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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)

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).

The board of directors (the “**Board**”) of Phoenixtron Holdings Limited (the “**Company**”, and together with its subsidiaries, collectively the “**Group**”) wishes to inform the shareholders of the Company and potential investors that, based on the Board’s preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 December 2016 (the “**Reporting Period**”) which have not been audited by the auditors of the Company nor reviewed by the audit committee of the Board, it is anticipated to record a net loss attributable to owners of the Company for the Reporting Period as compared to a net profit attributable to owners of the Company 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 the combined effects of: (i) certain issues in relation to Hota Group (the natures of which had been disclosed in the Company’s previous announcement dated 4 November 2016), including (a) the impairment loss on the full amount due from the joint venture companies of the Group, Hota (USA) Holding Corp. and its wholly owned subsidiary, Hota Auto Recycling Corporation (together, the “**Hota Group**”) of approximately HK\$223.0 million; (b) 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; (c) decrease in interest income and financial and management consultancy service fee income of approximately HK\$22.4 million and HK\$3.0 million respectively, as the interest rate chargeable to Hota Group was lower for the six months ended 30 June 2016 as compared to the corresponding period in last year and that both incomes were no longer being accrued for and chargeable to Hota Group since the latter half of the Reporting Period; (d) exchange loss arising from

translation of the carrying amount of the amount due from Hota Group reduced by approximately HK\$6.0 million (due to less fluctuation in exchange rate for the first half of the Reporting Period), and other major reasons such as (ii) a gain on disposal of subsidiaries (engaging in module packaging of testing service business) of approximately HK\$8.4 million; and (iii) the cease of operations of the Beijing plant (used to serve the China SIM card market) during the Reporting Period reduced the segment loss by HK\$8.5 million, from approximately HK\$17.3 million in the corresponding period in last year, to approximately HK\$8.8 million.

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 preliminary assessment of the unaudited consolidated management accounts of the Group for the Reporting 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 audited consolidated results of the Group for the Reporting Period are expected to be announced on 22 March 2017.

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, 14 March 2017

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 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.