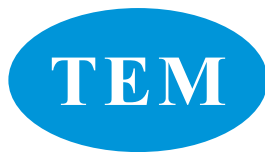


Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance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



TEM Holdings Limited

創新電子控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8346)

PROFIT WARNING

This announcement is made by TEM Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on the Growth Enterprise Market (“**GEM**”) of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and the Inside information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company would like to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the preliminary review by the Board of the unaudited consolidated management accounts of the Group for the three months ended 30 September 2016 (“**2017Q1**”), the Group’s net profit in 2017Q1 has recorded a significant decline of about 92% as compared with that for the three months ended 30 September 2015 (“**2016Q1**”).

The Board considers that the significant decline in the net profit of the Group for 2017Q1 as compared to 2016Q1 is mainly attributable to the followings:

- (i) decrease in revenue from the Group’s business resulting from the realignment of product mix of a major customer which (a) decreased the order volume to the Company and (b) lowered the margin per unit of products;
- (ii) increase in administrative expenses which was mainly due to (a) the increase in professional fees and expenses following the listing of the Company in May 2016; and (b) the additional staff cost relating to sales and marketing and operation so as to achieve the business strategies as stated in the Prospectus of the Company dated 29 April 2016; and

* for identification purpose only

(iii) decrease in other gains which was mainly attributable to the drop of significant net exchange gain related to the translation and realization of the Group's monetary assets denominated in USD against Malaysia Ringgit recognized during 2017Q1 as compared to 2016Q1.

As the Company is still in the course of finalising its unaudited consolidated results for 2017Q1, the information contained in this announcement is only based on a preliminary assessment by the Board with reference to the information currently available to the Company, as at the date of this announcement; and such information has not been confirmed nor audited by the auditors of the Company and may be subject to change. Shareholders and potential investors of the Company shall refer to the unaudited consolidated results of the Group for 2017Q1 to be published in due course.

The Board wishes to remind Shareholders and potential investors that the above information are based on the unaudited management accounts of the Group which have not been reviewed nor audited by the auditors of the Company.

Shareholders and potential investors of the Company are cautioned not to unduly rely on such information and are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
TEM Holdings Limited
Lau Man Tak
Chairman and Executive Director

Hong Kong, 26 October 2016

As at the date of this announcement, the executive Directors are Mr. Lau Man Tak, Mr. Vincent Ho Pang Cheng, Mr. Kan Wai Kee and Ms. Koay Lee Chern; and the independent non-executive Directors are Mr. Lum Chor Wah Richard, Mr. Ma Yiu Ho Peter and Mr. Lee Hon Man Eric.

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 herein or this announcement misleading.

This announcement will remain on the "Latest Company Announcements" page of the GEM website <http://www.hkgem.com> for at least 7 days from the date of its publication and on the website of the Company at <http://ir.tem-group.com>.