



貿易通
TRADELINK

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

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Stock Code : 0536

2012 Annual Results Announcement

Corporate Profile



Listing Date

- 28 October 2005

**Share Price
(@ 26/3/2013)**

- HK\$1.52

**Issued Shares
(@ 26/3/2013)**

- 783,742,488 shares

Market Cap

- HK\$1,191,288,582

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- The Group's turnover recorded a growth of 12.7% to HK\$232.4 million despite the uncertainties surrounding Hong Kong's markets in 2012
- The continued weakness in Hong Kong's major markets and intense competition depressed margins for our core Government Electronic Trade Services ("GETS") revenue, which fell by 1.3% year-on-year. Contributions from our new ROCARS service and Digi-Sign's security solutions more than made up the gap

Tradelink/ DTTN



- Work on the Tradelink Box was progressing, with new applications developed, including:
 - a Mobile Order Management System
 - a Warehouse Management System
 - a Freight Forwarder Invoice application
- A “Community Platform” in collaboration with Global Logistics System (HK) Company Limited (“GLSHK”) connecting the shipper and forwarder communities is near completion

- Digi-Sign blossomed with revenue grew about four-fold and accounted for about 16% of the Group's turnover
- Currently about ten banks using Digi-Sign's security solutions service
- Two major projects completed partially by end of 2012:
 - The delivery of security tokens for our major bank client, with about half of the contract performed
 - Phase 1 of the Hong Kong Police Smart Warrant Card System ("SWCS")

China



- Weak sentiments in China led to a stagnation of projects that were under negotiation and a drop in returns from our PRC associates by over 50%
- Our associate, SCNT, failed to take off and is now in the process of being re-launched
- Another associate, U-Link, completed its initial build-up

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Financial Review



Compared with the results in 2011:

- Turnover increased 12.7% to HK\$232.4 million
- Operating profit improved 22.6% to HK\$91.8 million
- Profit attributable to shareholders rose 14.6% to HK\$80.3 million
- Increase in basic earnings per share of 14.3% to HK 10.4 cents

Final Dividend



- The seventh consecutive year with a 100% dividend payout
- Declared interim dividend: HK 3.3 cents per share
- Proposed final dividend: HK 6.9 cents per share
- Total dividend: HK 10.2 cents per share



Financial Highlights



| Year ended 31 December (HK\$M) | 2012 | 2011 | Change |
|------------------------------------|--------|-------|--------|
| Turnover | 232.4 | 206.2 | 12.7% |
| Profit from operations | 91.8 | 74.9 | 22.6% |
| Profit before taxation | 94.4 | 80.8 | 16.8% |
| Profit for the year | 80.2 | 70.1 | 14.4% |
| Profit attributable to | | | |
| Equity shareholders of the Company | 80.3 | 70.1 | 14.6% |
| Non-controlling interest | (0.09) | - | - |
| Earnings per share (HK cents) | | | |
| Basic | 10.4 | 9.1 | 14.3% |
| Diluted | 10.2 | 9.0 | 13.3% |

Key Financial Ratios



| Year ended 31 December | 2012 | 2011 |
|-------------------------|-------|-------|
| Operating profit margin | 39.5% | 36.5% |
| Net profit margin | 34.5% | 34.0% |
| Effective tax rate | 15.0% | 13.2% |
| Current ratio | 1.82 | 1.83 |
| Debtors' turnover days | 7 | 6 |

Key Balance Sheet Items



| (HK\$M) | As at 31 December 2012 | As at 31 December 2011 |
|------------------------|------------------------|------------------------|
| Fixed assets | 41.4 | 45.0 |
| Trade receivables | 24.1 | 27.2 |
| Other financial assets | 265.2 | 225.6 |
| Cash and bank deposits | 127.3 | 148.0 |
| Net assets | 359.0 | 340.8 |

Strong and Healthy Financials



- Net cash flow from operating activities totaled HK\$77.4 million
- Trade receivables at HK\$24.1 million
- Debtors' turnover day at about 7 days
- HK\$127.3 million of cash and bank deposits as at 31 December 2011
- Zero bad debt
- Zero gearing

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Prospects



- Results in 2012 was highly satisfactory, indicated a successful completion of the initial phase of Tradelink's re-engineering from a single product/service business to a multi-faceted one
- We will continue to seek growth by:
 - Expanding product offerings preferably away from the Hong Kong trade sector to make our business less exposed to domestic cycles
 - Focusing on new recurrent business based on core competencies and domain knowledge

Tradelink/ DTTN

- Shares contributed from GETS to further come down to about a third of the total operational revenue, whilst maintaining its quantum contribution
- As economy in Hong Kong and China recovers, activities in DTTN will also recover, enabling us to further reduce the Group's dependence on GETS
- Go up stream in the Supply Chain to enrich DTTN functionalities
- Will further improve service offerings through the launch of:
 - “Community Platform” by end of first quarter in 2013
 - Mobile Order Management and Freight Forwarder Invoice applications on “Tradelink Box”

DTTN/ China

- Graft our international network and connectivities to platforms owned/developed by strategic partners
- Our associate, U-Link, should be launching a 4PL matching platform in the second quarter of 2013
- Five more projects under negotiation in different areas in China will help facilitate the deployment of DTTN gateways

Digi-Sign

- Security solutions business will remain robust in 2013, as
 - Over half the banking security tokens contract still to be completed
 - Phase 2 of the SWCS is to be delivered this Spring
 - Three additional banks, albeit on smaller scale, will use our security tokens
- Several new business initiatives are close to fruition in the coming years, including:
 - The Common Authentication Token
 - The Mobile Banking Security Device

- Medium term goal is to develop a third source of recurrent revenue for the Group from our DTTN base
- Together with GETS services and security solutions business, we will provide three distinct sources of recurrent revenue
- With clear strategic focus, our aim is to develop additional revenue source to make our business more robust and less exposed to domestic cycles

*We are poised for further growth
as we enter into our Silver Jubilee year*

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Consolidated Income Statement



| Year ended 31 December | 2012 | 2011 |
|--|---------------|---------------|
| | (HK\$M) | (HK\$M) |
| Turnover | 232,383 | 206,176 |
| Interest income | 11,898 | 8,302 |
| Other net loss | - | (422) |
| Cost of purchases | (19,965) | (1,747) |
| Staff costs | (89,847) | (88,188) |
| Depreciation | (9,959) | (19,517) |
| Other operating expenses | (32,718) | (29,682) |
| Profit from operations | 91,792 | 74,922 |
| Share of results of associates | 2,973 | 5,841 |
| Share of result of jointly controlled entity | (391) | - |
| Profit before taxation | 94,374 | 80,763 |
| Taxation | (14,197) | (10,698) |
| Profit for the year | 80,177 | 70,065 |
| Attributable to: | | |
| Equity shareholders of the Company | 80,262 | 70,065 |
| Non-controlling interest | (85) | - |
| Profit for the year | 80,177 | 70,065 |
| Earnings per share (HK cents) | | |
| Basic | 10.4 | 9.1 |
| Diluted | 10.2 | 9.0 |

Consolidated Balance Sheet



| As at 31 December 2012 | 2012 (HK\$'000) | 2011 (HK\$'000) |
|--|--------------------|--------------------|
| Non-current assets | | |
| Fixed assets | 41,376 | 45,010 |
| Goodwill | 9,976 | 9,976 |
| Interest in associates | 100,010 | 97,975 |
| Interest in jointly controlled entity | 4,443 | - |
| | <u>155,805</u> | <u>152,961</u> |
| Current assets | | |
| Trade receivables | 24,135 | 27,194 |
| Other receivables and prepayments | 43,547 | 21,832 |
| Other financial assets | 265,234 | 225,594 |
| Deposits with bank | 3,700 | 41,700 |
| Cash and cash equivalents | 123,552 | 106,317 |
| | <u>460,168</u> | <u>422,637</u> |
| Current liabilities | | |
| Trade creditors, accounts payable and other payables | 247,931 | 224,512 |
| Taxation | 4,616 | 5,851 |
| | <u>252,547</u> | <u>230,363</u> |
| Net current assets | 207,621 | 192,274 |
| Total assets less current liabilities | 363,426 | 345,235 |
| Non-current liabilities | | |
| Provision for long service payments | 2,923 | 2,727 |
| Deferred taxation | 1,533 | 1,702 |
| | <u>4,456</u> | <u>4,429</u> |
| NET ASSETS | <u>358,970</u> | <u>340,806</u> |
| Capital and Reserves | | |
| Share capital | 156,718 | 156,509 |
| Reserves | 201,730 | 184,297 |
| Total equity attributable to equity shareholders of the Company | <u>358,448</u> | <u>340,806</u> |
| Non-controlling interest | 522 | - |
| TOTAL EQUITY | <u>358,970</u> | <u>340,806</u> |