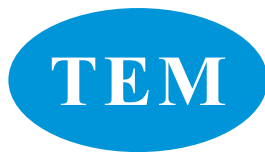


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**TEM Holdings Limited**  
**創新電子控股有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock code: 8346)**

**CONTINUING CONNECTED TRANSACTIONS**  
**MASTER SALES AGREEMENT**

**Financial Adviser to the Company**

**ADVENT**  
**宏智融資**

**Advent Corporate Finance Limited**

On 18 April 2019 (after trading hours), the Company entered into the Master Sales Agreement with Brascabos, pursuant to which the Group shall sell power cords, cable/wire and harnesses to the Brascabos Group commencing from the date of the Master Sales Agreement for an initial term ending on 30 June 2021.

As at the date of this announcement, Jumbo Planet, which is wholly owned by Mr. Lau, holds 450,000,000 Shares, representing 75% of the issued share capital of the Company. Mr. Lau is an executive Director and indirectly owns the entire share capital of Brascabos. Accordingly, Mr. Lau is a connected person of the Company and the transactions contemplated under the Master Sales Agreement constitute continuing connected transactions for the Company under Chapter 20 of the GEM Listing Rules.

As the highest applicable percentage ratio calculated with reference to the annual caps is less than 25% and each of the relevant annual caps is less than HK\$10,000,000, the Master Sales Agreement and the transactions contemplated thereunder are subject to annual review and disclosure requirements, but are exempt from the independent Shareholders' approval requirement under Chapter 20 of the GEM Listing Rules.

\* for identification purpose only

## **MASTER SALES AGREEMENT AND ANNUAL CAPS**

### **Master Sales Agreement**

On 18 April 2019 (after trading hours), the Company entered into the Master Sales Agreement with Brascabos, pursuant to which the Group shall sell power cords, cable/wire and harnesses to the Brascabos Group commencing from the date of the Master Sales Agreement for an initial term ending on 30 June 2021.

Set out below are the principal terms of the Master Sales Agreement.

Date:	18 April 2019
Parties:	(i) the Company (ii) Brascabos
Subject matter:	The Group shall sell power cords, cable/wire and harnesses to the Brascabos Group pursuant to the terms and conditions of the Master Sales Agreement
Term:	Commencing from the date of the Master Sales Agreement for an initial term ending on 30 June 2021, which will then be automatically renewed for a successive period of three (3) years thereafter, subject to compliance with the then relevant requirements of the rules of any stock exchange, including the GEM Listing Rules, or alternatively any waivers obtained from strict compliance with such requirements
Pricing basis:	<p>The member(s) of the Group and the member(s) of the Brascabos Group shall enter into individual agreement(s) or order(s) from time to time in relation to the sale of power cords, cable/wire and harnesses by the Group to the Brascabos Group during the term.</p> <p>The relevant transactions shall be conducted in the usual and ordinary course of business of the Group, on normal commercial terms and based on the then prevailing market rates.</p> <p>The price shall be determined and agreed after arm's length negotiations between the Group and the Brascabos Group with reference to current market and industry situation in Brazil.</p>

## **Annual caps and basis of determination**

The Company started to sell power cords, cable/wire and harnesses to the Brascabos Group since the second half of 2018. As disclosed in the interim report of the Company for the six months ended 31 December 2018, the historical transaction amounts between the Group and the Brascabos Group for the relevant period was approximately HK\$1.44 million. As of the date of this announcement, the transaction amount between the Group and the Brascabos Group is less than HK\$3,000,000 and does not exceed 5% of the de minimis threshold under Chapter 20 of the GEM Listing Rules.

In view of the anticipated growing demand of power cords, cable/wire and harnesses from the Brascabos Group, the Directors consider it is in the interest of the Company to enter into the Master Sales Agreement with Brascabos. The Company estimates the transaction amount for the transactions contemplated under the Master Sales Agreement for the three years ending 30 June 2021 will not exceed HK\$4.5 million, HK\$6.0 million and HK\$8.0 million, respectively.

The annual caps in respect of the transactions contemplated under the Master Sales Agreement have been determined after taking into account the following major factors and assumptions:

1. the historical transaction amounts relating to the sales of power cords, cable/wire and harnesses to the Brascabos Group;
2. the projected demand of power cords, cable/wire and harnesses from the Brascabos Group;
3. the future business development of the Group with reference to Brazilian market;
4. the prevailing market prices of similar or comparable products; and
5. the pricing basis as set out above.

## **REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTION**

The Group is principally engaged in the manufacturing and supply of wire/cable harnesses and power supply cords assembled products, with its manufacturing operations in Malaysia and the PRC and has more than 20 years of experience in the wire/cable harness industry. The Group also sells terminals and connectors. The customers of the Group are generally global brand name home/consumer appliances manufacturers and original equipment manufacturers in the home/consumer appliances and industrial products industries that mainly based in the Asia Pacific region.

The Company started to sell power cords, cable/wire and harnesses to the Brascabos Group since in the second half of 2018. The Directors considers it is beneficial for the Group to enter into the Master Sales Agreement with Brascabos as it would promote the sale of power cords, cable/wire and harnesses, and accelerate the Group's business development in wire/cable business by acquiring and accumulating industry knowledge and experience. In light of the ongoing trade negotiations between the PRC and the United States of America, the

Master Sales Agreement widens the customer base and enhances the geographical diversification of the Group, and solidifies the relationship between the Group and its customers.

The Directors (including all independent non-executive Directors) are of the opinion that the terms and conditions of Master Sales Agreement (including the annual caps) are (i) fair and reasonable; (ii) on normal commercial terms or better and in the ordinary and usual course of business of the Group; and (iii) in the interest of the Company and the Shareholders as a whole.

Mr. Lau is considered to have material interest in the Master Sales Agreement and has abstained from voting on the relevant board resolutions in respect of the Master Sales Agreement and the transactions contemplated thereunder. Mr. Kan, an executive Director, is also a director of Brascabos. As such Mr. Kan is also considered to have material interest in the Master Sales Agreement and has abstained from voting on the relevant board resolutions in respect of the Master Sales Agreement and the transactions contemplated thereunder. Save for Mr. Lau and Mr. Kan, none of the Directors has any material interest in the Master Sales Agreement and was required to abstain from voting on the resolutions approving the Master Sales Agreement and the transactions contemplated thereunder.

## **INFORMATION ON BRASCABOS**

Brascabos International Group Limited, a company incorporated in British Virgin Islands with limited liability, is indirectly wholly owned by Mr. Lau. The principal business activity of Brascabos is investment holding.

Brascabos Componentes Eléctricos e Eletrônicos Ltda, a company incorporated in Brazil, is indirectly wholly owned by Brascabos and principally engages in manufacturing and sale of wire/cable harness and power supply cords products for white goods and automotive parts in South America.

## **INTERNAL CONTROL MEASURES**

In addition to the annual review requirements by external auditor and the independent non-executive Directors in accordance to the GEM Listing Rules, the Group has adopted the following internal control measures to ensure the transactions contemplated under the Master Sales Agreement will be conducted on normal commercial terms and in accordance with the pricing policy thereof:

1. the Group shall regularly collect market information on the prevailing market prices of the similar or comparable products;
2. the Group will conduct sample checks to review and assess whether the transactions contemplated under the Master Sales Agreement are conducted in accordance with the respective terms and conditions; and
3. the Group will monitor the transactions contemplated under the Master Sales Agreement on a regular basis such that the transactions will be conducted within the respective annual caps.

## LISTING RULES IMPLICATIONS

As at the date of this announcement, Jumbo Planet, which is wholly owned by Mr. Lau, holds 450,000,000 Shares, representing 75% of the issued share capital of the Company. Mr. Lau is an executive Director and indirectly owns the entire share capital of Brascabos. Accordingly, Mr. Lau is a connected person of the Company and the transactions contemplated under the Master Sales Agreement constitute continuing connected transactions for the Company under Chapter 20 of the GEM Listing Rules.

As the highest applicable percentage ratio calculated with reference to the annual caps is less than 25% and each of the relevant annual caps is less than HK\$10,000,000, the Master Sales Agreement and the transactions contemplated thereunder are subject to annual review and disclosure requirements, but are exempt from the independent Shareholders' approval requirement under Chapter 20 of the GEM Listing Rules.

## DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context otherwise requires:

“Brascabos”	Brascabos International Group Limited, a company incorporated in British Virgin Islands with limited liability and is indirectly wholly owned by Mr. Lau
“Brascabos Group”	Brascabos and its subsidiaries from time to time
“Company”	TEM Holdings Limited, a company incorporated in Cayman Islands with limited liability, the Shares of which are listed on GEM of The Stock Exchange of Hong Kong Limited
“connected person(s)”	has the meaning ascribed to it in the GEM Listing Rules
“controlling shareholder”	has the meaning ascribed to it in the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited
“Group”	the Company and its subsidiaries
“Jumbo Planet”	Jumbo Planet Group Limited
“Master Sales Agreement”	the framework agreement dated 18 April 2019 entered into between the Company and Brascabos in respect of the sale of power cords, cable/wire and harnesses to the Brascabos Group
“Mr. Kan”	Mr. Kan Wai Kee, an executive director of the Company and a director of Brascabos

“Mr. Lau”	Mr. Lau Man Tak, an executive Director and a controlling shareholder of the Company. As at the date of this announcement, 450,000,000 Shares are held by Jumbo Planet, which is wholly owned by Mr. Lau. Accordingly, Mr. Lau is a connected person of the Company
“PRC”	the People’s Republic of China, for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	ordinary share(s) of nominal value of HK\$0.01
“Shareholder(s)”	holder(s) of the Share(s)
“%”	per cent.

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

Hong Kong, 18 April 2019

*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 Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited 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>.*

*This announcement is prepared in English and translated into Chinese. In the event of any inconsistencies between the Chinese and the English version, the latter shall prevail.*