



PHOENITRON

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 2022**

**CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED
(THE “STOCK EXCHANGE”)**

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Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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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 2022 amounted to approximately HK\$58,482,000, representing a decrease of 19.6% as compared to the corresponding period in 2021 of approximately HK\$72,755,000.
- The Group recorded a loss attributable to the owners of the Company of approximately HK\$7,735,000 for the year ended 31 December 2022 (2021: approximately HK\$5,763,000).
- The Board does not recommend any payment of a final dividend for the year ended 31 December 2022 (2021: nil).

CHAIRMAN’S STATEMENT

TO OUR SHAREHOLDERS

On behalf of the Board of Directors, I am pleased to present the results of Phoenitron Holdings Limited (the “Company”) and its subsidiaries (together, the “Group” or “Phoenitron”) for the financial year ended 31 December 2022 (the “Reporting Period”).

RESULTS

For the year ended 31 December 2022, the Company recorded a consolidated revenue of approximately HK\$58,482,000 (2021: approximately HK\$72,755,000) and loss attributable to owners of the Company of approximately HK\$7,735,000 (2021: approximately HK\$5,763,000).

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

Contract manufacturing and sales of smart cards

As a by-product of COVID-19 supply chain and work disruptions, the chip shortage impact from 2021 continued throughout 2022.

The Group’s sales of smart cards business was continuously affected by the unstable supply of chips from customers, with the situation being particularly acute during the first three quarters of 2022. In many cases, customers’ orders were placed but production could not proceed due to the lack of supply of chips from customers. It not only caused loss of revenue and delivery delays, the Group’s product mix also suffered with a smaller proportion of higher-value-added orders which rely on SIM chips. To partially off-set these losses, the Company took on more lower-value-added card body orders to better utilize the production capacity in Shenzhen.

During the Reporting Period, high-value-added ancillary card services orders (e.g. packaging) were also substantially reduced, due primarily to the increase of transportation costs and logistics challenges which made the business uneconomical.

During the Reporting Period, we focused on strengthening our relationship with existing customers and at the same time expanding the client base and overall market share. Management also made greater efforts in implementing cost-cutting/streamlining measures and increasing productivity and operational efficiency. Apart from the existing SIM card services, we will also be searching for opportunities to provide certain higher-value-added card services (for example, machine-to-machine (M2M) smartcard related business) in the coming year.

In terms of the business segment, a profit of approximately HK\$1.46 million (2021: approximately HK\$3.89 million) was recorded for the sales of smart cards business during the Reporting Period.

Investment in TV Programmes

On 30 September 2019, Kartop (Hong Kong) Limited (“Kartop HK”), an indirectly wholly-owned subsidiary of the Company, entered into the Joint Production Agreement with 浙江優盛影視文化有限公司, pursuant to which Kartop HK agreed to invest RMB24.0 million (equivalent to approximately HK\$26.9 million) in the production of a TV Play “Snow Leopard II” (the “Target TV Play”), which is directed by Mr. Wang De Qing, produced by Mr. Zhang Jian and starring Mr. Zhang Ming En and Ms. Feng Yue and was tentatively targeting a release in China in 2020.

As disclosed in the Company’s previous annual reports, the Covid-19 outbreak caused a major film production delay of “Snow Leopard II”, which pushed the release schedule to the second quarter of 2023.

Due to the unexpected, persistent COVID-19 circumstances throughout 2022, the Target TV Play could not be produced as planned in the Reporting Period. However, substantial production progress has been made during the Reporting Period.

According to the producer Mr. Zhang Jian, the Target TV Play is almost completed. Based on the revised timetable, it is expected that the production will be completed in the first quarter of 2023. Post-production and obtaining relevant licenses shall take another two to three months, hence the Target TV Play is now targeting a release by the end of 2023. Such a release date would mean Kartop HK should receive revenue share 2-3 quarters subsequently.

The Group plans to develop new businesses in the advertising, media and entertainment industry. The Directors consider that the investment in the Target TV Play would be beneficial to the Group as it represents a first step forward in the implementation of the Group’s development plan. The Directors also believe that the investment in the Target TV Play provides a good investment return and additional income to the Group. Apart from “Snow Leopard II”, the management is looking for other similar investments in the future.

Financing

On 10 February 2023, the Company, as issuer, and Mr. Guo Rong Xiang (the “Subscriber”), an independent third party, as subscriber, entered into the subscription agreement (the “Subscription Agreement”) in relation to the issue of convertible bonds (“Convertible Bonds”). Pursuant to the Subscription Agreement, the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to issue to the Subscriber the Convertible Bonds in an aggregate principal amount of HK\$16,500,000 (the “Subscription”). Completion of the Subscription is subject to all necessary consent and approvals required to be obtained on the part of the Company and the Subscriber in respect of the Subscription and the transactions contemplated thereunder, as well as the GEM Listing Committee of the Stock Exchange granting the listing of and permission to deal in the new share(s) fall to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds.

The gross proceeds from the issue of the Convertible Bonds will be HK\$16,500,000. The net proceeds from the issue of the Convertible Bonds of approximately HK\$16,200,000 are intended to be used as general working capital of the Group as well as for the continuous development of the existing smart cards and media and entertainment businesses of the Group.

The Directors consider raising funds by issuing Convertible Bonds is justifiable considering the recent market conditions which represent an opportunity for the Company to enhance its working capital and strengthen its capital base and financial position for the continuous development of the

existing smart cards and media and entertainment businesses of the Group. The Directors consider that the issue of the Convertible Bonds is an appropriate means of raising additional capital for the Company since it will not have an immediate dilution effect on the shareholding of our existing shareholders.

As of the date of this report, the Subscription is yet to be completed. For details, please refer to the announcements of the Company dated 10 February 2023, 28 February 2023 and 21 March 2023 respectively.

OUTLOOK

Going forward, following the ending of pandemic lockdown measures worldwide, the Company is cautiously optimistic about macroeconomic improvements and a better demand outlook. At the same time, we will continue to explore more business opportunities, and to consolidate the existing SIM card businesses, manufacture with greater efficiency, seek cost and expense savings wherever possible, and to reinforce competitive strengths to solidify the Phoenitron's leading position in existing markets by providing quality services and to convert challenges into opportunities. We believe, by applying the Company's funds in an appropriate manner and by utilising the unique investment opportunities of the Company, we will bring stable revenue and profit for our shareholders. The Board believes the diversification of our businesses will facilitate the long-term development of the Group and enhance our shareholder value.

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 2022. 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 2023

The Board announces the audited consolidated results of the Group for the year ended 31 December 2022 together with the comparative figures for the corresponding period in 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	<i>Notes</i>	2022 HK\$	2021 HK\$
Revenue	4	58,482,208	72,755,127
Cost of sales		<u>(43,510,435)</u>	<u>(53,927,051)</u>
Gross profit		14,971,773	18,828,076
Other income	5	1,020,970	769,923
Other losses, net	6	(786,283)	(683,182)
Selling and distribution costs		(2,295,072)	(2,646,997)
Administrative expenses		(21,247,053)	(21,674,705)
Impairment loss on other receivables		(13,877)	(6,807)
Change in fair value of investment in TV programmes	13	898,877	612,745
Finance costs	7	(284,865)	(387,224)
Loss before income tax	8	(7,735,530)	(5,188,171)
Income tax expense	9	—	(574,887)
Loss for the year		<u>(7,735,530)</u>	<u>(5,763,058)</u>
Other comprehensive (loss)/income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of financial statements of foreign operations		<u>(1,054,603)</u>	846,730
Other comprehensive (loss)/income for the year, net of income tax		<u>(1,054,603)</u>	846,730
Total comprehensive loss for the year		<u><u>(8,790,133)</u></u>	<u><u>(4,916,328)</u></u>

	<i>Notes</i>	2022 <i>HK\$</i>	2021 <i>HK\$</i>
Loss for the year attributable to:			
Owners of the Company		(7,735,405)	(5,762,933)
Non-controlling interests		<u>(125)</u>	<u>(125)</u>
		<u>(7,735,530)</u>	<u>(5,763,058)</u>
Total comprehensive loss for the year attributable to:			
Owners of the Company		(8,790,008)	(4,916,203)
Non-controlling interests		<u>(125)</u>	<u>(125)</u>
		<u>(8,790,133)</u>	<u>(4,916,328)</u>
		<i>HK cents</i>	<i>HK cents</i>
Loss per share attributable to owners of the Company			
Basic and diluted	<i>11</i>	<u>(1.472)</u>	<u>(1.097)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	2022 HK\$	2021 HK\$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		4,065,829	6,629,736
Intangible asset		420,000	420,000
Right-of-use assets		4,287,058	7,285,834
Deposits and prepayment	12	1,652,961	977,614
Prepayments for acquisition of property, plant and equipment		275,262	–
Investment in TV programmes	13	31,685,393	33,578,431
		<u>42,386,503</u>	<u>48,891,615</u>
Current assets			
Inventories		3,257,275	2,323,344
Trade and other receivables, deposits and prepayments	12	14,437,765	30,321,237
Cash and cash equivalents		6,236,472	3,682,844
		<u>23,931,512</u>	<u>36,327,425</u>
Current liabilities			
Trade and other payables	14	23,043,204	31,145,839
Lease liabilities		3,347,596	3,440,083
Other borrowings		1,337,500	–
		<u>27,728,300</u>	<u>34,585,922</u>
Net current (liabilities)/assets		<u>(3,796,788)</u>	<u>1,741,503</u>
Total assets less current liabilities		<u>38,589,715</u>	<u>50,633,118</u>

	2022 <i>HK\$</i>	2021 <i>HK\$</i>
Non-current liabilities		
Lease liabilities	1,896,490	5,149,760
Deferred tax liabilities	4,707	4,707
	<u>1,901,197</u>	<u>5,154,467</u>
Net assets	<u>36,688,518</u>	<u>45,478,651</u>
EQUITY		
Share capital	105,069,500	105,069,500
Deficit in reserves	(68,611,577)	(59,821,569)
	<u>36,457,923</u>	<u>45,247,931</u>
Equity attributable to owners of the Company	36,457,923	45,247,931
Non-controlling interests	230,595	230,720
	<u>36,688,518</u>	<u>45,478,651</u>
Total equity	<u>36,688,518</u>	<u>45,478,651</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Attributable to owners of the Company									
	Share capital	Share premium*	Contributed surplus*	Share option reserve*	Other reserves*	Translation reserve*	Accumulated losses*	Total	Non-controlling interests	Total equity
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Balance at 1 January 2021	105,069,500	363,340,792	13,985,669	3,339,000	7	10,751,190	(446,322,024)	50,164,134	230,845	50,394,979
Loss for the year	-	-	-	-	-	-	(5,762,933)	(5,762,933)	(125)	(5,763,058)
Other comprehensive income										
- Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	846,730	-	846,730	-	846,730
Total comprehensive income/(loss) for the year	-	-	-	-	-	846,730	(5,762,933)	(4,916,203)	(125)	(4,916,328)
Balance at 31 December 2021 and 1 January 2022	105,069,500	363,340,792	13,985,669	3,339,000	7	11,597,920	(452,084,957)	45,247,931	230,720	45,478,651
Loss for the year	-	-	-	-	-	-	(7,735,405)	(7,735,405)	(125)	(7,735,530)
Other comprehensive loss										
- Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	(1,054,603)	-	(1,054,603)	-	(1,054,603)
Total comprehensive loss for the year	-	-	-	-	-	(1,054,603)	(7,735,405)	(8,790,008)	(125)	(8,790,133)
Balance at 31 December 2022	105,069,500	363,340,792	13,985,669	3,339,000	7	10,543,317	(459,820,362)	36,457,923	230,595	36,688,518

* The total of these accounts as at the reporting date represents deficit in reserves of HK\$68,611,577 (2021: HK\$59,821,569) in the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

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 (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the accounting principles generally accepted in Hong Kong. The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure requirements of the GEM Listing Rules.

The consolidated financial statements are presented in Hong Kong dollar (“HK\$”), which is also the functional currency of the Company.

The significant accounting policies that have been used in the preparation of these consolidated financial statements 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 consolidated financial statements, if any, are disclosed in note 2.

The consolidated financial statements have been prepared on the historical cost basis except for investment in TV programmes, which is measured at fair value.

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated 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.

Going concern

The Group incurred a net loss of HK\$7,735,530 for the year ended 31 December 2022 and, as of that date, the Group has net current liabilities of HK\$3,796,788. These conditions indicate a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

The Directors have considered the followings when they prepared these consolidated financial statements for the year ended 31 December 2022:

The substantial shareholder has confirmed in writing for undertaking to provide continuing financial support to the Group to meet its liabilities as and when they fall due. In particular, the financial support is intended to be provided for a period not less than twelve months from the date on which these consolidated financial statements of the Company for the year ended 31 December 2022 are authorised by the Directors.

The Directors also consider several measures together with other measures in progress at the date of authorising these consolidated financial statements which include taking stringent cost controls aiming at improving the working capital and cash flow position of the Group, equity fund raising, downsizing unprofitable segment and developing new potential business. In addition, in order to improve the Group’s financial position, liquidity and cash flows equity, the Company entered into the Subscription Agreement with the Subscriber on 10 February 2023 in relation to issuing of Convertible Bonds to raise additional capital of HK\$16,500,000. Up to the date of this announcement, the Subscription has not been completed and subject to certain conditions as disclosed in the announcements of the Company dated 10 February 2023, 28 February 2023 and 21 March 2023.

Taking into account of the above consideration and measures and after assessing the Group's current and forecasted cash positions, the Directors are satisfied that the Group will be able to meet its financial obligations when they fall due. Accordingly, the Directors are of the opinion that it is appropriate to prepare these consolidated financial statements on a going concern basis.

Should the Group be unable to continue as going concern, adjustments would have to be made to the consolidated financial statements to write down the carrying amounts of assets to their recoverable amounts, to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively, and to provide for any further liabilities which might arise. The effect of these adjustments has not been reflected in the consolidated financial statements.

2. ADOPTION OF NEW AND AMENDED HKFRSS

(a) Amended HKFRSSs

In the preparation of the consolidated financial statements for the year ended 31 December 2022, the Group has applied the following amendments to HKFRSSs, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2022:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSSs	Annual Improvements to HKFRSSs 2018-2020
Amendments to Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations

The application of the amendments to HKFRSSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(b) New and revised HKFRSSs not yet adopted

The Group has not applied the following new and amended HKFRSSs, which have been issued but are not yet effective, in these consolidated financial statements.

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

¹ Effective for annual periods beginning on or after 1 January 2023

² Effective for annual periods beginning on or after 1 January 2024

³ Effective for annual periods beginning on or after a date to be determined

The Directors anticipate that the application of all new and amendments to HKFRSSs will have no material impact on the consolidated financial statements in the foreseeable future.

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;
- Sale and trading of scrap metals; and
- Media and entertainment.

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/(loss) before income tax is the same as those used in preparing these consolidated financial statements under HKFRSs except that finance costs, impairment loss on other receivables, exchange losses, net and corporate expenses, net 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, 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 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 other 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:

2022

	Sales of smart cards <i>HK\$</i>	Sales of smart card application systems <i>HK\$</i>	Financial and management consultancy services <i>HK\$</i>	Sale and trading of scrap metals <i>HK\$</i>	Media and entertainment <i>HK\$</i>	Unallocated <i>HK\$</i>	Consolidated <i>HK\$</i>
Reportable segment revenue	<u>58,471,358</u>	<u>10,850</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,482,208</u>
Reportable segment profit/(loss)	<u>1,461,634</u>	<u>(10,931)</u>	<u>-</u>	<u>(3,178,734)</u>	<u>898,327</u>	<u>-</u>	<u>(829,704)</u>
Finance costs							(284,865)
Impairment loss on other receivables							(13,877)
Exchange losses, net							(786,283)
Corporate expenses, net							<u>(5,820,801)</u>
Loss before income tax							<u>(7,735,530)</u>
Reportable segment assets	<u>26,152,179</u>	<u>-</u>	<u>-</u>	<u>402,034</u>	<u>31,685,393</u>	<u>1,421,937</u>	<u>59,661,543</u>
Intangible asset							420,000
Cash and cash equivalents							<u>6,236,472</u>
Total consolidated assets							<u>66,318,015</u>
Reportable segment liabilities	<u>25,065,753</u>	<u>12,000</u>	<u>-</u>	<u>226,360</u>	<u>-</u>	<u>2,983,177</u>	<u>28,287,290</u>
Other borrowings							1,337,500
Deferred tax liabilities							<u>4,707</u>
Total consolidated liabilities							<u>29,629,497</u>
Other information							
Depreciation of property, plant and equipment	2,343,702	-	-	-	-	8,145	2,351,847
Depreciation of right-of-use assets	2,258,223	-	-	-	-	901,356	3,159,579
Interest income	4,425	5	-	616	-	16	5,062
Additions to non-current segment assets during the year	<u>1,555,354</u>	<u>-</u>	<u>-</u>	<u>275,262</u>	<u>-</u>	<u>-</u>	<u>1,830,616</u>

2021

	Sales of smart cards <i>HK\$</i>	Sales of smart card application systems <i>HK\$</i>	Financial and management consultancy services <i>HK\$</i>	Sale and trading of scrap metals <i>HK\$</i>	Media and entertainment <i>HK\$</i>	Unallocated <i>HK\$</i>	Consolidated <i>HK\$</i>
Reportable segment revenue	<u>72,740,567</u>	<u>14,560</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,755,127</u>
Reportable segment profit/(loss)	<u>3,886,156</u>	<u>(10,838)</u>	<u>(80,650)</u>	<u>(3,249,522)</u>	<u>612,195</u>	<u>-</u>	<u>1,157,341</u>
Finance costs							(387,224)
Impairment loss on other receivables							(6,807)
Exchange losses, net							(586,399)
Corporate expenses, net							<u>(5,365,082)</u>
Loss before income tax							<u>(5,188,171)</u>
Reportable segment assets	<u>38,817,143</u>	<u>3,000</u>	<u>-</u>	<u>104,122</u>	<u>39,648,431</u>	<u>2,543,500</u>	<u>81,116,196</u>
Intangible asset							420,000
Cash and cash equivalents							<u>3,682,844</u>
Total consolidated assets							<u>85,219,040</u>
Reportable segment liabilities	<u>35,773,384</u>	<u>12,000</u>	<u>-</u>	<u>315,514</u>	<u>-</u>	<u>3,634,784</u>	<u>39,735,682</u>
Deferred tax liabilities							<u>4,707</u>
Total consolidated liabilities							<u>39,740,389</u>
Other information							
Depreciation of property, plant and equipment	2,839,742	-	-	327	-	10,928	2,850,997
Depreciation of right-of-use assets	2,277,870	-	-	-	-	907,950	3,185,820
Interest income	6,728	-	-	614	-	-	7,342
Additions to non-current segment assets during the year	<u>3,509,648</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,509,648</u>

There has been no inter-segment sales between different business segments during the years.

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	
	2022 HK\$	2021 HK\$	2022 HK\$	2021 HK\$
The People's Republic of China (the "PRC")	4,528,113	9,044,713	6,627,425	10,941,020
Europe	30,145,558	32,711,223	–	–
Africa	23,679,501	30,906,869	–	–
Asia, excluding the PRC, Hong Kong and Taiwan	26,834	17,529	–	–
Hong Kong	102,202	74,793	2,145,462	3,394,550
Taiwan	–	–	1,075,262	–
	<u>58,482,208</u>	<u>72,755,127</u>	<u>9,848,149</u>	<u>14,335,570</u>

The Company is an investment holding company incorporated in the Cayman Islands where the Company 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*.

Specified non-current assets include property, plant and equipment, intangible assets, right-of-use assets, prepayment and prepayments for acquisition of property, plant and equipment only.

The geographical location of customers is based on the principal place of business of the customers. The geographical location of the specified non-current assets is based on the location of assets.

Information about major customers

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

	2022 HK\$	2021 HK\$
Customer A – Sale of smart cards	29,780,372	32,293,918
Customer B – Sale of smart cards	23,297,301	30,803,948
	<u>53,077,673</u>	<u>63,097,866</u>

4. REVENUE

The Group's revenue for goods transferred at a point in time from external customers is as follows:

	2022 HK\$	2021 HK\$
By product lines		
Sales of smart cards	58,471,358	72,740,567
Sales of smart card application systems	10,850	14,560
	<u>58,482,208</u>	<u>72,755,127</u>

	2022	
	Sales of smart cards <i>HK\$</i>	Sales of smart card application systems <i>HK\$</i>
Geographical markets		
The PRC	4,528,113	–
Europe	30,145,558	–
Africa	23,679,501	–
Asia, excluding the PRC, Hong Kong and Taiwan	26,834	–
Hong Kong	91,352	10,850
	<u>58,471,358</u>	<u>10,850</u>
Total	<u><u>58,471,358</u></u>	<u><u>10,850</u></u>

	2021	
	Sales of smart cards <i>HK\$</i>	Sales of smart card application systems <i>HK\$</i>
Geographical markets		
The PRC	9,044,713	–
Europe	32,711,223	–
Africa	30,906,869	–
Asia, excluding the PRC, Hong Kong and Taiwan	17,529	–
Hong Kong	60,233	14,560
	<u>72,740,567</u>	<u>14,560</u>
Total	<u><u>72,740,567</u></u>	<u><u>14,560</u></u>

5. OTHER INCOME

	2022 <i>HK\$</i>	2021 <i>HK\$</i>
Bank interest income	5,062	7,342
Government subsidies (<i>note</i>)	423,704	277,098
Sundry income	592,204	485,483
	<u>1,020,970</u>	<u>769,923</u>
	<u><u>1,020,970</u></u>	<u><u>769,923</u></u>

Note:

The government subsidies recognised for the year ended 31 December 2022 were the approved subsidies from the COVID-19 Anti-epidemic Fund under the Employment Support Scheme as promulgated by the Government of the Hong Kong Special Administrative Region of the PRC and the approved subsidies from the PRC government (2021: approved subsidies from the PRC government). There are no unfulfilled conditions or other contingencies attached to these subsidies.

6. OTHER LOSSES, NET

	2022 HK\$	2021 <i>HK\$</i>
Loss on disposal of property, plant and equipment	–	(96,783)
Exchange losses, net	<u>(786,283)</u>	<u>(586,399)</u>
	<u>(786,283)</u>	<u>(683,182)</u>

7. FINANCE COSTS

	2022 HK\$	2021 <i>HK\$</i>
Finance charges on lease liabilities	<u>284,865</u>	<u>387,224</u>

8. LOSS BEFORE INCOME TAX

	2022 HK\$	2021 <i>HK\$</i>
Loss before income tax is arrived at after charging/(crediting):		
Auditor's remuneration	700,000	680,000
Short-term leases	286,060	293,729
Variable lease payments not included in the measurement of lease liabilities	1,734,596	2,007,922
Costs of inventories recognised as an expense (<i>note</i>)	43,510,435	53,927,051
Reversal of impairment losses on trade receivables	(19,554)	(9,163)
Provision for impairment losses on other receivables	13,877	6,807
Depreciation		
– Property, plant and equipment	2,351,847	2,850,997
– Right-of-use assets	3,159,579	3,185,820
Employee benefit expenses	<u>22,592,039</u>	<u>23,952,627</u>

Note:

Cost of inventories includes HK\$16,941,384 (2021: HK\$18,787,936) relating to depreciation of property, plant and equipment, depreciation of right-of-use assets, employee benefits expenses and lease charges, which amount is also included in the respective total amounts disclosed above.

9. INCOME TAX EXPENSE

	2022 <i>HK\$</i>	2021 <i>HK\$</i>
Current tax		
Hong Kong Profits Tax:		
Under-provision in prior year	—	574,887
Total income tax expense	—	574,887

Notes:

(a) Hong Kong

Under the two-tiered profits tax rates regime in Hong Kong, the first HK\$2,000,000 of profits of qualifying group entity will be taxed at 8.25%, and the profits above HK\$2,000,000 will be taxed at 16.5%. The profits of entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. No Hong Kong Profits Tax has been provided for the years ended 31 December 2022 and 2021 as the Group has sufficient tax losses brought forward to set off against assessable profits in Hong Kong during the years ended 31 December 2022 and 2021.

(b) PRC

The PRC Enterprise Income Tax has been calculated at 25% (2021: 25%) on the estimated assessable profits for the year based on the existing legislation, interpretations and practices in respect thereof. No PRC Enterprise Income Tax has been provided for the years ended 31 December 2022 and 2021 as the Group did not generate any assessable profits in the PRC during the years ended 31 December 2022 and 2021.

(c) Other jurisdictions

Pursuant to the rules and regulations of the Cayman Islands, the British Virgin Islands (the “BVI”) and Taiwan, the Group is not subject to any income tax or did not generate any assessable profits in the Cayman Islands, the BVI and Taiwan (2021: nil).

10. DIVIDENDS

The Board does not recommend the payment of any dividend in respect of the year ended 31 December 2022 (2021: nil).

11. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculations of basic loss per share are based on the loss for the year attributable to owners of the Company and the weighted average number of respective ordinary shares in issue of 525,347,500 (2021: 525,347,500) during the year.

The calculations of diluted loss per share are based on the respective adjusted loss for the years attributable to owners of the Company and the adjusted weighted average number of ordinary shares outstanding, both of which are adjusted to assume exercise or conversion of all dilutive potential ordinary shares.

As at 31 December 2022 and 2021, the Company has outstanding share options. For the outstanding share options, the number of shares that would have been issued assuming the exercise of the share options less the number of shares that could have been issued at fair value (determined as the average market price per share for the year) for the same total proceeds is the number of shares issued for no consideration. The resulting number of shares issued for no consideration is included in the weighted average number of ordinary shares as the denominator for calculating diluted loss per share.

As the Company’s outstanding share options had an anti-dilutive effect to the basic loss per share calculation for the years ended 31 December 2022 and 2021, the exercise of the above potential ordinary shares is not assumed in the computation of diluted loss per share. Therefore, the diluted loss per share attributable to owners of the Company for years ended 31 December 2022 and 2021 is the same as the basic loss per share.

12. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2022 HK\$	2021 HK\$
Trade receivables	9,666,346	18,623,536
Less: Expected credit loss (“ECL”) allowance	(473)	(20,027)
	<hr/>	<hr/>
Trade receivables, net (<i>note</i>)	9,665,873	18,603,509
	<hr/>	<hr/>
Other receivables, deposits and prepayments	7,036,315	13,292,927
Less: ECL allowance	(611,462)	(597,585)
	<hr/>	<hr/>
Other receivables, deposits and prepayments, net	6,424,853	12,695,342
	<hr/>	<hr/>
Total trade and other receivables, deposits and prepayments	16,090,726	31,298,851
Less: Non-current deposits and prepayment	(1,652,961)	(977,614)
	<hr/>	<hr/>
Current trade and other receivables, deposits and prepayments	14,437,765	30,321,237
	<hr/> <hr/>	<hr/> <hr/>

Note:

The credit term granted by the Group to its trade customers normally ranges from 30 days to 90 days (2021: 30 days to 90 days). Based on the invoice dates, the ageing analysis of the Group’s trade receivables (net of ECL allowance) is as follows:

	2022 HK\$	2021 HK\$
0 – 30 days	2,639,540	6,818,619
31 – 90 days	6,363,602	10,090,661
Over 90 days	663,204	1,714,256
Less: ECL allowance	(473)	(20,027)
	<hr/>	<hr/>
	9,665,873	18,603,509
	<hr/> <hr/>	<hr/> <hr/>

13. INVESTMENT IN TV PROGRAMMES

	HK\$
As at 1 January 2021	31,947,743
Total gains included in profit or loss:	
Fair value change	612,745
Exchange difference arising from translation, included in other losses, net	<hr/> 1,017,943
As at 31 December 2021 and 1 January 2022	33,578,431
Total gains included in profit or loss:	
Fair value change	898,877
Exchange difference arising from translation, included in other losses, net	<hr/> (2,791,915)
As at 31 December 2022	<hr/> 31,685,393 <hr/>

During the year ended 31 December 2019, the Group entered into a joint production agreement and supplemental agreement (collectively, the “Joint Production Agreement”) with 浙江優盛影視文化有限公司 (Zhe Jiang You Sheng Ying Shi Wen Hua Company Limited*) (“Zhe Jiang You Sheng”), an independent TV programmes producer, pursuant to which the Group agreed to invest RMB24,000,000 (equivalent to HK\$26,850,000) in the production of TV programmes “Snow Leopard II”, representing 30% of the budgeted production costs. In accordance with the Joint Production Agreement, the Group has no control, significant influence or joint control over the investment.

Pursuant to the Joint Production Agreement, if the actual production costs exceed the budgeted production costs, Zhe Jiang You Sheng would bear all addition costs. The Group is not liable and does not bear any additional costs and the interests in the investment in TV programmes would still be maintained at 30%.

The Group is entitled to 30% of net profit generated by the TV programmes for five years, after obtained broadcasting approval from the PRC government authority. Up to the date of authorisation of these consolidated financial statements, the TV programmes are still under production.

During the years ended 31 December 2022 and 2021, due to the unstable environment under the COVID-19 pandemic in the PRC, the TV programmes could not be produced as planned in prior years. As at 31 December 2022, with reference to the production progress provided by Zhe Jiang You Sheng, the Directors further revisited the production timetable with Zhe Jiang You Sheng and tentatively expected the TV programmes to be released in the PRC and the net profit distribution to be received during the year ending 31 December 2024 (2021: 31 December 2023). Therefore, the investment in TV programmes was classified as non-current assets as at 31 December 2022 and 2021.

The Group’s investment in TV programmes is measured at fair value in the consolidated statement of financial position on a recurring basis, categorised into three levels of a fair value hierarchy. The levels are based on the observability of significant inputs to the measurements, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which the investment in TV programmes is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The fair value of the investment in TV programmes is level 3 (2021: level 3) fair value measurement. There were no transfers between Levels 1, 2 and 3 during the year (2021: nil).

Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments by adopting an income approach based on the discounted cash flow.

- * The English translation of the Chinese name is for information purpose only, and should not be regarded as the official English translation of such name.

Fair value measurements using significant unobservable inputs (level 3)

The above movement presents the changes in level 3 item for the years ended 31 December 2022 and 2021.

Significant unobservable inputs	Unobservable inputs	Relationship of unobservable inputs to fair value
Discount rate	22.92% (2021: 20.11%)	The higher/lower the discount rate, the lower/higher the fair value.
Estimated revenue generated by the TV programmes	RMB210,000,000 (2021: RMB210,000,000)	The higher/lower the estimated revenue generated by the TV programmes, the higher/lower the fair value.

Should the discount rate increase or decrease by 3% respectively, the fair value of the investment in TV programmes would be decreased by HK\$1,064,015 (2021: HK\$1,419,375) or increased by HK\$1,128,634 (2021: HK\$1,520,244), respectively. Should the estimated revenue generated by the TV programmes increase or decrease by 10% respectively, the fair value of the investment in TV programmes would be increased or decreased by HK\$3,171,604 (2021: HK\$3,362,925).

14. TRADE AND OTHER PAYABLES

	2022 HK\$	2021 HK\$
Trade payables (<i>note</i>)	15,847,797	23,064,740
Other payables and accrual	7,195,407	8,081,099
	<u>23,043,204</u>	<u>31,145,839</u>

Note:

Credit periods granted by suppliers normally range from 30 days to 90 days (2021: 30 days to 90 days). Based on the invoice date, the ageing analysis of the trade payables is as follows:

	2022 HK\$	2021 HK\$
0 – 30 days	2,414,515	3,125,239
31 – 60 days	2,482,576	2,912,832
61 – 90 days	1,312,873	2,263,557
Over 90 days	9,637,833	14,763,112
	<u>15,847,797</u>	<u>23,064,740</u>

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

For the financial year ended 31 December 2022 (the “Reporting Period”), the Group’s financial result was principally derived from the contract manufacturing and sales of smart cards.

During the Reporting Period, the Group’s revenue generated from sales of smart cards amounted to approximately HK\$58.47 million, a decline of approximately HK\$14.27 million or 19.6% as compared to the corresponding period in 2021 of approximately HK\$72.74 million.

The Group’s revenue generated from sales of smart card application systems amounted to HK\$10,850 (2021: HK\$14,560).

Cost of Sales (“COS”) and Gross Profit

During the Reporting Period, cost of sales incurred for sales of smart cards amounted to approximately HK\$43.50 million, a decrease of approximately HK\$10.41 million or 19.3% as compared to the corresponding period in 2021 of approximately HK\$53.91 million. The reason for the decrease in COS was in line with the corresponding decrease in revenue.

The Group recorded cost of sales from sales of smart card application systems of HK\$9,004 (2021: HK\$12,100).

Due to the decline in sales year-on-year, gross profit of the Group during the Reporting Period recorded a decline of approximately HK\$3.86 million or 20.5%, from the corresponding period in 2021 of approximately HK\$18.83 million, to approximately HK\$14.97 million.

Other Income

Other income of approximately HK\$1.02 million comprised of the government subsidy of approximately HK\$0.42 million, bank interest income of HK\$5,062 and sundry income of approximately HK\$0.59 million (2021: approximately HK\$0.77 million and was mainly comprised of a one-time subsidy from the PRC local authority of approximately HK\$0.28 million, bank interest income of HK\$7,342 and sundry income of approximately HK\$0.49 million).

Other Losses, Net

During the Reporting Period, other losses amounted to approximately HK\$0.79 million and was represented by net exchange losses arising from foreign currency based transactions (2021: approximately HK\$0.68 million, comprised of loss on disposal of property, plant and equipment of approximately HK\$0.10 million and net exchange losses arising from foreign currency based transactions of approximately HK\$0.58 million).

Selling and Distribution Costs

During the Reporting Period, selling and distribution costs amounted to approximately HK\$2.30 million, representing a decrease of approximately HK\$0.35 million, or 13.2%, as compared to the corresponding period in 2021 of approximately HK\$2.65 million. The decrease was mainly due to the decrease in transportation cost as a result of the decrease in revenue of sales of smart cards segment year-on-year.

Administrative Expenses

Administrative expenses recorded a decrease of approximately HK\$0.42 million, or 1.9% during the Reporting Period, from approximately HK\$21.67 million for the corresponding period in 2021, to approximately HK\$21.25 million. The decrease was primarily attributable to the decrease in depreciation charge as well as overall administrative expenses but partly offset by the increase in legal and professional fees.

Impairment Loss on Other Receivables

During the Reporting Period, an impairment loss on other receivables amounted to HK\$13,877 (2021: HK\$6,807).

Change in Fair Value of Investment in TV Programmes

During the Reporting Period, a fair value gain on investment in TV programmes of approximately HK\$0.90 million was recognised (2021: approximately HK\$0.61 million).

Finance Costs

During the Reporting Period, the Group's finance costs, representing the finance charges on lease liabilities, amounted to approximately HK\$0.28 million (2021: approximately HK\$0.39 million).

Income Tax Expense

During the Reporting Period, no income tax expense was provided (2021: approximately HK\$0.57 million).

Non-controlling Interests

During the Reporting Period, a loss of HK\$125 attributable to the non-controlling interests was recognised (2021: HK\$125).

As a result of the foregoing, loss attributable to owners of the Company for the Reporting Period amounted to approximately HK\$7.74 million (2021: approximately HK\$5.76 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 and other borrowings. As at 31 December 2022, the Group had cash and bank balances of approximately HK\$6.2 million (2021: approximately HK\$3.7 million) and other borrowing of approximately HK\$1.3 million (2021: nil).

As at 31 December 2022, the Group had current assets of approximately HK\$23.9 million (2021: approximately HK\$36.3 million) and current liabilities of approximately HK\$27.7 million (2021: approximately HK\$34.6 million). The current ratio, expressed as current assets over current liabilities, was 0.9 (2021: 1.0).

EMPLOYEE INFORMATION

As at 31 December 2022, the Group employed a total of 139 employees (2021: 139 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\$22.6 million (2021: approximately HK\$24.0 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

Save as disclosed in note 13 to consolidated financial statements, there was no other significant investments for the year ended 31 December 2022.

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 2022.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

CHARGE ON GROUP ASSETS

At 31 December 2022, there is no charge on assets of the Group (2021: nil).

GEARING RATIO

The gearing ratio of the Group, expressed as a percentage of total borrowings including lease liabilities to total assets of the Group, was 9.9% as at 31 December 2022 (2021: 10.1%).

FINAL DIVIDEND

The Directors does not recommend any payment of a final dividend for the year ended 31 December 2022 (2021: nil).

The Company was not aware of any shareholders that had waived or agreed to waive any dividend arrangement for the year ended 31 December 2022.

COMPETING INTERESTS

As at 31 December 2022, 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 audit committee currently comprises three independent non-executive Directors and is chaired by Ms. Wong Ka Wai, Jeanne. The rest of members are Mr. Chan Siu Wing, Raymond, Mr. Leung Ka Kui, Johnny (resigned with effect from 15 December 2022) and Mr. Yeung Man Chit, Daniel (appointed with effect from 15 December 2022). At the discretion of the audit committee, executive Directors and/or senior management personnel, overseeing the Group's finance and internal control functions, may be invited to attend meeting. The primary role and function of the audit committee are to review the Company's financial controls, internal control and risk management systems; to review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standard; to review the Company's financial statements, annual reports, interim reports and quarterly reports, and to provide advice and comment thereon to the Board. The audit committee held four meetings to review the quarterly, interim and annual results during the year ended 31 December 2022 as well as discussed and reviewed the Group's internal control and audit works with the auditor of the Group.

The Group's annual audited results during the year ended 31 December 2022 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure have been made.

SCOPE OF WORK OF MOORE STEPHENS CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position as at 31 December 2022 and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement of the Group have been agreed by the Group's auditor, Moore Stephens CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Moore Stephens CPA 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 HKICPA and consequently no assurance has been expressed by Moore Stephens CPA Limited on the preliminary announcement.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's audited consolidated financial statements for the year ended 31 December 2022. The report includes paragraphs of an emphasis of matter, without qualification.

“Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, 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 the Hong Kong Companies Ordinance.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2.1 to the consolidated financial statements, which indicates that the Group incurred a net loss of HK\$7,735,530 for the year ended 31 December 2022, and as of that date, the Group has net current liabilities of HK\$3,796,788. These conditions indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.”

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Board believes that good corporate governance practices are essential for effective management and enhancement of shareholder value and investor confidence. The Company has taken a proactive approach in strengthening corporate governance practices, increasing transparency and sustaining accountability to shareholders through effective internal controls, under the leadership of its experienced and committed Board.

The Company has applied the principles set out in the Code on Corporate Governance Practices (the “CG Code”) contained in Appendix 15 to the GEM Listing Rules. In the opinion of the Board, the Company has complied with all the code provisions set out in the CG Code throughout the year ended 31 December 2022 with the exception of the code provision C.2.1 which requires that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Details relating to the foregoing deviation are summarised below.

Code provision C.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separated 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 and 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 (i) the size of the Group is still relatively small and thus not justified in separating the roles of chairman and chief executive officer; and (ii) 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.

The Board considers that the current structure of vesting the roles of Chairman and Chief Executive Officer in the same person will not impair the balance of power and authority between the Board and the management of the Company.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities during the year.

EVENT AFTER THE REPORTING PERIOD

On 10 February 2023, the Company, as issuer, and the Subscriber, an independent third party, as subscriber, entered into the Subscription Agreement. Pursuant to the Subscription Agreement, the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to issue to the Subscriber the Convertible Bonds in an aggregate principal amount of HK\$16,500,000. Completion of the Subscription is subject to all necessary consent and approvals required to be obtained on the part of the Company and the Subscriber in respect of the Subscription and the transactions contemplated thereunder, as well as the GEM Listing Committee of the Stock Exchange granting the listing of and permission to deal in the new share(s) fall to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds. As the date of this announcement, the Subscription is yet to be completed.

For details, please refer to the announcements of the Company dated 10 February 2023, 28 February 2023 and 21 March 2023 respectively.

Save as disclosed above, there are no significant events after the reporting period of the Group.

ANNUAL GENERAL MEETING

The annual general meeting (the “AGM”) of the shareholders of the Company will be held at 10:00 a.m., on Thursday, 11 May 2023, at Function Room 1, 11th Floor, L’hotel Nina et Convention Centre, 8 Yeung Uk Road, Tsuen Wan, 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 2023 to Thursday, 11 May 2023 (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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on Thursday, 4 May 2023.

By order of the Board
Lily Wu
Chairman

Hong Kong, 22 March 2023

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 and Mr. Yang Meng Hsiu, and three independent non-executive Directors, Ms. Wong Ka Wai, Jeanne, Mr. Yeung Man Chit, Daniel and Mr. Chan Siu Wing, Raymond.

This announcement will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange at www.hkexnews.hk for at least 7 days from the date of its publication and on the website of the Company at www.phoenitron.com.