CARDLINK TECHNOLOGY GROUP LIMITED
鍇聯科技集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8066)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE").

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the "Directors") of Cardlink Technology Group Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

HIGHLIGHTS

- Revenue for the year ended 31 December 2009 amounted to HK$141,510,000, representing an increase of 0.8% as compared to the corresponding period in 2008 of HK$140,352,000.
- The Group recorded an audited profit attributable to the owners of the Company of HK$10,298,000 for the year ended 31 December 2009.
- The Directors recommend the payment of a final dividend of 1.5 HK cents per share (2008: 1.5 HK cents) for the year ended 31 December 2009.

The board of Directors (the "Board") announces the consolidated results of the Company and its subsidiaries (together, the "Group") for the year ended 31 December 2009 together with the comparative figures for the year 2008 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	**2009** *HK$*	2008 *HK$*
Revenue	*3*	**141,509,907**	140,352,099
Cost of sales		**(94,307,118)**	(93,986,143)
Gross profit		**47,202,789**	46,365,956
Other income		**501,974**	1,018,687
Selling and distribution costs		**(6,341,575)**	(8,398,535)
Administrative expenses		**(23,311,342)**	(31,050,954)
Finance costs		**(354,587)**	(498,100)
Share of results of a jointly controlled entity		**(1,161,881)**	–
Profit before income tax	*4*	**16,535,378**	7,437,054
Income tax expense	*5*	**(6,236,985)**	(3,059,752)
Profit for the year		**10,298,393**	4,377,302
Other comprehensive income			
Changes in fair value of available-for-sale financial assets		**9,607,620**	(5,915,760)
Reversal of revaluation of available-for-sale financial assets on derecognition		**(3,691,860)**	–
Exchange gain on translation of financial statements of foreign operations		**1,849,017**	2,225,895
Other comprehensive income for the year		**7,764,777**	(3,689,865)
Total comprehensive income for the year attributable to owners of the Company		**18,063,170**	687,437
Earnings per share for profit attributable to the owners of the Company during the year	*7*		
– Basic		**2.19 cents**	0.97 cents
– Diluted		**2.16 cents**	0.97 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	2009 HK$	2008 HK$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**35,637,560**	40,179,593
Interest in an associate		**1,135,136**	1,135,136
Interest in a jointly controlled entity		**76,629,802**	–
Available-for-sale financial assets		**2,158,058**	27,461,681
		115,560,556	68,776,410
Current assets			
Inventories		**6,829,843**	7,841,812
Trade and other receivables	*8*	**41,483,512**	36,509,513
Pledged bank deposits		**926,972**	926,615
Cash and cash equivalents		**32,949,818**	42,698,969
		82,190,145	87,976,909
Current liabilities			
Trade and other payables	*9*	**26,217,755**	22,720,555
Borrowings		**5,521,649**	10,766,460
Current tax liabilities		**1,319,812**	1,526,167
		33,059,216	35,013,182
Net current assets		**49,130,929**	52,963,727
Total assets less current liabilities		**164,691,485**	121,740,137
Non-current liabilities			
Borrowings		**2,295,545**	7,817,195
Deferred tax liabilities		**4,707**	466,364
		2,300,252	8,283,559
Net assets		**162,391,233**	113,456,578
EQUITY			
Share capital		**48,910,000**	45,810,000
Reserves		**113,481,233**	67,646,578
Total equity		**162,391,233**	113,456,578

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2009

	Share capital	Contributed surplus	Share option reserve	Other reserves	Exchange difference	Available-for-sale financial assets revaluation reserve	Warrant reserve	Accumulated profits	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
At 1 January 2008	44,600,000	42,555,169	–	7	2,768,523	–	–	10,131,108	100,054,807
2007 final dividend paid during the year	–	(6,690,000)	–	–	–	–	–	–	(6,690,000)
Issue of new shares on placement	1,210,000	16,698,000	–	–	–	–	–	–	17,908,000
Share issue expenses	–	(951,680)	–	–	–	–	–	–	(951,680)
Share-based payment	–	–	2,448,014	–	–	–	–	–	2,448,014
Transactions with owners	1,210,000	9,056,320	2,448,014	–	–	–	–	–	12,714,334
Profit for the year	–	–	–	–	–	–	–	4,377,302	4,377,302
Other comprehensive income for the year									
– Change in fair value of available-for-sale financial assets	–	–	–	–	–	(5,915,760)	–	–	(5,915,760)
– Currency translation	–	–	–	–	2,225,895	–	–	–	2,225,895
Total comprehensive income for the year	–	–	–	–	2,225,895	(5,915,760)	–	4,377,302	687,437
At 31 December 2008	45,810,000	51,611,489	2,448,014	7	4,994,418	(5,915,760)	–	14,508,410	113,456,578

	Share capital HK$	Contributed surplus HK$	Share option reserve HK$	Other reserves HK$	Exchange difference HK$	Available-for-sale financial assets revaluation reserve HK$	Warrant reserve HK$	Accumulated profits HK$	Total HK$
At 1 January 2009	45,810,000	51,611,489	2,448,014	7	4,994,418	(5,915,760)	–	14,508,410	113,456,578
2008 final dividend paid during the year	–	(6,871,500)	–	–	–	–	–	–	(6,871,500)
Issue of new shares on placement	3,000,000	34,500,000	–	–	–	–	–	–	37,500,000
Issue of new shares upon exercise of share option	100,000	830,000	–	–	–	–	–	–	930,000
Share issue expenses	–	(2,132,515)	–	–	–	–	–	–	(2,132,515)
Issue of non-listing warrant	–	–	–	–	–	–	1,445,500	–	1,445,500
Transactions with owners	3,100,000	26,325,985	–	–	–	–	1,445,500	–	30,871,485
Profit for the year	–	–	–	–	–	–	–	10,298,393	10,298,393
Other comprehensive income									
– Change in fair value of available-for-sale financial assets	–	–	–	–	–	9,607,620	–	–	9,607,620
– Reversal of revaluation on available-for-sale financial assets on derecognition	–	–	–	–	–	(3,691,860)	–	–	(3,691,860)
– Currency translation	–	–	–	–	1,849,017	–	–	–	1,849,017
Total comprehensive income for the year	–	–	–	–	1,849,017	5,915,760	–	10,298,393	18,063,170
At 31 December 2009	48,910,000	77,937,474	2,448,014	7	6,843,435	–	1,445,500	24,806,803	162,391,233

Notes:

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("GEM Listing Rules").

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated.

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations (the "new HKFRSs") issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2009:

HKAS 1 (Revised 2007)	Presentation of financial statements
HKAS 23 (Revised 2007)	Borrowing costs
HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or an associate
HKFRS 2 (Amendments)	Share-based payment – vesting conditions and cancellations
HKFRS 7 (Amendments)	Improving disclosures about financial instruments
HKFRS 8	Operating segments
Various – Annual improvements to HKFRSs 2008	

Other than as additional disclosure requirements, the adoption of the new HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

2. SEGMENT INFORMATION

The Group focuses on the sales of smart cards and plastic cards and smart card application systems. Information reported to the Group's chief operating decision maker, for the purpose of resource allocation and assessment performance is focused on the operating results of the Group as a whole as the Group's resources are integrated and no discrete financial information is available. Accordingly, no analysis is performed.

Geographical information:

The following table present revenue from external customers and certain non-current assets information by geographical locations for the year.

	Revenue from external customers		**Non-current assets**	
	2009	2008	**2009**	2008
	HK$	*HK$*	***HK$***	*HK$*
Asia (domicile)	**48,606,522**	49,483,535	**–**	–
Europe	**48,857,876**	51,762,597	**–**	–
Hong Kong	**546,183**	1,028,907	**21,833,710**	25,102,408
PRC	**42,750,194**	35,586,062	**91,568,788**	16,212,321
Others	**749,132**	2,490,998	**–**	–
Total	**141,509,907**	140,352,099	**113,402,498**	41,314,729

The Group's revenue by geographical locations are determined by the geographical location of customers and segment assets are based on the geographical location of assets.

Information about major customers

	2009	2008
	HK$	*HK$*
Customer A	**46,454,495**	19,915,098
Customer B	**25,768,881**	17,776,775
Customer C	**25,464,867**	29,461,332
Customer D	**11,588,922**	13,669,749
Customer E	**2,843,613**	28,922,974

3. REVENUE

Revenue from the Group's principal activities recognised during the year is as follows:

	2009	2008
	HK$	*HK$*
Sales of smart cards and plastic cards	**141,488,407**	140,144,955
Sales of smart card application systems	**19,200**	74,440
Service and other income	**2,300**	132,704
	141,509,907	140,352,099

4. PROFIT BEFORE INCOME TAX

	2009	2008
	HK$	*HK$*
Profit before income tax is arrived at after charging:		
Auditors' remuneration		
Provision for the year	**490,000**	460,000
Underprovision in prior years	**–**	24,000
Bad debts written off	**–**	240,688
Costs of inventories recognised as an expense	**94,307,118**	93,986,143
Depreciation		
– Owned assets	**10,893,649**	10,736,961
– Leased assets	**2,661,153**	1,415,557
	13,554,802	12,152,518
Loss on disposal of property, plant and equipment, net	**–**	3,419,552
Net foreign exchange loss	**2,626,584**	3,465,846
Operating lease charges on land and buildings	**3,676,094**	3,460,789
Research and development costs	**149,860**	106,605

5. INCOME TAX EXPENSE

Hong Kong Profits Tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profits for the year. Taxation for subsidiaries incorporated in the People's Republic of China ("PRC") is calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the PRC.

Pursuant to the income tax rules and regulations of the PRC, the companies comprising the Group in the PRC are liable to PRC Enterprise Income Tax ("EIT") as follows:

Topwise Technology (SZ) Limited is exempted from EIT for two years ending 31 December 2007 and was granted a 50% reduction in EIT for the period from 1 January 2008 to 31 December 2010.

	2009	2008
	HK$	*HK$*
Current tax		
– Hong Kong Profits Tax:		
Current year	**1,605,153**	2,218,000
Underprovision in prior year	**56,847**	–
	1,662,000	2,218,000
– PRC Enterprise Income Tax		
Current year	**3,798,489**	698,849
Underprovision in prior year	**1,238,153**	–
	5,036,642	698,849
Deferred tax		
Current year	**(461,657)**	142,903
Total income tax expense	**6,236,985**	3,059,752

Reconciliation between tax expense and accounting profit at applicable tax rates:

	2009	2008
	HK$	*HK$*
Profit before income tax	**16,535,378**	7,437,054
Income tax at Hong Kong profits tax rate of 16.5% (2008: 16.5%)	**2,728,337**	1,227,111
Tax effect of non-deductible expenses	**1,567,033**	2,623,127
Tax effect of non-taxable revenue	**(196,870)**	(856,823)
Tax effect of unused tax losses not recognised	**57,728**	20,997
Tax effect of temporary differences not recognised	**144,600**	159,564
Under/(Over) provision in respect of prior year	**1,295,000**	(25,243)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**565,399**	(48,636)
Others	**75,758**	(40,345)
Income tax expense	**6,236,985**	3,059,752

6. DIVIDENDS

(a) Dividends attributable to the year

	2009	2008
	HK$	*HK$*
Proposed final dividend of 1.5 HK cents per share (2008: 1.5 HK cents)	**7,336,500**	6,871,500

The final dividend proposed after the reporting period has not been recognised.

(b) Dividends attributable to the previous financial year, approved and paid during the year

	2009	2008
	HK$	*HK$*
Final dividend in respect of the previous financial year, of 1.5 HK cents per share (2008: 1.5 HK cents)	**6,871,500**	6,690,000

7. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of HK$10,298,393 (2008: HK$4,377,302) and the weighted average of 469,300,000 (2008: 451,983,880) ordinary shares in issue during the year.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to owners of the Company of HK$10,298,393 (2008: HK$4,377,302) and the weighted average of 476,655,748 (2008: 452,134,785) ordinary shares, calculated as follows:

Weighted average number of ordinary shares (diluted)

	2009	2008
Weighted average number of ordinary shares at 31 December	**469,300,000**	451,983,880
Effect of deemed issue of shares under the Company's share option scheme	**1,023,788**	150,905
Effect of deemed issue of shares on exercise of warrants	**6,331,960**	–
Weighted average number of ordinary shares (diluted) at 31 December	**476,655,748**	452,134,785

8. TRADE AND OTHER RECEIVABLES

	2009	2008
	HK$	*HK$*
Trade receivables		
From third parties	**35,896,851**	28,748,894
Other receivables		
Deposits, prepayment and other debtors	**5,586,661**	7,760,619
	41,483,512	36,509,513

The directors of the Group consider that the fair values of trade and other receivables which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

The credit term granted by the Group to its trade customers normally ranges from 30 days to 90 days. Based on the invoice dates, the ageing analysis of the trade receivables is as follows:

	2009	2008
	HK$	*HK$*
0 - 30 days	**13,304,669**	11,685,304
31 - 90 days	**20,375,613**	13,552,311
Over 90 days	**2,216,569**	3,511,279
	35,896,851	28,748,894

The ageing analysis of trade receivables that are not impaired, based on due date is as follows:

	2009	2008
	HK$	*HK$*
Neither past due nor impaired	**23,976,580**	19,268,201
1 - 30 days past due	**7,825,085**	5,619,588
31 - 90 days past due	**2,505,379**	1,440,993
Over 90 days past due	**1,589,807**	2,420,112
	35,896,851	28,748,894

Trade receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired related to a number of customers that have a good track record with the Group. Based on past experience, the management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

9. TRADE AND OTHER PAYABLES

	2009	2008
	HK$	*HK$*
Trade payables		
To third parties	**20,511,904**	18,305,738
Other payables		
Accrued charges and other creditors	**5,705,851**	4,414,817
	26,217,755	22,720,555

The Group was granted by its suppliers credit periods ranging from 30 - 90 days. Based on the invoice dates, the ageing analysis of the trade payables were as follows:

	2009	2008
	HK$	*HK$*
0 - 30 days	**6,025,760**	4,416,106
31 - 60 days	**6,288,049**	9,116,058
61 - 90 days	**4,767,120**	1,985,527
Over 90 days	**3,430,975**	2,788,047
	20,511,904	18,305,738

All amounts are short term and hence the carrying values of the Group's trade and other payables are considered to be a reasonable approximation of fair value.

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Operation Review

During the year under review, the Group was principally engaged in the manufacturing and sales of smart cards and plastic cards. The Group was also engaged in the provision of customised smart card application systems.

The Group faced a difficult year in 2009 as a result of the global economic downturn. Demand for SIM cards was weak in the first half of 2009 and the Group faced both sales and pricing pressures from the market. To cope with the difficult market environment, the Group managed to reduce its costs during the year by streamlining production and operations, including optimising internal resources, enhancing its cash management program, and negotiating with suppliers for better terms. Operating expenses were also scrutinized to improve efficiency. Fortunately, as the global economy recovered, Cardlink was well-positioned to take advantage as sales volume began to pick up in the third quarter and further improved in the fourth quarter.

The Group's core business of manufacturing and sales of smart cards and plastic cards continued to deliver excellent results. For four consecutive years, the Group has managed to achieve new records in turnover in this field. Despite industry-wide price pressure, the Group managed to achieve record-breaking turnover on smart cards and plastic cards of HK$141.5 million *(2008: HK$140.1 million)*. We believe Cardlink has increased its market share through greater volume, thanks to our highly automated smart card production facilities, distribution networks, and strong sales and marketing teams in Hong Kong, Shenzhen and Beijing which enable us to offer best-quality, convenient and speedy delivery services to our customers.

In terms of geographic breakdown, European sales continued to be the single largest market for the Group. Revenue derived from this market accounted for 34.5% of the Group's total revenue, but down by 5.6% from HK$51.8 million in 2008 to HK$48.9 million. Asia remains the second largest market for the Group. Revenue generated from this market amounted to HK$48.6 million, dropped slightly by 1.8%, and accounted for 34.3% of the Group's total revenue. The PRC market ranked the third largest market for the Group and accounted for 30.2% of the Group's total revenue. Revenue generated from this market rose significantly by 20.1%, from HK$35.6 million in 2008 to HK$42.8 million.

On the other hand, revenue generated from the sales of smart card application systems was less than in the previous years, and management expects that there is unlikely to be upside changes in this market in the coming year.

During the year under review, Fine Wise Holdings Limited ("Fine Wise"), an indirect wholly owned subsidiary of the Company, entered into the Stock Purchase Agreement with Hota (USA) Holding Corp. ("Hota (USA)"), pursuant to which, Hota (USA), as issuer, has agreed to allot and issue, and Fine Wise, as subscriber, has agreed to subscribe for an additional 150,000 Series A Preferred Shares for an aggregate subscription price of USD6,000,000 at the subscription price of USD40 for each Series A Preferred Share. The closing of the subscription took place on 16 September 2009.

After closing, Fine Wise is legally and beneficially interested in 250,000 Series A Preferred Shares, representing approximately 74.07% of the entire Series A Preferred Shares in issue and 62.22% of the issued share capital of Hota (USA) as enlarged by the allotment and issue of 337,500 shares in the Hota common stock upon exercise of the conversion rights attaching to the 337,500 Series A Preferred Shares in full. Hota (USA) is treated as a jointly controlled entity of the Company.

During the year under review, the Group's share of losses of Hota (USA) and its subsidiaries amounted to HK$1.2 million. Hota's loss in 2009 is comprised of start-up operating expenses, as Hota is still in plant construction phase. Hota will only start manufacturing operations with initial revenue contributions in the second half of 2010, so Cardlink will be recognising losses from Hota through most of 2010. In the long-term, the Board believes that the investment should provide the Group with direct exposure to the promising business opportunity presented by the recycling of metals and materials from scrapped automobiles and the sale of recovered metals and parts. Hota's business is not only a good potential growth and profit driver for the Group, it is also an environmentally significant operation to conserve the earth's metals resources, reduce the amount of auto waste disposed globally, and increase the amount of energy efficient recycled steel production in China.

During the year under review, the Company completed placements of a total of 30,000,000 new shares at HK$1.25 per share, raising gross and net proceeds of HK$37.5 million and HK$35.6 million, respectively. The Company also completed a private placing of a total of 61,620,000 warrants, at the warrant issue price of HK$0.025, to two subscribers. The Directors consider that the above placements would broaden the shareholder base and expand the capital base of the Company, as well as provide additional capital to the Group.

Financial Review

Revenue

The Group's revenue was HK$141.5 million in 2009, representing a slight increase of 0.8% from HK$140.4 million in 2008.

Cost of Sales and Gross Profit

During the year under review, cost of sales increased by 0.3%, up from HK$94.0 million in 2008 to HK$94.3 million. This was due primarily to the increase in various direct costs, such as direct material costs, direct labor costs and depreciation expenses needed to meet the increased volume orders. Gross profit increased to HK$47.2 million, up by HK$0.8 million, or 1.8%, as compared to

HK$46.4 million in 2008. Gross profit margin for the year ended 31 December 2009 also increased slightly to 33.4% as compared with 33.0% in last year. It was due primarily to our effective control measures on material costs and other overhead expenses despite the continuous price pressure from the market.

Other Income

Other income of HK$0.5 million (2008: HK$1.0 million) mainly comprised interest income, gain on disposal of fixed assets and income from written-off long outstanding payables. The decrease in 2009 reflected a lower interest rate environment, as well as less long outstanding payables being written off.

Selling and Distribution Costs

Selling and distribution costs decreased by 24.5% over last year to HK$6.3 million (2008: HK$8.4 million), was mainly due to the reduction in commission paid after restructuring of the sales team, and was also partly attributable to the drop in freight charges and other relating expenses as the costs were borne by 3rd party subcontractors when orders were subcontracted out.

Administrative Expenses

Administrative expenses also recorded a significant drop of HK$7.7 million or 24.9% over last year to HK$23.3 million (2008: HK$31.1 million). This was mainly due to the inclusion of the following items in 2008's figures:

(i) a share-based payments expense of HK$2.5 million was recognised to account for the share options granted to the Directors and certain employees of the Group; and

(ii) a loss on disposal of fixed assets of HK$3.9 million and other related taxes and expenses of HK$0.7 million recognised as a result of the cessation of operation of the plant in Dongguang and its subsequent disposal.

Finance Costs

In a lower interest rate environment and with less bank borrowings, the Group's finance costs were reduced by 28.8% to HK$0.4 million (2008: HK$0.5 million).

Share of Results of a Jointly Controlled Entity

Share of losses of a jointly controlled entity after tax was HK$1.2 million (2008: Nil). This was derived from the start-up losses incurred by the jointly controlled entity, Hota (USA), that is engaged in the recycling of metals and materials from scrapped automobiles and sale of recovered parts. Hota has secured its business licenses and land, and is in the stage of plant and facility construction now.

Income Tax Expense

Income tax expense of the Group in 2009 was HK$6.2 million, representing an increase of 103.8% as compared with HK$3.1 million in 2008. This was due mainly to:

(i) an under-provision of approximately HK$1.2 million was made during the year as a revised tax ruling in respect of the financial year ended 31 December 2008 was issued to Beijing Tecsun Venus Technology Limited, an indirect wholly-owned subsidiary of the Company, by the tax authority in Beijing. Under the new ruling, Beijing Tecsun Venus Technology Limited was not qualified for and hence was not entitled to certain tax concessions reserved for new technology companies. Accordingly, Beijing Tecsun Venus Technology Limited was subject to EIT at the rate of 25%, instead of 7.5%, for the year ended 31 December 2008; and

(ii) the increase in estimated taxable profits and tax rate for a subsidiary of the Company in Shenzhen.

As a result of the foregoing, profit attributable to the owners of the Company in 2009 amounted to HK$10.3 million, representing an increase of 135.3% as compared to HK$4.4 million in 2008.

PLACING OF NEW SHARES

On 12 August 2009, a placement of a total of 18,000,000 new shares of the Company at HK$1.25 per share was completed, raising gross and net proceeds of HK$22.5 million and approximately HK$21.4 million, respectively. Details of the placement of shares are set out in the Company's announcements dated 24 June 2009, 9 July 2009, 31 July 2009 and 12 August 2009.

On 14 September 2009, a further placement of a total of 12,000,000 new shares of the Company at HK$1.25 per share was completed, raising gross and net proceeds of HK$15.0 million and approximately HK$14.2 million, respectively. Details of the further placement of shares are set out in the Company's announcement dated 8 September 2009 and 14 September 2009.

PLACING OF NON-LISTED WARRANTS

On 8 September 2009, the Company as issuer entered into the conditional warrant placing agreements with two subscribers in relation to a private placing of a total of 61,620,000 warrants to the subscribers, at the warrant issue price of HK$0.025, of which Big Run Investment Co., Ltd subscribed for 21,620,000 warrants, and Kantor Holdings Limited subscribed for 40,000,000 warrants. The warrants entitle the subscribers to subscribe for the new shares of the Company at the subscription price of HK$1.125 per new share for a period of 18 months commencing from the date of issue of the warrants. The subscription price is subject to adjustments. Each warrant carries the right to subscribe for one new share of the Company. The placing was completed on 22 September 2009. Details of the placing are set out in the Company's announcements dated 9 September 2009 and 22 September 2009.

As at 31 December 2009, none of the unlisted warrants had been exercised and there were 61,620,000 warrants outstanding.

LIQUIDITY AND FINANCIAL RESOURCES/CAPITAL STRUCTURE

During the year under review, the Group financed its business operations and investments with cash revenue generated from operating activities, bank loans, finance lease arrangements and net proceeds from placing of new shares and warrants. As at 31 December 2009, the Group had cash and bank balances of HK$33.9 million, finance leases payable of HK$6.4 million and a secured bank loan of HK$1.5 million.

As at 31 December 2009, the Group had two finance lease arrangements used for financing the acquisition of certain smartcard personalisation equipment for the production lines in the PRC. The finance leases are bearing an effective interest rate of 3.12% per annum and repayable in two years. In addition, the Group had a secured bank loan used for its working capital, and is bearing an effective interest rate of 4.01% per annum and repayable in one year.

As at 31 December 2009, the Group had current assets of HK$82.2 million and current liabilities of HK$33.1 million. The current ratio, expressed as current assets over current liabilities, was maintained at a satisfactory level of 2.5.

EMPLOYEE INFORMATION

As at 31 December 2009, the Group employed a total of 597 employees, of which 14 were located in Hong Kong and the rest were located in the PRC. Employee cost, including directors' remuneration, was HK$25.6 million for the year under review. The Group remunerates its employees based on their performance, experience and the prevailing industry practice. In addition to basic salaries and participation in mandatory provident fund scheme, staff benefits include medical scheme and share options.

SIGNIFICANT INVESTMENTS

With the exception of the investments in Hota (USA) and 力欣房地產經紀（上海）有限公司, there were no other significant investments for the year ended 31 December 2009. Details of investment in Hota (USA) have been set out in "Business and Operation Review".

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group made no material acquisitions or disposals of subsidiaries and affiliated companies during the year ended 31 December 2009.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 31 December 2009, there were no future plans for material investments or capital assets.

SEGMENTAL INFORMATION

Details have been set out in note 2 and are further elaborated under "Business and Operation Review" of this section.

CHARGE ON GROUP ASSETS AND CONTINGENT LIABILITIES

At 31 December 2009, a bank deposit and certain plant and machinery with the carrying amounts of HK$926,972 and HK$4,885,374 respectively were pledged by the Company's subsidiaries as collaterals to secure general banking facilities granted to the Group.

The Company and subsidiaries have provided guarantees of repayment in respect of bank loans and finance leases obligations of other subsidiaries amounting to HK$36,837,280 *(2008: HK$44,053,552)* of which HK$7,817,194 *(2008: HK$18,583,655)* was outstanding as at 31 December 2009.

GEARING RATIO

The gearing ratio of the Group, expressed as a percentage of total borrowings to total assets of the Group, was 4.0% as at 31 December 2009 *(2008: 11.9%)*. Accordingly, the financial position of the Group remains very liquid.

FINAL DIVIDEND

The Directors recommend the payment of a final dividend of 1.5 HK cents per share *(2008: 1.5 HK cents)* for the year ended 31 December 2009.

Upon approval by the shareholders, the final dividend will be paid on or about 17 May 2010 to shareholders whose names appear on the register of members of the Company on 10 May 2010.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the GEM Listing Rules. The audit committee comprises three independent non-executive Directors, namely, Ms. Wong Ka Wai, Jeanne, Mr. Leung Ka Kui, Johnny, and Mr. Chan Siu Wing, Raymond. Four audit committee meetings were held during the financial year 2009.

The Group's results for the year ended 31 December 2009 have been reviewed by the audit committee.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The corporate governance principles of the company emphasise a quality Board, sound internal controls, transparency and accountability to all shareholders. Throughout the year of 2009, the Group compiled with the code provisions in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 15 of the GEM Listing Rules, except for the code provision A2.1 stipulated in the following paragraphs.

The Code provision A2.1 stipulates that the roles of Chairman and Chief Executive Officer ("CEO") should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and Chief Executive Officer should be clearly established and set out in writing.

Ms. Lily Wu ("Ms. Wu") serves as the Chairman of the Board since 1 April 2006. Mr. Anton Ho, the former Chief Executive Officer, resigned from the post with effect from 1 January 2009 and the position was left vacant since his resignation. After due and careful consideration by the Board, Ms. Wu was further appointed as the Chief Executive Officer on 23 March 2009. The reasons for not splitting the roles of chairman and chief executive officer are as follows:

- The size of the Group is still relatively small and thus not justified to separate the roles of chairman and chief executive officer; and

- The Group has in place an internal control system to perform the check and balance function. Ms. Wu is primarily responsible for leadership of the Group and the Board, setting strategic direction, ensuring the effectiveness of management in execution of the strategy approved by the Board. Execution responsibilities lie with another executive Director and senior management of the Company.

Thus, the Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company.

COMPETING INTERESTS

As at 31 December 2009, none of the directors or the management shareholders or any of its respective associates (as defined under the GEM Listing Rules) of the Company had any interest in a business that competed or might compete with the business of the Group directly or indirectly.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the year ended 31 December 2009, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

ANNUAL GENERAL MEETING

The annual general meeting (the "AGM") of the shareholders of the Company will be held at 2:00 p.m., on Monday, 10 May 2010, at Unit 302, 3rd Floor, Seapower Centre, 73 Lei Muk Road, Kwai Chung, New Territories, Hong Kong and the notice of AGM will be published and dispatched to the shareholders in the manner as required by the GEM Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 5 May 2010 to Monday, 10 May 2010, both days inclusive, during which period no transfer of the shares of the Company will be registered. In order to qualify for the proposed final dividend to be approved at the AGM and attending the AGM, all share certificates with completed transfer forms, either overleaf or separately, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Tuesday, 4 May 2010.

PROPOSED CHANGE OF NAME OF THE COMPANY

The Board intends to put forward a proposal to the Shareholders to approve the change of name of the Company from "Cardlink Technology Group Limited" to "Phoenitron Holdings Limited", and to adopt a new Chinese name "品創控股有限公司" to replace "鍇聯科技集團有限公司". Further announcement will be made by the Company as regards to the details of the proposed change of name of the Company in due course.

By order of the Board
Lily Wu
Chairman

Hong Kong, 25 March 2010

As at the date of this announcement, the Board comprises three executive Directors, Ms. Lily Wu (Chairman and Chief Executive Officer), Ms. Leung Quan Yue, Michelle, Mr. Chang Wei Wen, and three independent non-executive Directors, Ms. Wong Ka Wai, Jeanne, Mr. Leung Ka Kui, Johnny and Mr. Chan Siu Wing, Raymond.

This announcement will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting and the Company's website at www.cardlink.com.hk.