



TRADELINK ELECTRONIC COMMERCE LIMITED
貿易通電子貿易有限公司

Stock code: 536

2005 Annual Results

23 March, 2006

Highlights

- Solid core business continued to deliver strong financials
- Net profit amounted to HK\$91.4 million, exceeding original forecast
- Attractive dividend yield with the dividend payout of over 80%
- Secure e-solution emerged as new growth area
- DTTN progressed as planned



**Peak performance
with experience
and technology**



Solid Core Business Continued to Deliver Strong Financials



Operating Mode of Our Key Services



Details of Our Key Services

- Transaction and handling fees of documents accounted for about 90.1% of our turnover
- Annual fees accounted for 7.7% of our turnover
- Continues to command market share of over 90% for all services

Services	Details
Import and Export Declarations (TDEC)	➤ e-lodgment of import or export declaration with Customs
Production Notifications (PN)	➤ e-lodgment of notification to the Trade & Industry Department about cut-and-sewn garments manufactured in HK
Certificates of Origin (CO)	➤ e-application for CO to the Trade & Industry Department or other government approved organisations
Dutiable Commodities Permits (DCP)	➤ e-application for DCP to Customs for import, export, manufacturing or storage of dutiable commodities
Electronic Cargo Manifests (EMAN) (excluding road mode)	<ul style="list-style-type: none"> ➤ e-submission of manifests for air, rail, water cargo to the Census Department and the Trade & Industry Department ➤ e-receipt of notice / voucher from Customs and e-communication with other government departments
Notifications under Textiles Trader Registration Scheme (TTRS)	➤ e-submission of notification to the Trade & Industry Department for textile trading under TTRS

Other Value-added Services

Services	Details
Trader Documentation Services	<ul style="list-style-type: none">➤ a web-based application solutions➤ facilitates secure electronic document exchange for international trade transactions
Electronic Shipping Orders	<ul style="list-style-type: none">➤ platform that assists shippers and forwarders to prepare and submit shipping orders and obtain draft bills of landing
Automated Manifest Services	<ul style="list-style-type: none">➤ e-solution for carriers and non-vessel operating common carriers➤ meets the requirements under the “24-Hour Rule” imposed by the US Customs and Border Protection
Digital Certificate	<ul style="list-style-type: none">➤ supports digital signatures➤ ensures secure electronic transactions
Jingmao Link	<ul style="list-style-type: none">➤ a synchronised cross-border electronic information management system➤ a common platform that allows traders and manufacturers to manage business information and handle all related commercial, transportation and statutory documents

Our Substantial Customer Base

- Over 54,000 registered users including manufacturers, importers, exporters, freight forwarders, logistics services providers, and carriers
- Holds long term service contracts with certain customers
- Steady transaction volume – over 19 million in 2005
- Dedicated customer services: hotline, onsite technical support, 28 customer services centres, training support, and account managers for key clients

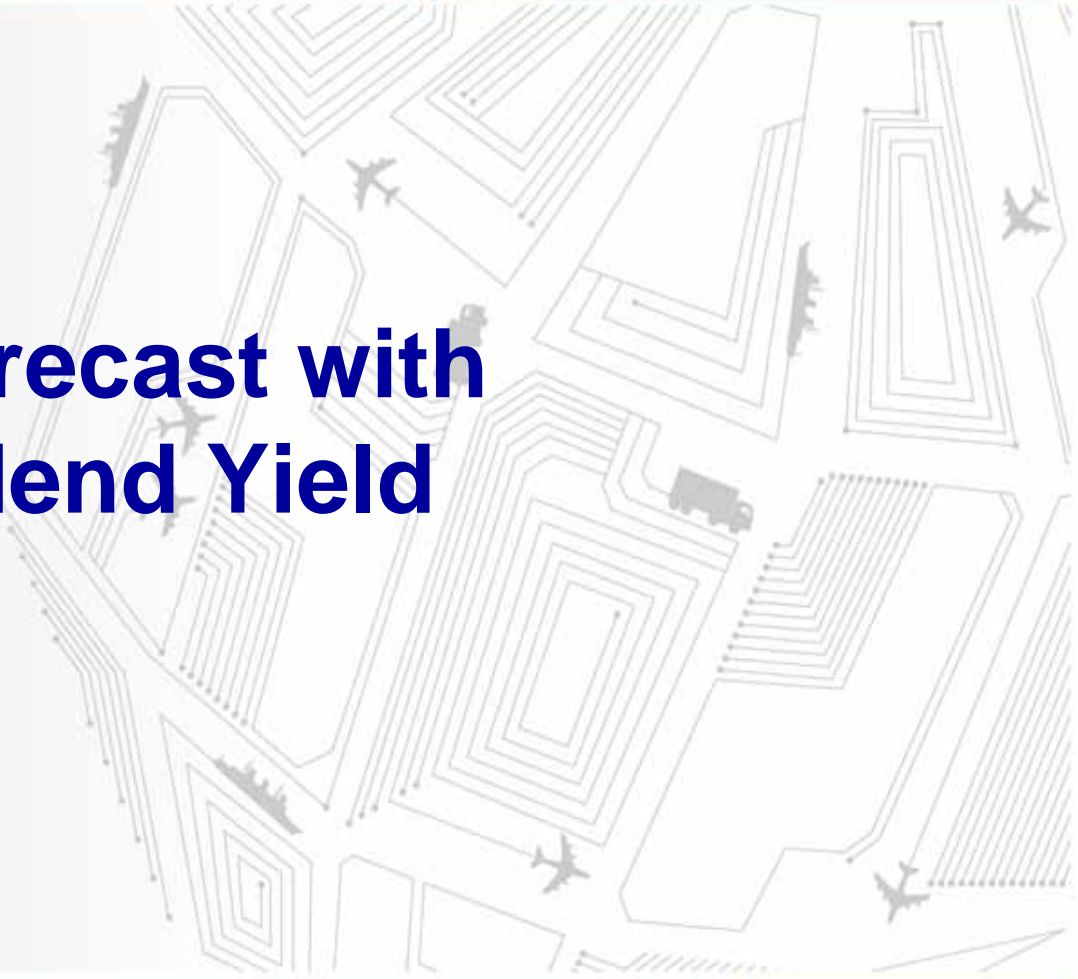


Li & Fung Limited





Profits Beat Forecast with Attractive Dividend Yield



Financial Highlights

	For the year ended 31 Dec		
	2005	2004	% Change
	<i>HK\$'000</i>	<i>HK\$'000</i>	
Turnover	249,101	279,706	- 10.9
Profit from operations	110,293	83,637	+31.9
Profit attributable to shareholders	91,397	62,993	+45.1
Earning per share			
- Basic (HK cents)	12.5	8.8	+42.0
- Diluted (HK cents)	12.4	-	N/A
Dividend paid / declared	117,703	49,776	N/A
- Interim	63,300	38,267	N/A
- Special	31,074	-	N/A
- Final (proposed)	23,329	11,509	N/A

Healthy Cash Flow

Steady Inflow from Operation

- Annual net cash flow of over HK\$119 million during 2005

Quick and Consistent Customer Payment Cycle

- Trade receivables remained at about HK\$19 million in 2005
- Debtor's turnover day of about 5 days
- Zero bad debt in 2005

Solid Cash Position

- HK\$317 million as at 31 December 2005 (including customer deposit of HK\$171 million)
- Zero gearing

Key Financial Ratios

	For the year ended 31 Dec		
	2005	2004	
		Per Accounts	Adjusted ³
Operating profit margin	44.3%	29.9%	44.2%
Net profit margin	36.7%	22.5%	36.8%
Effective tax rate	16.8%	24.6%	16.7%
Return on equity¹	32.5%	24.1%	39.3%
Current ratio	1.69	2.00	2.0
Debtor's turnover days²	5	5	5

Note: 1. Calculated based on net profit and average net assets during the period

2. 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. For the years ended 31 Dec 2004 and 2005, the amounts of Government charges collected by Tradelink amounted to HK\$1,144.6 million and HK\$1,129.6 million respectively

3. After adjustment for the impairment charge

Key Balance Sheet Items

	As at 31 Dec	
	2005 HK\$ '000	2004 HK\$ '000
Fixed assets ¹	63,751	27,350
Trade receivables	18,947	20,242
Cash and cash equivalents ²	317,177	417,472
Net assets	303,619	258,957

Note: 1. The increase in 2005 was mainly due to the purchase of office premises at HK\$33.25 million and addition of computer and office equipment

2. Including customer deposits of HK\$171 million and HK\$169 million as at the respective year end

Dividend Policy

- Directors intend to recommend annual dividend as follows:
 - FY05 and FY06: not less than 80% of net profit after tax
 - Thereafter: not less than 60% of net profit after tax
- Dividend per share
 - Proposed final: HK3.00 cents
 - Over 80% dividend payout ratio of the Group's net profit after tax for the four months from Sept to Dec 2005

Factors Affecting 06 and 07

- Potential revenue growth
 - Growth in market size for electronic cargo manifests
 - Growth in Digi-Sign products and services offering
- Potential cost reduction
 - Saving in office rental
 - Staff cost saving after completion of adjustments for GETS specifications



Secure e-solution Emerged as New Growth Area



Digi-Sign



Principally, there are only two recognised Digital Certificate issuers in Hong Kong

Now

- **Support mainly Tradelink's e-Business Services**
 - 200,000+ certificates issued
 - PAN-Asian E-Commerce Alliance mutual recognition
- **Certificate Processing Services including**
 - Mobile validation solution
 - Time-stamping service
 - Online certificate validation service
 - Professional consultation
- **Accepted and trusted by all popular browsers**

Immediate Future

- **Enterprise security solution for applications such as**
 - Internet banking
 - Internet stock broking
 - Authenticity certification for professional bodies

Digital Certificate

- Created a new category of digital certificate to enhance the security solutions
- Well received by market and secured new customers from bank, professional bodies and stockbrokers





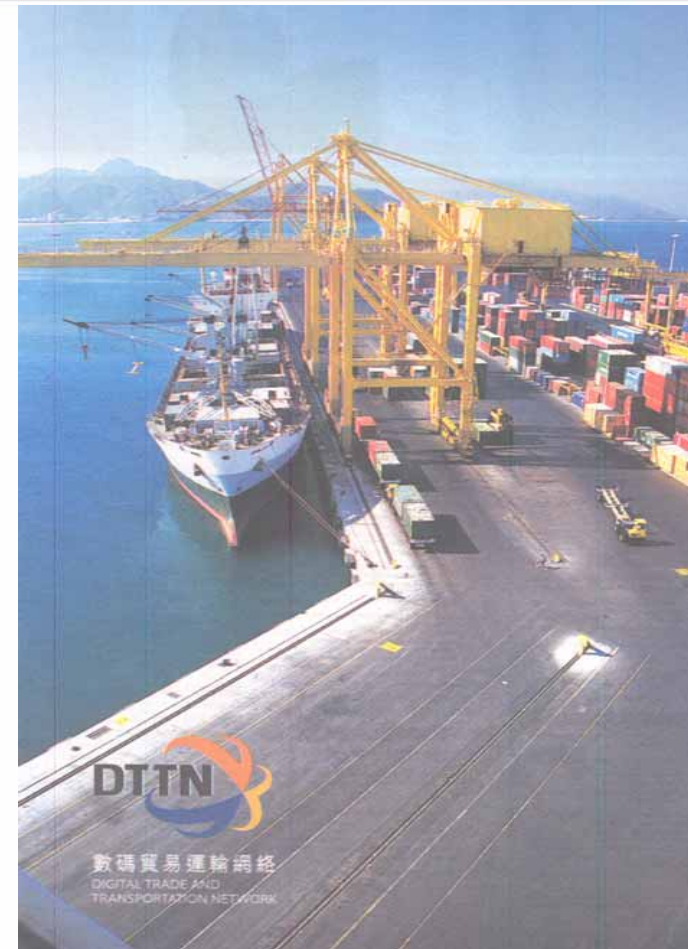
DTTN Progressed as Planned



Digital Trade and Transportation Network (DTTN)

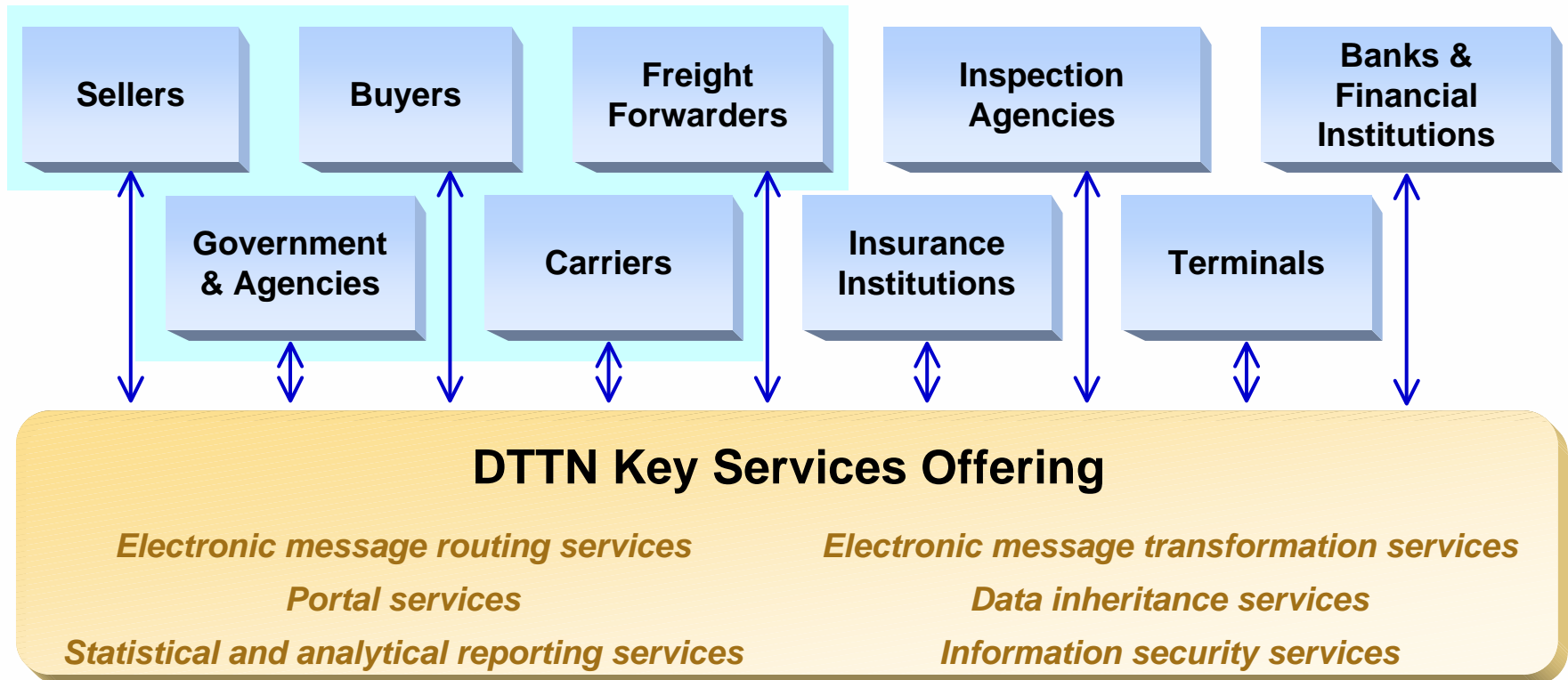
➤ Objectives:

- e-platform for trade and logistics communities in Hong Kong and beyond
- single window for practitioners to enhance supply-chain efficiency



Functional Blueprint of DTTN

- Rich array of capabilities for messaging, transactions, payments, security etc.



□ : Focus of Tradelink current offering

DTTN to Support the Whole Supply-Chain



DTTN

Purchase Process

➤ Purchase / Sales Order, Order Confirmation

Delivery

➤ Packing List / ASN, Commercial Invoice, Inspection Certificate, Insurance

Local and Overseas Transportation

➤ Booking, Shipping Order, Arrival Notices, Transport Documents - Master / House Waybill - Sea / Air, Cargo Receipt, Transport Set, EIR, Delivery / Release Order

Government Trade Documents

➤ Export / Import Licence, Customs Clearance, Certification of Origin etc.

Financial Settlement

➤ Letter of Credit, Company Guarantee, Bill of Exchange, L/C collection Letter; Document Arrival Notice

Highlights

- Solid core business continued to deliver strong financials
- Net profit amounted to HK\$91.4 million, exceeding original forecast
- Attractive dividend yield with the dividend payout of over 80%
- Secure e-solution emerged as new growth area
- DTTN progressed as planned



**Peak performance
with experience
and technology**



Q & A Session





Thank You!





Appendix



Profit & Loss Account

	2005 (HK\$'000)	2004 (HK\$'000)
Turnover	249,101	279,706
Interest income	8,064	5,093
Other net loss	(1,170)	(4,266)
Staff costs	(80,084)	(82,964)
Depreciation	(15,559)	(25,501)
Impairment losses of investment in unlisted equity securities	-	(40,000)
Other operating expenses	<u>(50,059)</u>	<u>(48,431)</u>
Profit from operations	110,293	83,637
Finance costs	-	(3)
Share of losses of associates	(787)	-
Gain/(loss) on disposal of subsidiary	<u>347</u>	<u>(55)</u>
Profit before taxation	109,853	83,579
Taxation	<u>(18,456)</u>	<u>(20,586)</u>
Profit attributable to equity shareholders of the Company	<u>91,397</u>	<u>62,993</u>
	=====	=====
Dividends		
Interim	63,300	38,267
Special	31,074	-
Proposed final after the balance sheet date	<u>23,329</u>	<u>11,509</u>
	<u>117,703</u>	<u>49,776</u>
	=====	=====
Earnings per share		
Basic	HK cents 12.5	HK cents 8.8
Diluted	HK cents 12.4	-

Balance Sheet

	2005 (HK\$'000)	2004 (HK\$'000)
Non-current assets		
Fixed assets	63,751	27,350
Interest in leasehold land held for own use under operating lease	5,911	-
Interest in associates	74,858	-
Other financial assets	<u>10,000</u>	<u>10,000</u>
	154,520	37,350
Current assets		
Trade receivables	18,947	20,242
Other receivables and prepayments	44,391	11,986
Cash and cash equivalents	<u>317,177</u>	<u>417,472</u>
	380,515	449,700
Current liabilities		
Trade creditors, accounts payable and other payables	223,489	218,540
Taxation	<u>1,388</u>	<u>3,848</u>
	224,877	222,388
Net current assets	<u>155,638</u>	<u>227,312</u>
Total assets less current liabilities	310,158	264,662
Non-current liabilities		
Provision for long service payments	3,303	2,740
Deferred taxation	<u>3,236</u>	<u>2,965</u>
	6,539	5,705
Net assets	303,619	258,957
	=====	=====
Capital and Reserves		
Share capital	155,527	143,863
Reserves	<u>148,092</u>	<u>115,094</u>
Equity attributable to equity shareholders of the Company	303,619	258,957
	=====	=====