



Tradelink Electronic Commerce Limited

貿易通電子貿易有限公司

Stock Code : 0536

2011 Interim Results Announcement

CORPORATE PROFILE

Listing Date	28 October 2005
Share Price (@ 23/8/2011)	HK\$1.08
Issued Shares (@ 23/8/2011)	781,895,225 shares
Market Cap	HK\$844.4 million
FY End Date	31 December
Major Shareholders (@ 23/8/2011)	The Financial Secretary Incorporated (12.24%) The Hongkong & Shanghai Banking Corporation Limited (8.07%) DJE Investment S.A. (8.09%) Penta Investment Advisers Limited (7.03%)

OUTLINE

- **BUSINESS REVIEW**
- **FINANCIAL HIGHLIGHTS**
- **PROSPECTS**
- **Q&A**
- **APPENDIX**

BUSINESS REVIEW



TRADELINK / DTTN

- Tradelink's core business of providing Government Electronic Trading Services (GETS) decreased by 6.3% over last year due to intense competition and a shrinkage of overall GETS market by 2.6%
- Working actively on developing new services to enhance service offering and to open up new revenue streams
- Launched a new and convenient one-stop service for customers to buy cargo insurance
- Supply Chain Management applications fully integrated with DTTN functionalities, enabling us to offer more comprehensive solutions



DIGI-SIGN

- Continued to make progress
- Delivered its digital certification services to enable the service provider operating a major ATM network in Hong Kong and Macau to deploy their chip-based ATM cards
- Entered into an agreement with a major bank in Hong Kong to provide security token services

CHINA

- Investments in China fared with mixed results
 - Business at Guangdong Nanfang Haian Science & Technology Service Company Ltd remained steady
 - The data centre operated by China International Data Systems Company Limited is gradually reducing operational losses
 - The logistics park at Pinggu in Beijing stalled due to approvals required from two regulatory authorities to become fully operational and the loss of support from a major shareholder

CHINA (CONT')

- Revised strategy in China to focus on reinforcing and facilitating DTTN's expansion into China through strategic relations with partners whose businesses have a strong synergy with ours
- Investment in Supply Chain Network Technologies Inc., a joint venture with the Kunshan District Government, ECI Corporation (Kunshan) and Universal EC Inc. (Taiwan)
- Entered into agreement with a local partner in Shanghai for the formation of a joint venture providing 4th party logistics services in Shanghai

FINANCIAL HIGHLIGHTS



INTERIM DIVIDEND

- Dividend payout ratio at approximately 75% of distributable profit
- Declared interim dividend HK cents 2.8 per share
- A 12% increase over last year

FINANCIAL REVIEW

- Operating margin and profit further improved over last year
 - Operating costs before depreciation reduced by 11.5% to HK\$60 million
 - Operating profit increased by 7.2% to HK\$34.4 million
 - Operating margins increased by 12.3% to 33.9%
 - Profit attributable to equity shareholders increased by 10.4% to HK\$28.7 million

FINANCIAL HIGHLIGHTS

Six months ended 30 June (HK\$M)	1H 2011 (Unaudited)	1H 2010 (Unaudited)	Change
Turnover	101.5	106.3	(4.5%)
Profit from operations	34.4	32.1	7.2%
Profit before taxation	33.7	31.8	6.0%
Profit attributable to equity shareholders	28.7	26.0	10.4%
Earnings per share (HK cents)			
- Basic	3.76	3.38	11.2%
- Diluted	3.68	3.33	10.5%
Interim dividend			
- Per share (HK cents)	2.8	2.5	12.0%
- Total amount	21.9	19.5	12.3%

KEY FINANCIAL RATIOS

Six months ended 30 June	1H 2011 (Unaudited)	1H 2010 (Unaudited)
Operating profit margin	33.9%	30.2%
Net profit margin	28.3%	24.5%
Effective tax rate	14.8%	18.2%
Current ratio	1.8	1.7
Debtors' turnover days ¹	7	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

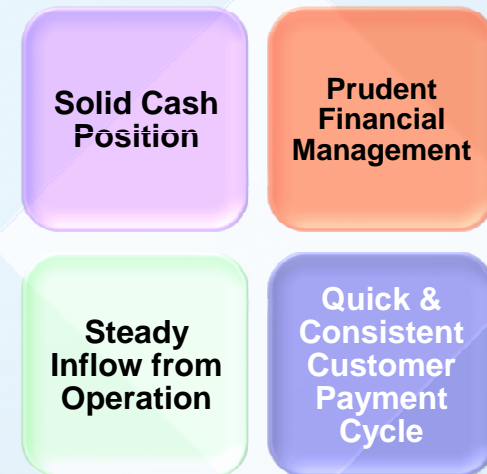
(HK\$M)	As at 30 June 2011 (Unaudited)	As at 31 Dec 2010 (Audited)
Fixed assets	50.1	58.7
Trade receivables	30.2	22.9
Other financial assets ²	1.5	156.7
Cash and bank deposits ³	363.6	216.0
Net assets	322.3	336.3

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

Note 3: Including customer deposits of HK\$165.4 million and HK\$166.2 million as at the respective period / year end

STRONG AND HEALTHY FINANCIALS

- Net cash flow from operating activities totaled approximately HK\$36.6 million
- Trade receivables at HK\$30.2 million
- Debtors' turnover day at about 7 days
- Zero bad debt
- HK\$363.6 million of cash and bank deposits as at 30 June 2011
- Zero gearing



PROSPECTS

PROSPECTS

Tradelink

- Developing services that add value and stickiness to clients
- At least one new service will be ready in 2H2011

DTTN

- In the process of generalizing previously customized solutions into standard application suites
- Expect these standard application suites deployed on our new end-user solution platform are to be launched later this year

PROSPECTS

Digi-Sign

- Working with a consortium of major banks to develop a common authentication scheme to meet their e-banking security need, while avoiding common clients to carry multiple security devices

China

- Will invest a total of RMB9.4million in two strategic partners whose businesses have a strong synergy with us in 2H 2011
- Looking ways to divest interest in the logistics park in Beijing

We remain confident of our performance for the rest of the year

Q & A

THANK YOU



APPENDIX

CONSOLIDATED INCOME STATEMENT

	Six months ended 30 June	
	2011 (HK\$'000) (unaudited)	2010 (HK\$'000) (unaudited)
Turnover	101,503	106,343
Interest income	3,923	3,983
Other net loss	(422)	-
Staff costs	(44,671)	(41,405)
Depreciation	(10,669)	(10,428)
Other operating expense	(15,280)	(26,359)
Profit from operations	34,384	32,134
Share of results of associates	(693)	(342)
Profit before taxation	33,691	31,792
Taxation	(4,959)	(5,840)
Profit for the period	28,732	25,952
Profit attributable to equity shareholders of the Company	28,732	25,952
Earnings per share		
Basic	HK cents 3.76	HK cents 3.38
Diluted	HK cents 3.68	HK cents 3.33



CONSOLIDATED BALANCE SHEET

	As at 30 June 2011	As at 31 December 2010
	(Unaudited) (HK\$'000)	(Audited) (HK\$'000)
Non-current assets		
Fixed assets	50,149	58,712
Goodwill	9,976	9,976
Interest in associates	79,808	78,744
	139,933	147,432
Current assets		
Trade receivables	30,239	22,916
Other receivables and prepayments	20,154	19,297
Other financial assets	1,544	156,739
Deposits with bank	118,700	118,500
Cash and cash equivalents	244,893	97,485
	415,530	414,937
Current liabilities		
Trade creditors, accounts payable and other payables	224,556	219,307
Taxation	3,475	350
	228,031	219,657
Net current assets	187,499	195,280
Total assets less current liabilities	327,432	342,712
Non-current liabilities		
Provision for long service payments	2,589	2,677
Deferred taxation	2,570	3,754
	5,159	6,431
NET ASSETS	322,273	336,281
Capital and reserves		
Share capital	156,299	155,721
Reserves	165,974	180,560
TOTAL EQUITY	322,273	336,281

