

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Town Ray 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 transferee(s).

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TOWN RAY HOLDINGS LIMITED

登輝控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1692)

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO THE TENANCY AGREEMENTS
AND**

NOTICE OF EXTRAORDINARY GENERAL MEETING

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



FDB Financial Group Ltd
灑展金融集團有限公司

A letter from the Board is set out on pages 6 to 15 of this circular and a letter from the Independent Board Committee with its view to the Independent Shareholders is set out on pages 16 to 17 of this circular. A letter from the Independent Financial Adviser, FDB Financial Group Limited, with its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 18 to 27 of this circular.

A notice convening the extraordinary general meeting (the “EGM”) of Town Ray Holdings Limited (the “Company”) to be held at 11:00 a.m. on Wednesday, 8 December 2021 at 10th Floor, Block A, Chung Mei Centre, 15 Hing Yip Street, Kwun Tong, Kowloon, Hong Kong is set out on pages 44 to 46 of this circular.

A form of proxy for use by the shareholders of the Company at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to read this circular and complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Hong Kong branch share registrar of the Company, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM (i.e. not later than 11:00 a.m. on Monday, 6 December 2021) 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 should you so wish.

PRECAUTIONARY MEASURES FOR THE EGM

Measures being taken for prevention and control of the spread of the coronavirus pandemic at the EGM, including but not limited to:

- compulsory body temperature checks and submission of health declarations of prior to entry of the EGM venue
- compulsory scanning of the “LeaveHomeSafe” venue QR code or registering contact details in written form of prior to entry of the EGM venue
- compulsory wearing of surgical face masks throughout the EGM
- maintaining proper distance between seats
- persons subject to quarantine order will not be admitted
- no refreshments will be served and no corporate gifts will be given

To the extent permitted by the law, any person who does not comply with the precautionary measures may be denied entry into the EGM venue. The Company reminds Shareholders that they may appoint the Chairman of the meeting as their proxy to vote on the ordinary resolution at the EGM as an alternative to attending the EGM in person.

18 November 2021

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DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Bestresult Assets”	Bestresult Assets Limited, a company incorporated in the BVI with limited liability and is wholly-owned by Ms. Li, and as at the Latest Practicable Date, beneficially owns 22,360,000 Shares, representing approximately 6.23% of the issued share capital of the Company;
“Board”	the board of Directors;
“BVI”	the British Virgin Islands;
“Capital Fortress”	Capital Fortress Limited, a company incorporated in the BVI with limited liability and is wholly-owned by Mr. Leung, and as at the Latest Practicable Date, beneficially owns 29,000,000 Shares, representing approximately 8.08% of the issued share capital of the Company;
“Company”	Town Ray Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1692);
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“connected transaction”	has the meaning ascribed to it under the Listing Rules;
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and in the context of this circular, refers to Modern Expression, Dr. Chan and Ms. Cheng or, where the context so requires, any one of them;
“Directors”	the directors of the Company;
“Dr. Chan”	Dr. Chan Kam Kwong Charles (陳鑑光博士), the spouse of Ms. Cheng, a non-executive Director, the chairman of the Board and one of the Controlling Shareholders;
“EGM”	the extraordinary general meeting of the Company to be convened at 11:00 a.m. on Wednesday, 8 December 2021 at 10th Floor, Block A, Chung Mei Centre, 15 Hing Yip Street, Kwun Tong, Kowloon, Hong Kong to approve the Tenancy Agreements and the transactions contemplated thereunder, the notice of which is enclosed with this circular;

DEFINITIONS

“Existing Tenancy Agreements”	Existing Tenancy Agreement I and Existing Tenancy Agreement II;
“Existing Tenancy Agreement I”	the existing tenancy agreement dated 1 April 2019 entered into between Tunbow Properties and Tunbow Group in relation to Property I;
“Existing Tenancy Agreement II”	the existing tenancy agreement dated 1 April 2019 entered into between Tunbow (Huizhou) and Town Ray (Huizhou) in relation to Property II;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong;
“HKFRS”	the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, as amended from time to time;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors, namely Mr. Chan Ping Yim, Mr. Choi Chi Leung Danny and Mr. Chan Shing Jee;
“Independent Financial Adviser” or “FDB”	FDB Financial Group Limited, a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise on the Tenancy Agreements and the transactions contemplated thereunder;
“Independent Shareholder(s)”	the Shareholders, other than Dr. Chan, Ms. Cheng, Mr. Leung, Ms. Li, Modern Expression, Capital Fortress, Bestresult Assets, their associates or other connected persons who are interested in the Tenancy Agreements and the transactions contemplated thereunder, who are not required to abstain from voting at the EGM under the Listing Rules for approving the Tenancy Agreements and the transactions contemplated thereunder;
“Independent Third Parties”	third parties who are independent of, and not connected with, the Company and its connected persons (as defined in the Listing Rules);

DEFINITIONS

“Independent Valuer”	Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the independent property valuer engaged by the Group as to the rental level of the Property I and the Property II;
“Latest Practicable Date”	11 November 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information for the purpose of inclusion in this circular;
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange on 25 October 2019;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended, supplemented or otherwise modified from time to time;
“Modern Expression”	Modern Expression Limited, a company incorporated in BVI with limited liability on 8 November 2004, and one of the Controlling Shareholders of the Company, and is wholly-owned by Dr. Chan and Ms. Cheng jointly;
“Mr. Leung”	Mr. Leung Yat Cheong Albert, who is the sole shareholder of Capital Fortress;
“Ms. Cheng”	Ms. Cheng Yuk Sim Connie (鄭玉嬋女士) (also known as Ms. Cheng Yuk Yee Connie (鄭玉而女士)), the spouse of Dr. Chan, a non-executive Director and one of the Controlling Shareholders;
“Ms. Li”	Ms. Li Siu Lan, who is the sole shareholder of Bestresult Assets;
“PRC”	the People’s Republic of China, which for the purpose of this circular and for geographical reference only, excluding Hong Kong, Macau Special Administrative Region and Taiwan region;
“Property I”	10th Floor, Block A, Chung Mei Centre, 15 Hing Yip Street, Kwun Tong, Kowloon, Hong Kong;
“Property II”	Dunzilipian (Jiangbei 84) Community, Qingtang Village, Xiaojinkou Town, Huicheng District, Huizhou City, Guangdong Province, PRC;
“RMB”	Renminbi, the lawful currency of the PRC;

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“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;
“Share(s)”	ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company;
“Shareholder(s)”	person(s) whose name(s) appear in the register of members of the Company as the holder(s) of the share(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Tenancy Agreements”	Tenancy Agreement I and Tenancy Agreement II;
“Tenancy Agreement I”	the tenancy agreement to be entered into between Tunbow Properties and Tunbow Group in respect of the renewal of the Existing Tenancy Agreement I;
“Tenancy Agreement II”	the tenancy agreement to be entered into between Tunbow (Huizhou) and Town Ray (Huizhou) in respect of the renewal of the Existing Tenancy Agreement II;
“Town Ray (Huizhou)”	Town Ray Electrical (Huizhou) Limited (登輝電器(惠州)有限公司), a wholly foreign owned enterprise established under the laws of the PRC on 14 December 2017, and an indirect wholly-owned subsidiary of the Company;
“Tunbow (Huizhou)”	Tunbow Electrical (Huizhou) Limited* (東保利電業(惠州)有限公司), a company established in Huizhou City, Guangdong Province, the PRC with limited liability on 5 December 2005, and a connected person of the Company;
“Tunbow Group”	Tunbow Group Limited (東保集團有限公司), a company incorporated in Hong Kong with limited liability on 21 November 2007, and an indirect wholly-owned subsidiary of the Company;
“Tunbow Investments (BVI)”	Tunbow Investments (BVI) Limited, a company incorporated in BVI with limited liability on 19 November 2004, which is owned as to (i) approximately 78.23% by Modern Expression, which is wholly-owned by Dr. Chan and Ms. Cheng jointly, (ii) approximately 10.61% by Capital Fortress, which is wholly-owned by Mr. Leung and (iii) approximately 8.16% by Bestresult Assets, which is wholly-owned by Ms. Li;

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“Tunbow Properties”	Tunbow Properties Limited, a company incorporated in Hong Kong with limited liability on 26 July 2004, and a connected person of the Company;
“Valuation Report”	the valuation report issued by the Independent Valuer as to the market rent of Property I and Property II, a copy of which is set out in Appendix II to this circular; and
“%”	per cent.

* *For identification purpose only*

LETTER FROM THE BOARD



TOWN RAY HOLDINGS LIMITED

登輝控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1692)

Executive Directors:

Mr. Chan Wai Ming (*Chief Executive Officer*)

Mr. Chiu Wai Kwong

Ms. Tang Mei Wah

Mr. Yu Kwok Wai

Registered Office:

Windward 3

Regatta Office Park

PO Box 1350

Grand Cayman KY1-1108

Cayman Islands

Non-executive Directors:

Dr. Chan Kam Kwong Charles (*Chairman*)

Ms. Cheng Yuk Sim Connie

(also known as Ms. Cheng Yuk Yee Connie)

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

10th Floor, Block A

Chung Mei Centre

15 Hing Yip Street

Kwun Tong, Kowloon

Hong Kong

Independent non-executive Directors:

Mr. Chan Ping Yim

Mr. Choi Chi Leung Danny

Mr. Chan Shing Jee

Hong Kong, 18 November 2021

To the Shareholders

Dear Sir/Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO THE TENANCY AGREEMENTS
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 30 September 2021 in relation to the Tenancy Agreements and the transactions contemplated thereunder.

LETTER FROM THE BOARD

On 30 September 2021, Tunbow Group as tenant entered into the Tenancy Agreement I with Tunbow Properties as landlord in relation to the leasing of the Property I at a monthly rent of HK\$89,775 and Town Ray (Huizhou) as tenant entered into the Tenancy Agreement II with Tunbow (Huizhou) as landlord in relation to the leasing of the Property II at a monthly rent of RMB1,020,433.20, for renewing the Existing Tenancy Agreements which will be expiring on 31 December 2021.

The purpose of this circular is to provide you with, among other things:

- (i) the details of the Tenancy Agreements and the transactions contemplated thereunder;
- (ii) the letter from the Independent Board Committee with its view on the Tenancy Agreements and the transactions contemplated thereunder;
- (iii) the letter from the Independent Financial Adviser with its advice on the terms of the Tenancy Agreements and the transactions contemplated thereunder to the Independent Board Committee and the Independent Shareholders;
- (iv) the Valuation Report issued by the Independent Valuer as to the market rent of the Property I and Property II; and
- (v) a notice of the EGM,

in order to enable you to make an informed decision on whether to vote for or against the ordinary resolution to be proposed at the EGM for the Independent Shareholders to approve the Tenancy Agreements and the transactions contemplated thereunder.

THE TENANCY AGREEMENTS

Details of the principal terms of the Tenancy Agreements are set out below:

1. Tenancy Agreement I

Date	:	30 September 2021
Landlord	:	Tunbow Properties
Tenant	:	Tunbow Group
Property I	:	10th Floor, Block A, Chung Mei Centre, 15 Hing Yip Street, Kwun Tong, Kowloon, Hong Kong, with a total gross floor area of 5,985 square feet

LETTER FROM THE BOARD

Term	:	Subject to and conditional upon the approval of the Independent Shareholders being obtained at the EGM, the term shall be one year, commencing from 1 January 2022 to 31 December 2022. If either the landlord or the tenant shall desire to determine the term granted, then it shall give to the other party two months' previous notice in writing provided such right of early determination shall not be exercised before 31 March 2022
Use	:	Workshop, godown and ancillary office
Monthly Rental	:	HK\$89,775
Historical Rental	:	The historical amounts paid to Tunbow Properties for Property I were HK\$83,790 per month for the period from 1 April 2019 to 31 December 2021
Other terms and conditions	:	The Tenancy Agreement I shall become effective on 1 January 2022 upon the Company having complied with the Listing Rules in the approval of the said agreement (including without limitation approval by the Independent Shareholders) and expiry of the term of the Existing Tenancy Agreement I on 31 December 2021

With reference to the announcement of the Company dated 1 September 2021 (the “**Property Acquisition Announcement**”), the Group has entered into a sale and purchase agreement for acquiring Workshop A on 25th Floor, Reason Group Tower, No. 403 Castle Peak Road, Kwai Chung, New Territories (“**Reason Group Tower Property**”). Upon completion of the acquisition of the Reason Group Tower Property and its renovation, the Group will move its workshop, godown and ancillary office from Property I to the Reason Group Tower Property and the Tenancy Agreement I will be surrendered. As such, the renewed term of the Tenancy Agreement I is one year commencing from 1 January 2022 and expiring on 31 December 2022.

As disclosed in the Property Acquisition Announcement, the completion of acquisition is expected to take place by 18 January 2022. As at the Latest Practicable Date, the Company has begun shortlisting of interior design companies and contractors. The Directors consider it will be necessary to take:

- (i) approximately one month in finalising the tendering and selection of the interior design company and contractor after taking vacant possession of the Reason Group Tower Property;
- (ii) approximately two months for interior design company to work on an interior design plan and the Group to agree upon the interior design plan;

LETTER FROM THE BOARD

- (iii) given the gross floor area of the Reason Group Tower Property, it is expected that the renovation work will take approximately four months to complete. As such, it is expected the renovation work will be completed by the mid-August 2022; and
- (iv) approximately two months for relocating the workshop, godown and ancillary office from Property I to the Reason Group Tower Property by stages without affecting the operation of the Group. As such, it is expected the relocation will be completed by the mid-October 2022.

Given the above expected timeline for relocation, the Directors consider it is reasonably prudent to allow an additional two months' buffer to cushion any unexpected delay in the renovation or relocation progress, such that the Tenancy Agreement I will be set to expire in December 2022. Since the time required for relocating the workshop, godown and ancillary office from Property I to the Reason Group Tower Property will take approximately two months, the Directors will, upon completion of the renovation work of the Reason Group Tower Property, serve a two-month notice for early termination of the Tenancy Agreement I.

The terms of the Tenancy Agreement I (including the notice period for early termination) and the level of rent payable under the Tenancy Agreement I were determined after arm's length negotiations between the parties, with reference to the level of rent of properties of similar size in the vicinity of the Property I, historical rental level of Property I and the fair rent letter prepared by the Independent Valuer.

LETTER FROM THE BOARD

2. Tenancy Agreement II

Date	:	30 September 2021
Landlord	:	Tunbow (Huizhou)
Tenant	:	Town Ray (Huizhou)
Property II	:	Dunzilipian (Jiangbei 84) Community, Qingtang Village, Xiaojinkou Town, Huicheng District, Huizhou City, Guangdong Province, PRC, with a total gross floor area of 85,036.10 square metres
Term	:	Subject to and conditional upon the approval of the Independent Shareholders being obtained at the EGM, the term shall be three years, commencing from 1 January 2022 to 31 December 2024
Use	:	Production and related operation
Monthly Rental	:	RMB1,020,433.20
Historical Rental	:	The historical amounts paid to Tunbow (Huizhou) for Property II with a total gross floor area of 73,650.04 square metres were RMB810,150.44 per month for the period from 1 April 2019 to 31 December 2021
Other terms and conditions	:	The Tenancy Agreement II shall become effective on 1 January 2022 upon the Company having complied with the Listing Rules in the approval of the said agreement (including without limitation approval by the Independent Shareholders) and expiry of the term of the Existing Tenancy Agreement II on 31 December 2021

Under the Existing Tenancy Agreement II, the total gross floor area leased to the Group was approximately 73,650.04 square metres. With the increase in the production capacity of the Group since the Listing, additional area is required to house the new production facilities. As such, the total gross floor area leased to the Group under the Tenancy Agreement II will be increased to approximately 85,036.10 square metres, with the addition of 11,386.06 square metres.

The terms of the Tenancy Agreement II and the level of rent payable under the Tenancy Agreement II were determined after arm's length negotiations between the parties, with reference to the rent of comparable properties in similar location, historical rental level of Property II and the fair rent letter prepared by the Independent Valuer.

LETTER FROM THE BOARD

INFORMATION ON THE GROUP, TUNBOW GROUP AND TOWN RAY (HUIZHOU)

The Group

The Group is principally engaged in the manufacture and sale of electrothermic household appliances. The Group is an advanced product developer and industrial designer as well as manufacturer and supplier for a broad range of electrothermic household appliances mainly to overseas markets, covering over 30 countries and regions to cater for the requirements of different customers.

Tunbow Group

Tunbow Group, the tenant under the Tenancy Agreement I, is an indirect wholly-owned subsidiary of the Company incorporated in Hong Kong with limited liability on 21 November 2007 and principally engages in the trading of electrothermic household appliances.

Town Ray (Huizhou)

Town Ray (Huizhou), the tenant under the Tenancy Agreement II, is an indirect wholly-owned subsidiary of the Company established in the PRC on 14 December 2017 and principally engages in the manufacture and sale of electrothermic household appliances.

INFORMATION OF TUNBOW PROPERTIES AND TUNBOW (HUIZHOU)

Tunbow Properties

Tunbow Properties, the landlord under the Tenancy Agreement I, is a company incorporated in Hong Kong with limited liability on 26 July 2004 and principally engages in the business of properties holding. Tunbow Properties is wholly-owned by Tunbow Limited, which is in turn wholly-owned by Tunbow Investments (BVI). Therefore, Tunbow Properties is an associate of Dr. Chan and Ms. Cheng, and is a connected person of the Company under Rule 14A.07(4) of the Listing Rules.

Tunbow (Huizhou)

Tunbow (Huizhou), the landlord under the Tenancy Agreement II, is a company established in Huizhou City, Guangdong Province, the PRC with limited liability on 5 December 2005 and principally engages in the business of properties holding. Tunbow (Huizhou) is wholly-owned by Tunbow Electrical (BVI) Limited, which is in turn wholly-owned by Tunbow Investments (BVI). Therefore, Tunbow (Huizhou) is an associate of Dr. Chan and Ms. Cheng, and is a connected person of the Company under Rule 14A.07(4) of the Listing Rules.

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REASONS FOR AND BENEFITS OF ENTERING INTO THE TENANCY AGREEMENTS

Prior to the Listing, the Group has been using the Property I under the Existing Tenancy Agreement I as workshop, godown and ancillary office and the Property II under the Existing Tenancy Agreement II for production and related operation. With the expiry of the Existing Tenancy Agreement I and Existing Tenancy Agreement II on 31 December 2021, the Board (including the independent non-executive Directors but excluding Dr. Chan and Ms. Cheng who abstained from voting at the relevant Board meeting) considers it is necessary to renew the tenancies so that the operation of the Group at the Property I and the production at Property II can continue. The rental payment under the Tenancy Agreements will be satisfied by internally generated funds of the Group.

Although the Group is in the process of acquiring the Reason Group Tower Property, such acquisition and renovation will take time to complete. It is the plan of the Group to relocate its workshop, godown and ancillary office from Property I to the Reason Group Tower Property and the Tenancy Agreement I will subsequently be surrendered. However, before the relocation is taken place, given the prime location of Property I at Kwun Tong area, one of the industrial centres of Hong Kong, the Group intends to renew the Existing Tenancy Agreement I for an additional one-year term.

The Group currently carries out the research and development, procurement, production and quality assurance functions at the Properties II, which consists of eight buildings. Various machines were in place at Properties II, which cater for different stages of the production process. With the increase in the production capacity of the Group since the Listing, additional area is required to house the new production facilities and for storage of raw materials and finished or semi-finished goods. As such, the total gross floor area leased to the Group under the Tenancy Agreement II will be increased to approximately 85,036.10 square metres, with the addition of 11,386.06 square metres. If further area is required to be leased from Tunbow (Huizhou) for expansion of the Group's production facilities in the future, the Group will comply with the relevant requirements under Chapter 14 and Chapter 14A of the Listing Rules. The Directors (including the independent non-executive Directors but excluding Dr. Chan and Ms. Cheng who abstained from voting at the relevant Board meeting) consider that the Property II, which serves as the production base of the Group, is imperative to the operation of the Group, as the Property II is situated at a convenient location with well-developed infrastructure and supply chain for the Group to easily source raw materials and recruit staff members for production on one hand, and export the finished products to overseas customers by sea or other means of transportation on the other.

Having considered that the rents of the properties under the Tenancy Agreements being comparable to the prevailing market rents of comparable properties at similar locations, and terms of the Tenancy Agreements were determined after arm's length negotiations between the parties and on terms no less favourable to us than from those available to Independent Third Parties, the Directors (including the independent non-executive Directors but excluding Dr. Chan and Ms. Cheng who abstained from voting at the relevant Board meeting) are of the

LETTER FROM THE BOARD

opinion that the terms of the Tenancy Agreements are entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; and (iii) on terms that are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Tunbow Properties is wholly-owned by Tunbow Limited, while Tunbow (Huizhou) is wholly-owned by Tunbow Electrical (BVI) Limited. Tunbow Limited and Tunbow Electrical (BVI) Limited are wholly-owned by Tunbow Investments (BVI), while Tunbow Investments (BVI) is owned as to approximately 78.23% by Modern Expression, which is in turn wholly-owned by Dr. Chan and Ms. Cheng jointly. Therefore, Tunbow Properties and Tunbow (Huizhou) are associates of Dr. Chan and Ms. Cheng, and are connected persons of the Company under Rule 14A.07(4) of the Listing Rules.

In accordance with HKFRS 16, the Group will recognise right-of-use assets on its consolidated statement of financial position in connection with the Tenancy Agreements. Accordingly, the entering into of the Tenancy Agreements and the transactions contemplated thereunder will be regarded as acquisitions of right-of-use assets by the Group, which will be aggregated under Rule 14.22 of the Listing Rules as if one transaction, and constitutes a discloseable transaction under Chapter 14 of the Listing Rules and a connected transaction for the Company pursuant to Chapter 14A of the Listing Rules. The aggregate value of the right-of-use assets to be recognised by the Group under the Tenancy Agreements is expected to be approximately HK\$41.9 million, which is calculated with reference to the aggregate rental payments and discounted by a discount rate.

As one or more of the applicable percentage ratios in respect of the estimated value of the right-of-use assets to be recognised by the Group under the Tenancy Agreements in aggregate exceeds 5% but all applicable percentage ratios are below 25%, and the total consideration is over HK\$10,000,000, the transactions contemplated thereunder constitute a discloseable transaction under Chapter 14 of the Listing Rules and a connected transaction under Chapter 14A of the Listing Rules, subject to reporting, announcement, circular and Independent Shareholders' approval requirements.

EGM

The EGM will be convened by the Company at 11:00 a.m. on Wednesday, 8 December 2021 at 10th Floor, Block A, Chung Mei Centre, 15 Hing Yip Street, Kwun Tong, Kowloon, Hong Kong for the Independent Shareholders to consider, and if thought fit, approve the Tenancy Agreements and the transactions contemplated thereunder, by way of poll.

The notice of EGM is set out in pages 44 to 46 of this circular. A form of proxy for use by the Shareholders at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to read this circular and complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Hong Kong branch share registrar of the Company, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM (i.e. not later than 11:00

LETTER FROM THE BOARD

a.m. on Monday, 6 December 2021) 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 should you so wish.

Dr. Chan and Ms. Cheng, as at the Latest Practicable Date jointly owned the entire issued share capital of Modern Expression, which in turn beneficially and legally owned 213,640,000 Shares. Ms. Cheng was also the beneficial owner of 6,806,000 Shares. Dr. Chan, Ms. Cheng and Modern Expression will abstain from voting at the EGM. In addition, Mr. Leung, who as at the Latest Practicable Date owns 29,000,000 Shares through Capital Fortress and Ms. Li, who as at the Latest Practicable Date owns 22,360,000 Shares through Bestresult Assets are considered having material interest under the Tenancy Agreements and the transactions contemplated thereunder and will also abstain from voting at the EGM.

Voting at the EGM will be conducted by poll and each of Dr. Chan and Ms. Cheng, Mr. Leung, Ms. Li, Modern Expression, Capital Fortress and Bestresult Assets shall abstain from voting on the proposed ordinary resolution to approve the Tenancy Agreements and the transactions contemplated thereunder at the EGM. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholders or any of their respective associates have any material interest in the Tenancy Agreements and the transactions contemplated thereunder and therefore no other Shareholders or any of their respective associates are required to abstain from voting at the EGM in respect of the ordinary resolution approving the aforesaid matters.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining the Shareholders who are entitled to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 3 December 2021 to Wednesday, 8 December 2021, both dates inclusive, the period during which no transfer of Shares will be effected. In order to be eligible to attend and vote at the EGM, all completed share transfer documents accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar of the Company, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 2 December 2021.

RECOMMENDATIONS

Your attention is drawn to the letter from the Independent Board Committee set out on pages 16 to 17 of this circular which contains its recommendation to the Independent Shareholders in relation to the Tenancy Agreements and the transactions contemplated thereunder.

Your attention is also drawn to the letter from the Independent Financial Adviser set out on pages 18 to 27 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Tenancy Agreements and the transactions contemplated thereunder.

LETTER FROM THE BOARD

The Directors (including the independent non-executive Directors whose view has been given in the letter from the Independent Board Committee in this circular together with the advice of the Independent Financial Adviser but excluding Dr. Chan and Ms. Cheng) consider that the entering into of the Tenancy Agreements is in the ordinary and usual course of the business of the Group and on normal commercial terms, the terms of the Tenancy Agreements and the transactions contemplated thereunder are fair and reasonable and the entering into of the Tenancy Agreements is in the interests of the Company and its Shareholders as a whole. The Directors (including the independent non-executive Directors but excluding Dr. Chan and Ms. Cheng) recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM for approving the Tenancy Agreements and the transactions contemplated thereunder.

GENERAL

Your attention is also drawn to the information set out in the appendices to this circular.

MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

Yours faithfully,
By Order of the Board
Town Ray Holdings Limited
Chan Kam Kwong Charles
Chairman and non-executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the entering into of the Tenancy Agreements for inclusion in this circular.



TOWN RAY HOLDINGS LIMITED

登輝控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1692)

18 November 2021

To the Independent Shareholders

Dear Sir/Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE TENANCY AGREEMENTS

We refer to the circular dated 18 November 2021 (the “**Circular**”) issued by the Company to the Shareholders of which this letter forms part. The capitalised terms defined in the letter shall have the same meanings as those defined in the Circular unless specified otherwise.

We have been formed to advise the Independent Shareholders in relation to the Tenancy Agreements and the transactions contemplated thereunder. FDB Financial Group Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Tenancy Agreements and the transactions contemplated thereunder.

We wish to draw your attention to the letter from the Board, as set out on pages 6 to 15 of the Circular and the text of a letter from the Independent Financial Adviser, as set out on pages 18 to 27 of the Circular, both of which provide details of the terms of the Tenancy Agreements and the transactions contemplated thereunder. After taking into account the factors and reasons considered by the Independent Financial Adviser and its conclusion and advice, we concur with its view and consider that the entering into of the Tenancy Agreements is in the ordinary and usual course of the business of the Group and on normal commercial terms, the terms of the Tenancy Agreements and the transactions contemplated thereunder are fair and reasonable and the entering into of the Tenancy Agreements is in the interests of the Company and its Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM for approving the Tenancy Agreements and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
The Independent Board Committee of
Town Ray Holdings Limited

Mr. Chan Ping Yim
*Independent non-executive
Director*

Mr. Choi Chi Leung Danny
*Independent non-executive
Director*

Mr. Chan Shing Jee
*Independent non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the letter of advice from the Independent Financial Adviser, FDB Financial Group Limited, to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



FDB Financial Group Ltd
豐展金融集團有限公司

18 November 2021

*To: The Independent Board Committee and
the Independent Shareholders of Town Ray Holdings Limited*

Dear Sir/Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE TENANCY AGREEMENTS

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 terms of the Tenancy Agreements and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 18 November 2021 issued to the Shareholders (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 otherwise specified.

Reference is made to the announcement of the Company dated 30 September 2021 in relation to the Tenancy Agreements. On 30 September 2021, Tunbow Group as tenant entered into the Tenancy Agreement I with Tunbow Properties as landlord in relation to the leasing of the Property I at a monthly rent of HK\$89,775 and Town Ray (Huizhou) as tenant entered into the Tenancy Agreement II with Tunbow (Huizhou) as landlord in relation to the leasing of the Property II at the monthly rent of RMB1,020,433.20, for renewing the Existing Tenancy Agreements which will be expiring on 31 December 2021.

As at the Latest Practicable Date, Tunbow Properties is wholly-owned by Tunbow Limited, while Tunbow (Huizhou) is wholly-owned by Tunbow Electrical (BVI) Limited. Tunbow Limited and Tunbow Electrical (BVI) Limited are wholly-owned by Tunbow Investments (BVI). Tunbow Investments (BVI) is owned as to approximately 78.23% by Modern Expression (which is wholly-owned by Dr. Chan who is a non-executive Director, the chairman of the Board and one of the Controlling Shareholders and Ms. Cheng, who is a non-executive Director, one of the Controlling Shareholders and the spouse of Dr. Chan, jointly). As such, Tunbow Properties and Tunbow (Huizhou) are associates of Dr. Chan and Ms. Cheng, and therefore are connected persons of the Company under Rule 14A.07(4) of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In accordance with HKFRS 16, the Group will recognise right-of-use assets on its consolidated statement of financial position in connection with the Tenancy Agreements. Accordingly, the entering into of the Tenancy Agreements and the transactions contemplated thereunder will be regarded as acquisitions of right-of-use assets by the Group, which will be aggregated under Rule 14.22 of the Listing Rules as if one transaction, and constitutes a discloseable transaction under Chapter 14 of the Listing Rules and a connected transaction for the Company pursuant to Chapter 14A of the Listing Rules. The aggregate value of the right-of-use assets to be recognised by the Group under the Tenancy Agreements is expected to be approximately HK\$41.9 million, which is calculated with reference to the aggregate rental payments and discounted by a discount rate.

Dr. Chan and Ms. Cheng, as at the Latest Practicable Date jointly owned the entire issued share capital of Modern Expression, which in turn beneficially and legally owned 213,640,000 Shares. Ms. Cheng was also the beneficial owner of 6,806,000 Shares. In addition, Mr. Leung, who as at the Latest Practicable Date owns 29,000,000 Shares through Capital Fortress and Ms. Li, who as at the Latest Practicable Date owns 22,360,000 Shares through Bestresult Assets are considered having material interest under the Tenancy Agreements and the transactions contemplated thereunder. In view of the above, each of Dr. Chan, Ms. Cheng, Mr. Leung, Ms. Li, Modern Expression, Capital Fortress and Bestresult Assets shall abstain from voting at the EGM in respect of the ordinary resolution to approve the Tenancy Agreements and the transactions contemplated thereunder. Save for the above, to the best knowledge, information and belief of the Directors, no other Shareholders or any of their respective associates are required to abstain from voting at the EGM under the Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Chan Ping Yim, Mr. Choi Chi Leung Danny and Mr. Chan Shing Jee, has been established to advise and provide recommendation to the Independent Shareholders on the Tenancy Agreements and to advise the Independent Shareholders on how to vote. We, FDB Financial Group Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Tenancy Agreements are fair and reasonable, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company and any other parties that could reasonably be regarded as relevant to our independence. During the past two years, we have not been appointed as an independent financial adviser for the Company. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser, no arrangement exists whereby we will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence and we are independent from the Company pursuant to Rule 13.84 of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have considered, among other things, (i) the prospectus of the Company dated 15 October 2019 (the “**Prospectus**”); (ii) the Company’s annual report for the year ended 31 December 2020 (the “**2020 Annual Report**”); (iii) the Tenancy Agreements; (iv) the fair rent letter prepared by the valuer; (v) the valuation report prepared by the valuer and (vi) other information as set out in the Circular. We have also relied on all relevant information, opinions and facts supplied and represented by the Company and the management of the Company. We have assumed that all such information, opinions, facts and representations contained or referred to in the Circular, for which the Company is fully responsible, were true and accurate in all material respects as at the date hereof and may be relied upon. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Company, and the Company has confirmed that no material facts have 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 justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out independent verification of the information provided by the management and the representatives of the Company, nor have we conducted any form of in-depth investigation into the businesses, affairs, operations, financial position or future prospects of the Company or any of its subsidiaries.

This letter is issued to the Independent Shareholders solely in connection for their consideration of the connected transaction in relation to the Tenancy Agreements and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose without our prior written consent. Our opinion is based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date.

PRINCIPAL FACTORS AND REASONS CONCERNED

In considering whether the terms of Tenancy Agreements are fair and reasonable so far as the Independent Shareholders are concerned, we have taken into account the principal factors and reasons set out below:

(1) Background information

Information of the Group, Tunbow Properties and Tunbow (Huizhou)

The Group is principally engaged in the manufacture and sale of electrothermic household appliance. The companies as tenants entering into Tenancy Agreement I and Tenancy Agreement II, namely Tunbow Group and Town Ray (Huizhou) respectively, are indirect wholly-owned subsidiaries of the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Tunbow Properties is a company incorporated in Hong Kong with limited liability and principally engages in the business of properties holding and is a connected person of the Company under Rule 14A.07 of the Listing Rules.

Tunbow (Huizhou) is a company incorporated in Huizhou City, Guangdong Province, the PRC with limited liability and principally engages in the business of properties holding and is a connected person of the Company under Rule 14A.07 of the Listing Rules.

(2) Reasons for and benefits of entering into the Tenancy Agreements

With reference to the Letter from the Board, the Group has been using Property I and Property II for business operations prior to the Listing.

Tenancy Agreement I

We noted from the Company's announcement dated 1 September 2021 that the Group has entered into a sale and purchase agreement for acquiring a new property located at Reason Group Tower. As advised by the management of the Group, the completion of acquisition is expected to take place by January 2022 and the existing operation in Property I will be moved to the Reason Group Tower Property after renovation, which is expected to be completed by mid-August 2022. Taken into account the time required for (i) finalizing the interior design plan; (ii) completion of the renovation work; (iii) relocating the operations to the Reason Group Tower Property by stages; and (iv) buffering any unexpected delay in the renovation or relocation progress, we concur with the management's view that it is suitable for the Group to remain operations at Property I and renew the Existing Tenancy Agreement I for an additional one-year term before relocation taking place.

Tenancy Agreement II

According to the Prospectus, the Group has historically been using the Property II under the Existing Tenancy Agreement II for production and related operation. We are given to understand that Property II is located at a convenient location with well-developed infrastructure and supply chain, which is beneficial to the Group in sourcing raw materials for production, recruiting staff members and exporting finished products to overseas customers. As such, we concur with the management's view that the Property II, being the production base of the Group, is imperative to the operation of the Group and therefore the renewal of Existing Tenancy Agreement II is beneficial to the Group's ongoing operation.

As discussed with management of the Group, the Group requires additional area to house the new production facilities, which is in line with the increase in the production capacity of the Group since its Listing. As such, we concur with the management's view that additional area is required to house the new production facilities and for storage and the total gross area leased under Tenancy Agreement II will be increased accordingly.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Having considered that (i) the properties are historically used as the workshop, godown and ancillary office and production base of the Group; (ii) the replacement workshop for Property I will be under renovation and the Group is pending for relocation; (iii) the convenient location of Property II is beneficial to the Group in its production and related operation; and (iv) the rentals under the Tenancy Agreements are in line with market rent/comparable to the market rent as discussed in the section headed “Assessment of the terms of the Tenancy Agreements” below, we are of the view that the entering into of Tenancy Agreements is in the ordinary and usual course of business of the Group and is in the interests of the Company and its Shareholders as a whole.

(3) Principal terms of the Tenancy Agreements

The principal terms of the Tenancy Agreements are as follows:

1. Tenancy Agreement I

Date	:	30 September 2021
Parties	:	(i) Tunbow Group, an indirect wholly-owned subsidiary of the Company (as tenant) (ii) Tunbow Properties (as landlord)
Property I	:	10th Floor, Block A, Chung Mei Centre, 15 Hing Yip Street, Kwun Tong, Kowloon, Hong Kong
Gross floor area	:	5,985 square feet
Use	:	The Property will be used for workshop, godown and ancillary office
Term	:	Subject to and conditional upon the approval of the Independent Shareholders being obtained at the EGM, the term shall be one year, commencing from 1 January 2022 to 31 December 2022. If either the landlord or the tenant shall desire to determine the term granted, then it shall give to the other party two months' previous notice in writing provided such right of early determination shall not be exercised before 31 March 2022
Monthly rental	:	HK\$89,775
Other terms and conditions	:	The Tenancy Agreement I shall become effective on 1 January 2022 upon the Company having complied with the Listing Rules in the approval of the said agreement (including without limitation approval by the Independent Shareholders) and expiry of the term of the Existing Tenancy Agreement I on 31 December 2021

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2. *Tenancy Agreement II*

Date	:	30 September 2021
Parties	:	(i) Town Ray (Huizhou), an indirect wholly-owned subsidiary of the Company (as tenant) (ii) Tunbow (Huizhou) (as landlord)
Property II	:	Dunzilipian (Jiangbei 84) Community, Qingtang Village, Xiaojinkou Town, Huicheng District, Huizhou City, Guangdong Province, PRC
Gross floor area	:	85,036.10 square metre
Use	:	The Property will be used for production and related operation
Term	:	Subject to and conditional upon the approval of the Independent Shareholders being obtained at the EGM, the term shall be three years, commencing from 1 January 2022 to 31 December 2024
Monthly rental	:	RMB1,020,433.20
Other terms and conditions	:	The Tenancy Agreement II shall become effective on 1 January 2022 upon the Company having complied with the Listing Rules in the approval of the said agreement (including without limitation approval by the Independent Shareholders) and expiry of the term of the Existing Tenancy Agreement II on 31 December 2021

(4) **Assessment of the terms of the Tenancy Agreements**

With reference to the Letter from the Board, the rentals under the Tenancy Agreements were determined after arm's length negotiations between the parties thereto and with reference to the rent in of comparable properties in similar location and the fair rent letter prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent property valuer engaged by the Group. According to the fair rent letter and the valuation report, the valuer is of the view that the rentals under the Tenancy Agreements is similar to the market rentals of comparable properties in similar location.

As part of our due diligence work, we have obtained information on the valuer's track records on other property valuations and reviewed their terms of engagement. Based on the engagement letter and other relevant information provided by the valuer, we are satisfied with the terms of engagement of the valuer as well as their qualification and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

experience for preparation of the fair rent letter and the valuation report. According to the valuer, the fair rent letter and the valuation report have been prepared in compliance with the requirements of the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors. The valuer also confirmed that there is no current and prior relationship with the Group and other parties to the Tenancy Agreements.

We have reviewed the fair rent letter and the valuation report and discussed with the valuer the methodology, basis and assumptions adopted in arriving at the market rents of Property I and II. We understand that the valuer has adopted a market approach by reference to comparable market rents and the valuer has considered (i) location; (ii) use; (iii) floor area; (iv) building quality and (v) transaction/quotation date, to select the comparable properties to derive the appropriate market rent. As advised by the valuer, the market approach is one of the commonly adopted approaches for deriving market rental and is also consistent with normal market practice. The valuer has identified 10 recent market transactions at the same building of Property I and 6 comparable properties' asking rental for Property II. The valuer confirmed that the selected market transactions and comparable properties' asking rental are sufficient and relevant for comparison taken into account of the above selection criteria. Set out below are the details of the comparable properties selected by the valuer:

Comparable properties for Property I

Transaction date	Type	Location	Gross floor area (sq.ft.)	Monthly rental per sq.ft. (HK\$)
2 September 2021	Industrial	Chung Mei Centre	1,120	15.5
28 August 2021	Industrial	Chung Mei Centre	950	15.0
16 August 2021	Industrial	Chung Mei Centre	3,010	14.0
16 August 2021	Industrial	Chung Mei Centre	3,584	14.0
11 August 2021	Industrial	Chung Mei Centre	950	15.0
27 May 2021	Industrial	Chung Mei Centre	207	20.3
27 May 2021	Industrial	Chung Mei Centre	238	19.7
27 May 2021	Industrial	Chung Mei Centre	167	20.4
27 May 2021	Industrial	Chung Mei Centre	215	20.0
27 May 2021	Industrial	Chung Mei Centre	165	20.6
		Maximum		20.6
		Minimum		14.0
		Average		17.5
		Median		17.6
		Property I	5,985	15.0

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We note that the monthly unit rate for the 10 comparable industrial properties were between HK\$14.0 and HK\$20.6 per square feet, with an average of HK\$17.5 and median of HK\$17.6 per square feet. The monthly unit rate of Property I under Tenancy Agreement I is approximately HK\$15.0 per square feet which is lower than the average and median monthly unit rate of the comparable properties. As such, we consider the rental of Property I is in line with the market practice and the terms of the Tenancy Agreement I are no less favorable to the Group than those offered in open market. In light of the above, we concur with the valuer that the rental of Property I is comparable to the prevailing market rates of the comparable properties.

The valuer has also assessed the rateable value of Property I with reference to the Rating and Valuation Department Property Information Online. Based on the information contained in the valuation list of Property Information Online, the unit rent of Property I for the year of assessment 2021–2022 is approximately HK\$15.2 per square feet. We have obtained and reviewed the supporting documents provided by the valuer and are satisfied with the result.

Comparable properties for Property II

Quotation date	Type	Location	Gross floor area (sq.m.)	Monthly asking rental per sq.m. (RMB)
30 September 2021	Industrial	Jinggong Industrial Park, Boluo County, Huizhou City	1,000	12.0
30 September 2021	Industrial	Jiulong High-tech Park, Xiaojinkou, Huicheng District, Huizhou City	3,000	14.0
30 September 2021	Industrial	Xiaojinkou Industrial Zone, Huizhou Avenue, Huicheng District, Huizhou City	20,000	12.0
30 September 2021	Industrial	Xiaojinkou, Huicheng District, Huizhou City	70,000	13.0
30 September 2021	Industrial	Xiaojinkou, Huicheng District, Huizhou City	77,000	13.0
30 September 2021	Industrial	Xiaojinkou, Huicheng District, Huizhou City	60,000	12.0
		Maximum		14.0
		Minimum		12.0
		Average		12.7
		Median		12.5
		Property II	85,036.1	12.0

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The asking rentals of the comparable properties for Property II ranged from RMB12.0 to RMB14.0 per square meter, with an average of approximately RMB12.7 per square meter. The monthly unit rate of Property II under Tenancy Agreement II is approximately RMB12.0 per square meter which is lower than the average and median monthly unit rate of the comparable properties. We concur with the valuer that the 6 comparable quotations identified for Property II is sufficient for comparison due to the uniqueness of its relatively large gross floor area, having considered that (i) the geographical proximity of the comparable properties; (ii) the 6 comparable properties all possess similar established facilities as Property II; and (iii) the similar building conditions, we concur with the view of the valuer that the 6 quotations which are identified by the valuer on best effort basis are fair and representative for reference. As such, the rental for Property II of RMB12.0 per square meter is comparable to other industrial premises in the region.

Having considered (i) the rentals under the Tenancy Agreements are in line with the market practice; and (ii) the valuer confirmed the terms and conditions of the Tenancy Agreements are comparable to prevailing market terms of comparable properties in similar location, we are of the view that the rentals under the Tenancy Agreements are fair and reasonable so far as the Independent Shareholders are concerned.

(5) Possible financial effects as a result of entering into the Tenancy Agreements

Assets and liabilities

Pursuant to the HKFRS 16, the entering into of the Tenancy Agreements as a lessee will require the Group to recognise the right-of-use assets in its consolidated statement of financial position. The aggregate value of the right-of-use assets to be recognised by the Group under the Tenancy Agreements is expected to be approximately HK\$41.9 million, which is calculated with reference to the aggregated rental payments and discounted by a discounted rate. Accordingly, the entering into of the Tenancy Agreements will enlarge the size of the assets and liabilities of the Group.

Profit or loss

Pursuant to the HKFRS 16, the Group shall recognise (i) depreciation expense over the life of the right-of-use asset, and (ii) interest expenses amortised from the lease liability over the term of the Tenancy Agreements.

(6) Internal control measures

As advised by the Company, in order to ensure the pricing basis in the Tenancy Agreements is on normal commercial basis and to safeguard the interests of the Company and its Shareholders as a whole, before entering the Tenancy Agreements, the Company has obtained market rents for similar properties in nearby area and obtained comparable information for the determination of the terms of tenancy.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In addition, the transactions contemplated under the Tenancy Agreements are subject to annual review by the independent non-executive Directors and the external auditors. In particular, the independent non-executive Directors will conduct annual review to confirm whether the transactions contemplated under the Tenancy Agreements are in the ordinary and usual course of business of the Group, on normal commercial terms, and the terms are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Having considered the above, we are of the view that there are appropriate procedures and arrangements to ensure that the transactions contemplated under the Tenancy Agreements will be conducted on terms that are fair and reasonable and are in the interests of the Company and its Shareholders as a whole; and on normal commercial terms and in the ordinary and usual course of business of the Group. The abovementioned internal control measures will also help the Group to monitor its compliance with the Listing Rules.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that the Tenancy Agreements are on normal commercial terms and in the ordinary and usual course of business of the Group; fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Tenancy Agreements and we recommend the Independent Shareholders to vote in favour of the ordinary resolution in this regard.

Yours faithfully,
For and on behalf of
FDB Financial Group Limited
Wallace Cheung
Executive Director

Note: Mr. Wallace Cheung is a licensed person registered with the Securities and Future Commission of Hong Kong and a responsible officer of FDB Financial Group Limited to carry out type 6 (advising on corporate finance) regulated activities under the SFO and has over 10 years of experience in the corporate finance industry.

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 Group. 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. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

Interests of Directors in the Company

As at Latest Practicable Date, the interests or short positions of the Directors 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) (i) 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 or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by the Directors of Listed Issuers (the “**Model Code**”) of the Listing Rules, were as follows:

<u>Name of Director/ chief executive</u>	<u>Capacity/nature of interest</u>	<u>Number of Shares held (long position)</u>	<u>Approximate percentage of shareholding</u>
Dr. Chan	Interest in a controlled corporation (<i>Note 1</i>)	213,640,000	59.51%
	Interest of Spouse (<i>Note 2</i>)	6,806,000	1.90%
Ms. Cheng	Interest in a controlled corporation (<i>Note 1</i>)	213,640,000	59.51%
	Beneficial owner	6,806,000	1.90%
Mr. Chan Wai Ming	Beneficial owner	5,000,000	1.39%
Mr. Chiu Wai Kwong	Beneficial owner	5,000,000	1.39%
Ms. Tang Mei Wah	Beneficial owner	5,000,000	1.39%
Mr. Yu Kwok Wai	Beneficial owner	5,000,000	1.39%

Notes:

- 213,640,000 Shares are owned by Modern Expression, which is wholly-owned by Dr. Chan and Ms. Cheng jointly. Under the SFO, each of Dr. Chan and Ms. Cheng is deemed to be interested in all the Shares owned by Modern Expression.
- Ms. Cheng is the spouse of Dr. Chan. Under the SFO, Dr. Chan is deemed to be interested in all the Shares in which Ms. Cheng is interested.

Interests of Directors in associated corporation of the Company

As at Latest Practicable Date, the interests or short positions of the Directors or chief executive of the Company in the Shares, underlying Shares and debentures of the Company's associated corporations (within the meaning of Part XV of the SFO) (i) 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 or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name of Director	Capacity/nature of interest	Name of associated corporation	Number of shares held in associated corporation (long position)	Approximate percentage of shareholding in associated corporation
Dr. Chan	Interest held jointly with another person (Note)	Modern Expression	1	100%
Ms. Cheng	Interest held jointly with another person (Note)	Modern Expression	1	100%

Note: Modern Expression is wholly-owned by Dr. Chan and Ms. Cheng jointly. Dr. Chan and Ms. Cheng are spouses.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had 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) (i) 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 or short positions which were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial shareholders' and other persons' interests and/or short position in Shares and underlying Shares and debentures of the Company

As at the Latest Practicable Date, so far as was known to the Directors, the following persons or corporations (other than the Directors or chief executive of the Company) had or deemed or taken to have an interests and/or short positions in the Shares, underlying Shares and debentures of the Company which were required to be recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO:

<u>Person/corporation</u>	<u>Capacity/nature of interest</u>	<u>Number of Shares held (long position)</u>	<u>Percentage of interest in the Company</u>
Modern Expression	Beneficial owner	213,640,000	59.51%
Capital Fortress	Beneficial owner	29,000,000	8.08%
Mr. Leung	Interest in a controlled corporation (<i>Note 1</i>)	29,000,000	8.08%
Ms. Chan Ying Yuk Purple (“ Ms. Chan ”)	Interest of spouse (<i>Note 2</i>)	29,000,000	8.08%
Bestresult Assets	Beneficial owner	22,360,000	6.23%
Ms. Li	Interest in a controlled corporation (<i>Note 3</i>)	22,360,000	6.23%
Mr. Lo Kam Wing Raymond (“ Mr. Lo ”)	Interest of spouse (<i>Note 4</i>)	22,360,000	6.23%

Notes:

1. Capital Fortress is wholly-owned by Mr. Leung. Under the SFO, Mr. Leung is deemed to be interested in all the Shares owned by Capital Fortress.
2. Ms. Chan is the spouse of Mr. Leung. Under the SFO, Ms. Chan is deemed to be interested in all the Shares in which Mr. Leung is interested.
3. Bestresult Assets is wholly-owned by Ms. Li. Under the SFO, Ms. Li is deemed to be interested in all the Shares owned by Bestresult Assets.
4. Mr. Lo is the spouse of Ms. Li. Under the SFO, Mr. Lo is deemed to be interested in all the Shares in which Ms. Li is interested.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other persons who had or deemed or taken to have any interests or short positions in the Shares, underlying Shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of interests required to be kept by the Company under Section 336 of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not terminable by such member of the Group within one year without payment of compensation (other than statutory compensation).

4. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, to the best knowledge of the Directors, none of the Directors or their respective close associates (as defined under the Listing Rules) has any interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

5. DIRECTORS' INTEREST IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2020 (being the date to which the latest published audited consolidated financial statements of the Company were made up), (i) acquired or disposed of by; or (ii) leased to; or (iii) proposed to be acquired or disposed of by; or (iv) proposed to be leased to, any member of the Group.

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to the business of the Group.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2020, being the date to which the latest published audited consolidated financial statements of the Company were made up.

7. QUALIFICATIONS AND CONSENT OF EXPERTS

The following sets out the qualifications of the experts who have given opinion or advice which are contained in this circular:

Name	Qualifications
FDB Financial Group Limited	a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO.
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Independent Property Valuer

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its letter, report and/or opinion, as the case may be, and references to its name in the form and context in which they appear.

As at the Latest Practicable Date, each of the above experts confirmed that he or she:

- (a) was not beneficially interested in the share capital of any member of the Group;
- (b) did not have any direct or indirect shareholding in any member of the Group or any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for any securities in any member of the Group; and
- (c) did not have any direct or indirect interest in any assets which have been since 31 December 2020 (being the date to which the latest published audited consolidated financial statements of the Company were made up), acquired or disposed of by, or leased to any member of the Group, or were proposed to be acquired or disposed of by, or were proposed to be leased to any member of the Group.

8. MISCELLANEOUS

This circular is prepared in both English and Chinese. In the event of any inconsistency, the English version shall prevail over the Chinese version of this circular.

9. DOCUMENTS ON DISPLAY

Copies of the following documents will be available on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.townray.com during the period of 14 days from the date of this circular:

- (a) the Tenancy Agreements;
- (b) the letter from the Board, the text of which is set out on pages 6 to 15 of this circular;
- (c) the letter from the Independent Board Committee, the text of which is set out on pages 16 to 17 of this circular;
- (d) the letter from the Independent Financial Adviser, the text of which is set out on pages 18 to 27 of this circular;
- (e) the Valuation Report issued by the Independent Valuer, the text of which is set out in Appendix II of this circular;
- (f) the written consent of the experts referred to in the paragraph headed “Qualifications and Consent of Experts” in this appendix; and
- (g) this circular.

The following is the text of the letter, summary of market rents and valuation certificates prepared for the purpose of incorporation in this circular received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its opinion of market rent of the property interests as at 30 September 2021 to be leased by the Group.



Jones Lang LaSalle Corporate Appraisal and Advisory Limited
7/F One Taikoo Place 979 King's Road Hong Kong
tel +852 2846 5000 fax +852 2169 6001
Company Licence No.: C-030171

18 November 2021

The Board of Directors
Town Ray Holdings Limited
10th Floor, Block A
Chung Mei Centre
15 Hing Yip Street
Kwun Tong, Kowloon
Hong Kong

Dear Sirs,

Re: To determine the market rent of 10th Floor, Block A, Chung Mei Centre, No. 15 Hing Yip Street, Kwun Tong, Kowloon, Hong Kong (the “Property I”) and an industrial complex located at Dunzilipian (Jiangbei 84) Community, Qingtang Village, Xiaojinkou Town, Huicheng District, Huizhou City, Guangdong Province, the People’s Republic of China (the “PRC”) (the “Property II”) (altogether as the “Properties”).

INSTRUCTIONS, PURPOSE AND VALUATION DATE

In accordance with the instructions of Town Ray Holdings Limited (the “**Company**”) and together with its subsidiaries (collectively the “**Group**”) to provide an opinion of market rent of the Properties to be leased by the Group, we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion on the market rent of the Properties as at 30 September 2021 (the “**Valuation Date**”) for circular disclosure purpose.

BASIS OF VALUATION

Our valuation is carried out on a market rent basis. Market rent is defined by the IVS and followed by the HKIS Valuation Standards as “the estimated amount for which an interest in real property should be leased on the Valuation Date between a willing lessor and a willing lessee on appropriate lease terms in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

VALUATION ASSUMPTIONS

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a tenancy. Unless otherwise stated, it is assumed that the Properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their rental values.

Our rental opinion is carried out on the assumptions that the monthly rent for the Property I is exclusive of Government rent, property tax, building management fees and utilities charges, while the monthly rent for the Property II is inclusive of value-added tax (“VAT”) and building management fees, but exclusive of utilities charges.

Our valuation excludes an estimated rental inflated or deflated by special terms or circumstances such as a typical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the letting, or any element of value available only to a specific lessor or lessee.

Our valuation has been made on the assumption that the lessor leases or lets the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the market rent of the property interests.

METHOD OF VALUATION

We have adopted the Direct Comparison Approach in our valuation of market rent as at the Valuation Date by referring to comparable market rent transactions/asking rent in our assessment of the market rent of a property. This approach rests on the wide acceptance of the market rent transactions as the best indicator and pre-supposes that evidence of relevant rent transactions in the marketplace can be extrapolated to similar properties, subject to allowances for variable factors.

VALUATION STANDARDS

In the course of our valuation, we have complied with all requirements contained in the RICS Valuation — Global Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors, and the International Valuation Standards published by the International Valuation Standards Council.

SOURCE OF INFORMATION

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, floor area and all other relevant matters. Dimensions and measurements are based on the copies of documents collected from the Group and are therefore only approximations.

For the Property I, we have been shown copies of floor plans, Existing Tenancy Agreement I and summary of new tenancy details and we have obtained relevant information from the Land Registry, the Buildings Department, and relevant government departments and have made relevant enquiries.

We have no reason to doubt the truthfulness and accuracy of the information provided to us by the Group. We have also been advised by the Group that no material factors have been omitted from the information to reach an informed view and we have no reason to suspect that any material information has been withheld.

DOCUMENT AND TITLE INVESTIGATION

For the Property I, we have been provided with a copy of Tenancy Agreement I and have caused searches to be made at the Land Registry. However, we have not searched the original documents to verify the ownership or to ascertain any amendment thereto.

For the Property II, we have been shown copies of lease agreement, title documents including Real Estate Title Certificates and other official plans relating to the property interests and we have made relevant enquiries. However, we have not examined the original documents relating to the Property II and assumed that the copies of the documents obtained are consistent with their originals and the lease is valid and effective under the applicable laws.

AREA MEASUREMENT AND INSPECTION

We have not carried out detailed measurements to verify the correctness of the areas in respect of the Properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

Inspections of the Properties were carried out in September and November 2021 by Mr. Albert Mak and Ms. Laura Li, who have more than 1 year's experience in the valuation of properties in Hong Kong and the PRC.

CURRENCY

Unless otherwise stated, all monetary figures stated in this report, for the Properties in Hong Kong and the PRC, are in Hong Kong Dollar (HKD) and Renminbi (RMB) respectively.

The exchange rate adopted in our valuation is approximately HKD1 = RMB0.83, which was approximately the prevailing exchange rate as at the Valuation Date. Such exchange rate is for illustration purpose only.

COMMENTARY ON THE IMPACT OF THE NOVEL CORONAVIRUS (COVID-19) ON VALUATION

We are instructed to provide our opinion of market rent as per the Valuation Date only. It is based on economic, market and other conditions as they exist on, and information made available to us as of, the Valuation Date and we assume no obligation to update or otherwise revise these materials for events in the time since then. In particular, the outbreak of the COVID-19 since declared Global Pandemic on 11 March 2020 has caused much disruption to economic activities around the world. As of the report date, China's economy has recovered and most business activities have been back to normal. We also note that market activity and market sentiment in this particular market sector remain stable. However, we remain cautious due to uncertainty for the pace of global economic recovery in the midst of the outbreak which may have future impact on the real estate market. Therefore, we recommend that you keep the valuation of these Properties under frequent review.

VALUATION

Our summary of market rents and valuation certificates are attached below for your attention.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Eddie T. W. Yiu
MRICS MHKIS RPS (GP)
Senior Director

Note: Eddie T. W. Yiu is a Chartered Surveyor who has 27 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

SUMMARY OF MARKET RENTS

No.	Property	Market rent in existing state as at 30 September 2021 <i>HKD</i>
1.	10th Floor, Block A Chung Mei Centre No. 15 Hing Yip Street Kwun Tong, Kowloon Hong Kong	89,775 (EIGHTY-NINE THOUSAND SEVEN HUNDRED AND SEVENTY-FIVE) per month, exclusive of Government rent, property tax, building management fees and utilities charges

SUMMARY OF MARKET RENTS

No.	Property	Market rent in existing state as at 30 September 2021 <i>RMB</i>
2.	An industrial complex located at Dunzilipian (Jiangbei 84) Community Qingtang Village Xiaojinkou Town Huicheng District Huizhou City Guangdong Province The PRC	1,020,000 (ONE MILLION AND TWENTY THOUSAND) per month, inclusive of VAT and building management fees, but exclusive of utilities charges Equivalent to HKD 1,229,000 (ONE MILLION TWO HUNDRED AND TWENTY-NINE THOUSAND)

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market rent in existing state as at 30 September 2021 HKD
1.	10th Floor, Block A Chung Mei Centre No. 15 Hing Yip Street Kwun Tong Kowloon Hong Kong 94/3,190th equal and undivided shares of and in Kun Tong Inland Lot Nos. 51 and 52	<p>The property comprises the whole of 10th Floor of a 15-storey industrial building completed in 1989.</p> <p>The property has a saleable area of approximately 5,985 sq.ft. (or 556 sq.m.).</p> <p>The property is held under a Government Lease No. UB9415581 for a term of 21 years renewed for 21 years from 1 July 1955 and statutorily extended to 30 June 2047 at nil premium but subject to payment of an annual Government rent of 3% of the rateable value for the time being of the property.</p>	<p>As at the Valuation Date, the property was leased to Tunbow Group Limited (東保集團有限公司), an indirect wholly-owned subsidiary of the Company, for a term of 2 years and 9 months from 1 April 2019 and expiring on 31 December 2021 at a monthly rent of HKD83,790 exclusive of Government rent, property tax, building management fees and utilities charges with an option to renew for a further term of 3 years.</p>	<p>89,775 (EIGHTY-NINE THOUSAND SEVEN HUNDRED AND SEVENTY-FIVE) per month, exclusive of Government rent, property tax, building management fees and utilities charges</p>

Notes:

1. The registered owner of the property is Tunbow Properties Limited, a connected party of the Company, by way of an assignment registered with the Land Registry via Memorial No. UB9415581 dated 13 November 2004.
2. Pursuant to our land search record, the property is subject to, inter alia, the following encumbrances:
 - a. Deed of Mutual Covenant and Management Agreement registered with the Land Registry via Memorial No. UB4145005 dated 7 July 1989;
 - b. A Tenancy Agreement for a term of 2 years and 9 months from 1 April 2019 and expiring on 31 December 2021 at a monthly rent of HKD83,790 exclusive of Government rent, property tax, building management fees and utilities charges with an option to renew for a further term of 3 years registered with the Land Registry via Memorial No. 19042402190019 dated 1 April 2019;
 - c. Mortgage in favour of Hong Kong and Shanghai Banking Corporation Limited registered with the Land Registry via Memorial No. 20081300240032 dated 31 July 2020.
3. In the valuation of this property, we have made the following assumptions:
 - a. The Property I can be freely leased;
 - b. The lessor has legal rights to lease out the Property I and the Group is entitled to freely lease the Property I; and
 - c. The monthly rent is exclusive of Government rent, property tax, building management fees and utilities charges.

VALUATION CERTIFICATE

No. Property	Description and tenure	Particulars of occupancy	Market rent in existing state as at 30 September 2021 RMB
2. An industrial complex located at Dunzilipian (Jiangbei 84) Community Qingtang Village Xiaojinkou Town Huicheng District Huizhou City Guangdong Province The PRC (惠州市惠城區小金口鎮青塘村墩子瀝片(江北84)小區)	<p>The property comprises a parcel of land with a site area of approximately 56,343.8 sq.m. and 8 buildings erected thereon which were completed in 2010.</p> <p>The buildings have a total gross floor area of approximately 85,036.1 sq.m. (See note 3 for breakdown area of the property)</p> <p>The land use rights of the property have been granted for a term expiring on 31 July 2056 for industrial use.</p>	<p>As at the Valuation Date, a portion of the property with a total leased area of approximately 73,650.04 sq.m. was leased to Town Ray Electrical (Huizhou) Limited (登輝電器(惠州)有限公司), an indirect wholly-owned subsidiary of the Company, for a term of 2 years and 9 months commencing from 1 April 2019 and expiring on 31 December 2021 at a total monthly rent of RMB810,150.44, inclusive of VAT and building management fees, but exclusive of utilities charges.</p>	<p>1,020,000 (ONE MILLION AND TWENTY THOUSAND) per month, inclusive of VAT and building management fees, but exclusive of utilities charges</p> <p>Equivalent to HKD</p> <p>1,229,000 (ONE MILLION TWO HUNDRED AND TWENTY-NINE THOUSAND)</p>

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate — Hui Fu Guo Yong (2006) Di No. 3021000247, the land use rights of a parcel of land with a site area of approximately 56,343.8 sq.m. have been granted to Tunbow Electrical (Huizhou) Limited (東保利電業(惠州)有限公司), a connected party of the Company, for a term expiring on 31 July 2056 for industrial use.
2. Pursuant to 8 Real Estate Title Certificates — Yue (2018) Huizhou Shi Bu Dong Chan Quan Di Nos. 0124386, 0124388 to 0124394, 8 buildings with a total gross floor area of approximately 85,036.1 sq.m. are owned by Tunbow Electrical (Huizhou) Limited (東保利電業(惠州)有限公司).
3. The breakdown of gross floor area for each building is listed below:

Buildings	Usage	Gross Floor Area (<i>sq.m.</i>)
3-1	Warehouse	9,649.22
3-2	Shed	512.00
3-3	Production Plant	49,894.80
3-4	Processing Plant	14,772.70
3-5	Transformer Room	724.60
3-6	Die Casting Plant	1,944.00
3-7	Dormitory	7,053.44
3-8	Pump house	485.34
	Total:	85,036.10

4. In the valuation of this property, we have made the following assumptions:
 - a. The Property II can be freely leased;
 - b. All relevant title certificates of the land and buildings stated in Notes 1 and 2 have been obtained by the lessor and the Group is entitled to freely lease the Property II; and
 - c. The monthly rent is inclusive of VAT and building management fees, but exclusive of utilities charges.

NOTICE OF EXTRAORDINARY GENERAL MEETING



TOWN RAY HOLDINGS LIMITED

登輝控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1692)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Town Ray Holdings Limited (the “**Company**”) will be held at 11:00 a.m. on Wednesday, 8 December 2021 at 10th Floor, Block A, Chung Mei Centre, 15 Hing Yip Street, Kwun Tong, Kowloon, Hong Kong (or any adjournment thereof) to consider, and if thought fit, pass the following resolution as an ordinary resolution of the Company. The capitalised terms defined in the circular dated 18 November 2021 issued by the Company (the “**Circular**”) of which this notice forms part shall have the same meanings when used herein unless otherwise specified:

ORDINARY RESOLUTION

1. “**THAT**

- (i) the Tenancy Agreements (the copies of which had been produced to the meeting and initialled by the chairman of the meeting for identification purpose) and the transactions contemplated thereunder and the implementation thereof be and are hereby approved, confirmed and ratified; and
- (ii) any one director of the Company (or any two directors of the Company or one director and the secretary of the Company, in the case of execution of documents under seal) be and is hereby authorised for and on behalf of the Company to execute all such other documents, instruments 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 in the Tenancy Agreements and the transactions contemplated thereunder and the implementation thereof including the affixing of seal thereon.”

By Order of the Board
Town Ray Holdings Limited
Chan Kam Kwong Charles
Chairman and non-executive Director

Hong Kong, 18 November 2021

NOTICE OF EXTRAORDINARY GENERAL MEETING

Registered Office:

Windward 3
Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

Headquarter and Principal Place

of Business in Hong Kong:

10th Floor, Block A
Chung Mei Centre
15 Hing Yip Street
Kwun Tong, Kowloon
Hong Kong

Notes:

1. A member of the Company entitled to attend and vote at the EGM shall be entitled to appoint another person as his/her proxy to attend and vote in his/her stead. A member who is the holder of two or more shares of the Company may appoint more than one proxy. A proxy need not be a member of the Company. Completion and return of the form of proxy will not preclude a member of the Company from attending the EGM and voting in person should he/she so wish. In such event, his/her form of proxy will be deemed to be revoked.
2. A form of proxy for the EGM is enclosed. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, shall be deposited at the Hong Kong branch share registrar of the Company, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time appointed for holding the EGM or any adjourned meeting (i.e. not later than 11:00 a.m. on Monday, 6 December 2021).
3. Where there are joint registered holders of any share of the Company, any one of such persons may vote at the EGM, either personally or by proxy, in respect of such share as if he/she were solely entitled thereto; but if more than one of such joint holders be present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
4. For the purpose of ascertaining the shareholders who are entitled to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 3 December 2021 to Wednesday, 8 December 2021, both dates inclusive, the period during which no transfer of shares of the Company will be effected. In order to be eligible to attend and vote at the meeting, all completed share transfer documents, accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar of the Company, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 2 December 2021.
5. Members of the Company or their proxies shall produce documents of their proof of identity when attending the EGM.
6. If typhoon signal No. 8 or above, or a "black" rainstorm warning is in effect any time after 7:00 a.m. on the date of the EGM, the meeting will be postponed. The Company will post an announcement on the website of Company at www.townray.com and on the HKExnews website of the Stock Exchange at www.hkexnews.hk to notify shareholders of the Company of the date, time and place of the rescheduled meeting.

NOTICE OF EXTRAORDINARY GENERAL MEETING

PRECAUTIONARY MEASURES FOR THE EGM

Due to the outbreak of the coronavirus pandemic (the “**Pandemic**”), the Company will implement the following precautionary measures against the Pandemic at the venue of meeting of the EGM (the “**Venue**”) to protect the Shareholders from the risk of infection:

- i. compulsory body temperature check will be conducted for every Shareholder or his/her proxy at the entrance of the Venue. Any person with a body temperature of over 37.5 degrees Celsius will not be admitted to the Venue;
- ii. every Shareholder or his/her proxy will have to submit a completed health declaration form prior to entry into the Venue;
- iii. every Shareholder or his/her proxy will have to scan the “LeaveHomeSafe” venue QR code or register contact details in written form prior to entry into the Venue;
- iv. every Shareholder or his/her proxy is required to wear his or her own surgical face mask throughout the EGM. Any person who refuses to wear surgical face mask will not be admitted to or will be asked to leave the Venue;
- v. every Shareholder or his/her proxy who has travelled from jurisdictions, which according to the Department of Health of Hong Kong would render such person subject to a quarantine order, within 21 days of the date of EGM will not be admitted to the Venue; and
- vi. no refreshments will be served and no corporate gift will be given.

To the extent permitted by the law, the Company reserves the right to deny any person’s entry into the EGM Venue or require any person to leave the EGM Venue so as to ensure the health and safety of the attendees at the EGM.

Furthermore, the Company wishes to strongly advise the Shareholders, particularly the Shareholders who are unwell, subject to quarantine in relation to the Pandemic or unable to travel to attend to EGM, that they may appoint any person or the chairman of the EGM as a proxy to vote on the ordinary resolution to be proposed at the EGM, instead of attending the EGM in person. The Company also encourages the Shareholders to take note of the Company’s website and the website of the Stock Exchange for any updates in relation to the EGM.

As at the date of this notice, the Board comprises Mr. Chan Wai Ming, Mr. Chiu Wai Kwong, Ms. Tang Mei Wah and Mr. Yu Kwok Wai as executive Directors; Dr. Chan Kam Kwong Charles and Ms. Cheng Yuk Sim Connie as non-executive Directors; and Mr. Chan Ping Yim, Mr. Choi Chi Leung Danny and Mr. Chan Shing Jee as independent non-executive Directors.