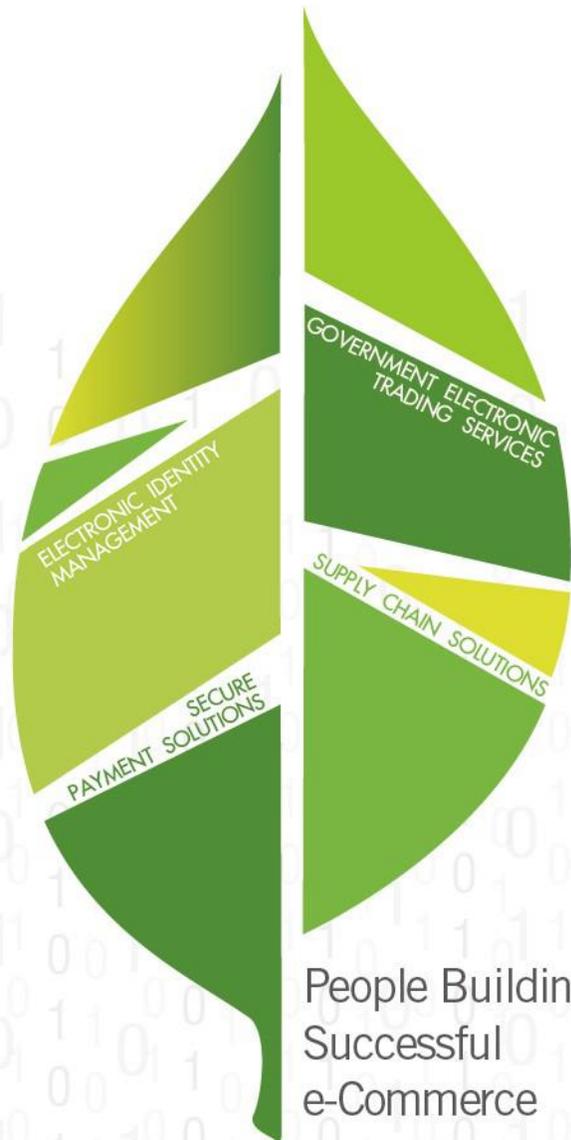




貿易通
TRADELINK

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

Stock Code 股份代號 : 0536.HK



電子商貿·以人成就

2017 Interim Results Presentation

FINANCIAL HIGHLIGHTS



TRADELINK

Overview of 2017 Interim Results

Revenue

HK\$ 113.1M

↑ 6.3% YoY

Profit from operations

HK\$ 45.1M

↑ 20.6% YoY

Profit for the Period

HK\$ 33.3M

↓ 9.3% YoY

Interim dividend per share

HK 3.2cents

↑ 33.3% YoY

- Revenue of GETS, Commercial Services and Security Solutions recorded growth of 2.3%, 30.0% and 35.3% respectively.
- With the improvement of the performance of PRC associates largely being offset by an exceptional impairment loss on other financial assets and the swing of the deferred tax charge year-on-year, profit for the period dropped 9.3%.

Net cash flow from operating activities

HK\$ 21.8M

Cash & bank deposits

HK\$ 29.7 M

Other financial assets

HK\$ 283.4 M

Net asset

HK\$ 338.1 M

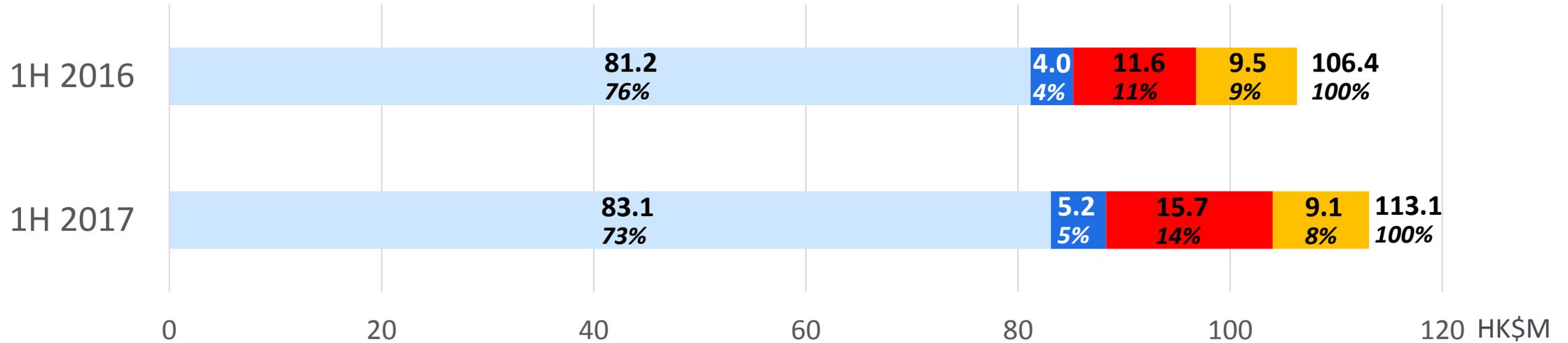
- Maintain strong and healthy financials

Financial Highlight

Six months ended 30 June (HK\$M)	1H 2017 (unaudited)	1H 2016 (unaudited)	Change
Revenue	113.1	106.4	6.3%
Profit from operations	45.1	37.4	20.6%
Profit before taxation	39.3	29.9	31.4%
Taxation	(6.0)	6.8	188.2%
Profit for the period	33.3	36.7	(9.3%)
Earnings per share (HK cents)			
Basic	4.19	4.61	(9.1%)
Diluted	4.19	4.61	(9.1%)
Interim dividend per share (HK cents)	3.2	2.4	33.3%

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

Six months ended 30 June	1H 2017 (Unaudited)	1H 2016 (Unaudited)
Operating profit margin	39.9%	35.1%
Net profit margin	29.4%	34.5%
Effective tax rate	15.2%	(22.8%)
Current ratio	1.0	0.5
Debtors' turnover days	9	7
Dividend payout ratio	~74% ¹	~76% ²

¹This represents about 74% payout of our distributable profit of HK\$34.3 million after excluding the deferred tax charge.

²The interim dividend payout ratio is about 76% of the Group's profit for the period after excluding the deferred tax credit of HK\$11.7 million.

Key Financial Position Items

(HK\$M)	As at 30 Jun 2017 (Unaudited)	As at 31 Dec 2016 (Audited)
Property, plant and equipment	23.9	26.2
Trade receivables	22.3	26.0
Other financial assets	283.4	407.1
Cash and bank deposits	29.7	44.3
Net Asset	338.1	350.4

BUSINESS REVIEW



TRADELINK

E-Commerce - GETS Review

- **GETS revenue recorded a growth of 2.3% from HK\$81.2 million to HK\$83.1 million year-on-year. Benefited from the overall GETS market and transaction volume actually grew by 2.7% and 3.2% respectively year-on-year.**
- **With costs kept at more or less the same level, our GETS profit for the period at HK\$22.6 million, was up 9.7%.**

E-Commerce - Commercial Services Review

- **Revenue of the Commercial Services at HK\$5.2 million was 30.0% higher than the revenue last year at HK\$4.0 million.**
 - The performance of this business segment improved as new projects were delivered on time and healthy sales pipeline built up with hot leads closed in a timely manner.
- **In the first half of 2017, the team completed delivery of a few sizeable projects.**
 - One of which was a classic showcase whereby we could deliver our Warehouse Management System (WMS) solution within a month to meet specific requirements of an established cold supply chain logistic company in Guangdong specialized on food import, storage and delivery.
 - This demonstrated the ease of replicating and deploying our solutions to customers with diversified business operations.

Security Solutions - Digi-Sign/TESS Review

- **Security Solutions revenue increased by 35.3% from HK\$11.6 million last year to HK\$15.7 million this year, making a profit of HK\$3.0 million.**
 - Security tokens delivery service business performed remarkably well, as tokens delivery to our major bank client increased by about 40% year-on-year; and we have a new, sizeable bank client started using this service since second half of last year.
- **Our electronic identity management (e-IDM) team devoted resources to focus on further R&D for enhancing our security tokens and biometric authentication solutions.**
 - To combat the threats from continuously emerging hackers, the relevant regulatory authorities have imposed more stringent regulations on banks requiring the strict use of two-factor authentication for e-banking and hence more demands for our security tokens solutions.

Others Services & China Associates Review

- **Revenue from our Other Services dropped slightly to HK\$9.1 million in 1H 2017, down about 4.2%.**
 - As additional costs continued to be incurred during the reporting period for conducting feasibility and research of new initiatives, the profit for this segment at HK\$4.3 million was down 39.4% from the profit last year at HK\$7.1 million.
- **The overall performance of our PRC associates for 1H 2017 improved markedly with a total gain of HK\$2.2 million, compared to a share loss of HK\$7.5 million in 1H 2016.**
 - Guangdong Nanfang Hai'an Science & Technology Service Company Limited has a healthy recovery of their business after settlement of their historical legal issues.

PROSPECTS



TRADELINK

Prospects - GETS

New GETS Licence

In response to the Government tender issued in April 2017 for the provision of GETS commencing January 2019, we have submitted our tender proposal.

- The result of the tender would not be announced until the end of 2017, we are confident of the successful award of the new GETS contract of 6 years from 2019 to 2024 with a possible extension up to 2027.
- Regarding transition from GETS to SW, Government clearly set out their guiding principles in their public documents that they would strive to ensure reliable service in a stable market during the tide-over period and smooth transition.
- With our solid track record in delivering quality and reliable GETS, we are optimistic with our GETS business prospect.

Future Single Window

While keeping a close eye on the progress on the actual development of the SW, we have been going all out to ensure reliable and quality services to be delivered to our customers.

- To provide value-adding services to enhance customer stickiness and loyalty with us to prepare for any form of market competition in future.

Prospects - Commercial Services

Positive Outlook

The outlook of this business segment for the remainder of the year is positive.

- In addition to the natural growth from ongoing recurrent income from projects previously delivered, the team will have a couple of sizeable projects expected to be completed before the end of the year.

New Applications

Development of two totally brand new applications sponsored by our customers would add to our portfolio of supply chain management solutions in the future.

Regional Expansion

Through customer and partner referrals, the team is exploring the opportunity to sell our WMS / Delivery Order Management System solutions outside Hong Kong to customers in Middle East, Europe and South East Asia.

Prospects - Security Solutions

OTP Tokens

- We are now working on a bigger market with more new clients. Also commencing replacement of tokens issued to bank customers 3 years ago as the battery life cycle of those tokens is coming to an end starting this year.
- We are also looking into soft tokens supporting biometric authentication as a secure yet more convenient alternative to hard tokens.

Biometric Authentication

- With the reference case from our first bank customer, the team has been pursuing vigorously several hot cases offering similar solutions to other banks.
- Application is not limited to the banking industry, but also has potentials in other industries such as hospitals.

Mobile Point-of-Sales (PoS) / Payment Solution

- The team has been working vigorously on target merchants of the bank for actual deployment of the solution in the market and hopefully help launch the solutions in the coming months, while bearing in mind the slow adoption of technology and initial reluctance to change in the Hong Kong market.

Prospects - Others Services & China Associates

Others Services

Slight improvement with the performance of Others Services

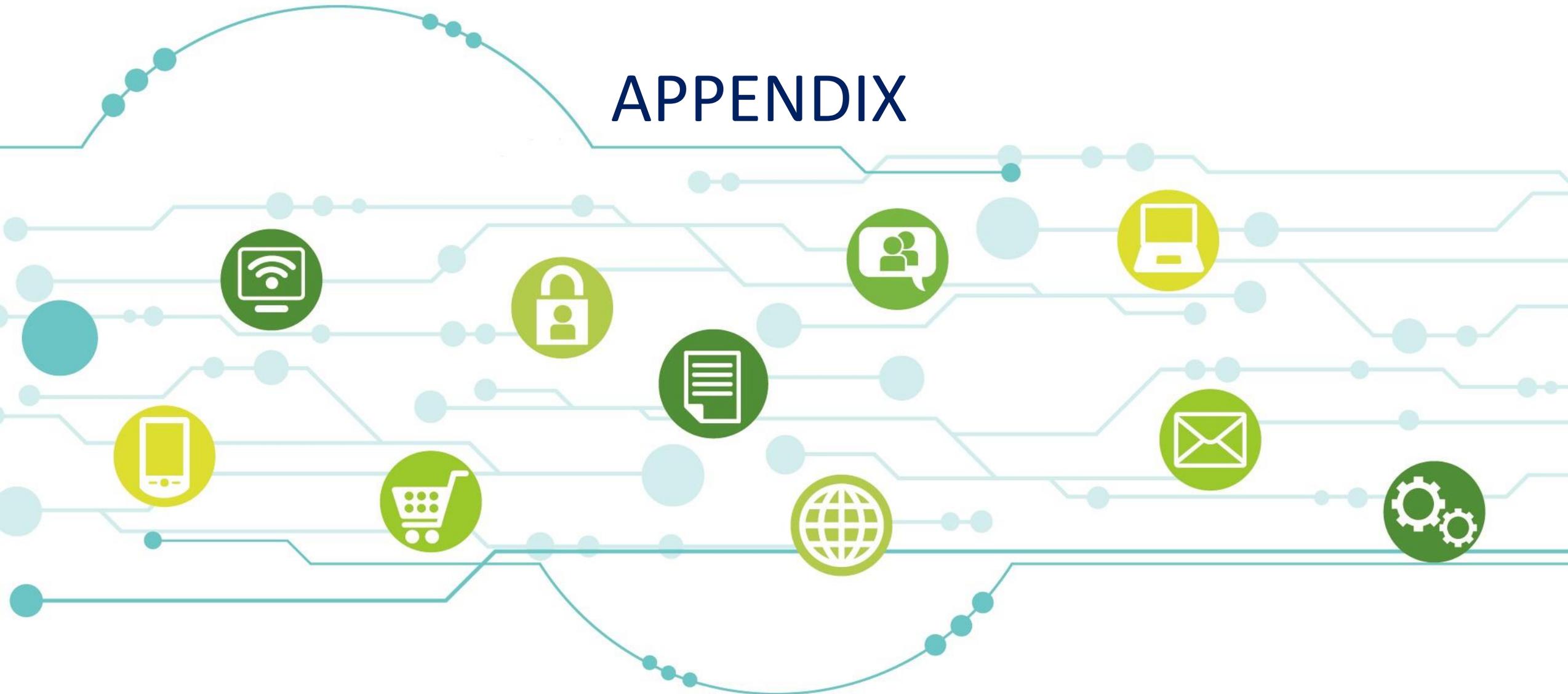
- We expect stable turnover and likely less incremental costs to invest on research work on new initiatives with the imminent completion of some studies.

China Associates

Stable performance for our PRC associates

- Though U-Link has continued their investments on building up their customer base, we no longer have to share their loss as the carrying value of this investment has been fully written down.

APPENDIX



TRADELINK

Appendix - Corporate Profile

Share Information

Listing Date
28/10/2005

Share Price (@ 22/8/2017)
HK\$ 1.43

Issued Shares (@ 22/8/2017)
794,585,719 shares

Market Cap
HK\$ 1.14 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 System & 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