



## Tradelink Announces 2020 Annual Results

### Financial highlights for the year ended 31 December 2020

- Revenue: HK\$261.2 million
- Operating profit: HK\$92.7 million
- Profit for the year: HK\$72.8 million
- Board recommends final dividend of HK7.25 cents per share. Together with the interim dividend of HK1.95 cents per share, total 2020 dividend will be HK9.2 cents per share

(Hong Kong, 23 March 2021) **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 2020 (the “Year”).

With Hong Kong’s trading activities beginning to recover in the second half of 2020 after the rapid worldwide propagation of COVID-19 early the year, the Group’s operating environment improved modestly in the second half of 2020, causing the decline of the whole year’s results, in terms of turnover, operating profit and after-tax profit, to be somewhat lessened compared to those in the first half of the year. The Group’s revenue in 2020 was HK\$261.2 million, a drop of around just 22.5% compared to the revenue in 2019 if the exceptional revenue recorded last year mainly from the supply of goods for one of its major customer projects was excluded. Without the hefty cost of purchase for the goods supplied for the Group’s major customer in 2019, and thanks to the reduction in the other operating expenses in 2020 compared to 2019, the Group’s operating profit was HK\$92.7 million in 2020, representing a drop of 8.4% or HK\$8.5 million from HK\$101.22 million in 2019, which was a substantial improvement on the 18.5% drop in operating profit noted in the Group’s interim results. The Group’s after tax profit for 2020 was HK\$72.8 million, down 11.4% from HK\$82.2 million for 2019 and significantly improved over the 41% drop for the first half of 2020.

As Tradelink remains debt-free, with a healthy cash reserve, the board has decided to recommend a final dividend of HK7.25 cents per share. Together with the interim dividend payout of HK1.95 cents per share for the first half of 2020, the total dividend for the entire year of 2020 will be HK9.2 cents per share, 6.1% lower than the total dividend of HK9.8 cents per share for 2019.

The performances of the Group’s three business segments largely continued the trend as in the first half of 2020, which meant that the Identity Management (“IDM”) business recorded growth, while the other two business segments, namely E-Commerce and Other Services dropped by different extents. The IDM business continued the strong momentum in the first half year, and recorded remarkable results for the year as a whole. This segment revenue in 2020 amounted to HK\$63.6 million, an increase of 14.0% when compared to the 2019 revenue of HK\$55.8 million. Even more pleasing was the segment profit, which recorded a growth of 65.9% from \$10.6 million in 2019 to HK\$17.6 million in 2020. The notable growth of our IDM business was largely due to its solid market position, enabling it to maintain a strong business momentum with solid and quality sales leads.

Segment revenue from the Group’s E-Commerce business at HK\$174.0 million was down HK\$72.3 million, or 29.4% compared to revenue at HK\$246.3 million in 2019. Its segment profit also dropped 14.7% from HK\$69.2 million in 2019 to HK\$59.1 million in 2020. The E-Commerce business drop in 2020 was partly due to the shrinkage of the GETS segment as affected by COVID-19, and more notably, due to the absence of the exceptional income under the Supply Chain Solutions business in 2020.

Other Services business also suffered a sizeable decline as in the first half year. Segment revenue recorded in 2020 was HK\$23.6 million, which, compared to HK\$35.0 million recorded in 2019, represented a contraction of 32.7%. Its segment profit also dropped by 32.7%, from HK\$14.8 million in 2019 to HK\$10.0 million in 2020. The disappointing performance of Other Services segment was largely due to the catastrophic effects of COVID-19 on the Group's Smart PoS customers in the Hong Kong retail industry.

Regarding the share of result of the PRC associate, Guangdong Nanfang Haian Science and Technology Service Company Limited ("Nanfang") continued a downward trend that commenced since the second half of 2019. The share of loss from its results amounted to HK\$1.4 million in 2020 compared to a share of gain of HK\$0.8 million in 2019, representing a swing of HK\$2.2 million.

**Mr. K.K. Tse, CEO of Tradelink** said, "Aside from the COVID-19 pandemic affecting the global and Hong Kong economies, which are both outside of our control, our GETS business is expected to be steady given a stable competitive market environment. Coming from the dismal year of 2020 with a low base, we are reasonably optimistic about a moderate growth for the year ahead for this segment. Furthermore, we are cautiously optimistic regarding the outlook for our Supply Chain Solution, IDM and Smart PoS businesses. After a harsh 2020 under the 'new normal' created by the COVID-19 pandemic, we are reasonably confident about embracing the challenges and opportunities posed in 2021. We will continue to progress along with the new normal as appropriate, keeping vigilant and versatile given that the situation related to COVID-19 is still rather volatile."

*Appendix: Consolidated Statement of Profit or Loss for the year ended 31 December 2020.*

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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 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](http://www.tradelink.com.hk).

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Appendix:

Consolidated Statement of Profit or Loss for the year ended 31 December 2020

	<b>Year ended 31 December</b>	
	<b>2020</b>	2019
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
<b>Revenue</b>	<b>261,213</b>	337,175
Interest income	<b>10,450</b>	14,985
Other net income	<b>6,137</b>	1,611
Cost of purchases	<b>(23,788)</b>	(87,916)
Staff costs	<b>(120,824)</b>	(119,143)
Depreciation	<b>(9,088)</b>	(8,022)
Other operating expenses	<b>(31,413)</b>	(37,471)
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<b>Profit from operations</b>	<b>92,687</b>	101,219
Reversal/(recognition) of impairment loss on other financial assets	<b>99</b>	(1,303)
Impairment loss on interest in an associate	<b>(9,000)</b>	(4,500)
Share of results of associates	<b>(1,395)</b>	798
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<b>Profit before taxation</b>	<b>82,391</b>	96,214
Taxation	<b>(9,591)</b>	(14,013)
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<b>Profit for the year</b>	<b>72,800</b>	82,201
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<b>Earnings per share (HK cents)</b>		
Basic	<b>9.2</b>	10.3
Diluted	<b>9.2</b>	10.3
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