



## Tradelink Announces 2022 Annual Results

(Hong Kong, 20 March 2023) **Tradelink Electronic Commerce Limited** (“Tradelink” or “the Group”) (SEHK Stock Code: 0536) today announced its annual results for the year ended 31 December 2022 (the “Year”).

Despite operating in a very difficult business environment, the Group’s core businesses were only trending down slightly as a whole. And it was indeed the volatile investment environment, which dragged down the investment performance, that resulted in a marked decline in the Group’s earnings. When compared to the prior year, the Group’s turnover fell 5.5% to HK\$258.8 million. Profit from operations was HK\$80.1 million while profit after tax was HK\$52.3 million, down 12.0% and 28.9% respectively.

With Tradelink’s solid financial position, debt-free position and healthy cash reserves, the Board has decided to recommend a final dividend of HK 4.67 cents per share. To celebrate the Group’s 35<sup>th</sup> anniversary, the Board proposes to return HK\$21.9 million from the reserve, that has been kept for investment valuation purposes, to shareholders in the form of a special dividend of HK 2.75 cents per share as a token of appreciation for their continued support. Together with the interim dividend payout of HK 1.83 cents per share, the total dividend for 2022 (including the special dividend) will be HK 9.25 cents per share, the same as the 2021 total dividends.

During the Year, both the E-Commerce and Identity Management (“IDM”) segments underperformed due to the unfavorable operating environment and macroeconomic uncertainty. However, the Other Services business segment delivered pleasing results, with an increase in revenue and segment profit, respectively.

In regards to the Group’s **E-Commerce business**, which comprises Government Electronic Trading Services (“GETS”) and Supply Chain Solutions, its revenue at HK\$172.2 million and profit at HK\$60.9 million dropped 8.6% and 18.2% YoY respectively. Affected by Hong Kong’s poor trade performance in the Year, revenue recorded for the Group’s GETS business fell 13.7% YoY to HK\$144.6 million. In contrast, Supply Chain Solutions revenue increased 32.0% YoY to HK\$27.6 million, driven by ongoing projects and several newly signed projects in 2022. The Group signed up two new customers whose business is in dutiable commodity trading to use its Warehouse Management System (“WMS”) in combination with its Dutiable Commodity Permit service under GETS to manage their dutiable commodity warehouse inventory and operations. Another new major project was the deployment of its WMS, which integrates with Automated Guided Vehicles supplied by a renowned automated equipment vendor to manage the warehouse operations of a wet market operator.

**IDM business** was also severely impacted amid the ongoing pandemic, as bank clients cut back on project investments. In addition, new fintech start-ups have further intensified the fierce price war. Revenue recorded for this business segment for the Year dropped 11.3% YoY to HK\$47.7 million and profit dropped 45.7% to HK\$5.2 million. During the Year, the Group shifted some of its focus to the Research and Development (“R&D”) of existing and new products to address the evolving security risks and technology trends. Anyhow against such unfavorable operating environment, a couple of new initiatives were confirmed in the second half of the Year, one of which was a proof-of-concept project on corporate identity management for a regulator.

The **Other Services business** segment, which comprises Smart PoS, GETS-related services and partnerships, continued its strong growth momentum in the first half of 2022, recording outstanding results for the Year. Its revenue surged by 23.2% YoY to HK\$38.9 million, while segment profit increased significantly by 45.8% YoY to HK\$22.4 million. The growth was mainly driven by the Smart PoS business, which reported revenue of HK\$17.8 million, nearly 2.4 times that of 2021, due to the revision of fees charged under the new maintenance and support services contract with its major bank customer, as well as the development and integration of a payment system to support the deployment of around 400 Smart PoS in more than 40 outlets in Hong Kong and Macau for a renowned service company.

Regarding our PRC associate, Guangdong Nanfang Haiian Science & Technology Service Company Limited (“Nanfang”), its majority shareholder expressed interest in acquiring the Group’s 20% shareholdings in Nanfang. Given Nanfang’s poor performance and very uncertain business outlook, we considered this offer a timely exit opportunity for us to dispose of its shares. The Sale and Purchase agreement was signed before the end of 2022. Though the actual completion and payment of the transaction is expected to take place sometime in 2023, the Group will no longer be required to share any of its results after 2022.

**Mr. K.K Tse, Executive Director and CEO of Tradelink said**, “2023 is expected to be a challenging year for the global economy. Despite external factors, we are confident in our competitive position in the current GETS market environment, both in terms of market share and our ability to charge premium prices to our customers. For our Supply Chain Solutions business, we will focus on developing IT solutions/applications and leverage government funding to promote our solutions to serve our SME customers, especially in the logistics industry. We believe that more business opportunities in the SME market could open up for Supply Chain Solutions. Regarding our IDM business, we have successfully developed a major upgrade to our digital onboarding solution, as well as a new anti-location spoofing solution which we will vigorously promote to the market in 2023. For our Other Services business, we believe it will remain stable. Before the end of 2022, with the recovery of the retail market, our major bank customer has already started discussions with us to resume ordering new Smart PoS devices from us in 2023. 2023 marks the 35<sup>th</sup> anniversary of Tradelink with a revitalized image and new brand logo. While our brand image has changed, Tradelink will continue our commitment to *‘maximising digital efficiency’* and striving to help the customers realize and enjoy the benefits of digital efficiency in this ever-changing market environment through our solution offerings.”

*Appendix: Consolidated Statement of Profit or Loss for the year ended 31 December 2022*

- End -

#### **About Tradelink Electronic Commerce Limited**

Established in 1988, and listed in 2005, Tradelink (HKEX 0536) is Hong Kong’s digital efficiency champion. Since 1997 the company has successfully brought the advantages of its e-solutions to tens of thousands of organizations. Tradelink has pioneered numerous innovative business technology applications in Hong Kong, including EDI, digital certification, biometric ID and warehouse automation. In addition to offering expertise in supply chain, identity management and paytech solutions, the company leads in the city’s business-to-government document compliance market. Tradelink customers span all industry sectors. The company has earned the trust of governments, multinationals, and small and medium businesses alike. Hong Kong-based organizations seeking to measurably benefit from greater digital efficiency have a reliable partner with Tradelink.

For more information about Tradelink, please visit [www.tradelink.com.hk](http://www.tradelink.com.hk).

Appendix:

Consolidated Statement of Profit or Loss for the year ended 31 December 2022

	Year ended 31 December	
	2022	2021
	(HK\$'000)	(HK\$'000)
<b>Revenue</b>	<b>258,815</b>	273,825
Cost of purchases	(18,167)	(22,749)
Staff costs	(118,610)	(122,348)
Depreciation	(8,479)	(8,484)
Other operating expenses	(33,465)	(29,258)
<b>Profit from operations</b>	<b>80,094</b>	90,986
Other net loss	(20,427)	(2,035)
Impairment loss on interest in an associate	-	(834)
Share of results of an associate	(585)	(1,899)
<b>Profit before taxation</b>	<b>59,082</b>	86,218
Taxation	(6,749)	(12,565)
<b>Profit for the year</b>	<b>52,333</b>	73,653
<b>Earnings per share (HK cents)</b>		
Basic	6.6	9.3
Diluted	6.6	9.3

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

Mandy Go +852 2864 4812  
Vivienne Leung +852 2864 4862  
Roy Ng +852 2114 4950  
Fax +852 2527 1196  
Website [www.sprg.com.hk](http://www.sprg.com.hk)

[mandy.go@sprg.com.hk](mailto:mandy.go@sprg.com.hk)  
[vivienne.leung@sprg.com.hk](mailto:vivienne.leung@sprg.com.hk)  
[roy.ng@sprg.com.hk](mailto:roy.ng@sprg.com.hk)