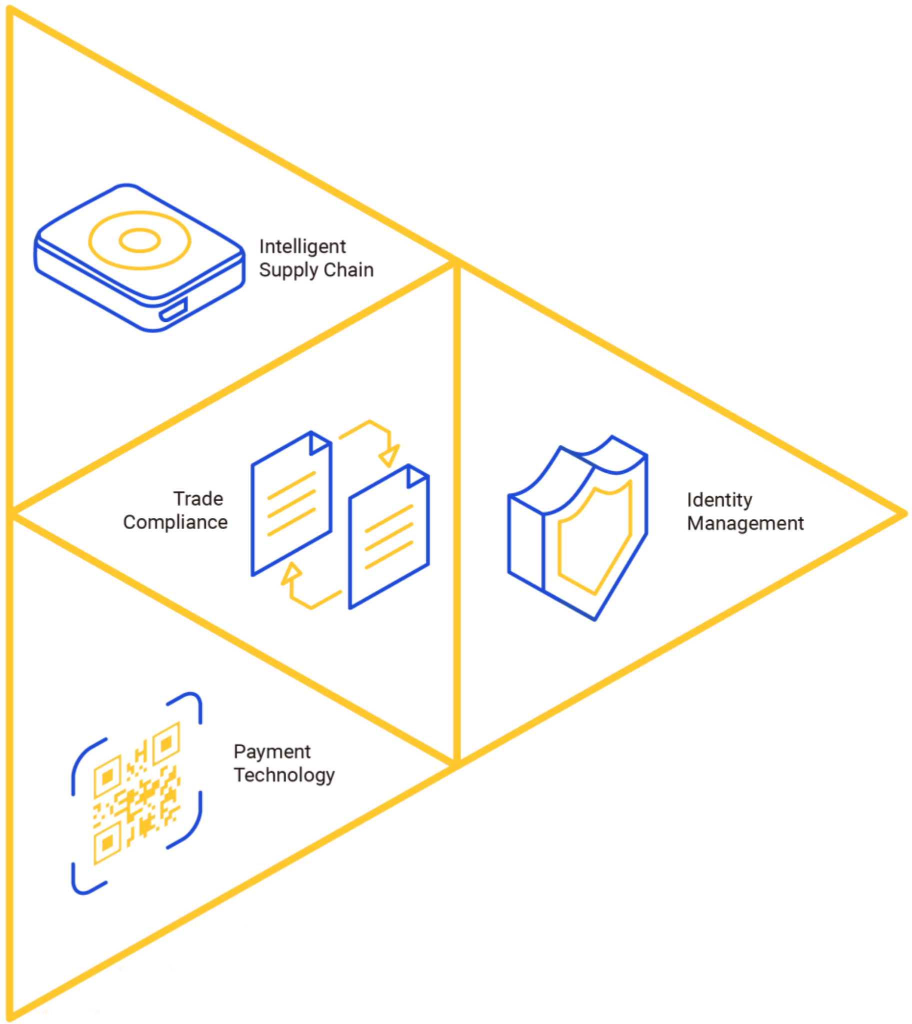
Tradelink
貿易通電子貿易有限公司
Tradelink Electronic Commerce Limited
Stock Code 股份代號：536

2023 Interim Result Presentation



FINANCIAL HIGHLIGHTS

Overview of 2023 Interim Results

Revenue	Profit from operations	Profit before tax	Profit for the period
HK$124.9 M	HK$33.4 M	HK$44.2 M	HK$38.8 M
⇩ 0.4 % YoY	⇩ 10.6 % YoY	⇧ more than 1.5 times	⇧ more than 1.6 times

Net cash flow from operating activities	Cash & bank deposits
HK$37.8 M	HK$417.3 M

- Maintain strong and healthy financials

Overview of 2023 Interim Results

- Net profit soars over 1.6 times
  - Proceeds of the sales of all financial assets last year
  - Invested in bank deposits yielding high returns

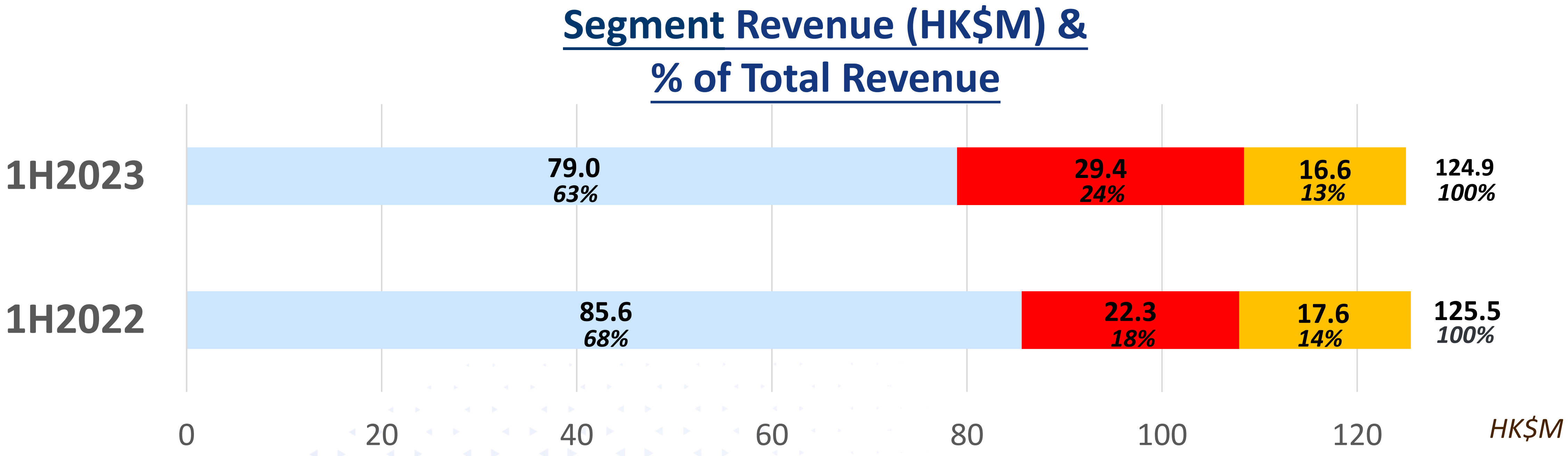
- Disposed of shareholding of Guangdong Nanfang Haian Science & Technology Service Company Limited, no need to share any of its results

- Government confirmed the extension of our existing Government Electronic Trading Services (“GETS”) contract to 2027

Financial Highlights

(HK$M)	**1H 2023 (unaudited)**	1H 2022 (unaudited)	**Change**
Revenue	**124.9**	125.5	(0.4%)
Profit from operations	**33.4**	37.3	(10.6%)
Profit before taxation	**44.2**	17.6	151.4 %
Taxation	**(5.3)**	(3.0)	77.5 %
Profit for the period	**38.8**	14.6	166.7 %
Earnings per share (HK cents)			
Basic	**4.89**	1.83	167.2%
Diluted	**4.89**	1.83	167.2%
Interim dividend per share (HK cents)	**3.7**	1.83	102.2%

Segment Revenue



E-Commerce generates income from the Group's 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

Six months ended 30 June	**1H 2023 (Unaudited)**	1H 2022 (Unaudited)
Operating profit margin	**26.7%**	29.7%
Net profit margin	**31.1%**	11.6%
Effective tax rate	**12.1%**	17.1%
Current ratio	**3.0**	2.7
Debtors' turnover days	**26**	25
Dividend payout ratio	**75.7%**	~100%

Key Balance Sheet Items

(HK$M)	As at 30 Jun 2023 (Unaudited)	As at 31 Dec 2022 (Audited)
Property, plant and equipment	**24.3**	20.8
Trade receivables and contract assets	**37.8**	42.1
Cash and bank deposits	**417.3**	436.5
Net assets	**344.6**	364.4

BUSINESS REVIEW

E-Commerce Business Review
GETS & Supply Chain Solutions

- E-Commerce's revenue down by 7.8% to HK$79.0 million; segment profit dropped by 29.4% to HK$21.1 million

GETS

- Revenue declined by 5.1% to HK$70.0 million
  - Overall GETS market shrank by 16.3%, which was worse than 2008-09 global financial crisis
  - Electronic Manifest service business recorded growth due to internal border reopening
  - Increase in average unit price
  - The contraction in our GETS business was significantly less than the market

Supply Chain Solutions

- Revenue down 24.5% to HK$9.0 million
  - One major enhancement project for Warehouse Management System ("WMS") received from a repeat customer
  - Delayed confirmation from customers who were awaiting approval for government funding
  - Couple of sizable hot projects fell through due to the client's internal issues

Identity Management ("IDM") Business Review

Tradelink

- IDM business revenue up 31.9% to HK$29.4 million; segment profit of HK$6.6 million, surging by more than 1.7 times
  - Research and Development ("R&D") work done last year enable us to secure new projects with much resources saved
  - Revenue from our maintenance and support services also increased

- Secured new orders of Public Key Infrastructure ("PKI")-related projects and electronic Know-Your-Customer ("eKYC") solutions
  - Digital signing solution for a private hospital
  - Hardware Security Module for eCheque and soft token management for bank customers
  - Upgraded eKYC solutions for existing customers

Others Services Business Review

- Other Services business, comprising Smart Point of Sales ("PoS") and related business, and GETS-related services business, revenue slightly fell 5.6% to HK$16.6 million while segment profit up 8.6% to HK$10.1 million
  - Though revenue dropped, segment profit increased due to reduced cost of purchases and staff cost saving after completion of major project

Smart PoS Business and related business

- Revenue from Smart PoS business was down 10.9% to HK$5.1 million
  - Smaller quantity of Smart PoS sold to our major bank customer
  - The rental and support service revenue from the major project showed minimal growth

GETS-related Services business

- Revenue of GETS-related services business fell 3.0% to HK$11.5 million, but it did not shrink as much as our GETS business
  - Received payment from the government for the set up and provision of the call centre services for Trade Single Window ("TSW") documents (Phases 1 and 2)
  - Increased revenue from our Road Cargo System ("ROCARS") and call centre services offered to Customs & Excise Department's ROCARS due to resumption of cross-border cargo trucking activity

PROSPECTS

Prospects – E-Commerce Business
GETS

Outlook for GETS Business

- Downward trend is expected
- Benefiting from typically more active trading activity, business volumes in 2H expected to exceed those in 1H
- Continue upward revisions to average prices

Government's TSW Implementation

- Government confirmed the extension of our existing GETS contract to 2027
- Provides certainty for our GETS business for at least the next four years

Prospects – E-Commerce Business

Supply Chain Solutions

Outlook for Supply Chain Solutions

- Positive outlook with improved results
- Secured new orders for WMS and WMS enhancement projects recently
- Expects to receive more orders once customers receive approval for government funding

Prospects – Identity Management Business

Outlook for Identity Management Business

- Upward trend is expected
- Increasing demand in digital signing solutions and digital onboarding solutions
  - Several hot prospects of digital signing solutions including statutory bodies and financial institutions
  - Upgraded digital onboarding solution which supports China ID and e-passport (ICAO standard)

Prospects – Other Services Business

Smart PoS and related business

- Revenue might see a slight decline without the significant project revenue recorded in 2H last year for the major project
- Continue to collect rental and support service revenue from the project

GETS-related Services business

- Trade activities typically pick up in the 2H
- Expect slight improvement from 1H

CORPORATE PROFILE

Corporate Profile

Tradelink

Share Information

Listing Date
28/10/2005

Share Price (@22/8/2023)
HK$0.90

Issued Shares (@22/8/2023)
794,633,719 Shares

Market Cap
HK$715 Million

Key Business Segment

E-Commerce

GETS

Government Electronic Trading Services (Import & Export Trade Declarations, 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, Road Cargo System (ROCARS), ROCARS and Trade Single Window documents (Phases 1 and 2) call center services on behalf of Customs & Excise Department, payment technology solutions and other projects.

Thank you