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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)

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO RENEWAL OF THE 2023 TENANCY AGREEMENTS AND RENEWAL OF THE 2021 GOLDEN OCEAN COPPER FRAMEWORK PURCHASE AGREEMENT

RENEWAL OF THE 2023 TENANCY AGREEMENTS

On 31 December 2022, (i) Sky Fortune and Ten Pao Precision (an indirect wholly-owned subsidiary of the Company) entered into the 2023 Sky Fortune Tenancy Agreement; (ii) Golden Lake and Ten Pao International (an indirect wholly-owned subsidiary of the Company) entered into the 2023 Golden Lake Tenancy Agreement; (iii) Golden Ocean Wire and Jinhu Industrial (an indirect wholly-owned subsidiary of the Company) entered into the 2023 Golden Ocean Wire Tenancy Agreement; (iv) Tiannengyuan Charging and Jinhu Industrial entered into the 2023 1st Tiannengyuan Charging Tenancy Agreement; and (v) Tiannengyuan Charging and Jinhu Industrial entered into the 2023 2nd Tiannengyuan Charging Tenancy Agreement.

As the 2023 Tenancy Agreements will expire on 31 December 2023, the Board announces that, on 31 December 2023, the respective Lessors and Lessees entered into the 2024 Sky Fortune Tenancy Agreement, the 2024 Golden Lake Tenancy Agreement, the 2024 Golden Ocean Wire Tenancy Agreement, the 2024 1st Tiannengyuan Charging Tenancy Agreement and the 2024 2nd Tiannengyuan Charging Tenancy Agreement, respectively, pursuant to which the Lessors agreed to lease their owned properties to the Lessees, subject to the terms and conditions of the respective 2024 Tenancy Agreements. The Lessee under each of the 2024 Golden Ocean Wire Tenancy Agreement, the 2024 1st Tiannengyuan Charging Tenancy Agreement and the 2024 2nd Tiannengyuan Charging Tenancy Agreement has been changed from Jinhu Industrial to Ten Pao Chuangneng, both being indirect wholly-owned subsidiaries of the Company.

Implications under the Listing Rules

Sky Fortune

Since approximately 96.67% and 3.33% of the issued share capital of Sky Fortune are held by Chairman Hung, an executive Director and a Controlling Shareholder, and Mrs. Hung, respectively, Sky Fortune is an associate of Chairman Hung and a connected person of the Company and the leasing of properties pursuant to the 2024 Sky Fortune Tenancy Agreement will constitute a continuing connected transaction for the Company.

Golden Lake

Since 98% and 2% of the issued share capital of Golden Lake are held by Chairman Hung, an executive Director and a Controlling Shareholder, and Mrs. Hung, respectively, Golden Lake is an associate of Chairman Hung and a connected person of the Company and the leasing of properties pursuant to the 2024 Golden Lake Tenancy Agreement will constitute a continuing connected transaction for the Company.

Golden Ocean Wire

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. 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. Since Golden Ocean Wire is directly wholly-owned by Golden Ocean Copper, Golden Ocean Wire is an associate of Chairman Hung and a connected person of the Company and the leasing of properties pursuant to the 2024 Golden Ocean Wire Tenancy Agreement will constitute a continuing connected transaction for the Company.

Tiannengyuan Charging

As 100% of the issued share capital of Tiannengyuan Charging is held by Ten Power Charging and 100% of the issued share capital of Ten Power Charging is held by Ease Bright, which is a company wholly-owned by Chairman Hung, an executive Director and a Controlling Shareholder, Tiannengyuan Charging is an associate of Chairman Hung and a connected person of the Company and the leasing of properties pursuant to the 2024 1st Tiannengyuan Charging Tenancy Agreement and the 2024 2nd Tiannengyuan Charging Tenancy Agreement will constitute continuing connected transactions for the Company.

As one or more of the applicable ratios in respect of the annual caps (other than the profits ratio) are more than 0.1% but less than 5% on an annual basis, the transactions contemplated under the 2024 Tenancy Agreements in aggregate are subject to the reporting, annual review and announcement requirements but exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

RENEWAL OF THE 2021 GOLDEN OCEAN COPPER FRAMEWORK PURCHASE AGREEMENT

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

On 6 May 2022, the Company and Golden Ocean Copper entered into the Golden Ocean Copper Supplemental Agreement to, among other things, revise the annual caps under the 2021 Golden Ocean Copper Framework Purchase Agreement to the Revised Annual Caps (i.e. revising the annual caps for the year ended 31 December 2022 and the year ended 31 December 2023 from HK\$95,000,000 and HK\$95,000,000 to HK\$200,000,000 and HK\$230,000,000, respectively).

On 17 June 2022, the resolution to approve, confirm and ratify the Golden Ocean Copper Supplemental Agreement and the Revised Annual Caps and all transactions contemplated thereunder was passed by way of poll at the extraordinary general meeting of the Company held on the same date.

As the 2021 Golden Ocean Copper Framework Purchase Agreement (as amended by the Golden Ocean Copper Supplemental Agreement) will expire on 31 December 2023, the Board further announces that, on 31 December 2023, the Company entered into the 2024 Golden Ocean Copper Framework Purchase Agreement with Golden Ocean Copper, pursuant to which Golden Ocean Copper agreed to supply the Materials to the Group.

Implications under the Listing Rules

Golden Ocean Copper

The entire 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 pursuant to the 2024 Golden Ocean Copper Framework Purchase Agreement will constitute continuing connected transactions for the Company.

As one or more of the applicable ratios in respect of the annual caps (other than the profits ratio) are more than 0.1% but less than 5% on an annual basis, the transactions contemplated under the 2024 Golden Ocean Copper Framework Purchase Agreement are subject to the reporting, annual review and announcement requirements but exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

RENEWAL OF THE 2023 TENANCY AGREEMENTS

On 31 December 2022, (i) Sky Fortune and Ten Pao Precision (an indirect wholly-owned subsidiary of the Company) entered into the 2023 Sky Fortune Tenancy Agreement; (ii) Golden Lake and Ten Pao International (an indirect wholly-owned subsidiary of the Company) entered into the 2023 Golden Lake Tenancy Agreement; (iii) Golden Ocean Wire and Jinhu Industrial (an indirect wholly-owned subsidiary of the Company) entered into the 2023 Golden Ocean Wire Tenancy Agreement; (iv) Tiannengyuan Charging and Jinhu Industrial entered into the 2023 1st Tiannengyuan Charging Tenancy Agreement; and (v) Tiannengyuan Charging and Jinhu Industrial entered into the 2023 2nd Tiannengyuan Charging Tenancy Agreement.

As the 2023 Tenancy Agreements will expire on 31 December 2023, the Board announces that, on 31 December 2023, the respective Lessors and Lessees entered into the 2024 Sky Fortune Tenancy Agreement, the 2024 Golden Lake Tenancy Agreement, the 2024 Golden Ocean Wire Tenancy Agreement, the 2024 1st Tiannengyuan Charging Tenancy Agreement and the 2024 2nd Tiannengyuan Charging Tenancy Agreement, respectively, pursuant to which the Lessors agreed to lease their owned properties to the Lessees, subject to the terms and conditions of the respective 2024 Tenancy Agreements. The Lessee under each of the 2024 Golden Ocean Wire Tenancy Agreement, the 2024 1st Tiannengyuan Charging Tenancy Agreement and the 2024 2nd Tiannengyuan Charging Tenancy Agreement has been changed from Jinhu Industrial to Ten Pao Chuangneng, both being indirect wholly-owned subsidiaries of the Company.

Since Chairman Hung, an executive Director and a Controlling Shareholder, has material interests in the 2024 Tenancy Agreements, he has abstained from voting on the resolutions of the Board to approve the 2024 Tenancy Agreements.

Principal terms of the 2024 Tenancy Agreements

The following sets out the principal terms of each of the 2024 Tenancy Agreements:

(A) 2024 Sky Fortune Tenancy Agreement

Date:	31 December 2023
Location:	Room 610–11, 6/F, Kwong Sang Hong Centre, No.151–153 Hoi Bun Road, Kwun Tong, Hong Kong
Lessor:	Sky Fortune
Lessee:	Ten Pao Precision
Monthly rental:	HK\$50,000
Term:	1 January 2024 to 31 December 2024 (both days inclusive)
Usage:	Office premises

Historical transaction amount

	For the year ended 31 December 2023
Existing annual cap	HK\$660,000
Actual amount	HK\$660,000

Annual cap and basis

The rental under the 2024 Sky Fortune Tenancy Agreement is payable on a monthly basis and was determined after arm's length negotiations between Sky Fortune and Ten Pao Precision with reference to (i) the rent paid to Sky Fortune in respect of the leased properties under the 2023 Sky Fortune Tenancy Agreement of HK\$660,000 for the year ended 31 December 2023; and (ii) the prevailing market rent for comparable properties of similar type, age and location. The aggregate amount of rent payable by Ten Pao Precision to Sky Fortune for the year ending 31 December 2024 will not exceed HK\$600,000. The rental payment will be settled out of the internal resources of the Group.

The Directors (including the independent non-executive Directors) confirmed that the rental is comparable to the prevailing market rent for similar properties in the vicinity and considered that the rental under the 2024 Sky Fortune Tenancy Agreement is fair and reasonable.

(B) 2024 Golden Lake Tenancy Agreement

Date:	31 December 2023
Location:	Flat 15, 6/F, Kwong Sang Hong Centre, No.151–153 Hoi Bun Road, Kwun Tong, Hong Kong
Lessor:	Golden Lake
Lessee:	Ten Pao International
Monthly rental:	HK\$44,000
Term:	1 January 2024 to 31 December 2024 (both days inclusive)
Usage:	Office premises

Historical transaction amount

**For the year ended
31 December 2023**

Existing annual cap	HK\$576,000
Actual amount	HK\$576,000

Annual cap and basis

The rental under the 2024 Golden Lake Tenancy Agreement is payable on a monthly basis and was determined after arm's length negotiations between Golden Lake and Ten Pao International with reference to (i) the rent paid to Golden Lake in respect of the leased properties under the 2023 Golden Lake Tenancy Agreement of HK\$576,000 for the year ended 31 December 2023; and (ii) the prevailing market rent for comparable properties of similar type, age and location. The aggregate amount of rent payable by Ten Pao International to Golden Lake for the year ending 31 December 2024 will not exceed HK\$528,000. The rental payment will be settled out of the internal resources of the Group.

The Directors (including the independent non-executive Directors) confirmed that the rental is comparable to the prevailing market rent for similar properties in the vicinity and considered that the rental under the 2024 Golden Lake Tenancy Agreement is fair and reasonable.

(C) 2024 Golden Ocean Wire Tenancy Agreement

Date:	31 December 2023
Location:	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)
Lessor:	Golden Ocean Wire
Lessee:	Ten Pao Chuangneng
Monthly rental:	RMB289,000 (equivalent to approximately HK\$321,166)
Term:	1 January 2024 to 31 December 2024 (both days inclusive)
Usage:	Production facilities and staff quarters

Historical transaction amount

	For the year ended 31 December 2023
Existing annual cap	RMB3,600,000 (equivalent to approximately HK\$4,000,680)
Actual amount	RMB3,600,000 (equivalent to approximately HK\$4,000,680)

Annual cap and basis

The rental under the 2024 Golden Ocean Wire Tenancy Agreement is payable on a monthly basis and was determined after arm's length negotiations between Golden Ocean Wire and Ten Pao Chuangneng with reference to (i) the rent paid to Golden Ocean Wire in respect of the leased properties under the 2023 Golden Ocean Wire Tenancy Agreement of RMB3,600,000 (equivalent to approximately HK\$4,000,680) for the year ended 31 December 2023; (ii) the prevailing market rent for comparable properties of similar type, age and location; and (iii) the exchange rate movement of RMB and HKD during the lease term. The aggregate amount of rent payable by Ten Pao Chuangneng to Golden Ocean Wire for the year ending 31 December 2024 will not exceed RMB3,468,000 (equivalent to approximately HK\$3,853,988). The rental payment will be settled out of the internal resources of the Group.

The Directors (including the independent non-executive Directors) confirmed that the rental is comparable to the prevailing market rent for similar properties in the vicinity and considered that the rental under the 2024 Golden Ocean Wire Tenancy Agreement is fair and reasonable.

(D) 2024 1st Tiannengyuan Charging Tenancy Agreement

Date:	31 December 2023
Location:	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)
Lessor:	Tiannengyuan Charging
Lessee:	Ten Pao Chuangneng
Monthly rental:	RMB473,000 (equivalent to approximately HK\$525,645)
Term:	1 January 2024 to 31 December 2024 (both days inclusive)
Usage:	Production facilities and staff quarters

Historical transaction amount

	For the year ended 31 December 2023
Existing annual cap	RMB5,880,000 (equivalent to approximately HK\$6,534,444)
Actual amount	RMB5,880,000 (equivalent to approximately HK\$6,534,444)

Annual cap and basis

The rental under the 2024 1st Tiannengyuan Charging Tenancy Agreement is payable on a monthly basis and was determined after arm's length negotiations between Tiannengyuan Charging and Ten Pao Chuangneng with reference to (i) the rent paid to Tiannengyuan Charging in respect of the leased properties under the 2023 1st Tiannengyuan Charging Tenancy Agreement of RMB5,880,000 (equivalent to approximately HK\$6,534,444) for the year ended 31 December 2023; (ii) the prevailing market rent with comparable properties; and (iii) the exchange rate movement of RMB and HKD during the lease term. The aggregate amount of rent payable by Ten Pao Chuangneng to Tiannengyuan Charging for the year ending 31

December 2024 will not exceed RMB5,676,000 (equivalent to approximately HK\$6,307,739). The rental payment will be settled out of the internal resources of the Group.

The Directors (including the independent non-executive Directors) confirmed that the rental is comparable to the prevailing market rent for similar properties in the vicinity and considered that the rental under the 2024 1st Tiannengyuan Charging Tenancy Agreement is fair and reasonable.

(E) 2024 2nd Tiannengyuan Charging Tenancy Agreement

Date:	31 December 2023
Location:	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)
Lessor:	Tiannengyuan Charging
Lessee:	Ten Pao Chuangneng
Monthly rental:	RMB145,000 (equivalent to approximately HK\$161,139)
Term:	1 January 2024 to 31 December 2024 (both days inclusive)
Usage:	Production facilities

Historical transaction amount

	For the year ended 31 December 2023
Existing annual cap	RMB2,388,000 (equivalent to approximately HK\$2,653,784)
Actual amount	RMB2,388,000 (equivalent to approximately HK\$2,653,784)

Annual cap and basis

The rental under the 2024 2nd Tiannengyuan Charging Tenancy Agreement is payable on a monthly basis and was determined after arm's length negotiations between Tiannengyuan Charging and Ten Pao Chuangneng with reference to (i) the rent paid to Tiannengyuan Charging in respect of the leased properties under the 2023 2nd Tiannengyuan Charging Tenancy Agreement of RMB2,388,000 (equivalent

to approximately HK\$2,653,784) for the year ended 31 December 2023; (ii) the prevailing market rent with comparable properties; and (iii) the exchange rate movement of RMB and HKD during the lease term. The aggregate amount of rent payable by Ten Pao Chuangneng to Tiannengyuan Charging for the year ending 31 December 2024 will not exceed RMB1,740,000 (equivalent to approximately HK\$1,933,662). The rental payment will be settled out of the internal resources of the Group.

The Directors (including the independent non-executive Directors) confirmed that the rental is comparable to the prevailing market rent for similar properties in the vicinity and considered that the rental under the 2024 2nd Tiannengyuan Charging Tenancy Agreement is fair and reasonable.

Aggregation of the historical transaction amounts and the annual caps

To aggregate the transactions of leasing of properties by the Group from the associates of Chairman Hung under Rules 14A.81 to 14A.83 of the Listing Rules, the aggregate amount of rent paid to the associates of Chairman Hung pursuant to the 2023 Tenancy Agreements by the Group for the year ended 31 December 2023 was approximately HK\$14,424,908.

To aggregate the transactions of leasing of properties by the Group from the associates of Chairman Hung under Rules 14A.81 to 14A.83 of the Listing Rules, the aggregate amount of rent payable to the associates of Chairman Hung pursuant to the 2024 Tenancy Agreements by the Group for the year ending 31 December 2024 will not exceed approximately HK\$13,223,389.

Reasons for and benefits of entering into the 2024 Tenancy Agreements

The Directors (including the independent non-executive Directors) consider that it is beneficial to the Group to conduct the continuing connected transactions contemplated under the 2024 Tenancy Agreements given that they are in line with the Group's strategies to expand the scale of production by renting properties instead of building its own production plant in order to maintain a healthy liquidity position. Moreover, the leasing of existing properties under the 2024 Tenancy Agreements minimises the costs of relocation and prevents interruption of the Group's production.

The Directors (including the independent non-executive Directors) consider that the 2024 Tenancy Agreements and the respective proposed annual caps thereof have been entered into and arrived at (a) in the ordinary and usual course of the business of the Group; (b) on normal commercial terms or better; and (c) on terms that are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

Internal control measures

The 2024 Tenancy Agreements are entered into on an annual basis and the Directors will continue to keep aware of the recent development of the property rental market. In the event of any future material changes in the market, the Directors will take appropriate steps to ensure the terms of the 2024 Tenancy Agreements are fair and reasonable. The Company will also comply with the annual review requirements by the independent non-executive Directors and the auditor relating to the 2024 Tenancy Agreements pursuant to Rules 14A.55 to 14A.59 of the Listing Rules.

Implications under the Listing Rules

Sky Fortune

Since approximately 96.67% and 3.33% of the issued share capital of Sky Fortune are held by Chairman Hung, an executive Director and a Controlling Shareholder, and Mrs. Hung, respectively, Sky Fortune is an associate of Chairman Hung and a connected person of the Company and the leasing of properties pursuant to the 2024 Sky Fortune Tenancy Agreement will constitute a continuing connected transaction for the Company.

Golden Lake

Since 98% and 2% of the issued share capital of Golden Lake are held by Chairman Hung, an executive Director and a Controlling Shareholder, and Mrs. Hung, respectively, Golden Lake is an associate of Chairman Hung and a connected person of the Company and the leasing of properties pursuant to the 2024 Golden Lake Tenancy Agreement will constitute a continuing connected transaction for the Company.

Golden Ocean Wire

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. 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. Since Golden Ocean Wire is directly wholly-owned by Golden Ocean Copper, Golden Ocean Wire is an associate of Chairman Hung and a connected person of the Company and the leasing of properties pursuant to the 2024 Golden Ocean Wire Tenancy Agreement will constitute a continuing connected transaction for the Company.

Tiannengyuan Charging

As 100% of the issued share capital of Tiannengyuan Charging is held by Ten Power Charging and 100% of the issued share capital of Ten Power Charging is held by Ease Bright, which is a company wholly-owned by Chairman Hung, an executive Director and a Controlling Shareholder, Tiannengyuan Charging is an associate of Chairman Hung and a connected person of the Company and the leasing of properties pursuant to the

2024 1st Tiannengyuan Charging Tenancy Agreement and the 2024 2nd Tiannengyuan Charging Tenancy Agreement will constitute continuing connected transactions for the Company.

As one or more of the applicable ratios in respect of the annual caps (other than the profits ratio) are more than 0.1% but less than 5% on an annual basis, the transactions contemplated under the 2024 Tenancy Agreements in aggregate are subject to the reporting, annual review and announcement requirements but exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Information about the relevant 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.

Sky Fortune is an investment holding company engaged in leasing of property for rental income purpose.

Golden Lake is an investment holding company engaged in leasing of property for rental income purpose.

Ten Pao Precision is principally engaged in the sale of PCBA, LED lights, audio equipment, electronics and electrical products, OEM products and its accessories.

Ten Pao International is principally engaged in the sale of switching power supply units for consumer products and smart chargers and controllers for industrial use.

Golden Ocean Wire is principally engaged in the operation of imported material processing.

Ten Pao Chuangneng is principally engaged in the manufacturing and sale of switching power supply units for consumer products and smart chargers and controllers for industrial use.

Tiannengyuan Charging is an investment holding company engaged in leasing of property for rental income purpose.

RENEWAL OF THE 2021 GOLDEN OCEAN COPPER FRAMEWORK PURCHASE AGREEMENT

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

On 6 May 2022, the Company and Golden Ocean Copper entered into the Golden Ocean Copper Supplemental Agreement to, among other things, revise the annual caps under the 2021 Golden Ocean Copper Framework Purchase Agreement to the Revised Annual Caps (i.e. revising the annual caps for the year ended 31 December 2022 and the year ended 31 December 2023 from HK\$95,000,000 and HK\$95,000,000 to HK\$200,000,000 and HK\$230,000,000, respectively).

On 17 June 2022, the resolution to approve, confirm and ratify the Golden Ocean Copper Supplemental Agreement and the Revised Annual Caps and all transactions contemplated thereunder was passed by way of poll at the extraordinary general meeting of the Company held on the same date.

As the 2021 Golden Ocean Copper Framework Purchase Agreement (as amended by the Golden Ocean Supplemental Agreement) will expire on 31 December 2023, the Board further announces that, on 31 December 2023, the Company entered into the 2024 Golden Ocean Copper Framework Purchase Agreement with Golden Ocean Copper, pursuant to which Golden Ocean Copper agreed to supply the Materials to the Group.

Since Chairman Hung, an executive Director and a Controlling Shareholder, has material interests in the 2024 Golden Ocean Copper Framework Purchase Agreement, he has abstained from voting on the resolutions of the Board to approve the 2024 Golden Ocean Copper Framework Purchase Agreement.

Principal terms of the 2024 Golden Ocean Copper Framework Purchase Agreement

The following sets out the principal terms of the 2024 Golden Ocean Copper Framework Purchase Agreement:

Date:	31 December 2023
Parties:	The Company; and Golden Ocean Copper
Term:	From 1 January 2024 to 31 December 2026 (both days inclusive)
Nature of Transactions:	Purchase of the Materials

Basis of Transactions: The price for the Materials to be supplied by Golden Ocean Copper under the 2024 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.

Historical transaction amounts

	For the year ended 31 December 2021	For the year ended 31 December 2022	For the year ended 31 December 2023
Existing annual caps	HK\$95,000,000	HK\$200,000,000	HK\$230,000,000
Actual amounts	HK\$92,170,000	HK\$109,114,000	HK\$72,344,000 (for the 11 months ended 30 November 2023)

The Directors expect that the total transaction amount under the 2021 Golden Ocean Copper Framework Purchase Agreement for the year ended 31 December 2023 will not exceed the annual cap for such year.

Annual caps and basis

The Directors estimate that the maximum transaction amounts under the 2024 Golden Ocean Copper Framework Purchase Agreement will not exceed HK\$50,000,000, HK\$50,000,000 and HK\$50,000,000 for the three years ending 31 December 2024, 2025 and 2026, respectively. Such estimate is based on the following considerations: (a) the expected demand for the Group's products for the three years ending 31 December 2024, 2025 and 2026; (b) the projected demand of the Materials that the Group would purchase from Golden Ocean Copper to be used in the Group's products for the three years ending 31 December 2024, 2025 and 2026; (c) the demand of the smart chargers and controllers for the Group's power tools segment; and (d) the estimated market prices of the Materials in the PRC market.

Reasons for and benefits of entering into the 2024 Golden Ocean Copper Framework Purchase Agreement

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.

The 2024 Golden Ocean Copper Framework Purchase Agreement is a framework agreement which provides the mechanism for the operation of the aforesaid connected transaction. It is envisaged that from time to time and as required, individual purchase orders may be required to be entered into between the Group and Golden Ocean Copper. Each individual purchase order will set out the details, specifications and purchase price of the Materials to be purchased by the Group from Golden Ocean Copper. The individual purchase orders may only contain provisions which are consistent with the binding principles, guidelines, terms and conditions set out in the 2024 Golden Ocean Copper Framework Purchase Agreement. As the individual purchase orders are simply further elaborations on the purchases as contemplated by the 2024 Golden Ocean Copper Framework Purchase Agreement, they do not constitute new categories of connected transactions as far as the Listing Rules are concerned.

The Directors (including the independent non-executive Directors) consider that the 2024 Golden Ocean Copper Framework Purchase Agreement and the respective proposed annual caps thereof have been entered into and arrived at (a) in the ordinary and usual course of the business of the Group; (b) on normal commercial terms or better; and (c) on terms that are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

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 2024 Golden Ocean Copper Framework Purchase Agreement pursuant to Rules 14A.55 to 14A.59 of the Listing Rules.

Implications under the Listing Rules

Golden Ocean Copper

The entire 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 pursuant to the 2024 Golden Ocean Copper Framework Purchase Agreement will constitute continuing connected transactions for the Company.

As one or more of the applicable ratios in respect of the annual caps (other than the profits ratio) are more than 0.1% but less than 5% on an annual basis, the transactions contemplated under the 2024 Golden Ocean Copper Framework Purchase Agreement are subject to the reporting, annual review and announcement requirements but exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Information about the relevant parties

Please refer to the subsection headed "Information about the relevant parties" of the section "RENEWAL OF THE 2023 TENANCY AGREEMENTS" in this announcement for information relating to the Group and the Company.

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

Definitions used in this announcement

Unless the context requires otherwise, the capitalised terms used in this announcement shall 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 to be used in the Group’s products, with the term expiring on 31 December 2023
- “2023 1st Tiannengyuan Charging Tenancy Agreement” the tenancy agreement dated 31 December 2022 entered into between Tiannengyuan Charging and Jinhu Industrial for the lease of the properties under the 2023 1st Tiannengyuan Charging Tenancy Agreement with a monthly rental of RMB490,000 (equivalent to approximately HK\$544,537), with the term commencing from 1 January 2023 to 31 December 2023 (both days inclusive)
- “2023 2nd Tiannengyuan Charging Tenancy Agreement” the tenancy agreement dated 31 December 2022 entered into between Tiannengyuan Charging and Jinhu Industrial for the lease of the properties under the 2023 2nd Tiannengyuan Charging Tenancy Agreement with a monthly rental of RMB199,000 (equivalent to approximately HK\$221,149), with the term commencing from 1 January 2023 to 31 December 2023 (both days inclusive)
- “2023 Golden Lake Tenancy Agreement” the tenancy agreement dated 31 December 2022 entered into between Golden Lake and Ten Pao International for the lease of the properties under the 2023 Golden Lake Tenancy Agreement for a monthly rental of HK\$48,000, with the term commencing from 1 January 2023 to 31 December 2023 (both days inclusive)
- “2023 Golden Ocean Wire Tenancy Agreement” the tenancy agreement dated 31 December 2022 entered into between Golden Ocean Wire and Jinhu Industrial for the lease of the properties under the 2023 Golden Ocean Wire Tenancy Agreement for a monthly rental of RMB300,000 (equivalent to approximately HK\$333,390), with the term commencing from 1 January 2023 to 31 December 2023 (both days inclusive)
- “2023 Sky Fortune Tenancy Agreement” the tenancy agreement dated 31 December 2022 entered into between Sky Fortune and Ten Pao Precision for the lease of the properties under the 2023 Sky Fortune Tenancy Agreement for a monthly rental of HK\$55,000, with the term commencing from 1 January 2023 to 31 December 2023 (both days inclusive)

“2023 Tenancy Agreements”	collectively, the 2023 Sky Fortune Tenancy Agreement, the 2023 Golden Lake Tenancy Agreement, the 2023 Golden Ocean Wire Tenancy Agreement, the 2023 1st Tiannengyuan Charging Tenancy Agreement and the 2023 2nd Tiannengyuan Charging Tenancy Agreement
“2024 1st Tiannengyuan Charging Tenancy Agreement”	the tenancy agreement dated 31 December 2023 entered into between Tiannengyuan Charging and Ten Pao Chuangneng as referred to under the subsection headed “Principal terms of the 2024 Tenancy Agreements — (D) 2024 1st Tiannengyuan Charging Tenancy Agreement” of the section headed “RENEWAL OF THE 2023 TENANCY AGREEMENTS” of this announcement
“2024 2nd Tiannengyuan Charging Tenancy Agreement”	the tenancy agreement dated 31 December 2023 entered into between Tiannengyuan Charging and Ten Pao Chuangneng as referred to under the subsection headed “Principal terms of the 2024 Tenancy Agreements — (E) 2024 2nd Tiannengyuan Charging Tenancy Agreement” of the section headed “RENEWAL OF THE 2023 TENANCY AGREEMENTS” of this announcement
“2024 Golden Lake Tenancy Agreement”	the tenancy agreement dated 31 December 2023 entered into between Golden Lake and Ten Pao International as referred to under the subsection headed “Principal terms of the 2024 Tenancy Agreements — (B) 2024 Golden Lake Tenancy Agreement” of the section headed “RENEWAL OF THE 2023 TENANCY AGREEMENTS” of this announcement
“2024 Golden Ocean Copper Framework Purchase Agreement”	the framework purchase agreement dated 31 December 2023 entered into between the Company and Golden Ocean Copper pursuant to which Golden Ocean Copper agreed to supply the Materials to the Group to be used in the Group’s products, with the term expiring on 31 December 2026
“2024 Golden Ocean Wire Tenancy Agreement”	the tenancy agreement dated 31 December 2023 entered into between Golden Ocean Wire and Ten Pao Chuangneng as referred to under the subsection headed “Principal terms of the 2024 Tenancy Agreements — (C) 2024 Golden Ocean Wire Tenancy Agreement” of the section headed “RENEWAL OF THE 2023 TENANCY AGREEMENTS” of this announcement

“2024 Sky Fortune Tenancy Agreement”	the tenancy agreement dated 31 December 2023 entered into between Sky Fortune and Ten Pao Precision as referred to under the subsection headed “Principal terms of the 2024 Tenancy Agreements — (A) 2024 Sky Fortune Tenancy Agreement” of the section headed “RENEWAL OF THE 2023 TENANCY AGREEMENTS” of this announcement
“2024 Tenancy Agreements”	collectively, the 2024 Sky Fortune Tenancy Agreement, the 2024 Golden Lake Tenancy Agreement, the 2024 Golden Ocean Wire Tenancy Agreement, the 2024 1st Tiannengyuan Charging Tenancy Agreement and the 2024 2nd Tiannengyuan Charging Tenancy Agreement
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“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
“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”	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)”	the director(s) of the Company
“Ease Bright”	Ease Bright Holdings Limited (怡明控股有限公司), a company incorporated under the laws of BVI with limited liability on 9 February 2015 and is wholly-owned by Chairman Hung

“Golden Lake”	Golden Lake (HK) Co., Limited (錦湖(香港)有限公司), a company incorporated under the laws of Hong Kong with limited liability on 23 May 2001 and 98% and 2% of its issued share capital are held by Chairman Hung and Mrs. Hung, respectively
“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
“Golden Ocean Copper 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
“Golden Ocean Wire”	Huizhou Golden Ocean Wire Co., Limited* (惠州市鑫洋線業有限公司), a WFOE established under the laws of the PRC with limited liability on 2 November 2017 and wholly-owned by Golden Ocean Copper
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency in Hong Kong
“Independent Third Party”	any entity or person who is not a connected person within the meaning ascribed to it under the Listing Rules
“Jinhu Industrial”	Huizhou Jinhu Industrial Development Co., Ltd.* (惠州市錦湖實業發展有限公司), a company established under the laws of the PRC with limited liability on 28 May 1999 and an indirect wholly-owned subsidiary of the Company
“Lessees”	Ten Pao Precision, Ten Pao International and Ten Pao Chuangneng
“Lessors”	Sky Fortune, Golden Lake, Golden Ocean Wire and Tiannengyuan Charging
“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 increase of the annual caps under the 2021 Golden Ocean Copper Framework Purchase Agreement for the year ended 31 December 2022 and the year ended 31 December 2023 to HK\$200,000,000 and HK\$230,000,000, respectively
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholders”	holders of the Share(s)
“Sky Fortune”	Sky Fortune Enterprises Limited (天祥企業有限公司), a company incorporated under the laws of Hong Kong with limited liability on 25 February 1992 and 96.67% and 3.33% of its issued share capital are held by Chairman Hung and Mrs. Hung, respectively
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“Ten Pao Chuangneng”	Huizhou Ten Pao Chuangneng Technology Co., Ltd.* (惠州市天寶創能科技有限公司), a company established under the laws of the PRC with limited liability on 20 November 2019 and an indirect wholly-owned subsidiary of the Company
“Ten Pao International”	Ten Pao International Limited (天寶國際興業有限公司), a company incorporated under the laws of Hong Kong with limited liability on 9 May 2001 and an indirect wholly-owned subsidiary of the Company
“Ten Pao Precision”	Ten Pao Precision Electronics Company Limited (天寶精密電子有限公司), a company incorporated under the laws of Hong Kong with limited liability on 19 August 2009 and an indirect wholly-owned subsidiary of the Company
“Ten Power Charging”	Ten Power Charging Technology Limited (天源充電技術有限公司), a company incorporated under the laws of Hong Kong with limited liability on 7 March 2011 and a direct wholly-owned subsidiary of Ease Bright

“Tiannengyuan Charging”	Huizhou Tiannengyuan Charging Technology Co., Ltd.* (惠州天能源充電技術有限公司), a WFOE established under the laws of the PRC with limited liability on 22 November 2011 and wholly-owned by Ten Power Charging
“WFOE”	wholly foreign-owned enterprise with the meaning prescribed under the PRC laws
“Year Industries”	Year Industries Limited, a company incorporated under the laws of BVI with limited liability on 22 February 2001 and its entire issued share capital is held by Mrs. Hung
“%”	per cent

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

* *For identification purposes only*

For illustrative purpose, the exchange rate of HK\$ against RMB is HK\$1.1113 to RMB1.

Hong Kong, 31 December 2023

As at the date of this announcement, the Board comprises 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.