PHOENITRON HOLDINGS LIMITED

品 創 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8066)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

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This announcement, for which the directors (the "Directors") of Phoenitron Holdings 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 the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

HIGHLIGHTS

- Revenue for the year ended 31 December 2015 amounted to HK$2,333,952,000, representing an increase of 405.3% as compared to the corresponding period in 2014 of HK$461,934,000.
- The Group recorded an audited profit attributable to the owners of the Company of HK$5,529,000 for the year ended 31 December 2015.
- The Board does not recommend any payment of a final dividend for the year ended 31 December 2015 (2014: nil).

CHAIRMAN'S STATEMENT

TO OUR SHAREHOLDERS

On behalf of the Board of Directors, I am pleased to present to you the results of Phoenitron Holdings Limited (the "Company") and its subsidiaries (together, the "Group") for the financial year ended 31 December 2015 (the "Reporting Period").

Results

For the year ended 31 December 2015, the Company recorded a consolidated revenue of HK$2,333,952,000 (2014: HK$461,934,000) and profit attributable to the owners of the Company of HK$5,529,000 (2014: loss of HK$133,817,000).

Dividend

The Board of Directors (the "Board") of the Company does not recommend any payment of a final dividend for the year ended 31 December 2015.

Business and Operation Review

During the Reporting Period, the Group is principally engaged in the manufacturing and sales of smart cards, the provision of management and financial consultancy services and the setting up of natural gas stations in Yangtze River Delta and other petrochemical related businesses. The Board believes the diversification and synthesis of our businesses will facilitate the long term development of Phoenitron and enhance our shareholder value.

Contract Manufacturing and Sales of Smart Cards

During the Reporting Period, the performance of the Group's contract manufacturing and sales of SIM cards business was far from satisfactory and has recorded a segment loss of HK$23.2 million. As broken down by geographical segment, the China Market suffered from prolonged weak demand from the leading telecommunication market customers which led to low utilization rates in the Beijing plant for both of the SIM card business and the module packaging and testing service business. During the Reporting Period, the China geography recorded losses of HK$17.5 million and HK$12.5 million respectively. In contrast, benefited from a larger portion of higher-value-added non-SIM card manufacturing demand from the overseas customers, the overseas market of the SIM card business segment recorded an increase of segment profit of HK$0.9 million, from HK$5.9 million in 2014 to HK$6.8 million.

To overcome the difficulties faced by the PRC business segment, the management is exploring various alternative solutions. For the PRC SIM card business segment, we will be better utilizing the existing production capacity in our Beijing plant by serving the overseas market in the coming year. As the existing plant in Shenzhen that is currently serving the overseas market has been running at full capacity and is no longer able to meet the expected increasing orders from the overseas customers, the management is planning to relocate the existing Shenzhen plant to a larger plant in the periphery area of Shenzhen city, and to consolidate the Beijing plant capacity there as well for consolidated management.

For the PRC module packaging and testing service business, it began expanding its customer base to serve overseas customers during the Reporting Period and that commercial production will ramp up in the coming months. During the Reporting Period, we had completed qualification with certain overseas customers, who have started placing orders by early 2016. As of March 2016, Beijing module packaging and testing service plant is operating at near full capacity.

The Company is exploring the potential to both increase SIM card revenue from the overseas market with the added capacity, and to also increase profit through better and more efficient utilization of the Group's assets and lowering of the operating costs of production. We are of confidence that the results of this segment will turn to profit again in the coming year.

Provision of Customised Smart Card Application Systems

Revenue generated from the provision of customised smart card application systems was approximately the same as in the previous year. The management will keep exploring new business opportunities and expects the research and development of smart cards related products will stimulate growth of the sales of smart card application systems in the coming year.

Management and Financial Consultancy Services

The target clients of the management and financial consultancy services include companies that the Group is currently invested in or may invest in the future. The scope of services includes the provision of corporate organization management, financial and financing planning and implementation, and other services. For the year ending 31 December 2015, the Group recorded a revenue of approximately HK$5,907,000.

Trading Business of Scrap Metals

There was no revenue generated from this segment as the metal prices were weak during the Reporting Period (2014: HK$1.3 million). As the metals outlook is not promising in the foreseeable future, the Company is exploring various strategic solutions including but not limited to altering the usage of the machines and equipment in Taiwan for recycling of other materials and/or to cooperate with potential strategic partners in the recycling industry.

Setting up Natural Gas Stations in the Yangtze River Delta Region and Other Petro-chemical Related Businesses

The Group's new joint venture in Shanghai, namely, Shanghai Phoenitron Petroleum & Chemical Company Limited ("Shanghai Phoenitron"), whose main business shall be the operation of natural gas filing stations in the Yangtze River Delta region and other petro-chemical related business, started to conduct petro-chemical product sales in the latter half of September 2014 and operated for a full financial year of 2015. During the Reporting Period, Shanghai Phoenitron was principally engaged in the wholesale of petro-chemical products. Thanks to the efforts of the local management team, Shanghai Phoenitron sold 41,600 tonnes of petro-chemical products which generated a revenue of HK$2,192.6 million (2014: HK$260.4 million) during the Reporting Period and has become the key revenue generator of the Group.

Given the prolonged slumped in the global oil prices during the Reporting Period, and having considered that Shanghai Phoenitron was still a newly established company, we adopted a conservative approach for conducting the wholesale of petro-chemical products business in our first year of full operations. Throughout 2015, our primary goal was to establish, develop and stabilise the business relationship with our suppliers (all are large-scale national enterprises or centrally-owned enterprises) as we believe that a stable supply of products is of utmost importance for our future business expansion and development into the retail sales of product oils. To further mitigate the risks, our strategies were fast selling and only to conduct the wholesale business with customers who are large-scaled enterprises with good credit ratings (though the profit margin for transactions of this kind is usually lower). In terms of market segment, while almost all of the revenue was generated from the wholesale of petro-chemical products, Shanghai Phoenitron formed a new wholly-owned subsidiary in late 2015Q3, namely, 上海仁重新能源科技有限公司("上海仁重") which had successfully obtained the retail licence for selling oils products (成品油) by late 2015 and was able to conduct initial retail transactions by the end of 2015. The move marked an important step as retail sales of oil products will better diversify product sales and may likely enjoy a higher profit margin. We therefore expect 2016 segment sales to be a mixture of wholesale and retail sales, with an overall higher profit margin level than in 2015.

During the Reporting Period, filling stations operating permit applications have been made and are still pending for approval. Management continues to discuss and communicate with the relevant local authorities and enterprises to build, lease or acquire gas filing stations, and will provide timely updates on the progress. Once the filling stations start operations, it is expected that the business can generate immediate revenue and profit contribution to the Group. Natural gas usage should play a significant role in promoting the use of a stable, healthy and sustainable clean energy in the Yangtze River Delta economic zone in the PRC, and contribute to the development of green energy in the PRC. The management will place increasing time and resources on developing this business segment in the future.

Financing Overview

During the year under review, the Company had entered into separate subscription agreements with each of Mr. Xia Jun, Mr. Wang Jia Hua, Kantor Holdings Limited and Clear Win Investments Limited (together, the "Subscribers") in relation to the subscription of a total of 384,600,000 new shares of the Company at the subscription price of HK$0.242 per subscription share. Completion of the subscription of new shares took place on 8 May 2015. The net proceeds of approximately HK$90.9 million has been applied (as intended) for (i) carrying out of the Company's natural gas business and its related petro-chemical business, (ii) general working capital of the Group and (iii) repayment of certain loans.

Prospects

Looking forward, we expect 2016 will continue to be challenging yet also a year of positive transition. The Board will continue to place great emphasis on developing and increasing the product variety of its LNG projects and its related petro-chemical business so as to bring more stable and substantial profit to the Group. Meanwhile, the Company is also exploring more co-operation opportunities with potential strategic alliances in all business segments including metals recycling and smartcard systems. By consolidating the assets of SIM card business to serve the overseas market, manufacture with greater efficiency, seek cost and expense savings wherever possible, and to fully leverage competitive strengths. The IC module packaging and testing service business is in full production by late 2016Q1, and is expected to contribute stable revenue and profits to the Group for the rest of the year of 2016. We believe, by applying the Company's funds in an appropriate manner and by utilizing the unique investment opportunities of the Company, we will bring stable revenues and profits for our shareholders.

Acknowledgement

On behalf of the Board, I would like to take this opportunity to extend our gratitude to all members of the Board and staff for their dedication and contribution to the Group throughout the year 2015. I would also like to express my heartfelt appreciation to our shareholders, business partners, investors and customers for their continuous support.

Lily WU
Chairman

Hong Kong, 22 March 2016

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 2015 together with the comparative figures for the year 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2015

	Notes	**2015** **HK$**	2014 HK$
Revenue	*4*	**2,333,952,429**	461,934,044
Cost of sales		**(2,311,360,595)**	(434,987,175)
Gross profit		**22,591,834**	26,946,869
Other income	*5*	**40,535,661**	53,333,670
Fair value loss on a financial derivative	*12(a)*	**–**	(46,257,586)
Other losses, net	*6*	**(4,761,854)**	(555,079)
Selling and distribution costs		**(7,057,259)**	(7,434,512)
Administrative expenses		**(38,688,446)**	(32,598,391)
Impairment loss on amount due from a joint venture		**–**	(92,331,903)
Impairment loss on other receivables and prepayments		**–**	(27,758,100)
Impairment loss on interest in an associate		**(527,805)**	–
Finance costs	*7*	**(1,611,551)**	(5,924,609)
Share of losses of an associate		**–**	(468,476)
Profit/(loss) before income tax	*8*	**10,480,580**	(133,048,117)
Income tax expense	*9*	**(3,927,660)**	(593,946)
Profit/(loss) for the year		**6,552,920**	(133,642,063)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Changes in fair value of available-for-sale financial assets		**–**	(11,831,210)
Exchange loss on translation of financial statements of foreign operations		**(9,072,631)**	(613,087)
Other comprehensive income for the year		**(9,072,631)**	(12,444,297)
Total comprehensive income for the year		**(2,519,711)**	(146,086,360)

	Notes	**2015** *HK$*	2014 *HK$*
Profit/(loss) for the year attributable to:			
Owners of the Company		**5,529,253**	(133,816,554)
Non-controlling interests		**1,023,667**	174,491
		6,552,920	(133,642,063)
Total comprehensive income for the year attributable to:			
Owners of the Company		**(2,446,092)**	(146,224,871)
Non-controlling interests		**(73,619)**	138,511
		(2,519,711)	(146,086,360)
		HK Cents	*HK Cents*
Earnings/(loss) per share	*11*		
– Basic		**0.152**	(4.144)
– Diluted		**0.152**	(4.144)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Notes	**2015** *HK$*	2014 *HK$*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**33,305,565**	47,263,213
Intangible assets		**420,000**	420,000
Prepayments for acquisition of property, plant and equipment		**3,124,662**	4,037,701
Interest in an associate		**–**	527,805
Long-term financial assets	*12*	**–**	2,158,058
		36,850,227	54,406,777
Current assets			
Inventories		**9,946,511**	14,351,860
Trade and other receivables	*13*	**36,942,766**	100,810,795
Amount due from a joint venture		**202,837,077**	164,311,322
Amount due from a related company		**97,047,619**	–
Amount due from non-controlling interests		**500,000**	4,293,968
Tax recoverable		**118,597**	–
Pledged bank deposits		**3,677,778**	6,820,908
Cash and cash equivalents		**16,510,763**	19,475,200
		367,581,111	310,064,053
Current liabilities			
Trade and other payables	*14*	**52,916,878**	105,941,806
Borrowings		**30,361,932**	41,887,129
Current tax liabilities		**–**	538,200
		83,278,810	148,367,135
Net current assets		**284,302,301**	161,696,918
Total assets less current liabilities		**321,152,528**	216,103,695
Non-current liabilities			
Deferred tax liabilities		**4,707**	4,707
		4,707	4,707
Net assets		**321,147,821**	216,098,988
EQUITY			
Share capital		**75,283,900**	68,049,500
Reserves		**220,407,150**	144,256,244
Equity attributable to the owners of the Company		**295,691,050**	212,305,744
Non-controlling interests		**25,456,771**	3,793,244
Total equity		**321,147,821**	216,098,988

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Share capital *HK$*	Contributed surplus* *HK$*	Share option reserve* *HK$*	Other reserves* *HK$*	Translation reserve* *HK$*	Available-for-sale financial assets revaluation reserve* *HK$*	Warrant reserve* *HK$*	Retained profits/ (accumulated losses)* *HK$*	Total reserve *HK$*	Non-controlling interests *HK$*	Total *HK$*
1 January 2014	63,236,700	249,769,808	1,360,008	3,482,731	17,386,926	91,768	1,120,818	(27,932,934)	245,279,125	–	308,515,825
Early redemption on convertible bonds	–	–	–	(3,554,524)	–	–	–	662,260	(2,892,264)	–	(2,892,264)
Repurchase of shares	(127,200)	(614,546)	–	71,800	–	–	–	–	(542,746)	–	(669,946)
Issue of shares upon shares subscription	4,940,000	48,637,000	–	–	–	–	–	–	48,637,000	–	53,577,000
Lapse of non-listed warrants	–	1,120,818	–	–	–	–	(1,120,818)	–	–	–	–
Transactions with owners	4,812,800	49,143,272	–	(3,482,724)	–	–	(1,120,818)	662,260	45,201,990	–	50,014,790
Profit/(loss) for the year	–	–	–	–	–	–	–	(133,816,554)	(133,816,554)	174,491	(133,642,063)
Other comprehensive income											
– Change in fair value of available-for-sale financial assets	–	–	–	–	–	(11,831,210)	–	–	(11,831,210)	–	(11,831,210)
– Translation of foreign operations	–	–	–	–	(577,107)	–	–	–	(577,107)	(35,980)	(613,087)
Total comprehensive income for the year	–	–	–	–	(577,107)	(11,831,210)	–	(133,816,554)	(146,224,871)	138,511	(146,086,360)
Acquisition of non-controlling interests	–	–	–	–	–	–	–	–	–	3,654,733	3,654,733
At 31 December 2014 and 1 January 2015	**68,049,500**	**298,913,080**	**1,360,008**	**7**	**16,809,819**	**(11,739,442)**	**–**	**(161,087,228)**	**144,256,244**	**3,793,244**	**216,098,988**
Repurchase of shares	**(457,600)**	**(4,698,642)**	**–**	**–**	**–**	**–**	**–**	**–**	**(4,698,642)**	**–**	**(5,156,242)**
Issue of shares upon shares subscription	**7,692,000**	**83,295,640**	**–**	**–**	**–**	**–**	**–**	**–**	**83,295,640**	**–**	**90,987,640**
Transactions with owners	**7,234,400**	**78,596,998**	**–**	**–**	**–**	**–**	**–**	**–**	**78,596,998**	**–**	**85,831,398**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**5,529,253**	**5,529,253**	**1,023,667**	**6,552,920**
Other comprehensive income											
– Translation of foreign operations	**–**	**–**	**–**	**–**	**(7,975,345)**	**–**	**–**	**–**	**(7,975,345)**	**(1,097,286)**	**(9,072,631)**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**(7,975,345)**	**–**	**–**	**5,529,253**	**(2,446,092)**	**(73,619)**	**(2,519,711)**
Acquisition of non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**21,737,146**	**21,737,146**
At 31 December 2015	**75,283,900**	**377,510,078**	**1,360,008**	**7**	**8,834,474**	**(11,739,442)**	**–**	**(155,557,975)**	**220,407,150**	**25,456,771**	**321,147,821**

* The total of these accounts as at the reporting date represents "Reserves" in the consolidated statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collectively term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The consolidated 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.

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. The adoption of new or amended HKFRSs and the impacts on the Group's financial statements, if any, are disclosed in note 2.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial assets which are measured at fair values.

It should be noted that accounting estimates and assumptions are used in the preparation of these financial statements. Although these estimates and assumptions are based on management's best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates and assumptions.

2. ADOPTION OF NEW OR REVISED HKFRSs

(a) Adoption of new or revised HKFRSs – effective 1 January 2015

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2015:

HKFRSs (Amendments)	Annual Improvements 2010 – 2012 Cycle
HKFRSs (Amendments)	Annual Improvements 2011 – 2013 Cycle

The adoption of these amendments has no impact on these financial statements.

(b) New or revised HKFRSs that have been issued but not yet effective

The following new or revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle[1]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 27	Equity method in Separate Financial Statements[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
HKFRS 9 (2014)	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019

The Group is in the process of making an assessment of the potential impact of these new or revised HKFRSs. The Group is not yet in a position to state whether these new pronouncements will result in material impact on the Group's financial statements.

(c) New Companies Ordinance provisions relating to the preparation of financial statements

The provisions of the new Companies Ordinance, Cap. 622, in relation to the preparation of financial statements apply to the Company in this financial year.

The directors consider that there is no impact on the Group's financial position or performance, however the new Companies Ordinance, Cap. 622, impacts on the presentation and disclosures in the consolidated financial statements.

3. SEGMENT INFORMATION

The operating segments are reported in a manner consistent with the way in which information is reported internally to the executive directors for the purposes of resources allocation and assessment of segment performance. The business components in the internal reporting to the executive directors, the chief operating decision-makers, are determined following the Group's major product and service lines. The segment information for the year ended 31 December 2015 has been reclassified to align with the presentation of the latest segment information disclosure. The Group is currently organised into the following five operating segments:

- Sales of smart cards*;
- Sales of smart card application systems;
- Financial and management consultancy services;
- Trading of scrap metals; and
- Sales of petro-chemical products.

* Renamed from "sales of smart cards and plastic cards" to "sales of smart cards".

The financial and management consultancy services are provided to the joint venture of the Group which is principally engaged in resources recycling business.

Each of these operating segments is managed separately as each of the product and service lines requires different resources as well as marketing approaches.

Revenue and expenses are allocated to the reportable segments with reference to sales generated and the expenses incurred by those segments. The measurement of segment profit or loss is the same as those used in preparing these financial statements under HKFRSs except that finance costs, income tax, share of results of an associate, fair value loss on a financial derivative, impairment loss on amount due from a joint venture, impairment loss on other receivables and prepayments, corporate income and expenses and other income and expenses not directly attributable to business activities of the operating segments are not included in arriving at the operating results of the operating segments.

Segment assets include all assets with the exception of intangible assets, interest in an associate, long-term financial assets, amount due from non-controlling interests, tax assets, assets which are not attributable to the business activities of the operating segments and other assets which are managed on a group basis such as pledged bank deposits and cash and cash equivalents.

Segment liabilities include all liabilities except for tax liabilities, liabilities which are not attributable to the business activities of the operating segments and other liabilities which are managed on a group basis such as borrowings.

Segment results, segment assets and segment liabilities

Information regarding the Group's reportable segments including the reconciliation to revenue, loss before income tax, total assets, total liabilities and other segment information are as follows:

2015

	Sales of smart cards *HK$*	Sales of smart card application systems *HK$*	Financial and management consultancy services *HK$*	Trading of scrap metals *HK$*	Sales of petro-chemical products *HK$*	Corporate/ Unallocated *HK$*	Consolidated *HK$*
Reportable segment revenue	135,433,711	19,650	5,907,041	–	2,192,592,027	–	2,333,952,429
Reportable segment profit/(loss)	(23,130,794)	(21,502)	45,748,974	(3,491,671)	5,478,677	(27,350)	24,556,334
Finance costs							(1,611,551)
Impairment loss on interest in an associate							(527,805)
Exchange losses, net							(4,491,457)
Corporate expenses, net							(7,444,941)
Profit before income tax							10,480,580
Reportable segment assets	76,931,568	4,125	202,837,077	3,716,096	97,083,316	2,632,018	383,204,200
Intangible assets							420,000
Amount due from non-controlling interests							500,000
Tax recoverable							118,597
Pledged bank deposits							3,677,778
Cash and cash equivalents							16,510,763
Total consolidated assets							404,431,338
Reportable segment liabilities	49,930,032	15,400	–	575,805	389,751	2,005,890	52,916,878
Borrowings							30,361,932
Deferred tax liabilities							4,707
Total consolidated liabilities							83,283,517

							Consolidated HK$
Other information							
Depreciation	16,574,422	–	–	186,139	–	187,628	16,948,189
Interest income	19,243	6	40,407,839	3,836	7,520	1,578	40,440,022
Additions to specified non-current assets	6,977,317	–	–	–	–	–	6,977,317

2014

	Sales of smart cards HK$	Sales of smart card application systems HK$	Financial and management consultancy services HK$	Trading of scrap metals HK$	Sales of petro-chemical products HK$	Corporate/ Unallocated HK$	Consolidated HK$
Reportable segment revenue	194,224,272	39,990	5,907,042	1,340,214	260,422,526	–	461,934,044
Reportable segment profit/(loss)	(9,644,258)	(7,743)	55,342,060	(4,160,583)	946,228	(26,727)	42,448,977
Fair value loss on a financial derivative							(46,257,586)
Finance costs							(5,924,609)
Impairment loss on amount due from a joint venture							(92,331,903)
Impairment loss on other receivables and prepayments							(27,758,100)
Share of losses of an associate							(468,476)
Unallocated interest income							25,435
Corporate expenses, net							(2,781,855)
Loss before income tax							(133,048,117)
Reportable segment assets	145,833,651	6,175	168,059,906	4,116,464	12,744,485	14,210	330,774,891
Interest in an associate							527,805
Long-term financial assets							2,158,058
Intangible assets							420,000
Amount due from non-controlling interests							4,293,968
Pledged bank deposits							6,820,908
Cash and cash equivalents							19,475,200
Total consolidated assets							364,470,830
Reportable segment liabilities	104,093,626	14,500	1,298,320	481,300	54,060	–	105,941,806
Borrowings							41,887,129
Current tax liabilities							538,200
Deferred tax liabilities							4,707
Total consolidated liabilities							148,371,842
							Consolidated HK$
Other information							
Depreciation	16,510,070	–	187,627	271,780	–	–	16,969,477
Interest income	3,979	5	50,140,015	2,984	430	17,170	50,164,583
Additions to specified non-current assets	5,138,419	–	–	–	–	–	5,138,419

There has been no inter-segment sale between different business segments during the year or in prior year.

Specified non-current assets include property, plant and equipment, intangible assets and interest in an associate.

Geographical information

The following table presents the revenue from external customers for the reporting period and the specified non-current assets by geographical locations as at the reporting date.

	Revenue from external customers		Specified Non-current assets	
	2015	2014	**2015**	2014
	HK$	*HK$*	***HK$***	*HK$*
Denmark, France, United Kingdom, Spain	**36,543,647**	66,256,789	**–**	–
Hong Kong	**644,377**	543,356	**1,139,230**	1,021,539
India, Indonesia, Singapore	**17,812,965**	26,687,692	**–**	–
Mauritius and South Africa	**3,258,613**	2,182,564	**–**	–
The PRC, excluding Hong Kong	**2,269,579,611**	358,185,875	**33,348,173**	50,715,132
Others	**6,113,216**	8,077,768	**2,362,824**	2,670,107
Total	**2,333,952,429**	461,934,044	**36,850,227**	54,406,778

The Company is an investment holding company incorporated in the Cayman Islands where the Group does not have activities. Since the major operations of the Group are conducted in PRC, PRC is considered as the Group's country of domicile for the disclosure purpose of HKFRS 8 *Operating Segments*.

Information about major customers

Revenue from each of the major customers during the reporting period is as follows:

	2015	2014
	HK$	*HK$*
Customer A	**1,127,616,056**	N/A[2]
Customer B	**246,619,769**	N/A[2]
Customer C	**N/A[1]**	N/A[2]
Customer D	**N/A[1]**	N/A[2]
Customer E	**N/A[1]**	104,359,721

[1] The corresponding revenue did not contribute over 10% of total revenue of the Group in 2015.

[2] These are new customers in 2015. Therefore, they did not contribute any revenue to the Group in 2014.

4. REVENUE

The Group's principal activities are disclosed in note 3. Turnover of the Group is the revenue from these activities. Revenue from the Group's principal activities recognised during the reporting period is as follows:

	2015	2014
	HK$	*HK$*
Sales of smart cards	**135,433,711**	194,224,272
Sales of smart card application systems	**19,650**	39,990
Sales of petro-chemical products	**2,192,592,027**	260,422,526
Financial and management consultancy services	**5,907,041**	5,907,042
Trading of scrap metals	**–**	1,340,214
	2,333,952,429	461,934,044

5. OTHER INCOME

	2015	2014
	HK$	*HK$*
Interest income	**40,440,022**	50,164,583
Sundry income	**95,639**	3,169,087
	40,535,661	53,333,670

6. OTHER LOSSES, NET

	2015	2014
	HK$	*HK$*
Loss on disposal of property, plant and equipment	**155,443**	55,518
Loss on disposal of long term financial assets	**114,954**	–
Exchange losses, net	**4,491,457**	499,561
	4,761,854	555,079

7. FINANCE COSTS

	2015	2014
	HK$	*HK$*
Interest charges on bank loans	**937,413**	1,053,552
Interest element of finance lease payments	**–**	2,839
Interest on convertible bonds	**–**	3,673,859
Interest charges on other borrowings	**674,138**	1,194,359
	1,611,551	5,924,609

8. PROFIT/(LOSS) BEFORE INCOME TAX

	2015	2014
	HK$	*HK$*
Profit/(loss) before income tax is arrived at after charging:		
Auditors' remuneration	**854,827**	570,000
Costs of inventories recognised as expenses	**2,311,360,595**	434,987,175
Written-off of property, plant and equipment	**2,547,184**	–
Depreciation		
– Owned assets	**16,948,189**	16,794,357
– Leased assets	**–**	175,120
	16,948,189	16,969,477
Bad debts written off	**339,166**	200,000
Employee benefit expenses	**44,511,127**	45,175,692
Operating lease charges on land and buildings	**8,053,737**	7,887,549
Provision of staff laid-off	**899,203**	–
Provision for impairment loss on inventories[1]	**2,109,133**	–
Research and development costs	–	967

[1] Included in costs of inventories recognised as expenses

9. INCOME TAX EXPENSE

	2015	2014
	HK$	*HK$*
Current tax		
Hong Kong Profits Tax:		
Current year	**1,885,509**	1,482,038
Under/(over)-provision in prior year	**657,726**	(1,140,437)
	2,543,235	341,601
PRC Enterprise Income Tax ("EIT")		
Current year	**1,384,425**	252,345
Total income tax expense	**3,927,660**	593,946

Hong Kong Profits Tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits for the year. Taxation for subsidiaries established and operated in the 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 subsidiaries in the PRC are liable to EIT at the rate of 25% (2014: 25%).

10. DIVIDENDS

The Board does not recommend the payment of any dividend in respect of the year ended 31 December 2015 (2014: nil).

11. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to the owners of the Company of HK$5,529,253 (2014: a loss of HK$133,816,554) and the weighted average of 3,643,956,521 (2014: 3,228,920,644) ordinary shares in issue during the year.

(b) Diluted earnings/(loss) per share

The calculation of diluted earnings per share for the year ended 31 December 2015 is based on the profit attributable to owners of the Company of HK$5,529,253 and the weighted average of 3,645,813,031 ordinary shares, calculated as follows:

	2015
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**3,643,956,521**
Effect of deemed issue of shares under the Company's share option scheme	**1,856,510**
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**3,645,813,031**

No adjustment has been made to the basic loss per share as the outstanding share options had anti-dilutive effect on the basic loss per share for the year ended 31 December 2014.

12. LONG-TERM FINANCIAL ASSETS

	2015	2014
	HK$	*HK$*
Investment in Hota (USA) *(note (a))*	**–**	–
Investment in Guangzhou Tecsun *(note (b))*	**–**	2,158,058
	–	2,158,058

Notes:

(a) Hota (USA) Holding Corp. ("Hota (USA)") is an investment holding company incorporated in the United States of America. As at 31 December 2015, Hota (USA) had equity holdings in the entire issued capital of a PRC entity which is principally engaged in the business of disintegration of used automobiles and sale of metal derived from automobiles in Zhangjiagang, the PRC (the "Resources Recycling Business"). As at 31 December 2015, the Group is interested in (i) 83.33% (2014: 83.33%) of the Series A preferred shares of Hota (USA), which entitle the Group to receive 5% non-cumulative dividends and are redeemable at 100% of the respective principal amount since the 3rd quarter of 2012; and (ii) 35.29% (2014: 35.29%) of the common shares of Hota (USA). Each of the Series A preferred shares entitles the holder thereof to convert the same into one common share of Hota (USA) and the holders of the Series A preferred shares shall be entitled to have one vote for each common share of Hota (USA) into which each Series A preferred share is convertible on an as-converted basis, and shall vote together with the holders of the common shares. As at 31 December 2015, the Group is interested in 57.81% (2014: 57.81%) of the entire share capital of Hota (USA) as enlarged by the allotment and issue of the common shares upon exercise of the conversion rights attaching to the entire Series A preferred shares in issue. The board of Hota (USA) comprised of 4 directors, 2 of whom were appointed by the Group and decision is taken by simple majority. Accordingly, the directors regard Hota (USA) as a joint venture of the Group.

Details of Hota (USA) and its principal subsidiary as at 31 December 2015 are as follows:

Name of company	**Place of establishment**	**Particulars of paid-up registered capital**	**Percentage of ownership interest**	**Principal activities**
Hota (USA)	USA	Common shares USD34	35.29% (2014: 35.29%)	Investment holding
		Series A preferred shares USD12,000,000	83.33% (2014: 83.33%)	
張家港永峰泰環保科技有限公司 (Hota Auto Recycling Corporation)*	The PRC	USD20,000,000		Resources recycling business

* wholly-foreign-owned enterprise held by Hota (USA)

The Resources Recycling business has stopped commercial production in view of adverse business environment and operating conditions.

(b) The investment represents 11.33% equity interest in Guangzhou Tecsun Golden Card Ltd. (廣州德生金卡有限公司) ("Guangzhou Tecsun"), a PRC entity with paid up registered capital of RMB41,700,000. The group sold its entire interest in Guangzhou Tecsun. A loss on disposal of long term financial assets of HK$114,954 was recognised in the consolidated statement of profit or loss and other comprehensive income.

	2015	2014
	HK$	*HK$*
Unlisted equity securities, at cost	**–**	4,458,058
Less: Provision for impairment	**–**	(2,300,000)
	–	2,158,058

In 2014, the investment in Guangzhou Tecsun is classified as an available-for-sale financial asset and is measured at cost less impairment losses as there is no quoted market price in active markets for the investment and the range of reasonable fair value estimates is so significant that the directors are of the opinion that its fair value cannot be measured reliably.

13. TRADE AND OTHER RECEIVABLES

	2015	2014
	HK$	*HK$*
Trade receivables	**25,011,495**	75,278,247
Less: Provision for impairment of trade receivables	**–**	–
Trade receivables, net *(note (a))*	**25,011,495**	75,278,247
Other receivables, deposits and prepayments *(note (b))*	**39,689,371**	53,290,648
Less: Provision for impairment of other receivables and prepayments	**(27,758,100)**	(27,758,100)
Other receivables, net *(note (b))*	**11,931,271**	25,532,548
	36,942,766	100,810,795

Notes:

(a) 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 Group's trade receivables net of impairment provision is as follows:

	2015	2014
	HK$	*HK$*
0 – 30 days	**7,357,060**	27,346,701
31 – 90 days	**13,899,032**	42,592,648
Over 90 days	**3,755,403**	5,338,898
	25,011,495	75,278,247

At each reporting date, the Group reviews trade receivables for evidence of impairment on both individual and collective basis. As at 31 December 2015, none of the Group's trade receivables (2014: nil) which were aged over 120 days have been identified as impaired and accordingly, no provision has been made in respect of these receivables.

The ageing analysis of trade receivables net of impairment provision that are past due but not impaired, based on due date is as follows:

	2015	2014
	HK$	*HK$*
Neither past due nor impaired	**15,737,780**	57,549,355
1 – 30 days past due	**5,543,866**	9,062,142
31 – 90 days past due	**1,658,918**	7,337,333
Over 90 days past due	**2,070,931**	1,329,417
	25,011,495	75,278,247

Trade receivables that were neither past due nor impaired related to a number 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.

(b) Other receivables of 2014 and 2015 included the outstanding consideration in relation to a partial disposal of interests in Hota (USA) in 2011 amounting to approximately USD1,862,000 (equivalent to HK$14,523,600). Pursuant to the purchase agreement, the outstanding consideration would be fully settled by 23 April 2012. The management assessed that the entire amount cannot be recovered and accordingly, impairment provision of HK$14,523,600 had been made in respect of these balances as at 31 December 2014 and 2015 respectively.

Prepayments of 2014 and 2015 included the deposit payment in relation to purchases of scrap vehicles amounting to HK$13,234,500. The management assessed that the entire amount cannot be recovered and accordingly, impairment provision of HK$13,234,500 had been made in respect of these balances as at 31 December 2014 and 2015 respectively.

14. TRADE AND OTHER PAYABLES

	2015	2014
	HK$	*HK$*
Trade payables	**37,956,807**	86,229,425
Other payables and accrual	**14,960,071**	19,712,381
	52,916,878	105,941,806

Credit periods granted by suppliers normally range from 30 days to 90 days. Based on the invoice date the ageing analysis of the trade payables is as follows:

	2015	2014
	HK$	*HK$*
0 – 30 days	**3,334,000**	24,695,103
31 – 60 days	**4,283,839**	23,709,848
61 – 90 days	**2,091,878**	12,467,289
Over 90 days	**28,247,090**	25,357,185
	37,956,807	86,229,425

Basis for qualified opinion

As at 31 December 2015, the Company and the Group had an amount due from its 35.29% owned joint venture, Hota (USA) Holding Corp. ("Hota (USA)") and its wholly owned subsidiary, Hota Auto Recycling Corporation ("HARC" collectively the "Hota Group") of approximately HK$202,837,000 (2014: HK$164,311,000) and for the year ended 31 December 2015, no impairment loss on the amount due from the joint venture is recognised to the Group's consolidated statement of profit or loss and other comprehensive income. For the purpose of assessing if there is any impairment of the amount due from the joint venture, the management of the Company estimated the expected repayments from the Hota Group with reference to the free cash flows available to settle the debts as reflected in profit and cash flow forecasts prepared by the management of the Hota Group (the "Forecasts").

However, as further explained below, we were not provided with sufficient appropriate audit evidence regarding the reasonableness of the financing and sales assumptions made in the Forecasts.

The Forecasts assume that the Hota Group will be able to obtain sufficient funding to meet its short term financing and working capital needs through raising additional loans from a lender. The management of the Company did not provide us with sufficient financial information about the potential lender to satisfy ourselves about his ability to provide the necessary funds.

Further, we were unable to obtain sufficient appropriate audit evidence about the sales assumptions in the Forecasts. The Forecasts have reflected the expected possible cooperation with one party. However, there are no binding agreements signed with this party and hence the possible cooperation may or may not proceed. There was no alternative evidence available to us to satisfy ourselves that the sales assumptions in the Forecast will be achievable.

There were no other satisfactory audit procedures that we could perform in order to satisfy ourselves as to the reasonableness of the financing and sales assumptions in the Forecasts. Accordingly, we were unable to assess the Hota Group's ability to repay the debts and therefore whether the carrying amount of the amount due from the joint venture as at 31 December 2015 has been fairly stated.

In our audit of the Company's consolidated financial statements for the year ended 31 December 2014, we experienced the same limitations as mentioned above in our assessment of whether the following amounts have been fairly stated:

- the carrying amount of the amount due from the joint venture as at 31 December 2014; and
- Impairment loss of HK$92,332,000 on this account balance recognized for the year then ended.

Our audit opinion on the consolidated financial statements for the year ended 31 December 2014 was modified accordingly. These limitations were unresolved this year.

Qualified opinion

In our opinion, except for the possible effect of the matters described in the basis for qualified opinion paragraphs, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015 and of the Group's financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Revenue

During the Reporting Period, the Group's financial results was principally derived from the sales of petro-chemical products, the contract manufacturing and sales of smart cards and the provision of management and financial consultancy services.

During the Reporting Period, sales of petro-chemical products conducted by Shanghai Phoenitron and its subsidiary amounted to HK$2,192.6 million (2014: HK$260.4 million) and has become the key revenue generator of the Group.

During the Reporting Period, the Group's revenue generated from the smartcard business amounted to HK$135.4 million, down by HK$58.8 million or 30.3% as compared to the corresponding period in 2014 of HK$194.2 million, among which HK$79.9 million (2014: HK$131.2 million) and HK$55.5 million (2014: HK$63.0 million) were attributable to the traditional SIM cards business and the module packaging and testing service business respectively. In terms of geographical segments, while the module packaging and testing service business is principally serving the PRC customers, the SIM cards business is serving both the overseas market and the PRC market. During the Reporting Period, revenue generated from the overseas market segment of SIM cards business amounted to HK$55.4 million, representing a drop of HK$36.6 million or 39.8%, as compared to HK$92.0 million in 2014. The drop in revenue over the prior year for the overseas market segment was due to the fact that Intercard is no longer purchasing card-bodies from a designated third party supplier of certain customers (which reduces revenue, but improves the Group's smartcard gross profit margins). On the other hand, revenue generated from the PRC market segment for both the SIM cards business and the module packaging and testing service business was adversely affected by the slowdown of the PRC economy, and lower demand from leading PRC telecommunication market customers during the Reporting Period as they consumed existing stock which has adversely affected the SIM cards contract manufacturing industry.

Revenue generated from the provision of management and financial consultancy services amounted to HK$5.9 million during the Reporting Period (2014: HK$5.9 million).

No trading of scrap metals was conducted as the scrap metal prices slumped during the Reporting Period.

Cost of Sales and Gross Profit

During the Reporting Period, cost of sales ("COS") increased by HK$1,876.4 million, or 431.4%, from HK$435.0 million for the corresponding period in 2014, to HK$2,311.4 million. The increase in COS was largely attributable to the incurrence of COS in relation to sales of petro-chemical products of HK$2,185.6 million (2014: HK$259.3 million) as Shanghai Phoenitron and its subsidiary ran the business for a full financial year of 2015. However, the increase in COS was partially offset by (i) the drop in COS of HK$48.6 million in relation to the smartcard business which was attributable to the drop in sales relating to the PRC market for both module packaging and testing service business and the SIM card business (in fact, an impairment loss on obsolete stock of HK$2.1 million was provided for and included in the COS to reflect the stagnant PRC market), and also to a larger extent, the cessation of purchasing third party card-body for the overseas market of SIM cards business); and (ii) the drop in COS relating to trading of scrap metals business of HK$1.3 million, as no trading of scrap metal prices was conducted during the Reporting Period.

As a result, gross profit decreased by HK$4.3 million or 16.2%, from the corresponding period in last year of HK$26.9 million, to HK$22.6 million.

Other Income

Other revenue of HK$40.5 million (2014: HK$53.3 million) was mainly comprised of interest income arising from the amount due from a joint venture and bank deposits. The drop was attributable to the adjustment (downward) on interest rate charged to a joint venture and also due to the fact that an adjustment on interest income was made in last year for the under-provision in prior periods.

Fair Value Loss on a Financial Derivative

No fair value loss was provided for in respect of the Reporting Period (2014: HK$46.3 million)

Other Losses, Net

During the Reporting Period, other losses amounted to HK$4.76 million (2014: HK$0.55 million) which was represented primarily by the exchange losses of HK$4.49 million arising from foreign currency-based transactions (2014: HK$0.50 million), loss on disposal of property, plant and equipment of HK$0.16 million (2014: HK$0.05 million) and loss on disposal of long-term investment (Tecsun Goldcard) of HK$0.11 million (2014: HK$Nil).

Selling and Distribution Costs

During the Reporting Period, selling and distribution costs amounted to HK$7.06 million, representing a drop of HK$0.37 million, or 5.1%, as compared to the corresponding period in 2014 of HK$7.43 million. The drop was mainly attributable to the drop in freight charges and transportation costs in the PRC's SIM card business segment as revenue derived from it dropped significantly during the Reporting Period, and it was also partly attributable to the drop in overseas travelling expenses but such decrease was partly offset by the increase in staff costs for the module packaging and testing service business segment as salespersons were recruited for promoting the business.

Administrative Expenses

Administrative expenses recorded an increase of HK$6.09 million or 18.7% over the corresponding period in 2014 to HK$38.69 million (2014: HK$32.60 million). The increase was primarily attributable to the increase in corporate legal and professional fee of HK$1.25 million, the increase in various expenses of a total of HK$1.34 million in relation to our sales of petro-chemical products segment that was running for a full financial year in 2015, written off of property, plant and equipment of HK$2.55 million and a provision of staff layoff compensation of HK$0.90 million was made for the SIM card business segment in the PRC (reason as disclosed in the "Chairman's Statement" section).

Impairment Loss on Amount Due from a Joint Venture

No impairment was recognised in respect of the Reporting Period (2014: HK$92.3 million).

Impairment Loss on Other Receivables and Prepayments

No impairment was recognised in respect of the Reporting Period (2014: HK$27.8 million).

Finance Costs

During the Reporting Period, the Group's finance costs amounted to HK$1.61 million (2014: HK$5.92 million). The drop was due largely to the interest payment for the first three quarters of 2014 in relation to the certain convertible bonds of the Company which were fully redeemed by end of 2014.

Income Tax Expense

During the period under review, the income tax expense of the Group amounted to HK$3.93 million (2014: HK$0.59 million). The increase was attributable to (i) the increase in EIT payment of HK$1.13 million by Shanghai Phoenitron that was conducting the sales of petro-chemical products in Shanghai throughout the Reporting Period; (ii) the increase in Hong Kong tax expenses of HK$0.33 million as the assessable profits derived by Intercard increased (better performance of the overseas SIM card market) and (iii) there was an adjustment made in last year regarding the overprovision of HK tax in prior years of HK$1.14 million.

As a result of the foregoing, profit attributable to the owners of the Company in 2015 amounted to HK$5.5 million. (2014: loss of HK$133.8 million)

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, issuance of new shares, bank loans and other borrowings. As at 31 December 2015, the Group had cash and bank balances and pledged bank deposits of HK$20.2 million, secured bank loans and other borrowings of HK$30.4 million.

As at 31 December 2015, the Group had current assets of HK$367.6 million and current liabilities of HK$83.3 million. The current ratio, expressed as current assets over current liabilities, was 4.41.

EMPLOYEE INFORMATION

As at 31 December 2015, the Group employed a total of 424 employees, of which 13 were located in Hong Kong and the rest were located in the PRC. Employee cost, including directors' remuneration, was HK$44.5 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), there were no other significant investments for the year ended 31 December 2015.

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 2015.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the "Chairman's Statement" sections, there were no future plans for material investments or capital assets.

CHARGE ON GROUP ASSETS

At 31 December 2015, certain machinery and equipment with the carrying amounts of HK$10,185,005 and bank deposits of HK$3,677,778 were pledged by the Company's subsidiaries as collaterals to secure general banking facilities granted to the Group. In addition, the Company's subsidiary has assigned the trade receivables of certain customers to secure borrowings amounting to HK$3,571,429 (2014: HK$9,827,775) granted to the Group.

GEARING RATIO

The gearing ratio of the Group, expressed as a percentage of total borrowings to total assets of the Group, was 7.5% as at 31 December 2015 (2014: 11.5%).

FINAL DIVIDEND

The Directors does not recommend any payment of a final dividend for the year ended 31 December 2015 (2014: nil).

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control systems of the Group. 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 2015.

The Group's results for the year ended 31 December 2015 have been reviewed by the audit committee.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2015 as set out in the preliminary announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Assurance Engagement issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

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 2015, 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 2015, 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 2015, the Company repurchased and cancelled a total of 22,880,000 of its own shares on the Stock Exchange at an aggregate consideration (before expenses) of HK$5,118,000.

Particulars of the repurchases are as follows:

Date of repurchase	No. of Shares	Price per share Highest	Lowest	Aggregate Price
		HK$	*HK$*	*HK$*
July	12,625,000	0.234	0.207	2,764,035
August	7,675,000	0.249	0.215	1,774,110
September	800,000	0.242	0.228	189,270
November	1,780,000	0.228	0.211	390,585
Total	22,880,000			5,118,000

The repurchases were made for the benefit of the Company and its shareholders as a whole with a view to enhancing the earnings per share of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities during the year.

ANNUAL GENERAL MEETING

The annual general meeting (the "AGM") of the shareholders of the Company will be held at 9:15 a.m., on Wednesday, 11 May 2016, 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

In order to ascertain the entitlements to attend the AGM, the register of members of the Company will be closed from Monday, 9 May 2016 to Wednesday, 11 May 2016 (both dates inclusive) during which period no transfer of shares of the Company will be registered. In order to qualify for attending the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Friday, 6 May 2016.

By order of the Board
Lily Wu
Chairman

Hong Kong, 22 March 2016

As at the date of this announcement, the Board comprises four executive Directors, Ms. Lily Wu (Chairman and Chief Executive Officer), Mr. Wang Jia Hua, Mr. Chang Wei Wen, Mr. Yang Meng Hsiu, 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.phoenitron.com.