



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

People Building
Successful e-Commerce

電子商貿 以人成就

2015 Interim Results
Presentation

Corporate Profile

Listing Date

28 October 2005

**Share Price
(@ 25/8/2015)**

HK\$ 1.51

**Issued Shares
(@ 25/8/2015)**

793,896,527 shares

Market Cap

HK\$ 1.20 Billion



1. FINANCIAL HIGHLIGHTS

2. BUSINESS REVIEW

3. PROSPECTS

4. Q&A

Overview

Compared to the first six months in 2014:

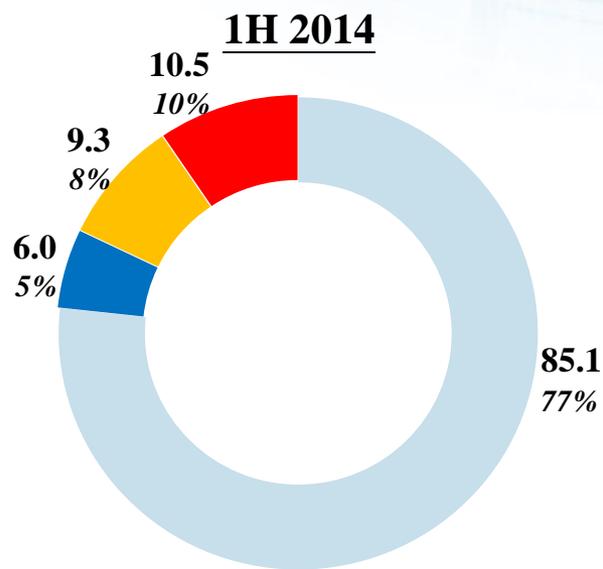
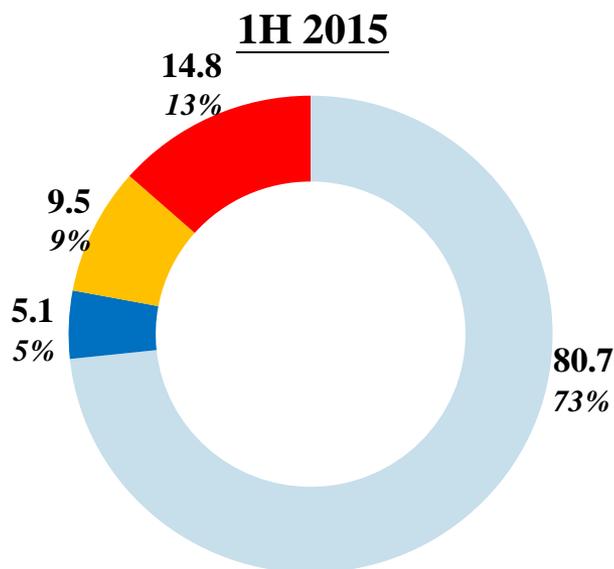
- Revenue decreased 0.8% to HK\$110.0 million
- Operating profit fell 5.5% to HK\$ 39.4 million
- Profit attributable to shareholders fell 2.8% to HK\$ 37.0 million
- Decrease in basic earnings per share of 3.7% to HK 4.66 cents

2015 Interim Results

Six months ended 30 June (HK\$M)	1H 2015 (unaudited)	1H 2014 (unaudited)	Change
Revenue	110.0	110.9	(0.8%)
Profit from operations	39.4	41.7	(5.5%)
Profit before taxation	42.7	44.7	(4.5%)
Profit for the period	37.0	38.1	(2.8%)
Profit attributable to equity shareholders of the Company	37.0	38.1	(2.8%)
Earnings per share (HK cents)			
Basic	4.66	4.84	(3.7%)
Diluted	4.66	4.80	(2.9%)
Interim dividend per share (HK cents)	3.6	3.6	-

Segment Revenue

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



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 2015 (Unaudited)	1H 2014 (Unaudited)
Operating profit margin	35.8%	37.6%
Net profit margin	33.7%	34.3%
Effective tax rate	13.4%	14.8%
Current ratio	1.9	2.0
Debtors' turnover days	9	8
Dividend payout ratio	~77%	~75%

Key Balance Sheet Items

(HK\$M)	As at 30 Jun 2015 (Unaudited)	As at 31 Dec 2014 (Audited)
Fixed assets	28.6	30.6
Trade receivables	22.2	23.3
Other financial assets	294.4	288.2
Cash & bank deposits	93.2	114.0
Net asset	351.3	377.1

Strong and Healthy Financials

- Net cash flow from operating activities totaled HK\$46.7 million
- Trade receivables at HK\$ 22.2 million
- Debtors' turnover day at about 9 days
- HK\$ 93.2 million of cash and bank deposits as at 30 June 2015
- Zero bad debt
- Zero gearing



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Tradelink

- GETS operations during 1H 2015 affected by a weakening of the overall GETS market, down by 2% y-o-y. This, plus the loss of one of our major clients and the termination of the Textiles Traders Registration Scheme by the Government, reduced the GETS revenue for the period by about 5% to HK\$80.7 million.
- Other trade-related services, recorded a modest gain, from HK\$9.3 million for 1H 2014 to HK\$9.5 million for the period.

DTTN

- Revenue from our DTTN services during the period declined to just over HK\$5 million, a drop of some 15% y-o-y.
- Drop mainly due to technical issues related to our business of sourcing products for customers, a very low margined business. Revenue decline thus had little effect on DTTN profitability. DTTN's reportable segment profit for the period rose over 50% to HK\$3.7 million.

Digi-Sign / TESS

- Digi-Sign revenue recovered strongly, by over 40%, to HK\$14.8 million.
 - Security tokens deliveries for the major bank client during the first six months of 2015 increased to 91,000, or by about 9% .
 - Growth expected to continue as in addition to new clients coming on line, demand from existing clients also expected to increase with the roll-out of E-cheque towards the end of 2015.
- Work on the mobile wallet solution continued, with the product launched by three banks in Hong Kong and development work to enable its launch in Taiwan nearing completion.

China

- China investments performed roughly on par with last year, with our share of the results of our PRC associates coming to about HK\$3 million.
- Contribution from this source expected to decline during 2H2015 due to the agreement signed recently to dispose of our stake in Guofurui, the Beijing Data Center, for RMB 85 million.
- U-Link's business continued to expand, recording an average of 9,000 transactions per month. A logistics financing service launched and well received by members.



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Prospects

Tradelink / DTTN

- Rather than pin all our hopes on a timely turnaround of the external trade sector, additional resources devoted to improving other revenue sources in anticipation of a shortfall in the Group's GETS revenue for the year.
- With a number of major projects scheduled for completion in 2H2015, DTTN revenue for the whole year expected to continue growing.
- Enhancement work on B2C E-commerce platform, iTeM, to become the merchant directory of one of the major international credit card operators almost completed and expected to launch during Q3 2015. This will form a new business initiative.

Prospects (cont'd)

Digi-Sign / TESS

- Continue project work for the E-cheque initiative, scheduled for a Q4 2015 launch.
- Sales of digital certificates expected to grow exponentially with the launch of these E-cheque systems.
- In the process of pitching for an E-cheque solution tender, the guts of a “Rule Engine” software developed and well received by our bank clients, logistics service providers and shipper clients.
- With the launch of our mobile Point-of-Sale solution, now scheduled for Q4 2015, the Group will have a unique set of solutions to break into Hong Kong’s mobile payment market.
- Leveraging on the FinTech trend, additional resources devoted into developing this business to meet the high demand of our bank customers.

Prospects

China

- Development work of the platform for connecting the carriers, cargo terminal and freight forwarders at Shenzhen Airport at final stage and testing expected to commence in Q3 of 2015.
- In the process of signing a co-operation agreement with a subsidiary of Ministry of Commerce of PRC to develop a direct sales business for imports, initially in a bonded warehouse adjacent to the Beijing Capital International Airport.
- U-Link undergoing a restructuring exercise,
 - involving the acquisition of the third largest logistics company in Shenzhen, with an annual turnover in excess of RMB 200 million, and
 - the injection of RMB 43 million for a 20% stake in U-link's operating subsidiary by one of the leading private equity firms in Shenzhen.

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