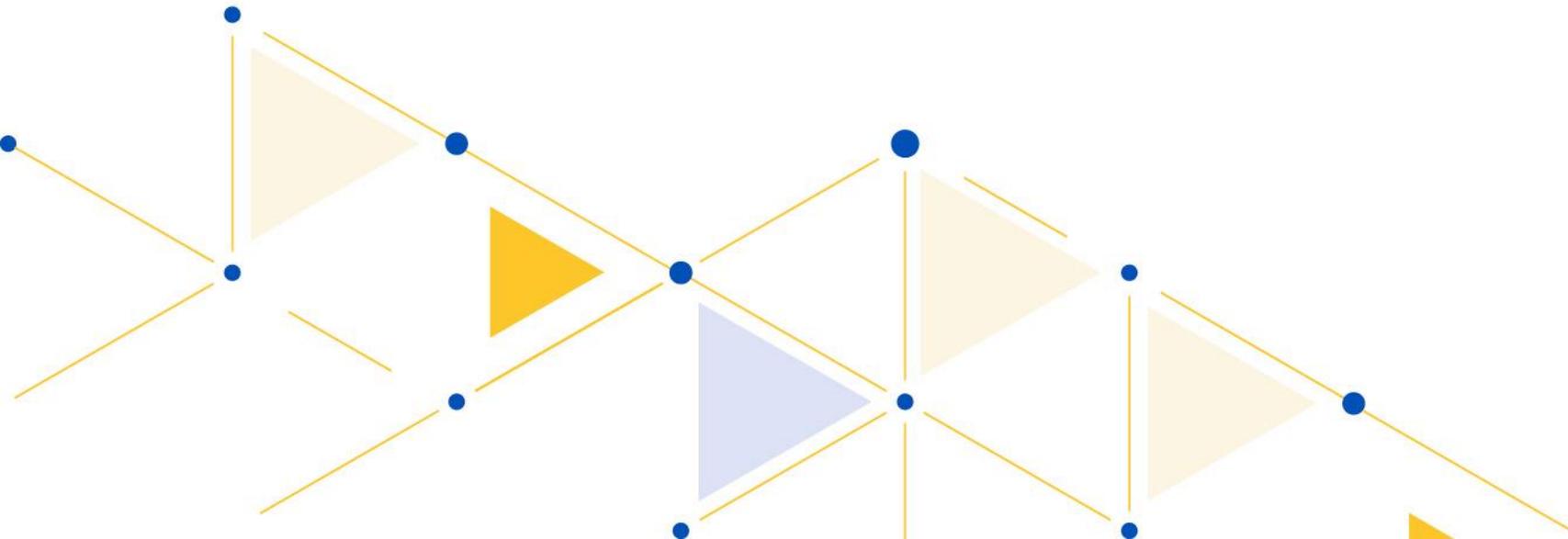
Smart PoS Business and Related Business

- ▶ Revenue from Smart PoS business was down 28.7% to HK\$12.7 million
 - Absence of development revenue due to the completion of a major project in 2022
 - Secured new orders for Smart PoS devices placed by two bank customers

GETS-related Services Business

- ▶ Revenue of GETS-related services business up 1.0% to HK\$21.3 million
 - Revenue increased from own Road Cargo System (“ROCARS”) and call centre services offered to the Customs and Excise Department’s ROCARS due to strong rebound in cross-border cargo trucking in 2H
 - Paper-to-electronic conversion service for GETS performed well with marginal revenue increase
 - Performance of partnership with PingAn OneConnect Bank (Hong Kong) Limited (“PAOB”) showed slight improvement in 2H

PROSPECTS



Prospects – E-Commerce Business GETS

Outlook for GETS Business

- Cautiously optimistic about the performance, barring any significant unforeseen events affecting the global economy and Hong Kong's external trade
- After an exceptional difficult year in 2023, do not expect further major downturn of our GETS business
- Our ability to capture value from our offering led to an increase in the average price

Government's Trade Single Window ("TSW") Implementation

- Delay in the TSW-3 tendering exercise
- Closely monitor the development of TSW which poses uncertainty
- Take the earliest opportunity to engage in dialogue with the Government to address mutual concerns

Prospects – E-Commerce Business SCS

Outlook for SCS Business

- Upon completion of the current strategic review by mid-2024, a clear roadmap will be established to guide the future direction, execution, and sustainability of our business
- Revamp standard core products (WMS and Transportation Management System) to align with market demands
- Anticipate a more promising year ahead as we already received interests from several potential customers on our core products

Prospects – IDM Business

Outlook for IDM Business

- Reasonable degree of optimism due to growing demand driven by increasing security threats from technological advancements
- Significant interest from banks, legal firms, and audit firms for digital signing solution as the sole commercial recognized certificate authority
- Collaborate with partners to integrate the digital signing module into their applications
- Invest in R&D and explore new opportunities to advance IDM products and solutions

Prospects – Other Services Business

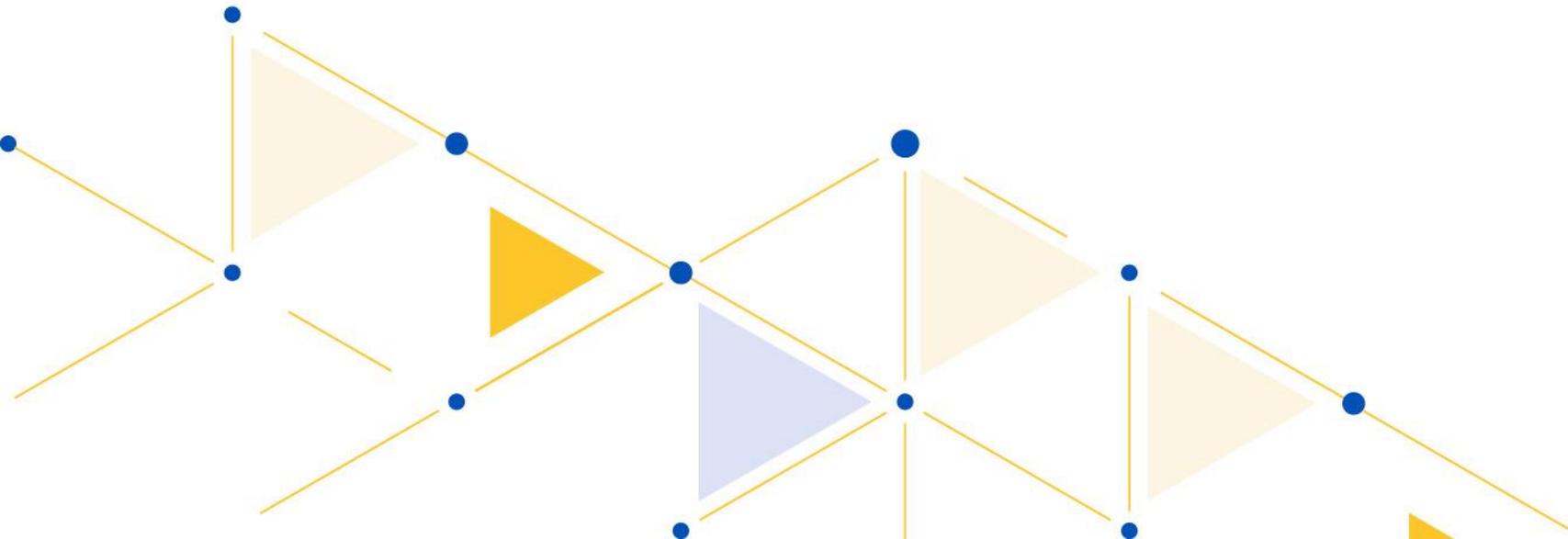
Outlook for Smart PoS and Related Business

- Sales to maintain a stable level
- Maintain a proactive approach and closely monitor market trends and adjust strategy
- Actively seeking breakthrough solutions

Outlook for GETS-related Services Business

- Reasonably confident about the outlook, following the trend of the GETS business
- Connection to Hong Kong Monetary Authority's Commercial Data Interchange enables us to work with more partners on initiatives, providing three-way benefits to us, our partners, and our customers
- In collaborating with partners enables us to unlock new avenues for service offerings and new revenues

CORPORATE PROFILE



Corporate Profile



Share Information

Listing Date

28/10/2005

Share Price (@22/3/2024)

HK\$0.87

Issued Shares (@22/3/2024)

794,633,719 Shares

Market Cap

HK\$675 Million

Key Business Segment

E-Commerce

GETS

Government Electronic Trading Services (Import & Export Trade Declarations, 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 digital certificate services, security products and biometric-based authentication solutions for identity management

Other Services

GETS-related services including paper-to-electronic conversion services, Road Cargo System (ROCARS), ROCARS and Trade Single Window documents (Phases 1 and 2) call center services on behalf of Customs & Excise Department, payment technology solutions and other projects.

THANK YOU