



**貿易通**  
**TRADELINK**

貿易通電子貿易有限公司  
Tradelink Electronic Commerce Limited

Stock Code 股份代號 : 0536.HK

People Building Successful e-Commerce

電子商貿 以人成就



# 2019 Interim Results Presentation



# Financial Highlights

# Overview of 2019 Interim Results

Revenue

HK\$ 124.7 M

↓ 0.3 % YoY

Profit from operations

HK\$ 38.8 M

↓ 13.5 % YoY

Profit before tax

HK\$ 40.3 M

↓ 11.4 % YoY

Profit for the period

HK\$ 34.2 M

↓ 10.7 % YoY

Net cash flow from operating activities

HK\$ 35.0M

Cash & bank deposits

HK\$ 122.0 M

Other financial assets

HK\$ 315.5 M

- Maintain strong and healthy financials

# Financial Highlights

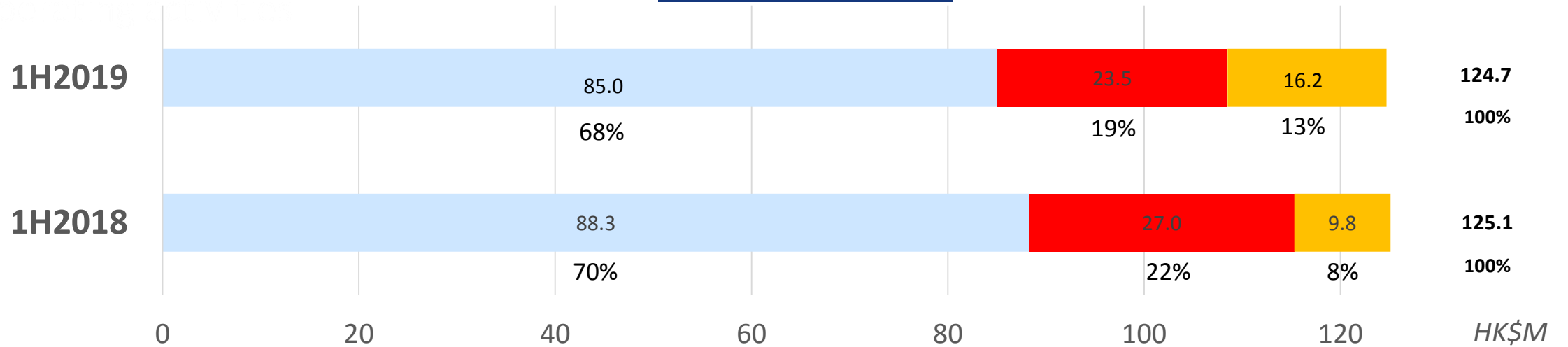


Six months ended 30 June (HK\$M)	1H 2019 (unaudited)	1H 2018 (unaudited)	Change
Revenue	124.7	125.1	(0.3)%
Profit from operations	38.8	44.9	(13.5)%
Profit before taxation	40.3	45.5	(11.4)%
Taxation	(6.1)	(7.1)	(15.1)%
Profit for the period	34.2	38.3	(10.7)%
Earnings per share (HK cents)			
Basic	4.31	4.82	(10.6)%
Diluted	4.31	4.82	(10.6)%
Interim dividend per share (HK cents)	3.3	3.5	(5.7)%

# Segment Revenue



**Segment Revenue (HK\$M) & % of Total Revenue**



**E-Commerce\*** generates income from processing government trade-related documents and supply chain solutions.

**Identity Management** generates income from the provision of security products, digital certificates, security solutions and biometric-based authentication solutions for identity management.

**Other Services** comprises handling fees for the conversion of paper form to electronic messages, income from the provision of technical support and other project services.

*\*Starting from 1H2018, the two sub-segments (GETS and Supply Chain Solutions) were presented as E-Commerce segment in the view of the strategic development of our overall E-Commerce business for the trade and logistics industry in the light of the changing operating environment.*

# Key Financial Ratios



Six months ended 30 June	1H 2019 (Unaudited)	1H 2018 (Unaudited)
Operating profit margin	31.1%	35.9%
Net profit margin	27.4%	30.6%
Effective tax rate	15.1%	15.7%
Current ratio	1.0	0.6
Debtors' turnover days	22	12
Dividend payout ratio	~74.4% <sup>2</sup>	~73.9% <sup>1</sup>

<sup>1</sup>This represents about 73.9% payout of our profit for the period after excluding the deferred tax charge of DTTNCo at HK\$1.1 million and including the adjustment to the opening distributable reserve of HK\$1.8 million upon the new accounting standard.

<sup>2</sup>This represents about 74.4% payout of our distributable profit after excluding the deferred tax charge at HK\$ 1.1 million.

# Key Balance Sheet Items



<b>(HK\$M)</b>	<b>As at 30 Jun 2019 (Unaudited)</b>	<b>As at 31 Dec 2018 (Audited)</b>
<b>Property, plant and equipment</b>	<b>26.2</b>	<b>26.6</b>
<b>Trade receivables and contract assets</b>	<b>36.6</b>	<b>44.1</b>
<b>Other financial assets</b>	<b>315.5</b>	<b>347.7</b>
<b>Cash and bank deposits</b>	<b>122.0</b>	<b>86.5</b>
<b>Net assets</b>	<b>349.1</b>	<b>350.8</b>



# Business Review

**TRADELINK**

# E-Commerce Business Review - GETS & Supply Chain Solutions

- Overall GETS market slumped 6.1%
  - Hit head on by the slowdown of external trading activities
- Our total E-Commerce revenue from GETS and Supply Chain Solutions dropped 3.7% to HK\$85.0 million
  - Able to achieve an overall price increase of our services, thus the GETS revenue loss was of a smaller magnitude than that of the market
  - Revenue of our Supply Chain Solutions for the reporting period increased slightly by 11.8% to HK\$5.2 million
  - Additional revenue was recognised from a Warehouse Management System (“WMS”) project on work-in-progress basis
- For the advanced warehouse automation project with Automated Guided Vehicles to provide to a leading retail chain, an order for a 4-way shuttle racking system as part and partial of the project was received

# Identity Management Business Review

- IDM business's revenue dropped 13.1% to HK\$23.5 million
  - Ongoing recurrent and project revenue of our IDM business recorded near double-digits growth year-on-year
  - Revenue from security token business and related delivery service plunged 60.0%, hence the drop in revenue
  - Deployed considerable additional resources on research and development work to enhance the eKYC solutions to support the new Smart Hong Kong Identity ("HKID") Card embedded with more advanced and sophisticated security features
- Strong momentum of our eKYC and biometric two factor authentication ("2FA") projects
  - Completed delivery of a couple of eKYC projects carried forward from last year and signed up several new projects for our eKYC and biometric 2FA solutions
  - Received orders of our eKYC solution for digital onboarding from our first virtual bank customer and first insurance company customer

# Other Services Business Review

- Other Services business recorded revenue and segmental profit increased by 65.9% and 15.4% respectively to HK\$16.2 million and HK\$7.1 million
  - Smart PoS business started reaping harvest and its growth momentum has continued this year after some years of hard work, generating HK\$6.2 million in revenue
  - Bigger Smart PoS orders were placed by our two bank customers. The quantity of Smart PoS ordered during the reporting period was almost 50% more than that in full year 2018
- For the community logistics platform VSHIP soft launched in the second quarter of 2018
  - Bid and offer service was extended to include air freight quotation from sea freight in April this year
  - Increasing registration of shipper and logistics service provider users, as well as the bid and offer activities on the platform



# Prospects

# Prospects – E-Commerce Business GETS



## Outlook of GETS Business

- It is uncertain with the yet to be resolved Sino-US trade conflicts affecting the global economy
- Do all our best to deliver the most effective services that customers would consider as having great value-for-money

## Government's Trade Single Window Implementation

- Total 10 documents rolled out up to mid-2019. They are among the 13 documents originally planned under Phase 1 of the SW to be rolled out in mid-2018
- Closely monitor Phase 1 implementation and market responses to this pilot phase to help the development of our strategy to prepare for the full SW launch

# Prospects – E-Commerce Business Supply Chain Solutions



## Outlook of Supply Chain Solutions Business

- We are more optimistic on Supply Chain Solutions business given the solid sales pipeline we have on hand for our matured products, in particular WMS
- We have high chances of winning a couple of major contracts, with work needing to begin before the end of the year once orders are confirmed

## Advanced Warehouse Management System (WMS)

- The main mega warehouse project and the ancillary shuttle racking system should be completed before end of the year according to current project schedule

## Research and develop a middleware that would provide flexibility to warehouse operators to implement automated warehousing solutions

- Received the funding approval from the Government to commence this 9-month project in June

# Prospects – Identity Management Business

## Outlook of Identity Management Business

- Leverage the latest guidelines issued by regulators by the finance industries
- Continue to promote our eKYC / biometric 2FA solutions to potential customers including virtual banks, stockbrokers and insurance companies with which we have been working closely and have built healthy sales pipelines
- Stored Value Facilities licensees looking for IDM solutions for remote onboarding of their clients will also our targets
- Reasonably confident of catching up the shortfall from the first half of the year and achieving an overall positive results full year
- Customer demand growing, solid references, hot leads on hand and projects in progress

# Prospects – Others Services Business

## GETS-related Services

- GETS-related services business is expected to remain stable

## Smart PoS

- Continuous growing demand of our Smart PoS, in particular from our major local bank customer with whom we are working on a longer term contract

## Logistic Community Platform - VSHIP

- Developing a new domestic/cross-border trucking module so that freight quotation for the three transportation modes – air, sea and road – can all be supported by the platform
- VSHIP services will continue to be offered free of charge till users at large come to appreciate the values of our services/features which we will continue to add on the VSHIP platform



# Corporate Profile

**TRADELINK**

# Corporate Profile



## Share Information

### Listing Date

28/10/2005

### Share Price (@27/8/2019)

HK\$1.19

### Issued Shares (@27/8/2019)

794,633,719 Shares

### Market Cap

HK\$946 Million

## Key Business Segment

### E-Commerce

#### GETS

Government Electronic Trading services (Import & Export Declaration, Dutiable Commodities Permit, Electronic Cargo Manifest and Certificate of Origin)

#### Supply Chain Solutions

Provide electronic supply-chain solutions for the trade, logistics, warehousing and retail industries (Digital Warehousing Solutions, Distributed Order Management System, Transport and Distribution Solutions and eDoc etc.)

### Identity Management

Provides online/mobile security services and solutions for identity management (IDM). Our portfolio of IDM solutions includes digital certificates, security tokens and biometric-based authentication solutions

### Other Services

GETS-related services including paper-to-electronic conversion services for paper users of GETS services, Road Cargo System (ROCARS) and ROCARS call center service on behalf of Customs & Excise Department

New incubating businesses including smart PoS and VSHIP, a logistics community platform