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

Stock Code: 536

2006 Interim Results Announcement

7 September 2006

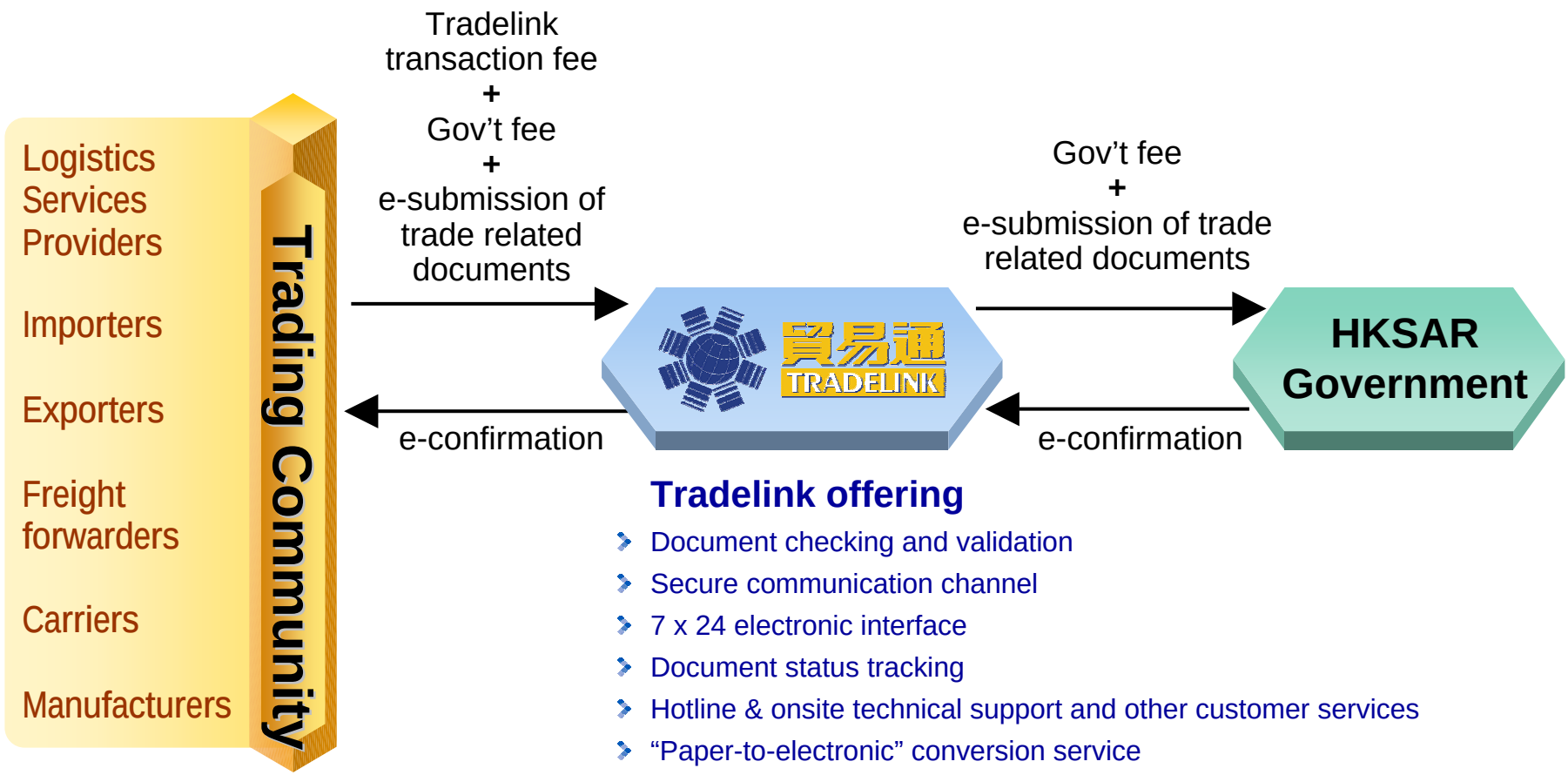
Highlights

- Solid core business continued to deliver stable results
- Attractive dividend yield based on dividend payout of over 80%
- Additional shareholders joining DTTNCo
- DTTN progressed as planned and is exploring cooperation opportunities with overseas associates
- Submitted a tender to operate the Certification Authority for the Hongkong Post

Performance Highlights

- Turnover amounted to HK$120.7 million, represents a 2.7% growth
- Operating expenses stayed at HK$60.9 million
- Profit from operations was HK$55.7 million, represents an increase of 1.9%
- Attributable profit after deducting HK$1.2 million due to share of loss from DTTNCo, was HK$45.2 million

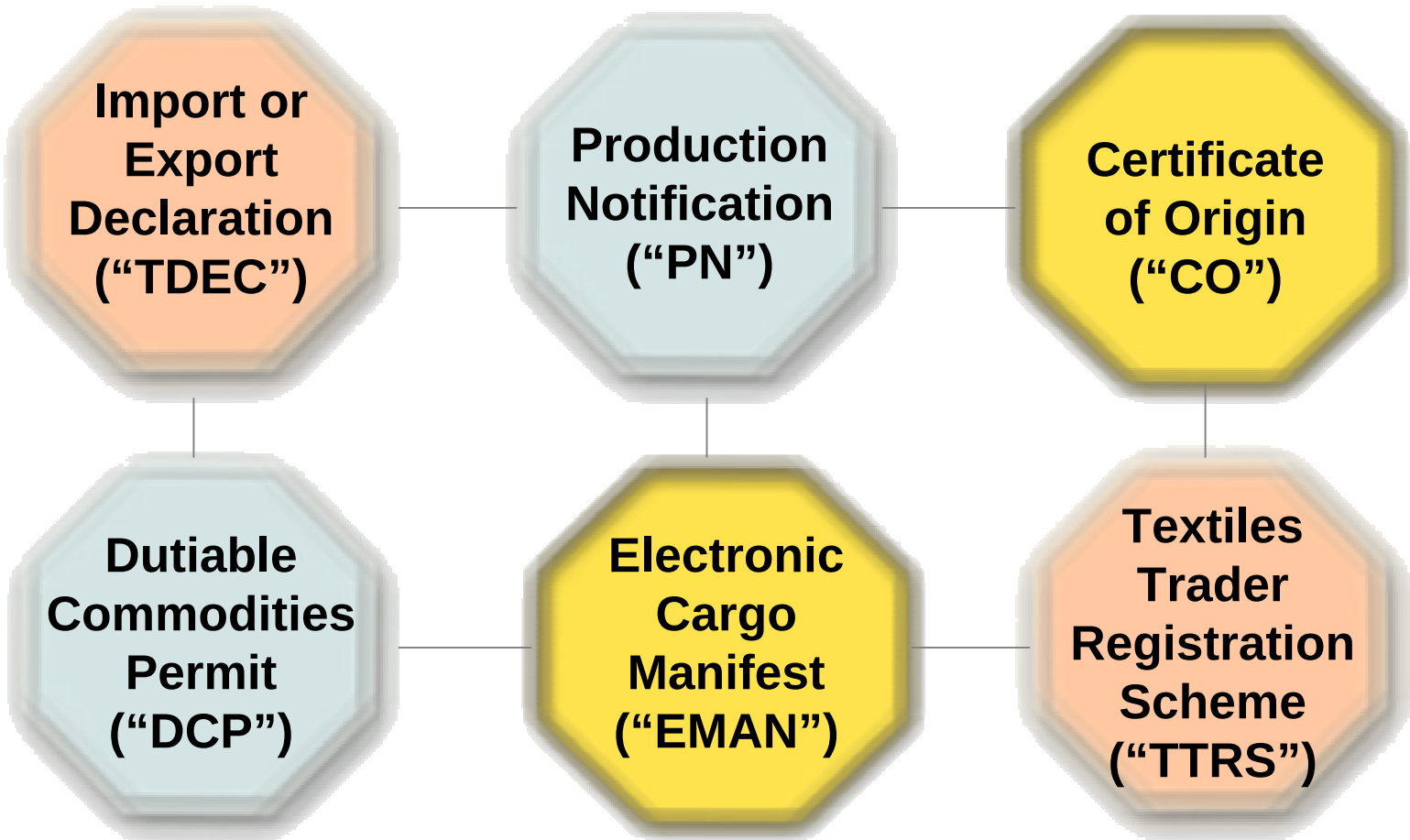
Operating Mode of Our Key Services



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

Government Electronic Trading Services ("GETS")



Government Electronic Trading Services ("GETS") *(continued)*

- Continues to command market share of over 90% for all services
- Steady transaction volume
- Customer base of over 54,000 users remains stable
- Transaction and handling fees of documents accounted for about 91% of turnover
- Annual fees accounted for 7.5% of our turnover
- Completed the second phase of system upgrades in June 2006 as scheduled

Financial Highlights

Financial Highlights

	Six months ended 30 June		
	2006 (Unaudited)	2005 (Unaudited)	% Change
	HK$'000	*HK$'000*	
Turnover	**120,730**	117,514	+2.7%
Profit from operations	**55,655**	54,593	+1.9%
Net profit before share of losses of associates	**46,425**	45,778	+1.4%
Share of losses of associates	**(1,210)**	-	N/A
Profit attributable to shareholders	**45,215**	45,778	-1.2%
Earnings per share			
- Basic (HK cents)	**5.81**	6.36	-8.6%
- Diluted (HK cents)	**5.75**	-	N/A
Interim dividend			
- Per share (HK cents)	**4.80**	8.80[1]	N/A
- Total amount	**37,326**	63,300	N/A

Note 1: HK cents 8.80 per share was declared on the basis of profit earned for the first eight months of 2005.

Key Financial Ratios

	Six months ended 30 June	
	2006	2005
Operating profit margin	**46.1%**	46.4%
Net profit margin	**37.5%**	39.0%
Effective tax rate	**17%**	16.1%
Current ratio	**1.82**	1.69[2]
Debtor's turnover days[3]	**6**	5

Note 2: *As of 31 December 2005*

Note 3: *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.*

Key Balance Sheet Items

	At 30 June 2006 (Unaudited)	At 31 December 2005 (Audited)
	HK$'000	*HK$'000*
Fixed assets	**56,746**	63,751
Trade receivables	**23,893**	18,947
Cash and cash equivalents[4]	**376,961**	317,177
Net assets	**327,262**	303,619

Note 4: Including customer deposits of HK$170 million and HK$171 million as at the respective review period.

Healthy Cash Flow

- Net cash flow from operating activities of approximately HK$49 million
- Trade receivables at HK$24 million
- Debtor's turnover day of about 6 days
- Zero bad debt
- HK$377 million cash on hand as at 30 June 2006 (including customer deposit of HK$170 million)
- Zero gearing

Steady Inflow from Operation

Quick & Consistent Customer Payment Cycle

Solid Cash Position

Prudent Financial Management

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 (in line with the dividend policy)
  - Proposed interim: HK cents 4.8
  - Represents a dividend payout ratio of 83%

Growth Drivers – GETS Services

GETS Services

EMAN

- The use of electronic cargo manifest service has become mandatory for river and ocean carriers from 16 June 2006

TTRS

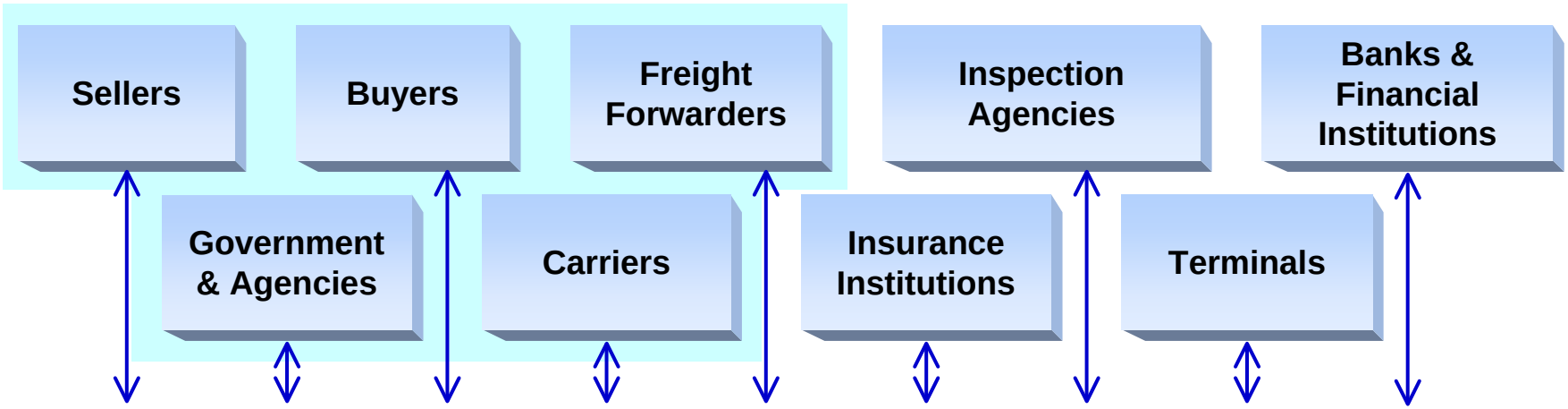
- Working closely with the Government to introduce a new charging scheme for Textiles Trader Registration Scheme ("TTRS")

EMAN services are expected to generate additional contribution to Tradelink's bottom line in 2H 2006, and TTRS to do so in 2007

Growth Drivers – Digital Trade and Transportation Network ("DTTN")

Functional Blueprint

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



DTTN Key Services Offering

Electronic message routing services

Electronic message transformation services

Portal services

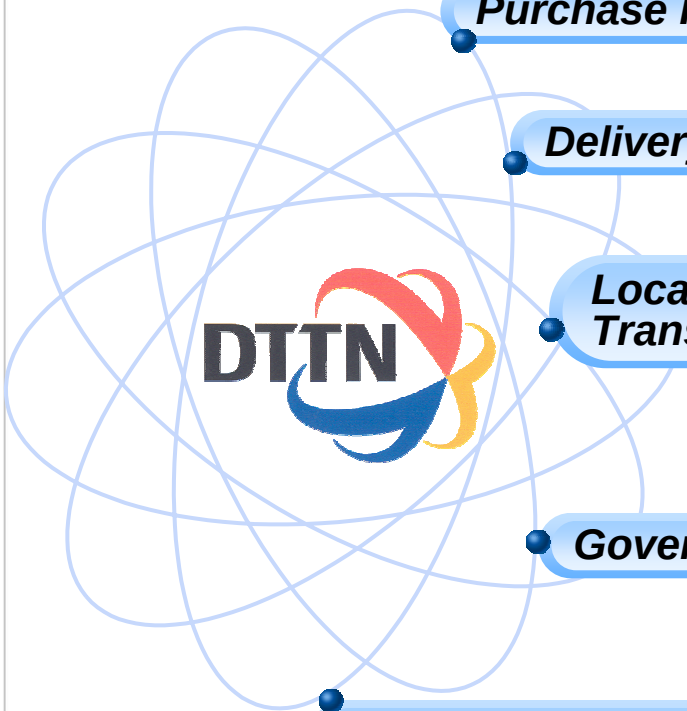
Data inheritance services

Statistical and analytical reporting services

Information security services

: Focus of Tradelink current offering

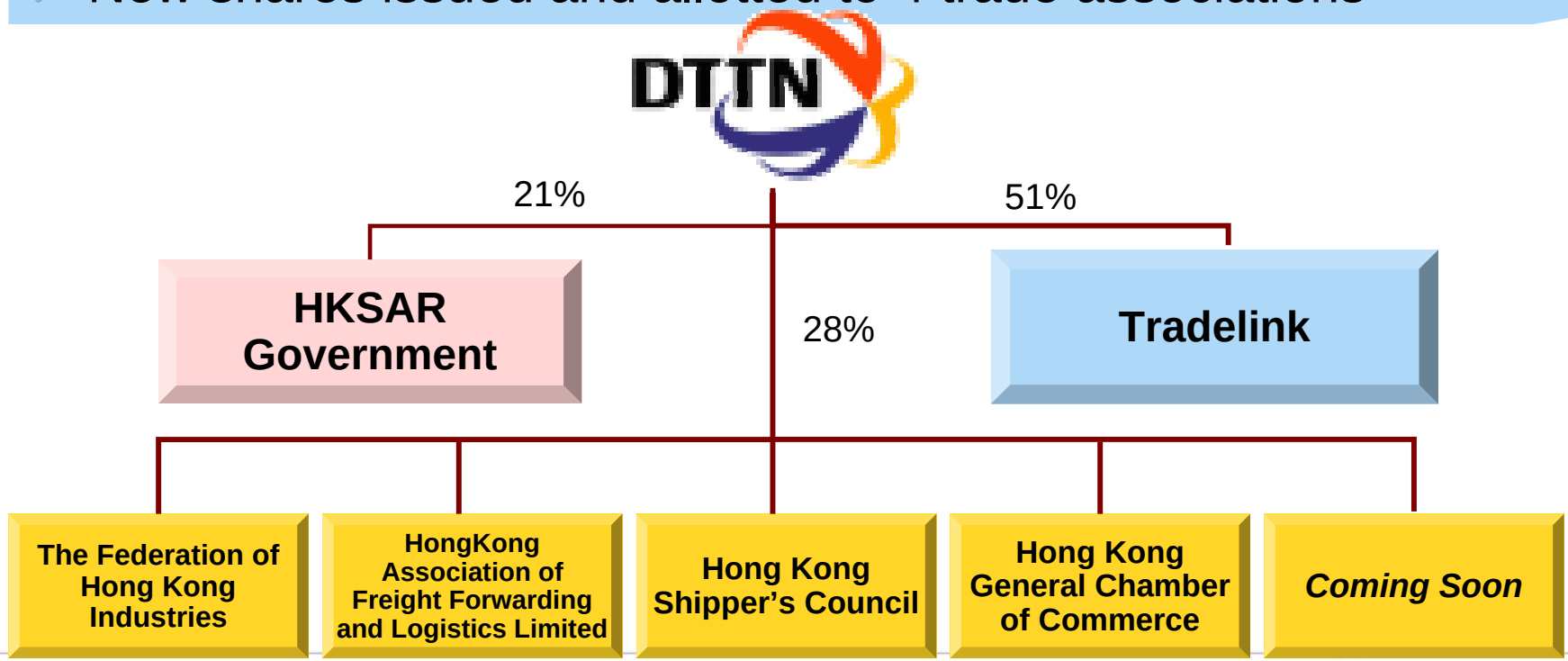
DTTN to Support the Whole Supply-Chain



- ***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

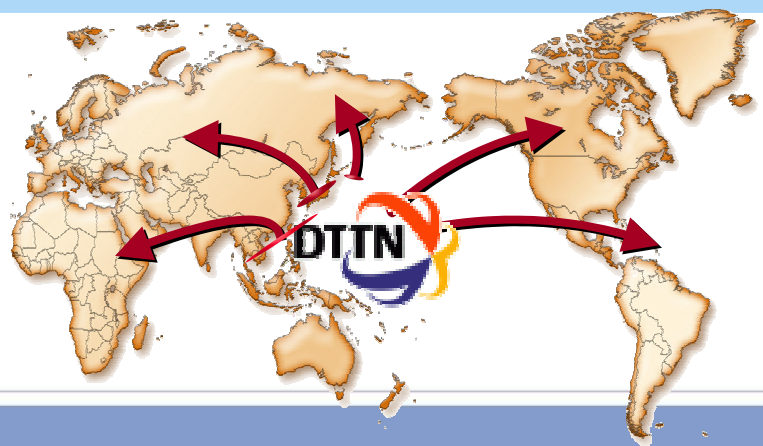
Ultimate Shareholding Structure

- Government's investment of HK$31.5 million completed in February 2006
- New shares issued and allotted to 4 trade associations



Progress As Planned

- DTTN successfully launched in 1H 2006
- Pilot phase to be wrapped up in 2H 2006
- DTTN will start generating revenue in 2H 2006
- Expansion of sales force to speed up market adoption
- Intensive marketing and promotion programmes underway to vamp up DTTN usage
- Possible cooperation opportunities with overseas organizations



Growth Drivers – Digi-Sign

Digi-Sign

- Bidding for the Certification Authority operation of Hongkong Post with a joint venture partner
- Result expected to be announced by October 2006
- Action to extend usage to outside of Hong Kong

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Q & A Session

Appendix

Condensed Consolidated Income Statement (Unaudited)

	Six months ended 30 June	
	2006	*2005*
	Unaudited	*Unaudited*
	(HK$'000)	*(HK$'000)*
Turnover	**120,730**	117,514
Interest income	**3,510**	4,500
Other net loss	**-**	(6)
Staff costs	**(38,373)**	(36,544)
Depreciation	**(7,656)**	(7,214)
Other operating expenses	**(22,556)**	(23,657)
Profit from operations	**55,655**	54,593
Share of losses of associates	**(1,210)**	-
Profit before taxation	**54,445**	54,593
Taxation	**(9,230)**	(8,815)
Profit attributable to equity shareholders of the Company	**45,215**	45,778
Dividend		
Interim	**37,326**	63,300
Earnings per share		
Basic	**HK cents 5.81**	HK cents 6.36
Diluted	**HK cents 5.76**	-

Condensed Consolidated Balance Sheet (Unaudited)

	As at 30 June 2006	As at 31 December 2005
	Unaudited (HK$'000)	*Audited (HK$'000)*
Non-current assets		
Fixed assets	**56,746**	63,751
Interest in leasehold land held for own use under operating lease	**5,839**	5,911
Interest in associates	**73,648**	74,858
Other financial assets	**10,000**	10,000
	146,233	154,520
Current assets		
Trade receivables	**23,893**	18,947
Other receivables and prepayments	**13,483**	44,391
Cash and cash equivalents	**376,961**	317,177
	414,337	380,515
Current liabilities		
Trade creditors, accounts payable and other payables	**222,001**	223,489
Taxation	**5,210**	1,388
	227,211	224,877
Net current assets	**187,126**	155,638
Total assets less current liabilities	**333,359**	310,158
Non-current liabilities		
Provision for long service payments	**3,451**	3,303
Deferred taxation	**2,646**	3,236
	6,097	6,539
Net assets	**327,262**	303,619
Capital and Reserves		
Share capital	**155,527**	155,527
Reserves	**171,735**	148,092
	327,262	303,619