



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

Stock Code : 0536
2010 Interim Results Announcement



Corporate Profile

Listing Date	28 October 2005
Share Price (@ 23/8/2010)	HK\$ 0.89
Issued Shares (@ 31/7/2010)	778,606,055 shares
Market Cap	HK\$ 693.0 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

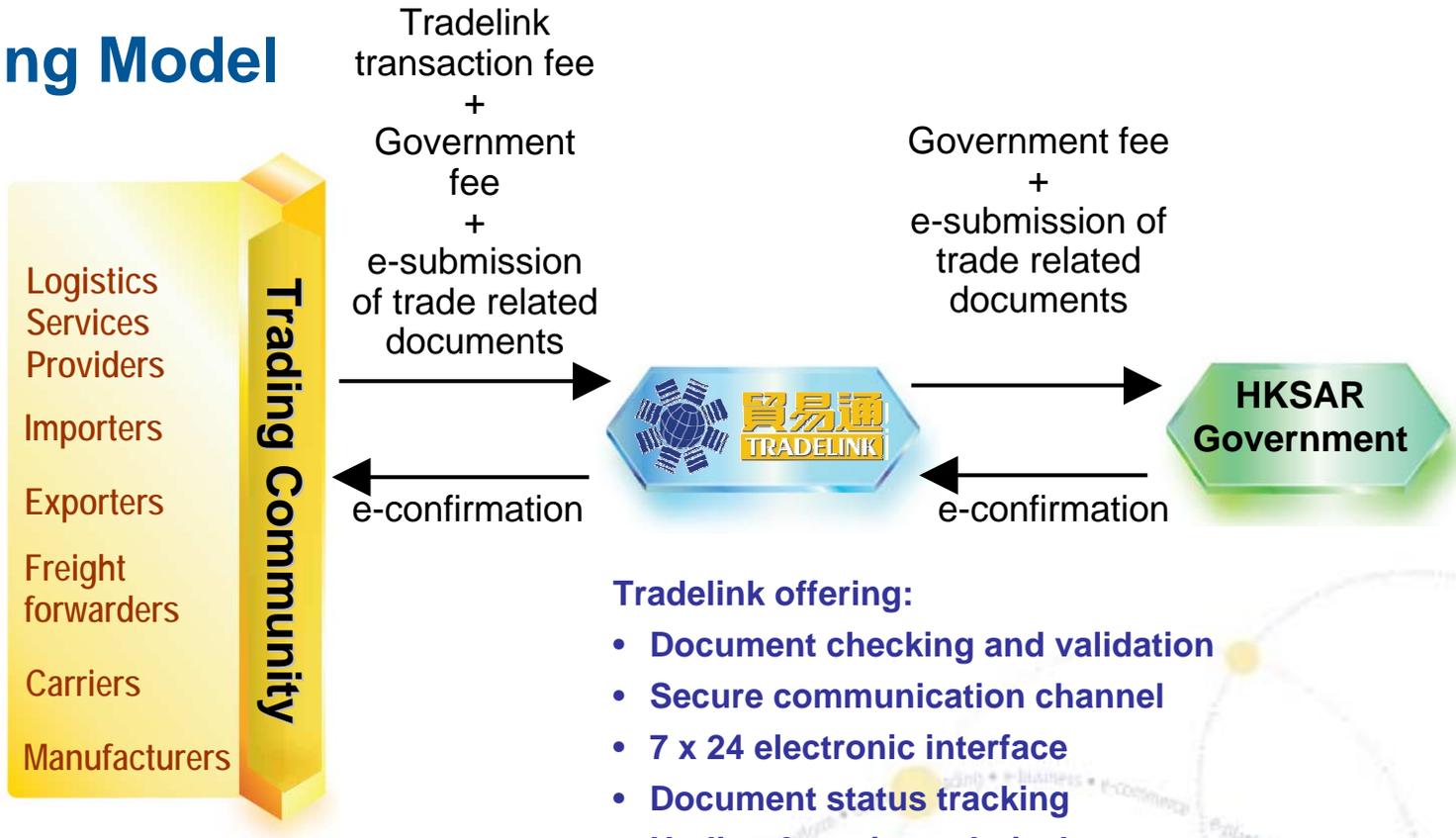
- ✦ Business Review
- ✦ Financial Highlights
- ✦ Prospects
- ✦ Q&A
- ✦ Appendix

Business Review



Core Business - GETS

Operating Model



Tradelink offering:

- Document checking and validation
- Secure communication channel
- 7 x 24 electronic interface
- Document status tracking
- Hotline & onsite technical support and other customer services
- “Paper-to-electronic” conversion service

Core Business – GETS (Cont'd)

GETS

- ✦ Six Government Electronic Trading Services (GETS) includes :

Import & Export
Declaration (“TDEC”)

Production
Notifications (“PN”)

Certificates of Origin
 (“CO”)

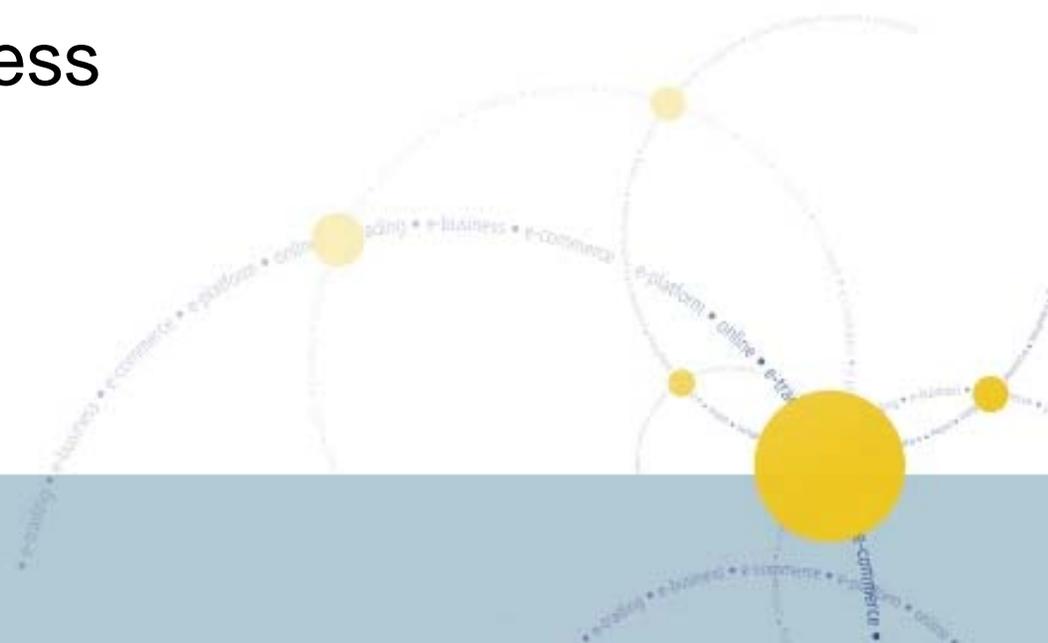
Dutiable Commodities
Permit (“DCP”)

Electronic Cargo
Manifest (“EMAN”)

Notifications under Textiles
Trader Registration
Scheme (“TTRS”)

- ✦ This year marks the commencement of the Group’s second 7-year licence period for the provision of front-end GETS
- ✦ Recorded an increase of 11% in the transaction volume compared with the same period in 2009 while the overall market grew by 14%

- ✦ The Group continued its strenuous effort in promoting and selling total solutions with value-adding applications on the combined Tradelink/DTTN platform to customers in Hong Kong and in Mainland China
- ✦ Making steady progress



Digi-Sign

- ✦ Made encouraging progress during the first half of 2010 in providing digital certification and security solutions for online businesses, particularly in the banking and financial sectors
- ✦ stepping up its effort to research and develop new solutions and products for this market

Interim Dividend

2010 interim dividend:

- ✦ Per Share: HK cents 2.5
- ✦ Total amount: HK\$19.5 million
- ✦ A 40% increase over last year
- ✦ Dividend payout ratio at 75% of distributable profit (same ratio as in the last 2 years)

Financial Highlights



Financial Highlights

Six months ended 30 June (HK\$ '000)	1H 2010 (Unaudited)	1H 2009 (Unaudited)	Change
Turnover	106,343	92,835	+14.6%
Profit from operations	32,134	25,298	+27.0%
Share of results of associates	(342)	(2,564)	+86.7%
Profit attributable to equity shareholders	25,952	17,799	+45.8%
Earnings per share (HK cents)			
- Basic	3.38	2.29	+47.6%
- Diluted	3.33	2.29	+45.4%
Interim Dividend per share			
- per share (HK cents)	2.5	1.752	+42.7%
- total amount	19,465	13,636	+42.7%

Financial Highlights

Six months ended 30 June	1H 2010 (Unaudited)	1H 2009 (Unaudited)
Operating profit margin	30.2%	27.3%
Net profit margin	24.4%	19.1%
Effective tax rate	18.4%	22.1%
Current ratio	1.7	1.9
Debtors' turnover days ¹	6	5

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.*

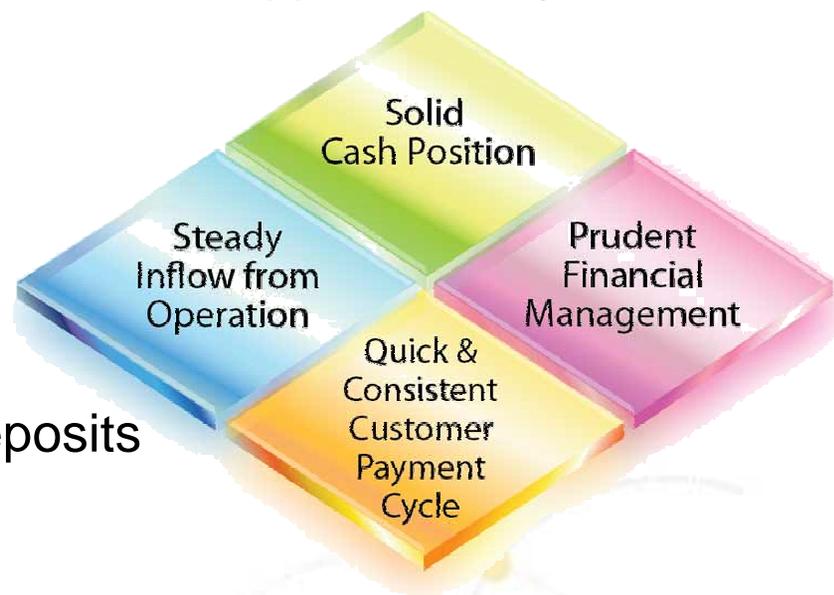
Key Financials

<i>(HK\$'000)</i>	As at 30 June 2010 (Unaudited)	As at 31 December 2009 (Audited)
Fixed assets	61,000	59,657
Trade receivables	23,081	22,503
Other financial assets ²	156,320	147,373
Cash and bank deposits	195,975	252,371
Net assets	320,642	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\$38.4 million
- ✦ Trade receivables at HK\$23.1 million
- ✦ Debtors' turnover day at about 6 days
- ✦ Zero bad debt
- ✦ HK\$196 million of cash and bank deposits as at 30 June 2010
- ✦ Zero gearing



Prospects



Prospects

- ✦ More prudent fiscal policies by major economies at improving fiscal discipline is bound to have a dampening effect on the global economy and negatively affect our performance
- ✦ Any further tightening of economic policies by China could also have negative effects on our performance
- ✦ Nevertheless, the Group remains optimistic about its performance for the rest of this year

Prospects

Business Investments

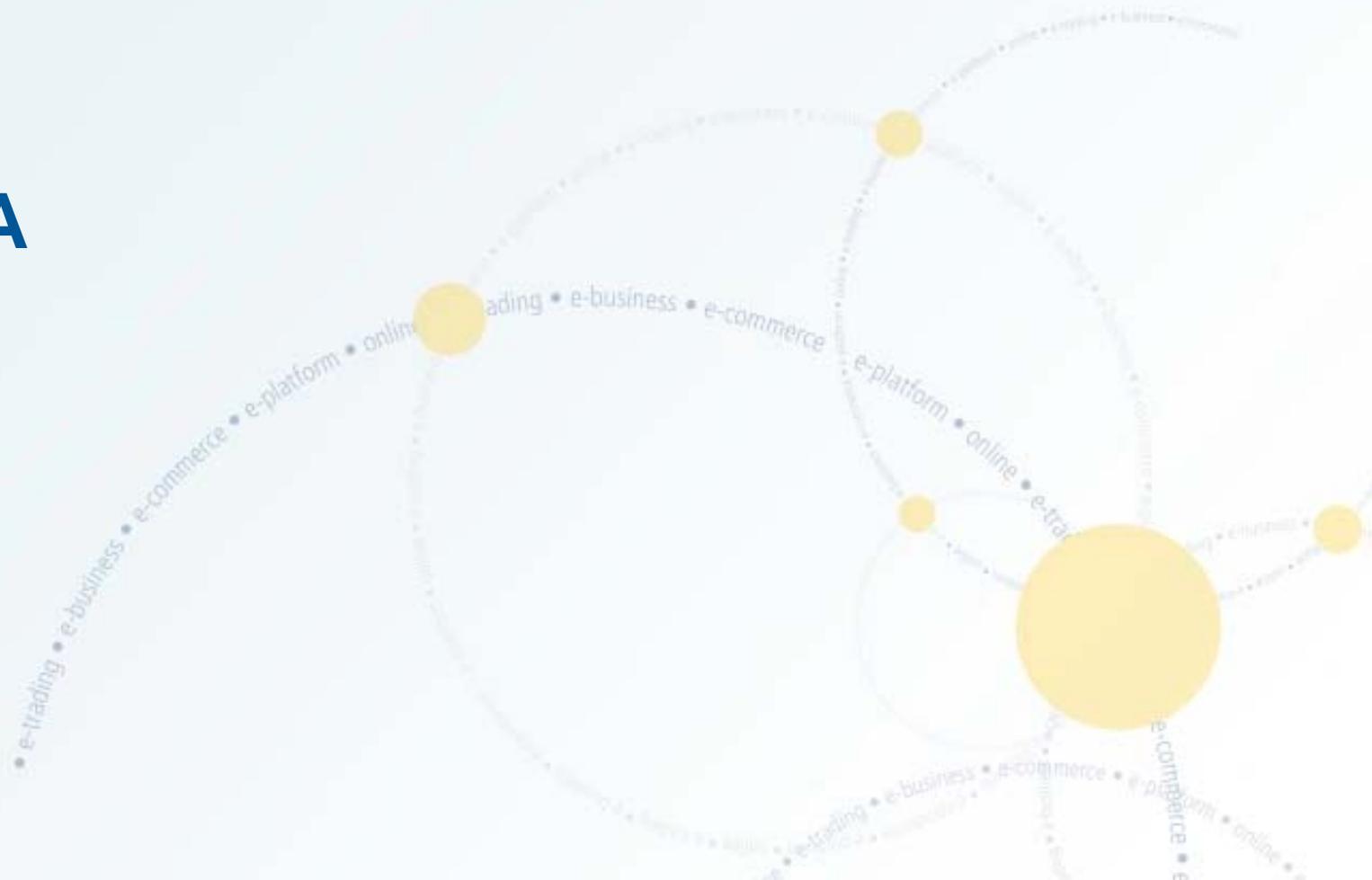
- ✦ A joint venture company formed with Best Practice Solution to develop and promote a specialized management system that integrates with Tradelink and DTTN solutions for use by logistics parks in China
- ✦ The first venture for the joint venture will be a logistics park in Dalian.

Prospects

Business Investments

- ✦ A co-operation agreement signed with ECI Corporation
- ✦ Key areas of co-operation include providing Tradelink/DTTN services, digital certification services for ECI clients and developing trade financing services at Free Trade/Outward Processing Zones and Bonded Warehouses
- ✦ All of those are currently under development or exploration

Q & A



Thank You



Appendix



Consolidated Income Statement

	Six months ended 30 June	
	2010 (Unaudited) (HK\$'000)	2009 (Unaudited) (HK\$'000)
Turnover	106,343	92,835
Interest income	3,983	2,596
Staff costs	(41,405)	(39,954)
Depreciation	(10,428)	(7,594)
Other operating expenses	(26,359)	(22,585)
Profit from operations	32,134	25,298
Share of results of associates	(342)	(2,564)
Profit before taxation	31,792	22,734
Taxation	(5,840)	(5,014)
Profit for the year	25,952	17,720
Attributable to:		
Equity shareholders of the Company	25,952	17,799
Minority interest	-	(79)
Profit for the period	25,952	17,720
Interim Dividend		
total	19,465	13,636
per share (HK cents)	2.5	1.752
Earnings per share (HK cents)		
Basic	3.38	2.29
Diluted	3.33	2.29

Consolidated Balance Sheet

	As at 30 June 2010	As at 31 December 2009
	(Unaudited)	(Audited)
	(HK\$'000)	(HK\$'000)
Non-current assets		
Fixed assets	61,000	59,657
Interest in leasehold land held for own use under operating lease	5,271	5,342
Goodwill	9,976	9,976
Interest in associates	80,349	23,659
	<u>156,596</u>	<u>98,634</u>
Current assets		
Trade receivables	23,081	22,503
Other receivables and prepayments	23,451	28,913
Other financial assets	156,320	147,373
Deposits with bank	122,400	5,000
Cash and cash equivalents	73,575	247,371
	<u>398,827</u>	<u>451,160</u>
Current liabilities		
Trade creditors, accounts payable, and other payables	224,610	220,096
Taxation	5,708	3,867
	<u>230,318</u>	<u>223,963</u>
Net current assets	<u>168,509</u>	<u>227,197</u>
Total assets less current liabilities	<u>325,105</u>	<u>325,831</u>
Non-current liabilities		
Provision for long service payments	2,530	2,405
Deferred taxation	1,933	572
	<u>4,463</u>	<u>2,977</u>
NET ASSETS	<u>320,642</u>	<u>322,854</u>
Capital and reserves		
Share capital	155,721	155,661
Reserves	164,921	167,193
TOTAL EQUITY	<u>320,642</u>	<u>322,854</u>