



Tradelink Announces 2021 Interim Results

Financial highlights for the six months ended 30 June 2021

- Revenue: HK\$128.5 million, up 7.4%
- Operating profit: HK\$35.8 million, up 13.1%
- Profit before tax: HK\$35.9 million, up 47.0%
- Profit for the year: HK\$30.0 million, up 48.6%
- Interim dividend: HK2.8 cents per share, about 74.2% payout; and a 43.6% increase of the interim dividend compared with last year.

(Hong Kong, 24 August 2021) **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 2021 (the “Period”).

As the Hong Kong’s external trade showed a sharp rebound alongside the strong global economic recovery, the Group’s operating environment had noticeably improved in the first half of 2021. During the Period, the turnover of the Group at HK\$128.5 million was 7.4% more than the turnover at HK\$119.7 million for the same period last year. The Group’s operating profit at HK\$35.8 million was 13.1% higher than the profit last year at HK\$31.6 million. After tax profit for the Group was HK\$30.0 million, 48.6% or HK\$9.8 million higher than the after-tax profit for the first half of 2020.

The Group is confident about its performance for the remainder of the year and would recommend payment of an interim dividend of HK2.8 cents per share for the first half of 2021. This would represent a payout of about 74.2% of the Group’s profit for the period of HK\$30.0 million; and a 43.6% increase of the interim dividend compared with last year.

The Group’s three business segments all recorded favourable results for the Period in terms of segment profits with growth ranging from 27.6% to 44.1%.

E-Commerce business comprising Government Electronic Trading Services (“GETS”) and Supply Chain Solutions recorded a total revenue of HK\$88.9 million, an increase of 9.0% compared with the same period last year. Thanks to the Group’s effective cost control measures, the reportable segmental profit for the combined E-Commerce business for the Period was HK\$32.9 million, significantly increased by 27.6%, compared with the HK\$25.8 million profit for the same period last year. With a much improved operating environment, the overall GETS market saw a sharp V-shape recovery in the first half of 2021, up 22% year-on-year. For the second half year, the Group is reasonably optimistic about the outlook of its GETS business given the positive market development so far in 2021. As for the Group’s Supply Chain Solutions, on top of recurrent revenue, the amount included revenue recognised for work-in-progress projects, one of which was a Warehouse Management System / Transportation Management System confirmed late last year by a renowned group.

Though revenue of the Group’s Identity Management business slightly dropped by 3.5% to HK\$25.7 million this year, due to the shift of business to more profitable products reducing the overall costs, segment profit for this business actually increased by 32.3% to HK\$2.9 million compared with the profit at HK\$2.2 million for the same period last year. The Group has a couple of new orders confirmed early in the second half of the year with development work to commence shortly. One of these was an electronic Know-Your-Customer (“eKYC”) solution ordered by a local bank with a Mainland Chinese background.

Other Services business segment comprising mainly Smart Point-of-Sales (“PoS”) and GETS-related services also recorded remarkable results. The total revenue recorded was HK\$13.8 million, representing an increase of 20.9% compared with the revenue at HK\$11.4 million for the same period last year. Segment profit during the Period surged 44.1% year-on-year from HK\$4.9 million last year to HK\$7.0 million this year. The Group received a new Smart PoS sales order from its major bank customer as well as a small development project from this customer. Besides, the GETS-related business also recorded a strong performance, which was mainly due to the increase in prices for its services and from its collaboration with Ping An OneConnect Bank (Hong Kong) Limited (“PAOB”). The Group received revenue from PAOB for assisting them to promote their SME loan services to the Group’s GETS customers.

Regarding the share of result of the PRC associate, Guangdong Nanfang Haian Science and Technology Service Company Limited has slightly improved its performance during the Period over last year as the Group’s share of their result was marginally reduced from a loss of HK\$2.2 million last year to HK\$1.5 million.

Mr. K.K. Tse, CEO of Tradelink said, “After a very difficult 2020 largely due to Coronavirus Disease 2019 pandemic, it is heart-warming to see the first half of 2021 back to pre-pandemic level as shown in this result announcement. However, the world is still full of uncertainty and so as our businesses with tail wind as well as head wind. For the second half of 2021, we reckon that our GETS business would continue to be favorable even though the strong growth in the first half is expected to slow down somewhat. It is because Governments worldwide appear to have become more experienced in responding to the pandemic and the people better adapted in their daily lives whilst the Delta variant is still rampant. On a similar note, we are cautiously optimistic about the prospects of our other businesses for the second half of the year given the momentum gathered in the first half of the year and orders we have already secured as well as the leads we presently got on hand. That said, there are a couple of caveats to our potential full year performance; primary one is the fact that this year we no longer would receive subsidy from the Employment Support Scheme from the Government which we did last year amounting to HK\$13.0 million. All in all, our fundamentals are still very solid and we have sufficient financial resources to face adverse situations in the foreseeable future.”

Appendix: Consolidated Statement of Profit or Loss for the six months ended 30 June 2021 (unaudited)

- End -

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 3 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 through its wholly-owned subsidiaries Digital Trade and Transportation Network Limited, Digi-Sign Certification Services Limited, and Tradelink PayTech Solutions 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 2021 (unaudited)

	Six months ended 30 June	
	2021	2020
	(HK\$'000)	(HK\$'000)
Revenue	128,502	119,703
Interest income	2,187	6,942
Other net loss	(5,540)	(1,590)
Cost of purchases	(11,306)	(13,447)
Staff costs	(59,206)	(58,037)
Depreciation	(4,134)	(4,514)
Other operating expenses	(14,705)	(17,410)
Profit from operations	35,798	31,647
Reversal/(recognition) of impairment loss on other financial assets	1,623	(630)
Impairment loss on interest in an associate	-	(4,400)
Share of results of associates	(1,475)	(2,156)
Profit before taxation	35,946	24,461
Taxation	(5,948)	(4,279)
Profit for the period	29,998	20,182
Earnings per share (HK cents)		
Basic	3.78	2.54
Diluted	3.77	2.54