



Tradelink Announces 2022 Interim Results

(Hong Kong, 23 August 2022) **Tradelink Electronic Commerce Limited** (“Tradelink” or “the Group”) (SEHK Stock Code: 0536) today announced its unaudited interim results for the six months ended 30 June 2022 (the “Period”).

Though the tense geopolitical situation and the new outbreak of COVID-19 early this year affected the Group’s operating environment, and the market volatility led to certain losses in financial investments, the Group still managed to record a profit in the first half of 2022. During the Period, the Group recorded a turnover of HK\$125.5 million, representing only a slight decline of 2.4%. With a reduction of around HK\$1.7 million in its total costs, the Group recorded operating profit of HK\$37.3 million, while the after-tax profit was HK\$14.6 million. Tradelink is confident about its overall business and financial position, with its cash flow maintained at a healthy level.

The Group is sanguine about its business performance for the remainder of the year and therefore recommends payment of an interim dividend of HK 1.83 cents per share for the first half of 2022. This would represent a payout of about 100% of its profit, which amounts to HK\$14.6 million, for the Period.

During the Period, with the challenging operating environment and headwinds in the macroeconomic environment, the E-Commerce business and Identity Management (“IDM”) segments both recorded negative results as their revenues and segment profits declined. However, the Other Services business segment provided a pleasant surprise as it recorded an increase in revenue and segment profit.

Total revenue of the E-Commerce business, comprising Government Electronic Trading Services (“GETS”) and Supply Chain Solutions, for the Period was HK\$85.6 million, down 3.7% compared with the same period last year. Segment profit dropped to HK\$29.9 million. With the weaker external trade performance in Hong Kong, as well as the business growth of major courier customers dragging down the overall average price, revenue from the GETS business fell to HK\$73.7 million. In contrast, driven by work-in-progress projects, sizable enhancement projects and the new projects confirmed in the first half of 2022, the Supply Chain Solutions revenue surged 71.8% to HK\$11.9 million. One such new project confirmed during the Period was ordered by a customer in the fresh food market in Hong Kong. The project involved the deployment of its Warehouse Management System (“WMS”) and Transportation Management System (“TMS”) for the cold storage warehouse of that customer.

Amidst the negative effects of the pandemic, revenue from the IDM business declined by 13.5% to HK\$22.3 million during the Period. Business from customers in the banking and financial services sector was slow, and project works with these customers were delayed, with high-potential prospects put on hold. The segment profit for the period fell to HK\$2.4 million. Nonetheless, the Group secured an order from a statutory body for a project involving a proof-of-concept as part of a new initiative on identity authentication, as well as a major order in partnership with a prime contractor related to a public service project.

The Group’s Other Services business segment achieved remarkable results in turnover and segment profit from Smart PoS and GETS-related services. The total revenue from Other Services increased by 26.9% to HK\$17.6 million, with segment profit growing 32.3% to HK\$9.3 million. During the Period, the Group

recognized additional revenue from a major project ordered by a renowned enterprise in the service sector involving development and integration of a payment system supporting over 200 Smart PoS deployed across more than 40 outlets. Meanwhile, the GETS-related partnership with Ping An OneConnect Bank (Hong Kong) Limited (“PAOB”) also generated a handsome revenue.

Mr. K.K. Tse, CEO of Tradelink said, “Barring any major issues affecting Hong Kong’s external trade, we are cautiously optimistic about the outlook of our three business segments. As a GETS market leader with strong support from our extensive and loyal customer base, we are able to charge customers a premium price for our quality service offerings. We are confident in maintaining the growth momentum of our Supply Chain Solutions and Other Service businesses. Regarding IDM, with the resumption of carry-forward project works and new orders from customers in the government and public sectors received in the first half of the year, we are reasonably optimistic about the prospects of the IDM business for the whole of 2022. That said, in the face of ongoing market volatility, we will be more cautious about and prudent in our financial investments. The price volatility of our investments in financial instruments causing fair value changes poses uncertainty on our net profit or loss recorded. Our Management and Investment Committee have been closely monitoring these potential impacts with the assistance of our investment managers. All in all, we believe that, with our strong fundamentals and solid financial position, Tradelink will be able to continue moving forward amid these challenging conditions.”

Appendix: Consolidated Statement of Profit or Loss for the six months ended 30 June 2022 (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 2022 (unaudited)

	Six months ended 30 June	
	2022	2021
	(HK\$'000)	(HK\$'000)
Revenue	125,459	128,502
Cost of purchases	(9,205)	(11,306)
Staff costs	(58,982)	(59,206)
Depreciation	(4,234)	(4,134)
Other operating expenses	(15,730)	(15,231)
Profit from operations	37,308	38,625
Other net loss	(19,696)	(1,204)
Share of results of an associate	(38)	(1,475)
Profit before taxation	17,574	35,946
Taxation	(3,011)	(5,948)
Profit for the period	14,563	29,998
Earnings per share (HK cents)		
Basic	1.83	3.78
Diluted	1.83	3.77