PHOENITRON HOLDINGS LIMITED

品創控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8066)

SUPPLEMENTARY ANNOUNCEMENT

Reference is made to the announcement dated 30 September 2019 (the "**Announcement**") made by Phoenitron Holdings Limited (the "**Company**"), in relation to the disclosable transaction for the Joint Production Agreement entered into between Kartop HK and Zhe Jiang You Sheng. Unless otherwise defined in this announcement, capitalized terms used herein shall have the same meanings as those defined in the Announcement. The Company hereby provides further supplementary information in respect of the content in the Announcement.

BACKGROUND INFORMATION ON ZHE JIANG YOU SHENG

To the best of the knowledge of the Company, Zhe Jiang You Sheng, founded in September 2013, is a company engaged in the production and distribution of film and television products, with its main products being TV plays (i.e. the television drama, audio and video products and other products televised by television channels).

1. The Ultimate Beneficial Owners of Zhe Jiang You Sheng

To the best of the knowledge of the Company by the date hereof, there are three substantial shareholders in Zhe Jiang You Sheng, namely Mr. Hou Chuangao (侯傳杲), Wuhan Xinneng Runbang Equity Investment Fund Center (Limited Partnership) (武漢信能潤邦股權投資基金中心(有限合夥)) ("**Xinneng Runbang**") and Mr. Li Zhuo (李卓), holding 48.2248%, 39.7167% and 12.0585% in the shares of Zhe Jiang You Sheng respectively. Amongst them, to the best of the knowledge of the Company by the date hereof, no individual shareholder of Xinneng Runbang holds 10% or above of shareholdings in Zhe Jiang You Sheng, either directly or indirectly.

2. Zhe Jiang You Sheng's Experiences in TV Plays Business

Zhe Jiang You Sheng had successively invested and filmed a variety of TV plays from 2014 to 2016, including The Orange Code(《橙色密碼》), Shanhe Tongzai(《山河同在》), Bingfeng(《冰鋒》), Brave Man, The Fated General and others.

Amongst them, The Fated General was considered as a huge production and key project of Zhe Jiang You Sheng with production costs of approximately several hundreds of millions of RMB. The play was shot from August 2016 to November 2017 and the post-production stage of the same has only been completed in October 2018. The Fated General was released in 2019, after which Zhe Jiang You Sheng then started to film Snow Leopard II. On the other hand, Brave Man, Shanhe Tongzai and Bingfeng are the award-winning TV series, and the details of awards are set out as below:

Brave Man		
Awarding Party		Awards
1	Jiangsu City United Television Media Limited Liability Company (江蘇城市聯合電視傳媒有限責任公司)	Won "2017 Star of the Year (2017年度之星)" at the Domestic TV Series Ceremony (國劇頒獎禮) The Star of City (城市之星) (ranking first among the TV series played at NBS at the same time slot)
2	GuangDong Television Media Co., Ltd.	Won "Premium TV Series Production Company (優秀電視劇出品公司)" at The 15th TV Drama South Awarding Ceremony
3	Sichuan Radio and Television	Won the "Ratings Contribution Award (收視貢獻獎)" among the 2017 Sichuan provincial network TVs (2017年度四川省網)
Shanhe Tongzai		
Awarding Party		Awards
1	Hunan Economic Television Station under Hunan Broadcasting System	Won the "Outstanding Ratings Contribution Award (收視卓越貢獻獎)" in the 730 Theater (730 劇場) of Hunan Economic Television Station in 2015 (ranking second for the year in Hunan market)
2	Jiangsu City United Television Media Limited Liability Company	Won the "Best Audience Choice Award 2016 of City United Cup (城市聯合杯2016年度觀眾最喜愛獎)" in the Annual Domestic TV Series Ceremony (年度國劇頒獎禮) The Star of City
3	China Tianjin Radio and TV Station	Won the "Ratings Contribution Award 2016 for TVs Played at the 8:00pm Theater (2016年度晚8點劇場收視貢獻獎)" in the Annual Domestic TV Series Ceremony The Star of City
4	Chinese American Film Festival	Shortlisted at the Chinese American Film Festival
Bingfeng		
Awarding Party		Awards
1	Jiangsu City United Television Media Limited Liability Company	Won "2017 Star of the Year" at the Domestic TV Series Ceremony The Star of City (ranking second for the year)
2	Shanghai Media Group	Awarded as "Popular TV Drama of Audience (觀眾喜愛的電視劇劇作)" for TV series played at the News Channel in 2017
3	Guangdong Radio and Television	Won "Premium TV Series Production Company" at The 2017 TV Drama South Awarding Ceremony
4	Film and Television Channel under China Tianjin Radio and TV Station	Won the "Top-rated Award (收視王牌獎)" for TV series played at the Film and Television Channel under China Tianjin Radio and TV Station in 2017

3. Experience of the Shareholders and the Management of Zhe Jiang You Sheng in TV Play Business

Both the shareholders and the management of Zhe Jiang You Sheng include relevant parties possessing extensive experience in the performance production and TV play business.

The management of Zhe Jiang You Sheng includes Mr. Zhang Jian (張健). Mr. Zhang Jian is a famous producer in Mainland China having extensive experience in production, play writing, directing and corporate operation. He served as a producer, playwright, director, and investor for many TV plays in China. Mr. Zhang Jian won awards such as the "Excellent Producer" in the "Macau International TV Festival 2010" and the "Best Producer at the Beginning of the Year" in the "Ceremony of Film and TV Index" by Youku in 2011 with Snow Leopard, a TV play of which he was the producer.

In addition, all shareholders of Zhe Jiang You Sheng have experience relating to Chinese TV play business. For example, Mr. Hou Chuangao, one of the substantial shareholders of Zhe Jiang You Sheng, is a national Level 2 actor, graduating from the Performance Department of Shanghai Theatre Academy. Mr. Hou Chuangao has acted as the general manager of 浙江萊銀影視文化有限公司(Zhe Jiang Lai Yin Ying Shi Wen Hua Company Limited*) since 2006. He incorporated 東陽諸侯影業有限公司(Dong Yang Zhu Hou Ying Ye Company Limited*) in March 2009 where he has acted as its legal representative and general manager and produced many domestic famous TV plays during his office. Mr. Hou Chuangao then incorporated 浙江東陽核心人物影視文化有限公司(Zhe Jiang Dong Yang He Xin Ren Wu Ying Shi Wen Hua Company Limited*) (renamed to Zhe Jiang You Sheng thereafter) in September 2013 where he has acted as its legal representative and general manager and produced many representative works during his office.

Mr. Li Zhuo, another substantial shareholder of Zhe Jiang You Sheng, is also a domestic excellent actor, holding the master's degree of Art from Beijing Film Academy. He was an actor in many Chinese TV plays themed on revolution and he was the co-playwright of one of them.

REASONS FOR AND BENEFITS OF ENTERING INTO THE JOINT PRODUCTION AGREEMENT

Though the management of the Company had no previous experience in TV play business, the Company decided to enter into the Joint Production Agreement after due and careful consideration after giving consideration to various factors. In fact, the Company has conducted research and negotiation with Zhe Jiang You Sheng in relation to their possible business cooperation since 2018. The Company mainly considered, amongst others, the following factors:

(1) Expanding New Business for Broader Revenue Base

Apart from its petroleum and smartcard businesses, the Company expects to explore new businesses to broaden its revenue base for more profits. Therefore, the Company has considered the possibility of investing in the TV play and related businesses since 2018 and has conducted initial research and negotiation with many film and television companies ever since.

After due and careful consideration by the Company upon negotiating with Zhe Jiang You Sheng, the Company decided to invest in TV play business to broaden the revenue base and increase the source of revenue of the Company.

(2) Outlook of TV Play Business in China

In recent years, China has promulgated various policies for the purpose of better regulation and management of TV plays, allowing film and television companies to not only identify the overall market direction and the subject and content of TV plays proactively and accurately, but also decrease policy risk prospectively. Therefore, the Company believes the outlook of the TV play business in China will be clearer and now it is the right time for investment.

Further, Snow Leopard II to be shot jointly is a continuation of Snow Leopard, a classic war-themed play debuted nine years ago in 2010. As a benchmarking work, Snow Leopard led the way in the rejuvenation of revolution-themed films and plays and won a lot of awards, including the nomination of the 28th China TV Drama Flying Apsaras Awards as a long TV play (第28屆中國電視劇飛天將長篇電視劇提名), the Outstanding TV Play Award in the 26th China Golden Eagle TV Art Awards (第26屆金鷹獎優秀電視劇). It ranked the fourth in the Top 10 TV audience rating list of Fujian Urban TV Alliance (福建城市台節目聯盟收視十佳獎第四名), won the second prize of Jilin TV Public Channel- Prime Time Slot TV Play Audience Rating Ranking (吉林電視台公共頻道-黃金檔電視劇收視排行第二名), won the first prize of Ratings Contribution Award for TV series played at the "Select Theater" of Jiangsu General Entertainment Channel (江蘇綜藝頻道「精品劇場」收視貢獻獎第一名), and won the Ratings Contribution Award as to "Shanghai Rating Raking" for Chinese TV Dramas (中國電視劇「上海排行榜收視榜」收視貢獻獎). Leveraging on the momentum and experience of Snow Leopard, Snow Leopard II is expected to create better results.

(3) Extensive Experience and Ability of Zhe Jiang You Sheng and its Management

As mentioned above, the TV plays produced by Zhe Jiang You Sheng have won various awards in recent years, demonstrating Zhe Jiang You Sheng and Mr. Zhang Jian, as a member of its management, have extensive experience in the TV play business and their products have considerably good audience rating guarantee.

Likewise, Mr. Zhang Jian, the legal person of Zhe Jiang You Sheng, has led various film and television projects over the years and acted as director, playwright and producer for various TV plays. Therefore, he has been widely respected and recognized for his strong capability.

By this chance, the management of the Company expects to learn and gain relevant experience to build its own professional team in the future.

(4) Short Investment Period and Payback Period

The Company believes the Joint Production Agreement is of strong transferability and marketability as the investment period and payback period of TV play business are short due to short shooting period. Therefore, taking the opportunity arising from current clear film policies and regulations of China, the Company believes it is advisable to enter into the Joint Production Agreement to invest in the TV play business in China.

(5) Legal Opinion

Before entering into the Joint Production Agreement, the Company has engaged a legal advisor to conduct relevant investigation on Zhe Jiang You Sheng and its legal person through legal means and confirmed both the company and its legal person had no record of default and other relevant contentious liabilities.

In conclusion, the Directors believe that entering into the Joint Production Agreement with Zhe Jiang You Sheng is in line with the interests of its Shareholders as a whole.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

"Kartop HK"	Kartop (Hong Kong) Limited (嘉昇(香港)有限公司), a company incorporated in Hong Kong with limited liability, which is an indirect wholly-owned subsidiary of the Company
"Board"	the board of Directors
"Company"	Phoenitron Holdings Limited, a company incorporated under the laws of the Cayman Islands with limited liability and the shares of which are listed on GEM of the Stock Exchange
"Director(s)"	director(s) of the Company
"GEM"	GEM of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Joint Production Agreement"	the joint production agreement dated 30 September 2019 entered into between Kartop HK and Zhe Jiang You Sheng in relation to the Subject Project
"Zhe Jiang You Sheng"	浙江優盛影視文化有限公司(Zhe Jiang You Sheng Ying Shi Wen Hua Company Limited*), a company established in the PRC
"PRC"	the People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subject Project"	the investment, production, marketing and distribution of the Target TV Play as contemplated under the Joint Production Agreement
"Target TV Play"	Snow Leopard II
"%"	per cent.

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

By Order of the Board
Phoenitron Holdings Limited
Lily WU
Chairman and Executive Director

Hong Kong, 25 November 2019

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 of 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 for the purpose of giving information with regard to the Company. The directors of the Company, 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) for at least 7 days from its date of posting and the Company's website at www.phoenitron.com.