



**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 Interim Results Presentation

**TRADELINK**, AS THE LEADER OF E-COMMERCE SERVICE MARKET IN HONG KONG, PROVIDES A WIDE RANGE OF SECURE AND RELIABLE BUSINESS-TO-GOVERNMENT AND BUSINESS-TO-BUSINESS ELECTRONIC SERVICES. **DIGI-SIGN**, THE FIRST COMMERCIAL COMPANY GRANTED STATUS AS A RECOGNIZED CERTIFICATION AUTHORITY IN HONG KONG, PROVIDES DIGITAL CERTIFICATION SERVICES FOR SECURE ONLINE TRANSACTIONS. **TESS** SPECIALIZES IN THE DEVELOPMENT AND PROVISION OF ALL ASPECTS OF ONLINE SECURITY SOLUTIONS AND PRODUCTS, OTHER THAN DIGITAL CERTIFICATES. **TRADELINK**, AS THE LEADER OF E-COMMERCE SERVICE MARKET IN HONG KONG, PROVIDES A WIDE RANGE OF SECURE AND RELIABLE BUSINESS-TO-GOVERNMENT AND BUSINESS-TO-BUSINESS ELECTRONIC SERVICES. **DIGI-SIGN**, THE FIRST COMMERCIAL COMPANY GRANTED STATUS AS A RECOGNIZED CERTIFICATION AUTHORITY IN HONG KONG, PROVIDES DIGITAL CERTIFICATION SERVICES FOR SECURE ONLINE TRANSACTIONS. **TESS** SPECIALIZES IN THE DEVELOPMENT AND PROVISION OF ALL ASPECTS OF ONLINE SECURITY SOLUTIONS AND PRODUCTS, OTHER THAN DIGITAL CERTIFICATES. **DTTNCo** PROVIDES A STATE-OF-THE-ART ELECTRONIC PLATFORM CONNECTING STAKEHOLDERS IN THE SUPPLY CHAIN LOCALLY WITH THEIR OVERSEAS PARTNERS FOR DOCUMENT EXCHANGES. **TRADELINK**, AS THE LEADER OF E-COMMERCE SERVICE MARKET IN HONG KONG, PROVIDES A WIDE RANGE OF SECURE AND RELIABLE BUSINESS-TO-GOVERNMENT AND BUSINESS-TO-BUSINESS ELECTRONIC SERVICES. **DIGI-SIGN**, THE FIRST COMMERCIAL COMPANY GRANTED STATUS AS A RECOGNIZED CERTIFICATION AUTHORITY IN HONG KONG, PROVIDES DIGITAL CERTIFICATION SERVICES FOR SECURE ONLINE TRANSACTIONS.

# Corporate Profile

**Listing Date**

**28 October 2005**

**Share Price  
(@ 26/8/2014)**

**HK\$ 1.91**

**Issued Shares  
(@ 26/8/2014)**

**792,256,939 shares**

**Market Cap**

**HK\$ 1.51 Billion**

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# 1. BUSINESS REVIEW

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# 2. FINANCIAL HIGHLIGHTS

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# 3. PROSPECTS

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# 4. Q&A

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# Overview

- Our operating environment during the first half of this year improved, with GETS, other trade-related services and DTTN all recording solid growth. This compensated for the decline in Digi-Sign/TESS segment due to the continued delay in the launch of mobile wallet project.
- As a result, turnover for the period, at HK\$110.9 million, was marginally down on the HK\$111.8 million for the same period last year. After-tax profit for the period also dropped by about 8% to HK\$38.1 million.
- The decline in bottom line does not signal any major problem at the Group, the fall could be attributed to
  - the impact of the fall in RMB exchange rates on investment portfolio, which caused a swing of nearly HK\$5 million and
  - without any exceptional gain compared with the HK\$7 million exceptional income from the sale of Telstra Technology Services (Hong Kong) Limited in 1H2013.

# Tradelink

- Core E-Commerce business succeeded in reversing the persistent downtrend in revenue for this segment.
- TDEC revenue for the period increased by about 4.6%, due to
  - a slight, 3.6%, recovery of the overall GETS market.
  - winning back of the five GACOs\* franchise for providing paper-to-electronic conversion service in late April.
  - price increase.
- Other trade-related services also grew by about 5% because of the newly added AFR service for Japan-bound cargo, in March.

\*GACOs - Government Approved Certification Organizations include the Hong Kong General Chamber of Commerce, the Indian Chamber of Commerce, the Federation of Hong Kong Industries, the Chinese Manufacturers' Association and the Chinese General Chamber of Commerce.

# DTTN

- DTTN services continued to improve, with revenue doubling from HK\$3 million for 1H 2013 to nearly HK\$6 million this year.
- These completed new projects are building blocks in overall suite of supply chain systems. Some of them are already being replicated for other clients and all have continuing revenue contribution capabilities.

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# Digi-Sign / TESS

- Digi-Sign revenue slipped by some 40% to HK\$10.5 million, since
  - the 2013 result was boosted by the revenue from the Hong Kong Police Smart Warrant Card System last year.
  - deliveries of security tokens for our major bank client during 1H2014 slowed by a third, as the initial demand became satisfied.
- The plan to fill the gap with revenue from mobile wallet solution did not materialize, due to delays in its launch for reasons beyond our control.
  - The delay mainly caused by technical and other procedural issues at the client end. These issues have now all been resolved.

# China

- China investments fared better, with profit from PRC associates coming to about HK\$3 million. This trend is expected to be maintained.
- The matching platform launched by U-Link, our fourth-party logistics joint venture in the PRC, has been very well received. With some 2,000 registered routes and approximately 50,000 transactions completed since its launch in Q3 last year.

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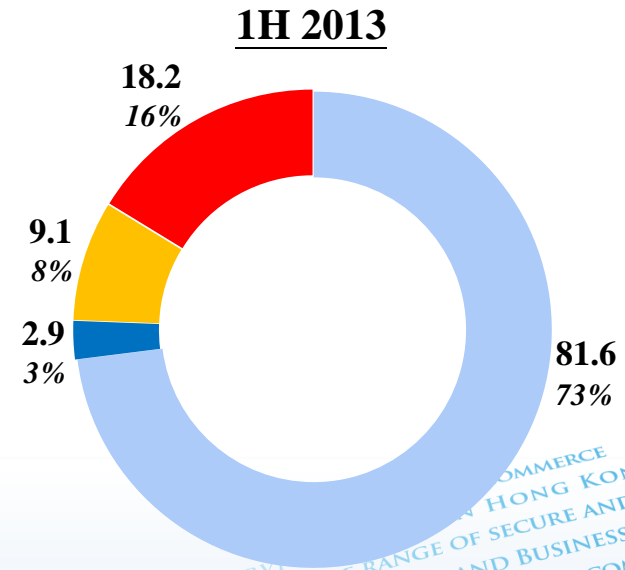
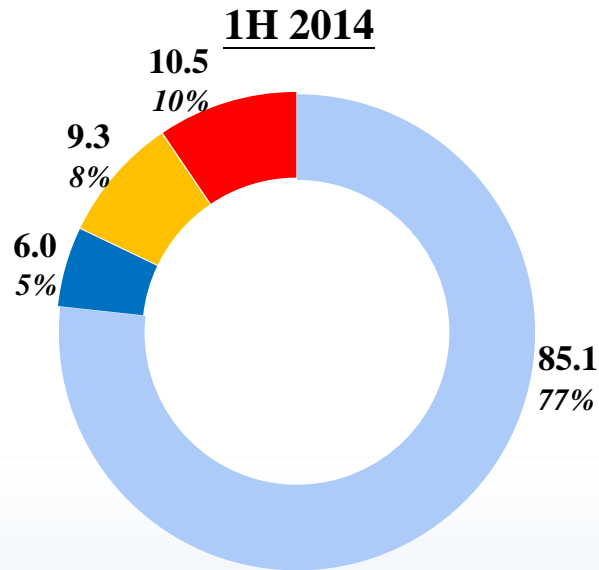
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# 2014 Interim Results

Six months ended 30 June (HK\$M)	1H 2014 (unaudited)	1H 2013 (unaudited)	Change
<b>Turnover</b>	<b>110.9</b>	111.8	-0.8%
<b>Profit from operations</b>	<b>41.7</b>	51.3	-18.7%
<b>Profit before taxation</b>	<b>44.7</b>	47.2	-5.3%
<b>Profit attributable to</b>			
Equity shareholders of the Company	<b>38.1</b>	41.5	-8.2%
Non-controlling interest	-	(0.046)	-
<b>Profit for the period</b>	<b>38.1</b>	41.4	-8.0%
<b>Earnings per share (HK cents)</b>			
Basic	<b>4.84</b>	5.41	-10.5%
Diluted	<b>4.80</b>	5.27	-8.9%
<b>Interim dividend per share (HK cents)</b>	<b>3.6</b>	4.0	-10.0%

# Segment Turnover

## 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.

# Key Financial Ratios

Six months ended 30 June	1H 2014 (Unaudited)	1H 2013 (Unaudited)
Operating profit margin	37.6%	45.9%
Net profit margin	34.3%	37.0%
Effective tax rate	14.8%	12.2%
Current ratio	2.0	1.8
Debtors' turnover days	8	10
Dividend payout ratio	~75%	~75%

# Key Balance Sheet Items

<b>(HK\$M)</b>	<b>As at 30 Jun 2014 (Unaudited)</b>	<b>As at 31 Dec 2013 (Audited)</b>
<b>Fixed assets</b>	<b>33.3</b>	<b>36.7</b>
<b>Trade receivables</b>	<b>21.6</b>	<b>18.1</b>
<b>Other financial assets</b>	<b>273.8</b>	<b>289.4</b>
<b>Cash &amp; bank deposits</b>	<b>121.7</b>	<b>113.8</b>
<b>Net asset</b>	<b>371.5</b>	<b>373.0</b>

# Strong and Healthy Financials

- Net cash flow from operating activities totaled HK\$32.2 million
- Trade receivables at HK\$21.6 million
- Debtors' turnover day at about 8 days
- HK\$121.7 million of cash and bank deposits as at 30 June 2014
- Zero bad debt
- Zero gearing

## 1. BUSINESS REVIEW

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## 2. FINANCIAL HIGHLIGHTS

---

## 3. PROSPECTS

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## 4. Q&A

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# Prospects

## Tradelink / DTTN

- GETS upward trend should continue.
- With more projects commencing in the second half of this year, we expect DTTN activities to remain high.

## China

- U-Link has attracted the interests of investors, potential partners and government officials. Also leveraging on synergies with us, the Platform with functions extended beyond China's border will be launched in Hong Kong later this year. This will give a further boost to the JV.
- Work on the divestment of the stalled logistics park at Pinggu and the data center JV in Beijing, Goufurui, is continuing. Hope to complete these during the current financial year.

# Prospects (cont'd)

## Digi-Sign / TESS

- For mobile wallet project, two banks have made a soft internal launch and their formal launches will be in Q3 2014.
  - A Proof-of-Concept launch was undertaken in June in the PRC and discussions on the technical components required for project roll-out in Taiwan and Singapore are nearing completion.
- Discussions for adopting our proposed E-cheque solution are underway with the banks, with some of the project work may commence in 2H 2014.
- Other Undergoing Projects
  - System development work on the eco-system for the mobile wallet project is scheduled for completion sometime in Q3 2014.
  - Preparation for the launch of our mobile Point-of-Sale (POS) solution also progressed during the period.

## 1. BUSINESS REVIEW

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## 2. FINANCIAL HIGHLIGHTS

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## 3. PROSPECTS

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