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

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

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**TEN PAO GROUP HOLDINGS LIMITED****天寶集團控股有限公司***(Incorporated in the Cayman Islands with limited liability)***(Stock Code: 1979)****REVISION OF ANNUAL CAPS OF
CONTINUING CONNECTED TRANSACTION****Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**

A letter from the Independent Board Committee is set out on pages 13 to 14 of this circular.

A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 15 to 31 of this circular.

A notice convening the EGM to be held at Room 615, 6th Floor, Kwong Sang Hong Centre, 151-153 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong on Friday, 23 August 2024 at 3:00 p.m. is set out on pages 37 to 38 of this circular. Whether or not you are able to attend and/or vote at the EGM in person, you are requested to complete and sign the 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 3:00 p.m. on Wednesday, 21 August 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.

2 August 2024

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	4
Letter from the Independent Board Committee	13
Letter from the Independent Financial Adviser	15
Appendix — General Information	32
Notice of EGM	37

DEFINITIONS

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

“2021 Golden Ocean Copper Framework Purchase Agreement”	the framework purchase agreement dated 31 December 2020 entered into between the Company and Golden Ocean Copper pursuant to which Golden Ocean Copper agreed to supply the Materials to the Group, with the term expiring on 31 December 2023
“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
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Chairman Hung”	Mr. Hung Kwong Yee (洪光椅), the chairman of the Board, an executive Director, the chief executive officer and a Controlling Shareholder
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Company”	Ten Pao Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the main board of the Stock Exchange (stock code: 1979)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“continuing connected transaction”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened at Room 615, 6th Floor, Kwong Sang Hong Centre, 151–153 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong on Friday, 23 August 2024 at 3:00 p.m. for the purpose of considering and, if thought fit, approving, among others, the Supplemental Agreement and the Revised Annual Caps

DEFINITIONS

“Golden Ocean Copper”	Golden Ocean Copper Manufacturer Co., Limited (鑫洋銅工業有限公司), a company incorporated under the laws of Hong Kong with limited liability on 11 May 2001 and 100% of its issued share capital is held by Year Industries
“Group”	the Company and its subsidiaries
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency in Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all of the independent non-executive Directors, which has been established for the purpose of advising the Independent Shareholders in respect of the Supplemental Agreement and the Revised Annual Caps
“Independent Financial Adviser”	Asian Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO
“Independent Shareholders”	the Shareholders who are not required under the Listing Rules to abstain from voting to approve the non-exempt continuing connected transaction relating to the Supplemental Agreement and the Revised Annual Caps
“Independent Third Party”	any entity or person who is not a connected person within the meaning ascribed hereto under the Listing Rules
“Latest Practicable Date”	26 July 2024, being the latest practicable date prior to printing of this circular for ascertaining certain information included in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Materials”	DC cables and copper wires
“Mrs. Hung”	Ms. Yeh Chin Lian (葉金蓮), the spouse of Chairman Hung
“Ms. Hung”	Ms. Hung Sui Lam (洪瑞琳), an executive Director, daughter of Chairman Hung and a director of Golden Ocean Copper
“PRC”	the People’s Republic of China

DEFINITIONS

“Revised Annual Caps”	the proposed increase of the annual caps under the 2024 Golden Ocean Copper Framework Purchase Agreement for the three years ending 31 December 2024, 2025 and 2026 to HK\$120,000,000, HK\$130,000,000 and HK\$140,000,000, respectively
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental agreement dated 11 July 2024 entered into between the Company and Golden Ocean Copper in relation to, among other things, the Revised Annual Caps
“Year Industries”	Year Industries Limited, a company incorporated under the laws of the British Virgin Islands with limited liability on 22 February 2001 and its entire issued share capital is held by Mrs. Hung
“%”	per cent.



TEN PAO GROUP HOLDINGS LIMITED

天寶集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1979)

Executive Directors:

Mr. Hung Kwong Yee

(Chairman and Chief Executive Officer)

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

Dr. Lui Sun Wing

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 PRC:

Dongjiang Industrial Estate

Shuikou Street, Huicheng District

Huizhou City 516005

Guangdong Province

PRC

2 August 2024

To the Shareholders

Dear Sir or Madam,

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

BACKGROUND

Reference is made to the announcement of the Company dated 11 July 2024 in relation to the Supplemental Agreement and the Revised Annual Caps.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) further details of the 2024 Golden Ocean Copper Framework Purchase Agreement (as amended by the Supplemental Agreement) and the transactions contemplated thereunder (including the Revised Annual Caps); (ii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders; (iii) recommendation from the Independent Board Committee to the Independent Shareholders; and (iv) a notice of the EGM.

REVISION OF THE ANNUAL CAPS UNDER THE 2024 GOLDEN OCEAN COPPER FRAMEWORK PURCHASE AGREEMENT

On 31 December 2023, the Company and Golden Ocean Copper entered into 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

In light of the surge in the Group's demand for the Materials to support the rapid growth of its business, on 11 July 2024, the Company and Golden Ocean Copper entered into the Supplemental Agreement to, among other things, revise the annual caps for the 2024 Golden Ocean Copper Framework Purchase Agreement to the Revised Annual Caps.

Based on the information available to the Board as at the Latest Practicable Date, the Board foresees that the existing annual caps for the three years ending 31 December 2024, 2025 and 2026 under the 2024 Golden Ocean Copper Framework Purchase Agreement may not be sufficient to meet the needs of the Group's business growth in the future. Therefore, the Board proposes to revise and increase the existing annual caps for the three years ending 31 December 2024, 2025 and 2026 of HK\$50,000,000, HK\$50,000,000 and HK\$50,000,000, respectively, to the Revised Annual Caps of HK\$120,000,000, HK\$130,000,000 and HK\$140,000,000, respectively. The Company confirms that the existing annual cap for the year ending 31 December 2024 of HK\$50,000,000 under the 2024 Golden Ocean Copper Framework Purchase Agreement (i) has not been exceeded as at the Latest Practicable Date; and (ii) will not be exceeded by the date of the EGM.

LETTER FROM THE BOARD

Save for the Revised Annual Caps, all other terms of the 2024 Golden Ocean Copper Framework Purchase Agreement will remain unchanged and in full force and effect.

Basis of the Revised Annual Caps

The Revised Annual Caps had been determined principally based on:

- (i) the historical transaction amount paid to Golden Ocean Copper under the 2021 Golden Ocean Copper Framework Purchase Agreement for the year ended 31 December 2023 in the amount of approximately HK\$80,551,000 as compared to the Group's revenue recorded for the year ended 31 December 2023 in the amount of approximately HK\$4.82 billion, and the historical transaction amount paid to Golden Ocean Copper under the 2024 Golden Ocean Copper Framework Purchase Agreement for the period from 1 January 2024 to 30 June 2024 in the amount of approximately HK\$46.2 million, which represents an increase of over 20% as compared to the same period in 2023. Despite a decrease in the Group's revenue from the year ended 31 December 2021 to 2023, the Company anticipates that there will be a growth in orders for the Group's products for the three years ending 31 December 2024, 2025 and 2026, as (i) the Group's revenue was affected by the COVID-19 pandemic and global economic downturn during 2021 to 2023, which is expected to gradually recover; and (ii) more orders were received from customers during the period from 1 January 2024 to 30 June 2024 as compared with the same period in 2023 as the customers improved their inventory levels due to economic recovery and expected sales improvement;
- (ii) the projected budget of costs for the three years ending 31 December 2024, 2025 and 2026 due to the surge in the demand of the Materials in light of the anticipated growth in the businesses of the Group, which is mainly attributable to:
 - (a) the growth in orders in the business segments of power supply units for consumer products and smart chargers and controllers for industrial power supply. The Group has production facilities in Dazhou, Sichuan which gives the Group great geographical and logistical advantages to receive and fulfil more orders from clients in the telecommunications sector, as Dazhou is in close proximity to the main production centers of a number of telecommunications equipment clients. Furthermore, the Group maintains a good cooperative relationship with its customers for the business segment of smart chargers and controllers for industrial power supply, which consist of international enterprises with solid fundamentals, high risk-bearing capabilities and well-established distribution channels. The Group's good relationship with its customers also contributed to the growth in this business segment. As a result, the total monetary amount of Materials used increased by approximately 57.0% for the six months ended 30 June 2024 as compared to the same period in 2023;

LETTER FROM THE BOARD

- (b) the enhanced production capacity of Group as a result of its active expansion of production network and automation of its production systems. During the year ended 31 December 2023, the Group strengthened strategic inventory deployment and logistics supply chain management, upgraded the configuration of intelligent manufacturing automation equipment and streamlined operational structures to achieve long-term cost reduction and efficiency improvement goals. In addition, during the year ended 31 December 2023, the first phase of the Huizhou Intelligent Manufacturing Industrial Park has been completed and production equipment has been gradually moved to the new site. It is expected that the relocation will be completed in an orderly manner from 2024 to early 2025. The Group has also continued to expand its overseas production capacity during 2023 by implementing its production plan for the Mexico factory, which will provide supportive auxiliary manufacturing supply to its overseas customers. With enhanced production capacity, as of 30 June 2024, the utilisation rate of the annual cap for the year ending 31 December 2024 has reached approximately 92.4% of the existing annual cap of HK\$50.0 million; and
- (c) the Group's continued investment in the new energy industry which has also driven the demand for core charging modules of charging piles, various energy storage products and automotive electronics, with an aim to generate stable and positive performance for the Group. For the year ended 31 December 2023, the revenue contribution from the new energy business continued to grow significantly, increasing by 20.4% year-on-year, accounting for 15.8% of its total revenue. The Company expects the new energy business to maintain similar growth rates for the three years ending 31 December 2024, 2025 and 2026 as the Group continues its rapid expansion under this business segment, which will result in an annual increase in demand for the Materials in the new energy business by over 10% during the same period. Under vigorous policy support and increasing public awareness of environmental protection, the new energy vehicle industry is becoming increasingly mature and the demand is growing. For instance, as stated in the 14th Five-Year Plan, the Central Government emphasised on the fundamental role of consumption in economic development and promotion of consumption activities as an important pillar of the national economy. In addition, the National Development and Reform Commission of the People's Republic of China published The Implementation Opinions of the National Development and Reform Commission and other Departments on Strengthening the Integration and Interaction of New Energy Vehicles and Power Grids (《國家發展改革委等部門有關加強新能源汽車與電網融合互動的實施意見》) in December 2023 and announced earlier that it is actively expanding the consumption of new energy vehicles, strengthening promotion activities to bring new energy vehicles to rural areas, and accelerating the construction of a high quality charging infrastructure system to continuously optimise and improve the coverage of its charging network, thus providing strong support for the development of the new energy vehicle industry. This

LETTER FROM THE BOARD

has also driven the demand for core charging modules of charging piles, various energy storage products and automotive electronics. The Group has also formulated three new energy product application areas centering on charging modules, energy storage and automotive electronics as the core product strategy, which will result in a more efficient business development roadmap;

- (iii) the Group's additional demand for the Materials due to the anticipated launch of its new industrial power supply products in the fourth quarter of 2024. Over 10 new models of power tools chargers are expected to be introduced for the three years ending 31 December 2024, 2025 and 2026 in response to customers' need. As industrial power supply products generally have higher power-generating performance than switching power supply units for consumer products, the increase in demand of such products is expected to increase the demand of the Materials for the three years ending 31 December 2024, 2025 and 2026; and
- (iv) the rise of the cost of Materials due to the continuous increase in the unit price of copper materials since January 2024, which has increased by approximately 19% up to May 2024, and the use of copper materials or components in all the Group's products.

Basis of transactions under the 2024 Golden Ocean Copper Framework Purchase Agreement

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.

Condition

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

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2024 GOLDEN OCEAN COPPER FRAMEWORK PURCHASE AGREEMENT AND THE REVISED ANNUAL CAPS

The reasons for and benefits of entering into the 2024 Golden Ocean Copper Framework Purchase Agreement have been set out in the announcement of the Company dated 31 December 2023. As disclosed in the said announcement, the Group is capable of carrying on its business independently of Golden Ocean Copper as it can easily procure the Materials supplied by Golden Ocean Copper from Independent Third Parties. The Group currently has independent access to suppliers and the Materials supplied by Golden Ocean Copper is generally and widely available in the market at comparable market prices and quality. The Directors believe that the purchases of the Materials from Golden Ocean Copper would benefit the Group for the following reasons:

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

Taking account of the anticipated growth in the Group's business and its business decision to produce high frequency transformers on its own going forward, the demand for the purchase of the Materials will surge alongside with the Group's business growth. As the anticipated total transaction amount between the Company and Golden Ocean Copper under the 2024 Golden Ocean Copper Framework Purchase Agreement is expected to increase, the Directors expect that the maximum transaction amount of the 2024 Golden Ocean Copper Framework Purchase Agreement will exceed the existing annual caps for the three years ending 31 December 2024, 2025 and 2026 and therefore propose to further revise the annual caps for the continuing connected transaction contemplated thereunder.

The Directors (including the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee on pages 13 to 14 of this circular) are of the view that the terms of the 2024 Golden Ocean Copper Framework Purchase Agreement (as amended by the Supplemental Agreement) and the Revised Annual Caps are fair and reasonable, the transactions contemplated thereunder are and will be entered into in the ordinary and usual course of business of the Group, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Since (i) Chairman Hung, an executive Director and a Controlling Shareholder, and (ii) Ms. Hung, an executive Director have material interests in the 2024 Golden Ocean Copper Framework Purchase Agreement, they have abstained from voting on the resolutions of the Board to approve the Supplemental Agreement and the Revised Annual Caps. Save for Chairman Hung and Ms. Hung, none of the other Directors has any material interest in the transaction contemplated under the Supplemental Agreement and none of the other Directors had abstained from voting on the resolutions approving the Supplemental Agreement and the Revised Annual Caps at the Board meeting.

INFORMATION ABOUT THE PARTIES

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

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

IMPLICATIONS OF THE LISTING RULES

100% of the issued share capital of Golden Ocean Copper is held by Year Industries. As the entire issued share capital of Year Industries is held by Mrs. Hung who is (i) the spouse of Chairman Hung, an executive Director and a Controlling Shareholder; and (ii) the mother of Ms. Hung, an executive Director, Golden Ocean Copper is an associate of Chairman Hung and Ms. Hung and a connected person of the Company and the transactions contemplated under the 2024 Golden Ocean Copper Framework Purchase Agreement constituted continuing connected transactions for the Company.

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

Given that one or more of the applicable percentage ratio(s) (as defined under Rule 14.07 of the Listing Rules) calculated with reference to the Revised Annual Caps exceeds 5%, the transactions contemplated under the 2024 Golden Ocean Copper Framework Purchase Agreement (as amended by the Supplemental Agreement) and the Revised Annual Caps constitute non-exempt continuing connected transaction of the Company and are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Chairman Hung and his associates are required to abstain from voting at the EGM in respect of the resolutions on the Supplemental Agreement and the transactions contemplated thereunder (including the Revised Annual Caps) as a result of having material interest therein. As at the Latest Practicable Date, Chairman Hung, together with his respective associates, were interested in a total of 687,745,521 Shares, representing

LETTER FROM THE BOARD

approximately 66.75% of the total issued Shares. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, save as disclosed above, no other Shareholder is required to abstain from voting at the EGM.

If the Supplemental Agreement and the Revised Annual Caps are not approved by the Independent Shareholders at the EGM, the Supplemental Agreement shall automatically be terminated and of no further effect and the Revised Annual Caps will not apply. In such circumstances, the 2024 Golden Ocean Copper Framework Purchase Agreement and the original annual caps shall remain unaffected and shall continue to have full force and effect in accordance with the terms and conditions of the 2024 Golden Ocean Copper Framework Purchase Agreement.

INTERNAL CONTROL MEASURES

The Directors will keep aware of the price of the Materials and ensure that the measures contained in the basis of transactions are properly implemented during the course of purchase transactions.

In particular, in relation to the pricing of the purchase of Materials, the following internal control measures have been taken by the Group:

- (i) a dedicated team (led by the Group's Chief Financial Officer) is responsible to oversee the monitoring, collection and evaluation of the quotations obtained in the procurement of the Materials, and to ensure purchase prices of the Materials from Golden Ocean Copper are on normal commercial terms or better and on terms no less favourable than those terms offered to the Group by, or offered by the Group to, Independent Third Parties for similar products; and
- (ii) 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 (as amended by the Supplemental Agreement) pursuant to Rules 14A.55 to 14A.59 of the Listing Rules.

EGM

There is set out on pages 37 to 38 of this circular a notice convening the EGM to be held at Room 615, 6th Floor, Kwong Sang Hong Centre, 151-153 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong on Friday, 23 August 2024 at 3:00 p.m. at which an ordinary resolution will be proposed for the approval of the Supplemental Agreement and the Revised Annual Caps by the Independent Shareholders.

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,

LETTER FROM THE BOARD

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 3:00 p.m. on Wednesday, 21 August 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.

To ascertain Shareholders' eligibility to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 20 August 2024 to Friday, 23 August 2024 (both days inclusive), during which period no share transfer will be effected. In order to be eligible to attend and vote at the meeting, all completed transfer documents accompanied by the relevant share certificate(s) must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 19 August 2024.

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

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

RECOMMENDATION

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

ADDITIONAL INFORMATION

Your attention is drawn to the letters from the Independent Board Committee and from the Independent Financial Adviser which are respectively set out on pages 13 to 14 and pages 15 to 31 of this circular. Additional information is also set out in the Appendix to this circular for your information.

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



TEN PAO GROUP HOLDINGS LIMITED

天寶集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1979)

2 August 2024

To the Independent Shareholders

Dear Sir or Madam,

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

We refer to the circular dated 2 August 2024 issued by the Company (the “**Circular**”) of which this letter forms part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

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

RECOMMENDATION

We wish to draw your attention to the letter from the Board, as set out on pages 4 to 12 of the Circular, and the letter from the Independent Financial Adviser which contains its advice to the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Agreement and the Revised Annual Caps as set out on pages 15 to 31 of the Circular.

After taking into consideration the advice from the Independent Financial Adviser, we concur with the views of the Independent Financial Adviser and consider that the terms of the transactions contemplated under the Supplemental Agreement (including the Revised

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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



ASIAN CAPITAL LIMITED
Suite 1405-09
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

2 August 2024

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

Dear Sirs,

REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTION

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the continuing connected transaction contemplated under the Supplemental Agreement (including the Revised Annual Caps). Details of the 2024 Golden Ocean Copper Framework Purchase Agreement (as amended by the Supplemental Agreement) and the transactions contemplated thereunder (including the Revised Annual Caps) are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular of the Company dated 2 August 2024 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

On 31 December 2023, the Company and Golden Ocean Copper entered into the 2024 Golden Ocean Copper Framework Purchase Agreement, pursuant to which Golden Ocean Copper agreed to supply the Materials to the Group, with the term expiring on 31 December 2026.

As set out in the Letter from the Board, in light of the surge in the Group’s demand for the Materials to support the rapid growth of its business, on 11 July 2024, the Company and Golden Ocean Copper entered into the Supplemental Agreement to, among other things, revise the annual caps for the 2024 Golden Ocean Copper Framework Purchase Agreement to the Revised Annual Caps (i.e. revising the existing annual caps for the three years ending 31 December 2024, 2025 and 2026 from HK\$50.0 million each year to HK\$120.0 million,

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

HK\$130.0 million and HK\$140.0 million respectively). Save for the Revised Annual Caps, all other terms of the 2024 Golden Ocean Copper Framework Purchase Agreement remain unchanged and in full force and effect.

As set out in the Letter from the Board, 100% of the issued share capital of Golden Ocean Copper is held by Year Industries. As the entire issued share capital of Year Industries is held by Mrs. Hung, who is (i) the spouse of Chairman Hung, an executive Director and a Controlling Shareholder; and (ii) the mother of Ms. Hung, an executive Director, Golden Ocean Copper is an associate of Chairman Hung and Ms. Hung and a connected person of the Company and the transactions contemplated under the 2024 Golden Ocean Copper Framework Purchase Agreement constituted continuing connected transactions for the Company.

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

Given that one or more of the applicable percentage ratio(s) (as defined under Rule 14.07 of the Listing Rules) calculated with reference to the Revised Annual Caps exceeds 5%, the transactions contemplated under the 2024 Golden Ocean Copper Framework Purchase Agreement (as amended by the Supplemental Agreement) and the Revised Annual Caps constitute non-exempt continuing connected transaction of the Company and are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Chairman Hung and his associates are required to abstain from voting at the EGM in respect of the resolution on the Supplemental Agreement and the transactions contemplated thereunder (including the Revised Annual Caps) as a result of having material interest therein. As at the Latest Practicable Date, Chairman Hung, together with his respective associates, were interested in a total of 687,745,521 Shares, representing approximately 66.75% of the total issued Shares. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, save as disclosed above, no other Shareholder is required to abstain from voting at the EGM.

The Independent Board Committee, comprising Mr. Lam Cheung Chuen, Mr. Chu Yat Pang Terry, Mr. Lee Kwan Hung Eddie and Dr. Lui Sun Wing, all being independent non-executive Directors and having no material interest in the transactions contemplated under the 2024 Golden Ocean Copper Framework Purchase Agreement (as amended by the Supplemental Agreement), has been established to give advice and recommendation to the Independent Shareholders as to (i) whether the terms of the Supplemental Agreement (including the Revised Annual Caps) and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether they are on normal commercial terms or better and are in the ordinary and usual course of business of the Group; (iii) whether they are in the interests of the Company and the Shareholders as

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

a whole; and (iv) how the Independent Shareholders should vote in respect of the relevant resolution to be proposed at the EGM to approve the Supplemental Agreement (including the Revised Annual Caps) and the transactions contemplated thereunder.

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

OUR INDEPENDENCE

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

BASIS OF OUR OPINION

In formulating our opinion and recommendations to the Independent Board Committee and the Independent Shareholders, we have considered, among other things, (i) the 2024 Golden Ocean Copper Framework Purchase Agreement and the Supplemental Agreement; (ii) the annual report of the Company (the “**2022 Annual Report**”) for the year ended 31 December 2022 (“**FY2022**”) and the annual report of the Company (the “**2023 Annual Report**”) for the year ended 31 December 2023 (“**FY2023**”); (iii) other information as set out in the Circular; and (iv) relevant market data and information available from public sources.

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

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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

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

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

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

1. Background information of the parties

The Group

The Group is principally engaged in the manufacturing and sale of (i) switching power supply units for consumer products (the “**Consumer Products Segment**”) and (ii) smart chargers and controllers for industrial use (the “**Industrial Segment**”), both of which require the Materials for their manufacturing. Set out below is a summary of key financial information of the Group for the year ended 31 December 2021 (“**FY2021**”), FY2022 and FY2023 as extracted from the 2022 Annual Report and the 2023 Annual Report.

	FY2021	FY2022	FY2023
	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	6,362,670	5,481,355	4,823,452
— <i>Consumer Products Segment</i>	3,881,551	3,152,955	3,155,623
o <i>Telecommunication</i>	2,463,591	1,578,658	1,545,000
o <i>Media and entertainment</i>	439,298	413,495	362,038
o <i>Lighting</i>	534,552	347,248	316,111
o <i>New energy business</i>	—	633,929	763,525
o <i>Others</i>	444,110 ^{Note 1}	179,625	168,949
— <i>Industrial Segment</i>	2,481,119	2,328,400	1,667,829
o <i>Smart chargers and controllers</i>	2,481,119	2,328,400	1,667,829
Gross Profit	1,060,320	915,781	907,200
Profit for the year	388,515	296,531	328,202

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	FY2021 <i>(Audited)</i> HK\$'000	FY2022 <i>(Audited)</i> HK\$'000	FY2023 <i>(Audited)</i> HK\$'000
Total assets	4,165,694	3,890,424	4,319,552
Total liabilities	2,857,179	2,477,312	2,668,298
Net assets attributable to owners of the Company	1,295,629	1,413,771	1,655,075

Note:

1. Revenue generated from “new energy business” segment was included in the “others” segment for FY2021.

For FY2022, the Group recorded revenue of HK\$5,481.4 million, representing a decrease of 13.9% or HK\$881.3 million when compared with that for FY2021. Based on the 2022 Annual Report, the decrease in the Group’s revenue was mainly attributable to the decrease in the volume of products sold as a result of the decrease in the demand from the customers, in particular, the demand from telecommunication segment and lighting equipment segment recorded a drop of 35.9% and 35.0% during FY2022, respectively.

For FY2023, the Group recorded a revenue of HK\$4,823.5 million, representing a decrease of 12.0% or HK\$657.9 million when compared to that for FY2022. Based on the 2023 Annual Report, the decrease was mainly attributable to the decrease in the volume of products sold as a result of the decrease in the demand from customers, in particular, the demand from Industrial Segment recorded a drop of 28.4% during FY2023.

Although the Group recorded a slight decrease of 0.9% in gross profit from HK\$915.8 million in FY2022 to HK\$907.2 million in FY2023, there was an increase in gross profit margin from approximately 16.7% for FY2022 to 18.8% for FY2023 due to, among others, the achievement of long-term cost reduction and efficiency improvement, including the rise in the level of automation, streamlining the operational structures and strengthening of the supply chain management.

We note that the development of the Group’s new energy business segment has been promising and received good responses from customers, which partially offset the drop in the revenue for FY2023. In particular, with the continuous growth and expansion of such business segment, the Group expanded its new energy business into an independent segment in FY2023 and recorded revenue of HK\$763.5 million, representing an increase of 20.4% as compared to that for FY2022. Under vigorous policy support and increasing public awareness of environmental protection, the new energy vehicle industry is becoming increasingly mature and the demand is growing. This has also driven the demand for core charging modules of charging piles, various energy storage products and automotive electronics. The Group has also formulated three new energy product application areas centering on charging modules, energy

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

storage and automotive electronics as the core product strategy, which will result in a more efficient business development roadmap. In view of such, we concurred with the Company's assessment that the demand for the Materials is in an increasing trend which is justifiable and underpins the Revised Annual Caps.

Golden Ocean Copper

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

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

2. The 2024 Golden Ocean Copper Framework Purchase Agreement (as amended by the Supplemental Agreement)

Principal terms of the 2024 Golden Ocean Copper Framework Purchase Agreement

The principal terms of the 2024 Golden Ocean Copper Framework Purchase Agreement are as follows:

Date:	31 December 2023
Parties:	(i) The Company; and (ii) Golden Ocean Copper
Subject:	Pursuant to the 2024 Golden Ocean Copper Framework Purchase Agreement, Golden Ocean Copper agreed to provide the Materials to the Group from time to time upon request.
Terms:	From 1 January 2024 to 31 December 2026 (both days inclusive).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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.

As advised by the Management, the cooperation between the Company and Golden Ocean Copper shall be on a non-exclusive basis. The Company may choose to purchase the Materials from Golden Ocean Copper and/or any other suppliers at its sole discretion.

Further, in respect of the purchases made under the 2024 Golden Ocean Copper Framework Purchase Agreement during the first half of 2024, we obtained and reviewed sample transaction documents on random basis, which include purchase orders, invoices and delivery notes to understand the purchase process. We have (i) obtained and reviewed all six (6) monthly invoices the Group received from Golden Ocean Copper during the first half of 2024; (ii) obtained and reviewed a summary of all purchase orders relating to procurement of the Materials from Golden Ocean Copper during the first half of 2024, which in aggregate summed up to the actual transaction amount of approx. HK\$46 million for the six months ended 30 June 2024 under the 2024 Golden Ocean Copper Framework Purchase Agreement; (iii) selected two monthly invoices per quarter on random basis (i.e. four out of six invoices received) and extracted the information relating to the Materials purchased therein and traced back to the relevant purchases made as contained in the summary mentioned in (ii) above; and (iv) compared the unit price of the Materials procured from Golden Ocean Copper against the quotations (8 quotations in total) obtained from Independent Third Parties. We noted that the unit purchase prices of the Materials procured from Golden Ocean Copper to the Group at similar timing from the samples reviewed are no less favourable to the same or comparable products procured from the Group's other suppliers who are Independent Third Parties in accordance with the Group's pricing policy.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Given (i) the samples have been selected on random basis; (ii) the sample size of invoices selected covers over 50% of the total monthly invoices received; and (iii) the unit purchase prices of the Materials under the relevant purchase orders are in line with our understanding of the Group's pricing policy and internal control measures and no discrepancies have been identified, we are of the view the sample size is representative, adequate and sufficient for the purpose of our assessment herein.

Based on the above, we are of the view that the aforementioned sample documents which we have obtained on random sampling basis from the period under review, and reviewed are fair and representative samples. Accordingly, we are of the view that the Company has properly implemented the pricing policy under the 2024 Golden Ocean Copper Framework Purchase Agreement. Further, as purchases under the 2024 Golden Ocean Copper Framework Purchase Agreement were only made at a unit purchase price no less favourable to that quoted by the Group's other Independent Third Parties, we are of the view that the terms of the 2024 Golden Ocean Copper Framework Purchase Agreement are normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Supplemental Agreement and the Revised Annual Caps

Pursuant to the Supplemental Agreement, the existing annual caps for the three years ending 31 December 2024 ("FY2024"), 2025 ("FY2025") and 2026 ("FY2026") under the 2024 Golden Ocean Copper Framework Purchase Agreement shall be revised and increased from HK\$50.0 million, HK\$50.0 million and HK\$50.0 million, respectively, to the Revised Annual Caps of HK\$120.0 million, HK\$130.0 million and HK\$140.0 million, respectively. Save for the Revised Annual Caps, all other terms of the 2024 Golden Ocean Copper Framework Purchase Agreement will remain unchanged and in full force and effect.

As stated in the Letter from the Board, the Revised Annual Caps for the three years ending 31 December 2024, 2025 and 2026 are determined mainly with reference to:

- (i) the historical transaction amount paid to Golden Ocean Copper under the 2021 Golden Ocean Copper Framework Purchase Agreement for the year ended 31 December 2023 in the amount of approximately HK\$80.6 million as compared to the Group's revenue recorded for the year ended 31 December 2023 in the amount of approximately HK\$4.82 billion, and the historical transaction amount paid to Golden Ocean Copper under the 2024 Golden Ocean Copper Framework Purchase Agreement for the period from 1 January 2024 to 30 June 2024 in the amount of approximately HK\$46.2 million, which represents an increase of over 20% as compared to the same period in 2023. Despite a decrease in the Group's revenue from the year ended 31 December 2021 to 2023, the Company anticipates that there will be a growth in orders for the Group's products for the three years ending 31 December 2024, 2025 and 2026, as (i) the Group's revenue was affected by the COVID-19 pandemic and global economic downturn during 2021 to

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2023, which is expected to gradually recover; and (ii) more orders were received from customers during the period from 1 January 2024 to 30 June 2024 as compared with the same period in 2023 as the customers improved their inventory levels due to economic recovery and expected sales improvement;

- (ii) the projected budget of costs for the three years ending 31 December 2024, 2025 and 2026 due to the surge in the demand of the Materials in light of the anticipated growth in the businesses of the Group, which is mainly attributable to:
 - (a) the growth in orders in the business segments of power supply units for consumer products and smart chargers and controllers for industrial power supply. The Group has production facilities in Dazhou, Sichuan which gives the Group great geographical and logistical advantages to receive and fulfil more orders from clients in the telecommunications sector, as Dazhou is in close proximity to the main production centers of a number of telecommunications equipment clients. Furthermore, the Group maintains a good cooperative relationship with its customers for the business segment of smart chargers and controllers for industrial power supply, which consist of international enterprises with solid fundamentals, high risk-bearing capabilities and well-established distribution channels. The Group's good relationship with its customers also contributed to the growth in this business segment. As a result, the total monetary amount of Materials used increased by approximately 57.0% for the six months ended 30 June 2024 as compared to the same period in 2023;
 - (b) the enhanced production capacity of Group as a result of its active expansion of production network and automation of its production systems. During the year ended 31 December 2023, the Group strengthened strategic inventory deployment and logistics supply chain management, upgraded the configuration of intelligent manufacturing automation equipment and streamlined operational structures to achieve long-term cost reduction and efficiency improvement goals. In addition, during the year ended 31 December 2023, the first phase of the Huizhou Intelligent Manufacturing Industrial Park has been completed and production equipment has been gradually moved to the new site. It is expected that the relocation will be completed in an orderly manner from 2024 to early 2025. The Group has also continued to expand its overseas production capacity during 2023 by implementing its production plan for the Mexico factory, which will provide supportive auxiliary manufacturing supply to its overseas customers. With enhanced production capacity, as of 30 June 2024, the utilisation rate of the annual cap for the year ending 31 December 2024 has reached approximately 92.4% of the existing annual cap of HK\$50.0 million; and

- (c) the Group's continued investment in the new energy industry which has also driven the demand for core charging modules of charging piles, various energy storage products and automotive electronics, with an aim to generate stable and positive performance for the Group. For the year ended 31 December 2023, the revenue contribution from the new energy business continued to grow significantly, increasing by 20.4% year-on-year, accounting for 15.8% of its total revenue. The Company expects the new energy business to maintain similar growth rates for the three years ending 31 December 2024, 2025 and 2026 as the Group continues its rapid expansion under this business segment, which will result in an annual increase in demand for the Materials in the new energy business by over 10% during the same period. Under vigorous policy support and increasing public awareness of environmental protection, the new energy vehicle industry is becoming increasingly mature and the demand is growing. For instance, as stated in the 14th Five-Year Plan, the Central Government emphasised on the fundamental role of consumption in economic development and promotion of consumption activities as an important pillar of the national economy. In addition, the National Development and Reform Commission of the People's Republic of China published The Implementation Opinions of the National Development and Reform Commission and other Departments on Strengthening the Integration and Interaction of New Energy Vehicles and Power Grids (《國家發展改革委等部門有關加強新能源汽車與電網融合互動的實施意見》) in December 2023 and announced earlier that it is actively expanding the consumption of new energy vehicles, strengthening promotion activities to bring new energy vehicles to rural areas, and accelerating the construction of a high quality charging infrastructure system to continuously optimise and improve the coverage of its charging network, thus providing strong support for the development of the new energy vehicle industry. This has also driven the demand for core charging modules of charging piles, various energy storage products and automotive electronics. The Group has also formulated three new energy product application areas centering on charging modules, energy storage and automotive electronics as the core product strategy, which will result in a more efficient business development roadmap;

- (iii) the Group's additional demand for the Materials due to the anticipated launch of its new industrial power supply products in the fourth quarter of 2024. Over 10 new models of power tools chargers are expected to be introduced for the three years ending 31 December 2024, 2025 and 2026 in response to customers' need. As industrial power supply products generally have higher power-generating performance than switching power supply units for consumer products, the increase in demand of such products is expected to increase the demand of the Materials for the three years ending 31 December 2024, 2025 and 2026; and
- (iv) the rise of the cost of Materials due to the continuous increase in the unit price of copper materials since January 2024, which has increased by approximately 19% up to May 2024, and the use of copper materials or components in all the Group's products.

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

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

As disclosed in the Letter from the Board, taking account of the anticipated growth in the Group's business going forward, the demand for the purchase of the Materials will surge alongside with the Group's business growth. As the anticipated total transaction amount between the Company and Golden Ocean Copper under the 2024 Golden Ocean Copper Framework Purchase Agreement is expected to increase, the Directors expect that the maximum transaction amount of the 2024 Golden Ocean Copper Framework Purchase Agreement will exceed the existing annual caps for the three years ending 31 December 2024, 2025 and 2026 and therefore propose to further revise the annual caps for the continuing connected transaction contemplated thereunder.

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

As set out in the Letter from the Board, additional demand is required for the Materials due to the anticipated launch of its new industrial power supply products in the fourth quarter of 2024. The orders in the business segments of power supply units for consumer products and smart chargers and controllers for industrial power supply are expected to increase for the three years ending 31 December 2024, 2025 and 2026. As advised by the Management, the total monetary amount of Materials used increased by approximately 57.0% for the six months ended 30 June 2024 as compared to same period in 2023. Besides, the development of the Group's new energy business has been promising. With the continuous growth and expansion of the business, the Group has expanded its new energy business into an independent segment during FY2023.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

According to the Mordor Intelligence, an independent market advisory firm, the power supply devices market size is estimated at 33.65 billion US dollars (“USD”) in 2024, and is expected to reach USD46.26 billion by 2029, growing at a compound annual growth rate (CAGR) of 6.57% during the forecast period (2024–2029).

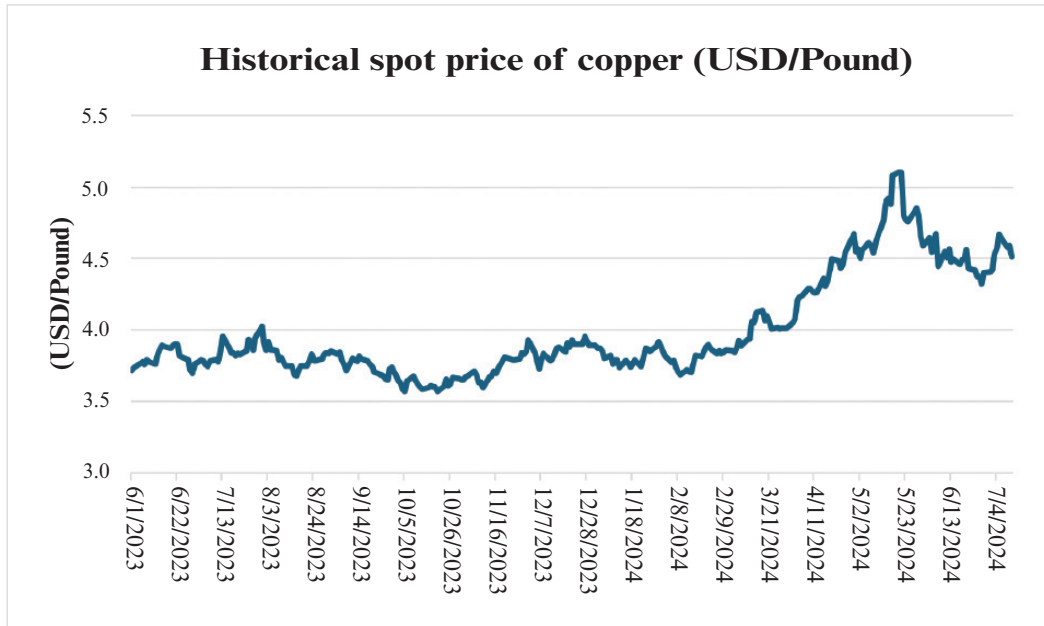
Further, having also considered the continued economic recovery in the PRC and the Central Government’s emphasis as stated in the 14th Five-Year Plan, on the fundamental role of consumption in economic development and promotion of consumption activities as an important pillar of the national economy, domestic market demand for consumer electronics is expected to remain high. In addition, the National Development and Reform Commission of the People’s Republic of China published “The Implementation Opinions of the National Development and Reform Commission and other Departments on Strengthening the Integration and Interaction of New Energy Vehicles and Power Grids” (《國家發展改革委等部門有關加強新能源汽車與電網融合互動的實施意見》) in December 2023 and announced earlier that it is actively expanding the consumption of new energy vehicles, strengthening promotion activities to bring new energy vehicles to rural areas, and accelerating the construction of a high quality charging infrastructure system to continuously optimise and improve the coverage of its charging network, thus providing strong support for the development of the new energy vehicle industry.

Taking into account (i) the anticipated growth in the Group’s business, in particular, the growth in the orders in the business segments of power supply units for consumer products and smart chargers and controllers for industrial power supply after FY2023; (ii) the newly developed products have an additional demand for the Materials; (iii) the growth in market size of power supply industry; and (iv) the economic recovery and the development plan in the PRC, we concur with the Directors’ view that the demand for the purchase of the Materials is expected to surge.

Price of the Materials

In order to assess the fairness of the above basis, we have conducted desktop research and reviewed certain public information in relation to the general price of copper, being the key material of which the Materials are made of.

According to public information from Macrotrends, a research platform that enables users to screen and research stocks, commodities, precious metals, oil, gas and global metrics, the price of copper has reached two year historical high with average price of USD4.2 per pound during six months ended 30 June 2024 peaking at USD5.1 per pound, with an increase of over 13% since the end of FY2023.



(source: www.macrotrends.net)

Reliability and quality

As disclosed in the Company’s announcement dated 31 December 2023, the Group is capable of carrying on its business independently of Golden Ocean Copper as it can easily procure the Materials supplied by Golden Ocean Copper from Independent Third Parties. The Group currently has independent access to suppliers and the Materials supplied by Golden Ocean Copper is generally and widely available in the market at comparable market prices and quality. The Directors believe that the purchases of the Materials from Golden Ocean Copper under the terms of the Supplemental Agreement would benefit the Group for the following reasons:

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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

Based on our review of sample transaction documents (details of which are set out in section headed “Principal factors and reasons considered — 2. The 2024 Golden Ocean Copper Framework Purchase Agreement (as amended by the Supplemental Agreement) — Principal terms of the 2024 Golden Ocean Copper Framework Purchase Agreement” above), we note that Golden Ocean Copper was able to provide the Materials as and when the Group required under the delivery terms the Group required.

The Revised Annual Caps

In order to assess the reasonableness of the Revised Annual Caps, we reviewed the historical/existing annual caps from (i) the 2021 Golden Ocean Copper Framework Purchase Agreement; (ii) the supplemental agreement dated 6 May 2022 entered into between the Company and Golden Ocean Copper in relation to the proposed increase of the annual caps under the 2021 Golden Ocean Copper Framework Purchase Agreement for the two years ending 31 December 2022 and 2023 to HK\$200.0 million and HK\$230.0 million, respectively; and (iii) the 2024 Golden Ocean Copper Framework Purchase Agreement, and the utilisation rate of the annual caps in 2021, 2022, 2023 and for the six months ended 30 June 2024 as set out below:

	For the year ended 31 December			FY2024
	2021	2022	2023	
	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Historical/existing annual caps	95,000	200,000	230,000	50,000
Actual transaction amounts	92,170	109,114	80,551	46,191
				(for the six months ended 30 June 2024)
Utilisation rate	97.0%	54.6%	35.0%	92.4%

In assessing whether the Revised Annual Caps are fair and reasonable, we have considered, among other things, (i) the expected demand of the Materials for the three years ending 31 December 2024, 2025 and 2026, details of which are set out in the section headed “Expected demand for the Group’s products and projected demand of Materials provided by Golden Ocean Copper” above; (ii) the cost of copper materials, especially the unit price of copper increased by approximately 13% since the end of FY2023; (iii) the historical actual transaction amounts for purchasing the Materials for the three years ended 31 December 2023, with maximum annual purchase amount reaching approximately HK\$110 million (in FY2022), hence the Revised Annual Caps

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

with a range of HK\$120.0 million to 140.0 million (taking into accounts of the increase in projected demand for the Materials as discussed in earlier section) are justifiable; (iv) the actual transaction amounts in the first half of 2024 of approximately HK\$46.2 million, representing an increase of 26.2% when compared to the same period in 2023, which is in line with the expectation that the demand for the Materials are increasing; (v) the project budget of costs for the three years ending 31 December 2024, 2025 and 2026 provided by the Management and the projected amounts of the Materials to be purchased are in line with the Revised Annual Caps; and (vi) the utilisation rate in the first half of 2024 has reached 92.4% of the existing annual caps of HK\$50.0 million for FY2024. Given the foregoing, we are of the view that the Revised Annual Caps are justifiable and are fair and reasonable.

Taking into account that (i) the Group has maintained relationship with Golden Ocean Copper before its listing in December 2015; (ii) the Supplemental Agreement does not restrict the Group to have limited selection of Materials suppliers; (iii) the selection of suppliers is based on the pricing policy of pursuant to the 2024 Golden Ocean Copper Framework Purchase Agreement and the prevailing market price of Materials; (iv) the actual transaction amount under the 2024 Golden Ocean Copper Framework Purchase Agreement is about to exceed the existing annual caps for FY2024; (v) the rise of the cost of Materials due to the continuous increase in the unit price of copper materials; and (vi) all other terms of the 2024 Golden Ocean Copper Framework Purchase Agreement shall remain unchanged, we concur with the Directors' view (other than the independent non-executive Directors who will express their opinion in a separate letter to be included in the Circular to the Shareholders based on the recommendations from the Independent Financial Adviser) that the Supplemental Agreement and the transactions contemplated thereunder (including the Revised Annual Caps) are fair and reasonable, in the ordinary and usual course of business of the Group and is in the interest of the Company and the Shareholders as a whole.

4. Internal control measures

Based on our enquiries with the Management, we are given to understand that the Company has adopted a set of internal control measures to ensure that the continuing connected transactions are carried out in accordance with the pricing policy and the terms of the 2024 Golden Ocean Copper Framework Purchase Agreement (as amended by the Supplemental Agreement). These internal control policies are implemented and monitored by the Company's independent non-executive Directors and external auditors:

- (i) the Group monitors the transaction amount incurred for the transactions contemplated under the 2024 Golden Ocean Copper Framework Purchase Agreement (as amended by the Supplemental Agreement) on a monthly basis to ensure that the Revised Annual Caps thereunder will not be exceeded;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (ii) a dedicated team (led by the Group's Chief Financial Officer) is responsible to oversee the monitoring, collection and evaluation of the quotations obtained in the procurement of the Materials, and to ensure purchase prices of the Materials from Golden Ocean Copper are on normal commercial terms or better and on terms no less favourable than those terms offered to the Group by, or offered by the Group to, Independent Third Parties for similar products, as discussed in details under section 2 above;
- (iii) a dedicated team (led by the Group's Chief Financial Officer) is responsible to conduct semi-annual monitoring of connected transactions (including continuing connected transactions), the results of which together with the external auditor's report are then submitted to the audit committee and independent non-executive Directors for review;
- (iv) the independent non-executive Directors have reviewed and will continue to review the continuing connected transactions and confirm in the annual report whether, these transactions are carried out (i) on normal or better commercial terms; and (ii) in accordance with the 2024 Golden Ocean Copper Framework Purchase Agreement (as amended by the Supplemental Agreement), and that the terms are fair and reasonable and are in the interests of the Company and its Shareholders as a whole; and
- (v) the Company's external auditors will also conduct annual reviews of the pricing principles, total amount of accumulated transactions and, if applicable, the Revised Annual Caps of the 2024 Golden Ocean Copper Framework Purchase Agreement (as amended by the Supplemental Agreement) and make corresponding confirmations in the Company's annual report.

The Directors consider that the aforementioned internal control measures can effectively ensure that the pricing and terms of the transactions contemplated under the 2024 Golden Ocean Copper Framework Purchase Agreement (as amended by the Supplemental Agreement) are, and will be, conducted on normal commercial terms and on terms no less favourable to the Group and in accordance with the pricing policy as stipulated under the 2024 Golden Ocean Copper Framework Purchase Agreement (as amended by the Supplemental Agreement).

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having considered the principal factors and reasons as discussed above, we are of the view that (i) the Supplemental Agreement has been entered into in the ordinary and usual course of business of the Group; and (ii) the terms of the Supplemental Agreement and the Revised Annual Caps are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Shareholders, and recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolution in this regard.

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

Mr. Louis HAU is a licensed person registered with Securities and Futures Commission of Hong Kong and a responsible officer of Asian Capital Limited, which is licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has 12 years of experience in corporate finance in Hong Kong.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

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

Long position in the Shares

Name of Director	Capacity	Note	Number of Shares interested as at the Latest Practicable Date	Approximate percentage of total number of issued shares of the Company as at the Latest Practicable Date
Chairman Hung	Beneficial owner		19,247,980	1.87%
	Interest of a controlled corporation	1	354,883,279	34.44%
	Founder of a discretionary trust	2	<u>313,614,262</u>	<u>30.44%</u>
		Total	<u>687,745,521</u>	<u>66.75%</u>
Lam Cheung Chuen	Interest of spouse		620,000	0.06%

Notes:

- These shares are held by Even Joy Holdings Limited, a company wholly owned by Chairman Hung. By virtue of the SFO, Chairman Hung is deemed to be interested in these shares held by Even Joy Holdings Limited.

2. These shares are held by TinYing Investments Limited, a company wholly owned by TinYing Holdings Limited, which is in turn wholly owned by Vistra Trust (BVI) Limited acting as the trustee of The TinYing Trust (the “**Family Trust**”). The Family Trust is a discretionary trust established by Chairman Hung as settlor. The beneficiaries of the Family Trust are Chairman Hung, certain of his family members and other persons who may be added or amended from time to time. By virtue of the SFO, Chairman Hung, TinYing Holdings Limited and Vistra Trust (BVI) Limited are deemed to be interested in these shares held by TinYing Investments Limited.

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

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

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

3. DIRECTORS' SERVICE CONTRACTS

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

4. DIRECTORS' INTEREST IN ASSETS

On 31 December 2023:

- (a) Sky Fortune Enterprises Limited (天祥企業有限公司), as lessor, and Ten Pao Precision Electronics Company Limited (天寶精密電子有限公司) (an indirect wholly-owned subsidiary of the Company), as lessee, entered into the 2024 Sky Fortune Tenancy Agreement (the “**2024 Sky Fortune Tenancy Agreement**”) for the lease of Room 610–11, 6/F, Kwong Sang Hong Centre, No. 151–153 Hoi Bun Road, Kwun Tong, Hong Kong for a term from 1 January 2024 to 31 December

2024 (both days inclusive) at a monthly rental of HK\$50,000. Sky Fortune Enterprises Limited (天祥企業有限公司) is held as to approximately 96.67% and 3.33% by Chairman Hung and Mrs. Hung, respectively;

- (b) Golden Lake (HK) Co., Limited (錦湖(香港)有限公司), as lessor, and Ten Pao International Limited (天寶國際興業有限公司) (an indirect wholly-owned subsidiary of the Company), as lessee, entered into the 2024 Golden Lake Tenancy Agreement (the “**2024 Golden Lake Tenancy Agreement**”) for the lease of Flat 15, 6/F, Kwong Sang Hong Centre, No. 151–153 Hoi Bun Road, Kwun Tong, Hong Kong for a term from 1 January 2024 to 31 December 2024 (both days inclusive) at a monthly rental of HK\$44,000. Golden Lake (HK) Co., Limited (錦湖(香港)有限公司) is held as to approximately 98.00% and 2.00% by Chairman Hung and Mrs. Hung, respectively;
- (c) Huizhou Golden Ocean Wire Co., Limited* (惠州市鑫洋線業有限公司) (“**Golden Ocean Wire**”) as lessor, and Huizhou Ten Pao Chuangneng Technology Co., Ltd.* (惠州市天寶創能科技有限公司) (an indirect wholly-owned subsidiary of the Company, “**Ten Pao Chuangneng**”), as lessee, entered into the 2024 Golden Ocean Wire Tenancy Agreement (the “**2024 Golden Ocean Wire Tenancy Agreement**”) for the lease of Yongguang Industrial Zone, Xikeng Village, Huihuang Street Office, Huizhou City, the PRC* (中國惠州市惠環街道辦事處西坑村永光工業區) for a term from 1 January 2024 to 31 December 2024 (both days inclusive) at a monthly rental of RMB289,000. 100% of the registered capital of Golden Ocean Wire is held by Golden Ocean Copper and 100% of the issued share capital of Golden Ocean Copper is held by Year Industries. The entire issued share capital of Year Industries is held by Mrs. Hung who is (i) the spouse of Chairman Hung, an executive Director and a Controlling Shareholder; and (ii) the mother of Ms. Hung, an executive Director;
- (d) Huizhou Tiannengyuan Charging Technology Co., Ltd.* (惠州天能源充電技術有限公司) (“**Tiannengyuan Charging**”) as lessor, and Ten Pao Chuangneng, as lessee, entered into the 2024 1st Tiannengyuan Charging Tenancy Agreement (the “**2024 1st Tiannengyuan Charging Tenancy Agreement**”) for the lease of factory and dormitory located at Mujintou Zone, Xinmindahuyuan Village, Shuikou Street Office, Huicheng District, Huizhou City, the PRC* (中國惠州市惠城區水口街道辦事處新民大湖園村木錦頭地段) for a term from 1 January 2024 to 31 December 2024 (both days inclusive) at a monthly rental of RMB473,000. 100% of the issued share capital of Tiannengyuan Charging is held by Ten Power Charging Technology Limited (天源充電技術有限公司) (“**Ten Power Charging**”) and 100% of the issued share capital of Ten Power Charging is held by Ease Bright Holdings Limited (怡明控股有限公司), which is a company wholly-owned by Chairman Hung; and

* For identification purposes only

- (e) Tiannengyuan Charging as lessor, and Ten Pao Chuangneng, as lessee, entered into the 2024 2nd Tiannengyuan Charging Tenancy Agreement (the “**2024 2nd Tiannengyuan Charging Tenancy Agreement**”) for the lease of Factory No. 1 and Factory No. 2 located at Mujintou Zone, Xinmindahuyuan Village, Shuikou Street Office, Huicheng District, Huizhou City, the PRC* (中國惠州市惠城區水口街道辦事處新民大湖園村木錦頭地段) for a term from 1 January 2024 to 31 December 2024 (both days inclusive) at a monthly rental of RMB145,000. The nature and extent of interest of Chairman Hung in Tiannengyuan Charging has been disclosed in sub-paragraph (d) above.

Save for (i) Chairman Hung’s interest in the 2024 Golden Lake Tenancy Agreement, the 2024 Sky Fortune Tenancy Agreement, the 2024 Golden Ocean Wire Tenancy Agreement, the 2024 1st Tiannengyuan Charging Tenancy Agreement and the 2024 2nd Tiannengyuan Charging Tenancy Agreement; and (ii) Ms. Hung’s interest in the 2024 Golden Ocean Wire Tenancy Agreement mentioned above, as at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to, or which were proposed to be acquired or disposed of by or leased to, any member of the Group since 31 December 2023, being the date up to which the latest published audited consolidated financial statements of the Group were made.

5. DIRECTORS’ INTERESTS IN CONTRACT OR ARRANGEMENT OF SIGNIFICANCE

Save for (i) Chairman Hung’s interest in the 2024 Golden Ocean Copper Framework Purchase Agreement, the 2024 Golden Lake Tenancy Agreement, the 2024 Sky Fortune Tenancy Agreement, the 2024 Golden Ocean Wire Tenancy Agreement, the 2024 1st Tiannengyuan Charging Tenancy Agreement and the 2024 2nd Tiannengyuan Charging Tenancy Agreement; and (ii) Ms. Hung’s interest in the 2024 Golden Ocean Wire Tenancy Agreement, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group taken as a whole.

6. DIRECTORS’ INTERESTS IN COMPETING BUSINESSES

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

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up.

* For identification purposes only

8. EXPERT

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

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

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

- (a) did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group;
- (b) did not have any direct or indirect interest in any assets which have been acquired or disposed of by or leased to, or which were proposed to be acquired or disposed of by or leased to, any member of the Group since 31 December 2023, the date up to which the latest published audited consolidated financial statements of the Group were made up; and
- (c) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of and references to its name and letter in the form and context in which they respectively appear.

The letter of advice given by the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders was made on 2 August 2024 for incorporation in this circular.

9. MISCELLANEOUS

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

10. DOCUMENTS ON DISPLAY

Copies of each of the 2024 Golden Ocean Copper Framework Purchase Agreement and the Supplemental Agreement will be published on the websites of the Stock Exchange and the Company for a period of 14 days from the date of this circular.



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 OF THE EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“**EGM**”) of Ten Pao Group Holdings Limited (the “**Company**”) will be held on Friday, 23 August 2024 at 3:00 p.m. at Room 615, 6th Floor, Kwong Sang Hong Centre, 151–153 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT** the Supplemental Agreement and the Revised Annual Caps, each as defined and described in the circular of the Company dated 2 August 2024 (the “**Circular**”) (a copy of the Circular marked “**A**” together with a copy of the Supplemental Agreement marked “**B**” being tabled before the EGM and initialed by the chairman of the EGM for identification purpose), and all transactions contemplated thereunder and in connection therewith and any other ancillary documents be and are hereby approved, confirmed and ratified and any one director of the Company be and is hereby authorised for and on behalf of the Company to execute all such documents and agreements and to do all such acts or things deemed by him/her to be incidental to, ancillary to or in connection with the matters contemplated under the Supplemental Agreement.”

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

2 August 2024

Notes:

1. The ordinary resolution to be considered at the EGM will be determined by poll. On voting by poll, each member shall have one vote for each fully paid or credited as fully paid share held in the Company.
2. Any shareholder of the Company (the “**Shareholder(s)**”) 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. A Shareholder who is the holder of two or more shares of the Company may appoint more than one proxy to

NOTICE OF EGM

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 3:00 p.m. on Wednesday, 21 August 2024) or any adjournment thereof. Delivery of the form of proxy shall not preclude a Shareholder from attending and voting in person at the EGM and, in such event, the form of proxy delivered shall be deemed to be revoked.
4. To ascertain Shareholders' eligibility to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 20 August 2024 to Friday, 23 August 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 Monday, 19 August 2024.
5. References to time and dates in this notice are to Hong Kong time and dates.
6. As at the date of this notice, the board of directors of the Company comprises three executive directors, namely, Mr. Hung Kwong Yee, Mr. Tse Chung Shing and Ms. Hung Sui Lam; and four independent non-executive directors, namely, Mr. Lam Cheung Chuen, Mr. Chu Yat Pang Terry, Mr. Lee Kwan Hung Eddie and Dr. Lui Sun Wing.