貿易通電子貿易有限公司
Tradelink Electronic Commerce Limited
Stock Code 股份代號：536

2022 Annual Results Presentation

Maximising digital efficiency
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FINANCIAL HIGHLIGHTS

Overview of 2022 Annual Results

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Revenue	Profit from operations	Profit before tax	Profit for the year
HK$258.8 M	HK$80.1 M	HK$59.1 M	HK$52.3 M
⇩ 5.5 % YoY	⇩ 12.0 % YoY	⇩ 31.5 % YoY	⇩ 28.9 % YoY

Net cash flow from operating activities	Cash & bank deposits	Other financial assets
HK$63.1 M	HK$436.5 M	HK$0 M

- Maintain strong and healthy financials

Overview of 2022 Annual Results

- Group's performance inevitably affected by unfavorable Hong Kong's business environment
- Core businesses were indeed trending slightly down
- It was rather the volatile investment environment that dragged down the performance in investments and hence impacted the earnings substantially

Financial Highlights

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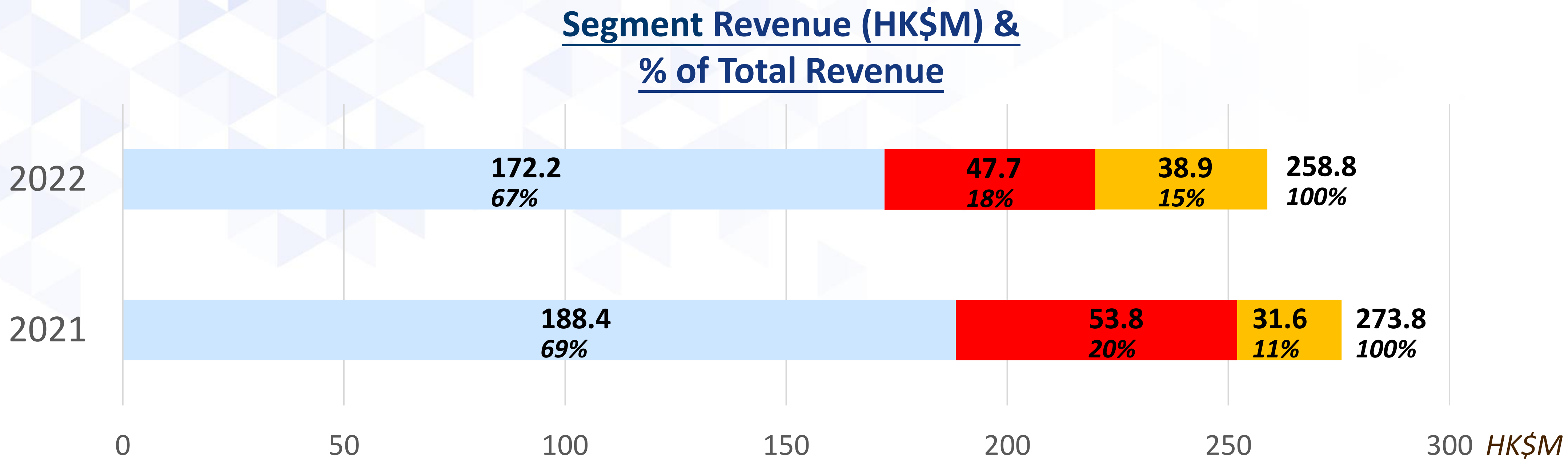
(HK$M)	For the year ended 31 Dec 2022	For the year ended 31 Dec 2021	Change
Revenue	**258.8**	273.8	(5.5%)
Profit from operations	**80.1**	91.0	(12.0%)
Profit before taxation	**59.1**	86.2	(31.5%)
Taxation	**(6.7)**	(12.6)	(46.3%)
Profit for the year	**52.3**	73.7	(28.9%)
Earnings per share (HK cents)			
Basic	**6.6**	9.3	(29.0%)
Diluted	**6.6**	9.3	(29.0%)
(HK cents)	**2022**	2021	**Change**
Total dividend for the year per share	**9.25**	9.25	-
Interim dividend per share	**1.83**	2.80	(34.6%)
Final dividend per share	**4.67**	6.45	(27.6%)
Special dividend per share	**2.75**	N/A	N/A

Segment Revenue



E-Commerce generates income from the Group's Government Electronic Trading Services ("GETS") and Supply Chain Solutions

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

Other Services comprises handling fees for paper-to-electronic conversion services, income from payment technology solutions and other projects

Key Financial Ratios

For the year ended 31 December	**2022**	2021
Operating profit margin	**30.9%**	33.2%
Net profit margin	**20.2%**	26.9%
Effective tax rate	**11.4%**	14.6%
Current ratio	**3.06**	2.72
Debtors’ turnover days	**26**	21
Dividend payout ratio	**98.7%***	99.8%

**The total amount of interim dividend and proposed final dividend for 2022 represents a payment of 98.7% of the Group’s profit attributable to shareholders. To celebrate the Group’s 35th anniversary, the Group has also recommended a special dividend of HK 2.75 cents per share. As a result, the total dividends will be HK 9.25 cents per share, the same as the 2021 total dividends.*

Key Balance Sheet Items

(HK$M)	As at 31 Dec 2022	As at 31 Dec 2021
Property, plant and equipment	20.8	23.5
Trade receivables and contract assets	42.1	40.2
Other financial assets	-	266.6
Cash and bank deposits	436.5	209.2
Net assets	364.4	378.6

BUSINESS REVIEW

E-Commerce Business Review
GETS & Supply Chain Solutions

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- E-Commerce's revenue down by 8.6% to HK$172.2 million; segment profit dropped by 18.2% to HK$60.9 million

GETS

- Revenue declined by 13.7% to HK$144.6 million
  - Overall GETS market contracted by 9.7% YoY; shrinkage accelerated in 2H 2022 in comparison of a high base in 2H 2021
  - A major shipper customer moved away a substantial portion of its shipments
  - Average prices being dragged down by the business growth of major courier customers, though in a lesser extent as their business growth slowed down in 2022

Supply Chain Solutions

- Revenue up 32.0% to HK$27.6 million
  - Revenue growth from work-in-progress projects and new projects
  - Major new projects included:
    - Warehouse Management System ("WMS") in combination with Dutiable Commodities Permit ("DCP") services under GETS ordered by two new customers involving in dutiable commodity trading
    - Deployment of WMS that integrates with Automated Guided Vehicles supplied by a renowned automated equipment vendor to manage the warehouse operations of a wet market operator

Identity Management Business Review

- Severely affected by the 5th wave of COVID-19, our IDM business revenue declined by 11.3% to HK$47.7 million; segment profit fell 45.7% to HK$5.2 million
    - New projects / initiatives / potential new business put on hold by customers
    - Price war raised by start-up fintech companies

- Major projects with revenue recorded on a WIP basis in 2022
    - Phase 3 of the eKYC solution for an existing customer
    - Proof-of-concept project on identity authentication for a statutory body

- Shifted some of our resources and efforts to research and development (“R&D”) in 2H 2022
    - Enhancements for existing and new products to address evolving and changing security risks and technology trends

Others Services Business Review

- Other Services business, comprising Smart PoS, GETS-related services and partnerships, achieved outstanding results. The revenue surged 23.2% to HK$38.9 million while segment profit climbed 45.8% to HK$22.4 million

Smart PoS Business

- Revenue from Smart PoS business was approximately 2.4 times that of 2021 to HK$17.8 million
  - Additional revenue generated on a major project which involved development and integration of a payment system supporting around 400 Smart PoS in more than 40 outlets
  - Revenue of maintenance and support services (“M&S”) for bank customers also increased

GETS-related Services and Partnerships

- Revenue of GETS-related services fell 12.2% to HK$21.1 million
  - The increase of revenue generated from partnership with Ping An OneConnect Bank (Hong Kong) Limited (“PAOB”) offset partially the revenue decline of Road Cargo System (“ROCARS”) and other services
  - Overall drop was slightly less than that of the GETS business

Investment in PRC Associate Review

- Performance of Guangdong Nanfang Haian Science & Technology Service Company Limited (“Nanfang”) was disappointing

- Nanfang’s largest single shareholder settled the case and related issues by acquiring the defaulting shareholder’s equity through public auction

- That largest single shareholder expressed an interest in acquiring our shares in Nanfang based on same price

- Sale and Purchase Agreement (“SPA”) was signed, the actual completion and payment is expected in 2023

PROSPECTS

Prospects – E-Commerce Business

GETS

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Outlook for GETS Business

- Take a more conservative view of the outlook due to the highly uncertain economic prospect
- Confident in competitive position in the GETS market, both in terms of market share and our ability to charge premium prices to customers

Government's Trade Single Window ("TSW") Implementation

- TSW Phase 3, which essentially covers all current GETS documents, will be rolled out in phases
- Final phase expected to be launched by the end of 2027
- Fairly certain that Government will need to extend the current GETS licence which will expire by the end of 2024 to at least the end of 2027
- Will seek the earliest opportunity to open dialogue with the Government about the potential role we can plan under TSW and assistance we could offer to help our customers to migrate to TSW smoothly and seamlessly through us

Prospects – E-Commerce Business

Supply Chain Solutions

Outlook for Supply Chain Solutions

- Confident of Supply Chain Solutions' prospects given business solid foundation with unique competitive edges
- Completion of the technology enhancement, including redesigning solutions infrastructure and developing a new cloud deployment of solutions, allowing us to provide more cost-effective solutions for customers and to realize higher margins
- Focus on developing IT solutions/applications and integrate applications with automation equipment provided by partners
- Package enterprise solutions to serve SME customers, especially in the logistics industry to apply for the Government funding to help users upgrade IT system to enhance operational efficiency

Prospects – Identity Management Business

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Outlook for Identity Management Business

- Reasonably optimistic about achieving a modest growth given a more optimistic market sentiment following the reopening of the border and uplifting of most COVID-19 restrictions

- Successful R&D development
  - Upgraded version of eKYC solution for digital onboarding – already have potential customers
  - New anti-location spoofing solution – begin close dialogues with relevant regulatory bodies to introduce the solution and potentially launch a proof-of-concept of our solution for stakeholders

- Potential orders on existing solutions / products, some from repeat customers
  - An example is the public key infrastructure solution we previously developed and deployed for a private hospital for digital signing of their medical records. Several hospitals have approached us and shown interest in that solution

Prospects – Other Services Business

Smart PoS

- Optimistic about the Smart PoS business as retail market is expected to see a steady recovery in 2023
- Major bank customer has started discussions to resume ordering new Smart PoS devices
- Continue to receive ongoing revenue from renowned service company for the rental of around 400 Smart PoS deployed at their outlets and the related support services provided to them

GETS-related Services

- Taking a conservative view
- ROCARS business is expected to bounce back
- Continue to earn from the partnership with PAOB

Prospects – Investment in PRC Associate Review

Outlook for PRC Associate Review

- No longer need to share any of their result after 2022 as SPA was signed before the end of 2022
- Awaiting the completion of all formalities for execution and payment of the transaction

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CORPORATE PROFILE

Corporate Profile

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Share Information

Listing Date
28/10/2005

Share Price (@20/3/2023)
HK$0.91

Issued Shares (@20/3/2023)
794,633,719 Shares

Market Cap
HK$723 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, Internet-of-Things and Supplier / Vendor Management Solutions etc.)

Identity Management

Provides digital certificate services, security products and biometric-based authentication solutions for identity management

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, payment technology solutions and other projects.

Thank you