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 2016

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 Stock 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 of the Stock Exchange 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 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 2016 amounted to approximately HK$2,399,113,000, representing an increase of 2.8% as compared to the corresponding period in 2015 of approximately HK$2,333,952,000.

- The Group recorded an audited loss attributable to the owners of the Company of approximately HK$234,002,000 for the year ended 31 December 2016.

- The Board does not recommend any payment of a final dividend for the year ended 31 December 2016 (2015: 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 2016 (the "Reporting Period").

RESULTS

For the year ended 31 December 2016, the Company recorded a consolidated revenue of approximately HK$2,399,113,000 (2015: approximately HK$2,333,952,000) and loss attributable to the owners of the Company of approximately HK$234,002,000 (2015: profit of approximately HK$5,529,000).

DIVIDEND

The Board of Directors (the "Board") of the Company does not recommend any payment of a final dividend for the Reporting Period.

BUSINESS AND OPERATION REVIEW

During the Reporting Period, the Group is principally engaged in the contract manufacturing and sales of smart cards, the provision of financial and management 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 the Group and enhance our shareholder value.

Contract manufacturing and sales of smart cards

In terms of business segment, the contract manufacturing and sales of smart cards composed of two parts, namely, the SIM cards manufacturing business and the module packaging and testing services ("MP&TS") business. In terms of geographical segment, the plant that is located in Shenzhen City is principally serving the overseas SIM cards market while the two plants that were located in Beijing used to serve the PRC SIM cards market and the PRC MP&TS market respectively.

During the Reporting Period, the Group's contract manufacturing and sales of SIM cards business experienced a difficult yet a positive year of transition. Operation-wise, we have taken decisive actions during the Reporting Period to evolve our organisation and culture. These include difficult steps, but they are necessary to position Phoenitron for future growth and industry leadership. One such important move is to discontinue the loss-making sub-segments servicing the PRC SIM card and the MP&TS markets by closing down the Beijing SIM card plant in early 2016 as well as by disposing the subsidiaries that were engaged in MP&TS business by end of the Reporting Period. The Board and the management consider that this move is necessary and justified for the long-term benefit and development of the Group after carefully evaluating and assessing the business and operating environment of the industry, including its future trends, including but not limited to (i) the prolonged weak and unstable demand from the leading telecommunication market customers which led to low utilisation rates in the Beijing plants for both of the SIM cards assembly business and the module packaging and testing services business, and (ii) worsening credit risks of increasingly delayed payments of outstanding receivables.

Financially, segment losses of approximately HK$10.9 million (2015: approximately HK$17.4 million) and approximately HK$15.4 million (2015: approximately HK$12.5 million) were recorded for each of the PRC SIM card market segment and the PRC MP&TS market segment during the Reporting Period, representing a decrease of approximately HK$6.5 million, or 37.4%, and increase of approximately HK$2.9 million, or 23.2% respectively, as compared to the corresponding period in last year. It should be noted that, despite the Beijing SIM card plant had ceased operations in early 2016, certain fixed overheads such as rental expense (as the lease was expired by mid of the year only) and depreciation charges (including write-offs or disposal during the Reporting Period) were still incurred during the Reporting Period in relation to the closure of the plant.

In addition to the aforementioned actions, we are developing other income sources in this business segment to enhance the Group's profitability. One such move is the relocation of the Shenzhen SIM card plant. As disclosed in the Company's annual report last year, the former plant in Shenzhen had been running at full capacity and was no longer be able to meet the expected increasing (but ever shortening of order lead time) orders from the overseas SIM card customers. Despite the delay in timetable, we completed the relocation from the old plant, situated in the Futian Free Trade Zone of Shenzhen City, to a 5,800m^2 new plant in the periphery Shenzhen City by end of 2016 and early January 2017. As part of the process of consolidating the Group's resources on the SIM cards manufacturing business, the machineries in Beijing (that were used to serve the PRC SIM cards market) had also been relocated to the Shenzhen new plant for better utilisation as well as for centralised management. Meanwhile, we will also be upgrading the existing machineries in our new Shenzhen plant in order to enhance its production capacity and achieve better efficiency, with the aim of better serving the more promising global SIM card market in the coming years. The new plant is still undergoing certain certification processes by our existing and potential customers, but it is expected that this segment will bring stable revenue and profits growth starting from the latter half of 2017.

Apart from the traditional SIM card services, we will also be providing certain higher-value-added SIM card services (e.g. multi-SIMs) as well as higher-value-added non-SIM card ancillary services in the coming year.

Thanks to a larger portion of higher-value-added non-SIM card manufacturing demand from the overseas customers, segment profit generated from the overseas SIM card market segment achieved a moderate increment of approximately HK$0.5 million, or 7.4%, from approximately HK$6.8 million in the corresponding period in 2015, to approximately HK$7.3 million.

Setting up natural gas stations in the Yangtze River Delta region and other petro-chemical related businesses

The Group's joint venture in Shanghai, namely, Shanghai Phoenitron Petroleum & Chemical Company Limited ("Shanghai Phoenitron"), whose main business is the operation of natural gas filling stations in the Yangtze River Delta region and other petro-chemical related business, operated for another full financial year. During the Reporting Period, Shanghai Phoenitron, and 上海仁重新能源科技有限公司 ("Shanghai Renzhong"), a wholly-owned subsidiary of Shanghai Phoenitron, were principally engaged in the wholesale of petro-chemical products and retailing of oils products. Thanks to the efforts of the local management team, Shanghai Phoenitron, together with Shanghai Renzhong, generated revenue of approximately HK$2,311.5 million (2015: approximately HK$2,192.6 million) during the Reporting Period and has become the key revenue generator of the Group.

Given the continuing volatility of global oil prices during the Reporting Period, and having considered the risk exposures and rewards, we continue to adopt a conservative approach for conducting the petro-chemical products business in our second year of full operations. Throughout 2016, we continued to establish, develop and stabilise the business relationship with our suppliers (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 retail sales of product oils. To further mitigate the risks, our strategy has been to engage in short-term transactions 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 but this is justified given the high volatility of the global crude oil prices in 2016). Shanghai Renzhong, a wholly-owned subsidiary of Shanghai Phoenitron, had successfully obtained the retail license for selling oil products and was able to conduct initial retail transactions during the Reporting Period. This move marked an important step as retail sales of oil products will better diversify product sales and may enjoy a higher profit margin than wholesale. We therefore expect 2017 segment sales to be a mixture of wholesale and retail sales, with an overall higher profit margin level than in 2016.

Financial and management consultancy services

The target clients of the financial and management 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 organisation management, financial and financing planning and implementation, and other services. During the period under review, the Group recorded revenue of approximately HK$2.9 million (2015: approximately HK$5.9 million).

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.

Trading business of scrap metals

There was no revenue generated from this segment as the metal prices were weak during the Reporting Period (2015: nil). 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.

Impairment loss on amount due from a joint venture

The Central Government of the People's Republic of China (the "PRC") has promulgated a Consultation Paper (the "Consultation Paper") on the Proposed Amendments of the Order of the State Council of the PRC (Docket No. 307) – Measures on Administration of Recycling of Scrapped Vehicles. Pursuant to the Consultation Paper, it is proposed that certain requirements of carrying on a recycling of end-of-life vehicle ("ELV") business will be substantially relaxed or abolished (e.g. the level of registered capital, the size of the dismantling site, the number of staff and specialist in the site and the annual capacity of dismantling ELVs). In this regard, the Board views that the lowering of the entry barrier reduces the value of Hota Auto Recycling Corporation ("HARC")'s previously "limited issue" operating permit, and will inevitably attract more small-scale competitors to take part in the industry and the competition will intensify. Worse still, since

HARC has positioned itself as a large-scaled recycling site with prior substantial investments in land, building & machineries, its average per unit cost of production, had HARC resumed operation, would be much higher than recently established small-scaled counterparts (this would be the case when its production is still in a low level until it actually ramping up to a certain level). Furthermore, it is proposed in the Consultation Paper that certain environmental protection policies should be tighten and that there will be a change in the government department in regulating and monitoring the industry, which all add further uncertainty in the industry. The business environment as a whole, when taking into account the facts stated in the section headed "Changes in Circumstances during the Reporting Period that attributing to the Impairment Loss on Amount due from a Joint Venture in view of the audit qualifications in respect of the amount due from a joint venture and of the impairment loss for the annual results of 2014 and 2015" below, will make it more difficult, if not impossible, for HARC to resume operations profitably in Zhangjiagang and to repay the outstanding debts due to the Company. In light of the above, the Board opined that the whole amount due from Hota Group, which is approximately HK$223.0 million, should be fully impaired. Note that the auditors has expressed a qualified opinion in respect of limitation of audit scope in relation to impairment assessment of the interest in and the amount due from a joint venture (but not on other items of the financial statements).

Changes in Circumstances during the Reporting Period that attributing to the Impairment Loss on Amount due from a Joint Venture in view of the audit qualifications in respect of the amount due from a joint venture and of the impairment loss for the annual results of 2014 and 2015

In view of the audit qualifications for the annual results of 2014 and 2015 regarding the Company's assessments in making any impairment loss on the amount due from the Hota Group, the following changes or developments in circumstances have occurred during the Reporting Period that are attributing to the impairment loss as compared with that of the 2014 and 2015 annual results:

(a) Conclude negotiations with potential investors on cooperation in respect of HARC

The Company disclosed in its previous announcements/financial reports that we had been negotiating with certain enterprises/institutional investors (whether engaging in the recycling of ELV business or not) for the possible co-operations of developing the ELV recycling business or for proposal of re-vitalizing HARC's assets or for the possible disposal of HARC. However, these negotiations have all ended unsuccessfully. The probability of getting back the money owed to the Company is becoming more and more remote notwithstanding the Group's effort in the past two years.

(b) Conduct fund-raising activities to finance the development of HARC

After due consideration by the Board, it is decided that the Company should focus on the development of the Group's other businesses that are believed to be more promising and bring value to the shareholders of the Company (i.e. the sales of petro-chemical products/LNG business and overseas SIM cards business).

(c) Withdrawal of representation regarding the financial support from a substantial shareholder of Company

In the Company's previous financial reports, it is disclosed that the Company has obtained the verbal representation (the "Representation") from a substantial shareholder of the Company of full financial support on the portion of the shortfall in case the Company fails to raise sufficient funds in the market for resuming HARC's business. During the Reporting Period, the Board was informed by this substantial shareholder of the Company that the Representation was withdrawn based on the view that the industry outlook is pessimistic.

(d) Other macro-economic factors

During the Reporting Period, the PRC's economic growth rate seems to have further slowed down and bank credit has apparently tightened. In addition, the demand for and the market price of scrap metals remains at record low levels. All these factors make it risky for the Company to resume HARC's business on its own.

Notwithstanding of the above, the Board and the management will continue to pursue all possible options, and places the highest priority on resolving Hota investment as soon as possible and to the best possible advantage of all shareholders.

PROSPECTS

Looking forward, we expect the Group will gradually move back to a more profitable track in 2017. 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. The Company will continue to explore 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 utilisation of the Group's assets and lowering of the operating costs of production. We are hopeful that the results of this segment will turn to profit again in the coming year. 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 2016. 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 2017

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 2016 together with the comparative figures for the corresponding period in 2015 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Notes	2016 HK$	2015 HK$
Revenue	4	**2,399,113,013**	2,333,952,429
Cost of sales		**(2,381,299,603)**	(2,311,360,595)
Gross profit		**17,813,410**	22,591,834
Other income	5	**19,049,036**	40,535,661
Other gains/(losses), net	6	**10,231,328**	(4,761,854)
Selling and distribution costs		**(7,487,860)**	(7,057,259)
Administrative expenses		**(35,567,985)**	(38,688,446)
Impairment loss on interest in an associate		**–**	(527,805)
Impairment loss on available-for-sale financial assets		**(11,739,442)**	–
Impairment loss on amount due from a joint venture		**(223,020,200)**	–
Impairment loss on amount due from non-controlling interests		**(500,000)**	–
Impairment loss on other receivables and prepayments		**(1,095,000)**	–
Finance costs	7	**(647,613)**	(1,611,551)
(Loss)/Profit before income tax	8	**(232,964,326)**	10,480,580
Income tax expense	9	**(880,361)**	(3,927,660)
(Loss)/Profit for the year		**(233,844,687)**	6,552,920
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss:			
Exchange loss on translation of financial statements of foreign operations		**(6,615,324)**	(9,072,631)
Release of translation reserve on disposal of subsidiaries		**(1,636,158)**	–
Reclassification adjustment of available-for-sale financial assets revaluation reserve upon impairment		**11,739,442**	–
Other comprehensive income/(loss) for the year		**3,487,960**	(9,072,631)
Total comprehensive loss for the year		**(230,356,727)**	(2,519,711)

	Notes	2016 HK$	2015 HK$
(Loss)/Profit for the year attributable to:			
Owners of the Company		**(234,001,534)**	5,529,253
Non-controlling interests		**156,847**	1,023,667
		(233,844,687)	6,552,920
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(228,946,329)**	(2,446,092)
Non-controlling interests		**(1,410,398)**	(73,619)
		(230,356,727)	(2,519,711)
		HK Cents	*HK Cents*
(Loss)/Earnings per share	*11*		
– Basic		**(62.181)***	1.517*
– Diluted		**(62.181)***	1.517*

* Adjusted for share consolidation with effect from 19 January 2017.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Notes	2016 HK$	2015 HK$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**8,408,272**	33,305,565
Intangible asset		**420,000**	420,000
Prepayments for acquisition of property, plant and equipment		**2,121,143**	3,124,662
Interest in an associate		**–**	–
Long-term financial assets	12	**–**	–
		10,949,415	36,850,227
Current assets			
Inventories		**186,768**	9,946,511
Trade and other receivables	13	**123,654,580**	36,942,766
Amount due from a joint venture	14	**–**	202,837,077
Amount due from a related company	15	**–**	97,047,619
Amount due from non-controlling interests		**–**	500,000
Tax recoverable		**1,188,401**	118,597
Pledged bank deposits		**9,295**	3,677,778
Cash and cash equivalents		**4,199,398**	16,510,763
		129,238,442	367,581,111
Current liabilities			
Trade and other payables	16	**37,121,793**	52,916,878
Borrowings		**12,452,356**	30,361,932
		49,574,149	83,278,810
Net current assets		**79,664,293**	284,302,301
Total assets less current liabilities		**90,613,708**	321,152,528
Non-current liabilities			
Deferred tax liabilities		**4,707**	4,707
Net assets		**90,609,001**	321,147,821
EQUITY			
Share capital		**75,258,500**	75,283,900
Reserves		**(8,695,872)**	220,407,150
Equity attributable to owners of the Company		**66,562,628**	295,691,050
Non-controlling interests		**24,046,373**	25,456,771
Total equity		**90,609,001**	321,147,821

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2016

	Attributable to owners of the Company										
	Share capital HK$	Share premium* HK$	Contributed surplus* HK$	Share option reserve* HK$	Other reserves* HK$	Translation reserve* HK$	Available-for-sale financial assets revaluation reserve* HK$	Accumulated losses* HK$	Total reserve HK$	Non-controlling interests HK$	Total HK$
Balance at 1 January 2015	68,049,500	284,927,411	13,985,669	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 loss – Translation of financial statements of foreign operations	–	–	–	–	–	(7,975,345)	–	–	(7,975,345)	(1,097,286)	(9,072,631)
Total comprehensive (loss)/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
Balance at 31 December 2015 and 1 January 2016	**75,283,900**	**363,524,409**	**13,985,669**	**1,360,008**	**7**	**8,834,474**	**(11,739,442)**	**(155,557,975)**	**220,407,150**	**25,456,771**	**321,147,821**
Repurchase of shares	**(25,400)**	**(156,693)**	**–**	**–**	**–**	**–**	**–**	**–**	**(156,693)**	**–**	**(182,093)**
Transactions with owners	**(25,400)**	**(156,693)**	**–**	**–**	**–**	**–**	**–**	**–**	**(156,693)**	**–**	**(182,093)**
(Loss)/Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(234,001,534)**	**(234,001,534)**	**156,847**	**(233,844,687)**
Other comprehensive (loss)/income – Translation of financial statements of foreign operations	**–**	**–**	**–**	**–**	**–**	**(5,048,079)**	**–**	**–**	**(5,048,079)**	**(1,567,245)**	**(6,615,324)**
– Release of translation reserve on disposal of subsidiaries	**–**	**–**	**–**	**–**	**–**	**(1,636,158)**	**–**	**–**	**(1,636,158)**	**–**	**(1,636,158)**
– Reclassification adjustment of available-for-sale financial assets revaluation reserve upon impairment	**–**	**–**	**–**	**–**	**–**	**–**	**11,739,442**	**–**	**11,739,442**	**–**	**11,739,442**
Total comprehensive (loss)/income for the year	**–**	**–**	**–**	**–**	**–**	**(6,684,237)**	**11,739,442**	**(234,001,534)**	**(228,946,329)**	**(1,410,398)**	**(230,356,727)**
Balance at 31 December 2016	**75,258,500**	**363,367,716**	**13,985,669**	**1,360,008**	**7**	**2,150,237**	**–**	**(389,559,509)**	**(8,695,872)**	**24,046,373**	**90,609,001**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collectively 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 comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and include the applicable disclosure requirements of 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 consolidated financial statements and 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 AND AMENDED HKFRSs

(a) New and amended HKFRSs that are effective for annual periods beginning or after 1 January 2016

In the current year, the Group has applied for the first time the following new and amended HKFRSs issued by the HKICPA which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2016:

Amendments to HKAS 1	*Disclosure Initiative*
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2012-2014 Cycle*

The adoption of the new and amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

(b) Issued but not effective HKFRSs

At the date of authorisation of these consolidated financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Other new and amended HKFRSs are not expected to have a material impact on the Group's financial statements.

HKFRS 9 "Financial Instruments"

HKFRS 9 "Financial Instruments" introduces extensive changes to HKAS 39's guidance on the classification and measurement of financial assets and financial liabilities, impairment requirements for financial assets and general hedge accounting.

The directors have started assessing the impact of HKFRS 9 but are not yet in a position to provide quantified information. At this stage the main areas of expected impact are as follows:

- the classification and measurement of the Group's financial assets will need to be reviewed based on the new criteria that considers the assets' contractual cash flows and the business model in which they are managed.

- an expected credit loss-based impairment (either on a twelve-month basis or a lifetime basis) will need to be recognised on the Group's trade receivables.

HKFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018.

HKFRS 15 "Revenue from Contracts with Customers"

HKFRS 15 presents new requirements for the recognition of revenue, replacing HKAS 18 "Revenue", HKAS 11 "Construction Contracts", and several revenue-related Interpretations. HKFRS 15 contains a single model that applies to contracts with customers and two approaches to recognising revenue; at a point in time or overtime. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

1. Identify the contract(s) with customer.

2. Identify the performance obligations in the contract.

3. Determine the transaction price.

4. Allocate the transaction price to the performance obligations.

5. Recognise revenue when (or as) the entity satisfies a performance obligation.

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. For more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

HKFRS 15 is effective for annual periods beginning on or after 1 January 2018. The directors have started to assess the impact of HKFRS 15 but not yet in a position to provide quantified information.

HKFRS 16 "Leases"

HKFRS 16 "Leases" will replace HKAS 17 and three related Interpretations. Leases will be recorded on the statement of financial position in the form of a right-of-use asset and a lease liability. HKFRS 16 is effective from periods beginning on or after 1 January 2019. The directors are yet to fully assess the impact of HKFRS 16 and therefore is unable to provide quantified information. However, in order to determine the impact the Group are in the process of:

- performing a full review of all agreements to assess whether any additional contracts will now become a lease under HKFRS 16's new definition.

- deciding which transitional provision to adopt; either full retrospective application or partial retrospective application (which means comparatives do not need to be restated). The partial application method also provides optional relief from reassessing whether contracts in place are, or contain, a lease, as well as other reliefs. Deciding which of these practical expedients to adopt is important as they are one-off choices.

- assessing their current disclosures for operating leases as these are likely to form the basis of the amounts to be capitalised and become right-of-use assets.

- determining which optional accounting simplifications apply to their lease portfolio and if they are going to use these exemptions.

- assessing the additional disclosures that will be required.

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 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.

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 before income tax is the same as those used in preparing these financial statements under HKFRSs except that finance costs, gain on disposal of subsidiaries, impairment loss on interest in an associate, impairment loss on available-for-sale financial assets, impairment loss on amount due from a joint venture, impairment loss on amount due from non-controlling interests, impairment loss on other receivables and prepayments, exchange losses, net, 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 asset, interest in an associate, long-term financial assets, amount due from non-controlling interests, tax recoverable, 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 deferred 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)/profit before income tax, total assets, total liabilities and other segment information are as follows:

2016

	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	**84,662,050**	**27,220**	**2,941,130**	**–**	**2,311,482,613**	**–**	**2,399,113,013**
Reportable segment (loss)/profit	**(19,012,577)**	**(8,687)**	**20,601,273**	**(2,894,742)**	**2,098,348**	**(49,316)**	**734,299**
Finance costs							**(647,613)**
Gain on disposal of subsidiaries							**8,389,411**
Impairment loss on available-for-sale financial assets							**(11,739,442)**
Impairment loss on amount due from a joint venture							**(223,020,200)**
Impairment loss on amount due from non-controlling interests							**(500,000)**
Impairment loss on other receivables and prepayments							**(1,095,000)**
Exchange losses, net							**(399,812)**
Corporate expenses, net							**(4,685,969)**
Loss before income tax							**(232,964,326)**
Reportable segment assets	**36,042,545**	**5,600**	**–**	**2,501,586**	**93,690,741**	**2,130,291**	**134,370,763**
Intangible asset							**420,000**
Tax recoverable							**1,188,401**
Pledged bank deposits							**9,295**
Cash and cash equivalents							**4,199,398**
Total consolidated assets							**140,187,857**
Reportable segment liabilities	**31,310,431**	**19,300**	**–**	**1,175,409**	**2,278,810**	**2,337,843**	**37,121,793**
Borrowings							**12,452,356**
Deferred tax liabilities							**4,707**
Total consolidated liabilities							**49,578,856**
Other information							
Depreciation	**13,499,519**	**–**	**–**	**181,450**	**–**	**78,780**	**13,759,749**
Interest income	**8,408**	**1**	**17,992,336**	**6,218**	**1,776**	**94**	**18,008,833**
Additions to property, plant and equipment	**3,152,185**	**–**	**–**	**–**	**–**	**–**	**3,152,185**

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 (loss)/profit	(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 asset							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
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 property, plant and equipment	6,977,317	–	–	–	–	–	6,977,317

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

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	
	2016	2015	**2016**	2015
	HK$	*HK$*	***HK$***	*HK$*
People's Republic of China (the "PRC")	**2,322,344,102**	2,269,579,611	**8,718,168**	33,348,173
Europe	**26,838,934**	36,543,647	**–**	–
Africa	**26,765,324**	3,258,613	**–**	–
Asia, excluding the PRC and Hong Kong	**15,176,846**	17,812,965	**1,636,066**	2,362,824
Hong Kong	**5,046,677**	644,377	**595,181**	1,139,230
Others	**2,941,130**	6,113,216	**–**	–
Total	**2,399,113,013**	2,333,952,429	**10,949,415**	36,850,227

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 the PRC, which is considered as the Group's country of domicile for the disclosure purpose of HKFRS 8 "Operating Segments".

The presentation of the geographical information for the year ended 31 December 2015 have been reclassified to align with the presentation of the current year.

Specified non-current assets include property, plant and equipment, intangible asset, prepayments for acquisition of property, plant and equipment and interest in an associate.

Information about major customers

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

	2016	2015
	HK$	*HK$*
Customer A	**1,942,376,289**	N/A[3]
Customer B	**N/A[2]**	1,127,616,056
Customer C	**N/A[2]**	N/A[3]
Customer D	**N/A[2]**	N/A[3]
Customer E	**N/A[2]**	N/A[1]

1 The corresponding revenue did not contribute over 10% of total revenue of the Group during the prior year.

2 The corresponding revenue did not contribute over 10% of total revenue of the Group during the current year.

3 These are new customers in 2016. Therefore, they did not contribute any revenue to the Group in 2015.

4. REVENUE

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

	2016	2015
	HK$	*HK$*
Sales of smart cards	**84,662,050**	135,433,711
Sales of smart card application systems	**27,220**	19,650
Financial and management consultancy services	**2,941,130**	5,907,041
Sales of petro-chemical products	**2,311,482,613**	2,192,592,027
	2,399,113,013	2,333,952,429

5. OTHER INCOME

	2016	2015
	HK$	*HK$*
Interest income from amount due from a joint venture	**17,992,336**	40,407,839
Bank interest income	**16,497**	32,183
Government grant *(note)*	**429,733**	–
Sundry income	**610,470**	95,639
	19,049,036	40,535,661

Note:

The grant was to subsidise the Group for contributing the development and trading in the Shanghai Pilot Free Trade Zone. There are no unfulfilled conditions or contingencies relating to these grants.

6. OTHER GAINS/(LOSSES), NET

	2016	2015
	HK$	*HK$*
Gain/(Loss) on disposal of property, plant and equipment	**2,241,729**	(155,443)
Loss on disposal of long-term financial assets	**–**	(114,954)
Gain on disposal of subsidiaries *(note 17)*	**8,389,411**	–
Exchange losses, net	**(399,812)**	(4,491,457)
	10,231,328	(4,761,854)

7. FINANCE COSTS

	2016	2015
	HK$	*HK$*
Interest charges on bank loans	**481,111**	937,413
Interest charges on other borrowings	**166,502**	674,138
	647,613	1,611,551

8. (LOSS)/PROFIT BEFORE INCOME TAX

	2016	2015
	HK$	*HK$*
(Loss)/Profit before income tax is arrived at after charging:		
Auditors' remuneration		
– Audit services	**749,989**	854,827
– Non-audit services	**120,000**	84,200
Costs of inventories recognised as expenses *(note)*, including:	**2,381,299,603**	2,311,360,595
– Write-down of inventories to net realisable value	**–**	2,109,133
Written-off of property, plant and equipment	**584,567**	2,547,184
Depreciation	**13,759,749**	16,948,189
Bad debts written off	**3,241,722**	339,166
Employee benefit expenses	**31,501,217**	44,511,127
Operating lease charges on land and buildings	**7,044,176**	8,053,737
Provision of staff laid-off	**–**	899,203

Note:

Cost of inventories includes HK$31,091,614 (2015: HK$46,492,904) relating to depreciation and amortisation expenses, staff costs and operating lease charges.

9. INCOME TAX EXPENSE

	2016	2015
	HK$	*HK$*
Current tax		
Hong Kong Profits Tax:		
Current year	**378,075**	1,885,509
(Over)/Under-provision in prior year	**(13,892)**	657,726
	364,183	2,543,235
PRC Enterprise Income Tax:		
Current year	**516,178**	1,384,425
Total income tax expense	**880,361**	3,927,660

Hong Kong Profits Tax

Hong Kong Profits Tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits for the year and prior year.

PRC Enterprise Income Tax

The income tax provision of the Group in respect of its operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the year and prior year based on the existing legislation, interpretations and practices in respect thereof. The applicable income tax rate is 25% (2015: 25%) for the year ended 31 December 2016.

10. DIVIDENDS

The Board does not recommend the payment of any dividend in respect of the year ended 31 December 2016 (2015: nil).

11. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year, calculated as follows:

	2016	2015
(Loss)/Profit attributable to owners of the Company *(HK$)*	**(234,001,534)**	5,529,253
Weighted average number of ordinary shares in issue *(note)*	**376,324,191**	364,395,652
Basic (loss)/earnings per share *(expressed in HK cents per share)*	**(62.181)**	1.517

(b) Diluted (loss)/earnings per share

Diluted (loss)/earnings per share is calculated by dividing the loss attributable to owners of the Company of HK$234,001,534 (2015: profit of HK$5,529,253) by the weighted average number of ordinary shares of 376,324,191 shares (2015: 364,581,303 shares) during the year, calculated as follows:

	2016	2015
Weighted average number of ordinary shares in issue used in the calculation of basic (loss)/earnings per share *(note)*	**376,324,191**	364,395,652
Effect of deemed issue of shares under the Company's share option scheme *(note)*	**–**	185,651
Weighted average number of ordinary shares for the purpose of calculating diluted (loss)/earnings per share	**376,324,191**	364,581,303

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 2016.

Note:

The share consolidation pursuant to the shareholders resolutions dated 18 January 2017 is adjusted in the weighted average number of ordinary shares in issue and effect of deemed issue of shares under the Company's share option scheme as if the share consolidation had occurred at 1 January 2015, the beginning of the earliest period reported. For more details, please refer to the note of subsequent events.

12. LONG-TERM FINANCIAL ASSETS

Hota (USA) Holding Corp. ("Hota (USA)") is an investment holding company incorporated in the United States of America, and its subsidiary Hota Auto Recycling Corporation ("HARC") (collectively "Hota Group"), 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 2016, the Group is interested in (i) 83.33% (2015: 83.33%) of the Series A preferred shares of Hota (USA), which entitles 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% (2015: 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. Accordingly, the Group is interested in 57.81% (2015: 57.81%) of the entire share capital of Hota (USA) as at 31 December 2016 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.

The Group's investment in the Series A preferred shares of Hota (USA) are accounted for as an available-for-sale financial asset which are stated at fair value of nil as at 31 December 2016 (2015: HK$65,309,305), and the derivative component arising from the conversion right of the Series A preferred shares are accounted for as financial assets at fair value through profit or loss which are stated at fair value of nil as at 31 December 2016 (2015: HK$12,482,378). The Group's investment in the common shares of Hota (USA) are accounted for as interest in a joint venture. As at 31 December 2015, the accumulated losses shared by the Group up to 2012 of HK$77,791,683 were applied to and have fully reduced the Group's investment in the Series A preferred shares of Hota (USA) which are in substance part of the Group's long-term investment in Hota Group. As detailed in the paragraph below, as at 31 December 2016, the Group considered the investment in Series A preferred shares was fully impaired. Accordingly, the decrease in the fair value of the Series A preferred shares of HK$77,791,683 during the year ended 31 December 2016 was offset against the negative interest in the joint venture by the same amount.

The Resources Recycling Business has stopped commercial production since 2014 in view of adverse business environment and operating conditions. Hota Group then became inactive since 2015 and did not generate any income. As at 31 December 2016, Hota Group has unaudited net liabilities of approximately HK$574 million (2015: approximately HK$385 million) and, to the best knowledge of the directors of the Company, has no concrete plan to resume the Resources Recycling Business in the foreseeable future. In 2016, the Group has engaged an independent and professionally qualified valuer to estimate the fair value of certain major assets of the Hota Group and the estimated fair value was lower than its unaudited net carrying amount at the end of the reporting period. Accordingly, the Group considered the entire investment was fully impaired as at 31 December 2016.

During the year ended 31 December 2016, the directors considered the decline in the fair value of the available-for-sale investment was significant and prolonged and the cumulative impairment loss of HK$11,739,442 recognised in the available-for-sale financial assets revaluation reserve was reclassified from equity to profit or loss for the year ended 31 December 2016.

The Group has not incurred any contingent liabilities or other commitments relating to its investment in the joint venture. No share of losses of Hota Group is recognised by the Group for the years ended 31 December 2016 and 2015.

Details of Hota (USA) and its principal subsidiary as at 31 December 2016 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% (2015: 35.29%)	Investment holding
		Series A preferred shares USD12,000,000	83.33% (2015: 83.33%)	
HARC (張家港永峰泰環保科技有限公司)*	The PRC	USD20,000,000		Resources recycling business

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

13. TRADE AND OTHER RECEIVABLES

	2016	2015
	HK$	*HK$*
Trade receivables	**97,108,376**	25,011,495
Less: Provision for impairment of trade receivables	**–**	–
Trade receivables, net *(note (a))*	**97,108,376**	25,011,495
Other receivables, deposits and prepayments *(note (b))*	**27,641,204**	39,689,371
Less: Provision for impairment of other receivables and prepayments	**(1,095,000)**	(27,758,100)
Other receivables, net *(note (b))*	**26,546,204**	11,931,271
	123,654,580	36,942,766

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:

	2016	2015
	HK$	*HK$*
0 – 30 days	**5,755,567**	7,357,060
31 – 90 days	**10,178,476**	13,899,032
Over 90 days	**81,174,333**	3,755,403
	97,108,376	25,011,495

During the year ended 31 December 2016, management had determined trade receivables of HK$3,241,722 (2015: HK$339,166) as individually impaired and have been written off as bad debts.

At each reporting date, the Group reviews trade receivables for evidence of impairment on both individual and collective basis. As at 31 December 2016, none of the Group's trade receivables (2015: nil) which were aged over 90 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:

	2016	2015
	HK$	*HK$*
Neither past due nor impaired	**13,598,078**	15,737,780
1 – 30 days past due	**2,524,366**	5,543,866
31 – 90 days past due	**642,454**	1,658,918
Over 90 days past due	**80,343,478**	2,070,931
	97,108,376	25,011,495

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) As at 31 December 2015, included in other receivables were the outstanding consideration in relation to a partial disposal of interests in Hota (USA) in 2011 and a deposit payment in relation to purchases of scrap vehicles amounting to approximately USD1,862,000 (equivalent to HK$14,523,600) (2015: USD1,862,000 (equivalent to HK$14,523,600)) and HK$13,234,500 (2015: HK$13,234,500), respectively. Full provision has been made in respect of these amounts in prior years and such provision was written off during the year ended 31 December 2016.

The movement in the provision for impairment of other receivables and prepayments is as follows:

	2016	2015
	HK$	*HK$*
Balance at the beginning of the year	**27,758,100**	27,758,100
Written off during the year	**(27,758,100)**	–
Impairment loss recognised	**1,095,000**	–
Balance at the end of the year	**1,095,000**	27,758,100

As at 31 December 2016, the Group has determined other receivables of HK$1,095,000 (2015: nil) as individually impaired. Based on this assessment, provision for impairment loss has been recognised accordingly. The Group did not hold any collateral as security or other credit enhancements over the impaired other receivables, whether determined on an individual or collective basis.

14. AMOUNT DUE FROM A JOINT VENTURE

As at 31 December 2016, the amounts due comprise of loans to and interest receivables from Hota (USA) and HARC (collectively, the "Loans") which are unsecured, repayable on demand and interest-bearing at 10% per annum (2015: 10%) and 19% per annum (2015: 19% to 24%), respectively.

In 2011, the Group entered into a series of loan agreements with the joint venture with terms in relation to a possible capitalisation for the Loans, in case the joint venture failed to repay the Loans together with any interest accrued. With reference to the announcement on 14 March 2014, the Group had requested repayment of the loans due from HARC and had applied to the relevant authorities in Jiangsu, the PRC, for debt confirmation in this respect. Subsequent to 2012 and up to the end of the reporting period, the Group has not received any repayments from the joint venture. During the year ended 31 December 2016, interest income of HK$17,992,336 (2015: HK$40,407,839) was recognised in profit or loss. The Group ceased to recognise loan interest income since the 3rd quarter of 2016.

As explained in note 12, Hota Group has been experiencing financial difficulties over the years and became inactive and has no concrete plan to resume its business in the foreseeable future, the Group considered the chance to recover the remaining outstanding balance of the Loans is remote. Based on this assessment, the directors of the Company determined to recognise an impairment loss on the outstanding balances of the amount due of HK$223,020,200 (2015: nil) during the year ended 31 December 2016. As at 31 December 2016, the accumulated provision for impairment amounted to HK$375,887,468 (2015: HK$152,867,268). The Group did not hold any collateral over the Loans.

15. AMOUNT DUE FROM A RELATED COMPANY

As at 31 December 2015, included in the amount due from 上海建州石化有限公司 ("Shanghai Jianzhou"), a related company controlled by a director of one of the major subsidiaries, of HK$97,047,619 was a prepayment for purchase of petro-chemical products and a security deposit for providing comfort to the suppliers of a subsidiary in order to extend the subsidiary's local market credit limit and credit terms of HK$238,095 and HK$96,809,524, respectively. The amounts were fully settled during the year ended 31 December 2016.

16. TRADE AND OTHER PAYABLES

	2016	2015
	HK$	*HK$*
Trade payables	**22,407,191**	37,956,807
Other payables and accrual	**14,714,602**	14,960,071
	37,121,793	52,916,878

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:

	2016	2015
	HK$	*HK$*
0 – 30 days	**2,721,614**	3,334,000
31 – 60 days	**3,675,517**	4,283,839
61 – 90 days	**870,818**	2,091,878
Over 90 days	**15,139,242**	28,247,090
	22,407,191	37,956,807

17. GAIN ON DISPOSAL OF SUBSIDIARIES

On 16 December 2016, the Group has completed the disposal of its entire interest in Macro Creation Holdings Limited and its subsidiaries ("Macro Creation Group") to an independent third party at a consideration of HK$1,000,000. Macro Creation Group is engaged in module packaging and testing services business.

The major classes of assets and liabilities of the Macro Creation Group as at 16 December 2016, are as follows:

	HK$
Property, plant and equipment	10,356,138
Prepayment for acquisition of property, plant and equipment	320,320
Inventories	1,389,680
Trade and other receivables	4,898,430
Cash and cash equivalents	1,433,966
Trade and other payables	(20,235,657)
Bank borrowings	(4,916,130)
Net liabilities disposed of	(6,753,253)

	2016
	HK$
Gain on disposal of subsidiaries:	
Cash consideration receivable included in other receivables	**1,000,000**
Net liabilities disposed of	**6,753,253**
Expenses in connection with the disposal	**(1,000,000)**
Cumulated translation reserve in respect of the net assets of the subsidiaries	**1,636,158**
	8,389,411

18. RELATED PARTY TRANSACTIONS

In addition to those disclosed elsewhere in the financial statements, the following transactions were carried out by the Group in the ordinary course of business with the related parties:

a. Transaction with related parties

Related party relationship	Type of transaction	2016 *HK$*	2015 *HK$*
Hota Group, a joint venture	Interest income on amount due from a joint venture[1]	**17,992,336**	40,407,839
	Fees earned from providing financial and management consultancy service[2]	**2,941,130**	5,907,041
Mr. Tsai Chi Yuan, the substantial shareholder of the Company	Consultancy fee expense	**660,000**	660,000
	Interest expense	**–**	9,782
	Salaries and allowances	**235,614**	520,225
	Rental expense	**254,049**	264,600
Mr. Wang Jia Hua, an executive director of the Company[3]	Interest expense	**29,705**	–
上海建州石化有限公司 "Shanghai Jianzhou"[4]	Purchase of petro-chemical products	**858,533**	–
	Sales of petro-chemical products	**76,613,487**	–

Notes

1. Particulars of the Group's balance with the joint venture as a result of the above transaction is disclosed in note 14.

2. According to the loan agreements with Hota (USA), financial and management service fee will be charged to Hota (USA) at 5% per annum on the outstanding principal balance.

3. Mr. Wang Jia Hua, an executive director of the Company from 5 January 2016 to 4 January 2017. For more details, please refer to the Company's announcement published on 6 January 2017.

4. Mr. Zhang Zixiang, a director of a major subsidiary of the Group prior to 15 March 2016, is the beneficial shareholder of Shanghai Jianzhou.

b. Compensation of key management personnel

Members of key management during the year comprised only the executive directors whose remunerations are:

	2016 *HK$*	2015 *HK$*
Salaries, wages and other benefits	**2,320,814**	1,930,199
Contributions to defined contribution retirement plans	**102,398**	103,686
	2,423,212	2,033,885

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

The following is the extract of the independent auditor's report from Grant Thornton Hong Kong Limited, the external auditor of the Company on the Group's consolidated financial statements for the year ended 31 December 2016:

Qualified Opinion

We have audited the consolidated financial statements of Phoenitron Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

Basis for Qualified Opinion

Limitation of audit scope in relation to impairment assessment of the interest in and the amount due from a joint venture

As at 31 December 2015, the Group had an amount due from a 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. The predecessor auditor's report dated 22 March 2016 in the Group's annual report for the year ended 31 December 2015 contained a qualified opinion arising from the limitation of audit scope on impairment assessment of the amount due from the joint venture. As explained in the notes to the consolidated financial statements, an impairment loss on the unsettled amount due from the joint venture of approximately HK$223,020,000 was recognised during the year ended 31 December 2016 as the directors considered the chance to recover the amount due from the joint venture was remote.

The Group holds common shares and convertible preferred shares of Hota (USA). The Group's investment in the preferred shares of Hota (USA) was classified as available-for-sale financial assets carried at fair value. Changes in the fair value was recognised in other comprehensive income and accumulated separately in equity under the available-for-sale financial assets revaluation reserve. When there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in other comprehensive income should be reclassified from equity to profit or loss. As at 31 December 2015, the cumulative fair value loss on the preferred shares of approximately HK$11,739,000 was recognised in the available-for-sale financial assets revaluation reserve. As explained in the notes to the consolidated financial statements, such loss was reclassified from equity to profit or loss for the year ended 31 December 2016 as the directors considered the decline in the fair value of the investment was significant and prolonged.

We have not obtained sufficient appropriate audit evidence to verify the financial ability of the Hota Group as at 31 December 2015 and we were unable to obtain sufficient documentation to evaluate (i) the recoverability of the amount due from the joint venture of approximately HK$202,837,000 as at 31 December 2015, and (ii) the decline in the fair value of the preferred shares of Hota (USA) was significant or prolonged as at 31 December 2015. Therefore, we were unable to determine whether any adjustments to the impairment loss recognised during the year ended 31 December 2016 in respect of the interest in and the amount due from the joint venture were necessary, which may have significant impact on the Group's financial position as at 31 December 2015 and 1 January 2016, and on the financial performance and the elements making up the consolidated statement of cash flows of the Group for the year ended 31 December 2016.

We conducted our audit in accordance with the Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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 financial and management consultancy services.

Sales of petro-chemical products

During the Reporting Period, sales of petro-chemical products conducted by Shanghai Phoenitron and its subsidiary amounted to approximately HK$2,311.5 million, representing an increase of approximately HK$118.9 million, or 5.4%, as compared to the corresponding period in 2015 of approximately HK$2,192.6 million, and continued to be the key revenue generator of the Group.

Contract manufacturing and sales of smart cards

The contract manufacturing and sales of smart cards composed mainly of two parts, namely, the SIM cards manufacturing business and the module packaging and testing services business:

SIM cards manufacturing business

During the Reporting Period, the Group's revenue generated from the SIM cards manufacturing business amounted to approximately HK$63.5 million, down by approximately HK$16.4 million or 20.5% as compared to the corresponding period in 2015 of approximately HK$79.9 million. Based on the geographical segment, revenue generated from this SIM cards manufacturing business can be further divided into two parts, namely, (i) revenue generated from the overseas market and (ii) revenue generated from the PRC market. During the Reporting period, the drop in revenue of the SIM cards manufacturing business was mainly due to the closure of the Beijing SIM card plant in early 2016 which was loss-making. Excluding the impact of ceased Beijing SIM card plant, the overseas SIM cards manufacturing business revenue was up by approximately HK$4.9 million, or 8.8%, on year-on-year basis, from approximately HK$55.4 million in 2015, to approximately HK$60.3 million.

Module packaging and testing services business

Revenue generated from the module packaging and testing services business amounted to approximately HK$21.2 million, down by approximately HK$34.3 million or 61.8% as compared to the corresponding period in 2015 of approximately HK$55.5 million. No further income with respect to this business will be generated as the subsidiaries engaging in this business had been disposed by the Group during the fourth quarter of 2016.

Provision of financial and management consultancy services

Revenue generated from the provision of financial and management consultancy services amounted to approximately HK$2.9 million during the Reporting Period (2015: approximately HK$5.9 million). No income in respect of this segment will be further accrued starting from the third quarter of 2016.

Cost of Sales ("COS") and Gross Profit

During the Reporting Period, the Group's COS comprised of the COS from each of the sales of petro-chemical products business segment and the contract manufacturing and sales of smart cards business segment.

Sales of petro-chemical products

During the Reporting Period, COS in relation to the sales of petro-chemical products amounted to approximately HK$2,306.4 million, representing an increase of approximately HK$120.7 million, or 5.5%, as compared to the corresponding period in 2015 of approximately HK$2,185.7 million. Gross profit dropped from approximately HK$6.9 million in 2015 to approximately HK$5.1 million due to the fluctuations in the international crude oil price during the Reporting Period.

Contract manufacturing and sales of smart cards

Similar to the revenue situation, COS incurred for the contract manufacturing and sales of smart cards composed of two parts, namely, the SIM cards manufacturing business and the module packaging and testing services business:

SIM cards manufacturing business

During the Reporting Period, cost of sales incurred for the SIM cards manufacturing business amounted to approximately HK$43.6 million, down by approximately HK$20.3 million or 31.8% as compared to the corresponding period in 2015 of approximately HK$63.9 million. Based on the geographical segment, COS incurred for this SIM cards manufacturing business can be further divided into two parts, namely, (i) COS incurred for the overseas market and (ii) COS incurred for the PRC market. Similar to the revenue situation, the drop in COS of the SIM cards manufacturing business was mainly due to the closure of the Beijing SIM card plant in early 2016 which was loss-making. Excluding the impact of ceased Beijing SIM card plant, the overseas SIM cards manufacturing business COS was up by approximately HK$3.6 million, or 10.8%, on year-on-year basis, from approximately HK$33.3 million in 2015, to approximately HK$36.9 million, and the gross profit amounted to approximately HK$23.4 million, representing an increase of approximately HK$1.3 million, or 5.9%, as compared to the corresponding period in 2015 of approximately HK$22.1 million.

Module packaging and testing services business

During the Reporting Period, COS incurred in relation the module packaging and testing services business amounted to approximately HK$31.3 million, down by approximately HK$30.5 million or 49.4% as compared to the corresponding period in 2015 of approximately HK$61.8 million. Due to the severe under-utilisation of the plant's capacity and its assets, gross loss for this segment increased from approximately HK$6.3 million in 2015, to approximately HK$10.1 million for the Reporting Period. This business had been disposed by the Group during the fourth quarter of 2016.

Due to the above-mentioned, gross profit of the Group dropped by approximately HK$4.8 million or 21.2%, from the corresponding period in 2015 of approximately HK$22.6 million, to approximately HK$17.8 million.

Other Income

Other income of approximately HK$19.0 million (2015: approximately HK$40.5 million) was mainly comprised of interest income arising from the amount due from a joint venture. As the interest rate charged to HARC is four times the prevailing bank lending rate in the PRC, interest income during the Reporting Period dropped since the prevailing bank lending rate in the PRC for the first half of 2016 dropped as compared to the corresponding period in 2015 and that the Company has ceased to accrue interest income chargeable to Hota Group since the third quarter of 2016 as the whole amount due by Hota Group has been fully impaired.

Other Gains/(Losses), Net

During the Reporting Period, other gains amounted to approximately HK$10.2 million (2015: losses of approximately HK$4.8 million) which was attributable to (i) a gain on disposal of certain subsidiaries (engaged in module packaging and testing services business) of approximately HK$8.4 million; (ii) a gain on disposal of certain fixed assets in relation to the Beijing SIM card plant of approximately HK$2.2 million, and (iii) partially offset by the exchange losses arising from foreign currency-based transactions of approximately HK$0.4 million.

Selling and Distribution Costs

During the Reporting Period, selling and distribution costs amounted to approximately HK$7.5 million, representing an increase of approximately HK$0.4 million, or 5.6%, as compared to the corresponding period in 2015 of approximately HK$7.1 million. The increase was mainly due to the increase in transportation costs by a total of approximately HK$1.4 million that were attributable to the increased sales of each of the petro-chemical products segment and the overseas SIM card segment, but partially offset by the drop in various selling expenses resulted from the closing down of the Beijing SIM card plant since early 2016 and the disposal of Beijing module packaging and testing service plant by end of 2016.

Administrative Expenses

Administrative expenses recorded a decrease of approximately HK$3.1 million, or 8.0% during the Reporting Period, from approximately HK$38.7 million recorded in 2015, to approximately HK$35.6 million. The decrease was due to the combined effects of: (i) the drop in various general administrative expenses of a total of approximately HK$4.6 million resulted from the closing down of the Beijing SIM card plant since early 2016 and the disposal of Beijing module packaging and testing service plant by end of 2016; (ii) a net decrease in written off of property, plant and equipment of approximately HK$2.0 million (the written-off was due to the closure of Beijing SIM card plant); (iii) decrease in legal and professional fee and other expenses of approximately HK$1.2 million for other group companies; (iv) the net increase in bad debt written off of approximately HK$2.9 million; and (v) the increases in various administrative expenses of a total of approximately HK$1.8 million that were attributable to the increased sales of each of the petro-chemical products segment and the overseas SIM card segment.

Impairment Loss on Available-for-Sale Financial Assets

An impairment loss of approximately HK$11.7 million (2015: nil) represented a cumulative loss recognized in the available-for-sale financial assets revaluation reserve reclassified to profit or loss as there was a significant and prolonged decline in the fair value of the Group's investment in the Series A preferred shares of Hota (USA) that was recognised as an available-for-sale financial assets.

Impairment Loss on Amount Due from a Joint Venture

During the Reporting Period, an impairment loss on amount due from HOTA Group of approximately HK$223.0 million was recognised (2015: nil). The reasons are disclosed in the Company's previous announcements and the section headed "Chairman's Statement" above.

Impairment Loss on Amount Due from Non-Controlling Interests

During the Reporting Period, an impairment loss on amount due from non-controlling interests of an inactive subsidiary of HK$0.5 million was recognised (2015: nil).

Impairment Loss on Other Receivables and Prepayments

During the Reporting Period, an impairment loss on other receivables and prepayments of approximately HK$1.1 million in respect of certain other receivables and prepayment attributable to the trading of scrap metals business segment was recognised (2015: nil).

Finance Costs

During the Reporting Period, the Group's finance costs amounted to approximately HK$0.7 million (2015: approximately HK$1.6 million). The drop was due largely to the drop in average borrowings as compared to the corresponding period in 2015.

Income Tax Expense

During the period under review, the income tax expense of the Group amounted to approximately HK$0.9 million (2015: approximately HK$3.9 million).

As a result of the foregoing, loss attributable to owners of the Company the Reporting Period amounted to approximately HK$234.0 million (2015: profit of approximately HK$5.5 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, bank loans and other borrowings. As at 31 December 2016, the Group had cash and bank balances and pledged bank deposits of approximately HK$4.2 million (31 December 2015: approximately HK$20.2 million), secured bank loans and other borrowings of approximately HK$12.5 million (31 December 2015: approximately HK$30.4 million).

As at 31 December 2016, the Group had current assets of approximately HK$129.2 million (2015: approximately HK$367.6 million) and current liabilities of approximately HK$49.6 million (2015: approximately HK$83.3 million). The current ratio, expressed as current assets over current liabilities, was 2.6 (2015: 4.4).

EMPLOYEE INFORMATION

As at 31 December 2016, the Group employed a total of 204 employees (2015: 424 employees), of which 13 were located in Hong Kong and the rest were located in the PRC and Taiwan. Employee cost, including directors' remuneration, was approximately HK$31.5 million (2015: approximately 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

There was no other significant investments for the year ended 31 December 2016.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

Saved as disclosed in note 17, the Group made no material acquisitions or disposals of subsidiaries and affiliated companies during the year ended 31 December 2016.

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 2016, bank deposits of HK$9,295 were pledged by a Company's subsidiary as collaterals to secure general banking facilities granted to the Group (2015: certain machinery and equipment with carrying amounts of HK$10,185,005 and bank deposits of HK$3,677,778 were pledged by the Company's subsidiaries) and no trade receivables were assigned to secure borrowings (2015: a Company's subsidiary has assigned the trade receivables of certain customers to secure borrowings amounting to HK$3,571,429).

GEARING RATIO

The gearing ratio of the Group, expressed as a percentage of total borrowings to total assets of the Group, was 8.9% as at 31 December 2016 (2015: 7.5%).

FINAL DIVIDEND

The Directors does not recommend any payment of a final dividend for the year ended 31 December 2016 (2015: nil).

COMPETING INTERESTS

As at 31 December 2016, 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.

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 and risk management 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. The chairman of the audit committee is Ms. Wong Ka Wai, Jeanne and four audit committee meetings were held during the financial year 2016.

The Group's audited results for the year ended 31 December 2016 have been reviewed by the audit committee.

SCOPE OF WORK OF GRANT THORNTON HONG KONG LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2016 have been agreed by the Company's auditors, Grant Thornton Hong Kong Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Grant Thornton Hong Kong Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Grant Thornton Hong Kong 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 2016, 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 and C.3.3(e)(i) stipulated in the following paragraphs.

The Code provision A2.1 stipulates that the roles of Chairman and Chief Executive Officer ("CEO") should be separated and should not be performed by the same individual. The division of responsibilities between the Chairman and CEO 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 CEO, 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 CEO on 23 March 2009. The reasons for not splitting the roles of chairman and CEO are as follows:

- The size of the Group is still relatively small and thus not justified in separating the roles of chairman and CEO; 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.

Code provision C.3.3.(e)(i) stipulates that members of the Audit Committee should liaise with the Board and senior management and the committee must meet, at least twice a year, with the issuer's auditors. During the Reporting Period, members of the Audit Committee met with the Company's former auditors, BDO Limited, for one time only.

Based on the previous practice, members of the Audit Committee used to meet with BDO Limited on November and March of each year. However, BDO had resigned on November 2016 and the Company was unable to appoint a new auditor before the year end since, pursuant to the Company's Articles of Association, shareholders' approval has to be sought in the general meeting for any proposed appointment of new auditors to fill the causal vacancy. Notwithstanding the above, communication between members of the audit committee of the Company and Grant Thornton Hong Kong Limited, the new auditors of the Company, took place as soon as it was duly appointed in the EGM held on 18 January 2017.

SUBSEQUENT EVENTS

Pursuant to a resolution passed in the extraordinary general meeting ("EGM") held on 18 January 2017, the Company effected a capital reorganisation, which include (i) every ten shares of the Company's issued and unissued shares with par value of HK$0.02 per share have been consolidated into one share with par value of HK$0.2 each ("Consolidated Shares") with effect from 19 January 2017 ("Share Consolidation") and (ii) with effect of the Share Consolidation, the authorised share capital of the Company be increased from HK$100,000,000 divided into 500,000,000 Consolidated Shares to HK$300,000,000 divided into 1,500,000,000 Consolidated Shares by the creation of additional 1,000,000,000 Consolidated Shares, which shall rank pari passu in all respects with the Consolidated Shares in issue. For more details, please refer the Company's announcement, circular as well as the poll results of the EGM announcement which were published on 12 December 2016, 21 December 2016 and 18 January 2017, respectively.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the year ended 31 December 2016, the Company repurchased and cancelled a total of 1,270,000 of its own shares on the Stock Exchange at an aggregate consideration (before expenses) of HK$180,035.

Particulars of the repurchases are as follows:

Month of repurchase	No. of Shares	Price per share Highest *HK$*	Price per share Lowest *HK$*	Aggregate Price *HK$*
April	1,270,000	0.155	0.139	180,035
Total	1,270,000			180,035

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 11:30 a.m., on Wednesday, 10 May 2017, 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 Friday, 5 May 2017 to Wednesday, 10 May 2017 (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 Thursday, 4 May 2017.

By order of the Board
Lily Wu
Chairman

Hong Kong, 22 March 2017

As at the date of this announcement, the Board comprises three executive Directors, Ms. Lily Wu (Chairman and Chief Executive Officer), 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.