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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  
IN RELATION TO THE RENEWAL OF THE LEASE AGREEMENT**

On 24 June 2020, TEM Jiangmen, an indirect wholly-owned subsidiary of the Company, entered into the New Lease Agreement as tenant with Jiangmen Baishi as landlord in respect of the renewal of the lease agreement of the Premises.

In accordance with HKFRS 16 “Leases”, the Company will recognize a right-of-use asset on its consolidated statement of financial position in connection with the lease of the Premises under the New Lease Agreement. Accordingly, the lease transaction under the New Lease Agreement will be regarded as an acquisition of asset by the Group for the purpose of the GEM Listing Rules.

As one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) for the transaction contemplated under the New Lease Agreement exceeds 5% but less than 25%, such transaction constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the notification and announcement requirements under the GEM Listing Rules.

On 24 June 2020, TEM Jiangmen entered into the New Lease Agreement as tenant with Jiangmen Baishi as landlord in respect of the renewal of the lease agreement of the Premises.

**PRINCIPAL TERMS OF THE NEW LEASE AGREEMENT**

The principal terms of the New Lease Agreement are set out as follows:

Date : 24 June 2020

Parties : Jiangmen Baishi as landlord; and  
TEM Jiangmen as tenant;

\* For identification purposes only

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries: (i) Jiangmen Baishi is principally engaged in property development and property investment; and (ii) Jiangmen Baishi 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.

Term	:	2 years commencing from 1 July 2020 to 30 June 2022 (both days inclusive).
Premises	:	(i) Units 204, 205, 208, 517, 520–523, Building 8, Block L of Shachong Wei Factory, 173 Jianshe 3rd Road, Jiangmen City, Jiangmen, the PRC;  (ii) Building 9, Block M of Shachong Wei Factory, 173 Jianshe 3rd Road, Jiangmen City, Jiangmen, the PRC; and  (iii) Building 10, Block N of Shachong Wei Factory, 173 Jianshe 3rd Road, Jiangmen City, Jiangmen, the PRC.
Rent	:	Monthly rental of RMB93,200
Management fee	:	Monthly fee of RMB49,000
Security deposit	:	A sum of RMB427,000
Total aggregate value of consideration payable	:	RMB3,412,800 in aggregate for the term of two years (inclusive of rent and management fee).
Usage of the Premises by the tenant	:	For production, business operation and accommodation purposes

The value (unaudited) of the right-of-use asset to be recognised by the Company under the New Lease Agreement amounts to approximately RMB2,127,000 (equivalent to approximately HK\$2,333,000), which is the present value of aggregated lease payments plus estimated reinstatement cost with the lease at the inception of the lease term under the tenancy agreement in accordance with HKFRS 16. Discount rate of 5% is applied to compute the present value of aggregated lease payments under the New Lease Agreement.

## **INFORMATION OF THE GROUP**

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.

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

The leasing transaction ensures continuity and stability in the Company's production and business operation.

The terms of New Lease Agreement were determined after arm's length negotiations between the parties and with reference to the prevailing market rent of comparable properties in the vicinity of the Premises and the rental payment made by the Group. The Directors are of the view that the terms of the New Lease Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **GEM LISTING RULES IMPLICATIONS**

In accordance with HKFRS 16 "Leases", the Company will recognize a right-of-use asset on its consolidated statement of financial position in connection with the lease of the Premises under the New Lease Agreement. Accordingly, the lease transaction under the New Lease Agreement will be regarded as an acquisition of asset by the Group for the purpose of the GEM Listing Rules.

As one or more of the applicable percentage ratios in relation to the transaction contemplated under the New Lease Agreement is more than 5% but less than 25%, the transaction contemplated under the New Lease Agreement constitutes a discloseable transaction for the Company and is subject to the notification 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 the GEM of the Stock Exchange (stock code: 8346)
"Directors"	director(s) of the Company
"GEM Listing Rules"	the Rules Governing the Listing of Securities on the GEM of the Stock Exchange
"Group"	the Company and its subsidiaries
"HKFRS"	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
"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
“Jiangmen Baishi”	Jiangmen Baishi Enterprise Group Company Limited** (江門市白石企業集團有限公司), a company incorporated in the PRC and is owned as to over 95% by Baishi Stock Cooperative Economic Union, Huanshi Street, Pengjiang District, Jiangmen City** (江門市蓬江區環市街白石股份合作經濟聯合社), an independent third party
“New Lease Agreement”	the lease agreement dated 24 June 2020 entered into between Jiangmen Baishi as landlord and TEM Jiangmen as tenant in respect of the renewal of the lease agreement of the Premises
“PRC”	The People’s Republic of China and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Premises”	(i) Units 204, 205, 208, 517, 520–523, Building 8, Block L of Shachong Wei Factory, 173 Jianshe 3rd Road, Jiangmen City, Jiangmen, the PRC;  (ii) Building 9, Block M of Shachong Wei Factory, 173 Jianshe 3rd Road, Jiangmen City, Jiangmen, the PRC; and  (iii) Building 10, Block N of Shachong Wei Factory, 173 Jianshe 3rd Road, Jiangmen City, Jiangmen, the PRC
“RMB”	Renminbi yuan, the lawful currency of the PRC
“Shareholder(s)”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TEM Jiangmen”	TEM Electronics (Jiangmen) Company Limited** (江門創新科電業有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	per cent

For the purpose of this announcement, the translation of RMB to HK\$ is based on the exchange rate of RMB1 = HK\$1.097 and is provided for illustration purpose only.

*\*\* The English name is for identification purpose only*

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

Hong Kong, 24 June 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](http://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](http://www.tem-group.com).*