



TEM Holdings Limited
創新電子控股有限公司*

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

Members of the Independent Board Committee:

Ms. Koay Lee Chern
Mr. Ma Yiu Ho Peter
Mr. Lee Hon Man Eric
Mr. Cheung Wai Kuen

Registered office:

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P.O. Box 2681
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Cayman Islands

*Head Office and principal place of
business in Hong Kong:*

Suite 1706, Tower 1
China Hong Kong City
33 Canton Road
Tsim Sha Tsui
Hong Kong

23 November 2020

To the Independent Shareholders

Dear Sir or Madam,

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

We refer to the scheme document dated 23 November 2020 jointly issued by the Offeror and the Company in relation to the Proposal and the Scheme (the “**Scheme Document**”), of which this letter forms part. Unless the context requires otherwise, terms used in this letter shall have the same meaning as given to them in the Scheme Document.

We have been appointed by the Board as the Independent Board Committee to make a recommendation to the Independent Shareholders in respect of the Proposal and the Scheme, details of which are set out in Part IV — Letter from the Board and Part VII — Explanatory Statement of the Scheme Document.

TUS Corporate Finance has been appointed, with our approval, as the Independent Financial Adviser to advise us in connection with the Proposal and the Scheme. The details of its advice and the principal factors taken into consideration in arriving at its recommendations are set out in Part VI — Letter from the Independent Financial Adviser of the Scheme Document.

In the letter from the Independent Financial Adviser set out in Part VI of the Scheme Document, the Independent Financial Adviser states that it considers the terms of the Proposal (including the Cancellation Price) and the Scheme are fair and reasonable as far as the Independent Shareholders are concerned, and advises the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the relevant Resolutions to be proposed at the Court Meeting and the EGM, respectively, to approve and implement the Scheme and the Proposal.

The Independent Board Committee, having considered the terms of the Proposal and the Scheme, and having taken into account the opinion of the Independent Financial Adviser, and in particular the factors, reasons and recommendations set out in its letter, considers that the terms of the Proposal (including the Cancellation Price) and the Scheme are fair and reasonable as far as the Independent Shareholders are concerned.

Accordingly, the Independent Board Committee recommends:

- (1) at the Court Meeting, the Independent Shareholders to vote in favour of the Scheme; and
- (2) at the EGM, the Shareholders to vote in favour of (i) the special resolution to approve and give effect to the reduction of the issued share capital of the Company by cancelling and extinguishing 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 Independent Board Committee draws the attention of the Independent Shareholders to (i) the letter from the Board set out in Part IV of the Scheme Document; (ii) the letter from the Independent Financial Adviser, which sets out the factors and reasons taken into account in arriving at its recommendation to the Independent Board Committee, set out in Part VI of the Scheme Document; and (iii) the Explanatory Statement set out in Part VII of the Scheme Document.

Yours faithfully,
The Independent Board Committee
TEM Holdings Limited



Koay Lee Chern
*Non-executive
Director*



Ma Yiu Ho Peter
*Independent Non-
executive Director*



Lee Hon Man Eric
*Independent Non-
executive Director*



Cheung Wai Kuen
*Independent Non-
executive Director*

Yours faithfully,
The Independent Board Committee
TEM Holdings Limited



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