

[For Immediate Release]



Tradelink Announces 2020 Interim Results

Financial highlights for the six months ended 30 June 2020

- Revenue: HK\$119.7 million
- Operating profit: HK\$31.6 million
- Profit before tax: HK\$24.5 million
- Profit for the period: HK\$20.2 million
- Interim dividend: HK1.95 cents per share

(Hong Kong, 25 August 2020) **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 2020.

As the Coronavirus Disease 2019 (“COVID-19”) pandemic continued to spread across the world and brought about unprecedented challenges to all walks of life, the Group inevitably encountered one of the toughest operating periods in the first half of 2020. For the first half of 2020, the Group’s revenue was HK\$119.7 million, down by 4.0% on HK\$124.7 million, and operating profit at HK\$31.6 million was down 18.5% compared to HK\$38.8 million for the same period last year. The Group’s after tax profit at HK\$20.2 million, was down 41.0% on HK\$34.2 million, for the same period last year. The primary reasons of the drop of the profit for the period are (i) a share of loss from the associate Guangdong Nanfang Haiian Science & Technology Service Company Limited (“Nanfang”) as compared to a share of profit from this associate for the same period last year and a provision for impairment loss on interest in Nanfang for the first half of the year, (ii) a net loss on disposal of debt securities to reduce risks under significant market volatility, and (iii) the decrease in overall revenue of the Group due to the adverse business environment with the continued spread of COVID-19 across the world. As Tradelink remains debt-free, with a healthy cash reserve, the Board has resolved to declare an interim dividend of HK 1.95 cents per share.

In the first half of 2020, the performances of the Group’s three business segments, except for Identity Management (“IDM”) business which recorded growth, the other two business segments, namely E-Commerce segment and Other Services, both declined by different extent. The Group’s E-Commerce business was down 4.0% compared to HK\$85.0 million for the same period last year. Segment profits for the period at HK\$25.8 million also dropped 3.7% year-on-year compared to the profits of HK\$26.8 million last year. It was mainly due to Government Electronic Trading Services (“GETS”) segment was affected by the sharp global economic contraction and serious disruptions caused by the continued spread of COVID-19 pandemic in various places of the world.

As for the Group’s IDM business, it recorded satisfactory results as its revenue and profit both grew significantly by 13.7% and 7.6% respectively. Revenue from IDM business increased from HK\$23.5 million last year to HK\$26.7 million this year whereas profits grew from HK\$2.0 million last year to HK\$2.2 million this year. It was mainly attributable to the increase of revenue of the maintenance and support services from previously delivered projects, as well as revenue from work-in-progress electronic Know-Your-Customer projects carried forward from last year.

Revenue from Other Services business was HK\$11.4 million in the first half 2020, representing a decline of 29.4% compared to the revenue at HK\$16.2 million for the same period last year. The decline was largely due to the poor performance of the Group's Smart Point-of-Sales ("PoS") business as its revenue dipped significantly by 66.1% from HK\$6.2 million recorded in the first half of last year to HK\$2.1 million for the same period this year.

Regarding the share of result of the PRC associate, Nanfang has been running at a loss due to the cessation of its most profitable river manifest declaration services and the impacts arising from the historical legal issues which one of its shareholders involved with Nanfang and other outsiders since the second half of last year. As a result, the Group's share of its results dived from a gain of HK\$1.4 million last year to a loss of HK\$2.2 million this year.

Mr. K.K. Tse, CEO of Tradelink said, "Despite the uncertain outlook for the second half of 2020, I believe we have the ability to continue generating reasonable earnings for the Group given the success of our business diversification strategy implemented years ago aiming to mitigate the risk from over-reliance on the GETS business, which ties directly to the external trade of Hong Kong. We are reasonably confident in our GETS business in terms of its ability to continue making profit contribution to the Company. As for the Supply Chain Solutions and IDM businesses, we hold a cautiously optimistic view on their outlook for the remainder of the year. We have several hot cases on hand and hopefully we could get some of their nods within the second half of the year. For our Smart PoS business, while we expect it to remain weak, we will strive for opportunities to expand its business through acquiring more bank customers and merchants as well as seeking to enrich its service offerings."

Appendix: Consolidated Statement of Profit or Loss for the six months ended 30 June 2020 (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 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.

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Appendix:

Consolidated Statement of Profit or Loss for the six months ended 30 June 2020 (unaudited)

	Six months ended 30 June	
	2020	2019
	(HK\$'000)	(HK\$'000)
Revenue	119,703	124,688
Interest income	6,942	7,620
Other net (loss)/ income	(1,590)	92
Cost of purchases	(13,447)	(12,074)
Staff costs	(58,037)	(59,312)
Depreciation	(4,514)	(3,955)
Other operating expenses	(17,410)	(18,245)
Profit from operations	31,647	38,814
(Recognition)/reversal of impairment loss on other financial assets	(630)	38
Impairment loss on interest in an associate	(4,400)	-
Share of results of associates	(2,156)	1,429
Profit before taxation	24,461	40,281
Taxation	(4,279)	(6,067)
Profit for the period	20,182	34,214
Earnings per share (HK cents)		
Basic	2.54	4.31
Diluted	2.54	4.31