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PHOENITRON HOLDINGS LIMITED

品創控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8066)

UPDATE ON PROFIT WARNING

This announcement is made pursuant to Rule 17.10(2)(a) of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the profit warning announcement of the Company dated 21 October 2016 (the “**Announcement**”). Unless the context otherwise requires, capitalised terms used in this announcement shall have the same meanings as defined in the Announcement.

As disclosed in the Announcement, the Board expected the Company would record a loss for the Relevant Period. Upon further review by the Board on the unaudited consolidated management accounts of the Group for the nine months ended 30 September 2016 (the “**Current Period**”) which have not been audited by the auditors of the Company nor reviewed by the audit committee of the Board, the Board wishes to update the shareholders of the Company and potential investors that the Group is expected to record a net loss for the Current Period of approximately HK\$234.4 million, as compared to a net profit of approximately HK\$14.2 million for the corresponding period in 2015.

Based on the information available to the Company immediately preceding the publication of this announcement, the Board believes that such expected net loss is mainly attributable to certain issues in relation to Hota Group, including (i) the impairment loss on the full amount due from the joint venture company of the Group, Hota (USA) Holding Corp. and its wholly owned subsidiary, Hota Auto Recycling Corporation (together, the “**Hota Group**”) of approximately HK\$222.0 million as disclosed in the Announcement; (ii) the incurrence of impairment loss on the fair value of the available-for-sale financial assets (i.e. the Group’s investment in the Series A Preferred Shares of Hota (USA)) in accordance with the relevant accounting standards of approximately HK\$11.7 million; and (iii) decrease in interest income and financial and management consultancy service fee income of approximately HK\$13.1 million and HK\$1.5 million respectively, as the interest rate chargeable to Hota Group was

lower for the six months ended 30 June 2016 and that both incomes are no longer being accrued for and chargeable to Hota Group since the Relevant Period. The Board would like to emphasize that the above impairments will not adversely affect the current cashflows and operations of the Group.

The information contained in this announcement is only based on the Board's further assessment of the unaudited consolidated management accounts of the Group for the Current Period and the information currently available to the Company. The Company is still in the course of finalising such accounts, which are yet to be confirmed. The unaudited consolidated third quarterly results of the Group for the Current Period are expected to be announced on 8 November 2016.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
Phoenitron Holdings Limited
Chang Wei Wen
Director

Hong Kong, 4 November 2016

As at the date of this announcement, the Board comprises four executive Directors, Ms. Lily Wu (Chairman and Chief Executive Officer), Mr. Wang Jia Hua, 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 the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited 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.