



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



2013 Annual Results Presentation

Corporate Profile

Listing Date

28 October 2005

**Share Price
(@ 25/3/2014)**

HK\$2.32

**Issued Shares
(@ 25/3/2014)**

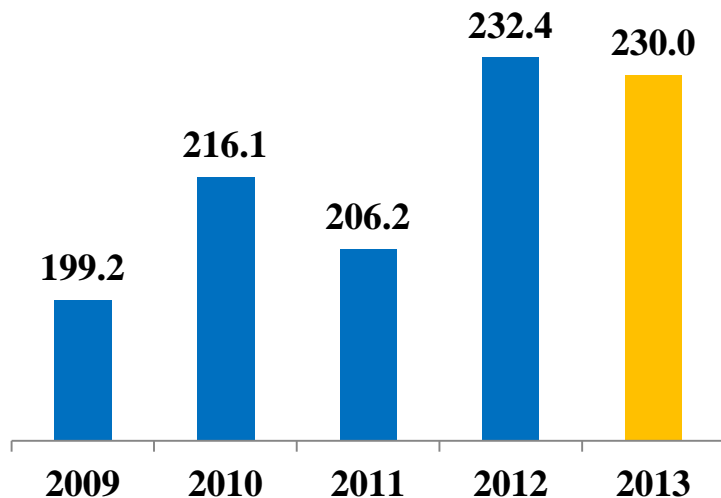
790,451,902 shares

Market Cap

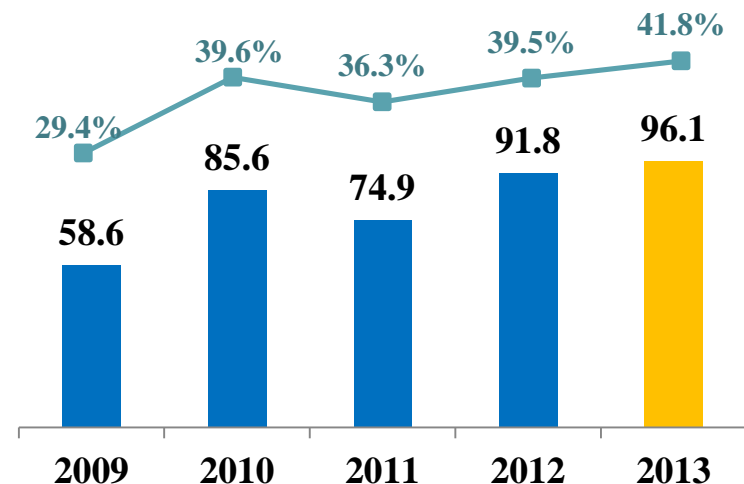
HK\$1.834 Billion

2013 Annual Results

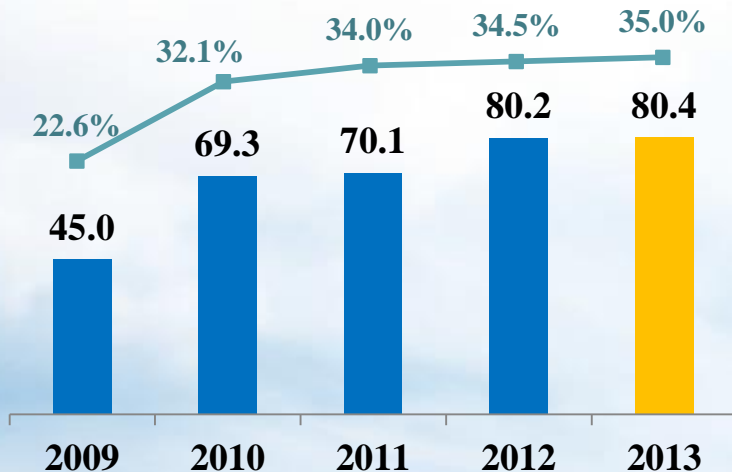
Turnover (HK\$M)



Profit from operations (HK\$M) & Operating Profit Margin

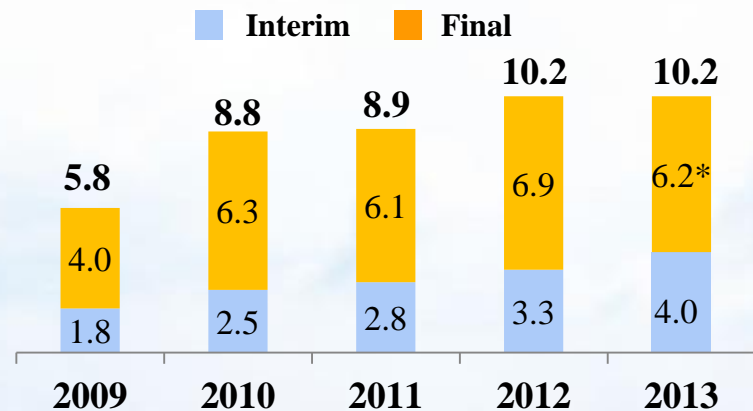


Profit for the Year (HK\$M) & Net Profit Margin



Dividend per Share (HK cents)

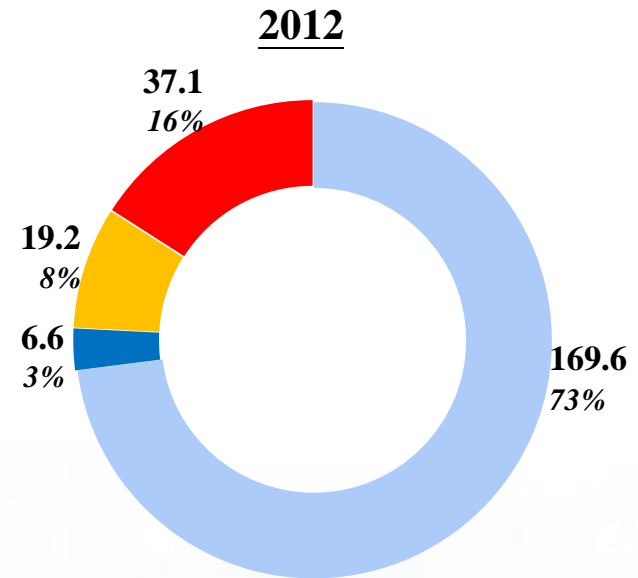
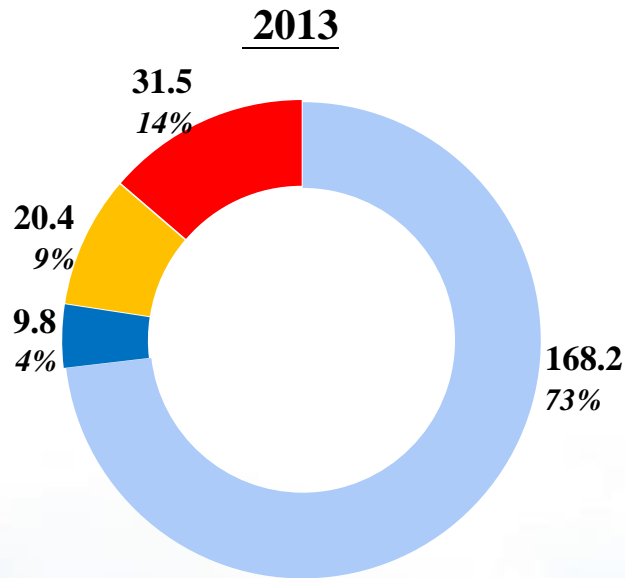
The eighth consecutive year with 100% dividend payout



*Proposed final dividend

2013 Annual Results

Segment Turnover (HK\$M) & % of Total Turnover



GETS segment generates income from customers using Tradelink's electronic front-end solutions for processing certain government trade-related documents.

Security Solutions segment generates income from the provision of security products, digital certificates and security solutions.

DTTN segment generates income from the electronic logistics platform for facilitating information flows among the trade logistics and finance industries.

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

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3. PROSPECTS

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Overview

- Overall operational performance remained steady, with turnover slipping by about 1%, from \$232.4 million in 2012 to HK\$230.0 million
- Costs increased by about 5%, from HK\$152.5 million to HK\$159.6 million, as
 - invested in the development of our security devices and mobile payment solution businesses
 - one-off provisions for the loss of the court case
- Due to the introduction of a new accounting policy, our PRC associates' performance affected by a one-off profits claw back of HK\$6.0 million
- Also recorded a total of HK\$13.8 million in other net income which included
 - a gain from some corporate bonds
 - a gain from the disposal of our 25% shareholding of Telstra Technology Services (Hong Kong) Limited

Tradelink / DTTN

- Although there is a continuation of the decline in revenue contribution from our core GETS business since the issue of a third licence in 2010, the down trend has finally been arrested. This narrowed from a decline of 8.7% in 2011 and 1.3% in 2012 to just 1% last year
- Revenue from other trade-related services grew from HK\$19.2 million to HK\$20.4 million, due to
 - roll-out of additional services, such as Warehouse Management System and Freight Forwarder Invoice application
 - launch of latest services including a cloud-based data storage service and the advanced cargo submissions for the Japanese market, both met with good response

Tradelink / DTTN

- DTTN revenue grew strongly, from HK\$6.6 million in 2012 to nearly HK\$9.8 million last year, an increase of about 50%
- DTTN team focused on our home market during 2013, with substantial resources devoted to developing E-commerce platforms, and ancillary services, for a number of local clients
- Other DTTN projects underway include a Proof of Delivery system for a major furniture retailer, an on-board diagnostics system for the logistical arm of a major cross-border foodstuff supplier

Digi-Sign

- Due to temporary shortage in chip market, roll out of our mobile wallet solution, originally intended for mid-2013, was delayed to Q2, 2014; affecting Digi-Sign's performance last year, with revenue dropping some 15%, from HK\$37.1 million in 2012 to HK\$31.5 million
- Digi-Sign's security solutions business continued to expand during the year, with another bank added to our client list in Q4 2013
- The Hong Kong Police Smart Warrant Card System was successfully completed on schedule. Delivery of our PKI solution for Hong Kong Police's system for electronic transmission of finger prints to courts for evidentiary purposes

China

- Despite the recorded loss, performance at our PRC associates during the past year actually recovered
- Without the HK\$6 million profit claw back by Guofurui, profit contribution from this source would have grown from the HK\$2.6 million in 2012 to HK\$3.4 million, an increase of more than 30%
- U-Link, launched its 4th Party Logistics Matching Platform during Q3 of 2013. The platform, where truckers, warehouse operators and insurers etc, list their services, including expected delivery time, and charges to allow shippers to make orders on-line, is being expanded rapidly. It now has eight offices and some 1,800 routes on offer

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Financial Review

Year ended 31 December (HK\$M)	2013	2012	Change
Turnover	230.0	232.4	-1.0%
Profit from operations	96.1	91.8	4.7%
Profit before taxation	93.5	94.4	-1.0%
Profit for the year	80.4	80.2	0.2%
Profit attributable to			
Equity shareholders of the Company	80.5	80.3	0.2%
Non-controlling interest	(0.06)	(0.09)	-33.3%
Earnings per share (HK cents)			
Basic	10.4	10.4	-
Diluted	10.2	10.2	-

Key Financial Ratios

Year ended 31 December	2013	2012
Operating profit margin	41.8%	39.5%
Net profit margin	35.0%	34.5%
Effective tax rate	13.9%	15.0%
Current ratio	1.98	1.82
Debtors' turnover days	7	7
Dividend Payout Ratio*	100%	100%

**The eighth consecutive year with 100% dividend payout*

Key Balance Sheet Items

(HK\$M)	As at 31 December 2013	As at 31 December 2012
Fixed assets	36.7	41.4
Trade receivables	18.1	24.1
Other financial assets	289.4	265.2
Cash and bank deposits	113.8	127.3
Net Asset	373.0	359.0

Strong and Healthy Financials

- Net cash flow from operating activities totaled HK\$ 71.7 million
- Trade receivables at HK\$ 18.1 million
- Debtors' turnover day at about 7 days
- HK\$113.8 million of cash and bank deposits as at 31 December 2013
- Zero bad debt
- Zero gearing

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Prospects

Tradelink / DTTN

- With rollout of additional services and a turnaround in Hong Kong's external trade expected for 2014, the downtrend of GETS should be reversed in the coming year.
- Will offer services to assist our clients to better manage their business; increasing our “stickiness” and helping defend our business from competition purely by under-cutting our prices
- E-commerce proposals under discussions with clients with positive prospects and a solid pipeline of projects in the works

Prospects (cont'd)

Digi-Sign / TESS

- Preparatory work on our E-cheque security solution nearly completed & discussions initiated with some banks to adopt our solution when the project is launched in 2015
- Promising prospects for our mobile wallet solution which has been fully certified by MasterCard/Visa, and China UnionPay certification process now underway. Four banks already signed up our solution with first bank client launching the solution by Q2, 2014
- Roll-out of mobile point of sale (“MPoS”) and related services planned for 2H of 2014. Currently in discussion with China UnionPay on adoption of our MPoS solution, and our potential role as their PoS concentrator in Hong Kong

Prospects (cont'd)

China

- U-Link is central to China strategy
 - The intention is to expand the number of offices to 15 with around 5,000 routes on offer during the coming year
 - It is still in its incubation stage, we do not expect contribution from it during 2014. But, the network it is building will contribute significantly to our supply chain connectivity in the China market for years to come
 - We also have initiated discussions with a similar platform operator in the US to inter-connect their platforms
- Continue the search for an exit strategy for Guofurui

Prospects (cont'd)

With expectations of a reversal of decline in our GETS revenue, a strong DTTN pipeline, the rollout of mobile wallet / MPoS solutions, an improved performance of our China activities & non-occurrence of exceptional items....

we expect a much improved 2014 performance

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