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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)

**DISCLOSEABLE TRANSACTION
PURCHASE OF MACHINERY**

The Board is pleased to announce that on 3 December 2019, the Purchaser and the Vendor entered into a Purchase Agreement to purchase the Machinery at a total consideration of EUR427,600 (equivalent to approximately HK\$3.7 million).

The entering into of the Purchase Agreement constitutes a discloseable transaction of the Company under the GEM Listing Rules as the highest of all applicable percentage ratios (as defined under the GEM Listing Rules) for the transactions contemplated under the Purchase Agreement is more than 5% but less than 25%, and is therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

On 3 December 2019 (after trading hours), the Purchaser and the Vendor entered into the Purchase Agreement to purchase the Machinery at a total consideration of EUR427,600 (equivalent to approximately HK\$3.7 million).

PURCHASE AGREEMENT

The principal terms of the Purchase Agreement are summarised as follows:

Date : 3 December 2019

Purchaser : TEM Electronics (M) Sdn. Bhd., a company incorporated in Malaysia with limited liability and an indirect wholly-owned subsidiary of the Company

* For identification purpose only

- Vendor : KM Corporate S.R.L., a company incorporated in Italy with limited liability, which is principally engaged in the production and distribution of machinery and equipment used in manufacturing. To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are independent third parties not connected with the Company or any of its subsidiaries or any of their respective directors, chief executives or substantial shareholders or any of their respective associates as defined in the GEM Listing Rules.
- Asset to be acquired : INTECON S CRIMP ECOTRONIC/PRO, a fully automatic harness terminating machine for connectors/terminals.
- Consideration : EUR427,600 (equivalent to approximately HK\$3.7 million), inclusive of tax payment, which shall be paid by the Purchaser to the Vendor by wire transfer or bank acceptance bills
- Payment Terms : (1) 30% of the Consideration, being payable as deposit upon signing of the Purchase Agreement
- (2) 20% of the Consideration, being payable as further deposit on the 60th day from the signing of the Purchase Agreement
- (3) 40% of the Consideration, being payable as further deposit on the date of air waybill issuance
- (4) 10% of the Consideration, being payable after successful installation and validation of the Machinery, which is expected to be on or before 30 June 2020

The Consideration will be funded by internal resources of the Group. The Directors confirm that the Consideration was determined after arm's length negotiations between the parties to the Purchase Agreement and was determined after having taken into account the prevailing market value of similar type of machinery.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Group is principally engaged in the manufacture and sales of wire/cable harnesses and power supply cords assembled products; and trading of terminals, connectors and others.

The Machinery is intended to replace one of the Group's existing fully automatic harness terminating machine for connectors/terminals, which has been in use for more than 10 years. The Directors believe that the purchase of the Machinery will enhance the production capacity and capability of the Group.

The Directors are of the view that the terms of the Purchase Agreement are fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As the highest of all the applicable percentage ratios in relation to the transactions contemplated under the Purchase Agreement is more than 5% but less than 25%, the transactions contemplated under the Purchase Agreement constitute a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

“Board”	the board of Directors
“Company”	TEM Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM of the Stock Exchange (stock code: 8346)
“Consideration”	the aggregate consideration in the amount of EUR427,600 (equivalent to approximately HK\$3.7 million) for the purchase of the Machinery pursuant to the Purchase Agreement
“Directors”	director(s) of the Company
“EUR”	Euro dollars, the lawful currency of the member states of the European Union, and the exchange rate for EUR into HK\$ for the purpose of this announcement is EUR1 =HK\$8.67
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Machinery”	INTECON S CRIMP ECOTRONIC/PRO, a fully automatic harness terminating machine for connectors/terminals as specified under the Purchase Agreement
“Purchase Agreement”	the agreement entered into between the Vendor and the Purchaser on 3 December 2019 for the purchase of the Machinery by the Purchaser from the Vendor

“Purchaser”	TEM Electronics (M) Sdn. Bhd., a company incorporated in Malaysia with limited liability and an indirect wholly-owned subsidiary of the Company
“Shareholder(s)”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	KM Corporate S.R.L., a company incorporated in Italy with limited liability, which is principally engaged in the production and distribution of machinery and equipment used in manufacturing
“%”	per cent

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

Hong Kong, 3 December 2019

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

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>.