



貿易通
TRADELINK

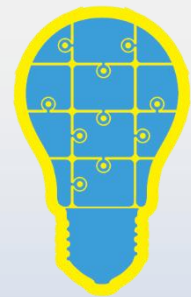
貿易通電子貿易有限公司

Tradelink Electronic Commerce Limited

Stock Code 股份代號 : 536

2016 Annual Results Presentation





FINANCIAL HIGHLIGHTS

Overview of 2016 Annual Results

Revenue

HK\$ 231.3M

↑ 3.9% YoY

Profit from operations

HK\$ 91.9M

↑ 6.9% YoY

Profit for the year

HK\$ 79.3M

↓ 2.6% YoY

- Recorded growth in GETS and Commercial Services
- Continued R&D in Security Solutions and Other Services
- Profit for the year affected by a swing of investment in the PRC associates

Net cash flow from operating activities

HK\$ 58.0M

Cash & bank deposits

HK\$ 44.3M

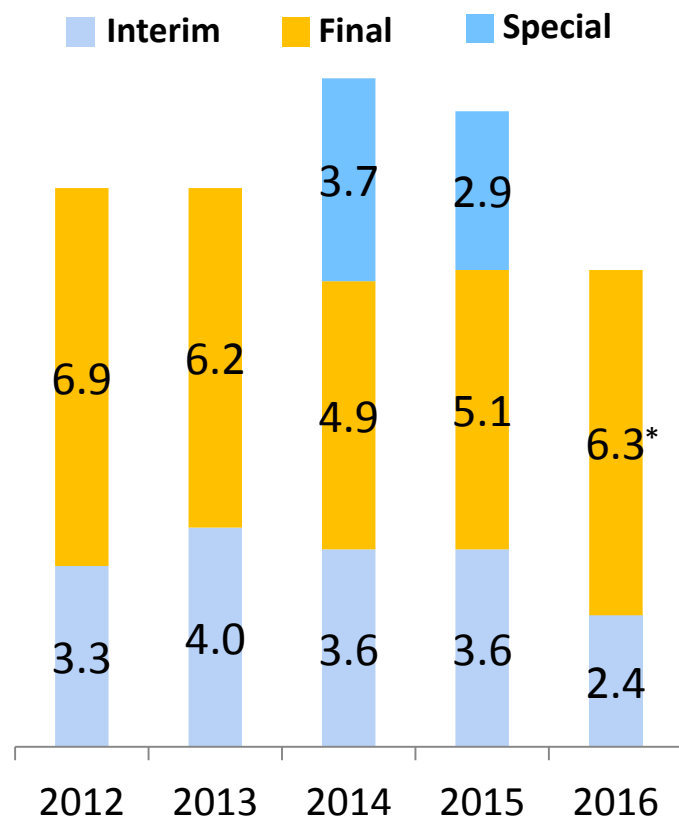
Other financial assets

HK\$ 407.1M

- Maintain strong and healthy financials

Final Dividend

Dividend per Share (HK cents)



*Proposed final dividend

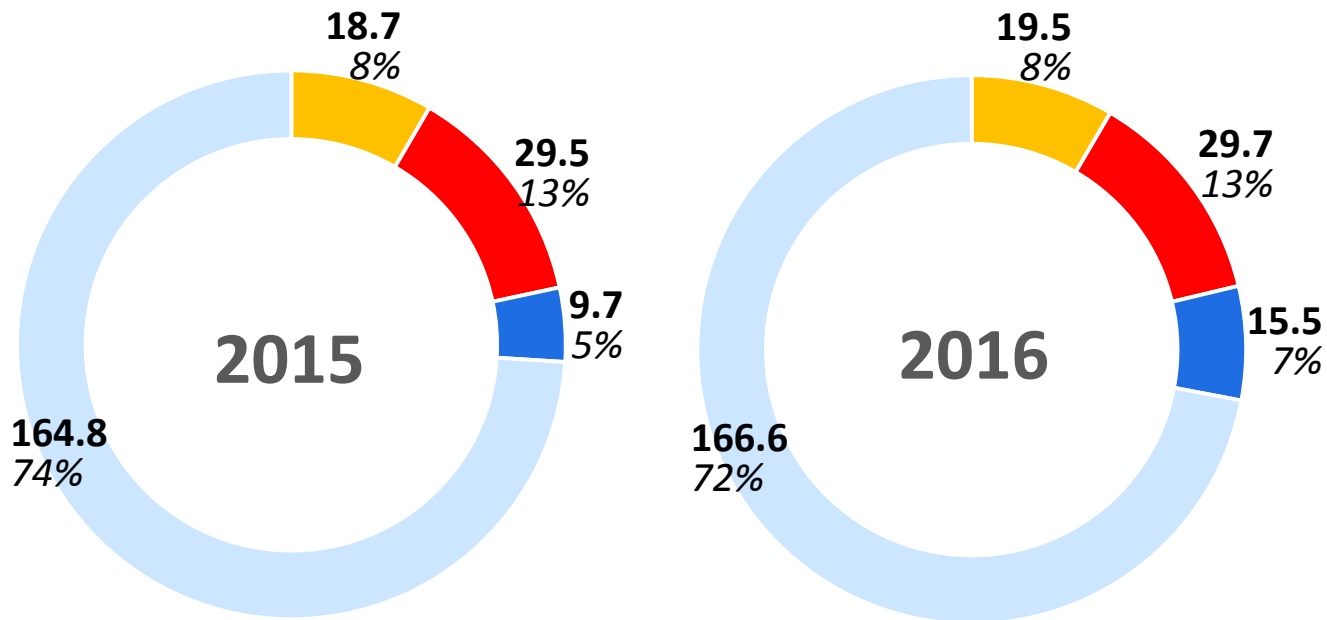
- Declared interim dividend: HK 2.4 cents per share
- Proposed final dividend: HK 6.3 cents per share
- Total dividend: HK 8.7 cents per share
 - Represents a dividend payout ratio of 98.3% of the Group's profit excluding the deferred tax credit of HK\$8.9 million
 - Excluding the special dividend in 2015, total dividend at par year on year

Financial Highlight

Year ended 31 December (HK\$M)	2016	2015	Change
Revenue	231.3	222.7	3.9%
Profit from operations	91.9	86.0	6.9%
Profit before taxation	81.4	92.6	(12.1%)
Profit for the year	79.3	81.4	(2.6%)
Profit attributable to Equity shareholders of the Company	79.3	81.4	(2.6%)
Earnings per share (HK cents)			
Basic	9.9	10.2	(2.9%)
Diluted	9.9	10.2	(2.9%)

Segment Revenue

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



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

Commercial Services 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 and mobile 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

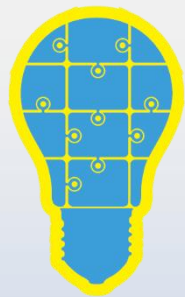
Year ended 31 December	2016	2015
Operating profit margin	39.7%	38.6%
Net profit margin	34.3%	36.6%
Effective tax rate	2.6%	12.1%
Current ratio	0.47	1.33
Debtors' turnover days	10	8
Dividend payout ratio	98.3% ¹	100% ²

¹The proposed final dividend, together with the interim dividend for 2016 represents a dividend payout ratio of 98.3% of the Group's profit excluding the deferred tax credit.

²The total amount of interim and final dividend for 2015 represents 100% of the Group's profit attributable to shareholders excluding the gain on disposal of Guofurui.

Key Balance Sheet Items

(HK\$M)	As at 31 Dec 2016	As at 31 Dec 2015
Property, plant and equipment	26.2	29.3
Trade receivables	26.0	21.9
Other financial assets	407.1	229.4
Cash and bank deposits	44.3	146.2
Net Asset	350.4	360.6



BUSINESS REVIEW

TRADELINK

E-Commerce - GETS Review

- Benefited from a 2.8% growth of the overall GETS market, the Group's GETS business volume increased by 1.1% and total GETS revenue at HK\$166.6 million, was also up 1.1%.
- GETS profit increased to HK\$52.1 million in 2016, up 10.9%
 - Due to our vigorous cost control, total costs dropped to HK\$114.5 million, down HK\$3.3 million compared to 2015

E-Commerce - Commercial Services Review

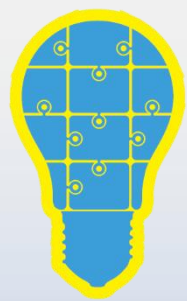
- Revenue of our Commercial Services in 2016 recorded a significant increase of almost 60% to HK\$15.5 million in 2016 and the segment profit also rose remarkably to HK\$6.9 million, 60.5% higher than the profit in 2015
 - due to the successful completion of several major projects in 2H2016.
- Demonstrate the success of our focus approach to market our mature products such as Warehouse Management System (WMS) and Delivery Order Management System (DOMS)
 - Using our core solutions as the building block to replicate / customize for new customers of similar needs, our projects could be completed within a substantially shortened timeframe with reduced risks and higher margin.
 - We have several prominent new brand names added to our customer reference list during the reporting period.

Security Solutions - Digi-Sign/TESS Review

- Revenue of our Security Solutions business in 2016 at HK\$29.7 million was almost the same as 2015. Additional revenue in 2016 almost cancelled out our e-cheque related projects income which was recorded in 2015 but not in 2016.
 - Additional revenue came from the completion and delivery of the one-time password solutions in 2H2016 to the two new bank customers.
 - Phase 1 of our biometric-based authentication solution for our major bank customer was delivered before end of the year.
- Profit however dropped to HK\$2.8 million, down 33.3%,
 - due to the continued delay of the launch of our mobile PoS / payment solutions and the additional cost incurred in the R&D of our biometric authentication.

Others Services & Investment in PRC Associates Review

- Revenue from other services recorded a slight increase from HK\$18.7 million in 2015 to HK\$19.5 million in 2016.
 - While the costs to deliver / maintain these services were largely the same in 2016 compared to 2015 if excluded general inflation, additional costs however were incurred in 2016 for conducting feasibility and research on new opportunities and projects.
 - The segment profit dropped to HK\$10.7 million in 2016, down about 21.9% from 2015 profit at HK\$13.7 million.
- Affected by the continuous increased loss of U-Link and additional costs incurred by Guangdong Nanfang Haiian Science & Technology Service Company Limited (“Nanfang”) for settlement of their historical legal problems, the performance of our PRC associates in 2016 was poor, recording a total share loss of HK\$10.6 million.



PROSPECTS

TRADELINK

Prospects - GETS

We expect to continue a steady GETS business in 2017

Given our long established reputation and brand name in the market, and barring any external factors drastically affecting the overall GETS market

The new GETS licence (2019 - 2024 extendable to 2026)

Same as the past two GETS tendering exercises, we do not expect surprises in terms of our GETS business continuity under the new contract

Government's plan to implement the Trade Single Window (SW)

We would stay vigilance to gauge the general direction the stakeholders are pursuing so as to enable us to formulate our longer term business planning for GETS and SW

Continue to enhance stickiness by offering other value-added services and shift our relations with customers to non-GETS space (like commercial services)

- Proving a three-way winning for the two business segments and the customers, we would continue this approach in coming years

Prospects - Commercial Services

Leverage on strong case references

With further strengthened references, we are not only getting solid and quality sales leads from our own target lists but also referrals from existing customers and / or requests from these customers for extension of our solutions deployment to other geographic locations or for their groups' other businesses

Expand with new service and solutions

As our ongoing plan to expand our business and augment our suite of supply chain management solutions, we would continue to explore opportunities to work on new services and solutions development initiatives

- We hope to complete a pilot version for some of them for deployment later in 2017 or early 2018

Prospects - Security Solutions

Electronic Identification Management (e-IDM)

- Build our unique brand positioning in the electronic identification management (e-IDM) space with solutions utilizing multi-authentication as a secure mechanism to confirm user's claim identity in processing and authorizing transactions (digital certificates, security tokens and biometric authentication solutions)

Biometric Solutions

- The phase 1 biometric solution deployed in 2016 for our major bank customer was a pilot and there was agreement for expanding the features of the solution for mass rollout in 2017
- We have already lined up with a number of banks interests to implement similar biometric solutions and a few opportunities in the health-care industry

Mobile PoS/payment solution

- Our first order from a major bank has formally been confirmed in early 2017 with target timeline for soft launch around middle of the year
- We have plan to deploy the solution for the clients' payment using credit cards
- We believe we would attract interests from banks and merchants with our first success story

Prospects - Others Services & Investment in PRC Associates

Other Services

- While we expect stable revenue from our other GETS-related services, we would incur more substantial costs to invest on the new initiatives

Investment in PRC Associates

- We expect the Nanfang's business would return to normal after their historical legal problems have totally been cleared up
- The outlook of U-Link would continue not promising as they are still in the stage of investment to further build up their customer base
- We would sit on the fence until we see any possibilities or breakthrough from any perspective

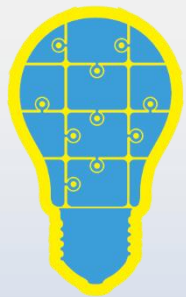
Conclusion

Looking ahead in 2017

- While 2016 was full of surprises, 2017 would be a year of uncertainties. We are cautiously optimistic with the Group's business outlook in 2017
- Leveraging on our technical skill, innovation and sound domain knowledge, and with the new Mission Statement as our goal, we would further step up our investment on R&D of new initiatives in areas that would help expand our businesses
 - This would inevitably affect adversely the results in the short term in coming years but hopefully bring in a new revenue driver in future

Our Mission

“To empower our clients with business enabled e-solutions for their commercial and financial activities”



CORPORATE PROFILE

Corporate Profile

Share Information

Listing Date

28/10/2005

Share Price (@28/3/2017)

HK\$ 1.62

Issued Shares (@28/3/2017)

794,585,719 Shares

Market Cap

HK\$ 1.29 Billion

Key Business Segment

GETS Services

Government Electronic Trading services (Import & Export Declaration, Dutiable Commodities Permit, Electronic Cargo Manifest and Certificate of Origin)

Commercial Services (DTTN)

Provide supply-chain electronic applications and solutions for the trade, logistics, warehousing and retail industries (Warehouse Management System, Delivery Order Management System, Shipment Management Service & Freight Payment Service etc.)

Security Solutions (Digi-Sign & TESS)

Provides online/mobile security services and solutions for identity management (IDM) and payment. Our portfolio of IDM solutions includes digital certificates, security tokens and biometric-based authentication solutions

Other Services

Provide paper-to-electronic conversion services for paper users of GETS services, Road Cargo Service (ROCARS) and ROCARS call center service on behalf of Customs & Excise Department and technical support services