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Jumbo Planet Group Limited

*(Incorporated in the British Virgin Islands
with limited liability)*

TEM Holdings Limited

創新電子控股有限公司*

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

JOINT ANNOUNCEMENT

**(1) PROPOSED PRIVATISATION OF
TEM HOLDINGS LIMITED
BY THE OFFEROR
BY WAY OF A SCHEME OF ARRANGEMENT
(UNDER SECTION 86 OF THE COMPANIES LAW)**

(2) PROPOSED WITHDRAWAL OF LISTING

(3) ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE

(4) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

AND

(5) RESUMPTION OF TRADING IN THE SHARES

Financial Adviser to the Offeror



Independent Financial Adviser to the Independent Board Committee



* For identification purposes only

INTRODUCTION

The Offeror and the Company jointly announce that on 16 September 2020, the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the privatisation of the Company by way of the Scheme, being a scheme of arrangement under Section 86 of the Companies Law involving the cancellation and extinguishment of the Scheme Shares and, in consideration thereof, the payment to the Scheme Shareholders as at the Scheme Record Date of the Cancellation Price in cash for each Scheme Share cancelled and extinguished, and the withdrawal of the listing of the Shares on the Stock Exchange.

TERMS OF THE PROPOSAL

The Proposal will be implemented by way of the Scheme.

Under the Proposal, subject to the Scheme becoming binding and effective in accordance with its terms, the Scheme Shareholders as at the Scheme Record Date will be entitled to receive the Cancellation Price of HK\$0.0855 in cash for each Scheme Share cancelled and extinguished under the Scheme.

The Cancellation Price will not be increased, and the Offeror does not reserve the right to do so.

The total consideration payable to the Scheme Shareholders for the Scheme Shares cancelled and extinguished will be paid by the Offeror.

The Proposal and the Scheme will be conditional upon the fulfilment or waiver, as applicable, of all the Conditions described in the section headed “2. Terms of the Proposal — Conditions of the Proposal and the Scheme” of this joint announcement on or before the Long Stop Date (or such later date as the Offeror and the Company may agree in writing or, to the extent applicable, as the Grand Court on application of the Offeror or the Company may direct and in all cases, as permitted by the Executive), failing which the Scheme will not become effective and the Proposal will lapse.

SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Announcement Date, the authorised share capital of the Company is HK\$200,000,000 divided into 20,000,000,000 Shares of HK\$0.01 each, of which 600,000,000 Shares are in issue. As at the Announcement Date, the Scheme Shares, comprising 150,000,000 Shares, represent 25% of the total issued Shares.

As at the Announcement Date, the Offeror holds 450,000,000 Shares representing 75% of the total issued Shares. Such Shares held by the Offeror will not form part of the Scheme Shares and will not be voted on at the Court Meeting.

As at the Announcement Date, there are no outstanding convertible securities, warrants, options or derivatives in respect of any Shares.

TOTAL CONSIDERATION AND FINANCIAL RESOURCES

On the basis of the Cancellation Price of HK\$0.0855 per Scheme Share and 150,000,000 Scheme Shares being in issue as at the Announcement Date and assuming that no further Shares will be issued or repurchased before the Scheme Record Date, the Scheme Shares are in aggregate valued at approximately HK\$12,825,000, which represents the amount of cash required for the Proposal.

The Offeror's payment obligations to the Scheme Shareholders as at the Scheme Record Date in respect of the Cancellation Price in cash pursuant to and in accordance with the Scheme shall be fulfilled by the Offeror. The Offeror intends to finance the entire cash amount required for the Proposal from internal cash resources.

Opus Capital, the financial adviser to the Offeror in connection with the Proposal, is satisfied that sufficient financial resources are available to the Offeror for satisfying its obligations in respect of the full implementation of the Proposal in accordance with its terms.

WITHDRAWAL OF LISTING OF THE SHARES

The Company will apply to the Stock Exchange, in accordance with Rule 9.23 of the GEM Listing Rules, for the withdrawal of the listing of the Shares on the Stock Exchange as soon as practicable after the Effective Date. A detailed expected timetable of the implementation of the Proposal will be set out in the Scheme Document, which will also contain, among other things, further details of the Scheme.

IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

The listing of the Shares on the Stock Exchange will not be withdrawn if the Scheme does not become effective or the Proposal otherwise lapses.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under Rule 31.1 of the Takeovers Code on making subsequent offers, to the effect that, neither the Offeror nor any person who acted in concert with it in the course of the Proposal, nor any person who is subsequently acting in concert with them, may within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses announce an offer or possible offer for the Company, except with the consent of the Executive.

SCHEME SHARES, COURT MEETING AND EGM

As at the Announcement Date, the issued share capital of the Company comprises 600,000,000 Shares, of which 150,000,000 Shares, representing 25% of the total issued Shares, were held by Independent Shareholders. All of these 150,000,000 Shares will form all of the Scheme Shares and the Independent Shareholders (all being the Scheme Shareholders) alone will be entitled to vote at the Court Meeting.

As at the Announcement Date, the Offeror holds an aggregate of 450,000,000 Shares, representing 75% of the total issued Shares. Such Shares held by the Offeror will not form part of the Scheme Shares and will not be voted on at the Court Meeting.

All Shareholders will be entitled to attend the EGM and vote on, among others, (i) the special resolution to approve and give effect to the reduction of the issued share capital of the Company by cancelling and extinguishing all of the Scheme Shares; and (ii) the ordinary resolution to simultaneously restore the number of issued Shares in the share capital of the Company to the number prior to the cancellation and extinguishment of the Scheme Shares and to apply the reserve created as a result of the aforesaid reduction of the issued share capital of the Company to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled and extinguished as a result of the Scheme for allotment and issue to the Offeror.

The Offeror has indicated that if the Scheme is approved at the Court Meeting, those Shares held by the Offeror will be voted in favour of the resolutions to be proposed at the EGM.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee which comprises Ms. Koay Lee Chern, Mr. Ma Yiu Ho Peter, Mr. Lee Hon Man Eric and Mr. Cheung Wai Kuen, being all of the non-executive Directors or independent non-executive Directors, as the case may be, has been established by the Board to make a recommendation to the Independent Shareholders as to (i) whether the terms of the Proposal and the Scheme are fair and reasonable; and (ii) whether to vote in favour of the Scheme and the Proposal at the Court Meeting and the EGM, respectively.

TUS Corporate Finance has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Proposal and the Scheme. The appointment of TUS Corporate Finance as the Independent Financial Adviser has been approved by the Independent Board Committee.

DESPATCH OF SCHEME DOCUMENT

The Scheme Document containing, among others, further details of the Proposal and the Scheme, the expected timetable, an explanatory statement as required under the rules of the Grand Court, information regarding the Company, recommendation from the Independent Board Committee with respect to the Proposal and the Scheme, the letter of advice from the Independent Financial Adviser to the Independent Board Committee, a notice of the Court Meeting and a notice of the EGM, together with the forms of proxy in relation thereto, will be despatched to the Shareholders as soon as practicable and in compliance with the requirements of the GEM Listing Rules, the Takeovers Code, the rules of the Grand Court and other applicable laws and regulations.

RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was halted from 9:00 a.m. on 17 September 2020 pending issuance of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 23 September 2020.

WARNING

Shareholders and/or potential investors of the Company should be aware that the implementation of the Proposal and the Scheme is subject to the fulfilment or waiver, as applicable, of all the Conditions, and thus the Proposal may or may not be implemented and the Scheme may or may not become effective. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.

NOTICE TO US INVESTORS

The Proposal is being made to cancel and extinguish the securities of a Cayman Islands company by means of a scheme of arrangement provided for under the Companies Law.

A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules of the US Securities and Exchange Act of 1934, as amended. Accordingly, the Proposal is subject to the disclosure requirements and practices applicable in the Cayman Islands and Hong Kong to schemes of arrangement which differ from the disclosure requirements of the US tender offer rules.

The receipt of cash pursuant to the Proposal by a US holder of Scheme Shares as consideration for the cancellation and extinguishment of its Scheme Shares pursuant to the Scheme may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other tax laws. Each holder of Scheme Shares is urged to consult his independent professional adviser immediately regarding the tax consequences of the Proposal applicable to him.

It may be difficult for US holders of Scheme Shares to enforce their rights and claims arising out of the US federal securities laws, as the Offeror and the Company are located in a country other than the United States, and some or all of their officers and directors may be residents of a country other than the United States. US holders of Scheme Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.

1. INTRODUCTION

The Offeror and the Company jointly announce that on 16 September 2020, the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the privatisation of the Company by way of the Scheme, being a scheme of arrangement under Section 86 of the Companies Law involving the cancellation and extinguishment of the Scheme Shares and, in consideration thereof, the payment to the Scheme Shareholders as at the Scheme Record Date of the Cancellation Price in cash for each Scheme Share cancelled and extinguished, and the withdrawal of the listing of the Shares on the Stock Exchange.

If the Proposal is approved and implemented, under the Scheme:

- (a) all Scheme Shares on the Effective Date will be cancelled and extinguished in exchange for the payment of the Cancellation Price, i.e. HK\$0.0855 per Scheme Share, in cash to each Scheme Shareholder as at the Scheme Record Date by the Offeror;
- (b) the issued share capital of the Company will, on the Effective Date, be reduced by cancelling and extinguishing the Scheme Shares. Simultaneously with such reduction, the number of issued Shares in the share capital of the Company will be restored to the number prior to the cancellation and extinguishment of the Scheme Shares by the allotment and issue at par to the Offeror, credited as fully paid, of the same number of new Shares as the number of Scheme Shares cancelled and extinguished. The reserve created in the books of accounts of the Company as a result of the reduction of the issued share capital of the Company will be applied in paying up in full at par the new Shares so allotted and issued, credited as fully paid, to the Offeror;
- (c) the Company will become a wholly-owned subsidiary of the Offeror; and
- (d) the Company will apply to the Stock Exchange, in accordance with Rule 9.23 of the GEM Listing Rules, for the withdrawal of the listing of the Shares on the Stock Exchange as soon as practicable after the Effective Date.

2. TERMS OF THE PROPOSAL

Cancellation Price

The Proposal will be implemented by way of the Scheme.

Under the Proposal, subject to the Scheme becoming binding and effective in accordance with its terms, the Scheme Shareholders as at the Scheme Record Date will be entitled to receive the Cancellation Price of HK\$0.0855 in cash for each Scheme Share cancelled and extinguished under the Scheme.

As at the Announcement Date, no dividends or distribution declared by the Company is outstanding. The Company does not intend to declare any dividends or distribution during the Offer Period.

The Cancellation Price will not be increased, and the Offeror does not reserve the right to do so.

The total consideration payable to the Scheme Shareholders for the Scheme Shares cancelled and extinguished will be paid by the Offeror.

The Cancellation Price of HK\$0.0855 per Scheme Share represents:

- a premium of approximately 50.0% over the closing price of HK\$0.057 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 65.7% over the average closing price of approximately HK\$0.0516 per Share based on the daily closing prices as quoted on the Stock Exchange for the 5 trading days up to and including the Last Trading Day;
- a premium of approximately 67.0% over the average closing price of approximately HK\$0.0512 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- a premium of approximately 59.5% over the average closing price of approximately HK\$0.0536 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 69.0% over the average closing price of approximately HK\$0.0506 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- a premium of approximately 75.2% over the average closing price of approximately HK\$0.0488 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- a premium of approximately 79.2% over the average closing price of approximately HK\$0.0477 per Share per Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Day;
- a premium of approximately 53.5% over the average closing price of approximately HK\$0.0557 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day; and
- a discount of approximately 52.5% to the audited consolidated net asset value per Share in the Company of approximately HK\$0.18 as at 30 June 2020, based on the audited net assets of the Group as stated in the consolidated statement of financial position of the Company included in its annual results announcement for the financial year ended 30 June 2020, and 600,000,000 Shares in issue as at the Announcement Date.

The Cancellation Price has been determined on a commercial basis after taking into account, among others, the prices of the Shares traded on the Stock Exchange, the financial information of the Group including the financial position of the Group as at 30 June 2020, the Offeror's review of the Group's business and its future prospects, and with reference to other privatisation transactions in Hong Kong in recent years.

Total consideration and financial resources

On the basis of the Cancellation Price of HK\$0.0855 per Scheme Share and 150,000,000 Scheme Shares being in issue as at the Announcement Date and assuming that no further Shares will be issued or repurchased before the Scheme Record Date, the Scheme Shares are in aggregate valued at approximately HK\$12,825,000, which represents the amount of cash required for the Proposal.

The Offeror's payment obligations to the Scheme Shareholders as at the Scheme Record Date in respect of the Cancellation Price in cash pursuant to and in accordance with the Scheme shall be fulfilled by the Offeror. The Offeror intends to finance the entire cash amount required for the Proposal from internal cash resources.

Opus Capital, the financial adviser to the Offeror in connection with the Proposal, is satisfied that sufficient financial resources are available to the Offeror for satisfying its obligations in respect of the full implementation of the Proposal in accordance with its terms.

Highest and lowest prices of the Shares

During the six-month period ended on and including the Last Trading Day, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.060 from 14 August 2020 to 20 August 2020 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.041 from 20 March 2020 to 25 March 2020.

Conditions of the Proposal and the Scheme

The Proposal and the Scheme will become effective and binding on the Company and all the Scheme Shareholders, subject to the fulfilment or waiver (as applicable) of the following Conditions:

- (1) the approval of the Scheme (by way of a poll) by a majority in number of Scheme Shareholders (all being Independent Shareholders) representing not less than 75% in value of the Scheme Shares held by the Scheme Shareholders (all being Independent Shareholders) present and voting either in person or by proxy at the Court Meeting, provided that:
 - (a) the Scheme is approved (by way of poll) by the Independent Shareholders holding at least 75% of the votes attaching to the Shares held by the Independent Shareholders that are voted either in person or by proxy at the Court Meeting; and

- (b) the number of votes cast (by way of poll) by the Independent Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all the Shares held by all the Independent Shareholders;
- (2) (i) the passing of a special resolution by a majority of not less than three-fourths of the votes cast by the Shareholders present and voting in person or by proxy at the EGM to approve and give effect to the reduction of the issued share capital of the Company by cancelling and extinguishing all of the Scheme Shares; and (ii) the passing of an ordinary resolution by Shareholders at the EGM to simultaneously restore the number of issued Shares in the share capital of the Company to the number prior to the cancellation and extinguishment of the Scheme Shares and apply the reserve created as a result of the aforesaid reduction of the issued share capital of the Company to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled and extinguished as a result of the Scheme for allotment and issue to the Offeror;
- (3) the sanction of the Scheme (with or without modification) by the Grand Court and, to the extent necessary, the Grand Court's confirmation of the reduction of the issued share capital of the Company involved in the Scheme and the delivery to the Registrar of Companies in the Cayman Islands of a copy of the order of the Grand Court for registration;
- (4) compliance, to the extent necessary, with the procedural requirements and conditions, if any, under Sections 15 and 16 of the Companies Law in so far as they relate to the reduction of the issued share capital of the Company involved in the Scheme;
- (5) all Authorisations in connection with the Proposal having been obtained from, given by or made with (as the case may be) the Relevant Authorities in the Cayman Islands, Hong Kong and any other relevant jurisdictions;
- (6) all Authorisations remaining in full force and effect without variation, and all necessary statutory or regulatory obligations in all relevant jurisdictions having been complied with and no requirement having been imposed by any Relevant Authorities which is not expressly provided for, or is in addition to requirements expressly provided for, in relevant laws, rules, regulations or codes in connection with the Proposal or any related matters, documents (including circulars) or things, in each case up to and at the time when the Scheme becomes effective;
- (7) all necessary consents which may be required for the implementation of the Proposal under any existing contractual obligations of the Company (including consents from the relevant lenders) being obtained or waived by the relevant party(ies), where any failure to obtain such consent or waiver would have a material adverse effect on the business of the Group taken as a whole or in the context of the Proposal, and such consent or waiver remaining in effect;

- (8) if required, the obtaining by the Offeror of such other necessary consent, approval, authorisation, permission, waiver or exemption which may be required from any Relevant Authorities or other third parties which are necessary for the performance of the Scheme under the applicable laws and regulations;
- (9) no government, governmental, quasi-governmental, statutory or regulatory body, court or agency in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make the Proposal or the Scheme or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Proposal or the Scheme or its implementation in accordance with its terms), other than such actions, proceedings or suits as would not have a material adverse effect on the legal ability of the Offeror to proceed with the Proposal or the Scheme;
- (10) since the Announcement Date, there having been no adverse change in the business, assets, financial or trading position, profits or prospects of any member of the Group (to an extent which is material in the context of the Group taken as a whole or in the context of the Proposal or its implementation in accordance with its terms) whether or not as a result of the implementation of the Proposal; and
- (11) since the Announcement Date, there not having been instituted or remaining outstanding any litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Group is a party (whether as plaintiff, defendant or otherwise) and no such proceedings having been threatened in writing against any such member (and no investigation by any government or quasi-governmental, supranational, regulatory or investigative body or court against or in respect of any such member or the business carried on by any such member having been threatened in writing, announced, instituted or remaining outstanding by, against or in respect of any such member), in each case which is material and adverse in the context of the Group taken as a whole or in the context of the Proposal.

Conditions (1) to (4) cannot be waived in any event. The Offeror reserves the right to waive Conditions (5) to (11) either in whole or in part, either generally or in respect of any particular matter. So far as the Offeror is aware, as at the Announcement Date, provided that Conditions (1) to (4) are fulfilled, Conditions (5), (6) and (8) will be fulfilled as well. Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Proposal or the Scheme if the circumstances which give rise to a right to invoke any such Condition are of material significance to the Offeror in the context of the Proposal or the Scheme.

All of the Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date (or such later date as the Offeror and the Company may agree in writing or, to the extent applicable, as the Grand Court on application of the Offeror or

the Company may direct and in all cases, as permitted by the Executive), failing which the Scheme will not become effective and the Proposal will lapse. The Company has no right to waive any of the Conditions.

If approved, the Scheme will be binding on the Company and all the Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the EGM.

Warning:

Shareholders and potential investors of the Company should be aware that the implementation of the Proposal and the Scheme are subject to the fulfilment or waiver, as applicable, of all the Conditions, and thus the Proposal may or may not be implemented and the Scheme may or may not become effective. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.

3. SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Announcement Date, the authorised share capital of the Company is HK\$200,000,000 divided into 20,000,000,000 Shares of HK\$0.01 each, of which 600,000,000 Shares are in issue. As at the Announcement Date, the Scheme Shares, comprising 150,000,000 Shares, represent 25% of the total issued Shares.

As at the Announcement Date, the Offeror holds 450,000,000 Shares representing 75% of the total issued Shares. Such Shares held by the Offeror will not form part of the Scheme Shares and will not be voted on at the Court Meeting.

As at the Announcement Date, there are no outstanding convertible securities, warrants, options or derivatives in respect of any Shares.

Assuming there is no other change in shareholding of the Company before completion of the Proposal, the table below sets out the shareholding structure of the Company as at the Announcement Date and immediately upon completion of the Proposal:

	As at the Announcement Date		Immediately upon completion of the Proposal	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Offeror and its concert parties (Notes 1 to 5)	450,000,000	75	600,000,000	100
Independent Shareholders	150,000,000	25	—	—
Total	600,000,000	100	600,000,000	100

Notes:

1. Shares in which the Offeror is interested will not form part of the Scheme Shares and will not be cancelled and extinguished.
2. All the 450,000,000 Shares are held by and in the sole name of the Offeror. The Offeror is a direct wholly-owned subsidiary of New Universe, which in turn is a direct wholly-owned subsidiary of Perfect Asset. Mr. Lau is the sole shareholder of Perfect Asset. Accordingly, New Universe, Perfect Asset and Mr. Lau are interested in the 450,000,000 Shares through the Offeror.
3. Mr. Lau is the sole director of the Offeror and Perfect Asset. Mr. Lau and Mr. Kan are the directors of New Universe and executive Directors of the Company. Save as being business partners, Mr. Lau and Mr. Kan have no other relationships. Under the Takeovers Code, Mr. Lau, Mr. Kan, Perfect Asset, New Universe, Opus Capital and persons controlling, controlled by or under the same control as Opus Capital, are considered as parties acting in concert with the Offeror.
4. As at the Announcement Date, save for Mr. Lau who is interested in the 450,000,000 Shares held through the Offeror, no other Directors (including but not limited to Mr. Kan) hold any Shares.
5. Opus Capital is the financial adviser to Offeror in connection with the Proposal. Accordingly, Opus Capital and the persons controlling, controlled by or under the same control as Opus Capital are presumed to be acting in concert with the Offeror in accordance with class (5) of the definition of “acting in concert” in the Takeovers Code. As at the Announcement Date, Opus Capital and the persons controlling, controlled by or under the same control as Opus Capital do not hold any Shares.
6. Under the Scheme, the issued share capital of the Company will, on the Effective Date, be reduced by cancelling and extinguishing the Scheme Shares. Simultaneously with such reduction, the number of issued Shares in the share capital of the Company will be restored to the number prior to the cancellation and extinguishment of the Scheme Shares by the allotment and issue at par to the Offeror, credited as fully paid at par, of the same number of new Shares as the number of Scheme Shares cancelled and extinguished. The reserve created in the books of accounts of the Company as a result of the reduction of the issued share capital of the Company will be applied in paying up in full at par the new Shares so issued, credited as fully paid, to the Offeror.

Immediately following the Effective Date and the withdrawal of the listing of the Shares on the Stock Exchange, the Offeror will hold the entire issued share capital of the Company, on the assumption that there are no other changes in shareholding in the Company before completion of the Proposal.

As at the Announcement Date:

- (a) the Company has no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) other than the 600,000,000 Shares in issue;
- (b) save for the 450,000,000 Shares, representing 75% of the total issued Shares, held by the Offeror, neither the Offeror nor any person acting in concert with it owns, controls or directs any existing holding of voting rights and rights over the Shares;
- (c) no irrevocable commitment to vote for or against the Scheme has been received by the Offeror or any person acting in concert with it;

- (d) there are no convertible securities, warrants or options in respect of the Shares held, controlled or directed by the Offeror or any person acting in concert with it;
- (e) neither the Offeror nor any person acting in concert with it has entered into any outstanding derivative in respect of the securities in the Company;
- (f) save for the Proposal, there are no arrangements (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the Shares or the shares of the Offeror between the Offeror or any person acting in concert with it and any other person which might be material to the Proposal;
- (g) there are no agreements or arrangements to which the Offeror or any person acting in concert with it is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a Condition;
- (h) neither the Offeror nor any person acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (i) there is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeover Code) between (1) any shareholder of the Company; and (2) either (a) the Offeror and any person acting in concert with it; or (b) the Company, its subsidiaries or associated companies; and
- (j) other than the Cancellation Price payable under the Scheme, the Offeror or any person acting in concert with it have not paid and will not pay any other consideration, compensation or benefit in whatever form to the Scheme Shareholders or persons acting in concert with them in relation to the Scheme Shares.

4. REASONS FOR, AND BENEFITS OF, THE PROPOSAL

Low trading liquidity of the Shares

The trading liquidity of the Shares has been at a relatively low level over a long period in recent years, with an average daily trading volume of approximately 75,850 Shares for 24 months up to and including the Last Trading Day, representing less than approximately 0.013% of the total issued Shares as at the Last Trading Day. The low trading liquidity of the Shares has rendered it difficult for the Shareholders to execute substantial on-market disposals timely without adversely affecting the price of the Shares. Due to the relatively low liquidity in the trading of the Shares, the Offeror considers that the Company's current listing platform may no longer serve as an effective fund-raising platform for the Company's business and future growth.

Facilitate long-term growth

Implementation of the Proposal will permit the Offeror and the Company to make strategic decisions focused on long-term growth and benefits, free from regulatory constraints, the pressure of market expectations and share price fluctuations which arise

from being a publicly listed company. The Proposal, which entails the delisting of the Company, is also expected to reduce the administrative costs and management resources associated with maintaining the Company's listing status and compliance with regulatory requirements and, in turn, allows greater flexibility for the Offeror and the Company to manage the Group's business.

Declining Share price performance

During the 24-month period ended on and including the Last Trading Day, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.19 from 21 September 2018 to 27 September 2018 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.041 from 20 March 2020 to 25 March 2020.

The continuous downward trend of the Share price and lack of market participants have made it difficult to reflect the Company's fair value in the Hong Kong capital market, where the listing platform loses its appeal of raising equity financing to the Company.

Proposal allows the management to focus on addressing uncertainties in recent socio-economics

As mentioned in the Company's annual results announcement for the year ended 30 June 2020 dated 15 September 2020, the lockdown due to the outbreak of COVID-19 in the PRC and Malaysia has brought the Group's manufacturing activities to a stand-still, in particular at its factories in the PRC and Malaysia in February and March 2020, respectively. The duration and long term effect of the COVID-19 pandemic remains uncertain. In addition, uncertainties faced by the Group is exacerbated by the intensified United States — PRC trade tension which commenced since 2018 leading to (i) the unfavourable global trading environment to the Company; and (ii) intensified price competition of the Company's wire/cable harnesses and power supply cords assembled products. According to the annual results announcement of the Company for the years ended 30 June 2019 and 2020, (i) approximately 32.5% of the total revenue was contributed from the customers in the PRC for the year ended 30 June 2020, while the remaining 67.5% of the total revenue was derived from customers mainly located in Asia Pacific region (excluding the PRC), Western Europe and Americas for the year ended 30 June 2020; (ii) the revenue generated from wire/cable harnesses products was approximately HK\$82.7 million and HK\$85.9 million, respectively, and equivalent to approximately 86.0% and 91.4% of the total revenue of the Group, respectively, for the years ended 30 June 2019 and 2020; (iii) the revenue generated from power supply cords assembled products was approximately HK\$9.5 million and HK\$6.8 million, respectively, and equivalent to approximately 9.9% and 7.3% of the total revenue of the Group, respectively, for the years ended 30 June 2019 and 2020; and (iv) the revenue generated from terminals, connectors and others was approximately HK\$3.9 million and HK\$1.3 million, respectively, and equivalent to approximately 4.1% and 1.3% of the total revenue of the Group, respectively, for the years ended 30 June 2019 and 2020. In view of the above, this may indirectly and potentially affect the revenue of the Group to be generated from its key customers in the future. Moreover, the Company's overseas markets are also susceptible to similar trade tensions depending on the future evolution of United States — PRC dynamics in trade as well as other aspects.

In view of the uncertainty in recent socio-economics which may affect the operation and financial performance of the Group as discussed above, the Proposal can effectively free the Offeror and the management from the on-going regulatory constraints and the pressure from market expectations on the Company's stock price, and refocus the management's efforts on formulating the Group's long-term growth strategies, provide more flexibility as a privately operated business, and will also enable the public Shareholders to avoid the abovementioned uncertainties from continuing to hold the Shares.

An opportunity for Scheme Shareholders to realise their investment at premiums to the recent trading price levels

The Cancellation Price represents a premium of approximately (i) 50.0% over the closing price of the Shares on the Last Trading Day; (ii) 65.7% over the average closing price of the Shares for the 5 trading days up to and including the Last Trading Day; (iii) 67.0% over the average closing price of the Shares for the 10 trading days up to and including the Last Trading Day; (iv) 59.5% over the average closing price of the Shares for the 30 trading days up to and including the Last Trading Day; (v) 69.0% over the average closing price of the Shares for the 60 trading days up to and including the Last Trading Day; (vi) 75.2% over the average closing price of the Shares for the 90 trading days up to and including the Last Trading Day; (vii) 79.2% over the average closing price of the Shares for the 120 trading days up to and including the Last Trading Day; and (viii) 53.5% over the average closing price of the Shares for the 180 trading days up to and including the Last Trading Day. The Cancellation Price nonetheless represents a discount of approximately 52.5% to the audited consolidated net asset value per Share in the Company of approximately HK\$0.18 as at 30 June 2020.

The Offeror believes that the Cancellation Price represents a premium to the price at which the market had valued the Company. Against the abovementioned (i) low trading liquidity; (ii) declining Share price performance; and (iii) increasing level of uncertainties faced by the Group in its operations, the Proposal provides the Scheme Shareholders an opportunity to realise their investments in the Company for cash at the Cancellation Price, and redeploy their capital into other investment opportunities that they may consider more attractive in the current market environment.

5. INFORMATION ON THE GROUP AND THE OFFEROR

The Group

The Company is a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on GEM (stock code: 8346). The Group is principally engaged in the manufacture and sale of wire/cable harnesses and power supply cords assembled products, with its manufacturing operations in Malaysia and the PRC; and trading of terminals, connectors and others.

Set out below is the summary of the financial information of the Group for the two years ended 30 June 2019 and 2020 as extracted from the annual report of the Company for the year ended 30 June 2019 and the annual results announcement of the Company for the year ended 30 June 2020, respectively:

	Year ended 30 June	
	2019	2020
	<i>HK'000</i>	<i>HK'000</i>
	(audited)	(audited)
Revenue	96,163	93,971
(Loss) before taxation	(11,391)	(13,834)
(Loss) for the year	(10,763)	(14,192)
	As at 30 June	
	2019	2020
	<i>HK'000</i>	<i>HK'000</i>
	(audited)	(audited)
Net assets	125,994	109,677

The Offeror

The Offeror is an investment holding company incorporated in the British Virgin Islands with limited liability. The Offeror is a direct wholly-owned subsidiary of New Universe, which in turn is a direct wholly-owned subsidiary of Perfect Asset. Mr. Lau, as the sole shareholder of Perfect Asset, is deemed to be interested in the Shares held by the Offeror.

As at the Announcement Date, Mr. Lau is the sole director of the Offeror and Perfect Asset. Mr. Lau and Mr. Kan are the directors of New Universe and executive Directors of the Company.

6. WITHDRAWAL OF LISTING OF THE SHARES

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and extinguished (with the equivalent number of new Shares being issued as fully paid at par to the Offeror) and the share certificates in respect of the Scheme Shares will thereafter cease to have effect as documents or evidence of title.

The Company will apply to the Stock Exchange, in accordance with Rule 9.23 of the GEM Listing Rules, for the withdrawal of the listing of the Shares on the Stock Exchange as soon as practicable after the Effective Date.

The Shareholders will be notified by way of an announcement of the exact dates of (i) the last day for dealing in the Shares on the Stock Exchange; (ii) the day on which the Scheme will become effective; and (iii) the day of withdrawal of the listing of the Shares on the Stock Exchange. A detailed expected timetable of the implementation of the Proposal will be set out in the Scheme Document, which will also contain, among other things, further details of the Scheme.

7. IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

The Scheme will not become effective and the Proposal will lapse if any of the Conditions has not been fulfilled or waived, as applicable, on or before the Long Stop Date (or such later date as the Offeror and the Company may agree in writing or, to the extent applicable, as the Grand Court on the application of the Offeror or the Company may direct and in all cases, as permitted by the Executive). The listing of the Shares on the Stock Exchange will not be withdrawn if the Scheme does not become effective or the Proposal otherwise lapses.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under Rule 31.1 of the Takeovers Code on making subsequent offers, to the effect that, neither the Offeror nor any person who acted in concert with it in the course of the Proposal, nor any person who is subsequently acting in concert with them, may within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, announce an offer or possible offer for the Company, except with the consent of the Executive.

If the Independent Board Committee or the Independent Financial Adviser does not recommend the Proposal, or the Scheme is not approved, all expenses incurred by the Company in connection therewith shall be borne by the Offeror in accordance with Rule 2.3 of the Takeovers Code. If the Proposal is recommended by the Independent Board Committee, and is recommended as fair and reasonable by the Independent Financial Adviser, the Company and the Offeror have agreed that each party will bear their own costs, charges and expenses.

8. OVERSEAS SHAREHOLDERS

The making of the Proposal to the Scheme Shareholders who are not resident in Hong Kong may be subject to the laws of the relevant jurisdictions in which such Scheme Shareholders are located.

Such Scheme Shareholders should inform themselves about and observe any applicable legal, tax or regulatory requirements. It is the responsibility of any overseas Scheme Shareholders wishing to take an action in relation to the Proposal to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with any other necessary formalities and the payment of any issue, transfer or other taxes in such jurisdiction.

Any acceptance by such Scheme Shareholders will be deemed to constitute a representation and warranty from such persons to the Company, the Offeror and their respective advisers (including Opus Capital), that those laws and regulatory requirements have been complied with. If you are in doubt as to your position, you should consult your professional advisers.

In the event that the despatch of the Scheme Document to overseas Scheme Shareholders is prohibited by any relevant law or regulation or may only be effected after compliance with conditions or requirements that the Directors regard as unduly onerous or burdensome (or otherwise not in the best interests of the Company or its

Shareholders), the Scheme Document will not be despatched to such overseas Scheme Shareholders. For that purpose, the Company may apply for any waivers as may be required by the Executive pursuant to Note 3 to Rule 8 of the Takeovers Code at such time. Any such waiver will only be granted if the Executive is satisfied that it would be unduly burdensome to despatch the Scheme Document to such overseas Scheme Shareholders. In granting the waiver, the Executive will be concerned to see that all material information in the Scheme Document is made available to such overseas Scheme Shareholders.

9. TAXATION ADVICE

Scheme Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting the Proposal. It is emphasised that none of the Offeror, the Company and Opus Capital or any of their respective directors, officers or associates or any other person involved in the Proposal accepts responsibility for any taxation or other effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Proposal.

10. SCHEME SHARES, COURT MEETING AND EGM

As at the Announcement Date, the issued share capital of the Company comprises 600,000,000 Shares, of which 150,000,000 Shares, representing 25% of the total issued Shares, were held by Independent Shareholders. All of these 150,000,000 Shares will form all of the Scheme Shares and the Independent Shareholders (all being the Scheme Shareholders) alone will be entitled to vote at the Court Meeting.

As at the Announcement Date, the Offeror holds an aggregate of 450,000,000 Shares, representing 75% of the total issued Shares. Such Shares held by the Offeror will not form part of the Scheme Shares and will not be voted on at the Court Meeting.

The Offeror will undertake to the Grand Court that it will be bound by the Scheme, so as to ensure that it will be subject to the terms and conditions of the Scheme.

All Shareholders will be entitled to attend the EGM and vote on, among others, (i) the special resolution to approve and give effect to the reduction of the issued share capital of the Company by cancelling and extinguishing all of the Scheme Shares; and (ii) the ordinary resolution to simultaneously restore the number of issued Shares in the share capital of the Company to the number prior to the cancellation and extinguishment of the Scheme Shares and to apply the reserve created as a result of the aforesaid reduction of the issued share capital of the Company to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled and extinguished as a result of the Scheme for allotment and issue to the Offeror.

The Offeror has indicated that if the Scheme is approved at the Court Meeting, those Shares held by the Offeror will be voted in favour of the resolutions to be proposed at the EGM.

11. INDEPENDENT BOARD COMMITTEE

An Independent Board Committee which comprises Ms. Koay Lee Chern, Mr. Ma Yiu Ho Peter, Mr. Lee Hon Man Eric and Mr. Cheung Wai Kuen, being all of the non-executive Directors or independent non-executive Directors, as the case may be, has been established by the Board to make a recommendation to the Independent Shareholders as to (i) whether the terms of the Proposal and the Scheme are fair and reasonable; and (ii) whether to vote in favour of the Scheme and the Proposal at the Court Meeting and the EGM, respectively.

12. INDEPENDENT FINANCIAL ADVISER

TUS Corporate Finance has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Proposal and the Scheme. The appointment of TUS Corporate Finance as the Independent Financial Adviser has been approved by the Independent Board Committee.

13. DESPATCH OF SCHEME DOCUMENT

The Scheme Document containing, among others, further details of the Proposal and the Scheme, the expected timetable, an explanatory statement as required under the rules of the Grand Court, information regarding the Company, recommendation from the Independent Board Committee with respect to the Proposal and the Scheme, the letter of advice from the Independent Financial Adviser to the Independent Board Committee, a notice of the Court Meeting and a notice of the EGM, together with the forms of proxy in relation thereto, will be despatched to the Shareholders as soon as practicable and in compliance with the requirements of the GEM Listing Rules, the Takeovers Code, the rules of the Grand Court and other applicable laws and regulations.

According to the Takeovers Code, the Scheme Document should be posted within 21 days of the Announcement Date but the Executive can be consulted if an extended period for the despatch of the Scheme Document is required to accommodate the timetable of the Grand Court. The Company intends to consult the Executive in relation to such an extension. As at the Announcement Date, the Company has received no indication as to the date of the directions hearing for the Grand Court to make directions with respect to the Scheme and convening the Court Meeting. The EGM required in relation to the capital reduction will be convened in accordance with the memorandum and articles of association of the Company. Further announcement(s) will be issued by the Company to update the Shareholders as and when necessary.

The Scheme Document will contain important information and the Scheme Shareholders (all being Independent Shareholders) are urged to read the Scheme Document containing such disclosures carefully before casting any vote (or providing any proxy in respect thereof) at the Court Meeting or the EGM. Any voting, acceptance or other response to the Proposal should be made only on the basis of information in the Scheme Document or any other document by which the Proposal is made.

14. DISCLOSURE OF DEALINGS

Associates (as defined in the Takeovers Code, including shareholders holding 5% or more of the relevant securities (as defined in paragraphs (a) to (d) in Note 4 to Rule 22 of the Takeovers Code)) of the Offeror and the Company are hereby reminded to disclose their dealings in any securities of the Company under Rule 22 of the Takeovers Code during the Offer Period commencing on the Announcement Date.

None of the Offeror and any person acting in concert with it has dealt for value in the Shares during the six months prior to the Announcement Date.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

15. PRECAUTIONARY LANGUAGE REGARDING FORWARD-LOOKING STATEMENTS

This joint announcement includes certain “forward-looking statements”. These statements are based on the current expectations of the management of the Offeror and/or the Company (as the case may be) and are naturally subject to uncertainty and changes in circumstances. The forward-looking statements contained in this joint announcement include statements about the expected effects on the Company of the Proposal, the expected timing and scope of the Proposal, and all other statements in this joint announcement other than historical facts.

Forward-looking statements include, without limitation, statements typically containing words such as “intends”, “expects”, “anticipates”, “targets”, “estimates”, “envisages” and words of similar import. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual

results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to, the fulfilment of the Conditions, as well as additional factors, such as general, social, economic and political conditions in the countries in which the Offeror and/or the Group operate or other countries which have an impact on the Offeror and/or the Group's business activities or investments, interest rates, the monetary and interest rate policies of the countries in which the Offeror and/or the Group operate, inflation or deflation, foreign exchange rates, the performance of the financial markets in the countries in which the Offeror and/or Group operate and globally, changes in domestic and foreign laws, regulations and taxes, changes in competition and the pricing environments in the countries in which the Offeror and/or Group operate and regional or general changes in asset valuations. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements.

All written and oral forward-looking statements attributable to the Offeror, the Company or persons acting on behalf of any of them are expressly qualified in their entirety by the cautionary statements above. The forward-looking statements included herein are made only as of the Announcement Date.

Any forward-looking statement contained in this joint announcement based on past or current trends and/or activities of the Company should not be taken as a representation that such trends or activities will continue in the future. No statement in this joint announcement is intended to be a profit forecast or to imply that the earnings of the Company for the current year or future years will necessarily match or exceed their respective historical or published earnings. Each forward-looking statement speaks only as at the date of the particular statement. Subject to the requirements of the Takeovers Code and other applicable laws and regulations, each of the Offeror and the Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in their expectations with regard thereto or any change in events, conditions of circumstances on which any such statement is based.

16. GENERAL

The Offeror has appointed Opus Capital as its financial adviser in connection with the Proposal. Accordingly, Opus Capital and persons controlling, controlled by or under the same control as Opus Capital are presumed to be acting in concert with the Offeror in accordance with class 5 of the definition of "acting in concert" in the Takeovers Code.

The Directors (excluding members of the Independent Board Committee) believe that the terms of the Proposal and the Scheme are fair and reasonable and in the interests of the Shareholders as a whole.

17. RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was halted from 9:00 a.m. on 17 September 2020 pending issuance of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in Shares on the Stock Exchange with effect from 9:00 a.m. on 23 September 2020.

18. DEFINITIONS

In this joint announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“acting in concert”	has the meaning ascribed to it in the Takeovers Code and “concert party” shall be construed accordingly
“Announcement Date”	22 September 2020, being the date of this joint announcement
“associate(s)”	has the meaning ascribed to it in the Takeovers Code
“Authorisations”	all the necessary authorisations, registrations, filings, rulings, consents, permissions and approvals in connection with the Proposal
“Board”	the board of Directors
“Cancellation Price”	the cancellation price of HK\$0.0855 for every Scheme Share cancelled and extinguished payable in cash by the Offeror to the Scheme Shareholders as at the Scheme Record Date pursuant to the Scheme
“Company”	TEM Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM (stock code: 8346)
“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Condition(s)”	the condition(s) to the implementation of the Proposal and the Scheme as described in the section headed “2. Terms of the Proposal — Conditions of the Proposal and the Scheme” of this joint announcement
“Court Meeting”	a meeting of the Scheme Shareholders (all being Independent Shareholders) to be convened and held at the direction of the Grand Court for the purpose of approving the Scheme (with or without modification), or any adjournment thereof
“COVID-19”	Novel Coronavirus
“Director(s)”	the director(s) of the Company

“Effective Date”	the date on which the Scheme, if approved and sanctioned by the Grand Court, becomes effective in accordance with its terms and the Companies Law, being the date on which a copy of the order of the Grand Court sanctioning the Scheme and confirming the reduction of issued share capital resulting from the cancellation and extinguishment of the Scheme Shares is delivered to the Registrar of Companies in the Cayman Islands for registration pursuant to Section 86(3) of the Companies Law
“EGM”	an extraordinary general meeting of the Company to be held as soon as practicable after the conclusion or adjournment of the Court Meeting convened on the same day and place for the Shareholders to consider and, if thought fit, approve, among others, (i) a special resolution in relation to the reduction of the number of issued Shares in the share capital of the Company by cancelling and extinguishing the Scheme Shares; and (ii) an ordinary resolution in relation to the simultaneous restoration of the number of issued Shares in the share capital of the Company to the number prior to the cancellation and extinguishment of the Scheme Shares by the allotment and issue of the same number of new Shares as the number of the Scheme Shares cancelled and extinguished, credited as fully paid at par, to the Offeror
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate thereof
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Grand Court”	the Grand Court of the Cayman Islands
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the Company established by the Board to make a recommendation to the Independent Shareholders in respect of the Proposal and the Scheme, comprising Ms. Koay Lee Chern, Mr. Ma Yiu Ho Peter, Mr. Lee Hon Man Eric and Mr. Cheung Wai Kuen, being all of the non-executive Directors or independent non-executive Directors, as the case may be

“Independent Financial Adviser” or “TUS Corporate Finance”	TUS Corporate Finance Limited, a corporation licensed by the SFC to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee
“Independent Shareholders”	all the Shareholders other than the Offeror and any person acting in concert with it
“Last Trading Day”	16 September 2020, being the last trading day of the Shares immediately before the trading halt of the Shares pending the publication of this joint announcement
“Long Stop Date”	31 March 2021 (or such later date as the Offeror and the Company may agree in writing or, to the extent applicable, as the Grand Court on application of the Offeror or the Company may direct and in all cases, as permitted by the Executive)
“Mr. Kan”	Mr. Kan Wai Kee, an executive Director and one of the two directors of New Universe
“Mr. Lau”	Mr. Lau Man Tak, an executive Director and the chairman of the Board, who is also one of the two directors of New Universe, and the sole director and the ultimate beneficial owner of the Offeror
“New Universe”	New Universe Industries Limited, a company incorporated in the British Virgin Islands with limited liability, the immediate holding company of the Offeror
“Offer Period”	has the meaning ascribed to it under the Takeovers Code and commencing from the Announcement Date, and ending on the date at which the Proposal closes, lapses or is withdrawn, as the case may be
“Offeror”	Jumbo Planet Group Limited, a company incorporated in the British Virgin Islands with limited liability
“Opus Capital”	Opus Capital Limited, a corporation licensed by the SFC to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the financial adviser to the Offeror in relation to the Proposal
“Perfect Asset”	Perfect Asset Investments Limited, a company incorporated in the British Virgin Islands with limited liability, the immediate holding company of New Universe

“PRC”	the People’s Republic of China (for the purpose of this joint announcement, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China, and Taiwan)
“Proposal”	the proposal for the privatisation of the Company by the Offeror by way of the Scheme on the terms and subject to the Conditions
“Relevant Authorities”	appropriate governments and/or governmental bodies, regulatory bodies, courts or institutions
“Scheme”	a scheme of arrangement between the Company and the Scheme Shareholders under Section 86 of the Companies Law (subject to the Conditions) involving the cancellation and extinguishment of all the Scheme Shares and the simultaneous restoration of the number of issued Shares in the share capital of the Company to the number prior to the cancellation and extinguishment of the Scheme Shares
“Scheme Document”	the composite scheme document to be despatched by the Company and the Offeror to the Shareholders containing, among other things, further details of the Proposal and the Scheme, together with the additional information specified in the section headed “13. Despatch of Scheme Document” of this joint announcement
“Scheme Record Date”	the record date to be announced for determining the entitlements of the Scheme Shareholders to the Cancellation Price under the Scheme
“Scheme Share(s)”	Share(s) in issue other than those directly or indirectly held by the Offeror and its concert parties
“Scheme Shareholder(s)”	holders of Scheme Shares
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	registered holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers

“trading day”	a day on which the Stock Exchange is open for the business of dealings in securities
“United States” or “US”	United States of America
%	per cent.

Jumbo Planet Group Limited
Lau Man Tak
Sole director

By order of the Board of
TEM Holdings Limited
Ng Ka Wai
Executive Director

Hong Kong, 22 September 2020

As at the Announcement Date, the sole director of the Offeror is Mr. Lau Man Tak and the directors of New Universe are Mr. Lau Man Tak and Mr. Kan Wai Kee.

The sole director of the Offeror (i.e. Mr. Lau Man Tak) and the directors of New Universe (i.e. Mr. Lau Man Tak and Mr. Kan Wai Kee) accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Group and the Directors) and confirm, having made all reasonable enquiries, that to the best of their respective knowledge, opinions expressed in this joint announcement (other than those expressed by the Company or the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

As at the Announcement Date, 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, Mr. Lee Hon Man Eric and Mr. Cheung Wai Kuen.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement relating to the Group and the Directors and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement by the Company or the Directors have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

This joint 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 joint 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 joint announcement misleading.

This joint 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.