

[For Immediate Release]



Tradelink announces 2018 Interim Results
Profit for the period at HK\$38.3 million, up 15.0% YoY

Financial highlights for the six months ended 30 June 2018

- Revenue: HK\$125.1 million, up 10.6%
- Operating profit: HK\$44.9 million, down 0.5%
- Profit before tax: HK\$45.5 million, up 15.7%
- Profit for the period: HK\$38.3 million, up 15.0%
- Interim dividend: HK 3.5 cents per share, up 9.4%

(Hong Kong, 28 August 2018) 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 2018.

For the first half of 2018, the Group’s business performance was favorable with revenue at HK\$125.1 million, up 10.6% on HK\$113.1 million, and after tax profit at HK\$38.3 million, up 15.0% on HK\$33.3 million, for the same period last year. The Group’s operating profit for the period at HK\$44.9 million was slightly lower than the profit last year at HK\$45.1 million, due to the combined effect of an increase of operating costs and a decrease in interest and other net incomes. Basic earnings per share for the first six months of 2018 were HK 4.82 cents and the Board has resolved to declare an interim dividend of HK 3.5 cents per share, 9.4% higher than the interim dividend in 2017.

To better organize our operations to face the identified challenges and take advantage of the market trends, we have combined GETS and Commercial Services, under E-commerce into one set of segment numbers. For the first half of 2018, our total E-commerce revenue from GETS and Commercial Services was HK\$88.3 million, same as the total for the same period last year.

Though benefited from an overall growth of the market for the period, our GETS revenue increased slightly from HK\$83.1 million last year to HK\$83.6 million this year, a more or less same amount of revenue drop of our Commercial Services cancelled out the GETS revenue increase. The delay in the Commercial Services projects was the key contributing factor causing the revenue drop. Due to tighter cost control during the reporting period, the E-Commerce segment profit at HK\$27.9 million was up 7.0%.

For the first half of 2018, the Group’s Identity Management (IDM) business recorded remarkable results with revenue increased to HK\$27.0 million this year, a handsome growth of 72.5% year-on-year and segment profit increased to HK\$4.9 million, up 66.8%. During the reporting period, several projects were completed which included an eKYC project for a major international bank, a two-factor biometric solution for a local bank as well as a Public Key Infrastructure solution using digital certificates for a private hospital. We also have developed and launched a two-factor biometric cloud-based solution in April this year on subscription basis to securities companies for the authentication of their end-users in accessing their online services.

For the first half of the year, the revenue of Other Services which came almost all from our GETS-related services was HK\$9.8 million, 7.0% more than the revenue last year at HK\$9.1 million. The increase was due to our general price increase of our stable GETS-related services. Segment profit for the period at HK\$ 6.2 million was up 45.4% year-on-year.

Mr. K.K. Tse, CEO of Tradelink said, “Barring the wider issue regarding how the trade war between US and China would affect Hong Kong trading activities, we are reasonably confident of a stable GETS competitive market situation and hence our GETS business for the remainder of the year. Given the team has already several major cases confirmed or with high chance of winning, we expect an improvement of our Commercial Services business. Regarding our IDM business, we believe we could continue the growth momentum as we have already secured several major orders for our biometric solutions / e-KYC solutions from renowned organizations including major banks and a regulatory body. Overall speaking, we are cautiously optimistic with our performance for the remainder of the year.”

Mr. Tse also commented on our new business initiatives, “Following the deployment of Smart PoS last year, we have been ramping up the installations and has completed enablement of more payment methods including American Express card, Alipay and WeChat Pay on our Smart PoS solution. As for VSHIP, our logistics community platform which has been soft launched in March, we are building up customer base and activities on the platform. For these new business ventures, we believe that it would take some time to see their commercial benefits given the nascent market demand.”

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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 currently under a licence till 2018. The government also has confirmed award of a new 6-year GETS licence (2019-2024) to Tradelink, 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 Business-to-Business services, digital certification services and online/mobile security solutions for identity management and payment through its subsidiaries Digital Trade and Transportation Network Limited, Digi-Sign Certification Services Limited and Tradelink E-Biz Secure 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.

For media enquiries, please contact:

Tradelink Electronic Commerce Limited

Iris Tsang

Tel: (852) 2161 4370

Fax: (852) 2506 0188

Email: ir@tradelink.com.hk

Appendix:

Consolidated Statement of Profit or Loss for the six months ended 30 June 2018 (unaudited)

	Six months ended 30 June	
	2018 <i>(HK\$'000)</i>	2017 <i>(HK\$'000)</i>
Revenue	125,073	113,071
Interest income	7,463	9,650
Other net income	-	2,384
Cost of purchases	(11,706)	(9,549)
Staff costs	(56,717)	(53,121)
Depreciation	(3,401)	(3,057)
Impairment loss on trade receivables	(511)	-
Other operating expenses	(15,342)	(14,303)
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Profit from operations	44,859	45,075
Reversal of impairment loss/(impairment loss) on other financial assets	209	(7,992)
Share of results of associates	398	2,213
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Profit before taxation	45,466	39,296
Taxation	(7,145)	(5,970)
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Profit for the period	38,321	33,326
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Earnings per share (HK cents)		
Basic	4.82	4.19
Diluted	4.82	4.19
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