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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)

**FURTHER BUSINESS UPDATE IN RELATION TO
THE INFLUENCE OF NOVEL CORONAVIRUS
AND
EXTENSION OF COMPLETION DATE IN RELATION
TO THE PURCHASE OF MACHINERY**

This announcement is made by the board of directors (the “**Board**”) of TEM Holdings Limited (the “**Company**”, together with its subsidiaries collectively known as the “**Group**”) for the purpose of keeping the shareholders and potential investors of the Company informed of the Group’s latest business operations.

FURTHER BUSINESS UPDATE

Reference is made to the announcement of the Company dated 2 March 2020, 19 March 2020, 17 April 2020 and 4 May 2020 (the “**Announcements**”) on the outbreak of novel coronavirus (the “**Coronavirus**”) on business operations. Capitalised terms used in this section of the announcement shall have the same meanings as those defined in the Announcements unless the context requires otherwise.

The Malaysian Government has made another announcement on 10 May 2020 to further extend the Order, now known as the Conditional Movement Control Order (the “**CMCO**”) to 9 June 2020 to curb the spread of the Coronavirus infection in Malaysia. In spite of the CMCO, the Malaysian Government had eased certain controls including, amongst others, certain businesses are allowed to reopen subject to the fulfillment of certain guidelines set by the Malaysian Government; and interstate travelling for visiting relatives are loosened. As announced earlier, our Malaysia Factory has already obtained the Permit on 19 April 2020 to resume its operation. However under prevailing circumstances, the current production capacity of our Malaysia Factory is still far from its full capacity due to the uncertainty of labour workforce and lower efficiency after implementing the measures required under the Standard Operating Procedure issued by the Malaysian Government such as the on-the-job social distancing and strict observance of personal hygiene and health control guidelines.

* *For identification purpose only*

EXTENSION OF COMPLETION DATE

Reference is also made to the announcement of the Company dated 3 December 2019 (the “**Purchase Announcement**”) in relation to the purchase of Machinery. Unless otherwise defined herein, capitalised terms used in this section of the announcement shall have the same meanings as those defined in the Purchase Announcement.

The Company has been advised by the Vendor that additional time is needed for the manufacturing of the Machinery according to our required specification due to the temporarily shut down of the manufacturing site of the Vendor in Italy since March 2020. The Company understands that the Vendor has resumed its operation in early May and the Company has already got in touch with the Vendor and has requested to be kept informed on the status of the Machinery. In any case, the Company anticipates that the Machinery will not be delivered to our Malaysia Factory before 30 June 2020. We shall make further announcement in relation to the delivery of the Machinery in due course.

Due to the continuous impact of the CMCO, our Malaysia Factory’s operation is expected to continue to be disrupted by a drop in production volume in May and June, delay in receipt of raw material and delivery of finished products which in turn will have an adverse impact on the Group’s financial result in the coming months. Besides, the delay in the delivery of the Machinery will also hinder our plan to booster our efficiency through automated machinery which was expected to take place in July 2020. Notwithstanding the above, the Board reiterates that we will (i) continuously monitor and assess the impact on the Group’s operations and financial performance; (ii) closely monitor the Group’s exposure to the risks and uncertainties therefrom; (iii) implement appropriate business strategies to mitigate the potential adverse impact on our business operations; and (iv) take appropriate measures and make further announcement as and when appropriate.

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, 26 May 2020

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. Ng Ka Wai; non-executive Director is Ms. Koay Lee Chern; and the independent non-executive Directors are Mr. Ma Yiu Ho Peter and 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 Listed Company Information” page of the GEM website www.hkgem.com for at least 7 days from the date of its publication and on the website of the Company at www.tem-group.com.