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 2012

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

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

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

This announcement, for which the directors (the "Directors") of 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 2012 amounted to HK$129,142,000, representing a drop of 7.2% as compared to the corresponding period in 2011 of HK$139,173,000.
- The Group recorded an audited loss attributable to the owners of the Company of HK$12,292,000 for the year ended 31 December 2012.
- The Directors recommend the payment of a final dividend of 0.2 HK cents per share (2011: 0.2 HK cents) for the year ended 31 December 2012.

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 2012.

Results

For the year ended 31 December 2012, the Company recorded a consolidated revenue of HK$129,142,000 (2011: HK$139,173,000) and loss attributable to the owners of the Company of HK$12,292,000 (2011: profit of HK$87,070,000).

Dividend

The Board of Directors (the "Board") of the Company recommends the payment of a final dividend of 0.2 HK cents for the year ended 31 December 2012.

Business and Operation Review

During the year under review, the Group's is principally engaged in the manufacturing and sales of smart cards and plastic cards, the provision of customized smart card application systems, the trading of scrapped automobiles (initial revenue contribution will only be recognized by 2013) and providing management and financial consultancy services. The Board believes the diversification and synthesis of our businesses will facilitate the long term development of Phoenitron and enhance our shareholder value.

Manufacturing and sales of smart cards and plastic cards

The Group's SIM cards business faced a difficult and competitive business environment in the year of 2012, as the demand for SIM cards in the overseas telecommunications market shrank due to cyclical fluctuation coupled with the fact that the contract manufacturing industry was affected by the on-going price pressures and rising costs in China, especially labour. The relocation of our Beijing plant also inevitably affected the Group's sales and production. During the year under review, the Group's revenue derived from the manufacturing and sales of smart cards and plastic cards dropped by 7.1% and amounted to HK$125,092,000 (2011: HK$134,714,000).

In spite of that, the management is optimistic about the long-term prospects of the smartcard manufacturing industry through offering the best-quality, new smartcard product innovations, value-added services and convenient and speedy delivery services to the customers. To achieve this, the Group had invested further in its production plants in Beijing and Shenzhen by expanding and upgrading the card packaging and personalization facilities. We have also diversified our customer base by placing more emphasis on some higher value-added smartcard products (e.g. dual-interface cards and contactless card). At the same time, the Group is vertically integrating upstream and has started to offer smartcard IC module packaging and testing services in late 2012Q4. During the year under review, production machines for the new IC module packaging and testing services were properly installed and tested, key production staffs were recruited, the necessary infrastructures were built within the factory and the relevant ISO certifications have been obtained. Certain requisite procedures such as sample making, and the passing of audits of initial customers for production standard and quality were also completed successfully in 2012, and will be on-going in 2013 as the customer base expands. The related pre-operating expenses incurred during the year under review for IC module packaging and testing services amounted to HK$2,063,000. Commercial production commenced in late 2012Q4 and production volumes have gradually ramped up since then. Management believes that the business could breakeven in early 2013Q3. It is believed that the smartcard IC module packaging and testing will increase profit and value-added potential while reducing the number of suppliers and component transportation costs for customers. It is also a high-tech industry in the PRC which enjoys various concessions under the government policies.

Taking into account the need for extra production space and facilities for the abovementioned vertical expansion and the increased variety of innovative smartcards products, during the period under review, the Beijing smartcard operation relocated to a new larger facility which houses both the existing smartcard production business and the new IC module packaging and testing business. The move was carefully planned and implemented and was successfully completed by late April and early May 2012. Sales and production was inevitably affected during this period. Despite this short-term adverse effect, the Board believes that, in the long run, the provision of such expanded and value-added products and services is key to maintaining a healthy profit level while helping our customers lower their costs and solidifying our market position as a leading one-stop services contract manufacturer with a growing stable customer base.

Provision of customised smart card application systems

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

Management and financial consultancy services

The target clients of the management and financial consultancy services include companies that the Group is currently invested in or may invest in the future. The scope of services includes the provision of corporate organization management, financial and financing planning and implementation, and other services. As at 31 December 2012, the Group recorded a revenue of approximately HK$4,004,000.

Trading business of scrapped automobile

In order to complement and support the investment in the jointly controlled entity, Hota (USA) Holding Corp. ("HOTA (USA)") and for possible future expansion of the Group into scrap vehicles dismantling and shredding business, the Group has entered into the Framework Agreement with China Railway Materials, a wholly owned subsidiary of China Railway Group, for the formation of a strategic partnership between the Company and China Railway Materials with respect to the scrap vehicles dismantling and shredding business in cities along the approximately 70 railways operated by China Railway Group in the PRC, and the proposed joint establishment of up to 10 scrap vehicles dismantling and shredding plants in the PRC in five years. In addition, a subsidiary in Taiwan has also been set up for the international trading business of scrapped automobiles/ metals. After the year end, the operation for trading of scrapped metals has started and the initial revenue contribution will be reflected in 2013Q1.

Investment in a jointly controlled entity

During the year under review, the Group's share of losses of its jointly controlled entity, HOTA (USA) and its subsidiaries ("the HOTA group") amounted to HK$17,674,000. The HOTA group is principally engaged in the recycling of and sales of metals and parts derived from scrapped automobiles.

During the year under review, the HOTA group has signed a series of co-operative agreements with several national enterprises. Following the fulfilment of the requisite requirements for importing scrapped vehicles from Zhangjiagang Environmental Protection Agency in March 2013, the Board anticipates a steady ramp-up of plant utilization and revenue through 2013, and that the HOTA group investment should provide the Group with direct exposure to the promising business opportunity presented by the recycling of metals and materials from scrapped automobiles and the sale of recovered and reusable parts. The HOTA group's business is not only a good potential growth and profit driver for the Group, it is also an environmentally significant operation to conserve the earth's metals resources, reduce the amount of auto waste disposed globally, and increase the amount of energy efficient recycled steel production in China.

Financing Overview

During the year, the Company as issuer had entered into the conditional warrant subscription agreements with the subscribers as subscribers on 5 January 2012 in relation to a private subscription of a total of 200,000,000 warrants by the subscribers, at the warrant issue price of HK$0.02 each. The warrants entitle the subscribers to subscribe for the new shares at the subscription price of HK$0.36 per new share for a period of 24 months commencing from the date of issue of the warrants. Each warrant carries the right to subscribe for one new share.

Completion of the warrant issues took place on 13 January 2012 in accordance with the terms of the warrant subscription agreements. 200,000,000 warrants had been issued to the subscribers at the warrant issue price of HK$0.02 per warrant.

The Board considers that the warrant placing represents an opportunity to raise additional funds for the Company while broadening the shareholder and capital base of the Company. The net proceeds from the warrant placing, after the deduction of the related expenses, are estimated to be approximately HK$3,899,000, representing a net issue price of approximately HK$0.0195 per warrant. The net proceeds will be applied by the Company as the general working capital of the Group.

Assuming the full exercise of the subscription rights attaching to the warrants, it is expected that approximately HK$72,000,000 will be raised. The net proceeds of approximately HK$72,000,000 (with a net subscription price of approximately HK$0.36 per warrant) will be utilised by the Group as its general working capital and as funds for future development of the existing business of the Group and for future investment should suitable opportunities arise.

Prospects

Looking forward, we expect 2013 will be challenging yet also a year of positive transition. There will likely be some combination of both on-going sales and pricing pressure for our smartcard businesses. We will continue 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 Phoenitron's leading position in existing markets by providing quality services and to convert challenges into opportunities. At the same time, our new businesses will commence in the year of 2013 and they are expected to contribute revenue and profits for the Company. 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 about stable revenues and profits for our shareholders.

Acknowledgement

On behalf of the Board, I would like to take this opportunity to extent our gratitude to all members of the Board and staff for their dedication and contribution to the Group throughout the year 2012. 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 2013

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 2012 together with the comparative figures for the year 2011 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	**2012** *HK$*	2011 *HK$*
Revenue	*4*	**129,141,518**	139,172,687
Cost of sales		**(99,701,027)**	(102,812,927)
Gross profit		**29,440,491**	36,359,760
Other income	*5*	**21,293,508**	16,361,860
Fair value gain on a financial derivative	*12(a)*	**381,378**	116,942,154
Other gains and losses	*6*	**(1,897,393)**	27,421,442
Selling and distribution costs		**(6,631,283)**	(6,229,901)
Administrative expenses		**(34,165,257)**	(25,314,778)
Finance costs	*7*	**(1,303,678)**	(713,242)
Share of losses of an associate		**(269,078)**	–
Share of losses of a jointly controlled entity		**(17,674,003)**	(73,798,214)
(Loss)/Profit before income tax	*8*	**(10,825,315)**	91,029,081
Income tax expense	*9*	**(1,466,716)**	(3,958,610)
(Loss)/Profit for the year		**(12,292,031)**	87,070,471
Other comprehensive income			
Changes in fair value of available-for-sale financial assets		**(9,999,347)**	6,536,693
Exchange gain on translation of financial statements of foreign operations		**2,663,558**	3,759,782
Other comprehensive income for the year		**(7,335,789)**	10,296,475
Total comprehensive income for the year		**(19,627,820)**	97,366,946
		HK cents	*HK cents*
(Loss)/Earnings per share	*11*		
– Basic		**(0.405)**	2.924
– Diluted		**(0.405)**	2.919

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	2012 HK$	2011 HK$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**73,072,916**	24,437,000
Intangible assets		**420,000**	420,000
Prepayments for acquisition of property, plant and equipment		**1,879,941**	29,027,964
Interest in an associate		**866,058**	1,135,136
Long-term financial assets	*12*	**133,967,201**	153,985,702
		210,206,116	209,005,802
Current assets			
Inventories		**8,300,248**	5,114,610
Trade and other receivables	*13*	**70,080,356**	70,297,961
Amounts due from jointly controlled entities	*14*	**181,524,516**	132,611,520
Tax recoverable		**27,868**	–
Pledged bank deposits		**565,720**	17,406,252
Cash and cash equivalents		**39,783,378**	58,320,328
		300,282,086	283,750,671
Current liabilities			
Trade and other payables	*15*	**39,735,864**	30,272,197
Borrowings		**33,592,627**	37,785,759
Current tax liabilities		**–**	1,776,150
		73,328,491	69,834,106
Net current assets		**226,953,595**	213,916,565
Total assets less current liabilities		**437,159,711**	422,922,367
Non-current liabilities			
Borrowings		**145,499**	421,898
Deferred tax liabilities		**4,707**	4,707
		150,206	426,605
Net assets		**437,009,505**	422,495,762
EQUITY			
Share capital		**60,886,700**	60,544,100
Share subscription received		**30,000,000**	–
Reserves		**346,122,805**	361,951,662
Total equity		**437,009,505**	422,495,762

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2012

	Share capital	Share subscription received	Contributed surplus*	Share option reserve*	Other reserves*	Translation reserve*	Available-for-sale financial assets revaluation reserve*	Warrant reserve*	Retained profits*	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
At 1 January 2011	55,192,000	–	137,272,980	1,360,008	7	8,781,604	2,058,355	–	38,302,445	242,967,399
2010 final dividend approved *(note 10(b))*	–	–	(12,142,240)	–	–	–	–	–	–	(12,142,240)
Issue of new shares upon open offer	5,519,200	–	93,826,400	–	–	–	–	–	–	99,345,600
Expenses incurred in relation to issue of new shares	–	–	(1,193,534)	–	–	–	–	–	–	(1,193,534)
Repurchase of shares	(167,100)	–	(3,681,309)	–	–	–	–	–	–	(3,848,409)
Transactions with owners	5,352,100	–	76,809,317	–	–	–	–	–	–	82,161,417
Profit for the year	–	–	–	–	–	–	–	–	87,070,471	87,070,471
Other comprehensive income										
– Change in fair value of available-for-sale financial assets	–	–	–	–	–	–	6,536,693	–	–	6,536,693
– Translation of foreign operations	–	–	–	–	–	3,759,782	–	–	–	3,759,782
Total comprehensive income for the year	–	–	–	–	–	3,759,782	6,536,693	–	87,070,471	97,366,946
At 31 December 2011	**60,544,100**	–	**214,082,297**	**1,360,008**	**7**	**12,541,386**	**8,595,048**	**–**	**125,372,916**	**422,495,762**
Issue of non-listing warrants	–	–	–	–	–	–	–	3,898,500	–	3,898,500
2011 final dividend approved *(note 10(b))*	–	–	(6,046,350)	–	–	–	–	–	–	(6,046,350)
Repurchase of shares	(157,400)	–	(2,553,187)	–	–	–	–	–	–	(2,710,587)
Issue of shares upon exercise of non-listed warrants	500,000	–	8,987,313	–	–	–	–	(487,313)	–	9,000,000
Cash paid by warrant holders to subscribe shares	–	30,000,000	–	–	–	–	–	–	–	30,000,000
Transactions with owners	342,600	30,000,000	387,776	–	–	–	–	3,411,187	–	34,141,563
Loss for the year	–	–	–	–	–	–	–	–	(12,292,031)	(12,292,031)
Other comprehensive income										
– Change in fair value of available-for-sale financial assets	–	–	–	–	–	–	(9,999,347)	–	–	(9,999,347)
– Translation of foreign operations	–	–	–	–	–	2,663,558	–	–	–	2,663,558
Total comprehensive income for the year	–	–	–	–	–	2,663,558	(9,999,347)	–	(12,292,031)	(19,627,820)
At 31 December 2012	**60,886,700**	**30,000,000**	**214,470,073**	**1,360,008**	**7**	**15,204,944**	**(1,404,299)**	**3,411,187**	**113,080,885**	**437,009,505**

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

NOTES:

1. BASIS OF PREPARATION

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

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

2. ADOPTION OF NEW/REVISED HKFRSs

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2012:

Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets

There are no significant changes in the Group's accounting policies as a result of the adoption of the above new/revised HKFRSs.

3. SEGMENT INFORMATION

The principal activities of the Group includes manufacturing and sales of smart cards and plastic cards, provision of customised smart card application systems and provision of financial and management consultancy services.

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 three operating segments:

- Sales of smart cards and plastic cards;
- Sales of smart cards application systems; and
- Financial and management consultancy services.

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

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

Revenue and expenses are allocated to the reportable segments with reference to sales generated and the expenses incurred by those segments. The measurement of segment profit or loss is the same as those used in preparing these financial statements under HKFRSs except that finance costs, income tax, share of results of jointly controlled entity and associate, corporate income and expenses and other income and expenses not directly attributable to business activities of the operating segments are not included in arriving at the operating results of the operating segments.

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

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

Segment results, segment assets and segment liabilities

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

2012

	Sales of smart cards and plastic cards *HK$*	Sales of smart card application system *HK$*	Financial and management consultancy services *HK$*	Corporate/ Unallocated *HK$*	Consolidated *HK$*
Reportable segment revenue	125,092,009	45,870	4,003,639	–	129,141,518
Reportable segment profit/(loss)	(9,168,896)	(1,606,545)	15,588,175	–	4,812,734
Fair value gain on a financial derivative					381,378
Finance costs					(1,303,678)
Share of losses of a jointly controlled entity					(17,674,003)
Share of losses of an associate					(269,078)
Unallocated interest income					7,350,055
Corporate expenses, net					(4,122,723)
Loss before income tax					(10,825,315)
					Total *HK$*
Reportable segment assets	121,297,954	8,265	184,062,900	14,965,258	320,334,377
Interest in an associate					866,058
Long-term financial assets					133,967,201
Intangible assets					420,000
Proceeds receivable from partial disposal of a jointly controlled entity					14,523,600
Tax recoverable					27,868
Pledged bank deposits					565,720
Bank balances and cash					39,783,378
Total consolidated assets					510,488,202
Reportable segment liabilities	37,855,556	33,780	755,007	1,091,521	39,735,864
Borrowings					33,738,126
Deferred tax liabilities					4,707
Total consolidated liabilities					73,478,697
					Consolidated *HK$*
Other information					
Depreciation	15,445,789	1,117,157	187,627	108,778	16,859,351
Interest income	–	–	12,134,487	7,350,055	19,484,542
Write down of inventories to net realisable value	447,026	–	–	–	447,026
Provision for impairment on trade receivables	206,238	–	–	–	206,238
Additions to specified non-current assets	35,849,236	–	–	999,449	36,848,685

2011

	Sales of smart cards and plastic cards *HK$*	Sales of smart card application system *HK$*	Financial and management consultancy services *HK$*	Corporate/ Unallocated *HK$*	Consolidated *HK$*
Reportable segment revenue	134,714,436	277,599	4,180,652	–	139,172,687
Reportable segment profit/(loss)	7,618,473	(585,646)	11,086,651	–	18,119,478
Gain on partial disposal of a jointly controlled entity					29,315,437
Fair value gain on a financial derivative					116,942,154
Finance costs					(713,242)
Share of losses of a jointly controlled entity					(73,798,214)
Unallocated interest income					7,301,468
Corporate expenses, net					(6,138,000)
Profit before income tax					91,029,081
					Total *HK$*
Reportable segment assets	112,056,308	8,266	134,900,881	–	246,965,455
Interest in an associate					1,135,136
Long-term financial assets					153,985,702
Intangible assets					420,000
Proceed receivable from partial disposal of a jointly controlled entity					14,523,600
Pledged deposits					17,406,252
Bank balances and cash					58,320,328
Total consolidated assets					492,756,473
Reportable segment liabilities	28,826,714	59,500	1,385,983	–	30,272,197
Borrowings					38,207,657
Current tax liabilities					1,776,150
Deferred tax liabilities					4,707
Total consolidated liabilities					70,260,711
					Consolidated *HK$*
Other information					
Depreciation	10,074,178	1,117,158	108,847	–	11,300,183
Interest income	–	–	8,893,329	7,301,468	16,194,797
Write down of inventories to net realisable value	570,424	27,763	–	–	598,187
Provision for impairment on trade receivables	205,296	185,606	–	–	390,902
Additions to specified non-current assets	36,908,664	–	829,290	–	37,737,954

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

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

Geographical information

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

	Revenue from external customers		Specified non-current assets	
	2012	2011	**2012**	2011
	HK$	*HK$*	***HK$***	*HK$*
Denmark, France, United Kingdom	**54,020,755**	45,500,548	**–**	–
Hong Kong	**476,072**	830,917	**1,820,217**	2,555,697
India, Indonesia, Singapore	**33,142,929**	37,466,248	**–**	–
Mauritius and South Africa	**603,299**	9,497,392	**–**	–
People's Republic of China (the "PRC"), excluding Hong Kong	**36,679,631**	38,594,424	**73,528,027**	52,464,403
Others	**4,218,832**	7,283,158	**890,671**	–
Total	**129,141,518**	139,172,687	**76,238,915**	55,020,100

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

Information about major customers

Revenue from each of the major customers who individually contributed 10% or more of the Group's total revenue during the reporting period is as follows:

	2012	2011
	HK$	*HK$*
Customer A	**53,935,044**	45,558,673
Customer B	**18,772,532**	26,648,273
Customer C	**22,257,786**	19,882,283

4. REVENUE

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

	2012	2011
	HK$	*HK$*
Sales of smart cards and plastic cards	**125,092,009**	134,714,436
Sales of smart card application systems	**45,870**	277,599
Service income	**4,003,639**	4,180,652
	129,141,518	139,172,687

5. OTHER INCOME

	2012	2011
	HK$	*HK$*
Interest income *(note (a))*	**19,484,542**	16,194,797
Government subsidies *(note (b))*	**1,743,598**	–
Sundry income	**65,368**	167,063
	21,293,508	16,361,860

Note:

(a) Interest income comprises interest income arising from amount due from jointly-controlled entities (note 14) and bank deposits of HK$12,211,071 (2011: HK$9,250,292) in aggregate which are financial assets not at fair value through profit or loss, as well as interest income arising from amortisation of available-for-sale financial assets (note 12(a)) of HK$7,273,471 (2011: HK$6,944,505).

(b) The one-off unconditional government subsidies received from the PRC government during the year were for subsidising the Group's smart cards and plastic cards and module packaging business operation.

6. OTHER GAINS AND LOSSES

	2012	2011
	HK$	*HK$*
Gain on partial disposal of a jointly controlled entity *(note 12 (a))*	**–**	29,315,437
Gain on disposal of property, plant and equipment	**148,177**	77
Exchange losses, net	**(2,045,570)**	(1,894,072)
	(1,897,393)	27,421,442

7. FINANCE COSTS

	2012	2011
	HK$	*HK$*
Interest charges on bank loans wholly repayable within five years *(note)*	**1,263,936**	664,057
Interest element of finance lease payments	**39,742**	49,185
	1,303,678	713,242

Note:

The analysis shows the finance costs of bank borrowings, including term loans which contain a repayment on demand clause, in accordance with the agreed scheduled repayments dates set out in the respective loan agreements. For the years ended 31 December 2012 and 2011, interest charges on bank borrowings which contain a repayment on demand clause amounted to HK$1,145,441 and HK$569,812 respectively.

8. (LOSS)/PROFIT BEFORE INCOME TAX

	2012	2011
	HK$	*HK$*
(Loss)/Profit before income tax is arrived at after charging:		
Auditors' remuneration	**480,000**	455,650
Costs of inventories recognised as expenses	**99,701,027**	102,812,927
Depreciation		
– Owned assets	**16,684,231**	11,183,437
– Leased assets	**175,120**	116,746
	16,859,351	11,300,183
Employee benefit expenses	**34,213,474**	32,236,594
Operating lease charges on land and buildings	**6,889,424**	6,981,244
Provision for impairment on trade receivables	**206,238**	390,902
Research and development costs	**147,566**	85,149
Write down of inventories to net realisable value[1]	**447,026**	598,187

[1] included in cost of inventories recognised as expenses

9. INCOME TAX EXPENSE

	2012	2011
	HK$	*HK$*
Current tax		
Hong Kong Profits Tax:		
Current year	**2,453,550**	3,952,579
(Over)/Under provision in prior year	**(1,647,260)**	6,031
	806,290	3,958,610
PRC Enterprise Income Tax ("EIT")		
Current year	**660,426**	–
Total income tax expense	**1,466,716**	3,958,610

Hong Kong Profits Tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profits for the year. Taxation for subsidiaries established and operated in the PRC is calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the PRC.

Pursuant to the income tax rules and regulations of the PRC, the subsidiaries in the PRC are liable to EIT at the rate of 25% (2011: 25%).

Reconciliation between income tax expense and accounting (loss)/profit at applicable tax rates is as follows:

	2012	2011
	HK$	*HK$*
(Loss)/Profit before income tax	**(10,825,315)**	91,029,081
Income tax at Hong Kong Profits Tax rate of 16.5% (2011: 16.5%)	**(1,786,176)**	15,019,797
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(1,587,018)**	(417,352)
Tax effect of non-deductible expenses	**3,911,341**	1,753,167
Tax effect of non-taxable income	**(3,385,329)**	(25,489,453)
Tax effect of tax losses not recognised	**2,870,371**	573,552
Tax effect of other temporary differences not recognised	**228,633**	125,928
Share of results of a jointly controlled entity and an associate	**2,960,608**	12,176,705
(Over)/Under provision in prior year	**(1,647,260)**	6,031
Others	**(98,454)**	210,235
Income tax expense	**1,466,716**	3,958,610

10. DIVIDENDS

(a) Dividends attributable to the year

	2012	2011
	HK$	*HK$*
Proposed final dividend of HK0.2 cents (2011: HK0.2 cents) per share	**6,238,670**	6,046,350

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

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

	2012	2011
	HK$	*HK$*
Final dividend in respect of the previous financial year of HK0.2 cents (2011: HK0.4 cents) per share	**6,046,350**	12,142,240

11. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss for the year of HK$12,292,031 (2011: profit of HK$87,070,471) and the weighted average number of 3,032,556,466 (2011: 2,978,100,507) ordinary shares in issue during the year.

(b) Diluted (loss)/earnings per share

No adjustment has been made to the basic loss per share as the outstanding share options and warrants had anti-dilutive effect on the basic loss per share for 2012.

The calculation of diluted earnings per share for 2011 is based on the profit for 2011 of HK$87,070,471 and the weighted average number of 2,983,001,208 ordinary shares, calculated as follows:

	2011
Weighted average number of ordinary shares used in the calculation of basic earnings per share	2,978,100,507
Effect of deemed issue of shares under the Company's share option scheme	4,900,701
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	2,983,001,208

12. LONG-TERM FINANCIAL ASSETS

	2012	2011
	HK$	*HK$*
Investment in Hota (USA) *(note (a))*	**131,809,143**	151,827,644
Investment in Guangzhou Tecsun *(note (b))*	**2,158,058**	2,158,058
	133,967,201	153,985,702

Notes:

(a) Hota (USA) Holding Corp. ("Hota (USA)") is an investment holding company incorporated in the United States of America. As at 31 December 2012, Hota (USA) had equity holdings in the entire issued share capital of a PRC entity which is principally engaged in the business of disintegration of used automobiles and sale of metal derived from automobiles (the "Resources Recycling Business"). As at 31 December 2012, the Group is interested in (i) 83.33% (2011: 83.33%) of the Series A preferred shares of Hota (USA), which entitle the Group to receive 5% non-cumulative dividends and have become redeemable at 100% of the principal amount since the 3rd quarter of 2012; and (ii) 35.29% (2011: 35.29%) of the common shares of Hota (USA). Each of the Series A preferred shares entitles the holder thereof to convert the same into one common share of Hota (USA) and the holders of the Series A preferred shares shall be entitled to have one vote for each common share of Hota (USA) into which each Series A preferred share is convertible on an as-converted basis, and shall vote together with the holders of the common shares. As at 31 December 2012, the Group is interested in 57.81% (2011: 57.81%) of the entire share capital of Hota (USA) as enlarged by the allotment and issue of the common shares upon exercise of the conversion rights attaching to the entire Series A preferred shares in issue. The board of Hota (USA) comprised of 4 directors, 2 of whom were appointed by the Group. Accordingly, the directors regard Hota (USA) as a jointly-controlled entity of the Group.

The Group's investment in the Series A preferred shares of Hota (USA) is accounted for as an available-for-sale financial asset which is stated at fair value of HK$75,644,448 (2011: HK$78,370,324) as at 31 December 2012, with a derivative component arising from the conversion right of the Series A preferred shares which is stated at fair value of HK$133,956,378 (2011: HK$133,575,000) as at 31 December 2012.

The Group's investment in the common shares of Hota (USA) is accounted for as interest in a jointly controlled entity. For the year ended 31 December 2012, the Group's share of losses of Hota (USA) and its subsidiary (the "Hota Group") amounted to HK$17,674,003 (2011: HK$73,798,214). The losses are applied to and has reduced the purchase price paid by the Group for the investment in Series A preferred shares of Hota (USA) which are in substance part of the Group's long-term investment in Hota Group.

	2012	2011
	HK$	*HK$*
Investment in Series A preferred shares		
Available-for-sale financial asset	**75,644,448**	78,370,324
Derivative component	**133,956,378**	133,575,000
	209,600,826	211,945,324
Interest in a jointly controlled entity	**(77,791,683)**	(60,117,680)
	131,809,143	151,827,644

During 2011, the Group disposed of 28,000 common shares of Hota (USA) to a third party (the "Partial Disposal") at a consideration of USD1,960,000 and has recognised a gain of HK$29,315,437.

Details of Hota (USA) and its principal subsidiary as at 31 December 2012 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 US Dollar ("USD") 34 Series A preferred shares USD12,000,000	35.29% (2011: 35.29%) 83.33% (2011: 83.33%)	Investment holding
張家港永峰泰環保科技有限公司 (Hota Auto Recycling Corporation)*	PRC	USD20,000,000		Resources recycling business

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

Hota Group has a reporting date of 31 December. The financial information of Hota Group, extracted from its management accounts which have been adjusted to ensure consistency in accounting policies as adopted by the Group, is as follows:

	2012 *HK$*	2011 *HK$*
Assets and liabilities:		
Non-current assets	**305,644,293**	314,983,676
Current assets	**31,359,789**	30,969,733
Current liabilities	**(359,803,330)**	(291,543,713)
Non-current liabilities	**(276,185,319)**	(264,129,060)
Net liabilities	**(298,984,567)**	(209,719,364)
Results:		
Income	**17,808,683**	2,163,416
Expenses	**(98,516,677)**	(171,697,563)
Net losses	**(80,707,994)**	(169,534,147)

The Group has not incurred any contingent liabilities or other commitments relating to its investment in Hota (USA).

(b) The investment represents 11.33% equity interest in Guangzhou Tecsun Golden Card Ltd. (廣州德生金卡有限公司) ("Guangzhou Tecsun"), a PRC entity with paid up registered capital of RMB41,700,000.

	2012 *HK$*	2011 *HK$*
Unlisted equity securities, at cost	**4,458,058**	4,458,058
Less: Provision for impairment	**(2,300,000)**	(2,300,000)
	2,158,058	2,158,058

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

13. TRADE AND OTHER RECEIVABLES

	2012 *HK$*	2011 *HK$*
Trade receivables	**30,047,945**	37,206,700
Less: Provision for impairment of trade receivables	**(206,238)**	(390,902)
Trade receivables, net *(note)*	**29,841,707**	36,815,798
Other receivables, deposits and prepayment	**40,238,649**	33,482,163
	70,080,356	70,297,961

Note:

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:

	2012	2011
	HK$	*HK$*
0 – 30 days	**16,753,468**	14,725,566
31 – 90 days	**11,172,847**	18,383,160
Over 90 days	**1,915,392**	3,707,072
	29,841,707	36,815,798

14. AMOUNT DUE FROM JOINTLY CONTROLLED ENTITIES

The balances as at 31 December 2012 comprise (i) loans to Hota (USA) with interest accrued thereon amounting to HK$147,540,782 (2011: HK$132,611,520) which are unsecured, interest bearing at 8.5% to 10% (2011: 10%) per annum and have become matured as at 31 December 2012; and (ii) a loan to the subsidiary of Hota (USA) amounting to HK$33,983,734 (2011: nil) which is unsecured, interest bearing at 10% per annum and is due within one year. The Group is in negotiation with the jointly controlled entities to extend the repayment dates of the loans to a latter period.

The loan agreements entered into by the Group and Hota (USA) specified possible capitalisation for the loans made to Hota (USA) in case Hota (USA) failed to repay the loans together with any interest accrued on due date. As at 31 December 2012 and up to the date of this report, no formal agreement has been signed in relation to the capitalisation of the loans.

15. TRADE AND OTHER PAYABLES

	2012	2011
	HK$	*HK$*
Trade payables	**26,999,204**	20,600,596
Other payables and accrual	**12,736,660**	9,671,601
	39,735,864	30,272,197

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

	2012	2011
	HK$	*HK$*
0 – 30 days	**10,532,989**	10,764,218
31 – 60 days	**7,283,710**	4,771,867
61 – 90 days	**3,589,519**	3,796,518
Over 90 days	**5,592,986**	1,267,993
	26,999,204	20,600,596

Due to short maturity period, the carrying values of the Group's trade and other payables are considered to be reasonable approximation of their fair values.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Revenue

During the period under review, the Group's financial results was principally derived from its Intercard subsidiary which is engaged in the contract manufacturing and sales of smart cards and plastic cards, the provision of customised smart card application systems and also the provision of management and financial consultancy services.

The Group's smartcard business faced a difficult and competitive business environment during the year of 2012, characterized by on-going price pressures and rising costs in China. During the period under review, the Group's revenue generated from the smartcard business was HK$125.1 million, down by HK$9.6 million or 7.1% as compared to the corresponding period in 2011 of HK$134.7 million. The decrease was due primarily to price-cuts that have been offered to select customers in exchange for greater sales volume and also the relocation into a new production plant in Beijing which caused temporary interruption to the production.

Revenue generated from the provision of management and financial consultancy services amounted to HK$4.0 million during the year under review, representing a drop of 4.2% as compared to the corresponding period in last year of HK$4.2 million.

Cost of Sales and Gross Profit

During the year under review, cost of sales dropped slightly by HK$3.1 million, or 3.0%, from HK$102.8 million for the corresponding period of 2011 to HK$99.7 million. The decrease in cost of sales was largely attributable to the dropped in sales as well as improved production efficiency, which was unfortunately offset by the increase in depreciation charge as fixed assets were acquired during the year for the new IC module packaging and testing service business which did not commence trial production until Q3 2012.

As a result, gross profit dropped to HK$29.4 million, down by HK$7.0 million, or 19.0%, as compared to the corresponding period in last year of HK$36.4 million. Due to the aforesaid, gross profit margin for the period under review dropped to 22.8%, as compared to 26.1% for the corresponding period in 2011.

Since the new smartcard IC module packaging and testing services has started to ramp up commercial production, the Board believes the Company will capture a greater portion of the value and profit in the smartcard production chain, and provide improved one-stop services to its existing and potential customers, from the original manufacturing and sales of smart cards and plastic cards to the new module packaging and testing services. This should enhance competitiveness and achieve a return to smartcard revenue growth and better profits for the Group.

Other Income

Other revenue of HK$21.3 million (2011: HK$16.4 million) was mainly comprised of interest income arising from amount due from jointly-controlled entities, and bank deposits of HK$12.2 million (2011: HK$9.3 million) as well as interest income arising from amortisation of available-for-sale financial assets of HK$7.3 million (2011: HK$6.9 million) plus sundry revenue.

Fair Value Gain on a Financial Derivative

The Group's investment in the Series A preferred shares of Hota (USA) is accounted for as an available-for-sale financial asset with a derivative component arising from the conversion right of the Series A preferred shares which is stated at fair value of HK$133,956,378 (2011: HK$133,575,000) as at 31 December 2012. As a result, a fair value gain on a financial derivative of HK$381,378 was recorded in 2012 (2011: gain of HK$116,942,154).

Other Gains or Losses

During the year under review, other losses amounted HK$1.9 million which was mainly the exchange losses arising from the foreign currency transactions (2011: gains of HK$27.4 million which was represented by the gain on partial disposal of a jointly-controlled entity of HK$29.3 million net off by exchange losses of HK$1.9 million).

Selling and Distribution Costs

Selling and distribution costs increased by 6.4% over the corresponding period in 2011 to HK$6.6 million (2011: HK$6.2 million), and was attributable to the increases in freight charges (as goods were delivered to more remote customers) and also in overseas travelling expenses and staff costs for soliciting new orders and exploring new business opportunities.

Administrative Expenses

Administrative expenses recorded an increase of HK$8.9 million or 35.0% over the corresponding period in 2011 to HK$34.2 million (2011: HK$25.3 million). The increase was primarily attributable to the various pre-operating costs incurred in relation to (i) the new smartcard IC module packaging and testing services of HK$2.1 million and (ii) the existing smartcard business of HK$3.1 million (during the period of relocation to the new plant and before production was resumed normal), and also the one-time expenses incurred associated with the relocation of Beijing plant (such as payment of rentals/building management fee at the same time for both the old and new plants, compensation/severance payments to staffs for termination of employment contracts etc).

Finance Costs

In a lower interest rate environment, the Group has decided to increase its bank borrowings for its operating activities and to finance the acquisition of machinery in relation to the new smartcard IC module packaging and testing business. During the year under review, the Group's finance costs amounted to HK$1.3 million (2011: HK$0.71 million).

Share of Losses of a Jointly Controlled Entity

Share of losses of Hota, a jointly controlled entity, after tax amounted to HK$17.7 million (2011: HK$73.8 million). Hota's loss in the period under review was attributed to operations being below optimal utilization levels due to the early trial period nature of establishing sourcing and delivery channels and fine tuning production and getting all the necessary approvals from the relevant government authorities. We expect commercial volumes of recycling and parts sales to be evident by the second half of 2013. It is expected that Hota's earnings potential will gradually ramp up in the coming quarters to become a net contributor to the Group. In the long-term, the Board believes that the Hota investment should provide the Group with direct exposure to the promising business opportunity presented by the recycling of metals and materials from scrapped automobiles and the sale of recovered and reusable parts. Hota's business is not only a good potential growth and profit driver for the Group, it is also an environmentally significant operation to conserve the earth's metals resources, reduce the amount of auto waste disposed globally, and increase the amount of energy efficient recycled steel production in China.

Income Tax Expense

During the year under review, income tax expense of the Group amounted to HK$1.5 million (2011: HK$4.0 million).

As a result of the foregoing, loss attributable to the owners of the Company in 2012 amounted to HK$12.3 million, representing a drop of 114.1% as compared to a gain of HK$87.1 million in 2011.

LIQUIDITY AND FINANCIAL RESOURCES/CAPITAL STRUCTURE

During the year under review, the Group financed its business operations and investments with cash revenue generated from operating activities, bank loans, finance lease arrangements and net proceeds from issuance of unlisted warrants. As at 31 December 2012, the Group had cash and bank balances of HK$40.3 million, finance leases payable of HK$0.4 million and secured bank loans of HK$33.3 million.

As at 31 December 2012, the Group had current assets of HK$300.3 million and current liabilities of HK$73.3 million. The current ratio, expressed as current assets over current liabilities, was maintained at a satisfactory level of 4.1.

EMPLOYEE INFORMATION

As at 31 December 2012, the Group employed a total of 492 employees, of which 14 were located in Hong Kong and the rest were located in the PRC. Employee cost, including directors' remuneration, was HK$34.2 million for the year under review. The Group remunerates its employees based on their performance, experience and the prevailing industry practice. In addition to basic salaries and participation in mandatory provident fund scheme, staff benefits include medical scheme and share options.

SIGNIFICANT INVESTMENTS

With the exception of the investments in Hota (USA) and 力欣房地產經紀(上海)有限公司, an associate, there were no other significant investments for the year ended 31 December 2012. Details of investment in Hota (USA) have been set out in "Business and Operation Review".

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group made no material acquisitions or disposals of subsidiaries and affiliated companies during the year ended 31 December 2012.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the "Business and Operation Review" section, there were no future plans for material investments or capital assets.

CHARGE ON GROUP ASSETS AND CONTINGENT LIABILITIES

At 31 December 2012, certain machinery and equipment with the carrying amounts of HK$32,449,525 and bank deposits of HK$565,720 were pledged by the Company's subsidiaries as collaterals to secure general banking facilities granted to the Group. In addition, the Company's subsidiary has assigned the trade receivables of certain customers to a bank in relation to the banking facilities granted to the Group.

The Company and its subsidiaries have provided guarantees of repayment in respect of the facilities for bank loans and finance leases of the Group amounting to HK$69,000,000 (2011: HK$69,000,000), of which HK$33,738,126 (2011: HK$38,207,657) was utilised and outstanding as at 31 December 2012.

GEARING RATIO

The gearing ratio of the Group, expressed as a percentage of total borrowings to total assets of the Group, was 6.6% as at 31 December 2012 (2011: 7.8%). Accordingly, the financial position of the Group remains very liquid.

FINAL DIVIDEND

The Directors recommend the payment of a final dividend of 0.2 HK cents per share (2011: 0.2 HK cents) for the year ended 31 December 2012.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the GEM Listing Rules. The audit committee comprises three independent non-executive Directors, namely, Ms. Wong Ka Wai, Jeanne, Mr. Leung Ka Kui, Johnny, and Mr. Chan Siu Wing, Raymond. Four audit committee meetings were held during the financial year 2012.

The Group's results for the year ended 31 December 2012 have been reviewed by the audit committee.

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2012 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on 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 BDO Limited on the preliminary announcement.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The corporate governance principles of the company emphasise a quality Board, sound internal controls, transparency and accountability to all shareholders. Throughout the year of 2012, the Group compiled with the code provisions in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 15 of the GEM Listing Rules, except for the code provision A2.1 stipulated in the following paragraphs.

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

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

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

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

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

COMPETING INTERESTS

As at 31 December 2012, none of the directors or the management shareholders or any of its respective associates (as defined under the GEM Listing Rules) of the Company had any interest in a business that competed or might compete with the business of the Group directly or indirectly.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the year ended 31 December 2012, the Company repurchased a total of 7,870,000 of its own shares on the Stock Exchange at an aggregate consideration (before expenses) of HK$2,694,300. All the repurchased shares were cancelled during the year.

Particulars of the repurchases are as follows:

Date of repurchase	No. of Shares	Price per share Highest	Price per share Lowest	Aggregate Price
		HK$	*HK$*	*HK$*
January	2,130,000	0.400	0.350	793,050
February	1,900,000	0.370	0.350	674,625
May	2,620,000	0.335	0.295	813,125
June	750,000	0.340	0.315	247,850
July	470,000	0.360	0.350	165,650
TOTAL	7,870,000			2,694,300

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

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

ANNUAL GENERAL MEETING

The annual general meeting (the "AGM") of the shareholders of the Company will be held at 9:15 a.m., on Wednesday, 8 May 2013, at Unit 302, 3rd Floor, Seapower Centre, 73 Lei Muk Road, Kwai Chung, New Territories, Hong Kong and the notice of AGM will be published and dispatched to the shareholders in the manner as required by the GEM Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

In order to ascertain the entitlements to attend the AGM, the register of members of the Company will be closed from Monday, 6 May 2013 to Wednesday, 8 May 2013 (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 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Friday, 3 May 2013.

The last day for dealing in shares cum entitlements to the proposed final dividend for the year ended 31 December 2012 will be on Thursday, 9 May 2013. In order to ascertain the entitlements to receive the proposed final dividend for the year ended 31 December 2012, the register of members of the Company will be closed from Tuesday, 14 May 2013 to Thursday, 16 May 2013 (both dates inclusive) during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend for the year ended 31 December 2012, 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 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Monday, 13 May 2013.

By order of the Board
Lily Wu
Chairman

Hong Kong, 22 March 2013

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.