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**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 (the “**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 the 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 six months ended 31 December 2016 (“**2016/17 Interim**”), the Group’s net profit in 2016/17 Interim has recorded a significant decline of about 45% as compared with that for the six months ended 31 December 2015 (“**2015/16 Interim**”), given the absence of the Listing expenses in 2016/17 Interim.

The Board considers that the significant decline in the net profit of the Group for 2016/17 Interim as compared to 2015/16 Interim was mainly attributable to (i) a decrease in revenue and gross profit from the Group’s business due to a decrease in the order volume to the Company and a decrease in the margin per unit of Company’s product, which was principally affected by the continuous realignment of product mix of a major customer during 2016/17 Interim; and (ii) an increase in certain administrative expenses following the listing of the Company since May 2016.

As the Company is still in the course of finalising its unaudited consolidated results of the Group for 2016/17 Interim, 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

\* *For identification purpose only*

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 2016/17 Interim 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, 23 January 2017

*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>.*