



**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

# 2014 Annual Results Presentation



# Corporate Profile

<b>Listing Date</b>	<b>28 October 2005</b>
<b>Share Price (@ 24/3/2015)</b>	<b>HK\$ 1.89</b>
<b>Issued Shares (@ 24/3/2015)</b>	<b>793,061,339 shares</b>
<b>Market Cap</b>	<b>HK\$ 1.50 Billion</b>

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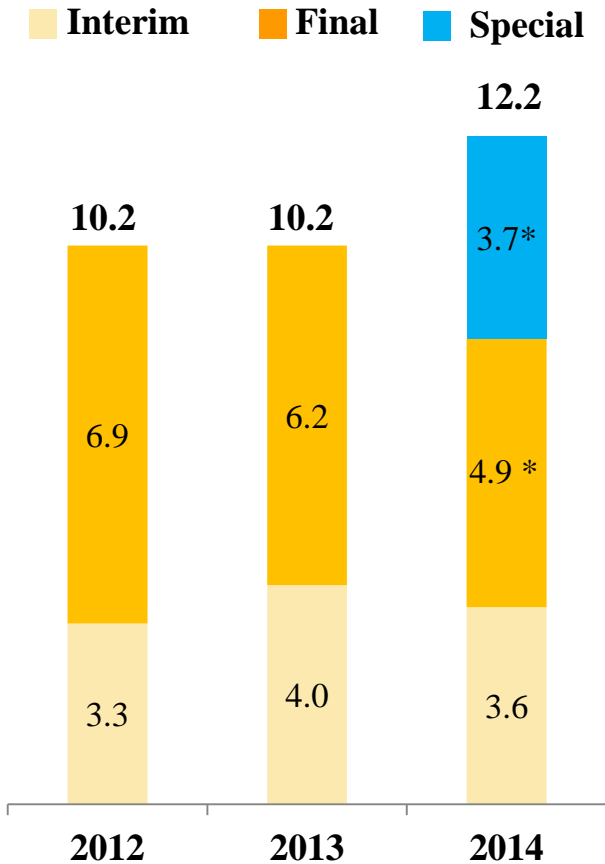
# Overview

Compared with the results in 2013:

- Turnover decreased 1.6% to HK\$226.3 million
- Operating profit fell 13% to HK\$83.6 million
- Profit attributable to shareholders fell 7.8% to HK\$74.2 million
- Decrease in basic earnings per share of 10.6% to HK\$9.3 cents

# Final Dividend

## Dividend per Share (HK cents)



\*Proposed final & special dividend

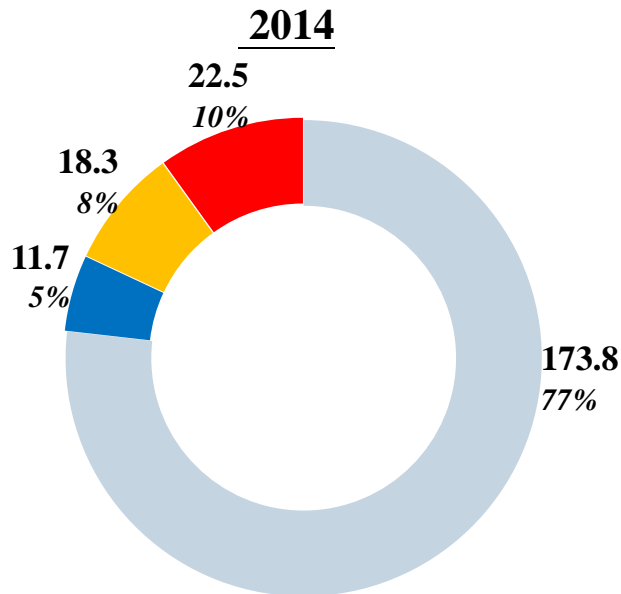
- Declared interim dividend: HK 3.6 cents per share
- Proposed final dividend: HK 4.9 cents per share
  - represents 100% of the Company's distributable profit
- Proposed special dividend: HK 3.7 cents per share
  - the entire amount of HK\$29.5 million DTTNCo impairment write-back to return to shareholders
- Total dividend: HK 12.2 cents per share
  - an increase of nearly 20% over 2013

# Financial Review

<b>Year ended 31 December (HK\$M)</b>	<b>2014</b>	<b>2013</b>	<b>Change</b>
<b>Turnover</b>	<b>226.3</b>	230.0	(1.6%)
<b>Profit from operations</b>	<b>83.6</b>	96.1	(13.0%)
<b>Profit before taxation</b>	<b>85.8</b>	93.5	(8.2%)
<b>Profit for the year</b>	<b>74.2</b>	80.4	(7.7%)
<b>Profit attributable to</b>			
Equity shareholders of the Company	<b>74.2</b>	80.5	(7.8%)
Non-controlling interest	-	(0.06)	-
<b>Earnings per share (HK cents)</b>			
Basic	<b>9.3</b>	10.4	(10.6%)
Diluted	<b>9.3</b>	10.2	(8.8%)

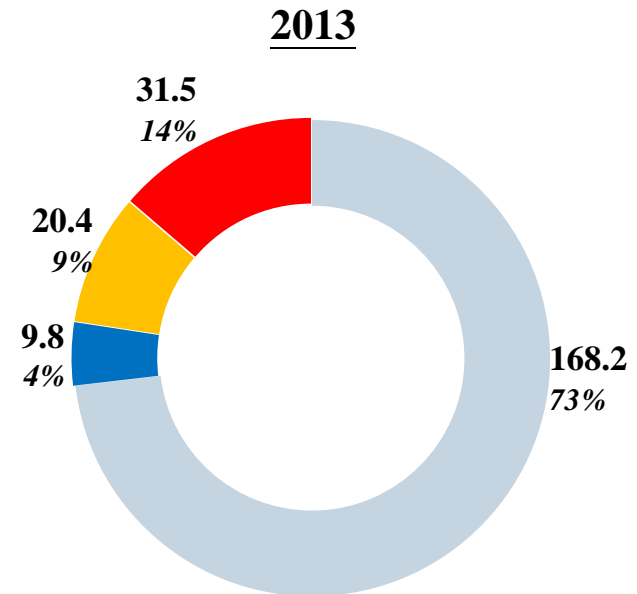
# 2014 Annual Results

## 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.

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



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

**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.

# Key Financial Ratios

<b>Year ended 31 December</b>	<b>2014</b>	<b>2013</b>
<b>Operating profit margin</b>	<b>37.0%</b>	41.8%
<b>Net profit margin</b>	<b>32.8%</b>	35.0%
<b>Effective tax rate</b>	<b>13.6%</b>	13.9%
<b>Current ratio</b>	<b>2.03</b>	1.98
<b>Debtors' turnover days</b>	<b>8</b>	7
<b>Dividend Payout Ratio</b>	<b>91%*</b>	100%

*\*This 91% ratio does not represent change of Group's practice of 100% payout. The proposed HK4.9 cents per share final dividend represents 100% of the Company's distributable profit in 2014 and the difference reflects the gap between profit attributable to shareholders and profit distributable to shareholders. The Company as a Hong Kong company is only allowed, under HK Company Law, to distribute profits it received. Profits attributable to shareholders but not received such as share of profits from associates not received in form of dividends cannot be distributed to shareholders.*

# Key Balance Sheet Items

<b>(HK\$M)</b>	<b>As at 31 December 2014</b>	<b>As at 31 December 2013</b>
<b>Fixed assets</b>	<b>30.6</b>	36.7
<b>Trade receivables</b>	<b>23.3</b>	18.1
<b>Other financial assets</b>	<b>288.2</b>	289.4
<b>Cash and bank deposits</b>	<b>114.0</b>	113.8
<b>Net Asset</b>	<b>377.1</b>	373.0

# Strong and Healthy Financials

- Net cash flow from operating activities totaled HK\$ 60.7 million
- Trade receivables at HK\$ 23.3 million
- Debtors' turnover day at about 8 days
- HK\$ 114.0 million of cash and bank deposits as at 31 December 2014
- Zero bad debt
- Zero gearing

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# Tradelink / DTTN

- GETS recovered with a 3.3% increase in revenue over 2013, the first increase since competition was introduced in 2004
  - Service reliability, quality and integrity as values that command customer loyalty even in the face of cut-throat competition
- Stable income from operating the ROCARS Call Center Service on behalf of the HK Custom and from our own ROCARS service
- Second time won tender to operate ROCARS Call Centre Service for HK Customs under a 3-years contract to commence in Feb 2015
- Revenue from non-GETS trade-related services dipped about 10% to HK\$18.3 million over 2013
  - due to a one-off cash receipt recorded in 2013

# Tradelink / DTTN

- DTTN revenue continued to increase by 20%, to over HK\$11 million in 2014
  - from the nearly 50% increase in 2013 compared to 2012
- Satisfactory development of DTTN during the past few years enabled the Group to write back HK\$29.5 million of the earlier impairments
  - A loss of over HK\$15 million in 2009, when we acquired it from the other shareholders
- Particularly impressive is the stellar quality of client list and the diversity of its new projects
  - all of which are building blocks to provide comprehensive end-to-end solutions along the entire supply chain

- A temporary dip in the performance of security solutions business with revenue dropped by some 30% to HK\$22.5 million, for reasons not performance-related to us:
  - expected slowdown in the delivery of security tokens for major bank client as initial demand satisfied
  - delay in the launch of mobile wallet and mobile PoS solution to address clients' technical issues / new requirements
  - banks taking the time to confirm their E-cheque requirements hence delaying the commencement of the project work
- For our mobile wallet, by end of 2014:
  - 3 banks in Hong Kong launched our solution
  - Taiwan Mobile Payment Company announced on 30-12-2014 the adoption of our solution for the mobile payment platform in Taiwan market

# China

- Improved performances by some of our PRC associates and joint venture
  - share of profit in 2014: HK\$6.5 million (share of loss in 2013: HK\$2.6 million)
- Took the opportunity of the windfall from the \$29.5 million write back of DTTN impairment to write down by HK\$4.3 million, some less performing PRC investments
- The 4<sup>th</sup> Party Logistics Matching Platform launched by U-Link expanded rapidly and a further RMB4.5 million invested (our stake increased to 26%):
  - now offering some 30,000 routes now
  - successfully launched a logistics financing business, first in China / worldwide, with now around 1,000 transactions per day

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# Prospects

## Tradelink / DTTN

- Commit to maintaining GETS business upturn
- Continue to improve our range of value adding services for our clients
- Maintain our strong DTTN pipeline of new projects and extend O2O capabilities to the B2C platforms
- Work on iTeM, our new B2C E-commerce platform
  - completed during 2014 and formal launch is expected in 2H2015
  - pursue discussion with parties who already have expressed interests with it in the initial phase
  - represents the Group's progression to a full-fledged B2G/B2B/B2C operation

# Prospects (cont'd)

## Digi-Sign / TESS

- Our security solutions business will recover strongly in 2015:
  - Recovery of deliveries of OTP tokens
    - demand to increase when E-cheque service launched
    - One more bank customer added with another one close to signing up
  - E-cheque revenue will be booked
  - Mobile PoS solution will be rolled out in 2H2015
  - Significant growth in digital certificate sales for E-cheque service

# Prospects (cont'd)

## China

- U-Link in discussion with a number of banks/financial institutions interested in providing financing for further expansion of the logistics financing service
- Developing a platform for Shenzhen Airport in conjunction with Shenzhen Air Transport Association
  - Linking the carriers, cargo terminal operators, forwarders and shippers based at Shenzhen Airport
  - expect to be launched towards the latter part of 2015
- Dispose of our stake in Guofurui is continuing
  - with the recent signing of a MoU and non-disclosure agreement with another potential buyer and expect the disposal to be completed during 2015

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