



Tradelink Electronic Commerce Limited

貿易通電子貿易有限公司

Stock Code : 0536

2010 Annual Results Announcement



Corporate Profile

Listing Date	28 October 2005
Share Price (@ 22/3/2011)	HK\$1.16
Issued Shares (@ 22/3/2011)	778,649,055 shares
Market Cap	HK\$903.2 million
FY End Date	31 December
Major Shareholders	The Financial Secretary Incorporated (12.29%) The Hongkong & Shanghai Banking Corporation Limited (8.11%) DJE Investment S.A. (7.99%) Penta Investment Advisers Limited (6.01%)



Outline

- **Business Review**
- **Financial Highlights**
- **Prospects**
- **Q&A**
- **Appendix**

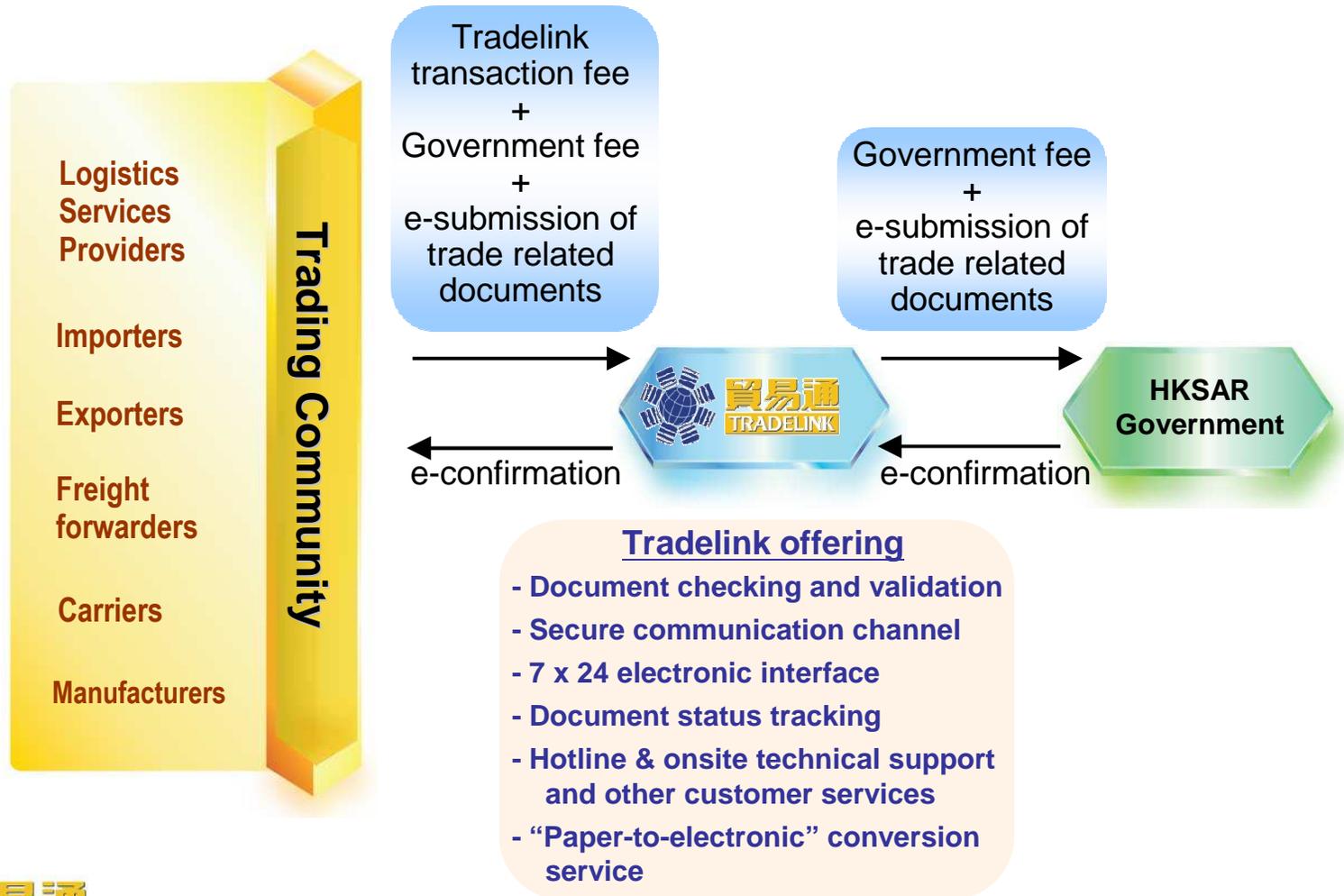


Business Review



Core Business - GETS

Operating Model



Core Business – GETS (Cont'd)

GETS

- Six Government Electronic Trading Services (GETS) includes :

Import & Export
Declaration (“TDEC”)

Production
Notifications (“PN”)

Certificates of Origin
 (“CO”)

Dutiable Commodities
Permit (“DCP”)

Electronic Cargo
Manifest (“EMAN”)

Notifications under Textiles
Trader Registration
Scheme (“TTRS”)

- Commenced the new 7-year licence in 2010 to provide GETS II
- Commenced Hongkong Post services in November 2010 to collect paper trade declarations at 17 designated post offices
- Transaction volume increased 6% while the whole market increased 10% over 2009

Tradelink/DTTNC



- Steady progress in promoting total solutions to logistics and manufacturing industry
- Completed consolidation of common peripherals and ancillary facilities of both computer platforms by mid-2010
- Completed proof-of-concept for the integration of applications on both computer platforms by 2010 year-end
- Achieve cost savings and improve service offerings once full integration is to be completed in 2011



Digi-Sign



- Very encouraging progress made in 2010
- Agreed with an ATM network provider to offer digital certification services to facilitate adoption of the next generation chip-based ATM cards
- Upgraded e-banking authentication systems of several major banks in Hong Kong to comply with security guidelines of the Hong Kong Monetary Authority
- In final stages of discussions with a major bank in Hong Kong to provide security token services

Annual Dividend

The fifth consecutive year with a 100% dividend payout

- Declared interim dividend: HK cents 2.5 per share
- Proposed final dividend: HK cents 6.3 per share
- Total dividend: HK cents 8.8 per share

Financial Highlights



Financial Review

Overall revenue, operating profit and margin rebounded in 2010FY

Compared to 2009FY:

- Turnover increased by 8.5% to HK\$216.1 million
- Operating expenses before depreciation at HK\$130 million in 2010, comparable to HK\$128 million in 2009
- Operating profit increased by 46.1% to HK\$85.6 million while operating margins increased from 29.4% to 39.6%
- Profit attributable to equity shareholders increased by 53.7% to HK\$69.3 million

Financial Highlights

Year ended 31 December (HK\$ '000)	2010	2009	Change
Turnover	216,091	199,225	+8.5%
Profit from operations	85,581	58,598	+46.0%
Share of results of associates	(3,989)	(2,037)	+95.8%
Profit attributable to equity shareholders	69,259	45,111	+53.5%
Earnings per share (HK cents)			
- Basic	9.0	5.8	+55.2%
- Diluted	8.9	5.8	+53.4%
Dividend per share (HK cents)			
- Interim	2.5	1.752	+42.7%
- Proposed final	6.3	4.0	+57.5%



Key Financial Ratios

Year ended 31 December	2010	2009
Operating profit margin	39.6%	29.4%
Net profit margin	32.1%	22.6%
Effective tax rate	15.1%	20.4%
Current ratio	1.89	2.01
Debtors' turnover days ¹	6	6

Note 1: The calculation of debtors' turnover days is based on the closing balance for trade receivables divided by the amount of turnover and Government charges collected by Tradelink and multiplied by the number of days of the relevant period.



Key Balance Sheet Items

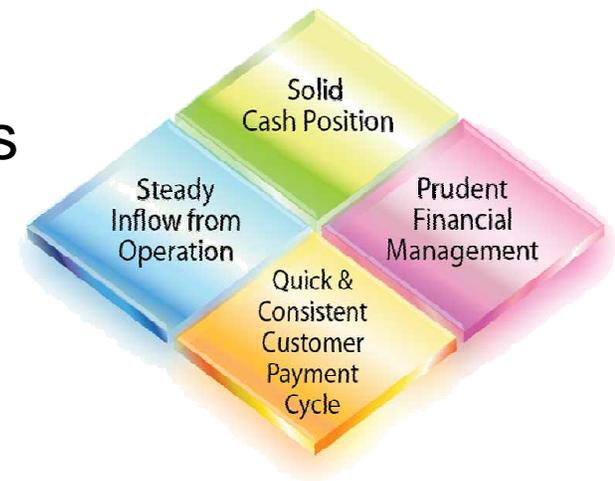
(HK\$'000)	As at 31 December 2010	As at 31 December 2009
Fixed assets	58,712	64,999
Trade receivables	22,916	22,503
Other financial assets²	156,739	147,373
Cash and bank deposits	215,985	252,371
Net assets	336,281	322,854

Note 2: Fair value of corporate bonds held by the Group



Strong and Healthy Financials

- Net cash flow from operating activities totaled approximately HK\$76.8 million
- Trade receivables at HK\$22.9 million
- Debtors' turnover day at about 6 days
- Zero bad debt
- HK\$216.0 million of cash and bank deposits as at 31 December 2010
- Zero gearing



Prospects



Prospects

- **Tough operating environment to continue in 2011**
 - Confidence in Hong Kong's export will remain fickle
 - Competition from the other two service providers will intensify
 - Cost will continue to rise
- **Nevertheless, we remain confident about our future performance**

Prospects

Tradelink/DTTN

- Intensifying competition in GETS market adds pressure on our future revenue and margins
- Further address costs and devise plans to re-orientate business

Digi-Sign

- Potential business opportunity to offer digital certification services for ATM cards
- Plans to extend security token services to other banks under a proposed common authentication scheme

Prospects

Business Investments

- The two joint ventures in Beijing, i.e. the logistics park at Pinggu and the Data Centre operated by Changdian Zhiyuan are expected to turn profitable in 2011
- The third joint venture in Guangzhou recorded an increase in profit of 99% to RMB 6.3 million
- Pursuing investment opportunities which offer synergy with our core business competencies to improve our ability to market our services in China

Q & A



Thank You



Appendix

Consolidated Income Statement

	For the year ended 31 December	
	2010	2009
	(HK\$'000)	(HK\$'000)
Turnover	<u>216,091</u>	<u>199,225</u>
Interest income	8,028	5,937
Other Income	12,408	-
Staff costs	(84,757)	(82,334)
Depreciation	(20,877)	(18,656)
Other operating expenses	<u>(45,312)</u>	<u>(45,574)</u>
Profit from operations	85,581	58,598
Share of results of associates	(3,989)	(2,037)
Profit before taxation	81,592	56,561
Taxation	(12,333)	(11,529)
Profit for the year	<u>69,259</u>	<u>45,032</u>
Attributable to:		
Equity shareholders of the Company	69,259	45,111
Non-controlling interests	-	(79)
Profit for the year	<u>69,259</u>	<u>45,032</u>
Dividends		
Interim	19,465	13,636
Proposed final after the balance sheet date	49,052	31,132
	<u>68,517</u>	<u>44,768</u>
Earnings per share (HK cents)		
Basic	9.00	5.80
Diluted	<u>8.90</u>	<u>5.80</u>

Consolidated Balance Sheet

As at 31 December 2010 As at 31 December 2009

	<u>(HK\$'000)</u>	<u>(HK\$'000)</u>
Non-current assets		
Fixed assets	58,712	64,999
Goodwill	9,976	9,976
Interest in associates	78,744	23,659
	<u>147,432</u>	<u>98,634</u>
Current assets		
Trade receivables	22,916	22,503
Other receivables and prepayments	19,297	28,913
Other financial assets	156,739	147,373
Deposits with bank	118,500	5,000
Cash and cash equivalents	97,485	247,371
	<u>414,937</u>	<u>451,160</u>
Current liabilities		
Trade creditors, accounts payable, and other payables	219,307	220,096
Taxation	350	3,867
	<u>219,657</u>	<u>223,963</u>
Net current assets	<u>195,280</u>	<u>227,197</u>
Total assets less current liabilities	<u>342,712</u>	<u>325,831</u>
Non-current liabilities		
Provision for long service payments	2,677	2,405
Deferred taxation	3,754	572
	<u>6,431</u>	<u>2,977</u>
NET ASSETS	<u>336,281</u>	<u>322,854</u>
Capital and reserves		
Share capital	155,721	155,661
Reserves	180,560	167,193
TOTAL EQUITY	<u>336,281</u>	<u>322,854</u>

