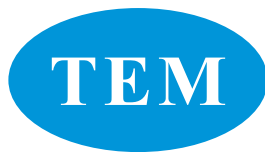


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TEM Holdings Limited

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 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 three months ended 30 September 2018 (the “**Period**”), the Group is expected to record an increase in loss of more than 80% for the Period as compared to the loss of approximately HK\$850,000 for the same period of 2017. The Board considers that the increase in loss was primarily attributable to:

- the decline in gross profit which was caused by the continuous shortage of supply and tight delivery of raw material from a major supplier which led to an increase in the cost of direct materials and the cost of manufacturing overheads; and
- the increase in administrative expenses as a result of the increased staff costs.

As at the date of this announcement, the Company is still in the course of finalising the unaudited consolidated results of the Group for the Period. 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. Such information has neither 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 the Period to be published in due course.

* *for identification purpose only*

Shareholders and potential investors 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, 24 October 2018

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>.