

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)

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 nine months ended 30 September 2017 (the “**Current Period**”), the Group is expected to record a net loss attributable to owners of the Company of approximately HKD11.4 million for the Current Period as compared to a net loss attributable to owners of the Company of about HKD235.0 million for the corresponding period in 2016.

Based on the information available to the Company immediately preceding the publication of this announcement, the Board believes that such decrease in the expected loss is mainly attributable to the combined effects of: (1) a one-time 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 was recognised for the nine months ended 30 September 2016; (2) the incurrence of a one-time 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 for the nine months ended 30 September 2016; (3) the reduction of exchange loss by about HKD0.9 million for the Current Period as compared to the corresponding period in 2016, which is, to a large extent, attributable to an exchange loss on the translation of the carrying balance of amount due from a joint venture of about HKD1.8 million was recorded for the nine months ended 30 September 2016 but no such exchange gain or loss was incurred during the Current Period as the outstanding amount has been fully impaired in 2016;

(4) the positive effect from the disposal of the loss-making module packaging and testing service business by end of 2016 (nine months ended 30 September 2016: segment loss of about HKD13.4 million); (5); the closure of the Beijing SIM card plant in 2016 also helps to reduce the loss of SIM card segment during the Current Period by about HKD1.5 million; and (6) the reduction of corporate expenses (excluding the exchange loss mentioned in point number 3 above) year-on-year basis by about HKD1.7 million; but the above was partly offset by (7) both the interest income and financial and management consultancy service fee income were no longer being accrued for and chargeable to Hota Group since the latter half of 2016 (nine months ended 30 September 2016: about HKD18.0 million and about HKD2.9 million respectively); (8) the reduction of segment profit by about HKD5.4 million and HKD2.0 million respectively for the overseas SIM card segment and the sales of petro-chemical products segment due to the reduced revenue on year-on-year basis.

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 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 quarterly results of the Group for the Current Period are expected to be announced on 7 November 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, 3 November 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.