


**Stock Code : 0536**

# 2008 Annual Results Announcement

**25 March 2009**

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

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

# Business Highlights

# Key Highlights

- Core business of providing six front-end Government Electronic Trading Services (GETS) held steady up until September 2008

- 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") |

- Won the contract from the HK Government to continue to operate the GETS for a further term of 7 years from 2010 to 2016

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# Key Highlights

- Awarded a contract to set up and provide call centre services for the implementation of Road Cargo System (ROCARS) for the Customs & Excise Department of HK Government for 5 years from the end of 2009
- Completed the transaction to acquire a 20% stake in Guangdong Nanfang Haian Science & Technology Service Company Limited
- Continue to explore new business opportunities in and around Beijing and Tianjin
- DTTNCo will become a wholly-owned subsidiary of Tradelink upon the completion of the buyout of other DTTNCo shareholders including the Government later this month.
- Digi-Sign has continued to chart a steady course and has expanded its scope of services to its bank customers

# Key Highlights

- Dividend Policy
  - Not less than 60% of distributable profit

- Profit attributable to shareholders amounted at HK$71.1 million, lower than the amount of profit attributable in 2007 at HK$76.2 million by HK$ 5.1 million

- Dividends for 2008:
  - Declared interim dividend: HK cents 3.61 per share
  - Proposed final dividend: HK cents 5.52 per share
  - Total dividend: HK cents 9.13 per share

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# Financial Highlights

# Financial Highlights

| | Year ended 31 December | |
|---|---|---|
| | **2008** | 2007 |
| | ***HK$'000*** | *HK$'000* |
| **Turnover** | **232,605** | 245,082 |
| **Profit from operations** | **110,199** | 120,144 |
| **Share of results of associates** | **(22,222)** | (23,955) |
| **Profit attributable to** | | |
| - Equity shareholders of the Company | **71,115** | 76,204 |
| - Minority interests | **12** | - |
| **Earnings per share** | | |
| - Basic | **HK cents 9.1** | HK cents 9.8 |
| - Diluted | **HK cents 9.1** | HK cents 9.8 |
| **Dividend per share** | | |
| - Interim | **HK cents 3.61** | HK cents 3.61 |
| - Proposed final | **HK cents 5.52** | HK cents 6.18 |

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# Key Financial Ratios

| | Year ended 31 December | |
|---|---|---|
| | **2008** | 2007 |
| Operating profit margin | **47.4%** | 49.0% |
| Net profit margin | **30.6%** | 31.1% |
| Effective tax rate | **19.2%** | 21.1% |
| Current ratio | **2.1** | 2.1 |
| Debtor's turnover days[1] | **4** | 5 |

*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$270.4 million
- Trade receivables at HK$18.4 million
- Debtor’s turnover day of about 4 days
- Zero bad debt
- HK$439.5 million cash and cash deposits as at 31 December 2008 (including customer deposits of HK$171.6 million)
- Zero gearing

# Key Balance Sheet Items

| | As at 31 December 2008 | As at 31 December 2007 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Fixed assets | **41,461** | 44,547 |
| Trade receivables | **18,401** | 19,381 |
| Cash and cash deposits[2] | **439,483** | 374,706 |
| Net assets | **336,760** | 339,848 |

*Note 2: Including customer deposits of HK$171.6 million and HK$171.7 million as at the respective year end*

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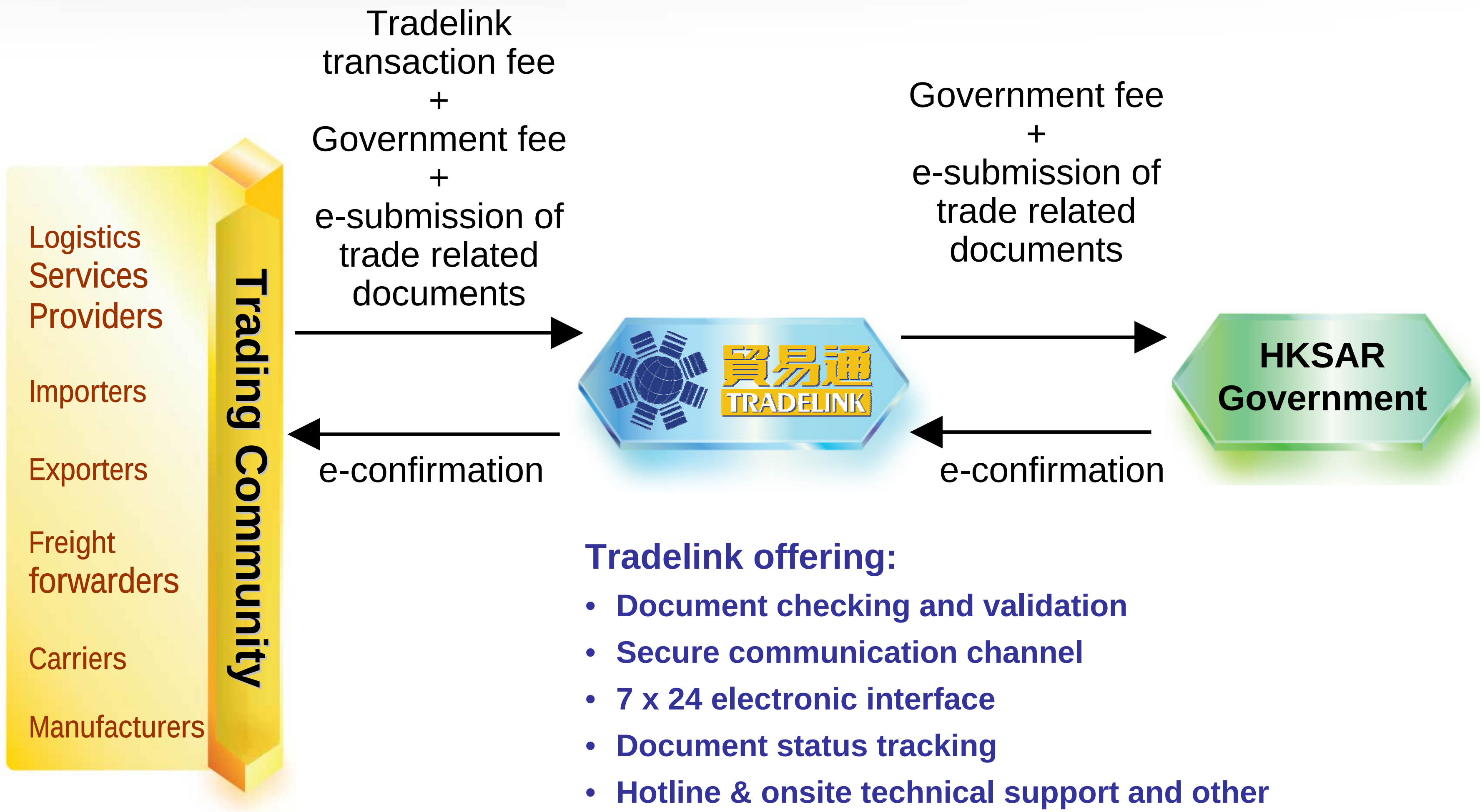
# Core Business

# Operating Mode of GETS




**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**

# 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 2008
- Dedicated customer services offering hotline, onsite technical support, 25 customer services centres, training support and account managers for key clients

# Highlights – Core Business (GETS Services)

- Core business held steady up until September 2008 experienced a small decline in Q4 2008 due to the global economic situation deteriorated markedly

- Year on year, the overall GETS transaction volume registered a slight decline of 5%

- Continue to command market share of over 90% for all six GETS services

- Set up 3 new service centres in Mongkok, Tsimshatsui and Central in Q4 2008 to offer more convenient and cost-effective services to local SMEs

# Highlights – DTTN

- While continue focusing on recruitment in Hong Kong, DTTNCo is also expanding efforts to tap the market potential in China

- Based on finding of a review of DTTN business model carried out in early 2008, DTTNCo shareholders and Tradelink Board agreed to remove the DTTN Operating Agreement and Shareholders' Agreement through Tradelink making an offer to buyout all non-Tradelink DTTNCo shareholders.  Upon completion of the acquisition on 26 March 2009, DTTNCo will become a wholly-owned subsidiary of Tradelink

# Highlights – DTTN

- Significance of restructuring of DTTNCo summarized into three areas :

  - Significant cost reduction for DTTNCo through removal of a lot of duplication between DTTNCo and Tradelink

  - More value-adding services and effective business solutions to offer to DTTNCo customers

  - Programs can be developed and deployed to promote DTTN in China and the rest of the world

# Highlights – Digi-Sign

- Continued to chart a steady course and has expanded the service scope to its bank customers

- Under the CEPA framework, Digi-Sign has been working together with the relevant government bodies on facilitation of cross border mutual recognition of digital certificates and on pilot projects for cross border transaction between Guangdong and Hong Kong

# Prospects

# Prospects

- Total trade declarations dropped by 23% in Jan/Feb 2009 compared to same period in 2008

- As there are no signs of recovery of the economy in near future, we must brace ourselves for a pretty dismal 2009 – for the rest of 2009, will exercise much tighter cost controls and step up efforts to find new revenue opportunities

- Looking ahead, long term prospects look bright:
  - new GETS licence (2010-2016) and new contract for call centre services for ROCARS (end of 2009 to end of 2014)
  - a few promising projects in China being underway
  - upon DTTNCo becoming a wholly-owned subsidiary of Tradelink by end of March 2009, we will have greater flexibility in offering more value-adding services to DTTNCo customers and to take DTTN into China

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# Q & A

# Thank You

# Appendix

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# Consolidated Income Statement

| | For the year ended 31 December | |
|---|---|---|
| | **2008** | 2007 |
| | ***(HK$'000)*** | *(HK$'000)* |
| **Turnover** | **232,605** | 245,082 |
| Interest income | **12,681** | 10,186 |
| Staff costs | **(80,639)** | (79,474) |
| Depreciation | **(9,383)** | (11,065) |
| Other operating expenses | **(45,065)** | (44,585) |
| Profit from operations | **110,199** | 120,144 |
| Share of results of associates | **(22,222)** | (23,955) |
| Gain on partial disposal of an associate | **-** | 345 |
| Profit before taxation | **87,977** | 96,534 |
| Taxation | **(16,850)** | (20,330) |
| **Profit for the year** | **71,127** | 76,204 |
| | | |
| **Attributable to:** | | |
| Equity shareholders of the Company | **71,115** | 76,204 |
| Minority interests | **12** | - |
| **Profit for the year** | **71,127** | 76,204 |
| | | |
| **Dividends** | | |
| Interim | **28,097** | 28,091 |
| Proposed final after the balance sheet date | **42,962** | 48,093 |
| | **71,059** | 76,184 |
| **Earnings per share** | | |
| Basic | **HK cents 9.1** | HK cents 9.8 |
| Diluted | **HK cents 9.1** | HK cents 9.8 |

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# Consolidated Balance Sheet

| | As at 31 December 2008 (HK$'000) | As at 31 December 2007 (HK$'000) |
|---|---|---|
| **Non-current assets** | | |
| Fixed assets | **41,461** | 44,547 |
| Interest in leasehold land held for own use under operating lease | **5,484** | 5,626 |
| Interest in associates | **42,539** | 43,020 |
| | **89,484** | 93,193 |
| **Current assets** | | |
| Trade receivables | **18,401** | 19,381 |
| Other receivables and prepayments | **14,876** | 11,974 |
| Other financial assets | **-** | 69,342 |
| Deposits with bank | **5,124** | 188,500 |
| Cash and cash equivalents | **434,359** | 186,206 |
| | **472,760** | 475,403 |
| **Current liabilities** | | |
| Trade creditors, accounts payable, and other payables | **220,046** | 221,479 |
| Taxation | **2,438** | 4,142 |
| | **222,484** | 225,621 |
| **Net current assets** | **250,276** | 249,782 |
| **Total assets less current liabilities** | **339,760** | 342,975 |
| Non-current liabilities | | |
| Provision for long service payments | **2,282** | 2,173 |
| Deferred taxation | **718** | 954 |
| | **3,000** | 3,127 |
| **NET ASSETS** | **336,760** | 339,848 |
| Capital and reserves | | |
| Share capital | **155,661** | 155,642 |
| Reserves | **180,819** | 184,206 |
| Total equity attributable to equity shareholders of the Company | **336,480** | 339,848 |
| Minority interests | **280** | - |
| **TOTAL EQUITY** | **336,760** | 339,848 |