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PHOENITRON

PHOENITRON HOLDINGS LIMITED

品創控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8066)

**SUPPLEMENTAL ANNOUNCEMENT
RELATING TO
THE ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

Reference is made to the annual report for the year ended 31 December 2017 (the “**Annual Report**”) of Phoenitron Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”). Unless otherwise stated, terms used herein shall bear the same meaning as those defined in the Annual Report.

As disclosed in the Annual Report, the auditors of the Company (the “**Auditors**”) have issued a qualified opinion in respect of the prior year’s audit scope limitation affecting comparative figures on the Group’s consolidated financial statements for the year ended 31 December 2017 (the “**Audit Qualification**”).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to supplement the following information in relation to the above item that resulted in the qualified opinion from the Auditors.

PRIOR YEAR’S AUDIT SCOPE LIMITATION AFFECTING COMPARATIVE FIGURES

Background

As disclosed in notes 21 and 24, respectively, to the consolidated financial statements of the Annual Report, the Group has reclassified cumulative fair value loss on the preferred shares of Hota (USA) Holding Corp. from the equity to profit or loss of HK\$11,739,442 (the “**Reclassification**”) and made impairment provision of HK\$223,020,200 for the amount due from the joint venture during the year ended 31 December 2016 (the “**Impairment**”). As detailed in the auditor’s report dated 22 March 2017, the auditors were unable to obtain sufficient appropriate audit evidence in relation to the impairment assessment of the Group’s interest in and the amount due from a joint venture and the preferred shares of Hota (USA) as at 1 January 2016 and they were unable to determine whether any adjustments as to its impairment loss as mentioned above recognised during the year

ended 31 December 2016 were necessary, which may have significant impact on the Group's financial position as at 1 January 2016 and on the Group's financial performance and the elements making up the consolidated statement of cash flows of the Group for the year ended 31 December 2016. The audit opinion on the consolidated financial statements of the Group for the year ended 31 December 2016 was modified accordingly.

In view of the above, the audit opinion on the consolidated financial statements for the year ended 31 December 2017 is also modified because of the possible effects of the abovementioned matter on the comparability of the corresponding figures in the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of cash flows.

No carryforward effect

As discussed with the Company's auditor, the qualified opinion does not have carryforward effect to the Group's financial statements for the year ending 31 December 2018 and similar qualified opinion will not be issued in the Group's financial statements for the year ending 31 December 2018, as the Reclassification and the Impairment were made during the financial year ended 31 December 2016 and therefore it would only affect comparative figures for the financial year ended 31 December 2017.

Audit committee's view

The audit committee of the Company agreed with the Audit Qualification.

By order of the Board
Phoenitron Holdings Limited
Chang Wei Wen
Executive Director

Hong Kong, 3 May 2018

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. Leung Ka Kui, Johnny and Mr. Chan Siu Wing, Raymond.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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 in this announcement misleading.

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