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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Ten Pao Group Holdings Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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TEN PAO GROUP HOLDINGS LIMITED

天寶集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1979)

REVISION OF ANNUAL CAPS OF CONTINUING CONNECTED TRANSACTION AND NOTICE OF EGM

Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders



A letter from the Independent Board Committee is set out on pages 12 to 13 of this circular.

A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 14 to 30 of this circular.

A notice convening the EGM to be held at Rooms 610–612, 6th Floor, Kwong Sang Hong Centre, 151–153 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong on Friday, 17 June 2022 at 4:45 p.m. (or as soon thereafter as the annual general meeting of the Company to be held at the same place and on the same date at 4:30 p.m. shall have been concluded or adjourned) is set out on pages 36 to 37 of this circular. Whether or not you are able to attend and/or vote at the EGM in person, you are requested to complete and sign the enclosed form of proxy and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong in accordance with the instructions printed thereon as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the EGM (i.e. not later than 4:45 p.m. on Wednesday, 15 June 2022) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from subsequently attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish and in such event, your form of proxy returned shall be deemed to be revoked.

References to time and dates in this circular are to Hong Kong time and dates.

PRECAUTIONARY MEASURES FOR THE EGM

Taking into account the recent development of the epidemic caused by novel coronavirus pneumonia (COVID-19), the Company will implement the following prevention and control measures at the EGM against the epidemic to protect the Shareholders from the risk of infection:

- (i) Compulsory body temperature check will be conducted;
- (ii) Every Shareholder or proxy is required to wear surgical face mask throughout the EGM (no masks will be provided at the EGM venue);
- (iii) No refreshment or drinks will be served; and
- (iv) Every Shareholder or proxy will be assigned a designated seat at the time of registration to ensure social distancing.

A Shareholder or proxy (a) who does not comply with any of the precautionary measures referred to in (i) and (ii) above; or (b) with a body temperature above the reference range quoted by the Hong Kong Department of Health from time to time; or (c) who is subject to health quarantine prescribed by the Government of Hong Kong will not be given access to the meeting venue. The Company reminds the Shareholders or proxies that they should carefully consider the risks of attending the EGM, taking into account their own personal circumstances. For the health and safety of Shareholders, the Company would like to advise Shareholders to exercise their right to vote at the EGM by appointing the Chairman of the EGM as their proxy and to return their forms of proxy, by the time specified above, instead of attending the EGM in person.

The Company will keep the evolving COVID-19 situation under review and may implement additional measures which will be announced closer to the date of the EGM. Shareholders should check the Stock Exchange's website or the Company's website at www.tenpao.com for further announcements and updates of the EGM arrangements, if any.

31 May 2022

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DEFINITIONS

In this Circular, unless the context otherwise requires, the following expressions have the following meanings:

“2021 Golden Ocean Copper Framework Purchase Agreement”	the framework purchase agreement dated 31 December 2020 entered into between the Company and Golden Ocean Copper pursuant to which Golden Ocean Copper agreed to supply the Materials to the Group, with the term expiring on 31 December 2023
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Chairman Hung”	Mr. Hung Kwong Yee (洪光椅), the chairman of the Board, an executive Director, the chief executive officer and a Controlling Shareholder
“close associate(s)”	shall have the meaning ascribed to it under the Listing Rules
“Company”	Ten Pao Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the main board of the Stock Exchange (stock code: 1979)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“continuing connected transaction”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened at Rooms 610–612, 6th Floor, Kwong Sang Hong Centre, 151–153 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong on Friday, 17 June 2022 at 4:45 p.m. (or as soon thereafter as the annual general meeting of the Company to be held at the same place and on the same date at 4:30 p.m. shall have been concluded or adjourned) for the purpose of considering and, if thought fit, approving, among others, the Supplemental Agreement and the Revised Annual Caps
“Golden Ocean Copper”	Golden Ocean Copper Manufacturer Co., Limited (鑫洋銅工業有限公司), a company incorporated under the laws of Hong Kong with limited liability on 11 May 2001 and 100% of its issued share capital is held by Year Industries
“Group”	the Company and its subsidiaries

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency in Hong Kong
“Independent Board Committee”	an independent committee of the Board comprising all of the independent non-executive Directors, which has been established for the purpose of advising the Independent Shareholders in respect of the Supplemental Agreement and the Revised Annual Caps
“Independent Financial Adviser”	Asian Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO
“Independent Shareholders”	the Shareholders who are not required under the Listing Rules to abstain from voting to approve the non-exempt continuing connected transaction relating to the Supplemental Agreement and the Revised Annual Caps
“Independent Third Party(ies)”	any entity or person who is not a connected person within the meaning ascribed hereto under the Listing Rules
“Latest Practicable Date”	26 May 2022, being the latest practicable date prior to printing of this circular for ascertaining certain information included in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Materials”	DC cables and copper wires
“Mrs. Hung”	Ms. Yeh Chin Lian (葉金蓮), the spouse of Chairman Hung
“PRC”	the People’s Republic of China
“Revised Annual Caps”	the proposed increase of the annual caps under the 2021 Golden Ocean Copper Framework Purchase Agreement for the two years ending 31 December 2022 and 2023 to HK\$200,000,000 and HK\$230,000,000, respectively
“RMB”	Renminbi, the lawful currency of the PRC
“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

DEFINITIONS

“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental agreement dated 6 May 2022 entered into between the Company and Golden Ocean Copper in relation to, among other things, the Revised Annual Caps
“Year Industries”	Year Industries Limited, a company incorporated under the laws of the British Virgin Islands with limited liability on 22 February 2001 and its entire issued share capital is held by Mrs. Hung
“%”	per cent.



TEN PAO GROUP HOLDINGS LIMITED

天寶集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1979)

Executive Directors:

Mr. Hung Kwong Yee

(Chairman and Chief Executive Officer)

Ms. Yang Bingbing

Independent Non-executive Directors:

Mr. Lam Cheung Chuen

Mr. Chu Yat Pang Terry

Mr. Lee Kwan Hung Eddie

Registered Office:

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Hutchins Drive

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

*Headquarters and Principal Place of
Business in Hong Kong:*

Rooms 610–612, 6th Floor

Kwong Sang Hong Centre

151–153 Hoi Bun Road

Kwun Tong

Kowloon

Hong Kong

Principal Place of Business in PRC:

Dongjiang Industrial Estate

Shuikou Street, Huicheng District

Huizhou City 516005

Guangdong Province

PRC

31 May 2022

To the Shareholders

Dear Sir or Madam,

**REVISION OF ANNUAL CAPS FOR
CONTINUING CONNECTED TRANSACTION
AND NOTICE OF EGM**

BACKGROUND

Reference is made to the announcement of the Company dated 6 May 2022 in relation to the Supplemental Agreement and the Revised Annual Caps.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) further details of the 2021 Golden Ocean Copper Framework Purchase Agreement (as amended by the Supplemental Agreement) and the transactions contemplated thereunder (including the Revised Annual Caps); (ii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders; (iii) recommendation from the Independent Board Committee to the Independent Shareholders; and (iv) a notice of the EGM.

REVISION OF THE ANNUAL CAPS UNDER THE 2021 GOLDEN OCEAN COPPER FRAMEWORK PURCHASE AGREEMENT

On 31 December 2020, the Company and Golden Ocean Copper entered into the 2021 Golden Ocean Copper Framework Purchase Agreement.

Principal terms of the 2021 Golden Ocean Copper Framework Purchase Agreement

The following sets out the principal terms of the 2021 Golden Ocean Copper Framework Purchase Agreement:

Date:	31 December 2020
Parties:	The Company; and Golden Ocean Copper
Term:	From 1 January 2021 to 31 December 2023 (both days inclusive)
Nature of Transactions:	Purchase of the Materials

In light of the surge in the Group's demand for the Materials to support the rapid growth of its business, on 6 May 2022, the Company and Golden Ocean Copper entered into the Supplemental Agreement to, among other things, revise the annual caps for the 2021 Golden Ocean Copper Framework Purchase Agreement to the Revised Annual Caps.

Based on the information available to the Board as at the Latest Practicable Date, the Board foresees that the existing annual caps for the two years ending 31 December 2022 and 31 December 2023 under the 2021 Golden Ocean Copper Framework Purchase Agreement may not be sufficient to meet the needs of the Group's business growth in the future. Therefore, the Board proposes to revise and increase the existing annual caps for the two years ending 31 December 2022 and 2023 of HK\$95,000,000 and HK\$95,000,000, respectively, to the Revised Annual Caps of HK\$200,000,000 and HK\$230,000,000, respectively.

The Company confirms that the existing annual cap for the year ending 31 December 2022 of HK\$95,000,000 under the 2021 Golden Ocean Copper Framework Purchase Agreement (i) has not been exceeded as at the Latest Practicable Date; and (ii) will not be exceeded by the date of the EGM.

LETTER FROM THE BOARD

Save for the Revised Annual Caps, all other terms of the 2021 Golden Ocean Copper Framework Purchase Agreement will remain unchanged and in full force and effect.

Basis of the Revised Annual Caps

The Revised Annual Caps had been determined principally based on:

- (i) the historical transaction amount paid to Golden Ocean Copper under the 2021 Golden Ocean Copper Framework Purchase Agreement for the year ended 31 December 2021 in the amount of approximately HK\$92,170,000 as compared to the Group's revenue recorded for the year ended 31 December 2021 in the amount of approximately HK\$6.36 billion, and the historical transaction amount paid to Golden Ocean Copper under the 2021 Golden Ocean Copper Framework Purchase Agreement for the period from 1 January 2022 to 19 May 2022 in the amount of approximately HK\$48,150,000;
- (ii) the projected budget of costs for the two years ending 31 December 2022 and 2023 due to the surge in the demand of the Materials in light of the anticipated growth in the businesses of the Group, which is mainly attributable to:
 - (a) the significant growth in orders in the business segments of power supply units for consumer products and smart chargers and controllers for industrial power supply. For the year ended 31 December 2021, the revenue of the business segments of power supply units for consumer products and smart chargers and controllers for industrial power supply recorded year-on-year increase of 40.3% and 44.1%, respectively, which showed a very strong growth in these business segments in 2021. The Group has production facilities in Dazhou, Sichuan which gives the Group great geographical and logistical advantages to receive and fulfil more orders from clients in the telecommunications sector, as Dazhou is in close proximity to the main production centers of a number of telecommunications equipment clients. Furthermore, the Group maintains a good cooperative relationship with its customers for the business segment of smart chargers and controllers for industrial power supply, which consist of international enterprises with solid fundamentals, high risk-bearing capabilities and well-established distribution channels. The Group's good relationship with its customers also contributed to the growth in this business segment;
 - (b) the enhanced production capacity of Group as a result of its active expansion of production network and automation of its production systems. The Group has carried out measures to expand production facilities, invest in manufacturing automation and digital upgrade, and strengthen the stability of its supply chain. In 2021, the Group completed the phase two expansion of its Dazhou plant in Sichuan and also completed the intelligent manufacturing bases in Huizhou Industrial Park. The operation of the intelligent manufacturing bases in Huizhou Industrial Park is expected to commence in the second half of 2022. The Group has also continued to expand its overseas production capacity during 2021 by fitted additional production

LETTER FROM THE BOARD

lines in its Vietnam plant to meet customer demand and completed the construction of the Group's Hungary plant, which will provide supportive auxiliary manufacturing supply to its overseas customers, particularly those in Europe; and

- (c) the Group's continued investment in the new energy industry. The Group is focusing efforts on the hub of new energy vehicle development in western China to capture market opportunities, and some projects of EV charging module have been launched by its factory in the first half of 2022. Further, the Group is currently deepening business collaboration with internationally renowned energy companies on EV chargers and portable power station, which includes implementing offline sales channels in North America to synergise with online sales platforms. The Group also seeks to continue develop automotive electronics and green mobility as part of the new energy business. The Group will jointly develop with potential customers intelligent charging equipment including charging piles, intelligent power exchange cabinets and portable energy storage inverters in its Dazhou and Huizhou plants; and
- (iii) the Group's additional demand for the Materials due to its decision to change from purchasing high frequency transformers, a common part used by the Group in its production, from Independent Third Parties to producing high frequency transformers by itself for better quality assurance, a more stable supply and more competitive cost. The Group has been purchasing high frequency transformers from Independent Third Parties previously and the purchase amount for the year ended 31 December 2021 was approximately HK\$190 million. As approximately 40% of the production costs of high frequency transformers is attributable to purchase of copper wires, it is expected that the Group would need to purchase copper wires from Golden Ocean Copper in the amount of approximately 40% of approximately HK\$190 million for its own production of high frequency transformers.

Basis of transactions under the 2021 Golden Ocean Copper Framework Purchase Agreement

The price for the Materials to be supplied by Golden Ocean Copper under the 2021 Golden Ocean Copper Framework Purchase Agreement will be determined with reference to the price at which comparable types of the Materials are sold by independent suppliers to the Group under normal commercial terms in the ordinary course of business and such price shall be no less favourable to the Group than is available from independent suppliers. In considering whether to purchase from Golden Ocean Copper, the Group will seek quotations from at least two Independent Third Parties offering the same or comparable products. The Group will purchase the Materials from Golden Ocean Copper if the price and quality of the products are comparable to or more favourable to the Group than those offered by Independent Third Parties for the same or comparable products.

LETTER FROM THE BOARD

Condition

The Supplemental Agreement shall take effect from the date of approval of the Supplemental Agreement and the Revised Annual Caps by the Independent Shareholders at the EGM.

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2021 GOLDEN OCEAN COPPER FRAMEWORK PURCHASE AGREEMENT AND THE REVISED ANNUAL CAPS

The reasons for and benefits of entering into the 2021 Golden Ocean Copper Framework Purchase Agreement have been set out in the announcement of the Company dated 31 December 2020. As disclosed in the said announcement, the Group is capable of carrying on its business independently of Golden Ocean Copper as it can easily procure the Materials supplied by Golden Ocean Copper from Independent Third Parties. The Group currently has independent access to suppliers and the Materials supplied by Golden Ocean Copper is generally and widely available in the market at comparable market prices and quality. The Directors believe that the purchases of the Materials from Golden Ocean Copper would benefit the Group for the following reasons:

- (i) the purchases from Golden Ocean Copper will be at competitive prices no less favourable than those that the Group can obtain from Independent Third Parties;
- (ii) Golden Ocean Copper is able to meet the Group's product demands in a timely manner;
- (iii) the Directors consider that it is crucial for the Group to maintain the stability in supply and quality of the Materials for its existing and future production needs. In view of the Group's past purchasing experience with Golden Ocean Copper, the Directors are of the view that Golden Ocean Copper can effectively fulfill the Group's stable supply as well as product quality requirements; and
- (iv) Golden Ocean Copper has provided the Group with favourable terms such as flexible and timely delivery schedule of the Materials purchased by the Group.

Taking account of the anticipated growth in the Group's business and its business decision to produce high frequency transformers on its own going forward, the demand for the purchase of the Materials will surge alongside with the Group's business growth. As the anticipated total transaction amount between the Company and Golden Ocean Copper under the 2021 Golden Ocean Copper Framework Purchase Agreement is expected to increase, the Directors expect that the maximum transaction amount of the 2021 Golden Ocean Copper Framework Purchase Agreement will exceed the existing annual caps for the two years ending 31 December 2022 and 2023 and therefore propose to further revise the annual caps for the continuing connected transaction contemplated thereunder.

LETTER FROM THE BOARD

The Directors (including the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee on pages 12 to 13 of this circular) are of the view that the terms of the 2021 Golden Ocean Copper Framework Purchase Agreement (as amended by the Supplemental Agreement) and the Revised Annual Caps are fair and reasonable, the transactions contemplated thereunder are and will be entered into in the ordinary and usual course of business of the Group, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Since Chairman Hung, an executive Director and a Controlling Shareholder, has material interests in the 2021 Golden Ocean Copper Framework Purchase Agreement, he has abstained from voting on the resolutions of the Board to approve the Supplemental Agreement and the Revised Annual Caps. Save for Chairman Hung, none of the other Directors has any material interest in the transaction contemplated under the Supplemental Agreement and none of the other Directors had abstained from voting on the resolutions approving the Supplemental Agreement and the Revised Annual Caps at the Board meeting.

INFORMATION ABOUT THE PARTIES

The Group is principally engaged in the manufacturing and sale of switching power supply units for consumer products and smart chargers and controllers for industrial use. The Company is an investment holding company.

Golden Ocean Copper is principally engaged in the manufacture and sale of the Materials.

IMPLICATIONS OF THE LISTING RULES

100% of the issued share capital of Golden Ocean Copper is held by Year Industries. As the entire issued share capital of Year Industries is held by Mrs. Hung who is the spouse of Chairman Hung, an executive Director and a Controlling Shareholder, Golden Ocean Copper is an associate of Chairman Hung and a connected person of the Company and the transactions contemplated under the 2021 Golden Ocean Copper Framework Purchase Agreement constituted continuing connected transactions for the Company.

Pursuant to the Listing Rules, if any listed issuer proposes to revise its annual caps for continuing connected transactions, such listed issuer has to re-comply with the provisions of Chapter 14A of the Listing Rules applicable to the relevant continuing connected transactions.

Given that one or more of the applicable percentage ratio(s) (as defined under Rule 14.07 of the Listing Rules) calculated with reference to the Revised Annual Caps exceeds 5%, the transactions contemplated under the 2021 Golden Ocean Copper Framework Purchase Agreement (as amended by the Supplemental Agreement) and the Revised Annual Caps constitute non-exempt continuing connected transaction of the Company and are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

Chairman Hung and his associates are required to abstain from voting at the EGM in respect of the resolutions on the Supplemental Agreement and the transactions contemplated thereunder (including the Revised Annual Caps) as a result of having material interest therein. As at the Latest Practicable Date, Chairman Hung, together with his respective associates, were interested in a total of 655,552,000 Shares, representing approximately 65.53% of the total issued Shares. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, save as disclosed above, no other Shareholder is required to abstain from voting at the EGM.

If the Supplemental Agreement and the Revised Annual Caps are not approved by the Independent Shareholders at the EGM, the Supplemental Agreement shall automatically be terminated and of no further effect and the Revised Annual Caps will not apply. In such circumstances, the 2021 Golden Ocean Copper Framework Purchase Agreement and the original annual caps shall remain unaffected and shall continue to have full force and effect in accordance with the terms and conditions of the 2021 Golden Ocean Copper Framework Purchase Agreement.

INTERNAL CONTROL MEASURES

The Directors will keep aware of the price of the Materials and ensure that the measures contained in the basis of transactions are properly implemented during the course of purchase transactions. The Company will also comply with the annual review requirements by the independent non-executive Directors and the auditor relating to the 2021 Golden Ocean Copper Framework Purchase Agreement (as amended by the Supplemental Agreement) pursuant to Rules 14A.55 to 14A.59 of the Listing Rules.

EGM

There is set out on pages 36 to 37 of this circular a notice convening the EGM to be held at Rooms 610–612, 6th Floor, Kwong Sang Hong Centre, 151–153 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong on Friday, 17 June 2022 at 4:45 p.m. (or as soon thereafter as the annual general meeting of the Company to be held at the same place and on the same date at 4:30 p.m. shall have been concluded or adjourned) at which ordinary resolution will be proposed for the approval of the Supplemental Agreement and the Revised Annual Caps by the Independent Shareholders.

Whether or not you are able to attend the EGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong but in any event not later than forty-eight hours before the time appointed for the holding of the EGM or any adjournment thereof. The completion and return of the enclosed form of proxy will not preclude you from attending and voting at the EGM or any adjournment should you so wish.

LETTER FROM THE BOARD

To ascertain Shareholders' eligibility to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 14 June 2022 to Friday, 17 June 2022 (both days inclusive), during which period no share transfer will be effected. In order to be eligible to attend and vote at the meeting, all completed transfer documents accompanied by the relevant share certificate(s) must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 13 June 2022.

In compliance with the Listing Rules, the votes to be taken at the EGM in respect of the Supplemental Agreement and the Revised Annual Caps will be taken by poll, the results of which will be announced after the EGM.

Tricor Investor Services Limited, the Company's branch share registrar and transfer office in Hong Kong, will serve as the scrutineer for the vote-taking.

RECOMMENDATION

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the terms of the transactions contemplated under the Supplemental Agreement (including the Revised Annual Caps) are fair and reasonable so far as the Independent Shareholders are concerned and such transactions are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. The Independent Board Committee therefore recommends the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Supplemental Agreement and the Revised Annual Caps.

ADDITIONAL INFORMATION

Your attention is drawn to the letters from the Independent Board Committee and from the Independent Financial Adviser which are respectively set out on pages 12 to 13 and pages 14 to 30 of this circular. Additional information is also set out in the Appendix to this circular for your information.

By Order of the Board
TEN PAO GROUP HOLDINGS LIMITED
Hung Kwong Yee
Chairman and Chief Executive Officer



TEN PAO GROUP HOLDINGS LIMITED

天寶集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1979)

31 May 2022

To the Independent Shareholders

Dear Sir or Madam,

**REVISION OF ANNUAL CAPS OF
CONTINUING CONNECTED TRANSACTION**

We refer to the circular dated 31 May 2022 issued by the Company (the “**Circular**”) of which this letter forms part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

We have been appointed as the members of the Independent Board Committee to consider the Supplemental Agreement and the Revised Annual Caps and to advise the Independent Shareholders as to the fairness and reasonableness of the same. The Independent Financial Adviser, Asian Capital Limited, has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

RECOMMENDATION

We wish to draw your attention to the letter from the Board, as set out on pages 4 to 11 of the Circular, and the letter from the Independent Financial Adviser which contains its advice to the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Agreement and the Revised Annual Caps as set out on pages 14 to 30 of the Circular.

After taking into consideration the advice from the Independent Financial Adviser, we concur with the views of the Independent Financial Adviser and consider that the terms of the transactions contemplated under the Supplemental Agreement (including the Revised Annual Caps) are fair and reasonable so far as the Independent Shareholders are concerned

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

and such transactions are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Supplemental Agreement and the Revised Annual Caps.

Yours faithfully,
Lam Cheung Chuen
Chu Yat Pang Terry
Lee Kwan Hung Eddie
Independent Board Committee

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders prepared for the purpose of incorporation into this circular.



ASIAN CAPITAL LIMITED
14/F
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

31 May 2022

*To: The Independent Board Committee and the Independent Shareholders of
Ten Pao Group Holdings Limited*

Dear Sirs,

CONTINUING CONNECTED TRANSACTION IN RELATION TO THE REVISION OF ANNUAL CAPS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the continuing connected transaction contemplated under the Supplemental Agreement (including the Revised Annual Caps). Details of the 2021 Golden Ocean Copper Framework Purchase Agreement (as amended by the Supplemental Agreement) and the transactions contemplated thereunder (including the Revised Annual Caps) are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular of the Company dated 31 May 2022 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

On 31 December 2020, the Company and Golden Ocean Copper entered into the 2021 Golden Ocean Copper Framework Purchase Agreement, pursuant to which Golden Ocean Copper agreed to supply the Materials to the Group, with the term expiring on 31 December 2023.

As set out in the Letter from the Board, the Board foresees that the existing annual caps for the two years ending 31 December 2022 and 31 December 2023 under the 2021 Golden Ocean Copper Framework Purchase Agreement may not be sufficient to meet the needs of the Group’s business growth in the future. In light of such, on 6 May 2022, the Company and Golden Ocean Copper entered into the Supplemental Agreement to, among other things, revise the existing annual caps under the 2021 Golden Ocean Copper Framework Agreement to the Revised Annual Caps (i.e. revising the existing annual caps

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

for the two years ending 31 December 2022 and 2023 from HK\$95.0 million to HK\$200.0 million and HK\$230.0 million respectively). Save for the Revised Annual Caps, all other terms of the 2021 Golden Ocean Copper Framework Purchase Agreement remain unchanged and in full force and effect.

As set out in the Letter from the Board, 100% of the issued share capital of Golden Ocean Copper is held by Year Industries. As the entire issued share capital of Year Industries is held by Mrs. Hung who is the spouse of Chairman Hung, an executive Director and a Controlling Shareholder, Golden Ocean Copper is an associate of Chairman Hung and a connected person of the Company and the transactions contemplated under the 2021 Golden Ocean Copper Framework Purchase Agreement constituted continuing connected transaction for the Company.

Given that one or more of the applicable percentage ratio(s) (as defined under Rule 14.07 of the Listing Rules) calculated with reference to the Revised Annual Caps exceeds 5%, the transactions contemplated under the 2021 Golden Ocean Copper Framework Purchase Agreement (as amended by the Supplemental Agreement) and the Revised Annual Caps constitute non-exempt continuing connected transaction of the Company and are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Since Chairman Hung, an executive Director and a Controlling Shareholder, has material interest in the 2021 Golden Ocean Copper Framework Purchase Agreement, he has abstained from voting on the relevant resolutions of the Board to approve the Supplemental Agreement and the Revised Annual Caps. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for Chairman Hung, none of the other Directors has any material interest in the transactions contemplated under the Supplemental Agreement and none of the other Directors had abstained from voting on the resolutions approving the Supplemental Agreement and the Revised Annual Caps at the Board meeting.

Chairman Hung and his associates are required to abstain from voting at the EGM in respect of the resolutions on the Supplemental Agreement and the transactions contemplated thereunder (including the Revised Annual Caps) as a result of having material interest therein. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, save for Chairman Hung and his respective associates, no other Shareholder is required to abstain from voting at the EGM.

The Independent Board Committee, comprising Mr. Lam Cheung Chuen, Mr. Chu Yat Pang Terry and Mr. Lee Kwan Hung Eddie, all being independent non-executive Directors and having no material interest in the transactions contemplated under the 2021 Golden Ocean Copper Framework Purchase Agreement (as amended by the Supplemental Agreement), has been established to give advice and recommendation to the Independent Shareholders as to (i) whether the terms of the Supplemental Agreement (including the Revised Annual Caps) and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether they are on normal commercial terms or better and are in the ordinary and usual course of business

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

of the Group; (iii) whether they are in the interests of the Company and the Shareholders as a whole; and (iv) how the Independent Shareholders should vote in respect of the relevant resolutions to be proposed at the EGM to approve the Supplemental Agreement (including the Revised Annual Caps) and the transactions contemplated thereunder.

Asian Capital Limited has been appointed as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders to give our recommendations as to (i) whether the terms of the Supplemental Agreement (including the Revised Annual Caps) and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether they are on normal commercial terms or better and are in the ordinary and usual course of business of the Group; (iii) whether they are in the interests of the Company and the Shareholders as a whole; and (iv) how the Independent Shareholders should vote in respect of the relevant resolutions to be proposed at the EGM to approve the Supplemental Agreement (including the Revised Annual Caps) and the transactions contemplated thereunder.

OUR INDEPENDENCE

During the past two years, there have been no engagements between the Company and Asian Capital Limited. As at the Latest Practicable Date, there were no relationships or interests existing between (i) Asian Capital Limited and (ii) the Group, Golden Ocean Copper or any of their respective subsidiaries or associates that could reasonably be regarded as a hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders.

BASIS OF OUR OPINION

In formulating our opinion and recommendations to the Independent Board Committee and the Independent Shareholders, we have considered, among other things, (i) the 2021 Golden Ocean Copper Framework Purchase Agreement and the Supplemental Agreement; (ii) the annual report of the Company (the “**2020 Annual Report**”) for the year ended 31 December 2020 (“**FY2020**”) and the Company’s annual report dated 27 April 2022 (the “**2021 Annual Report**”) for the year ended 31 December 2021 (“**FY2021**”); (iii) other information as set out in the Circular; and (iv) relevant market data and information available from public sources.

We have also relied on all relevant information and representations provided, and the opinions expressed, by the Directors and/or the management of the Company (the “**Management**”). We have assumed that all such information and representations contained or referred to in the Circular are true and accurate in all material respects as at the date thereof.

The Directors and the Management have jointly and severally accepted full responsibility for the accuracy of the information contained in the Circular and have also confirmed that, having made all reasonable enquiries and to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no material facts not contained in the Circular, the omission of which would

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make any statement in the Circular misleading. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the Management, and they have confirmed that no material information has been withheld or omitted from the information provided and referred to in the Circular, which would make any statement therein misleading.

We consider that we have reviewed sufficient information currently available to reach an informed view and to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided by the Directors and/or the Management and Golden Ocean Copper, nor have we conducted an independent investigation into the business, affairs, operations, financial position or future prospects of each of the Group and its associate.

In the event of inconsistency, the English text of this letter shall prevail over the Chinese translation of this letter.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendations to the Independent Board Committee and the Independent Shareholders, we have taken into account the following principal factors and reasons:

1. Background information of the parties

The Group

As stated in the Letter from the Board, the Group is principally engaged in the manufacturing and sale of (i) switching power supply units for consumer products (the “**Consumer Products Segment**”) and (ii) smart chargers and controllers for industrial use (the “**Industrial Segment**”), both of which require the Materials for their manufacturing. Set out below is a summary of key financial information of the Group for FY2019, FY2020 and FY2021 as extracted from the 2020 Annual Report and the 2021 Annual Report.

	FY2019 <i>(Audited)</i> <i>HK\$'000</i>	FY2020 <i>(Audited)</i> <i>HK\$'000</i>	FY2021 <i>(Audited)</i> <i>HK\$'000</i>
Revenue	3,636,291	4,488,625	6,362,670
— <i>Consumer Products Segment</i>	2,277,655	2,766,985	3,881,551
— <i>Industrial Segment</i>	1,358,636	1,721,640	2,481,119
Gross Profit	633,196	827,339	1,060,320
Profit for the year	176,459	288,632	388,515

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	FY2019 <i>(Audited)</i> <i>HK\$'000</i>	FY2020 <i>(Audited)</i> <i>HK\$'000</i>	FY2021 <i>(Audited)</i> <i>HK\$'000</i>
Total assets	2,214,385	3,632,465	4,165,694
Total liabilities	1,519,795	2,631,659	2,857,179
Net assets attributable to owners of the Company	694,833	1,001,524	1,295,629

For the FY2020, the Group recorded revenue of HK\$4,488.6 million, representing an increase of 23.4% or HK\$852.3 million when compared with that for the FY2019. Based on the 2020 Annual Report, the increase in the Group's revenue was mainly driven by the increase in orders of the business segment of switching power supply units for consumer products.

For the FY2021, the Group achieved a 41.8% increase in revenue to HK\$6,362.7 million from approximately HK\$4,488.6 million for FY2020. The increase was mainly attributable to the growth of the overall power supply business and continual increase of customer orders. As disclosed in the 2021 Annual Report, the revenue for (i) the Consumer Products Segment amounted to approximately HK\$3,881.6 million, representing a year-on-year increase of 40.3% and accounting for 61.0% of the Group's total revenue; and (ii) the Industrial Segment amounted to HK\$2,481.1 million, representing a year-on-year increase of 44.1% and accounting for 39.0% of the Group's total revenue. Whilst the manufacturing of products for both the Consumer Products Segment and the Industrial Segment requires the Materials, it is expected that the Group's demand for the Materials will continue to be driven by the growth of the overall power supply business and continual increase of customer orders.

Whilst the Group recorded a 28.2% increase in gross profit to HK\$1,060.3 million in FY2021 compared to HK\$827.3 million recorded in FY2020, there was a slight decrease in gross profit margin from approximately 18.4% for FY2020 to 16.7% for FY2021 due to, among others, unstable supply and soaring prices of raw materials.

As set out in the Letter from the Board, the Materials procured under the 2021 Golden Ocean Copper Framework Purchase Agreement (and the Supplemental Agreement) were applied to produce products. In this regard, we further reviewed the Group's revenue from external customers, summarized by geographical segment of customers. Set out below a table showing the geographical segment of the Group's revenue for the FY2019, the FY2020 and the FY2021, as extracted from the 2020 Annual Report and the 2021 Annual Report.

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	FY2019 <i>(Audited)</i> <i>HK\$'000</i>	FY2020 <i>(Audited)</i> <i>HK\$'000</i>	FY2021 <i>(Audited)</i> <i>HK\$'000</i>
PRC, excluding Hong Kong	2,267,166	2,615,248	3,829,046
Overseas	1,369,125	1,873,377	2,533,624
— <i>Europe</i>	422,365	575,345	855,229
— <i>Asia, excluding PRC</i>	462,901	546,300	823,487
— <i>US</i>	190,523	541,018	665,235
— <i>Africa</i>	212,467	166,755	145,489
— <i>Others</i>	<u>80,869</u>	<u>43,959</u>	<u>44,184</u>
Total revenue	<u>3,636,291</u>	<u>4,488,625</u>	<u>6,362,670</u>
% of overseas revenue to total revenue	<u>37.65%</u>	<u>41.74%</u>	<u>39.82%</u>

We noted that the Group generated revenue of HK\$1,369.1 million, HK\$1,873.4 million and HK\$2,533.6 million from overseas customers for the FY2019, the FY2020 and the FY2021 respectively, which shows a steady growth generally in line with the growing trend of the Group's total revenue. Among those overseas regions, we noted that revenue from the Group's three largest overseas market (being Europe, Asia (excluding PRC) and US), which accounted for 78.6%, 88.8% and 92.5% of the Group's overseas revenue, demonstrated consistent growth over the period from the FY2019 to the FY2021. Based on our enquiries with the Management, we are given to understand the growth in revenue from these overseas markets were mainly driven by the increase in customer orders, which is consistently with the Company's relevant disclosure in the 2020 Annual Report and the 2021 Annual Report. In view of such, we concurred with the Company's assessment that the demand for the Materials is in an increasing trend which underpins the Revised Annual Caps.

Golden Ocean Copper

Golden Ocean Copper is incorporated in Hong Kong on 11 May 2001. Golden Ocean Copper is principally engaged in the manufacture and sale of the Materials.

The Group has long-standing relationship with Golden Ocean Copper and the Group has purchased Materials from Golden Ocean Copper since 2001.

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2. The 2021 Golden Ocean Copper Framework Purchase Agreement (as amended by the Supplemental Agreement)

Principal terms of the 2021 Golden Ocean Copper Framework Purchase Agreement

As extracted from the Letter from the Board, the principal terms of the 2021 Golden Ocean Copper Framework Purchase Agreement are as follows:

Date:	31 December 2020
Parties:	(i) The Company; and (ii) Golden Ocean Copper
Subject:	Pursuant to the 2021 Golden Ocean Copper Framework Purchase Agreement, Golden Ocean Copper agreed to provide the Materials to the Group from time to time upon request.
Terms:	From 1 January 2021 to 31 December 2023 (both days inclusive).
Pricing policy:	The price for the Materials to be supplied by Golden Ocean Copper under the 2021 Golden Ocean Copper Framework Purchase Agreement will be determined with reference to the price at which comparable types of the Materials are sold by independent suppliers to the Group under normal commercial terms in the ordinary course of business and such price shall be no less favourable to the Group than is available from independent suppliers.

In considering whether to purchase from Golden Ocean Copper, the Group will seek quotations from at least two Independent Third Parties offering the same or comparable products. The Group will purchase the Materials from Golden Ocean Copper if the price and quality of the products are comparable to or more favourable to the Group than those offered by Independent Third Parties for the same or comparable products.

As part of our due diligence, we enquired whether purchases made under the 2021 Golden Ocean Copper Framework Agreement during the FY2020 and the FY2021 adhered with the terms set out in the 2021 Golden Ocean Copper Framework Agreement.

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In respect of the purchase made under the 2021 Golden Ocean Copper Framework Agreement during FY2020 and FY2021, we noted that the independent non-executive Directors reviewed and confirmed that the purchases were entered into:

- a. in the ordinary and usual course of business of the Group;
- b. on normal commercial terms or better; and
- c. according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Further, pursuant to Rule 14A.56 of the Listing Rules, the Company's auditor was engaged to perform certain procedures in respect of the purchase the 2021 Golden Ocean Copper Framework Agreement during FY2020 and FY2021 in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transaction under the Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Company's auditor issued an unqualified letter containing their findings and conclusions in respect of the continuing connected transactions occurred during FY2020 and FY2021.

Further in respect of the purchases made under the 2021 Golden Ocean Copper Framework Agreement during FY2021, we obtained and reviewed four sets of sample transaction documents on random basis, which include purchase orders, invoices and delivery notes to understand the purchase process. We have obtained and reviewed, (i) one invoice per quarter for the transactions between the Group and Golden Ocean Copper under the 2021 Golden Ocean Copper Framework Agreement (i.e. four invoices in total for FY2021); all selected on a random sampling basis and (ii) all quotations (10 quotations in total) obtained by the Group from four Independent Third Parties during FY2021 and the first quarter of 2022, and we noted that the unit purchase prices of Materials procured from Golden Ocean Copper to the Group at similar timing are no less favourable to those procured from the Group's other Independent Third Parties.

Based on the above, we are of the view that the aforementioned sample documents which we have obtained on random sampling basis from the period under review, and reviewed are fair and representative samples. Accordingly, we are of the view that the Company has properly implemented the pricing policy under the 2021 Golden Ocean Copper Framework Agreement. Further, as purchases under the 2021 Golden Ocean Copper Framework Agreement were only made at a unit purchase price no less favourable to that quoted by the Group's other Independent Third Parties, we are of the view that the terms of the 2021 Golden Ocean Copper Framework Agreement are normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Supplemental Agreement and the Revised Annual Caps

Pursuant to the Supplemental Agreement, the existing annual caps for the two years ending 31 December 2022 (“FY2022”) and 2023 (“FY2023”) under the 2021 Golden Ocean Copper Framework Agreement shall be revised and increased from HK\$95,000,000 and HK\$95,000,000, respectively, to the Revised Annual Caps of HK\$200,000,000 and HK\$230,000,000, respectively. The increase in Revised Annual Cap for FY2022 represents an increase of 110.53% as compared to the existing annual cap for FY2021, and the increase in Revised Annual Cap for FY2023 represents an increase of approximately 15% as compared to that for FY2022. Save for the Revised Annual Caps, all other terms of the 2021 Golden Ocean Copper Framework Purchase Agreement will remain unchanged and in full force and effect.

As stated in the Letter from the Board, the Revised Annual Caps for the two years ending 31 December 2023 are determined mainly with reference to:

- (i) the historical transaction amount paid to Golden Ocean Copper under the 2021 Golden Ocean Copper Framework Purchase Agreement for the year ended 31 December 2021 in the amount of approximately HK\$92.17 million as compared to the Group’s revenue recorded for the year ended 31 December 2021 in the amount of HK\$6,362.7 million and the historical transaction amount paid to Golden Ocean Copper under the 2021 Golden Ocean Copper Framework Purchaser Agreement for the period from 1 January 2022 to 19 May 2022 in the amount of approximately HK\$48.15 million;
- (ii) the projected budget of costs for the two years ending 31 December 2022 and 2023 due to the surge in the demand of the Materials in light of the anticipated growth in the businesses of the Group which is mainly attributable to:
 - (a) the significant growth in orders in the business segments of power supply units for consumer products and smart chargers and controllers for industrial power supply. For the year ended 31 December 2021, the revenue of the business segments of power supply units for consumer products and smart chargers and controllers for industrial power supply recorded year-on-year increase of 40.3% and 44.1%, respectively, which showed a very strong growth in these business segments in 2021. The Group has production facilities in Dazhou, Sichuan which gives the Group great geographical and logistical advantages to receive and fulfil more orders from clients in the telecommunications sector, as Dazhou is in close proximity to the main production centers of a number of telecommunications equipment clients. Furthermore, the Group maintains a good cooperative relationship with its customers for the business segment of smart chargers and controllers for industrial power supply, which consist of international enterprises with solid

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fundamentals, high risk-bearing capabilities and well-established distribution channels. The Group's good relationship with its customers also contributed to the growth in this business segment;

- (b) the enhanced production capacity of Group as a result of its active expansion of production network and automation of its production systems. The Group has carried out measures to expand production facilities, invest in manufacturing automation and digital upgrade, and strengthen the stability of its supply chain. In 2021, the Group completed the phase two expansion of its Dazhou plant in Sichuan and also completed the intelligent manufacturing bases in Huizhou Industrial Park. The operation of the intelligent manufacturing bases in Huizhou Industrial Park is expected to commence in the second half of 2022. The Group has also continued to expand its overseas production capacity during 2021 by fitted additional production lines in its Vietnam plant to meet customer demand and completed the construction of the Group's Hungary plant, which will provide supportive auxiliary manufacturing supply to its overseas customers, particularly those in Europe; and
- (c) the Group's continued investment in the new energy industry. The Group is focusing efforts on the hub of new energy vehicle development in western China to capture market opportunities, and some projects of EV charging module have been launched by its factory in the first half of 2022. Further, the Group is currently deepening business collaboration with internationally renowned energy companies on EV chargers and portable power station, which includes implementing offline sales channels in North America to synergise with online sales platforms. The Group also seeks to continue develop automotive electronics and green mobility as part of the new energy business. The Group will jointly develop with potential customers intelligent charging equipment including charging piles, intelligent power exchange cabinets and portable energy storage inverters in its Dazhou and Huizhou plants; and
- (iii) the Group's additional demand for the Materials due to its decision to change from purchasing high frequency transformers, a common part used by the Group in its production, from Independent Third Parties to producing high frequency transformers by itself for better quality assurance, a more stable supply and more competitive cost. The Group has been purchasing high frequency transformers from Independent Third Parties previously and the purchase amount for the year ended 31 December 2021 was approximately HK\$190 million. As approximately 40% of the production costs of high frequency transformers is attributable to purchase of copper wires, it is expected that the Group would have needed to purchase copper wires from Golden Ocean Copper in the amount of as much as approximately

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40% of approximately HK\$190 million for its own production of high frequency transformers if the transformers were produced inhouse by the Group.

3. Reasons for and benefits of entering into the Supplemental Agreement

The Group has been purchasing Materials from Golden Ocean Copper before its listing in December 2015. Such Materials are used by the Group for its manufacturing of switching power supply units for consumer products and smart chargers and controllers for industrial use.

As disclosed in the Letter from the Board, taking account of the anticipated growth in the Group's business and its business decision to produce high frequency transformers on its own going forward, the demand for the purchase of the Materials will surge alongside with the Group's business growth. As the anticipated total transaction amount between the Company and Golden Ocean Copper under the 2021 Golden Ocean Copper Framework Purchase Agreement is expected to increase, the Directors expect that the maximum transaction amount of the 2021 Golden Ocean Copper Framework Purchase Agreement will exceed the existing annual caps for the two years ending 31 December 2022 and 2023 and therefore propose to further revise the annual caps for the continuing connected transactions contemplated thereunder.

Expected demand for Group's products and projected demand of Materials provided by Golden Ocean Copper

As depicted in the paragraphs headed "*1 Background information of the parties — The Group*" above, the Group achieved a 41.8% increase in revenue for FY2021 when compared to FY2020, and the Materials are used for the manufacturing of such revenue generating products. Besides, the Group increased its investment in the new energy business segment. During FY2021, the Group officially launched the sales of portable power stations and portable electric vehicle chargers. The Group also actively developed new customers in the automotive electronics field and deepened its partnership with a leading domestic multi-purpose energy storage device company and launched portable chargers of various power output. In view of the above, it is expected that more Materials will be procured for the Group to cater for its business growth and the continual increase of customer orders.

In addition, as disclosed in the paragraphs headed "*2 The 2021 Golden Ocean Copper Framework Purchase Agreement (as amended by the Supplemental Agreement) — The Supplemental Agreement and the Revised Annual Caps*" above, the Group has decided to produce its own high frequency transformers, which were previously purchased from independent third party with a purchase amount of HK\$190 million for the year ended 31 December 2021. Whilst it is estimated that 40% of such cost (i.e. HK\$76 million) was attributable to copper material, it is expected that the Group's demand for copper material will significantly increase in order to satisfy its production needs. According to the Management, the Group will commence the production of its own high frequency transformers in June 2022.

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According to the Research and Markets, an independent research firm, the power supply and charger market size is estimated to increase from USD52,546.3 million in 2021 to USD79,210.9 million in 2031 with a CAGR of 4.2%. In addition, according to the data of Guan Yan Tian Xia* (觀研天下), an independent research firm, the market size of China's power supply industry is expected to increase from RMB389.7 billion in 2022 to RMB422.1 billion in 2023, with a year-on-year growth rate of 8.3%.

Further, having also considered the continued economic recovery in the PRC and the Central Government's emphasis as stated in the 14th Five-Year Plan, on the fundamental role of consumption in economic development and promotion of consumption activities as an important pillar of the national economy, domestic market demand for consumer electronics is expected to remain high.

Taking into account (i) the anticipated growth in the Group's business; (ii) its business decision to produce high frequency transformers on its own going forward; (iii) the growth in market size of China's power supply industry; and (iv) the economic recovery and the development plan in the PRC, we concur with the Directors' view that the demand for the purchase of the Materials is expected to surge.

Price of the Materials

We understand that, when determining the Revised Annual Caps, the Management has also considered the buffer of approximately 5% to accommodate for increases in general price of the Materials. In order to assess the fairness of the above basis, we have conducted desktop research and reviewed certain public information in relation to the general price of the Materials.

According to public information, the price of copper, being one of the Materials, has been significantly increasing since late 2019, with annual change of over 25% during the two years ended 31 December 2021. Due to market uncertainty and recent material shortage, the buffer could allow further flexibility for the Group to cope with any unanticipated increase in price of the Materials.

* For identification purposes only



Historical spot price of copper (USD/LB)

(source: www.macrotrends.net)

Reliability and quality

As disclosed in the Company's announcement dated 31 December 2020, the Group is capable of carrying on its business independently of Golden Ocean Copper as it can easily procure the Materials supplied by Golden Ocean Copper from Independent Third Parties. The Group currently has independent access to suppliers and the Materials supplied by Golden Ocean Copper is generally and widely available in the market at comparable market prices and quality. The Directors believe that the purchases of the Materials from Golden Ocean Copper under the terms of the Supplemental Agreement would benefit the Group for the following reasons:

- (i) the purchases from Golden Ocean Copper will be at competitive prices no less favourable than those that the Group can obtain from Independent Third Parties;
- (ii) Golden Ocean Copper is able to meet the Group's product demands in a timely manner;
- (iii) the Directors consider that it is crucial for the Group to maintain the stability in supply and quality of the Materials for its existing and future production needs. In view of the Group's past purchasing experience with Golden Ocean Copper, the Directors are of the view that Golden Ocean Copper can effectively fulfill the Group's stable supply as well as product quality requirements; and

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- (iv) Golden Ocean Copper has provided the Group with favourable terms such as flexible and timely delivery schedule of the Materials purchased by the Group.

Based on our review of sample transaction documents (details of which are set out in section “Principal factors and reasons considered — 2.2. The 2021 Golden Ocean Copper Framework Purchase Agreement (as amended by the Supplemental Agreement) — Principal terms of the 2021 Golden Ocean Copper Framework Purchase Agreement” in this letter above), we note that Golden Ocean Copper was able to provide the Materials as and when the Group required under the delivery terms the Group required.

The historical utilisation rates of the Existing Annual Caps

In order to assess the reasonableness of the Revised Annual Caps, we reviewed the utilization rates of the Existing Annual Caps. In this regard, we obtained the historical/existing annual caps from (i) the framework purchase agreement dated 29 December 2017 entered into between the Company and Golden Ocean Copper in relation to the supply of Materials to the Group, with the term expired on 31 December 2020 (the “**2018 Golden Ocean Copper Framework Purchase Agreement**”); and (ii) the 2021 Golden Ocean Copper Framework Purchase Agreement, and compared those annual caps to the actual transaction amounts of the respective years. Set out below are the historical/existing annual caps and the actual transaction amounts under the 2018 Golden Ocean Copper Framework Purchase Agreement and the 2021 Golden Ocean Copper Framework Purchase Agreement, and the utilisations rate of the annual caps the for the five years ending 31 December 2022:

	<u>For the year ended 31 December</u>			FY2021 (HK\$'000)	FY2022 (HK\$'000)
	2019 (HK\$'000)	2020 (HK\$'000)	2021 (HK\$'000)		
Historical/existing annual caps	70,000	70,000	95,000	95,000	95,000
Actual transaction amounts	62,693	69,928	92,170	23,269 (for 3 months ended 31 March 2021)	25,343(for 3 months ended 31 March 2022)
Utilisation rate	89.6%	99.9%	97.0%	24.5%	26.7%

As depicted above, the utilisation rate of annual caps remained high during the four years ended 31 December 2021. Further, the actual transaction amounts for the three months ended 31 March 2022 have reached HK\$25.3 million, representing 26.7% of the existing annual cap of HK\$95.0 million for FY2022, with HK\$69.6 million left for the remaining nine months ending 31 December 2022. Meanwhile, we note from the Company’s announcement dated 10 May 2022 that the Group expects to record a 30%–50% decrease in profit attributable to owners of the Company for the six months

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ended 30 June 2022. The Company explained in the said announcement that the decrease is mainly due to the negative impact on our customers and suppliers amid the COVID-19 pandemic and the outbreak of the warfare between Russia and Ukraine.

In this regard, enquiry was made to the Management in order to reconcile the decrease in net profits and the increase in actual transaction amounts depicted above. The Management explained that the negative impact of the COVID-19 pandemic and the outbreak of the warfare between Russia and Ukraine was largely offset by the Group's decision of producing transformers inhouse.

Taking into account that (i) the Group has maintained relationship with Golden Ocean Copper before its listing in December 2015; (ii) the Supplemental Agreement does not restrict the Group to have limited selection of Materials suppliers; (iii) the selection of suppliers is based on the pricing policy of pursuant to the 2021 Golden Ocean Copper Framework Purchase Agreement and the prevailing market price of Materials; (iv) the Group has high historical utilisation rates of the annual caps for the purchase of Materials from Golden Ocean Copper; and (v) all other terms of the 2021 Golden Ocean Copper Framework Purchase Agreement shall remain unchanged, we concur with the Directors' view that the Supplemental Agreement and the transactions contemplated thereunder (including the Revised Annual Caps) are fair and reasonable, in the ordinary and usual course of business of the Group and is in the interest of the Company and the Shareholders as a whole.

4. Internal control measures

Based on our enquiries with the Management, we are given to understand that the Company has adopted a set of internal control measures to ensure that the Continuing Connected Transactions are carried out in accordance with the pricing policies and the terms of the 2021 Golden Ocean Copper Framework Purchase Agreement (as amended by the Supplemental Agreement). These internal control policies are implemented and monitored by the Company's independent non-executive Directors and external auditors:

- (i) the Group monitors the transaction amount incurred for the transactions contemplated under the 2021 Golden Ocean Copper Framework Purchase Agreement (as amended by the Supplemental Agreement) on a monthly basis to ensure that the Revised Annual Caps thereunder will not be exceeded;
- (ii) a dedicated team (led by the Group's Chief Financial Officer) is responsible to oversee the monitoring, collection and evaluation of the quotations obtained in the procurement of the Materials, and to ensure purchase prices of the Materials from Golden Ocean Copper are on normal commercial terms or better and on terms no less favourable than those terms offered to the Group by, or offered by the Group to, Independent Third Parties for similar products, as discussed in details under section 2 above;

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- (iii) a dedicated team (led by the Group's Chief Financial Officer) is responsible to conduct semi-annual monitoring of connected transactions (including continuing connected transactions), the results of which together with the external auditor's report are then submitted to the audit committee and independent non-executive Directors for review;
- (iv) the independent non-executive Directors have reviewed and will continue to review the continuing connected transactions and confirm in the annual report whether, these transactions are carried out (i) on normal or better commercial terms; and (ii) in accordance with the 2021 Golden Ocean Copper Framework Purchase Agreement (as amended by the Supplemental Agreement), and that the terms are fair and reasonable and are in the interests of the Company and its Shareholders as a whole; and
- (v) the Company's external auditors will also conduct annual reviews of the pricing principles, total amount of accumulated transactions and, if applicable, Annual Caps of the 2021 Golden Ocean Copper Framework Purchase Agreement (as amended by the Supplemental Agreement) and make corresponding confirmations in the Company's annual report.

The Directors consider that the aforementioned internal control measures can effectively ensure that the pricing and terms of the transactions contemplated under the 2021 Golden Ocean Copper Framework Purchase Agreement (as amended by the Supplemental Agreement) are, and will be, conducted on normal commercial terms and on terms no less favourable to the Group and in accordance with the pricing policy as stipulated under the 2021 Golden Ocean Copper Framework Purchase Agreement (as amended by the Supplemental Agreement).

Having considered the internal control measures as stated above, we concur with the Company's view that there are appropriate measures in place to govern the transactions and hence the interest of the Independent Shareholders would be safeguarded.

RECOMMENDATION

Having considered the principal factors and reasons as discussed above, we are of the view that (i) the Supplemental Agreement are entered in the ordinary and usual course of business of the Group; and (ii) the terms of the Supplemental Agreement and the Revised Annual Caps are on normal commercial terms, fair and reasonable so far as the

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Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Shareholders, and recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolutions in this regard.

Yours faithfully,
For and on behalf of
Asian Capital Limited
Louis HAU
Executive Director

Mr. Louis HAU is a licensed person registered with Securities and Futures Commission of Hong Kong and a responsible officer of Asian Capital Limited, which is licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has ten years of experience in corporate finance in Hong Kong.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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 circular 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 circular misleading.

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Director or chief executive of the Company was taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules (the “**Model Code**”), to be notified to the Company and the Stock Exchange were as follows:

Long position in the Shares

Name of Director	Capacity	Note	Number of Shares interested as at the Latest Practicable Date	Approximate percentage of total number of issued shares of the Company as at the Latest Practicable Date
Chairman Hung	Beneficial owner		17,540,000	1.75%
	Interest of a controlled corporation	1	338,012,000	33.79%
	Founder of a discretionary trust	2	300,000,000	29.99%
	Total		655,552,000	65.53%
Yang Bingbing	Beneficial owner		420,000	0.04%

Notes:

- These shares are held by Even Joy Holdings Limited, a company wholly owned by Chairman Hung. By virtue of the SFO, Chairman Hung is deemed to be interested in these shares held by Even Joy Holdings Limited.
- These shares are held by TinYing Investments Limited, a company wholly owned by TinYing Holdings Limited, which is in turn wholly owned by Vistra Trust (BVI) Limited acting as the trustee of The TinYing Trust (the “**Family Trust**”). The Family Trust is a discretionary trust established by Chairman Hung as settlor. The beneficiaries of the Family Trust are Chairman Hung, certain of his

family members and other persons who may be added or amended from time to time. By virtue of the SFO, Chairman Hung, TinYing Holdings Limited and Vistra Trust (BVI) Limited are deemed to be interested in these shares held by TinYing Investments Limited.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Director or chief executive of the Company was taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein or were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

As at the Latest Practicable Date, Chairman Hung is a director of each of Even Joy Holdings Limited, TinYing Investments Limited and TinYing Holdings Limited, each being a company which has interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Save as disclosed above, none of the Directors is a director or employee of a company which has interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had a service contract or a proposed service contract with any member of the Group which is not expiring or determinable by the relevant member of the Group within one year without payment of compensation, other than statutory compensation.

4. DIRECTORS' INTEREST IN ASSETS

On 31 December 2021:

- (a) Sky Fortune Enterprises Limited (天祥企業有限公司), as lessor, and Ten Pao Precision Electronics Company Limited (天寶精密電子有限公司) (an indirect wholly-owned subsidiary of the Company), as lessee, entered into the 2022 Sky Fortune Tenancy Agreement (the "2022 Sky Fortune Tenancy Agreement") for the lease of Room 610-11, 6/F, Kwong Sang Hong Centre, No. 151-153 Hoi Bun Road, Kwun Tong, Hong Kong for a term from 1 January 2022 to 31 December 2022 (both days inclusive) at a monthly rental of HK\$55,000. Sky Fortune Enterprises Limited (天祥企業有限公司) is held as to approximately 96.67% and 3.33% by Chairman Hung and Mrs. Hung, respectively;

- (b) Golden Lake (HK) Co., Limited (錦湖(香港)有限公司), as lessor, and Ten Pao International Limited (天寶國際興業有限公司) (an indirect wholly-owned subsidiary of the Company), as lessee, entered into the 2022 Golden Lake Tenancy Agreement (the “**2022 Golden Lake Tenancy Agreement**”) for the lease of Flat 15, 6/F, Kwong Sang Hong Centre, No. 151–153 Hoi Bun Road, Kwun Tong, Hong Kong for a term from 1 January 2022 to 31 December 2022 (both days inclusive) at a monthly rental of HK\$48,000. Golden Lake (HK) Co., Limited (錦湖(香港)有限公司) is held as to approximately 98.00% and 2.00% by Chairman Hung and Mrs. Hung, respectively;
- (c) Huizhou Golden Ocean Wire Co., Limited* (惠州市鑫洋線業有限公司) (“**Golden Ocean Wire**”) as lessor, and Huizhou Jinhui Industrial Development Co., Ltd.* (惠州市錦湖實業發展有限公司) (an indirect wholly-owned subsidiary of the Company, “**Jinhui Industrial**”), as lessee, entered into the 2022 Golden Ocean Wire Tenancy Agreement (the “**2022 Golden Ocean Wire Tenancy Agreement**”) for the lease of Yongguang Industrial Zone, Xikeng Village, Huihuang Street Office, Huizhou City, the PRC* (中國惠州市惠環街道辦事處西坑村永光工業區) for a term from 1 January 2022 to 31 December 2022 (both days inclusive) at a monthly rental of RMB300,000. 100% of the registered capital of Golden Ocean Wire is held by Golden Ocean Copper and 100% of the issued share capital of Golden Ocean Copper is held by Year Industries, which is a company wholly-owned by Mrs. Hung;
- (d) Huizhou Tiannengyuan Charging Technology Co., Ltd.* (惠州天能源充電技術有限公司) (“**Tiannengyuan Charging**”) as lessor, and Jinhui Industrial, as lessee, entered into the 2022 1st Tiannengyuan Charging Tenancy Agreement (the “**2022 1st Tiannengyuan Charging Tenancy Agreement**”) for the lease of factory and dormitory located at Mujintou Zone, Xinmindahuyuan Village, Shuikou Street Office, Huicheng District, Huizhou City, the PRC* (中國惠州市惠城區水口街道辦事處新民大湖園村木錦頭地段) for a term from 1 January 2022 to 31 December 2022 (both days inclusive) at a monthly rental of RMB490,000. 100% of the issued share capital of Tiannengyuan Charging is held by Ten Power Charging Technology Limited (天源充電技術有限公司) (“**Ten Power Charging**”) and 100% of the issued share capital of Ten Power Charging is held by Ease Bright Holdings Limited (怡明控股有限公司), which is a company wholly-owned by Chairman Hung; and
- (e) Tiannengyuan Charging as lessor, and Jinhui Industrial, as lessee, entered into the 2022 2nd Tiannengyuan Charging Tenancy Agreement (the “**2022 2nd Tiannengyuan Charging Tenancy Agreement**”) for the lease of Factory No. 1 and Factory No. 2 located at Mujintou Zone, Xinmindahuyuan Village, Shuikou Street Office, Huicheng District, Huizhou City, the PRC* (中國惠州市惠城區水口街道辦事處新民大湖園村木錦頭地段) for a term from 1 January 2022 to 31 December 2022 (both days inclusive) at a monthly rental of RMB199,000. The nature and extent of interest of Chairman Hung in Tiannengyuan Charging has been disclosed in sub-paragraph (d) above.

* For identification purposes only

Save for Chairman Hung's interest in the 2022 Golden Lake Tenancy Agreement, the 2022 Sky Fortune Tenancy Agreement, the 2022 Golden Ocean Wire Tenancy Agreement, the 2022 1st Tiannengyuan Charging Tenancy Agreement and the 2022 2nd Tiannengyuan Charging Tenancy Agreement mentioned above, as at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to, or which were proposed to be acquired or disposed of by or leased to, any member of the Group since 31 December 2021, being the date up to which the latest published audited consolidated financial statements of the Group were made.

5. DIRECTORS' INTERESTS IN CONTRACT OR ARRANGEMENT OF SIGNIFICANCE

Save for Chairman Hung's interest in the 2021 Golden Ocean Copper Framework Purchase Agreement, the 2022 Golden Lake Tenancy Agreement, the 2022 Sky Fortune Tenancy Agreement, the 2022 Golden Ocean Wire Tenancy Agreement, the 2022 1st Tiannengyuan Charging Tenancy Agreement and the 2022 2nd Tiannengyuan Charging Tenancy Agreement, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group taken as a whole.

6. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at the Latest Practicable Date, none of the Directors and their respective close associates had any interest in a business which competed or may compete with the business of the Group as at the Latest Practicable Date.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up.

8. EXPERT

The following is the qualification of the expert who has given its opinion or advice which is contained in this circular:

Name	Qualification
Asian Capital Limited	A corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO

As at the Latest Practicable Date, the Independent Financial Adviser:

- (a) did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group;
- (b) did not have any direct or indirect interest in any assets which have been acquired or disposed of by or leased to, or which were proposed to be acquired or disposed of by or leased to, any member of the Group since 31 December 2021, the date up to which the latest published audited consolidated financial statements of the Group were made up; and
- (c) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of and references to its name and letter in the form and context in which they respectively appear.

The letter of advice given by the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders was made on 31 May 2022 for incorporation in this circular.

9. MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text in the case of inconsistency.

10. DOCUMENTS ON DISPLAY

Copies of each of the 2021 Golden Ocean Copper Framework Purchase Agreement and the Supplemental Agreement will be published on the websites of the Stock Exchange and the Company for a period of 14 days from the date of this circular.

NOTICE OF THE EGM



TEN PAO GROUP HOLDINGS LIMITED

天寶集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1979)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“**EGM**”) of Ten Pao Group Holdings Limited (the “**Company**”) will be held at Rooms 610–612, 6th Floor, Kwong Sang Hong Centre, 151–153 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong on Friday, 17 June 2022 at 4:45 p.m. (or as soon thereafter as the annual general meeting of the Company to be held at the same place and on the same date at 4:30 p.m. shall have been concluded or adjourned) for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT** the Supplemental Agreement and the Revised Annual Caps, each as defined and described in the circular of the Company dated 31 May 2022 (the “**Circular**”) (a copy of the Circular marked “**A**” together with a copy of the Supplemental Agreement marked “**B**” being tabled before the EGM and initialed by the chairman of the EGM for identification purpose), and all transactions contemplated thereunder and in connection therewith and any other ancillary documents be and are hereby approved, confirmed and ratified and any one director of the Company be and is hereby authorised for and on behalf of the Company to execute all such other documents and agreements and to do all such acts or things deemed by him/her to be incidental to, ancillary to or in connection with the matters contemplated under the Supplemental Agreement.”

By Order of the Board
TEN PAO GROUP HOLDINGS LIMITED
Hung Kwong Yee
Chairman and Chief Executive Officer

31 May 2022

Notes:

1. Taking into account the recent development of the epidemic caused by novel coronavirus pneumonia (COVID-19), the Company will implement the following prevention and control measures at the EGM against the epidemic to protect the shareholders of the Company (the “**Shareholders**”) from the risk of infection:
 - (i) Compulsory body temperature check will be conducted;
 - (ii) Every Shareholder or proxy is required to wear surgical face mask throughout the EGM (no masks will be provided at the EGM venue);

NOTICE OF THE EGM

- (iii) No refreshment or drinks will be served; and
- (iv) Every Shareholder or proxy will be assigned a designated seat at the time of registration to ensure social distancing.

A Shareholder or proxy (a) who does not comply with any of the precautionary measures referred to in (i) and (ii) above; or (b) with a body temperature above the reference range quoted by the Hong Kong Department of Health from time to time; or (c) who is subject to health quarantine prescribed by the Government of Hong Kong will not be given access to the meeting venue. The Company reminds the Shareholders or proxies that they should carefully consider the risks of attending the EGM, taking into account their own personal circumstances. For the health and safety of Shareholders, the Company would like to advise Shareholders to exercise their right to vote at the EGM by appointing the Chairman of the EGM as their proxy and to return their proxy forms by the time specified in Note 4 below, instead of attending the EGM in person.

The Company will keep the evolving COVID-19 situation under review and may implement additional measures which will be announced closer to the date of the EGM. Shareholders should check the Stock Exchange's website or the Company's website at www.tenpao.com for further announcements and updates of the EGM arrangements, if any.

2. The ordinary resolution to be considered at the EGM will be determined by poll. On voting by poll, each member shall have one vote for each fully paid or credited as fully paid share held in the Company.
3. Any Shareholder entitled to attend and vote at the EGM is entitled to appoint a proxy to attend and vote instead of him/her/it. A proxy need not be a shareholder of the Company. A Shareholder who is the holder of two or more shares of the Company may appoint more than one proxy to represent him/her/it to attend and vote on his/her/its behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
4. In order to be valid, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, must be deposited at the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. not later than 4:45 p.m. on Wednesday, 15 June 2022) or any adjournment thereof. Delivery of the form of proxy shall not preclude a Shareholder from attending and voting in person at the EGM and, in such event, the form of proxy delivered shall be deemed to be revoked.
5. To ascertain Shareholders' eligibility to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 14 June 2022 to Friday, 17 June 2022 (both days inclusive), during which period no share transfer will be effected. In order to qualify for attending and voting at the EGM, unregistered holders of shares of the Company should ensure that all completed transfer forms accompanied by the relevant share certificates are lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at its address shown in Note 4 above for registration no later than 4:30 p.m. on Monday, 13 June 2022.
6. References to time and dates in this notice are to Hong Kong time and dates.
7. As at the date of this notice, the directors the Company comprise two executive directors, namely, Mr. Hung Kwong Yee and Ms. Yang Bingbing; and three independent non-executive directors, namely, Mr. Lam Cheung Chuen, Mr. Chu Yat Pang Terry and Mr. Lee Kwan Hung Eddie.