



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

Stock Code : 536

2007 Annual Results Announcement

26 March 2008



People Building Successful e-Commerce 電子商貿 以人成就

# Business Highlights

# Key Highlights

- ✦ Strong core business of providing front-end GETS continued to dominate the market with each service claiming an over 90% share
- ✦ Six Government Electronic Trading Services (“GETS”) includes:

Import or Export  
Declaration (“TDEC”)

Production  
Notification (“PN”)

Certificate of Origin  
 (“CO”)

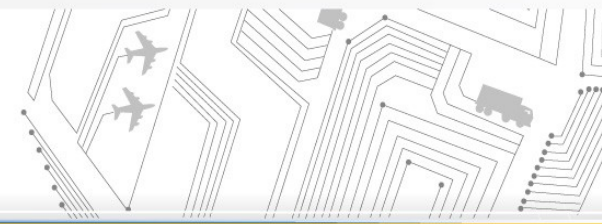
Dutiable Commodities  
Permit (“DCP”)

Electronic Cargo  
Manifest (“EMAN”)

Notifications under Textiles  
Trader Registration  
Scheme (“TTRS”)

- ✦ DTTNCo’s business gained momentum and grew steadily in customer base bolstered by substantial increase in transaction volume
- ✦ Digi-Sign strengthened presence in the banking sector
- ✦ Explored every new business opportunity in China

# Key Highlights



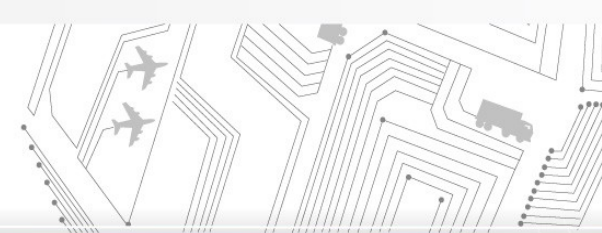
- ✦ Dividend policy:
  - FY2007 & thereafter: not less than 60% of net profit after tax
- ✦ Profit attributable to shareholders amounted at HK\$76.2 million
- ✦ Dividends for 2007:
  - Declared interim dividend: HK cents 3.61 per share
  - Proposed final dividend: HK cents 6.18 per share
  - Total dividend: HK cents 9.79 per share
  - Dividend payout ratio: 100%

# Financial Highlights

# Financial Highlights

	Year ended 31 December	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Turnover</b>	<b>245,082</b>	248,300
<b>Profit from operations</b>	<b>120,144</b>	119,300
<b>Share of losses of an associate</b>	<b>(23,955)</b>	(7,694)
<b>Profit attributable to shareholders</b>	<b>76,204</b>	83,216
<b>Earnings per share</b>		
- Basic	<b>HK cents 9.8</b>	HK cents 10.7
- Diluted	<b>HK cents 9.8</b>	HK cents 10.6
<b>Dividend per share</b>		
- Interim	<b>HK cents 3.61</b>	HK cents 4.80
- Proposed final	<b>HK cents 6.18</b>	HK cents 5.10

# Key Financial Ratios

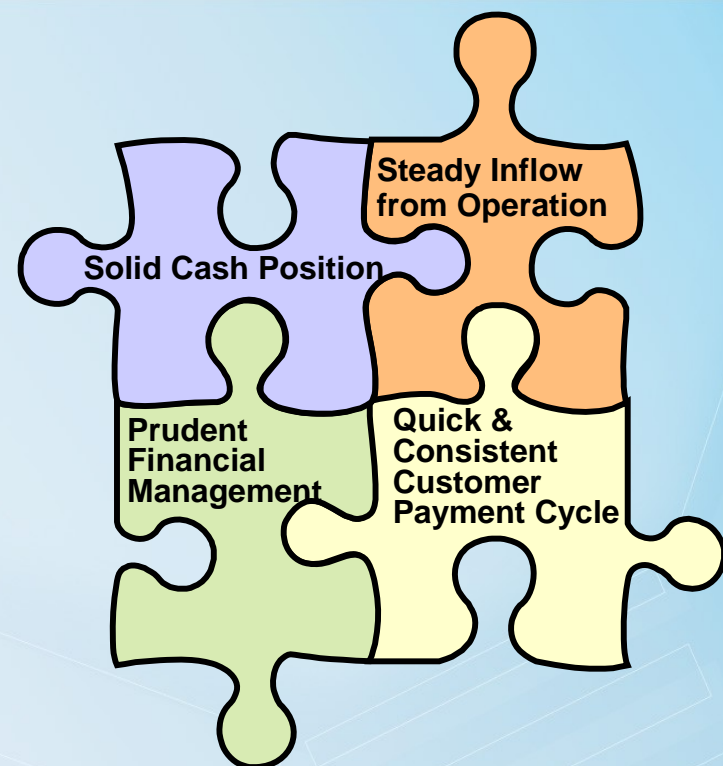


	Year ended 31 December	
	2007	2006
<b>Operating profit margin</b>	<b>49.0%</b>	48.0%
<b>Net profit margin</b>	<b>31.1%</b>	33.5%
<b>Effective tax rate</b>	<b>21.1%</b>	18.6%
<b>Current ratio</b>	<b>2.1</b>	1.6
<b>Debtor's turnover days<sup>1</sup></b>	<b>5</b>	6

*Note 1: The calculation of debtor's 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 number of days of the relevant period.*

# Healthy Cash Flow

- ✦ Net cash flow from operating activities of approximately HK\$103.4 million
- ✦ Trade receivables at HK\$19.4 million
- ✦ Debtor's turnover day of about 5 days
- ✦ Zero bad debt
- ✦ HK\$374.7 million cash and cash deposits as at 31 December 2007 (including customer deposits of HK\$171.7 million)
- ✦ Zero gearing



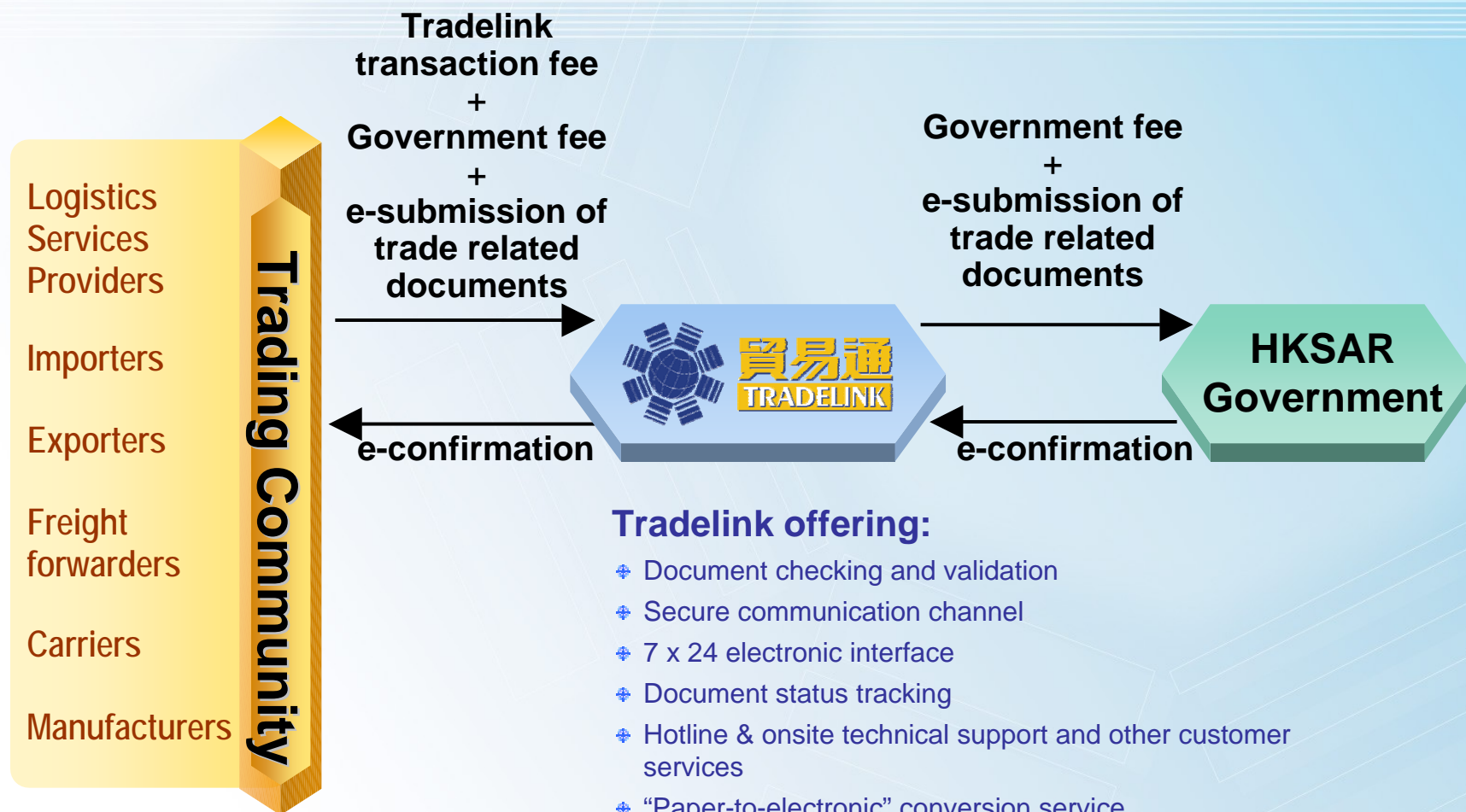
# Key Balance Sheet Items

	As at 31 December 2007	As at 31 December 2006
	HK\$'000	HK\$'000
<b>Fixed assets</b>	<b>44,547</b>	<b>50,568</b>
<b>Trade receivables</b>	<b>19,381</b>	<b>23,969</b>
<b>Cash and cash deposits<sup>2</sup></b>	<b>374,706</b>	<b>335,586</b>
<b>Net assets</b>	<b>339,848</b>	<b>329,223</b>

Note 2: Including customer deposits of HK\$171.7 million and HK\$171.0 million as at the respective year end

# Core Business

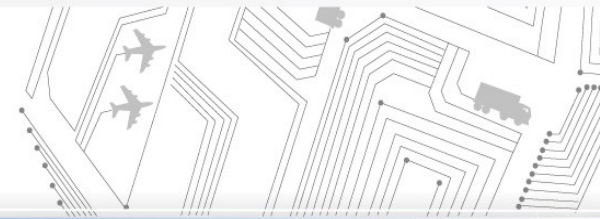
# Operating Mode of Key Services



# Substantial Customer Base

- ✦ Over 54,000 registered customers including manufacturers, importers, exporters, freight forwarders, logistics services providers and carriers
- ✦ Steady transaction volume – over 20 million in 2007
- ✦ Dedicated customer services offering hotline, onsite technical support, 35 customer services centres, training support and account managers for key clients

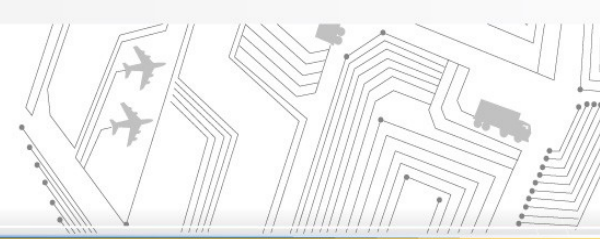
# Highlights – Core Business (GETS services)



- ✦ Solid core business remained strong and delivered stable results
- ✦ Continued to command market share of over 90% each for all six GETS services
- ✦ Recorded significant increase in usage of TTRS due to the new fee structure introduced by the Government in Jun 2007
- ✦ Agreement with the Government on current GETS license extended to end of 2009



# Highlights – Core Business (non-GETS services)



- ✦ Secured TDS contract from a world leading semiconductor manufacturer, following one from a large German mail order house
- ✦ Expanded business on payment services by developing an electronic credit card payment solution, with DTTN as a major constituent, focusing on the freight forwarding industry initially

# Highlights – Digi-Sign

- ✦ Strengthened presence in the banking sector
- ✦ Being appointed by a local bank as the service provider to issue digital certificates to the local and overseas corporate customers of its sister banks in Hong Kong

# Growth Driver – DTTN

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# Highlights – DTTN

- ✦ DTTNCo's business gained momentum and grew steadily with a customer base of around 3,600 companies, total transaction volume also grew significantly
- ✦ Focused on market development and customer recruitment in 2007
- ✦ Developed partnership arrangement with key international service providers in the B2B supply chain arena
- ✦ Building partnerships in the PRC, Singapore, Australia, the Netherlands and Mexico on pilot projects
- ✦ 7 DTTN-enabled front-end software modules completed in Nov 2007

- ✦ Exploring interconnection opportunities with public and government organisations in Hong Kong
- ✦ Continue the joint marketing campaign with various parties and trade associations to promote free DTTN-enabled front-end software modules
- ✦ Partner with the Hong Kong Productivity Council in implementing government sponsored project for the IT industry and SME community on the use of DTTN

# Action Plan

# Action Plan

- ✦ Secure future (i.e. GETS agreement) of Tradelink's core business
- ✦ Speed up the market development of DTTN
- ✦ Identify and develop more revenue opportunities to grow both Tradelink and DTTN, aim to develop more value-added services for our existing customers
- ✦ Actively identifying potential business opportunities in the Mainland China
  - A representative office in Beijing has been set up in early 2008 to facilitate early dialogue for business co-operation
  - Signed MOU with Beijing and Tianjing organisations
- ✦ Prepare to bid new Government electronic service – Electronic Cargo information service

# Q & A

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Thank You

# Appendix

# Consolidated Income Statement

	For the year ended 31 December	
	2007 (HK\$'000)	2006 (HK\$'000)
<b>Turnover</b>	245,082	248,300
Interest income	10,186	7,600
Staff costs	(79,474)	(77,851)
Depreciation	(11,065)	(14,291)
Other operating expenses	(44,585)	(44,458)
Profit from operations	120,144	119,300
Impairment loss on investment in unlisted equity securities	-	(10,000)
Share of losses of an associate	(23,955)	(7,694)
Gain on partial disposal of an associate	345	622
<b>Profit before taxation</b>	96,534	102,228
Taxation	(20,330)	(19,012)
<b>Profit attributable to equity shareholders of the Company</b>	76,204	83,216
<b>Dividends</b>		
Interim	28,091	37,326
Proposed final after the balance sheet date	48,093	39,685
	76,184	77,011
<b>Earnings per share</b>		
Basic	HK cents 9.8	HK cents 10.7
Diluted	HK cents 9.8	HK cents 10.6

# Consolidated Balance Sheet

	As at 31 December 2007 (HK\$'000)	As at 31 December 2006 (HK\$'000)
<b>Non-current assets</b>		
Fixed assets	44,547	50,568
Interest in leasehold land held for own use under operating lease	5,626	5,769
Interest in associates	43,020	67,116
Other financial assets	-	69,587
	<u>93,193</u>	<u>193,040</u>
<b>Current assets</b>		
Trade receivables	19,381	23,969
Other receivables and prepayments	11,974	9,909
Other financial assets	69,342	-
Deposits with bank	188,500	190,000
Cash and cash equivalents	186,206	145,586
	<u>475,403</u>	<u>369,464</u>
<b>Current liabilities</b>		
Trade creditors, accounts payable, and other payables	221,479	222,141
Taxation	4,142	7,544
	<u>225,621</u>	<u>229,685</u>
<b>Net current assets</b>	<u>249,782</u>	<u>139,779</u>
<b>Total assets less current liabilities</b>	<u>342,975</u>	<u>332,819</u>
<b>Non-current liabilities</b>		
Provision for long service payments	2,173	2,000
Deferred Taxation	954	1,596
	<u>3,127</u>	<u>3,596</u>
<b>Net assets</b>	<u>339,848</u>	<u>329,223</u>
<b>Capital and reserves</b>		
Share capital	155,642	155,615
Reserves	184,206	173,608
	<u>339,848</u>	<u>329,223</u>