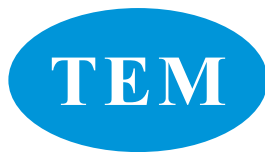


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TEM Holdings Limited

創新電子控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8346)

VOLUNTARY ANNOUNCEMENT BUSINESS UPDATE

This announcement is made by TEM Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) on a voluntary basis. The board (the “**Board**”) of directors (the “**Directors**”) of the Company would like to provide a business update to its shareholders and potential investors regarding the new regulatory measures in the foreign exchange market of Malaysia in which the manufacturing operations of the Group are partly based.

It has come to the attention of the Board that, on 2 December 2016, the Financial Markets Committee of Bank Negara Malaysia (the “**Bank**”) announced several measures intended to enhance the liquidity of the foreign exchange market in Malaysia, which have come into effect since 5 December 2016.

The said measures provide, among others, that unless prior approval is obtained from the Bank, a resident exporter shall convert 75% of foreign currency proceeds from its export of goods into Malaysian Ringgit (“**Ringgit**”) with a licenced onshore bank, and is allowed to retain up to 25% of the foreign currency proceeds (the “**New Measure**”). The New Measure is applicable to export proceeds received from 5 December 2016 onwards but it does not apply to outstanding foreign currency balances on or before 4 December 2016.

Certain manufacturing operations of the Group are based in Malaysia. Further, its revenue derived from the Malaysian operations is mainly denominated in foreign currencies, including US dollars and Euro. The Group, therefore, has to comply with the New Measure in respect of the foreign currency export proceeds received from 5 December 2016 onwards. The Group must convert 75% of its export proceeds from foreign currency into Ringgit, while the amount of export proceeds that the Group can retain is capped at 25%.

* *For identification purpose only*

The implications of the New Measure on the foreign currency exposure of the Group cannot be determined or quantified at this stage. For reference purpose only, the Group's revenue which was both derived from its Malaysian manufacturing operations and denominated in foreign currency accounted for roughly 55% of its total revenue for the financial year ended 30 June 2016. This figure is based on the historical information available to the Board and does not reflect any future implications on the Group subsequent to the implementation of the New Measure. The Board will continue to monitor the Group's foreign currency exposure closely. Further announcement regarding any material impact of the New Measure on the business, financial conditions or operations of the Group will be made by the Company as and when appropriate in compliance with 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").

Shareholders and potential investors of the Company 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, 16 December 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>.