
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker, or other registered dealer in securities, a 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 or the transferee or to the bank, stockbroker, or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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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)**

**(1) PROPOSED ADOPTION OF THE TEN PAO ELECTRONIC
(HUIZHOU) SHARE AWARD SCHEME;**

**(2) PROPOSED CONDITIONAL GRANT OF AWARD SHARES;
AND**

(3) NOTICE OF EXTRAORDINARY GENERAL MEETING

A notice convening the EGM of Ten Pao Group Holdings Limited to be held at Rooms 610–612, 6th Floor, Kwong Sang Hong Centre, 151–153 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong on Monday, 8 April 2024 at 4:00 p.m. is set out on pages 33 to 34 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Such form of proxy is also published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.tenpao.com.

Whether or not you intend to attend and vote at the EGM, you are requested to complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time scheduled for the holding of the EGM (i.e. not later than 4:00 p.m. on Saturday, 6 April 2024) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof should you subsequently 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.

15 March 2024

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DEFINITIONS

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

“Adoption Date”	the date on which Ten Pao Electronic (Huizhou) Share Award Scheme is adopted;
“Award Share(s)”	registered capital of Ten Pao Electronic (Huizhou) granted as Award Shares under Ten Pao Electronic (Huizhou) Share Award Scheme;
“Board”	the board of Directors of the Company;
“Chairman”	the chairman of the Board;
“Chairman Hung”	Mr. Hung Kwong Yee (洪光椅), the Chairman, an Executive Director, the chief executive officer and a controlling Shareholder of the Company and the elder brother of Mr. G.D. Hong;
“China” or “PRC”	the People’s Republic of China;
“Company”	Ten Pao Group Holdings Limited 天寶集團控股有限公司, a company incorporated in the Cayman Islands with limited liability, and the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1979);
“Conditional Grant”	the conditional grant of 8,700,000 Award Shares and 2,000,000 Award Shares to Ms. Yang and Mr. G.D. Hong under Ten Pao Electronic (Huizhou) Share Award Scheme respectively;
“Director(s)”	the director(s) of the Company;
“EGM”	the extraordinary general meeting of the Company to be held at Rooms 610–612, 6th Floor, Kwong Sang Hong Centre, 151–153 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong on Monday, 8 April 2024 at 4:00 p.m. to consider and, if appropriate, to approve the resolutions contained in the EGM Notice which is set out on pages 33 to 34 of this circular, or any adjournment thereof;
“EGM Notice”	a notice convening the EGM which is set out on pages 33 to 34 of this circular;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

DEFINITIONS

“Independent Shareholders”	any Shareholder who is not required to abstain from voting at the EGM, if necessary, and is required to vote at the EGM to approve the Conditional Grant;
“Latest Practicable Date”	Friday, 8 March 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time;
“Mr. G.D. Hong”	Mr. Hong Guangdai (洪光岱), a director of Ten Pao Electronic (Huizhou), the younger brother of Chairman Hung;
“Ms. Yang”	Ms. Yang Bingbing (楊冰冰), the chief executive officer and a director of Ten Pao Electronic (Huizhou);
“Remuneration Committee”	the remuneration committee of the Board which comprises a total of four members, being the chairman of the Board, Mr. Hung Kwong Yee, and three independent non-executive Directors, Mr. Lam Cheung Chuen, Mr. Chu Yat Pang Terry and Mr. Lee Kwan Hung Eddie;
“Selected Participant(s)”	any eligible person(s) approved for participation in the Ten Pao Electronic (Huizhou) Share Award Scheme and who has (have) been granted any award pursuant to the Ten Pao Electronic (Huizhou) Share Award Scheme;
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Ten Pao Dazhou”	Dazhou Ten Pao Innovation Technology Co., Ltd.* (達州市天寶創新科技有限公司), a company established under the laws of the PRC with limited liability on 4 November 2021 and a shareholder of Ten Pao Electronic (Huizhou);
“Ten Pao Electronic (Huizhou)”	Ten Pao Electronic (Huizhou) Co., Ltd* (天寶電子(惠州)有限公司), a wholly foreign-owned enterprise established under the laws of the PRC with limited liability on 28 August 2000 and an indirect wholly-owned subsidiary of the Company;
“Ten Pao Electronic (Huizhou) Group”	Ten Pao Electronic (Huizhou) and its subsidiaries and associated companies;

DEFINITIONS

“Ten Pao Electronic (Huizhou) Share Award Scheme” or “the Scheme” the share award scheme of Ten Pao Electronic (Huizhou) proposed to be adopted at the EGM, the principal terms of which are set out in the Appendix I;

“%” per cent.

* *For identification purposes only*

For illustration purpose only, conversion of HK\$ into RMB in this circular is based on the exchange rate of HK\$1.0 to RMB0.8966.



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)
Mr. Tse Chung Shing
Ms. Hung Sui Lam

Independent Non-executive Directors:

Mr. Lam Cheung Chuen
Mr. Chu Yat Pang Terry
Mr. Lee Kwan Hung Eddie

Registered Office:

Cricket Square
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 the PRC:

Dongjiang Industrial Estate
Shuikou Street, Huicheng District
Huizhou City 516005
Guangdong Province
PRC

15 March 2024

To the Shareholders

Dear Sir/Madam,

**(1) PROPOSED ADOPTION OF THE TEN PAO ELECTRONIC
(HUIZHOU) SHARE AWARD SCHEME;**

**(2) PROPOSED CONDITIONAL GRANT OF AWARD SHARES;
AND**

(3) NOTICE OF EXTRAORDINARY GENERAL MEETING

LETTER FROM THE BOARD

1. INTRODUCTION

Reference is made to the announcement of the Company dated 28 February 2024 (the “**Announcement**”) in relation to, among others, (i) the proposed adoption of the Ten Pao Electronic (Huizhou) Share Award Scheme and (ii) the proposed Conditional Grant of Award Shares to (a) Ms. Yang, the chief executive officer and a director of Ten Pao Electronic (Huizhou); and (b) Mr. G.D. Hong, a director of Ten Pao Electronic (Huizhou).

The purpose of this circular is to provide you with information in respect of certain resolutions to be proposed at the EGM to enable you to make an informed decision on voting in respect of the proposed resolutions at the EGM. For the details of the proposed resolutions at the EGM, please refer to the EGM Notice.

2. PROPOSED ADOPTION OF TEN PAO ELECTRONIC (HUIZHOU) SHARE AWARD SCHEME

As disclosed in the Announcement, the board of directors of Ten Pao Electronic (Huizhou) (pursuant to the rules of the Ten Pao Electronic (Huizhou) Share Award Scheme) and the Board resolved to propose the adoption of the Ten Pao Electronic (Huizhou) Share Award Scheme.

The purpose of the Ten Pao Electronic (Huizhou) Share Award Scheme is to (i) further establish an effective long-term incentive mechanism of the Ten Pao Electronic (Huizhou) Group; (ii) provide the eligible participants with additional incentives in order to retain them, fully motivate the employees of the Ten Pao Electronic (Huizhou) Group and effectively align their interests with the interest of the Ten Pao Electronic (Huizhou) Group and its shareholders, and to enable all parties to focus on the long-term development of the Ten Pao Electronic (Huizhou) Group and to contribute to the sustainable operation and development of the Ten Pao Electronic (Huizhou) Group; and (iii) to attract suitable personnel for further development of the Ten Pao Electronic (Huizhou) Group.

A summary of the principal terms of Ten Pao Electronic (Huizhou) Share Award Scheme is set out in Appendix I to this circular. This serves as a summary of the terms of Ten Pao Electronic (Huizhou) Share Award Scheme but does not constitute the full terms of the same. The terms of Ten Pao Electronic (Huizhou) Share Award Scheme are in line with the latest requirement under Chapter 17 of the Listing Rules. A copy of the rules of Ten Pao Electronic (Huizhou) Share Award Scheme has been published and will remain on the Company’s website at www.tenpao.com and the Stock Exchange’s website at www.hkexnews.hk for display for a period of not less than 14 days before the date of the EGM and such rules will be made available for inspection at the EGM. As at the Latest Practicable Date, Ten Pao Electronic (Huizhou) has no other equity or share incentive plans.

LETTER FROM THE BOARD

3. PROPOSED CONDITIONAL GRANT OF AWARD SHARES

On 28 February 2024, the board of directors of Ten Pao Electronic (Huizhou) (pursuant to the rules of the Ten Pao Electronic (Huizhou) Share Award Scheme) and the Board (pursuant to the Listing Rules, and including all of the independent non-executive Directors but excluding Chairman Hung and Ms. Hung Sui Lam (an Executive Director and niece of Mr. G.D. Hong) who have abstained from voting on the Board resolution to approve the grant of the Award Shares to Mr. G.D. Hong) resolved to, among other things, conditionally grant 8,700,000 and 2,000,000 Award Shares to Ms. Yang and Mr. G.D. Hong, respectively. Pursuant to Rule 17.03D(1) and Rules 17.04(1) to (3) of the Listing Rules, the Conditional Grant is subject to the approval of the Independent Shareholders. A summary of the Conditional Grant is set out below:

Grant date	:	28 February 2024
Grantees	:	(i) Ms. Yang, the chief executive officer and a director of Ten Pao Electronic (Huizhou); and (ii) Mr. G.D. Hong, a director of Ten Pao Electronic (Huizhou)
Number of Award Shares granted	:	(i) 8,700,000 Award Shares to Ms. Yang; and (ii) 2,000,000 Award Shares to Mr. G.D. Hong
Purchase price of Award Shares granted/price of applying for or accepting the grant of Award Shares	:	RMB1.00 per registered capital of Ten Pao Electronic (Huizhou) The price is equivalent to the nominal value of the registered capital of Ten Pao Electronic (Huizhou).
Closing price of the shares of Ten Pao Electronic (Huizhou) on grant date	:	N/A (Ten Pao Electronic (Huizhou) is a private company and its shares are not publicly traded)
Vesting period of Award Shares	:	The Award Shares granted under the Ten Pao Electronic (Huizhou) Share Award Scheme will vest immediately on the date of grant. The Ten Pao Electronic (Huizhou) Share Award Scheme does not impose a vesting period, and therefore, does not impose performance targets with regard to the vesting of the Award Shares granted under the Ten Pao Electronic (Huizhou) Share Award Scheme, but the Award Shares are subject to a Lock-up Period (as defined below).

LETTER FROM THE BOARD

The purpose of Ten Pao Electronic (Huizhou) Share Award Scheme is to provide incentives or rewards to eligible individuals who contribute to and are devoted to promoting the interests of the Ten Pao Electronic (Huizhou) Group.

Having taken into consideration that (i) Ms. Yang and Mr. G.D. Hong have outstanding contribution to the Group, including the rapid business development of Ten Pao Electronic (Huizhou) Group (for details, please refer to the section headed “REASONS FOR THE CONDITIONAL GRANT” below); (ii) the Award Shares will be subject to a total holding period (i.e. the Lock-up Period as defined below) of 5 years; and (iii) such lock-up arrangements are appropriate for retaining, incentivizing, rewarding, remunerating and compensating valuable employees, the board of directors of Ten Pao Electronic (Huizhou), the Remuneration Committee and the Board are of the view that the grant of the Award Shares to Ms. Yang and Mr. G.D. Hong is consistent with the purpose of Ten Pao Electronic (Huizhou) Share Award Scheme and such arrangement with no vesting period is justifiable and aligns with the purposes of the Ten Pao Electronic (Huizhou) Share Award Scheme.

LETTER FROM THE BOARD

To ensure the practicability in fully attaining the purposes of the Ten Pao Electronic (Huizhou) Share Award Scheme, the Remuneration Committee and the Board are of the view that (i) there are instances where a vesting requirement would not work or would not be fair to holders of the Award Shares, for example, the grant to employees who have served the Group for an extended period of time and made outstanding contribution; (ii) there is a need for Ten Pao Electronic (Huizhou) to retain flexibility in certain cases to provide a competitive remuneration package to attract and retain individuals to provide services to the Group, to provide for succession planning and the effective transition of employee responsibilities and to reward exceptional performers with accelerated vesting or no vesting period in exceptional circumstances where justified; (iii) despite the fact that Ten Pao Electronic (Huizhou) Share Award Scheme does not impose a vesting period, the clawback mechanism for Award Shares in place effectively controls the ownership of the Award Shares and provides means for repurchase of the Award Shares under specific circumstances which ensures that Selected Participants would only be fully entitled with the Award Shares after the end of Lock-up Period (as defined below). Accordingly, the combination of such clawback mechanism and Lock-up Period shall be equivalent to time-based vesting criteria in practice; and (iv) the Lock-up Period shall better serve the purpose of talent retention in response to changing market conditions and industry competition on talent recruitment.

Hence, the Remuneration Committee and the Board are of the view that imposing the Lock-up Period is more appropriate than a vesting period.

Lock-up Period : The Award Shares obtained by the grantees under the Ten Pao Electronic (Huizhou) Share Award Scheme will be subject to a lock-up period (the “**Lock-up Period**”) commencing from the date of grant, i.e., the effective date of the grant agreement (the “**Grant Date**”), until the Unlocking Day (as defined below).

LETTER FROM THE BOARD

The unlocking of the Award Shares is subject to the satisfaction of all the following conditions (the “**Unlocking Conditions**”):

- (i) the fulfillment of the service period (the “**Service Period**”) applicable to the Award Shares granted to the grantees, which starts from the Grant Date and ends on the fifth anniversary of the Grant Date; and that when
- (ii) the unlocking day applicable to such Award Shares (the “**Unlocking Day**”) has approached, and as at such Unlocking Day, no Repurchase Event has occurred.

On the Unlocking Day, if all Unlocking Conditions for the Award Shares held by the grantees are met, then such Award Shares will become effective on that Unlocking Day. Otherwise, such Award Shares will not be regarded as unlocked.

**Clawback mechanism
for Award Shares**

- :
- In the event of a malicious termination of employment by a Selected Participant (a “**Malicious Termination of Employment**”), Ten Pao Dazhou or the entity designated by Ten Pao Dazhou has the right to repurchase all Award Shares held by the Selected Participant (regardless of whether the Service Period has been completed or whether the Award Shares are unlocked). The repurchase price is the Grant Price of such Award Shares.

A “Malicious Termination of Employment” refers to:

- (i) serious violation of labour discipline or rules and regulations of Ten Pao Electronic (Huizhou);
- (ii) serious dereliction of duty, malpractice for personal gain, causing significant damage to the interests of Ten Pao Electronic (Huizhou);
- (iii) fraudulent activities, and the personal information, documents, certificates, etc. provided to Ten Pao Electronic (Huizhou) are proven to be false;

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- (iv) suspected of constituting a criminal offense or being held criminally responsible in accordance with the laws;
- (v) any commercial bribery or private acceptance of other people's property to seek personal economic benefits for oneself or others and the circumstances are egregious;
- (vi) theft or illegal misappropriation or misappropriation of Ten Pao Electronic (Huizhou) properties or other colleagues' personal properties;
- (vii) violation of confidentiality agreements, non-compete restrictions or non-competition agreements with Ten Pao Electronic (Huizhou) and its subsidiaries;
- (viii) the employment relationship being terminated by the Group or Ten Pao Electronic (Huizhou) or its respective subsidiaries or branch companies due to serious misconduct of the Selected Participant; and
- (ix) the Group or Ten Pao Electronic (Huizhou) or its respective subsidiaries or branch companies deciding not to renew the employment contract, service contract, hiring contract, or other similar contracts with the Selected Participant upon its expiration due to serious misconduct by the Selected Participant.

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If a Selected Participant terminates the employment relationship in good faith before the end of the Service Period (referred to individually or collectively with a Malicious Termination of Employment as a “**Repurchase Event**”), Ten Pao Dazhou or its designated entity has the right to repurchase all the Award Shares held by the Selected Participant. The repurchase price is the sum of the basic price and the compensation price. The specific repurchase situation and repurchase price are as follows:

	Good faith termination of employment	Repurchase Price	
		Basic Price	Compensation Price
(A)	the Selected Participant voluntarily requesting the termination of the labour relationship or other employment or hiring relationship with the Group or Ten Pao Electronic (Huizhou) or its respective subsidiaries/branch companies	The sum of Grant Price of such Award Shares plus the annualised returns of such Grant Price determined from the actual date of full payment of the Grant Price to the actual date of full payment of the repurchase price at a simple interest rate of 5% per annum (if less than a year, to be determined by the actual number of days over 360 days)	Nil
(B)	the employment contract of the Selected Participant expiring, and the Group or Ten Pao Electronic (Huizhou) or its respective subsidiaries/branch companies deciding not to renew it not due to the Selected Participant’s serious misconduct	Same as above	Repurchase price = 70% x additional net profit of Ten Pao Electronic (Huizhou) corresponding to the amount of repurchased Award Shares (during the period from the actual date of full payment of the Grant Price to the date of non-renewal of the contract)

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	Good faith termination of employment	Repurchase Price	
		Basic Price	Compensation Price
(C)	the Selected Participant retiring in accordance with applicable laws and the management regulations of the Group companies or its respective subsidiaries or branch companies and no longer participating in the business operations of the Group companies or its respective subsidiaries or branch companies (for the avoidance of doubt, retired employees rehired are not considered retired during the employment or hiring period)	Same as above	Repurchase price = 70% x additional net profit of Ten Pao Electronic (Huizhou) corresponding to the amount of repurchased Award Shares (during the period from the actual date of full payment of the Grant Price to the date of no-rehiring)
(D)	the Selected Participant becoming severely disabled, a long-term patient, an individual with limited legal capacity, an individual with no legal capacity, and thus being unsuitable to continue participating in the business operations of the Group companies and its respective subsidiaries/branch companies	Same as above	Repurchase price = 100% x additional net profit of Ten Pao Electronic (Huizhou) corresponding to the amount of repurchased Award Shares (during the period from the actual date of full payment of the Grant Price to the occurrence date of such circumstance)
(E)	the Selected Participant's death, or being declared dead or missing by the People's Court	Same as above	Repurchase price = 100% x additional net profit of Ten Pao Electronic (Huizhou) corresponding to the amount of repurchased Award Shares (during the period from the actual date of full payment of the Grant Price to the date of death)

LETTER FROM THE BOARD

- Notes:* (1) The amount of additional net profit of Ten Pao Electronic (Huizhou) corresponding to the amount of repurchase during the period from the actual date of full payment of the Grant Price to the specific date in the table above = the amount of additional net profit of Ten Pao Electronic (Huizhou) multiplied by the proportion of the amount repurchased to the total registered capital of Ten Pao Electronic (Huizhou).
- (2) The additional net profit of Ten Pao Electronic (Huizhou) is determined by the cumulative additional net profit of Ten Pao Electronic (Huizhou) from the actual first day of the quarter on which the Grant Price is fully paid to the first day of the quarter on the specific date in the above table, and in case less than 0, it shall be determined as 0.
- (3) The interest rate of 5% per annum in respect of the basic price of repurchase price is determined with reference to, among other things, the interest rates of bank deposits in the PRC and the annualised return of conservative investment products in the PRC.
- (4) The purchase price of 70% of additional net profit of Ten Pao Electronic (Huizhou) corresponding to the amount of repurchased Award Shares in respect of specific repurchase situation (B) and (C) is determined by the management of Ten Pao Electronic (Huizhou) as reasonable compensation to the Selected Participant for his/her contribution to the Ten Pao Electronic (Huizhou) Group regardless of the service period of the Selected Participant in the Group as such factor has been considered and reflected in the number of Award Shares to be awarded to the Selected Participant at the time of grant and notwithstanding the early termination of employment.

When a Repurchase Event occurs, the repurchase price should be paid by Ten Pao Dazhou or its designated entity of Ten Pao Dazhou within 12 months from the date the Repurchase Event occurred.

Financial support : The Group has not provided any financial support to Ms. Yang and Mr. G.D. Hong for the purchase of Award Shares.

4. REASONS FOR THE CONDITIONAL GRANT

The primary purpose of the Ten Pao Electronic (Huizhou) Share Award Scheme is to (i) further establish an effective long-term incentive mechanism of the Ten Pao Electronic (Huizhou) Group; (ii) provide the eligible participants with additional incentives in order to

LETTER FROM THE BOARD

retain them, fully motivate the employees of the Ten Pao Electronic (Huizhou) Group and effectively align their interests with the interest of the Ten Pao Electronic (Huizhou) Group and its shareholders, and to enable all parties to focus on the long-term development of the Ten Pao Electronic (Huizhou) Group and to contribute to the sustainable operation and development of the Ten Pao Electronic (Huizhou) Group; and (iii) to attract suitable personnel for further development of the Ten Pao Electronic (Huizhou) Group.

The proposed participants of the Conditional Grant are Ms. Yang and Mr. G.D. Hong. Ms. Yang, who joined the Group in 2005, is currently the chief executive officer and a director of Ten Pao Electronic (Huizhou). Ms. Yang possesses over 26 years of experience in design and manufacturing in the power supply industry and her extensive industry networking resources and expertise and experience in dealing with technical and research and development relating to smart power supply solutions and products is primarily vital to Ten Pao Electronic (Huizhou) Group and the Group's operations. Ms. Yang oversees different areas of operations of Ten Pao Electronic (Huizhou) Group, including but not limited to strategic planning, corporate management and achievement of business objectives, intelligent manufacturing and digital factories, technical R&D management, sales and marketing and risk management, and plays significant roles in Ten Pao Electronic (Huizhou) Group's development all the way along. For the historical development of Ten Pao Electronic (Huizhou) Group and the Company, Ms. Yang has contributed great efforts in, including but not limited to, expansion and development of the PRC market and international markets, maintaining the Ten Pao Electronic (Huizhou) Group's market position in technology through research and development of smart power supply and strengthening the Company's brand building and enhancing brand value.

Mr. G.D. Hong, who has served the Group for over 30 years, is currently a director of Ten Pao Electronic (Huizhou) and is in-charge of Ten Pao Electronic (Huizhou)'s human resource management, coordination of government relations, risk control of environmental and safety affairs, and development of new market opportunities. He possesses experience in identifying early market opportunities and maintaining long-term relationship with different stakeholders. His continued leadership of and participation in the business operation of Ten Pao Electronic (Huizhou) leads to the continuous growth and expansion of Ten Pao Electronic (Huizhou) in the past, including but not limited to, expanding and improving product lines, managing customer relationship and business development and organising team building activities.

The retention of valuable personnel, including Ms. Yang and Mr. G.D. Hong, is critical for maintaining a stable and experienced senior management team, which in turn is crucial for the development and expansion of Ten Pao Electronic (Huizhou) Group and the Group. One of the main objectives of the Conditional Grant are to recognise the contributions by Ms. Yang and Mr. G.D. Hong and give incentives thereto in order to retain them for the continual operation and development of the Ten Pao Electronic (Huizhou) Group. It is believed that the Conditional Grant to Ms. Yang and Mr. G.D. Hong is a suitable mean to recognise and appreciate their dedication and significant past efforts and contributions in leading the Group including Ten Pao Electronic (Huizhou) Group to achieve corporate performance targets and development throughout the years and

LETTER FROM THE BOARD

to encourage Ms. Yang and Mr. G.D. Hong to further leverage their industry expertise, experience and resources to enhance the value of Ten Pao Electronic (Huizhou) Group and the Company.

The Award Shares to be granted under the Scheme are subject to a 5-year Lock-up Period commencing from the date of grant. With such mechanism in place, the board of directors of Ten Pao Electronic (Huizhou) and the Board believe that the Conditional Grant shall incentivise the grantee, i.e. Ms. Yang and Mr. G.D. Hong in this case, to continue making contribution to Ten Pao Electronic (Huizhou) Group and the Company and strive for better results of Ten Pao Electronic (Huizhou) Group and the Company in the future. The Conditional Grant is expected to stimulate Ms. Yang's and Mr. G.D. Hong's continuous commitment and contributions to the future growth of Ten Pao Electronic (Huizhou) Group and the Company and to ensure stability and enhance the performance of Ten Pao Electronic (Huizhou) Group and the Company by further aligning the long-term interests of the parties, which ultimately benefits the Group (including Ten Pao Electronic (Huizhou)) and the Shareholders as a whole.

In determining the number of Award Shares to be granted to each of Ms. Yang and Mr. G.D. Hong, each of the Remuneration Committee and the Board has considered various factors including but not limited to, (i) the position, tenure, responsibilities, duty importance and contributions of Ms. Yang and Mr. G.D. Hong; (ii) their managerial role in Ten Pao Electronic (Huizhou) Group and the Company's normal and daily business course; and (iii) in respect of the aforesaid, whether the Conditional Grant is sufficient to retain and motivate them for the continual contributions and improvement of operation and development of Ten Pao Electronic (Huizhou) Group and the Company.

The number of Award Shares to be granted to Ms. Yang and Mr. G.D. Hong are 8,700,000 and 2,000,000 Award Shares respectively, representing approximately 3.52% and 0.81% of the total registered capital of Ten Pao Electronic (Huizhou) as at the Latest Practicable Date. It is believed that the dilution effect on the shareholding interests of the Company in Ten Pao Electronic (Huizhou) is minimal as compared to the purposes and benefits of the adoption of the Scheme. It is also expected that there will not be substantial actual cash paid by the Group to Ms. Yang and Mr. G.D. Hong under the Scheme.

Having considered the above factors as a whole, the board of directors of Ten Pao Electronic (Huizhou) (pursuant to the rules of the Ten Pao Electronic (Huizhou) Share Award Scheme) and the Board (including all the independent non-executive Directors) considers that the Conditional Grant is appropriate and consistent with the purpose of the Scheme and the terms thereof are fair and reasonable and in the interests of Ten Pao Electronic (Huizhou) Group, the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

5. IMPLICATIONS UNDER THE LISTING RULES

Pursuant to Rule 17.13, Rules 17.02 to 17.04 and Rules 17.06 to 17.09 of the Listing Rules apply to share schemes of a principal subsidiary of a listed issuer as if they were share schemes of the issuer as described in Rule 17.01(1) of the Listing Rules.

As at the Latest Practicable Date, Ten Pao Electronic (Huizhou) is a principal subsidiary of the Company. Therefore, pursuant to Rule 17.13 of the Listing Rules, Ten Pao Electronic (Huizhou) Share Award Scheme, as a share award scheme of a principal subsidiary of the Company, is also subject to Rule 17.02 of the Listing Rules and the approval of the Shareholders in general meeting.

Pursuant to Rule 17.03D(1) of the Listing Rules, where any grant of award shares to a participant would result in the shares issued and to be issued in respect of all award shares granted to such person (excluding any options and awards lapsed in accordance with the terms of the scheme) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the total issued shares of Ten Pao Electronic (Huizhou), such grant must be separately approved by Shareholders in general meeting with such participant and his/her close associates (or associates if the participant is a connected person) abstaining from voting.

As at the Latest Practicable Date, Ms. Yang was a former Director in the past 12 months and the chief executive officer and a director of Ten Pao Electronic (Huizhou). Therefore Ms. Yang is connected person of the Company under Chapter 14A of the Listing Rules. As the total number of registered capital of Ten Pao Electronic (Huizhou) in issue in respect of all registered capital of Ten Pao Electronic (Huizhou) conditionally granted to Ms. Yang in the 12-month period up to and including the date of the Conditional Grant represents over 1.0% of the total issued shares of Ten Pao Electronic (Huizhou), the Conditional Grant to Ms. Yang is subject to the approval of the Independent Shareholders and Ms. Yang and her associates must abstain from voting in favour of resolution in relation to the Conditional Grant to Ms. Yang at the EGM pursuant to the Listing Rules.

Pursuant to Rule 17.04(1) of the Listing Rules, any grant of award shares to a Director, chief executive or substantial Shareholder of the Company, or any of their respective associates, under a share award scheme must be approved by the independent non-executive Directors. On 28 February 2024, the Conditional Grant was approved by all the independent non-executive Directors.

Pursuant to Rule 17.04(2) of the Listing Rules, where any grant of award shares (excluding grant of options) to a Director (other than an independent non-executive Director) or a chief executive of the Company, or any of their associates would result in the shares issued and to be issued in respect of all award shares granted (excluding any award shares lapsed in accordance with the terms of the share award scheme) to such person in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the total registered capital of Ten Pao Electronic (Huizhou), such further grant of award shares must be approved by Shareholders in general meeting in the manner set out in

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Rule 17.04(4) of the Listing Rules. Accordingly, such grantee, his associates and all core connected persons of the Company must abstain from voting in favour at such general meeting.

Pursuant to Rule 17.04(3) of the Listing Rules, where any grant of options or award shares to an independent non-executive Director or a substantial Shareholder of the Company, or any of their respective associates, would result in the shares issued and to be issued in respect of all options and awards granted (excluding any options and awards lapsed in accordance with the terms of the Scheme) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the total registered capital of Ten Pao Electronic (Huizhou), such further grant of options or awards must be approved by Shareholders in general meeting in the manner set out in Rule 17.04(4) of the Listing Rules.

As at the Latest Practicable Date, Mr. G.D. Hong was a director of Ten Pao Electronic (Huizhou) and the younger brother of Chairman Hung, a Director, the chief executive officer and a controlling Shareholder of the Company. Hence, Mr. G.D. Hong is a connected person of the Company and an associate of Chairman Hung under Chapter 14A of the Listing Rules. As the total number of registered capital of Ten Pao Electronic (Huizhou) in issue in respect of all shares of Ten Pao Electronic (Huizhou) conditionally granted to Mr. G.D. Hong in the 12-month period up to and including the date of the Conditional Grant represents over 0.1% of the total registered capital of Ten Pao Electronic (Huizhou), the Conditional Grant to Mr. G.D. Hong is subject to the approval of the Independent Shareholders, and Mr. G.D. Hong, his associate and all core connected persons of the Company must abstain from voting in favour of resolution in relation to conditional grant to Mr. G.D. Hong at the EGM pursuant to the Listing Rules.

As at the Latest Practicable Date, to the best knowledge of the Directors after making reasonable enquiry, (i) Ms. Yang did not hold any Shares; and (ii) Mr. G.D. Hong, his associates and all core connected persons of the Company held 687,745,521 Shares in aggregate, representing 66.75% of the total issued Shares. As at the Latest Practicable Date, none of the core connected persons has expressed their intention to vote against the relevant resolutions at the EGM.

Save as disclosed above, no other Shareholder has any interest in the Conditional Grant. As such, no other Shareholder is required to abstain from voting on the relevant resolutions in relation thereto.

6. CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement of Shareholders to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 2 April 2024 to Monday, 8 April 2024, both days inclusive, during which period no transfer of the Shares 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

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transfer office of the Company, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Thursday, 28 March 2024.

7. EGM AND PROXY ARRANGEMENT

The EGM Notice is set out on pages 33 to 34 of this circular. At the EGM, resolutions will be proposed to approve, *inter alia*, the adoption of Ten Pao Electronic (Huizhou) Share Award Scheme and the Conditional Grant.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, all the proposed resolutions will be put to vote by way of poll at the EGM. An announcement on the poll vote results will be published by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the websites of the Stock Exchange at www.hkexnews.hk and of the Company at www.tenpao.com. Whether or not you intend to attend the EGM, please complete and sign the form of proxy in accordance with the instructions printed thereon and return it, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority, to the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible but in any event not less than 48 hours before the time scheduled for holding the EGM (i.e. not later than 4:00 p.m. on Saturday, 6 April 2024) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof should you subsequently so wish and in such event, your proxy form returned shall be deemed to be revoked.

8. 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 aspects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

9. RECOMMENDATION

The Board considers that the adoption of Ten Pao Electronic (Huizhou) Share Award Scheme and the Conditional Grant are in the interests of the Company and the Shareholders as a whole. The Board recommends the Shareholders to vote in favour of all the relevant resolutions at the EGM.

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10. GENERAL

Your attention is drawn to the additional information set out in the Appendix I to this circular.

Yours faithfully,
By order of the Board
Hung Kwong Yee
Chairman & Chief Executive Officer

The following is a summary of the principal terms of Ten Pao Electronic (Huizhou) Share Award Scheme to be approved and adopted by ordinary resolution at the EGM, but such summary does not form part of, nor was it intended to be, part of Ten Pao Electronic (Huizhou) Share Award Scheme, nor should it be taken as affecting the interpretation of the rules of Ten Pao Electronic (Huizhou) Share Award Scheme. A copy of the rules of Ten Pao Electronic (Huizhou) Share Award Scheme has been published and will remain on the Company's website at www.tenpao.com and the Stock Exchange's website at www.hkexnews.hk for display for a period of not less than 14 days before the date of the EGM and such rules will be made available for inspection at the EGM.

1. PURPOSE, ADMINISTRATION AND DURATION

1.1 The purpose of this scheme is, through granting the Award Shares:

- (A) to further establish a sound long-term motivation mechanism of the Ten Pao Electronic (Huizhou) Group;
- (B) to provide incentives to the eligible participants to retain them, to fully motivate the employees of the Ten Pao Electronic (Huizhou) Group, to effectively align the interests of the shareholders of the Ten Pao Electronic (Huizhou) Group, the Ten Pao Electronic (Huizhou) Group and the employees, and to enable all parties to focus on the long-term development of the Ten Pao Electronic (Huizhou) Group and to sustain the operations and development of the Ten Pao Electronic (Huizhou) Group; and
- (C) to attract suitable personnel for further development of the Ten Pao Electronic (Huizhou) Group.

1.2 This scheme shall be subject to the administration of the board of directors of Ten Pao Electronic (Huizhou) or a committee or sub-committee or person delegated by the board of directors of Ten Pao Electronic (Huizhou) with the power and authority to administer this scheme (the “**Administrator**”), and the Administrator shall have binding effect on all persons who may be affected as to all matters arising in relation to this scheme or as to the interpretation or effect thereof. Where a Selected Participant or his/her associate is a member of the board of directors of Ten Pao Electronic (Huizhou), such person shall abstain from voting in respect of any award granted to such class of Selected Participant as approved by the Administrator.

1.3 Subject to compliance with the provisions of this scheme, the Listing Rules and any applicable laws and regulations and the articles of association of Ten Pao Electronic (Huizhou), the general meeting of Ten Pao Electronic (Huizhou) shall

have the right to, among other things, determine the terms and conditions of the Award Shares. The Administrator shall be entitled to, among other things, from time to time:

- (A) construe and interpret the provisions of this scheme and the relevant terms of the awards granted under this scheme;
- (B) administer, interpret, implement and operate this scheme;
- (C) grant awards to eligible participants as it may select from time to time;
- (D) formulate the terms and conditions of the Award Shares and submit the same to the general meeting for consideration;
- (E) determine and implement plans and arrangements for shareholding reduction of the Ten Pao Electronic (Huizhou) by the shareholding platform;
- (F) approve the form of the award notice; and
- (G) take other steps or actions to implement the terms and intention of this scheme.

1.4 A Selected Participant shall ensure that the acceptance and holding of any Award Shares under this scheme and the exercise of all rights attached thereto are valid and comply with all laws, rules and regulations to which he/she is subject, including all applicable exchange control, fiscal and other laws. As a condition precedent to the grant of an award, the Administrator may require an eligible participant to provide such evidence as it may reasonably require for such purpose. In order to comply with the PRC and overseas securities laws and restrictions, the Administrator shall also have the final discretion as to how to apply and administer the rules stipulated in this scheme to the Selected Participants who reside outside the PRC, provided that such application and administration shall enable Ten Pao Electronic (Huizhou) to fully comply with relevant laws, regulations, regulatory documents and the articles of association of Ten Pao Electronic (Huizhou).

1.5 Subject to compliance with the rules of this scheme, this scheme shall be valid and effective for a period of ten (10) years commencing on the Adoption Date, after which period no further awards will be granted.

1.6 Subject to compliance with the rules of this scheme, this scheme shall be valid and effective for the duration of this scheme, and thereafter for so long as any Award Shares have been granted under this scheme but has not been unlocked prior to the expiry of this scheme, this scheme shall continue to be extended until the completion of the unlocking of the Award Shares or otherwise provided in the provisions of this scheme.

2. EQUITY AWARDS

- 2.1 Subject to the rules of this scheme, the Listing Rules and any applicable laws and regulations and the articles of association of Ten Pao Electronic (Huizhou), the Administrator may, subject to and in accordance with such rules of this scheme, be entitled (but may or may not be required) at any time during the duration of this scheme to make an award to any eligible participant (other than an excluded participant). For the avoidance of doubt, no eligible participant shall be entitled to participate in this scheme until so selected.
- 2.2 The motivation targets of this scheme are determined in accordance with the Listing Rules and other relevant laws, regulations, regulatory documents and the articles of association of Ten Pao Electronic (Huizhou), taking into account the actual situation of Ten Pao Electronic (Huizhou). Subject to the aforesaid principle, the Selected Participants shall, in principle, be the directors and employees of Ten Pao Electronic (Huizhou) or its branches/subsidiaries. The grant of awards to any connected person of the Group shall be subject to the compliance with the applicable requirements under the Listing Rules.
- 2.3 For the first grant of awards, the price required to be paid by the Selected Participants to acquire the Award Shares for each RMB1 registered capital of Ten Pao Electronic (Huizhou) (the “**Grant Price**”) is RMB1/registered capital. For subsequent grant of awards, the Grant Price is RMB1.55/registered capital. The Grant Price is determined based on combined factors such as Ten Pao Electronic (Huizhou)’s operating conditions and market conditions. The Selected Participant shall pay the Grant Price as provided in the award notice. The funds used by the Selected Participants to pay the Grant Price shall be their own funds or other legal self-raised funds.
- 2.4 The Administrator shall notify the general partner of the shareholding platform in writing when making an award under this scheme, and the Administrator shall specify in the award notice the followings:
- (A) the name, address, identity card (or, as the case may be, passport) number and position of the relevant Selected Participant and whether the relevant Selected Participant is a connected person of the Group;
 - (B) the number of Award Shares granted to the relevant Selected Participant under the award;
 - (C) the Grant Price at the time of acceptance of such award of the Selected Participant.

- 2.5 The Administrator shall notify the Selected Participant in writing within three (3) business days (or otherwise determined) after the determination of granting an award to a Selected Participant and such notice shall contain substantially the same information as set out in the award notice (the “**Grant Notice**”). An award shall be deemed to have been irrevocably declined by the Selected Participant unless the Selected Participant notifies the Administrator in writing to accept such award within seven (7) business days after receipt of the Grant Notice from the Administrator. If a Selected Participant obtains the Award Shares in accordance with the rules of this scheme, unless otherwise determined by the Administrator or otherwise agreed in the Grant Notice, Ten Pao Electronic (Huizhou) and the shareholding platform shall, at such time as the Administrator reasonably determines to be appropriate, apply to the relevant competent market supervision and administration authorities or other competent government authorities or entities for change of registration, filing or record in respect of the grant of the Award Shares to such Selected Participant.
- 2.6 The Selected Participants are directly entitled to the Award Shares in their own names or indirectly entitled to the Award Shares by holding the incentive shares of the shareholding platform.
- 2.7 Without the consent of the Administrator, a Selected Participant may not transfer or assign the Award Shares or otherwise dispose of, transfer, charge, enter into mortgage, enter into encumbrances or dispose of or create any security or any opposing interest in favour of any third party over or in relation to an award, or enter into or appear to enter into any similar agreement. Any breach of the foregoing by any Selected Participant shall entitle the Administrator to cancel the award made to such Selected Participant and the Administrator shall notify the general partner of the shareholding platform in writing accordingly.

3. UNLOCKING CONDITIONS AND UNLOCKING ARRANGEMENTS

- 3.1 Upon expiry of the service period applicable to the Award Shares granted to a Selected Participant and no repurchase event has occurred, such Award Shares shall be fully unlocked on the date of expiry of the service period (the “**Unlocking Day**”). The service period is the period commencing from the date of grant and expiring on the date falling five (5) years from the date of grant.
- 3.2 On the Unlocking Day, if all the unlocking conditions for the Award Shares held by the Selected Participants are met, then such Award Shares will become effective on that Unlocking Day, and if these unlocking conditions are not met, such Award Shares shall not be unlocked at that moment.

4. MAXIMUM NUMBER OF EQUITY AVAILABLE FOR ISSUE

- 4.1 Subject to the Listing Rules, no further awards may be granted if such grant will result in the aggregate shareholding of Ten Pao Electronic (Huizhou) underlying all grants made pursuant to this scheme together with any other options and awards which may be granted under this scheme and any other share schemes for the time being of Ten Pao Electronic (Huizhou) exceeding 10% of the total issued share capital of Ten Pao Electronic (Huizhou) as at the Adoption Date (i.e. 10% of the registered capital in the amount of RMB24,746,341) (the “**Scheme Mandate Limit**”) without the approval of the Shareholders of the Group. The Award Shares cancelled in accordance with the terms of this scheme shall be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.
- 4.2 After three (3) years from the Adoption Date (or the date on which the last refreshment is approved by the shareholders of the Group), the Group may seek approval of the Shareholders in its general meeting to refresh the Scheme Mandate Limit under this scheme, provided that the total number of equity of Ten Pao Electronic (Huizhou) which may be issued upon exercise of all options and awards to be granted under this scheme and any other schemes of Ten Pao Electronic (Huizhou) under the limit as “refreshed” shall not exceed 10% of the total issued shares of Ten Pao Electronic (Huizhou) as at the date of approval of the refreshed Scheme Mandate Limit. For the purpose of seeking the approval of the Shareholders, the Group shall send a circular to the Shareholders containing the information as required under the Listing Rules. Any refreshment of the scheme limit within three (3) years from the Adoption Date (or the date on which the last refreshment is approved by the Shareholders) must be approved by the Independent Shareholders as required under Rule 17.03C(1) of the Listing Rules.
- 4.3 Ten Pao Electronic (Huizhou) may seek approval by the Shareholders at the general meeting of the Company for granting awards beyond the Scheme Mandate Limit, provided that the Award Shares in excess of the Scheme Mandate Limit are granted only to eligible participants specifically identified by Ten Pao Electronic (Huizhou) before such approval is sought. For the purpose of seeking the approval of the Shareholders as referred to in this paragraph, the Company shall send a circular to the Shareholders containing the name of each specified eligible participant who may be granted such award, the number and terms of the Award Shares to be granted, the purpose of granting awards to the specified eligible participants with an explanation as to how the terms of the award serve such purpose and the information as required under the Listing Rules. The number and terms of the awards to be granted to such eligible participant shall be fixed before the approval of the Shareholders.
- 4.4 Where any grant of award to an eligible participant would result in the number of Award Shares transferred or to be transferred or allotted and issued or to be allotted and issued to such eligible participant under all options and awards

granted to such eligible participant (excluding any options and awards that have lapsed in accordance with the terms of the relevant scheme) in the twelve (12) month period up to and including the date of such grant representing in aggregate over 1% of total issued shares of Ten Pao Electronic (Huizhou), such grant must be approved by the Shareholders in the general meeting of the Company with such eligible participant and his/her close associates (or his/her associates if the eligible award participant is a connected person) abstaining from voting. The Company must send a circular to the Shareholders and the circular must disclose the name of each specified participant, the number and terms of the awards to be granted (and awards and options previously granted to such eligible participant in the relevant twelve (12) month period), the purpose of granting awards to the eligible participant, and an explanation as to how the terms of the awards serve such purpose and such other information as may be required by the Stock Exchange from time to time. The number and terms of the awards to be granted to such eligible participant shall be fixed before the approval of the Shareholders.

5. VESTING PERIOD AND PERFORMANCE TARGETS

The shares granted under the Ten Pao Electronic (Huizhou) Share Award Scheme will vest immediately on the date of grant. The Ten Pao Electronic (Huizhou) Share Award Scheme does not impose a vesting period, and therefore, does not impose performance targets with regard to the vesting of the shares granted under the Ten Pao Electronic (Huizhou) Share Award Scheme, but the Award Shares are subject to a Lock-up Period of 5 years.

Considering that the shares granted under the Ten Pao Electronic (Huizhou) Share Award Scheme will be subject to a total holding period (i.e. the Lock-up Period) of 5 years, and such lock-up arrangements are appropriate for retaining, incentivising, rewarding, remunerating and compensating valuable employees, the Directors and the Remuneration Committee are of the view that such arrangement with no vesting period is justifiable and aligns with the purposes of the Ten Pao Electronic (Huizhou) Share Award Scheme.

6. REORGANIZATION OF CAPITAL STRUCTURE AND DISTRIBUTION OF ASSETS OF TEN PAO ELECTRONIC (HUIZHOU)

In the event that (i) any award remains locked as a result of any alteration in the capital structure of Ten Pao Electronic (Huizhou) in accordance with applicable legal requirements and the requirements of the Listing Rules, such as a capitalisation issue of profits or reserves or reduction of the share capital of Ten Pao Electronic (Huizhou) or alteration by other means (other than an issue of equity as consideration in respect of a transaction to which Ten Pao Electronic (Huizhou) is a party or an alteration in the capital structure arising from or in connection with any equity scheme or any arrangement for providing incentives or rewards to any employee, consultant or adviser of Ten Pao Electronic (Huizhou) or any subsidiary), etc.; or (ii) the capital

assets of Ten Pao Electronic (Huizhou), whether in cash or in specie, are distributed to its shareholders on a proportional basis instead of the payment of dividend out of the net profit attributable to the shareholders of Ten Pao Electronic (Huizhou) for the respective financial year, the Administrator shall determine and alter, if any, the number of equity to be granted under the then locked awards.

Any such alterations shall be confirmed by an independent financial adviser or the auditors of the Company in writing to the Directors, either generally or as regards any particular Selected Participant, that such adjustments satisfy the requirements as set out in the Note to Rule 17.03(13) of the Listing Rules and shall give the Selected Participant the same proportion (or rights in respect of the same proportion) of the equity value as that to which that Selected Participant was previously entitled, but no such adjustments shall be made to the extent that the equity would be issued at less than its nominal value. The capacity of the independent financial adviser or the auditors of the Company (as the case may be) in this paragraph is that of experts and not arbitrators and their confirmation shall, in the absence of manifest error, be final and conclusive and binding on Ten Pao Electronic (Huizhou) and the Selected Participants.

7. REPURCHASE EVENT AND ARRANGEMENTS

7.1 In the event of a malicious termination of employment by a Selected Participant, Ten Pao Dazhou or the entity designated by Ten Pao Dazhou has the right to repurchase all Award Shares held by the Selected Participant (regardless of whether the Service Period has been completed or whether the Award Shares are unlocked). The repurchase price is the Grant Price of such Award Shares.

A “Malicious Termination of Employment” refers to:

- (A) serious violation of labour discipline or rules and regulations of Ten Pao Electronic (Huizhou);
- (B) serious dereliction of duty, malpractice for personal gain, causing significant damage to the interests of Ten Pao Electronic (Huizhou);
- (C) fraudulent activities, and the personal information, documents, certificates, etc. provided to Ten Pao Electronic (Huizhou) are proven to be false;
- (D) suspected of constituting a criminal offense or being held criminally responsible in accordance with the laws;
- (E) any commercial bribery or private acceptance of other people’s property to seek personal economic benefits for oneself or others and the circumstances are egregious;

- (F) theft or illegal misappropriation or misappropriation of Ten Pao Electronic (Huizhou) properties or other colleagues' personal properties;
- (G) violation of confidentiality agreements, non-compete restrictions or non-competition agreements with Ten Pao Electronic (Huizhou) and its subsidiaries;
- (H) the labour relationship or other employment or hiring relationship being terminated by the Group or Ten Pao Electronic (Huizhou) or its respective subsidiaries or branch companies due to serious misconduct of the Selected Participant; and
- (I) the Group or Ten Pao Electronic (Huizhou) or its respective subsidiaries or branch companies deciding not to renew the employment contract, service contract, hiring contract, or other similar contracts with the Selected Participant upon its expiration due to serious misconduct by the Selected Participant.

7.2 If a Selected Participant terminates the employment relationship in good faith before the end of the Service Period (referred to individually or collectively with a Malicious Termination of Employment as a “**Repurchase Event**”), Ten Pao Dazhou or its designated entity has the right to repurchase all the Award Shares held by the Selected Participant. The repurchase price is the sum of the basic price and the compensation price. The specific repurchase situation and repurchase price are as follows:

Good faith termination of employment	Repurchase Price	
	Basic Price	Compensation Price
(A) the Selected Participant voluntarily requesting the termination of the labour relationship or other employment or hiring relationship with the Group or Ten Pao Electronic (Huizhou) or its respective subsidiaries/branch companies	The sum of Grant Price of such Award Shares plus the annualised returns of such Grant Price determined from the actual date of full payment of the Grant Price to the actual date of full payment of the repurchase price at a simple interest rate of 5% per annum (if less than a year, to be determined by the actual number of days over 360 days)	Nil
(B) the employment contract of the Selected Participant expiring, and the Group or Ten Pao Electronic (Huizhou) or its respective subsidiaries/branch companies deciding not to renew it not due to the Selected Participant’s serious misconduct	Same as above	Repurchase price = 70% x additional net profit of Ten Pao Electronic (Huizhou) corresponding to the amount of repurchased Award Shares (during the period from the actual date of full payment of the Grant Price to the date of non-renewal of the contract)
(C) the Selected Participant retiring in accordance with applicable laws and the management regulations of the Group companies or its respective subsidiaries or branch companies and no longer participating in the business operations of the Group companies or its respective subsidiaries or branch companies (for the avoidance of doubt, retired employees rehired are not considered retired during the employment or hiring period)	Same as above	Repurchase price = 70% x additional net profit of Ten Pao Electronic (Huizhou) corresponding to the amount of repurchased Award Shares (during the period from the actual date of full payment of the Grant Price to the date of no-rehiring)

Good faith termination of employment	Basic Price	Repurchase Price Compensation Price
(D) the Selected Participant becoming severely disabled, a long-term patient, an individual with limited legal capacity, an individual with no legal capacity, and thus being unsuitable to continue participating in the business operations of the Group companies and its respective subsidiaries/branch companies	Same as above	Repurchase price = 100% x additional net profit of Ten Pao Electronic (Huizhou) corresponding to the amount of repurchased Award Shares (during the period from the actual date of full payment of the Grant Price to the occurrence date of such circumstance)
(E) the Selected Participant's death, or being declared dead or missing by the People's Court	Same as above	Repurchase price = 100% x additional net profit of Ten Pao Electronic (Huizhou) corresponding to the amount of repurchased Award Shares (during the period from the actual date of full payment of the Grant Price to the date of death)

Notes: (1) The amount of additional net profit of Ten Pao Electronic (Huizhou) corresponding to the amount of repurchase during the period from the actual date of full payment of the Grant Price to the specific date in the table above = the amount of additional net profit of Ten Pao Electronic (Huizhou) multiplied by the proportion of the amount repurchased to the total registered capital of Ten Pao Electronic (Huizhou).

(2) The additional net profit of Ten Pao Electronic (Huizhou) is determined by the cumulative additional net profit of Ten Pao Electronic (Huizhou) from the actual first day of the quarter on which the Grant Price is fully paid to the first day of the quarter on the specific date in the above table, and in case less than 0, it shall be determined as 0.

(3) The interest rate of 5% per annum in respect of the basic price of repurchase price is determined with reference to, among other things, the interest rates of bank deposits in the PRC and the annualised return of conservative investment products in the PRC.

(4) The purchase price of 70% of additional net profit of Ten Pao Electronic (Huizhou) corresponding to the amount of repurchased Award Shares in respect of specific repurchase situation (B) and (C) is determined by the management of Ten Pao Electronic (Huizhou) as reasonable compensation to the Selected Participant for his/her contribution to the Ten Pao Electronic (Huizhou) Group regardless of the service period of the Selected Participant in the Group as such factor has been considered and reflected in the number of Award Shares to be awarded to the Selected Participant at the time of grant and notwithstanding the early termination of employment.

7.3 Upon the occurrence of the Repurchase Event, the repurchase price shall be paid by Ten Pao Dazhou or its designated entity within twelve (12) months from the date of the occurrence of the Repurchase Event.

7.4 If Ten Pao Dazhou or its designated entity decides to dispose of, repurchase/acquire the Award Shares or cancel the shareholding platform in accordance with the provisions of this scheme, the Selected Participants shall, from the date of receipt of the written notice from Ten Pao Dazhou or its designated entity, cooperate to sign all documents deemed necessary by Ten Pao Dazhou and cooperate to complete the relevant registration and filing procedures with competent market supervision and administration departments or other competent government agencies or entities.

7.5 No new grant will be made to the Award Shares after the repurchase by Ten Pao Dazhou or its designated entity.

8. RANKING OF AWARD SHARES

Except for being subject to all the provisions or agreements of the articles of association of Ten Pao Electronic (Huizhou), the articles of association/partnership agreement of the shareholding platform and this scheme for the time being in force, the Award Shares shall rank *pari passu* in all respects (including voting, dividend, transfer and other rights, including those arising on a liquidation of Ten Pao Electronic (Huizhou)) with the then existing registered capital of the issued shares of Ten Pao Electronic (Huizhou) on the date on which the Award Shares are granted, and accordingly will entitle the Selected Participants to participate in all dividends or other distributions paid or made on or after the date of grant of the Award Shares other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date shall be before the date of grant of the Award Shares.

9. DISPUTE

In respect of any dispute arising out of this scheme, the parties shall first endeavour to resolve such dispute through friendly negotiation. If the parties fail to resolve the disputes through friendly negotiation within thirty (30) days after written notice is served by either party to request for the negotiation of such disputes, such disputes shall be submitted to the Shenzhen Court of International Arbitration for arbitration in accordance with its then effective arbitration rules. The arbitration shall take place in Shenzhen.

10. ALTERATION OF THE RULES OF THIS SCHEME

10.1 This scheme may be altered in any respect by the Administrator provided that no such alteration shall operate to affect adversely the terms of any award granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the Selected Participants as would be required by the articles of association of Ten Pao Electronic (Huizhou) for the time being for a variation of the rights attached to the Award Shares and provided further that any alteration or amendment to this scheme involving the rights and obligations of the

general partner of the shareholding platform shall be subject to the prior written consent of the general partner of the shareholding platform (except as amended in compliance with applicable laws, rules or regulations such as the Listing Rules) and subject to paragraph 10.2 below.

10.2 If any alteration, amendment or waiver to this scheme is (i) of a material nature; (ii) in relation to the matters as set out in Rule 17.03 of the Listing Rules to the advantage of the Selected Participants or the eligible participants; or (iii) in relation to the authorisation of the Administrator to amend this scheme, approval from the Shareholders is required. The Administrator shall have the right to determine whether any proposed alteration, amendment or waiver is material and such determination shall be final and conclusive.

10.3 Subject to the terms of this scheme and Chapter 17 of the Listing Rules, any change to the terms of an award granted shall still be approved by the Directors, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be) if the grant of an award is initially approved by the Directors, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be), except where the alterations take effect automatically under the existing terms of this scheme.

10.4 Ten Pao Electronic (Huizhou) shall notify the general partner of the shareholding platform in writing as soon as practicable after the Administrator makes relevant amendments or alterations to this scheme.

10.5 The amended terms of this scheme or the award shall still comply with the relevant requirements of Chapter 17 of the Listing Rules.

10.6 The terms of the amended scheme shall comply with the applicable laws, rules and regulations, including but not limited to the Listing Rules.

11. TERMINATION

11.1 This scheme shall terminate on the earlier of:

- (i) the tenth anniversary of the Adoption Date; and
- (ii) the date of early termination as determined by a resolution of the shareholders of Ten Pao Electronic (Huizhou) in general meeting,

provided that such termination shall not affect any subsisting rights of any Selected Participant under this scheme.

11.2 For the avoidance of doubt, the suspension of the grant of any award shall not be construed as a decision to terminate the operation of this scheme.

12. CONDITIONS

12.1 This scheme is conditional upon:

- (A) the passing of a resolution by the Shareholders at a general meeting of the Company to approve the adoption of this scheme and to authorise the Administrator to grant awards under this scheme and to allot, issue, procure the transfer of and otherwise deal with the equity pursuant to any awards granted in accordance with the terms and conditions of this scheme; and
- (B) the Listing Committee of the Stock Exchange or the relevant stock exchange (if applicable) approves the terms and conditions of this scheme.

12.2 If the conditions referred to in paragraph 12.1 are not met on or before the date falling sixty (60) days after the date of the general meeting convened to approve this scheme, this scheme shall forthwith determine and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of this scheme.

12.3 The due approval of the Listing Committee of the Stock Exchange or the relevant stock exchange (as applicable) for the listing and permission referred to in paragraph 12.1(B) shall include any such listing and permission which is granted subject to the satisfaction of any conditions precedent or subsequent conditions.

12.4 A certificate issued by the Directors which certifies that the conditions specified in paragraph 12.1 have been met, and that the date on which such conditions are met, or at any particular date and Adoption Date on which such conditions have not been met, shall be the conclusive evidence of the matter.

13. GOVERNING LAW

13.1 This scheme shall operate in accordance with the articles of association of Ten Pao Electronic (Huizhou) and any applicable laws of the PRC where Ten Pao Electronic (Huizhou) is incorporated.

13.2 This scheme shall be governed by and construed in accordance with the laws of the PRC.



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 (the “**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 Monday, 8 April 2024 at 4:00 p.m. for the purposes of considering and, if thought fit, passing with or without amendments, the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. “That:

conditional upon the fulfilment of all conditions of the share award scheme (the “**Ten Pao Electronic (Huizhou) Share Award Scheme**”) of Ten Pao Electronic (Huizhou) Co., Ltd* (天寶電子(惠州)有限公司) (“**Ten Pao Electronic (Huizhou)**”), an indirect wholly-owned subsidiary of the Company, the rules of the Ten Pao Electronic (Huizhou) Share Award Scheme (the document marked “**A**” produced to the EGM and initialled by the chairman of the EGM for identification purposes), be and are hereby approved, and any director of the Company and the board of directors of Ten Pao Electronic (Huizhou) be and are hereby authorised to do all such acts and to execute all such documents as he/she may deem necessary or expedient for the purpose of giving full effect to the Ten Pao Electronic (Huizhou) Share Award Scheme.”

2. “That:

the grant of 8,700,000 registered capital of Ten Pao Electronic (Huizhou) to Ms. Yang Bingbing under the Ten Pao Electronic (Huizhou) Share Award Scheme be and is hereby approved, confirmed and ratified and any director of the Company and the board of directors of Ten Pao Electronic (Huizhou) be and are hereby authorised to do all such acts which he/she may consider necessary, desirable or expedient for the purpose of giving effect to the grant of 8,700,000 registered capital of Ten Pao Electronic (Huizhou) to Ms. Yang Bingbing.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

3. “That:

the grant of 2,000,000 registered capital of Ten Pao Electronic (Huizhou) to Mr. Hong Guangdai under the Ten Pao Electronic (Huizhou) Share Award Scheme be and is hereby approved, confirmed and ratified and any director of the Company and the board of directors of Ten Pao Electronic (Huizhou) be and are hereby authorised to do all such acts which he/she may consider necessary, desirable or expedient for the purpose of giving effect to the grant of 2,000,000 registered capital of Ten Pao Electronic (Huizhou) to Mr. Hong Guangdai.”

By order of the Board
Ten Pao Group Holdings Limited
Hung Kwong Yee
Chairman & Chief Executive Officer

* *For identification purposes only*

Hong Kong, 15 March 2024

Notes:

1. In accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, all resolutions will be voted by poll at the EGM. The results of the poll will be published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.tenpao.com).
2. Any shareholder of the Company 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.
3. 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 17/F, Far East Finance Centre, 16 Harcourt Road, 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 4:00 p.m. on Saturday, 6 April 2024) or any adjournment thereof. Delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the EGM and, in such event, the form of proxy delivered shall be deemed to be revoked.
4. To ascertain shareholders' eligibility to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 2 April 2024 to Monday, 8 April 2024, 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 3 above for registration no later than 4:30 p.m. on Thursday, 28 March 2024.
5. References to time and dates in this notice are to Hong Kong time and dates.