

[For Immediate Release]



Tradelink Announces 2019 Annual Results

Financial highlights for the year ended 31 December 2019

- Revenue: HK\$337.2 million, up 24.0%
- Operating profit: HK\$101.2 million
- Profit for the year: HK\$82.2 million
- Board recommends final dividend of HK6.5 cents per share. Together with the interim dividend, total 2019 dividend will be HK 9.8 cents per share, up 3.2%

(Hong Kong, 24 March 2020) **Tradelink Electronic Commerce Limited** (“Tradelink” or “the Group”) (SEHK Stock Code: 0536) is pleased to announce its annual results for the year ended 31 December 2019.

Against an adverse operating environment for the trading and financial industry in 2019, the Group’s overall performance for 2019, though recording a drop on a year-on-year basis, has improved with the drop narrowing compared with the results in the first half of the year. The Group’s revenue in 2019 recorded an increase of 24.0% from HK\$271.9 million in 2018 to HK\$337.2 million, which was attributable to the revenue from the supplies of goods to the solutions contract entered into with customer. However, due to the significant increase in the cost of purchase of goods and coupled with an exchange loss of HK\$2.1 million in 2019, the operating profit of the Group was down from HK\$104.8 million in 2018 to HK\$101.2 million in 2019. The Group’s after tax profit for 2019 was HK\$82.2 million, drop by 8.4% year-on-year, compared to the after tax profit of HK\$89.8 million for 2018. As Tradelink remains debt-free, with a healthy cash reserve, the board has decided to recommend a final dividend of HK 6.5 cents per share. Together with the 2019 interim dividend of HK 3.3 cents per share already paid, the total dividend for 2019 would be HK 9.8 cents per share, which is higher than the total dividend for 2018 of HK 9.5 cents by 3.2%.

In 2019, the performances of the Group’s three business segments, except E-Commerce which was directly and badly hit by the weakened Hong Kong economy, the other two business segments, namely Identity Management (“IDM”) and Other Services, both recorded pleasing results. Affected by the Sino-US trade tension as well as the heightened political and economic uncertainty which undermined Hong Kong’s economy performance, the Group’s E-Commerce business recorded a slump in its segment performance. Even though the E-Commerce business’ turnover increased by 28.5% to HK\$246.3 million from HK\$191.7 million last year due to the exceptional income from the supplies of goods for fulfillment of the mega warehouse automation project, the segment profit still dropped from HK\$72.7 million last year to HK\$69.2 million this year due to the increase of total costs, down 4.8% on a year-on-year basis.

As for the Group’s IDM business, foreshadowed in the 2019 Interim Report, the Group’s IDM business caught up significantly in the second half of 2019 with the segment profit drop of almost 60.0% for the first half of 2019 turning into a growth of about 40.0% to HK\$10.6 million in 2019 from HK\$7.6 million in 2018, albeit segment revenue at HK\$55.8 million for 2019 was slightly down 2.6% compared with the revenue for 2018 at HK\$57.3 million. For project revenue in 2019, more than 60.0% came from the Group’s most sought-after eKYC solutions with that business growing more than 1.5 times compared to 2018.

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%, which mainly came from the Smart PoS business which surged more than 4 times from HK\$3.5 million in 2018 to HK\$14.8 million in 2019. With higher cost of purchase and staff to fulfill customer orders for the increased number of Smart PoS devices, reportable profit for Other Services was at par year-on-year at HK\$14.8 million.

Regarding the share of result of the PRC associate, Guangdong Nanfang Haian Science and Technology Service Company Limited received no revenue from users for their core river manifest declaration service in 2019 except the one-off compensation payment from the government which was only about 50% of what they normally would have recorded as the annual revenue from this service in the past. Thus, the share of gain from it of HK\$0.8 million was down 48.2% compared to the HK\$1.5 million share gain in 2018.

Mr. K.K. Tse, CEO of Tradelink said, “Going forward, it looks like 2020 will be an even more challenging year than last year for Hong Kong given all these uncertainties over the global economy along with our local social issues which have not really been settled. Besides, the outbreak of the novel coronavirus epidemic has provoked alarm that the world economy may be in another shock. We cannot be exempted from such a tough operating environment and are bracing ourselves for a pretty dismal 2020. We would stay vigilant and spare no effort in exercising tight cost controls and redoubling our efforts in exploring new revenue opportunities where possible for all of our business segments.”

Appendix: Consolidated Statement of Profit or Loss for the year ended 31 December 2019.

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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 wholly-owned 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.

For media enquiries, please contact: **Strategic Financial Relations Limited**

Mandy Go +852 2864 4812
Carven Tsui +852 2864 4859
Fax +852 2527 1196
Website www.sprg.com.hk

mandy.go@sprg.com.hk
carvensm.tsui@sprg.com.hk

Appendix:

Consolidated Statement of Profit or Loss for the year ended 31 December 2019

	Year ended 31 December 2019	
	2019 <i>(HK\$'000)</i>	2018 <i>(HK\$'000)</i>
Revenue	337,175	271,930
Interest income	14,985	15,152
Other net income	1,611	405
Cost of purchases	(87,916)	(29,283)
Staff costs	(119,143)	(114,142)
Depreciation	(8,022)	(6,893)
Other operating expenses	(37,471)	(32,403)
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Profit from operations	101,219	104,766
Impairment loss on other financial assets	(1,303)	(156)
Impairment loss on interest in an associate	(4,500)	-
Share of results of associates	798	1,540
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Profit before taxation	96,214	106,150
Taxation	(14,013)	(16,382)
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Profit for the year	82,201	89,768
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Earnings per share (HK cents)		
Basic	10.3	11.3
Diluted	10.3	11.3
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