

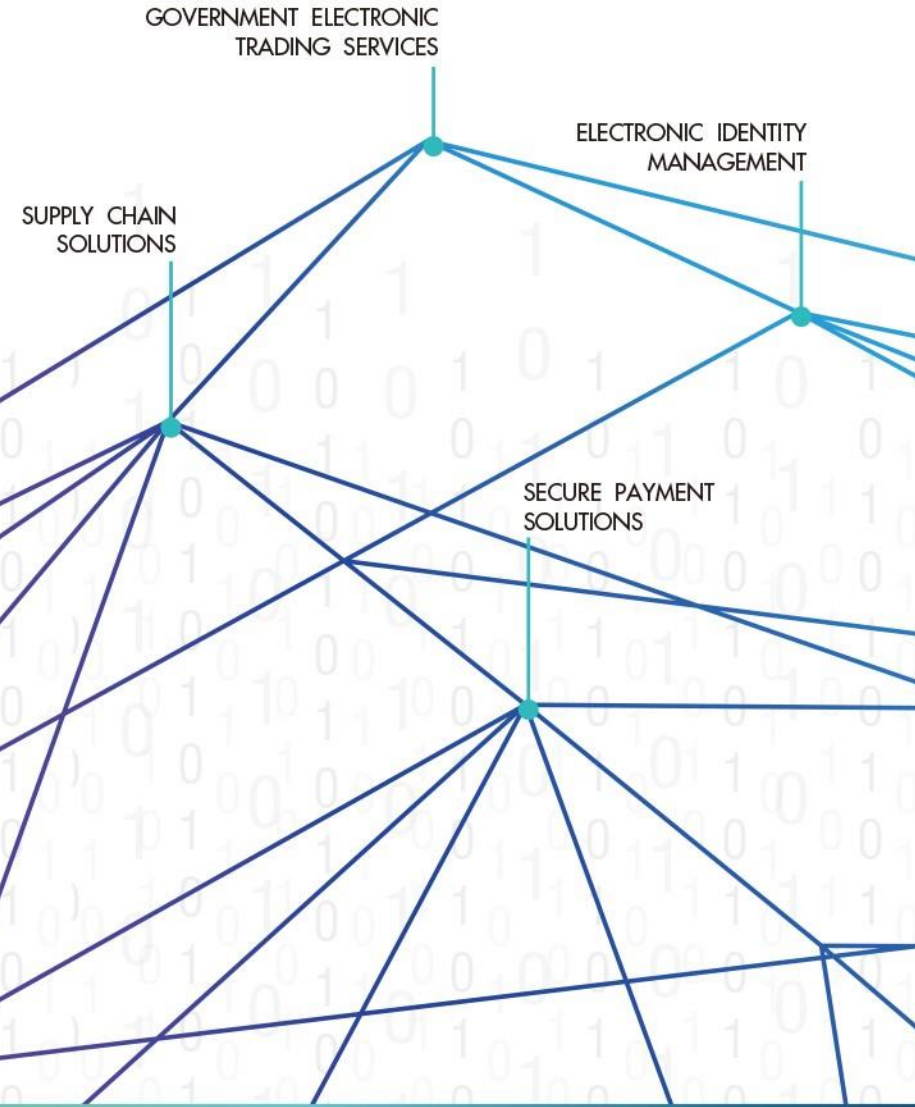


**貿易通**  
**TRADELINK**

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

Stock Code 股份代號 : 0536.HK

# 2018 Interim Results Presentation



People Building Successful e-Commerce

電子商貿 以人成就

# FINANCIAL HIGHLIGHTS



# Overview of 2018 Interim Results

## Revenue

HK\$ 125.1M

↑ 10.6% YoY

## Profit from operations

HK\$ 44.9M

↓ 0.5% YoY

## Profit before tax

HK\$ 45.5M

↑ 15.7% YoY

## Profit for the period

HK\$ 38.3M

↑ 15.0% YoY

- Recorded remarkably growth in Identity Management and no major impairment loss of other financial assets in 1H 2018
- Operating profit for the period slightly dropped due to an increase of operating costs and a decrease in interest and other net incomes

## Net cash flow from operating activities

HK\$ 29.5M

## Cash & bank deposits

HK\$ 73.0M

## Other financial assets

HK\$ 352.5M

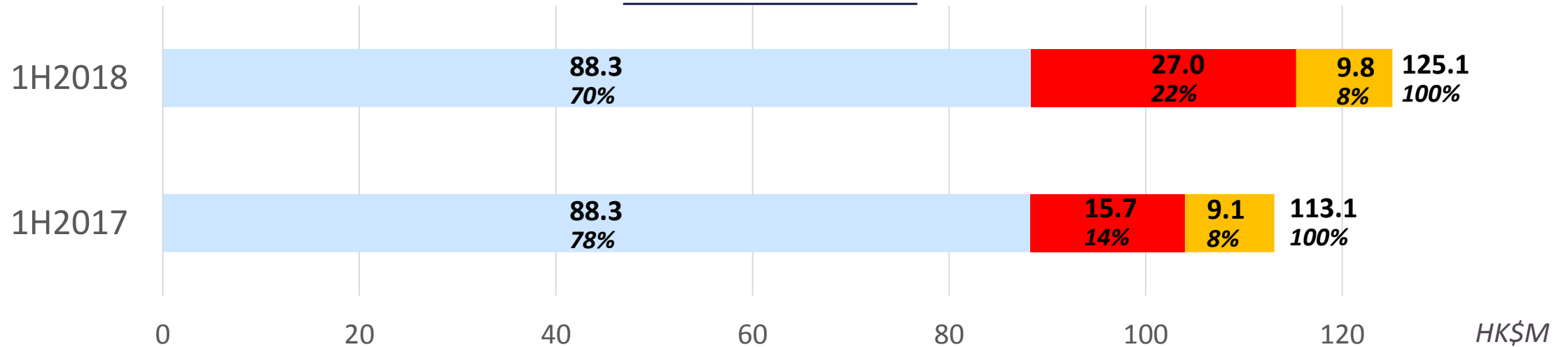
- Maintain strong and healthy financials

# Financial Highlight

Six months ended 30 June (HK\$M)	1H 2018 (unaudited)	1H 2017 (unaudited)	Change
Revenue	125.1	113.1	10.6%
Profit from operations	44.9	45.1	(0.5%)
Profit before taxation	45.5	39.3	15.7%
Taxation	(7.1)	(6.0)	19.7%
Profit for the period	38.3	33.3	15.0%
Earnings per share (HK cents)			
Basic	4.82	4.19	15.0%
Diluted	4.82	4.19	15.0%
Interim dividend per share (HK cents)	3.5	3.2	9.4%

# Segment Revenue

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



**E-commerce\*** generates income from processing government trade-related documents and supply chain solutions.

**Identity Management** generates income from the provision of security products, digital certificates, security solutions and biometric-based authentication solutions for identity management.

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

*\*For 1H 2018, the two sub-segments (GETS and Commercial Services) were presented as E-commerce segment in the view of the strategic development of our overall E-commerce business for the trade and logistics industry in the light of the changing operating environment.*

# Key Financial Ratios

Six months ended 30 June	1H 2018 (Unaudited)	1H 2017 (Unaudited)
Operating profit margin	35.9%	39.9%
Net profit margin	30.6%	29.5%
Effective tax rate	15.7%	15.2%
Current ratio	0.6	1.0
Debtors' turnover days	12	9
Dividend payout ratio	~73.9% <sup>1</sup>	~74.1% <sup>2</sup>

<sup>1</sup>This represents about 73.9% payout of our profit for the period after excluding the deferred tax charge of DTTNCo at HK\$1.1 million and including the adjustment to the opening distributable reserve of HK\$1.8 million upon the new accounting standard.

<sup>2</sup>This represents about 74.1% payout of our distributable profit of HK\$34.3 million after excluding the deferred tax charge.

# Key Balance Sheet Items

<b>(HK\$M)</b>	<b>As at 30 Jun 2018</b> <b>(Unaudited)</b>	<b>As at 31 Dec 2017</b> <b>(Audited)</b>
<b>Property, plant and equipment</b>	<b>25.6</b>	<b>26.0</b>
<b>Trade receivables</b>	<b>34.4</b>	<b>28.9</b>
<b>Other financial assets</b>	<b>352.5</b>	<b>367.2</b>
<b>Cash and bank deposits</b>	<b>73.0</b>	<b>84.1</b>
<b>Net assets</b>	<b>330.9</b>	<b>354.4</b>

# BUSINESS REVIEW



# E-commerce Review - GETS & Commercial Services

- Combined GETS and Commercial Services, under E-commerce
  - To better organize our operations to face the challenges and take advantage of the market trends
  - In line with the strategic development due to the implementation of the Single Window and the demand for our e-solutions for the trade and logistics industry
- Our total E-commerce revenue from GETS and Commercial Services was HK\$88.3 million, same as 1H 2017. Due to tighter cost control, the E-commerce segment profit at HK\$27.9 million was 7.0% higher than the profit last year at HK\$26.0 million.
- Though benefited from an overall growth of GETS market, our GETS revenue increased slightly from HK\$83.1 million last year to HK\$83.6 million this year, a more or less same amount of revenue drop of our Commercial Services cancelled out the GETS revenue increase.
  - The delay in the Commercial Services projects was the key contributing factor causing the revenue drop, this is only a timing issue in recognizing those projects income.

# Identity Management Review

- IDM business recorded remarkable results with revenue increased to HK\$27.0 million in 1H 2018, a growth of 72.5% YoY and the segment profit also increased to HK\$4.9 million, up 66.8%, due to several projects successfully delivered in 1H 2018.
  - Those projects included an eKYC project for a major international bank, a two-factor biometric solution for a local bank as well as a Public Key Infrastructure solution using digital certificates for a private hospital.
  - We also recorded revenue from our first soft token order from our major bank customer.
- To enable securities companies to comply with the guidelines issued by the regulatory authority, we have developed and launched a two-factor biometric cloud-based solution as an outsourced service on subscription basis for the securities companies' end-users in accessing their online services.

# Others Services Review

- Revenue of Other Services which came almost all from our GETS related services was \$9.8 million, up 7.0% YoY. Segment profit for the period at \$6.2 million was up 45.4%.
  - The increase was due to our general price increase of our stable GETS-related services.
- Deployment of smart PoS payment solution through our first bank customer before the end of 2017, we have been ramping up the installations in working with this bank customer.
  - The team has completed enablement of more payment methods including American Express card, Alipay and WeChat Pay on top of Visa/ Mastercard and UnionPay on our Smart PoS solution.
- Soft launched VSHIP, a logistics community platform facilitating the interaction among shippers, freight forwarders and carriers and to streamline the logistics process, in Q1 2018
  - We have been able to successfully and gradually ramp up our customer base and activities on the platform.

# PROSPECTS



# Prospects – E-commerce GETS

## Outlook of GETS Business

- It would very much depend on how the trade war between US and China would go in the coming months and how it would affect the Hong Kong trading activities
- Barring this wider issue which is beyond our control, we are reasonably confident of a stable GETS competitive market situation

## Preparation for New GETS Contract

- We have been focusing on the development of the system enhancements required by the Government under the new license commencing 2019.

## Government Single Window Implementation

- Closely monitor Government's development of SW which is progressing largely according to their plan
- Get ourselves involved as and when appropriate in their consultation with potential value-added service providers on business issues

# Prospects – E-commerce Commercial Services

## Outlook of Commercial Services Business

- Given the team has already on hand several major cases confirmed or with high chance of winning, we expect an improvement of our commercial services business for 2H 2018.

## New Deals with Advanced Warehouse Management System (WMS)

A local subsidiary of a major non-commodity marketing and distribution services company based in the United States.

- We will provide to them not only our WMS but also consultancy services to plan and design their new warehouse operations to support their business networks and portfolios in both consumer goods and industrial products markets.

A major organization in Macau

- They will use our WMS as the building block and together with Internet-of-Things helps to manage all fixed and valuable assets used and stored in their premises in compliance with the relevant licensing requirements.

# Prospects – Identity Management

## Outlook of Identity Management Business

- We are reasonably confident in continuing the growth momentum given several major confirmed projects already under development and expected to be completed before 2018.

## Seizing the Opportunity of Soft Tokens

- As a general trend in the market to use soft token instead of hard token for identity authentication and the success of the pilot, we have started gradually issuing soft tokens for the major bank to their customers replacing their hard tokens.

## Recurrent Income from Two-factor Biometric Cloud-based Service

- With securities companies signing up to use this outsourced service, we hope to generate stable ongoing recurrent income to form a better mix of revenue streams in the future.
- The team is extending the target customers to insurance companies who should have a similar demand for such a solution.

# Prospects – Others Services

## GETS-related Services

- We expect a steady business environment for our GETS-related services.

## Smart PoS

- With our second payment path solution technically ready, we can commence work with the bank customer concerned on the deployment to their merchant clients in 2H 2018.
- It will take some time to see the commercial benefits of this venture.

## Logistic Community Platform - VSHIP

- Like most platform businesses, we have been offering the service free of charge to users and expect to continue until the value propositions appreciated and accepted by users.
- We are formulating a roadmap for the development of more functions and features on the platform so as to provide a more complete e-logistics solution for our customers.

# CORPORATE PROFILE



# Corporate Profile

## Share Information

### Listing Date

28/10/2005

### Share Price (@28/8/2018)

HK\$ 1.2

### Issued Shares (@28/8/2018)

794,633,719 Shares

### Market Cap

HK\$ 954 Million

## Key Business Segment

### E-commerce

#### GETS

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

#### Commercial Services

Provide electronic supply-chain solutions for the trade, logistics, warehousing and retail industries (eDoc, e-Shop Platform, Order Fulfillment System, Warehouse Management System and Delivery Order Management System etc.)

### Identity Management

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

### Other Services

GETS-related services including 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

New incubating businesses including smart PoS and VSHIP, a logistics community platform

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