



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

Stock Code : 0536

2012 Interim Results Announcement

# Corporate Profile

## Listing Date

- 28 October 2005

## Share Price (@ 28/8/2012)

- HK\$1.15

## Issued Shares (@ 28/8/2012)

- 783,587,980 shares

## Market Cap

- HK\$901,126,177

## Major Shareholders (@ 28/8/2012)

- TAL Apparel Limited (12.91%)
- The Financial Secretary Incorporated (12.21%)
- DJE Investment S.A. (8.99%)

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# Tradelink

- Tradelink's core business of providing Government Electronic Trading Services ("GETS") dropped by 1.1% year-on-year due to intense competition and a shrinkage of overall GETS market by 0.44%
- However, the decline in revenue from GETS business more than made up by the revenue from our new Road Cargo Service

# DTTN

- DTTN business declined due to general economic slowdown, causing a longer than norm lead time for signing up new businesses
- Development work on a new Fright Forwarder Invoice Solution for shippers to facilitate processing of voluminous freight invoices in progress
- Joint project with Global Logistics System (HK) Company Limited (“GLSHK”) on building a forwarders-shippers community platform for electronic document exchanges in progress
- Work on the 1<sup>st</sup> phase of an order management solution for a leading brand management & distribution company in HK almost complete

# Digi-Sign

- Activities in Digi-Sign surged by nearly 50% during the period
- Signed on three new bank customers to provide security token services for their on-line customers
- Development work for several key projects in good progress:
  - Phase I of Smart Warrant Card System (“SWCS”) for the HK Police Force expected to be completed in second half of 2012
  - Security token service for e-banking customers of a major bank in HK expected to be completed within the second half of 2012
  - Mobile security solution for e-banking which meets the HKMA standards almost complete
  - Testing of the device for common authentication scheme for a consortium of banks to commence in the second half of 2012

# China

- Performance of the 3 China investments further improved with a profit of HK\$0.03 million recorded
- As announced in July this year, an approach to acquire part of our stake in the Beijing Data Center received
- Discussion on a divestment of interest in the logistic park at Pinggu nearly complete

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# Financial Review

Compared to the first six months in 2011:

- Turnover remained roughly the same at HK\$102.9 million
- Profit from operations increased by 15.7% to HK\$39.8 million
- Profit for the period increased by 17.4% to HK\$33.7 million
- Basic earnings per share increased by 17.0% to HK 4.4 cents

# Interim Dividend

- Declared interim dividend HK 3.3 cents per share
- Increased by 17.9% over same period last year
- Dividend payout ratio maintained at approx. 75% of distribution profit

# Financial Highlights

Six months ended 30 June (HK\$M)	1H 2012 (unaudited)	1H 2011 (unaudited)	Change
Turnover	102.9	101.5	1.4%
Profit from operations	39.8	34.4	15.7%
Profit before taxation	39.8	33.7	18.1%
Profit attributable to equity shareholders of the Company	33.7	28.7	17.4%
Earnings per share (HK cents)			
- Basic	4.40	3.76	17.0%
- Diluted	4.31	3.68	17.1%
Interim dividend			
- Per share (HK cents)	3.3	2.8	17.9%
- Total amount	25.8	21.9	17.8%

# Key Financial Ratios

Six months ended 30 June	1H 2012 (unaudited)	1H 2011 (unaudited)
Operating profit margin	38.7%	33.9%
Net profit margin	32.8%	28.3%
Effective tax rate	15.3%	14.8%
Current ratio	1.7	1.8
Debtors' turnover days	7	7

# Key Balance Sheet Items

(HK\$M)	As at 30 June 2012 (unaudited)	As at 31 December 2011 (audited)
Fixed assets	43.9	45.0
Trade receivables	27.5	27.2
Other financial assets	258.4	225.6
Cash and bank deposits	119.7	148.0
Net assets	330.5	340.8

# Strong and Healthy Financials

- Net cash flow from operating activities totaled HK\$44.2 million
- Trade receivables at HK\$27.5 million
- Debtors' turnover day at about 7 days
- HK\$119.7 million of cash and bank deposits as at 30 June 2012
- Zero bad debt
- Zero gearing



# Prospects

## Tradelink/ DTTN

- Continue to explore new services which leverage on current IT infrastructure to better serve our extensive SME customer base
- Continue development of the new Freight Forwarder Invoice Solution for our shipper clients
- Target to roll-out the Community Platform jointly developed with GLSHK in the first quarter of 2013
- Commence discussion on 2<sup>nd</sup> phase of the solution involving mobile application for real-time order processing for the leading brand distribution customer

# Prospects (cont')

## Digi-Sign

- Roll-out key services in the first quarter of 2013:
  - Common authentication scheme; and
  - Mobile banking security solutions

## China

- The acquisition of part of our stake in the Beijing Data Center, if successful, at a premium, should be completed in the second half of 2012

# Prospects (cont')

- Revenue from our banking security token and SWCS projects should boost income significantly during the second half of 2012, and
- No significant decline in our core GETS business expected in the coming months

***\*\*\* Highly optimistic of our performance for 2012 \*\*\****

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# Consolidated Income Statement

Six months ended 30 June  
(Unaudited)

	2012 (HK\$'000)	2011 (HK\$'000)
<b>Turnover</b>	102,854	101,503
Interest income	6,059	3,923
Other net loss	-	(422)
Cost of purchases	(2,936)	(753)
Staff costs	(43,301)	(44,671)
Depreciation	(4,914)	(10,669)
Other operating expenses	(17,939)	(14,527)
<b>Profit from operations</b>	39,823	34,384
Share of results of associates	26	(693)
<b>Profit before taxation</b>	39,849	33,691
Taxation	(6,116)	(4,959)
<b>Profit attributable to equity shareholders of the Company</b>	33,733	28,732
<b>Earnings per share (HK cents)</b>		
Basic	4.40	3.76
Diluted	4.31	3.68

# Consolidated Balance Sheet

	As at 30 June 2012 Unaudited (HK\$'000)	As at 31 December 2011 Audited (HK\$'000)
<b>Non-current assets</b>		
Fixed assets	43,853	45,010
Goodwill	9,976	9,976
Interest in associates	97,409	97,975
	151,238	152,961
<b>Current assets</b>		
Trade receivables	27,470	27,194
Other receivables and prepayments	50,150	21,832
Other financial assets	258,375	225,594
Deposits with bank	3,700	41,700
Cash and cash equivalents	115,972	106,317
	455,667	422,637
<b>Current liabilities</b>		
Trade creditors, accounts payable and other payables	262,078	224,512
Taxation	9,706	5,851
	271,784	230,363
<b>Net current assets</b>	183,883	192,274
<b>Total assets less current liabilities</b>	335,121	345,235
<b>Non-current liabilities</b>		
Provision for long service payments	2,946	2,727
Deferred taxation	1,697	1,702
	4,643	4,429
<b>NET ASSETS</b>	330,478	340,806
<b>Capital and reserves</b>		
Share capital	156,542	156,509
Reserves	173,333	184,297
<b>Total equity attributable to equity shareholders of the Company</b>	329,875	340,806
Non-controlling interest	603	-
<b>TOTAL EQUITY</b>	330,478	340,806