TRADELINK ELECTRONIC COMMERCE LIMITED

貿易通電子貿易有限公司

Stock Code: 536

2006 Annual Results Announcement

19 March 2007

Highlights

- Core businesses of GETS provision continued to deliver promising financials
- DTTN made notable progress
- Digi-Sign went beyond Hong Kong, and accelerated growth in local corporate market
- Strong financial position, zero gearing, and attractive dividend yield

Performance Highlights

- Turnover for the year was HK$248.3 million, marginally lower than 2005 by HK$0.8 million
- Operating expenses was HK$122.3 million, 6% lower than 2005
- Profit from Operations was HK$119.3 million, 8% increase over 2005
- Profit attributable to shareholders was HK$83.2 million, 9% reduction from 2005 due to the one-off impairment of OnePort and share of loss from DTTN
- Final dividend proposed at HK cents 5.1 per share, representing a payout ratio of about 93%

OnePort Impairment

- Total investment in OnePort: HK$50.0 million, as disclosed in IPO Prospectus
- An impairment loss of HK$40.0 million recognized in 2004 financial statements
- Remaining carrying value of HK$10.0 million fully impaired in 2006 financial statements

One-off non-cash item

No direct impact on Tradelink's regular business

High dividend payout to mitigate the negative impact

Dividend Policy

- The company intends to declare dividends amounting in total not less than 80% of our distributable profits for 2005 and 2006, and 60% of our distributable profits for 2007 and thereafter.
- The payout ratio of 93% in 2006 does not represent a change in dividend policy
- Considering the one-off and non-cash nature of OnePort impairment, the Board felt it should act to mitigate the negative impact of the OnePort impairment
- HK cents 5.1 is consistent with the payout ratio for the interim dividend for 2006 (83%) if the HK$10.0 million impairment did not happen

Service Offerings

Operating Mode of Key Services

Trading Community

- Logistics Services Providers
- Importers
- Exporters
- Freight forwarders
- Carriers
- Manufacturers

Tradelink transaction fee
+
Gov't fee
+
e-submission of trade related documents

e-confirmation

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Gov't fee
+
e-submission of trade related documents

e-confirmation

HKSAR Government

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”)

- Import or Export Declaration (“TDEC”)
- Production Notification (“PN”)
- Certificate of Origin (“CO”)
- Dutiable Commodities Permit (“DCP”)
- Electronic Cargo Manifest (“EMAN”)
- Textiles Trader Registration Scheme (“TTRS”)

GETS Services *(continued)*

- Continued to command market share of over 90% for all six GETS services
- Customer base of over 54,000 users remained stable
- Since EMAN service became mandatory since 16 June 2006, Tradelink recorded a substantial climb in volume in the second half of the year.

Financial Highlights

Financial Highlights

For the year ended 31 December	**2006** HK$'000	2005 HK$'000	% Change
Turnover	**248,300**	249,101	- 0.3%
Profit from operations	**119,300**	110,293	+8.2%
Impairment loss on investment in unlisted equity securities	**(10,000)**	-	N/A
Share of losses of associates	**(7,694)**	(787)	+877.6%
Profit attributable to shareholders	**83,216**	91,397	-9.0%
Earnings per share			
- Basic (HK cents)	**10.7**	12.5	-14.4%
- Diluted (HK cents)	**10.6**	12.4	- 14.5%
Dividends			
- Interim	**37,326**	63,300[1]	N/A
- Special	**-**	31,074	N/A
- Final	**39,685**	23,329	N/A

Note 1: Interim dividend in 2005 was declared on the basis of profit earned for the first eight months of 2005.

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Key Financial Ratios

	For the year ended 31 December	
	2006	2005
Operating profit margin	**48.0%**	44.3%
Net profit margin	**33.5%**	36.7%
Effective tax rate	**18.6%**	16.8%
Current ratio[2]	**1.61**	1.69
Debtor's turnover days[3]	**6**	5

Note 2: *As of 31 December*

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.*

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Key Balance Sheet Items

	At 31 December 2006	At 31 December 2005
	HK$'000	*HK$'000*
Fixed assets	**50,568**	63,751
Trade receivables	**23,969**	18,947
Cash and cash equivalents[4]	**335,586**	317,177
Net assets	**329,223**	303,619

Note 4: Including customer deposits of HK$171.0 million and HK$170.6 million as at the respective year end.

Healthy Cash Flow

- Net cash flow from operating activities of approximately HK$110 million
- Trade receivables at HK$24 million
- Debtor’s turnover day of about 6 days
- Zero bad debt
- HK$336 million cash on hand as at 31 December 2006 (including customer deposit of HK$171 million)
- Zero gearing

Steady Inflow from Operation

Quick & Consistent Customer Payment Cycle

Solid Cash Position

Prudent Financial Management

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Growth Drivers – GETS Services

GETS Services

EMAN

- Mandatory use of electronic cargo manifest service for river and ocean carriers in 2H 2006

Full year contribution to Tradelink's bottom line in 2007

TTRS

- Proposed new TTRS charging scheme for paper submission by the Government

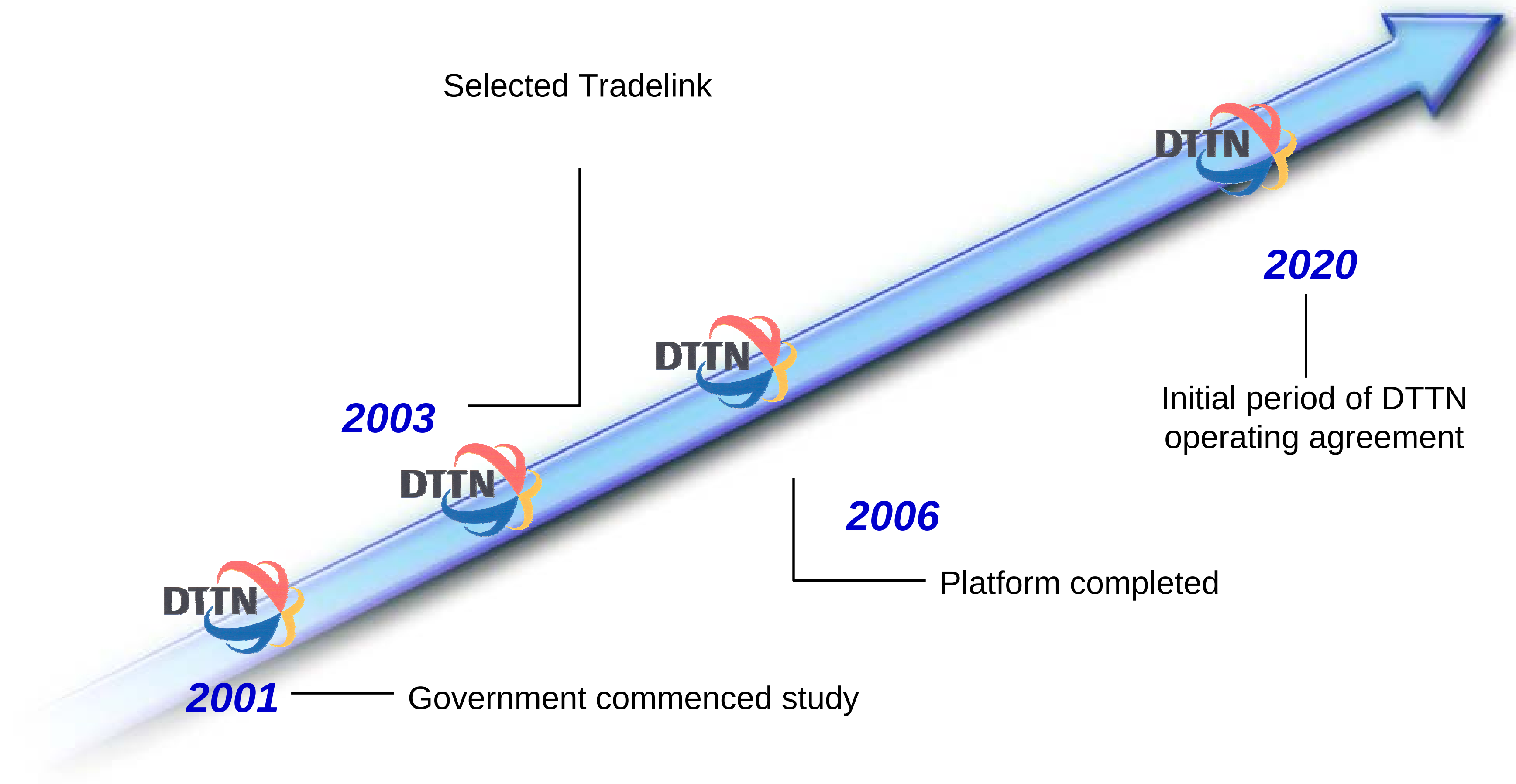
Increase in electronic TTRS usage is expected

GETS Services - Opportunities

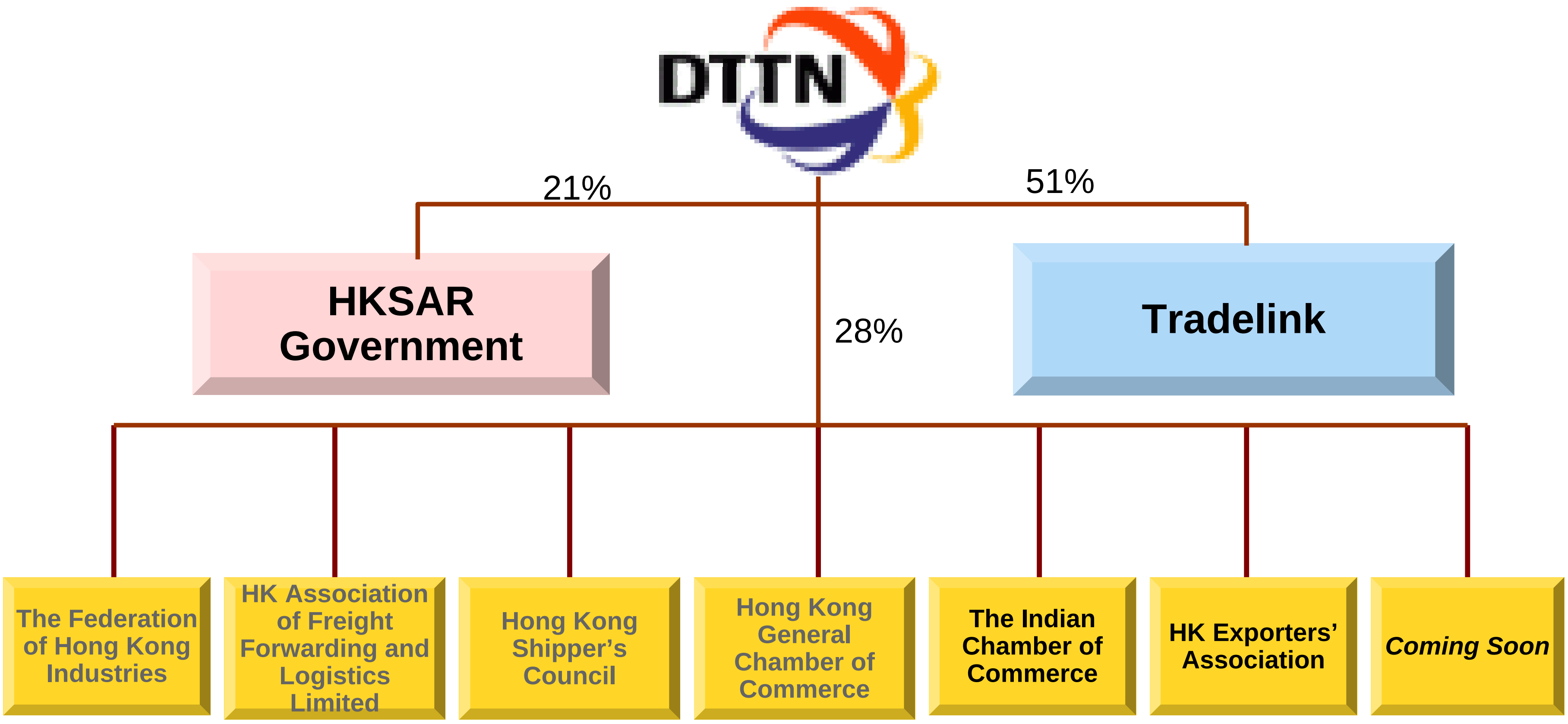
- The first Tradelink Service Centre in HSBC was officially opened on 12 March 2007. We are in close discussion with HSBC on a number of joint initiatives aiming at offering additional conveniences to SMEs.
- Financial Secretary in his budget speech said the Government will construct an Electronic Advanced Cargo Information system. We will be closely watching this business opportunity.

Growth Drivers – DTTN

Genesis - Digital Trade and Transportation Network ("DTTN")

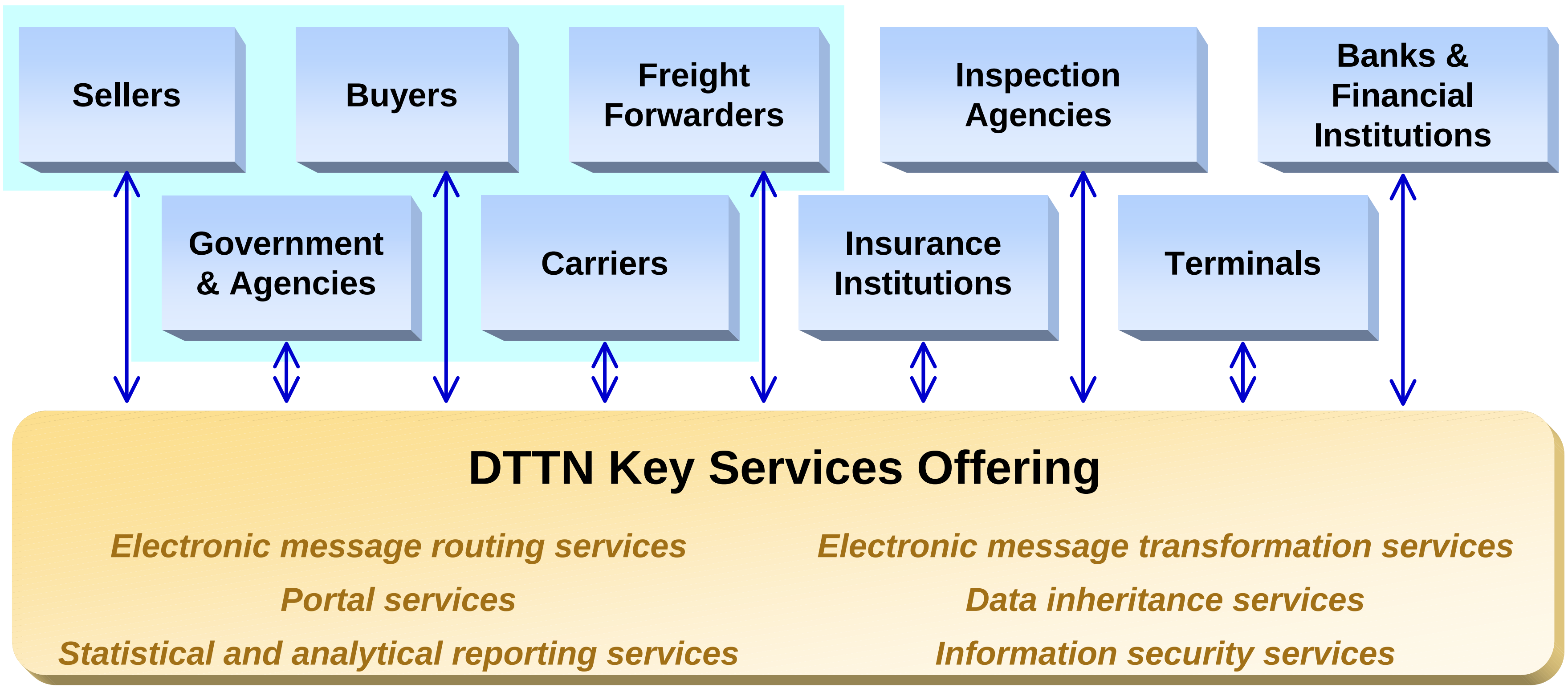


Ultimate Shareholding Structure



Functional Blueprint

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

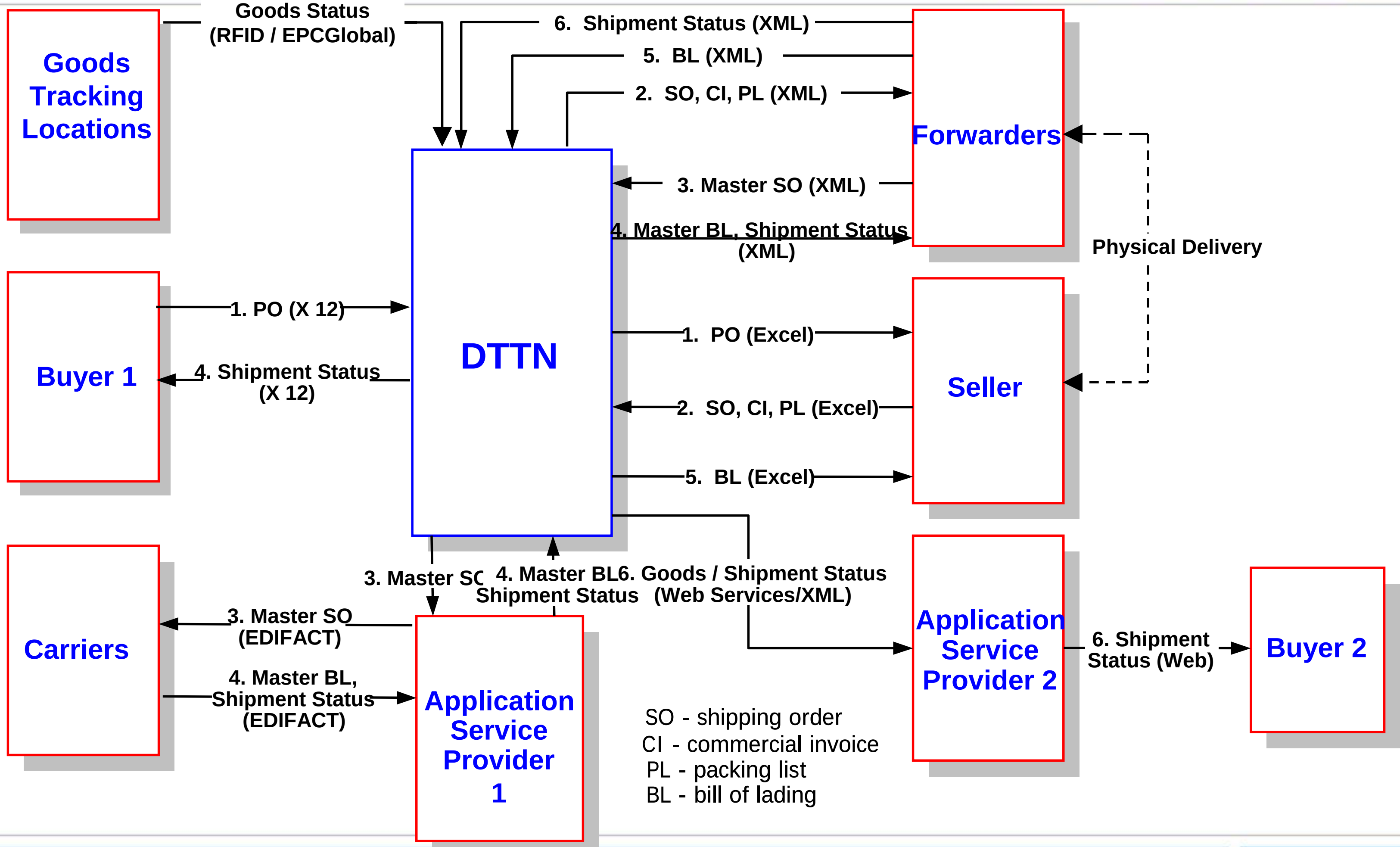


: Focus of Tradelink current offering

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, Certificate of Origin etc.
- ***Financial Settlement*** — Letter of Credit, Company Guarantee, Bill of Exchange, L/C collection Letter; Document Arrival Notice

DTTN Interconnection Example (Purchase to Delivery)

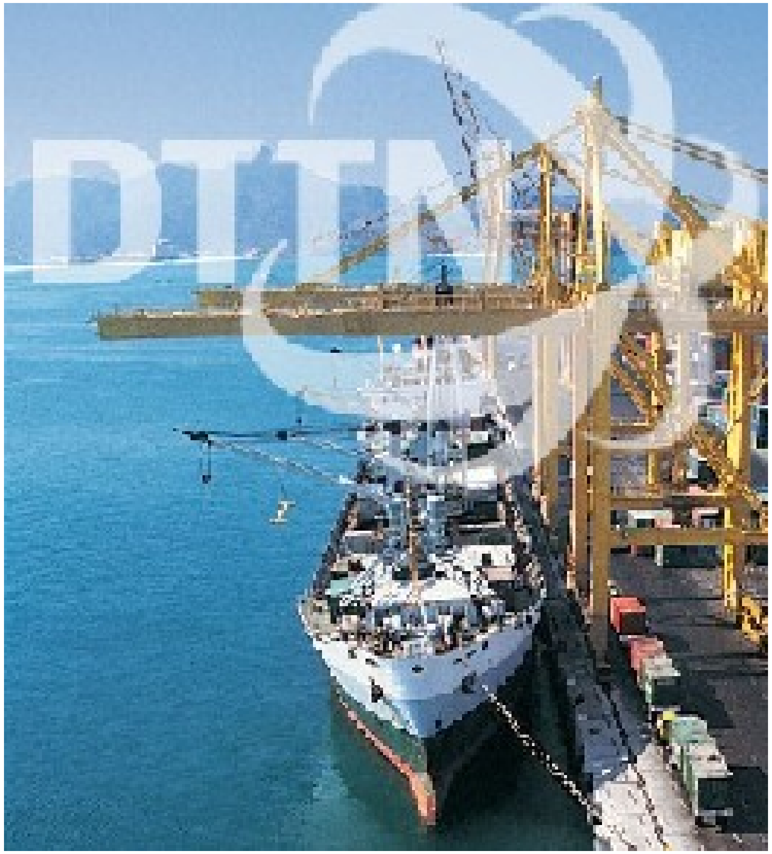


Notable Progress – Local Market

- Upsurge in the number of registered customers in January & February 2007
- Expansion of sales force to speed up market adoption
- Intensive marketing and promotion programmes to vamp up DTTN usage
- Partnership with Global Logistics Systems (HK) Co Ltd., a subsidiary of Cathay Pacific offering conveniences to airfreight industry
- Partnership with Microsoft Hong Kong to speed up adoption of DTTN for the SME’s market
- HSBC and Hang Seng Bank have committed to using DTTN

Notable Progress – Overseas Market

- The concept of DTTN is well received by overseas counterparts
- Discussions with potential partners in providing DTTN services in Mainland China are in good progress
- Other prospects including Port of Valencia, Singapore, Mexico, France, Thailand and Australia



Growth Drivers – Digi-Sign

Accelerated Growth

- Leading position in the local corporate market maintained
- Seizing opportunities to lure more corporate customers before Hongkong Post completely hands over its operation
- Expansion of business outside of Hong Kong markets
- Chinese Taipei Trade-Van Information Services Company signed a three-year agreement

Growth Drivers – China Opportunities

China Opportunities

- Memorandum of Understanding with Foshan E-Port was signed in January 2007
- A China Business Development Team was formed and will continue to explore opportunities in China

Highlights

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Q & A

Appendix

Consolidated Income Statement

	For the year ended 31 December	
	2006	2005
	(HK$'000)	*(HK$'000)*
Turnover	**248,300**	249,101
Interest income	**7,600**	8,064
Other net loss	**-**	(1,170)
Staff costs	**(77,851)**	(80,084)
Depreciation	**(14,291)**	(15,559)
Other operating expenses	**(44,458)**	(50,059)
Profit from operations	**119,300**	110,293
Impairment loss on investment in unlisted equity securities	**(10,000)**	-
Share of losses of associates	**(7,694)**	(787)
Gain on disposal of subsidiary	**-**	347
Gain on disposal of associate	**622**	-
Profit before taxation	**102,228**	109,853
Taxation	**(19,012)**	(18,456)
Profit attributable to equity shareholders of the Company	**83,216**	91,397
Dividends		
Interim	**37,326**	63,300
Special	**-**	31,074
Proposed final after the balance sheet date	**39,685**	23,329
Earnings per share		
Basic	**HK cents 10.7**	HK cents 12.5
Diluted	**HK cents 10.6**	HK cents 12.4

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Consolidated Balance Sheet

	At 31 December 2006 *(HK$'000)*	At 31 December 2005 *(HK$'000)*
Non-current assets		
Fixed assets	**50,568**	63,751
Interest in leasehold land held for own use under operating lease	**5,769**	5,911
Interest in associates	**67,116**	74,858
Other financial assets	**69,587**	10,000
	193,040	154,520
Current assets		
Trade receivables	**23,969**	18,947
Other receivables and prepayments	**8,494**	43,614
Amount due from an associate	**1,415**	777
Cash and cash equivalents	**335,586**	317,177
	369,464	380,515
Current liabilities		
Trade creditors, accounts payable, and other payables	**222,141**	223,489
Taxation	**7,544**	1,388
	229,685	224,877
Net current assets	**139,779**	155,638
Total assets less current liabilities	**332,819**	310,158
Non-current liabilities		
Provision for long service payments	**2,000**	3,303
Deferred Taxation	**1,596**	3,236
	3,596	6,539
Net assets	**329,223**	303,619
Capital and reserves		
Share capital	**155,615**	155,527
Reserves	**173,608**	148,092
	329,223	303,619

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