

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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 2019**

Reference is made to the annual report for the year ended 31 December 2019 (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 then auditors of the Company, Grant Thornton Hong Kong Limited (the “**Then Auditors**”), expressed a qualified opinion on the Company’s consolidated financial statements for the year ended 31 December 2019. The qualification is on the prior year’s audit scope limitation affecting comparative figures and other receivables from the Petroleum Company and disposal of a subsidiary in 2019 (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 Then Auditors.

**The actual or potential impact on the Company’s financial position**

In relation to the Audit Qualification, the Then Auditors were unable to determine whether any adjustments to the other receivables from the Petroleum Company, the related expected credit loss allowance, the loss on disposal of a subsidiary and loss for the period from discontinued operations recognised during the year ended 31 December 2019 were necessary, which may have a significant impact on the Group’s financial position as at 31 December 2018, 1 January 2019 and 31 December 2019, and on the financial performance and the elements making up the consolidated statement of cash flows of the Group for the year ended 31 December 2019 and the related disclosures.

Since the other receivables from the Petroleum Company has been written down to zero for the financial year ended 31 December 2019 (to which the Then Auditors have no objection), the Audit Qualification would only affect the comparability of the remaining balance of other receivables from the Petroleum Company as of 31 December 2018, the related expected credit loss allowances recognized in each of the financial years ended 2018 and 2019, the loss on disposal of a subsidiary and the loss for the period from discontinued operations recognised during the year ended 31 December 2019, but it would not affect the financial position of the Group as of 31 December 2019 and the accumulated losses of the Group for the financial year ended 31 December 2019.

### **The Management's position and basis on major judgmental areas**

As disclosed in detail in the section under the section headed "The Group's Response to the Qualified Opinion" of the Annual Report, due to the loss of contact with the Petroleum Company during the course of audit, the Then Auditors were unable to receive a direct confirmation reply from the Petroleum Company to confirm the transaction and the relevant accounts receivable balance. However, the Company has tried its best to assist the Then Auditors in getting the required audit evidences including but not limited to inviting the Then Auditors in July 2019 to witness the signing of the Repayment Agreement in Shanghai, appointing a PRC lawyer to assist the Then Auditors to perform relevant audit procedures (including the serving of audit confirmation) and arranging several meetings between the Company's PRC lawyer and the Then Auditors for discussions and explanations were made to the Then Auditors that the Assignment of Receivable and the serving of the relevant documents are in compliance with the relevant PRC laws. In additions, at the request of the Then Auditors, a number of independent legal opinion reports were issued by the PRC lawyer and addressed to the Then Auditors directly.

Nonetheless, the Management agreed that the Then Auditors may not have sufficient third-party evidence to ascertain the background and financial strength of the Petroleum Company so as to satisfy themselves as to the recoverability of the other receivables from the Petroleum Company as at 31 December 2018 and 2019 and at the date of disposal of the subsidiary.

### **Audit committee's view**

It is clear to the members of the Company's audit committee regarding the Audit Qualification and they agreed with management's view on the Audit Qualification.

## **The Company's proposed plans and timetable to address the Audit Qualification**

Since the balance of other receivables due from the Petroleum Company has been fully impaired for the year ended 31 December 2019, the current auditors of the Company, Moore Stephens CPA Limited, expect that only a qualified opinion on the relevant comparative figures will be issued on the Independent Auditor's Report of the Company for the financial year 2020 (that is, on the relevant figures of 2019), and no qualified opinion in respect of 2020's figures on the consolidated statement of profit or loss and other comprehensive income will be issued. It is expected that the Company's 2021 financial statements will no longer have the carry forward effects of relevant Audit Qualification and a clean audit opinion would be expected (the above expectation is based on the preliminary assessment of Moore Stephens and limited to the fact and circumstances mentioned in the Annual Report. Actual result or wordings in the auditor's opinion may be different after they carried out the audit for the financial year 2020 and the opening balances).

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

Hong Kong, 4 September 2020

*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](http://www.hkgem.com)) and the Company's website at [www.phoenitron.com](http://www.phoenitron.com) for at least 7 days from its date of posting.*