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

If you have sold or transferred all your shares in 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, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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TOWN RAY HOLDINGS LIMITED

登輝控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1692)

- (1) PROPOSED ADOPTION OF 2023 SHARE OPTION SCHEME
AND TERMINATION OF EXISTING SHARE OPTION SCHEME;**
**(2) PROPOSED GRANT OF GENERAL MANDATES TO ISSUE AND
REPURCHASE SHARES;**
(3) RE-ELECTION OF RETIRING DIRECTORS;
(4) RE-APPOINTMENT OF AUDITOR; AND
(5) NOTICE OF ANNUAL GENERAL MEETING

A notice convening an annual general meeting (the “**AGM**”) of Town Ray Holdings Limited (the “**Company**”) to be held at 11: 00 a.m. on Thursday, 25 May 2023 at Workshop A, 25th Floor, Reason Group Tower, No. 403 Castle Peak Road — Kwai Chung, Kwai Chung, New Territories, Hong Kong is set out on pages 48 to 53 of this circular.

A form of proxy for use by the Shareholders at the AGM is enclosed with this circular. Whether or not you are able to attend the AGM, 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 and transfer office of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjourned meeting should you so wish.

27 April 2023

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DEFINITIONS

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

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| “2022 AGM” | the previous annual general meeting of the Company, which was held on 27 May 2022 |
| “2023 Share Option Scheme” | the share option scheme proposed to be adopted by the Company at the AGM in its present form or as may be amended from time to time |
| “Adoption Date” | the date on which the 2023 Share Option Scheme is adopted upon fulfilment of the conditions set out in the Scheme Rules |
| “AGM” | the annual general meeting of the Company to be held at 11: 00 a.m. on Thursday, 25 May 2023 at Workshop A, 25th Floor, Reason Group Tower, No. 403 Castle Peak Road — Kwai Chung, Kwai Chung, New Territories, Hong Kong, the notice of which is set out on pages 48 to 53 of this circular, or any adjournment thereof |
| “AGM Notice” | the notice convening the AGM set out on pages 48 to 53 of this circular |
| “Articles” | the amended and restated articles of association of the Company adopted on 3 October 2019, as amended, supplemented or otherwise modified from time to time |
| “associates” | has the meaning ascribed thereto under the Listing Rules |
| “Auditor” | the auditor for the time being of the Company |
| “Board” | the board of Directors |
| “Business Day” | any day on which the Stock Exchange is open for the business of dealing in securities |
| “close associate(s)” | has the meaning ascribed thereto under the Listing Rules |
| “Companies Act” | the Companies Act, Cap 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time |
| “Company” | Town Ray Holdings Limited (登輝控股有限公司) (Stock Code: 1692), an exempted company incorporated in the Cayman Islands with limited liability on 28 September 2017 and the Shares of which are listed on the Stock Exchange |

DEFINITIONS

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| “Controlling Shareholder(s)” | has the meaning ascribed thereto under the Listing Rules |
| “core connected person(s)” | has the meaning ascribed thereto under the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “Eligible Participant(s)” | Employee Participant(s), Related Entity Participant(s) and Service Provider(s) |
| “Employee Participant(s)” | director(s) (excluding independent non-executive Directors) and employee(s) (whether full time or part time) of the Group (including persons who are granted Options under the 2023 Share Option Scheme as an inducement to enter into employment contracts with any member of the Group) |
| “Exercise Date” | the date on which the Option is duly exercised or, if that date falls on a day when the Register of Members is closed, the first day of the re-opening of the Register of Members |
| “Existing Share Option Scheme” | means the existing share option scheme adopted by the Company on 3 October 2019 and effective on the Listing Date |
| “Final Dividend” | the final dividend of HK19.3 cents per Share for the year ended 31 December 2022 recommended by the Board |
| “Grantee” | any Eligible Participant who accepts the Offer in accordance with the Scheme Rules or (where the context so permits and as referred to in the Scheme Rules) his/her Personal Representative(s) |
| “Group” | the Company and its subsidiaries |
| “HK\$” and “cents” | Hong Kong dollars and cents respectively, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Issue Mandate” | a general and unconditional mandate proposed to be granted to the Directors to exercise all powers of the Company to allot, issue and deal with the Shares not exceeding the aggregate of 20% of the number of the issued Shares as at the date of the passing of the relevant resolution |

DEFINITIONS

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| “Latest Practicable Date” | 17 April 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information in this circular prior to its publication |
| “Listing Date” | 25 October 2019, being the date of the Shares first becoming listed on the Stock Exchange |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange as amended, supplemented or otherwise modified from time to time |
| “Memorandum” | the amended and restated memorandum of association of the Company adopted on 3 October 2019, as amended, supplemented or otherwise modified from time to time |
| “Offer” | an offer for the grant of an Option made in accordance with the Scheme Rules |
| “Offer Date” | the date, which must be a Business Day, on which an Offer is made to an Eligible Participant |
| “Option(s)” | option(s) to subscribe for the Shares granted pursuant to the 2023 Share Option Scheme |
| “Option Period” | in respect of any particular Option, a period within which the Option may be exercised by the Grantee, which shall be determined and notified by the Directors to the Grantee but in any event shall not be more than ten years from the Offer Date of that Option |
| “Personal Representative(s)” | the person or persons who, in accordance with the laws of succession applicable in respect of the death of a Grantee (being an individual), is or are entitled to exercise the Option granted to such Grantee (to the extent not already exercised) |
| “Register of Members” | the register of members of the Company |
| “Related Entity Participant(s)” | director(s) and employee(s) of the holding companies, fellow subsidiaries or associated companies of the Company |
| “Remuneration Committee” | means the remuneration committee of the Board |
| “Repurchase Mandate” | a general unconditional mandate proposed to be granted to the Directors to exercise all powers of the Company to purchase or repurchase the Shares not exceeding the aggregate of 10% of the number of the issued Shares as at the date of the passing of the relevant resolution |

DEFINITIONS

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| “Scheme Mandate Limit” | 10% of the total number of issued Shares as of the Adoption Date |
| “Scheme Rules” | the rules of the 2023 Share Option Scheme |
| “Service Provider(s)” | person(s) who provide services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group, as more particularly defined in the paragraph headed “Service Providers” in the Letter from the Board in this circular |
| “Service Provider Sublimit” | 1% of the total number of issued Shares as of the Adoption Date |
| “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)” | the ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company |
| “Share Registrar” | Tricor Investor Services Limited, the Hong Kong branch share registrar of the Company, whose address is at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong |
| “share scheme(s)” | has the meaning ascribed thereto under Chapter 17 of the Listing Rules |
| “Shareholder(s)” | holder(s) of the Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Substantial Shareholder(s)” | has the meaning ascribed thereto under the Listing Rules |
| “Subscription Price” | the price per Share at which a Grantee may subscribe for the Shares on the exercise of an Option as determined in accordance with the Scheme Rules |
| “Subsidiary(ies)” | company(ies) which are for the time being and from time to time the subsidiary(ies) (within the meaning of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong)) of the Company |
| “Takeovers Code” | the Codes on Takeovers and Mergers and Share Buy-backs of Hong Kong, as amended, supplemented or otherwise modified from time to time |

DEFINITIONS

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| “Termination Date” | close of business of the Company on the date which falls ten years after the Adoption Date |
| “%” | per cent |



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:*

Workshop A, 25th Floor,
Reason Group Tower,
No. 403 Castle Peak Road — Kwai Chung,
Kwai Chung, New Territories,
Hong Kong

Independent non-executive Directors:

Mr. Chan Ping Yim
Mr. Choi Chi Leung Danny
Mr. Chan Shing Jee

Hong Kong, 27 April 2023

To the Shareholders

Dear Sir/Madam,

- (1) PROPOSED ADOPTION OF 2023 SHARE OPTION SCHEME
AND TERMINATION OF EXISTING SHARE OPTION SCHEME;
(2) PROPOSED GRANT OF GENERAL MANDATES TO ISSUE AND
REPURCHASE SHARES;
(3) RE-ELECTION OF RETIRING DIRECTORS;
(4) RE-APPOINTMENT OF AUDITOR; AND
(5) NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with the AGM Notice and the relevant information regarding the resolutions to be proposed at the AGM relating to:

- (i) the payment of the Final Dividend;
- (ii) the adoption of the 2023 Share Option Scheme;

LETTER FROM THE BOARD

- (iii) the granting of the Issue Mandate to the Directors;
- (iv) the granting of the Repurchase Mandate to the Directors;
- (v) the granting of the extension mandate to extend the Issue Mandate by the addition of an amount representing the number of the issued Shares purchased or repurchased by the Company pursuant to the Repurchase Mandate;
- (vi) the re-election of retiring Directors; and
- (vii) the re-appointment of the Auditor.

FINAL DIVIDEND

The Directors recommended the payment of the Final Dividend of HK19.3 cents per Share for the year ended 31 December 2022. The proposed dividend payment is subject to approval of the Shareholders at the AGM. The resolution for approval of the payment of the Final Dividend is set out in the ordinary resolution referred to in resolution numbered 2 of the notice of the AGM.

PROPOSED ADOPTION OF 2023 SHARE OPTION SCHEME AND TERMINATION OF EXISTING SHARE OPTION SCHEME

Existing Share Option Scheme

The Existing Share Option Scheme was conditionally adopted by the Company on 3 October 2019 and effective on the Listing Date, and would be valid and effective for a period of ten years commencing from the date of adoption.

As at the Latest Practicable Date, no option was granted under the Existing Share Option Scheme and there was no outstanding option thereunder. As at the Latest Practicable Date, the total number of Shares which may be allotted and issued upon exercise of all options to be granted under the Existing Share Option Scheme was 40,000,000 Shares, representing 10% of the total number of issued Shares on the Listing Date and approximately 11.1% of the total number of issued Shares as at the Latest Practicable Date.

It is proposed that the Existing Share Option Scheme shall be terminated upon the adoption of the 2023 Share Option Scheme. As at the Latest Practicable Date, the Company has no other share scheme other than the Existing Share Option Scheme.

As the Board has no intention of granting any further options under the Existing Share Option Scheme during the period between the Latest Practicable Date and the date of the AGM, no option will remain outstanding after the Existing Share Option Scheme is terminated. The Company has no outstanding option, convertible securities or warrant which confers the right to subscribe for Shares as at the Latest Practicable Date.

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According to the terms of the Existing Share Option Scheme, the Company may, by an ordinary resolution in a general meeting, terminate the operation of the Existing Share Option Scheme, and upon its termination, no further option can be granted under the Existing Share Option Scheme.

Proposed Adoption of the 2023 Share Option Scheme

Pursuant to “the Consultation Conclusions on Proposed Amendments to the Listing Rules relating to Share Schemes of Listed Issuers and Housekeeping Rule Amendment” published by the Stock Exchange in July 2022, Chapter 17 of the Listing Rules was amended with effect from 1 January 2023. In light of the amendments to the Listing Rules governing share schemes, the Company proposes to terminate and replace the Existing Share Option Scheme by adopting the 2023 Share Option Scheme to keep the share scheme adopted by the Company in compliance with the latest regulatory requirements.

None of the Directors is a trustee of the 2023 Share Option Scheme or has any direct or indirect interest in the trustees of the 2023 Share Option Scheme, if any. As at the Latest Practicable Date, to the best knowledge of the Directors and having made all reasonable enquiries, no Shareholder has any material interest in the proposed adoption of the 2023 Share Option Scheme. As such, no Shareholder is required to abstain from voting on the resolution in relation thereto.

An ordinary resolution will be proposed by the Company at the AGM for the Shareholders to consider and, if thought fit, to approve the termination of the Existing Share Option Scheme and adoption of the 2023 Share Option Scheme, which complies with the latest regulatory requirements under Chapter 17 of the Listing Rules.

Conditions precedent of the 2023 Share Option Scheme

The 2023 Share Option Scheme will take effect upon satisfaction of the following conditions:

- (i) the Stock Exchange granting the permission to deal in such number of Shares representing the Scheme Mandate Limit to be allotted and issued by the Company pursuant to the exercise of Options in accordance with the terms and conditions of the 2023 Share Option Scheme;
- (ii) passing of an ordinary resolution by the Shareholders in the AGM to terminate the Existing Share Option Scheme; and
- (iii) passing of an ordinary resolution to approve and adopt the 2023 Share Option Scheme in the AGM and to authorise the Board to grant Options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of any Options granted under the 2023 Share Option Scheme.

An application will be made by the Company to the Stock Exchange for permission to deal in the Shares to be issued pursuant to the exercise of the Options granted under the 2023 Share Option Scheme.

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Explanation of the terms of the 2023 Share Option Scheme

A summary of the principal terms of the 2023 Share Option Scheme is set out in Appendix I to this circular.

The purpose of the 2023 Share Option Scheme is to enable the Group to grant Options to the Eligible Participants as incentives or rewards for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group.

Eligible Participants

Eligible Participants include the Employee Participants (which exclude independent non-executive Directors), the Related Entity Participants and the Service Providers.

In determining the basis of eligibility of, and the terms of grant of Options to each Employee Participant or Related Entity Participant, the Board would mainly take into account his/her experience in the business of the Group, the length of his/her service with the Group, his/her contribution to the development and long-term growth of the Group and other factors as the Board may at its discretion consider appropriate.

The Group also maintains close collaborative relationships with the Related Entity Participants, such as senior management of the Company's holding companies and associated companies. They have extensive connections in markets outside of Hong Kong and have been involved in projects or provided support to the Group, in the form of providing advice to the Group on formulating medium to long-term business strategies, sharing their knowledge and expertise of up-to-date technologies, assisting the Group to improve production efficiency through the use of automation and other advanced technologies. The Related Entity Participants may also contribute to the Group by providing specific knowledge on a wide spectrum of related industries in which it operates, and guidance with respect to potential expansions into new markets and product categories based on their pre-existing expertise, which allow the Group to capture new opportunities for business development.

When considering eligibility of, and the terms of grant of Options to any Service Provider and whether such Service Provider provides services to the Group on a continuing or recurring basis in the ordinary and usual course of business, the Board shall generally consider all relevant factors as appropriate from time to time, including (i) the industry experience of the Service Provider; (ii) the type(s) of services that the Service Provider had provided to the Group; (iii) the period of engagement of the Service Provider; and (iv) the contribution and/or future contribution of the Service Provider to the development and long-term growth of the Group.

The Board (including the independent non-executive Directors) is of the view that, apart from the contributions of employees and directors of the Group, the success of the Group may also come from the efforts and cooperation of non-employees of the Group (including the Related Entity Participants and the Service Providers) who play a part in the development and continued success of the Group's business and operations, and have contributed or may contribute to the Group in the future.

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Service Providers

Amongst the Service Providers, vendors, suppliers, agents and contractors directly contribute to the long-term growth of the Group's business by providing services that are of a continuing and recurring nature in the ordinary and usual course of the Group's business. These Service Providers are closely connected to and crucial to the Group's day-to-day operations which span across procurement, manufacturing, sales and marketing, and research and development, and their contribution directly impacts the results of the operations of the Group. Service Providers also include advisors and consultants with relevant expertise in fields related to the industry, such as former senior management of prominent industry players who have unique knowledge of market trends and product roadmap during the short to long-term, and technical consultants who may advise on and assist the Group in its product development and improvement in production management capabilities. Such Service Providers contribute to the long-term growth of the Group by advising or consulting on a set of specialised skills and knowledge in the business activities of the Group. As these Service Providers possess industry-specific knowledge or expertise and often have extensive experience and understanding of the market, they are able to provide insight on areas such as market development, technological trends and innovations, technical specifications and licensing requirements for products, production management, as well as marketing. The strategic advice and guidance provided by these Service Providers benefit the Group in its ordinary and usual course of business and often allow it to plan its future business strategies effectively for long-term growth.

LETTER FROM THE BOARD

Set out below are the detailed description of each category of Service Providers and the specific criteria for determining the eligibility of each category of Service Providers under the 2023 Share Option Scheme.

| Types of Service Providers | Contributions of the Service Providers | Criteria for determining eligibility under the 2023 Share Option Scheme | Alignment with the purpose of the 2023 Share Option Scheme |
|----------------------------|--|---|---|
| Vendors and/or suppliers | Service Providers under this category are mainly vendors and/or suppliers for electrical parts, plastic raw materials and parts, metal raw materials and parts, power cords and lead wires, electronic parts, and moulds and toolings. | <p>The Board will, on a case by case basis, take into account both qualitative and quantitative factors when determining the eligibility of such vendors and/or suppliers, including but not limited to:</p> <ul style="list-style-type: none"> (i) the nature, reliability and quality of the products and/or services supplied; (ii) the value of the products and/or services provided by the relevant vendors and/or suppliers; (iii) the nature, scope and frequency of products and/or services supplied and length of business relationship with the Group; (iv) the materiality and nature of the business relationship with the Group (such as whether they are related to the core business of the Group and whether such business dealings could be readily replaced by third parties); (v) the background, reputation and track records of the relevant vendors and/or suppliers; (vi) the potential and/or actual contribution or significance to the financial performance and business development of the Group, evaluated in terms of the revenue generated from such supply, the aggregate supply volume, the procurement cost, the contract value and the relative concentration in the particular supply category for the relevant engagement period (or the corresponding growth rate compared with that of the preceding period); and (vii) the replacement cost of such vendors and/or suppliers and/or products and/or services (including continuity and stability of supply or provision of such products and/or services in the market). | Aligning with the purpose of the 2023 Share Option Scheme, remunerating the vendors and/or suppliers of the Group with equity incentives can recognize their contributions on the business development of the Group. The Board (including the independent non-executive Directors) considers that granting Options to the vendors and/or suppliers of the Group will align their long-term interests with those of the Group and the Shareholders, while maintaining the necessary flexibility for the Board to exercise its discretion in determining which individuals or entities have provided or will provide significant value to, or have or will have an important role in the Group's long-term growth. The inclusion of the vendors and/or suppliers of the Group as Eligible Participants under the 2023 Share Option Scheme is as such fair and reasonable. |

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| Types of Service Providers | Contributions of the Service Providers | Criteria for determining eligibility under the 2023 Share Option Scheme | Alignment with the purpose of the 2023 Share Option Scheme |
|---|--|---|--|
| Advisors, consultants, agents and/or other professional firms | Service Providers under this category are mainly advisors, consultants, agents and/or other professional firms with expertise in the research, development, production, marketing and sales and/or manufacturing of electrothermic household appliances and related product parts or components, and provision of related after-sales and technical services to the Group. | <p>The Board will, on a case by case basis, take into account both qualitative and quantitative factors when determining the eligibility of such advisors, consultants, agents and/or other professional firms, including but not limited to:</p> <ul style="list-style-type: none"> (i) individual performance of the relevant advisors, consultants, agents and/or other professional firms, including but not limited to the reliability and quality of the products and/or services supplied; (ii) their knowledge, experience and network in the relevant industry; (iii) the nature, scope and frequency of products and/or services supplied and length of business relationship with the Group; (iv) the materiality and nature of the business relationship with the Group (such as whether they are related to the core business of the Group and whether such business dealings could be readily replaced by third parties); (v) the background, reputation and track records of the relevant advisors, consultants, agents and/or other professional firms; (vi) the potential and/or actual contribution or significance to the financial performance and business development of the Group, evaluated in terms of the revenue generated from such supply of products and/or services, the aggregate supply volume, the contract value and the relative concentration in the particular supply category for the relevant engagement period (or the corresponding growth rate compared with that of the preceding period); (vii) the replacement cost of such advisors, consultants, agents and/or other professional firms (including continuity and stability of provision of the necessary services in the market); and (viii) other factors, including but not limited to the capability, expertise, technical know-how and/or business connections of the relevant advisors, consultants, agents and/or other professional firms, and/or the synergy between the relevant advisors, consultants, agents and/or other professional firms and the Group. | Aligning with the purpose of the 2023 Share Option Scheme, remunerating the advisors, consultants, agents and/or other professional firms of the Group with equity incentives can recognize their contributions on the business development of the Group. The Board (including the independent non-executive Directors) considers that granting Options to the advisors, consultants, agents and/or other professional firms of the Group will align their long-term interests with those of the Group and the Shareholders, while maintaining the necessary flexibility for the Board to exercise its discretion in determining which individuals or entities have provided or will provide significant value to, or have or will have an important role in the Group's long-term growth. The inclusion of the advisors, consultants, agents and/or other professional firms of the Group as Eligible Participants under the 2023 Share Option Scheme is as such fair and reasonable. |

LETTER FROM THE BOARD

| Types of Service Providers | Contributions of the Service Providers | Criteria for determining eligibility under the 2023 Share Option Scheme | Alignment with the purpose of the 2023 Share Option Scheme |
|----------------------------|--|--|--|
| Independent contractors | Service Providers under this category are mainly independent contractors, including third party subcontractors, in the electrothermic household appliances industry that collaborate with the Group on continuing projects, which the Group engages for its outsourcing of certain parts of its production process to achieve production optimisation. | <p>The Board will, on a case by case basis, take into account both qualitative and quantitative factors when determining the eligibility of such independent contractors, including but not limited to:</p> <ul style="list-style-type: none"> (i) individual performance of the relevant independent contractors, including but not limited to the reliability and quality of the products and/or services supplied; (ii) their knowledge, experience and network in the relevant industry; (iii) the nature, scope and frequency of the collaborating projects and length of business relationship with the Group; (iv) the materiality and nature of the business relationship with the Group (such as whether they are related to the core business of the Group and whether such business dealings could be readily replaced by third parties); (v) the background, reputation and track records of the relevant independent contractors; (vi) the potential and/or actual contribution or significance to the financial performance and business development of the Group, evaluated in terms of the revenue generated from such supply of products and/or services, the aggregate supply volume, the procurement cost, the contract value and the relative concentration in the particular supply category for the relevant engagement period (or the corresponding growth rate compared with that of the preceding period); (vii) the replacement cost of such independent contractors and/or the products or services (including continuity and stability of supply or provision of such products and/or services in the market); and (viii) other factors, including but not limited to the capability, expertise, technical know-how and/or business connections of the relevant independent contractors, and/or the synergy between the independent contractors and the Group. | Aligning with the purpose of the 2023 Share Option Scheme, remunerating the independent contractors of the Group with equity incentives can recognize their contributions on know-how and expertise that has contributed and/or will contribute to the business development of the Group. The Board (including the independent non-executive Directors) considers that granting Options to the independent contractors of the Group will align their long-term interests with those of the Group and the Shareholders, while maintaining the necessary flexibility for the Board to exercise its discretion in determining which individuals or entities have provided or will provide significant value to, or have or will have an important role in the Group's long-term growth. The inclusion of the independent contractors of the Group as Eligible Participants under the 2023 Share Option Scheme is as such fair and reasonable. |

LETTER FROM THE BOARD

Service Providers should be, or anticipated to be going forward, significant suppliers of products and/or services, or otherwise significant to the Group's business development. The Board will also consider whether the Service Providers have provided services to the Group on a continuing or recurring basis in its ordinary and usual course of business, taking into account whether the continuity and frequency of the services provided by a Service Provider are akin to those of its employees of the Group based on the following factors:

- (i) the type(s) of services that the Service Provider had provided to the Group in the past 12 months;
- (ii) the period of engagement of the Service Provider, including whether the Service Provider had entered into an agreement with the Group in the past 12 months with a term of no less than two years; or
- (iii) the Service Providers who are either former management or former employees of the Group, since the Group values their familiarity with and understanding of the businesses and operations of the Group, and considers that their contribution to the Group is similar to those of the employees of the Group.

The Board (including the independent non-executive Directors) is of the view that the inclusion of the Service Providers as Eligible Participants is as such fair and reasonable.

For the avoidance of doubt, Service Providers exclude placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions, and professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity.

The inclusion of the Related Entity Participants and the Service Providers as Eligible Participants is therefore consistent with the purpose of the 2023 Share Option Scheme. This enables the Group to have the flexibility to utilise Options as a means of incentivising or rewarding persons outside of the Group to contribute to its long-term success by aligning the interests of these stakeholders and strengthening their ongoing relationships with the Group. The Group will also be able to recruit and retain high-calibre employees and attract human resources that are valuable to the Group both inside and outside of the Group, which is conducive to the long-term development of the Group.

As mentioned above, the Board will take into account numerous factors when assessing the eligibility of and contribution (or potential contribution) made or to be made by different categories of the Related Entity Participants and the Service Providers. The Board also has the discretion to impose different terms and conditions (including but not limited to performance targets and vesting conditions) on the Options to be granted to these Eligible Participants, which allows the Board to have flexibility to impose appropriate conditions in light of the particular circumstances of each grant, corresponding to the relevant Eligible Participants' contribution or potential contribution.

LETTER FROM THE BOARD

Based on the above, the Board (including the independent non-executive Directors) considers that (i) the inclusion of the Related Entity Participants and the Service Providers as Eligible Participants is in line with the Company's business needs and the industry norm of providing equity-based payment to stakeholders in order to align interests and incentivise performance and contribution, as it is desirable and necessary to sustain and foster these business relationships on a long-term basis; and (ii) the criteria for the selection of the Related Entity Participants and the Service Providers as set out above and in paragraph 2 of the Appendix I to this circular and the discretion afforded to the Board to impose different terms and conditions (including but not limited to performance targets and vesting conditions) on the Options to be granted to such selected Eligible Participants, are appropriate and in the interest of the Company and the Shareholders as a whole, and align with the purpose of the 2023 Share Option Scheme.

Vesting period

The vesting period for Options under the 2023 Share Option Scheme shall not be less than 12 months. To ensure the practicability in fully attaining the purpose of the 2023 Share Option Scheme, the Board is of the view that (i) there are certain instances where a strict 12-month vesting requirement would not work or would not be fair to the Grantee, such as those set out in paragraphs 7(a) to (f) of Appendix I to this circular; (ii) there is a need for the Group to retain flexibility to reward exceptional performers with accelerated vesting or in exceptional circumstances where justified; and (iii) the Group should be allowed discretion to formulate its own talent recruitment and retention strategies in response to changing market conditions and industry competition, and thus should have flexibility to impose vesting conditions such as performance-based vesting conditions instead of time-based vesting criteria depending on individual circumstances. Hence, the Board is of the view that the shorter vesting period prescribed in paragraphs 7(a) to (f) of Appendix I to this circular is in line with the market practice, is appropriate and aligns with the purpose of the 2023 Share Option Scheme.

Scheme Mandate Limit

As at the Latest Practicable Date, the issued share capital of the Company comprised 359,000,000 Shares. Assuming that there is no change in the issued share capital during the period between the Latest Practicable Date and the Adoption Date, the maximum number of Shares which may be issued upon exercise of all Options to be granted under the 2023 Share Option Scheme will be 35,900,000 Shares, representing 10% of the total number of issued Shares as of the Adoption Date.

The Service Provider Sublimit of the 2023 Share Option Scheme will be 3,590,000 Shares, representing 1% of total number of the issued Shares as of the Adoption Date. The basis for determining the Service Provider Sublimit includes the potential dilution effect arising from grants to the Service Providers, the importance of striking a balance between achieving the purpose of the 2023 Share Option Scheme and protecting Shareholders from the dilution effect from granting a substantial amount of Options to the Service Providers, the extent of the use of Service Providers in the Group's business, and the fact that the Company expects that a majority of the Options will be granted to Employee Participants and Related Entity Participants and as such there is a need to reserve a larger portion of the Scheme

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Mandate Limit for grants to the Employee Participants and Related Entity Participants. Given the above, the Board has made reference to the 1% Individual Limit (as defined below) and considered that a sublimit of 1% would not lead to an excessive dilution of existing Shareholders' holdings.

Considering that there are no other share scheme involving the grant of Options over new Shares, the Group's hiring practice and organisational structures and that the Service Providers have contributed to the long-term growth of the Group's business development, the Board is of the view that the Service Provider Sublimit is appropriate and reasonable as it provides flexibility to grant Options to the Service Providers to align with the purpose of the 2023 Share Option Scheme and the relatively low threshold sublimit of 1% can provide adequate safeguard against excessive dilution of existing Shareholders' holdings. The Service Provider Sublimit is subject to separate approval of the Shareholders at the AGM.

Performance targets and clawback mechanism

The Scheme Rules will not prescribe specific performance targets that must be met before an Option can be exercised or a clawback mechanism to recover or withhold Options to be granted. However, the Scheme Rules will give the Board discretion to impose such conditions on the Options or prescribe such clawback mechanism where appropriate. The Board considers that it may not always be appropriate to impose such conditions on the Options or prescribe such clawback mechanism, particularly when the purpose of granting the Options is to remunerate or compensate Eligible Participants for past contributions. The Board considers that it is more beneficial to the Group to retain the flexibility to determine whether such conditions or clawback mechanism are appropriate in light of the particular circumstances of each grant.

While the performance targets will be imposed on a case-by-case basis to ensure the Options vested would be beneficial to the Group, general factors to be taken into account include but not limited to (i) aggregate amount of revenue or business generated by the specific Grantee during a financial year; (ii) annual results of the Company, annual growth on the revenue of the Group as compared to the immediately preceding financial year and performance of the Group; and (iii) any measureable performance benchmark which the Board considers relevant to the Grantee, including key performance indicators of respective department(s) and/or business unit(s) that the Grantee belongs, individual position, annual appraisal result and performance of the Grantee, and contributions made by the Grantee to the Group.

However, the Board is of the view that it is not practicable to expressly set out a generic set of performance targets in the Scheme Rules, as each Grantee plays different roles and contributes in different ways to the Group. The Board shall have regard to the purpose of the 2023 Share Option Scheme and the position, contributions and importance of the Grantee to the Group in making such determinations, and ensure that appropriate specific performance targets will be set under particular circumstances of the relevant Grantee(s).

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Although the 2023 Share Option Scheme does not prescribe a clawback mechanism, where there has been an occurrence of misconduct such as (i) any material misstatements or omissions in the Company's financial statements by a Grantee; (ii) any violation by a Grantee of confidentiality or non-competition obligations owed to the Group, or any leakage by such Grantee of the Group's trade secrets, intellectual property or proprietary information; (iii) any termination of employment contracts by a Grantee without notice or payment in lieu of notice; (iv) any conviction of any criminal offence by a Grantee involving integrity or honesty; or (v) any conduct of a Grantee that has material adverse effect to the reputation or interests of the Group, the Options may be subject to clawback as determined by the Board from time to time where appropriate. The clawback of Options or option Shares granted to the Directors and senior management of the Group, and any grants of Options or option Shares to the Directors and senior management of the Group without clawback, shall be further subject to the approval of the Board and the Remuneration Committee and any other requirements under the Listing Rules. The Board (and the Remuneration Committee in respect of grants of Options to the Directors and/or senior management of the Group) is of the view that the clawback mechanism in the 2023 Share Option Scheme provides a choice for the Company to clawback the equity incentives granted to Grantees culpable of misconduct and aligns with the purpose of the 2023 Share Option Scheme and the interests of Shareholders.

Basis of Determination of the Option Price

Eligible Participants to whom Options shall be granted, are entitled to subscribe for the number of Shares at the Subscription Price as determined by the Board in its discretion on the date of grant, but in any event, the Subscription Price shall be at least the highest of:

- (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a Business Day;
- (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date of grant; and
- (iii) the nominal value of the Share.

The basis for determining the Subscription Price is also specified precisely in the Scheme Rules. The Board considers that such basis will serve to preserve the value of the Company and encourage the Eligible Participants to acquire proprietary interests in the Company.

LETTER FROM THE BOARD

Value of the Options

The Board considers that it is not appropriate and impractical to state the value of the Options that can be granted under the 2023 Share Option Scheme as if they had been granted at the Latest Practicable Date, given that various factors (such as the Subscription Price and other terms and conditions to which an Option may be subject) crucial for valuation cannot be predicted or ascertained at this stage and may vary from case to case. The Board believes that any calculation of the value of the Options as at the Latest Practicable Date based on assumptions would be speculative, not meaningful to, and may be misleading to the Shareholders.

Document on Display

A copy of the Scheme Rules of the 2023 Share Option Scheme will be published on the respective websites of the Stock Exchange at “www.hkexnews.hk” and the Company at “www.townray.com” for display for a period of not less than 14 days before the date of AGM and will be made available for inspection at the AGM.

GENERAL MANDATES TO ISSUE SHARES

The previous general mandate granted to the Directors at the 2022 AGM to exercise the powers of the Company to allot, issue and deal with the Shares will expire at the AGM. As at the Latest Practicable Date, such general mandate has not been utilised and will lapse at the conclusion of the AGM. Therefore, an ordinary resolution will be proposed at the AGM that the Directors be granted a general unconditional mandate to exercise all powers of the Company to allot, issue and deal with the Shares not exceeding the aggregate of 20% of the number of the issued Shares as at the date of the passing of the relevant resolution. As at the Latest Practicable Date, the total number of issued Shares was 359,000,000. Subject to the passing of the proposed resolution, assuming that there would be no change in the number of issued Shares from the Latest Practicable Date to the date of the AGM, the maximum number of new Shares which can be issued by the Company under the Issue Mandate will be 71,800,000 Shares, representing 20% of the number of the issued Shares as at the Latest Practicable Date.

Details of the Issue Mandate are set out in the ordinary resolution as referred to in resolution numbered 8 of the AGM Notice.

LETTER FROM THE BOARD

GENERAL MANDATES TO REPURCHASE SHARES

The previous general mandate granted to the Directors at the 2022 AGM to exercise the powers of the Company to repurchase the Shares will expire at the AGM. As at the Latest Practicable Date, such general mandate has not been utilised and will lapse at the conclusion of the AGM. Therefore, an ordinary resolution will be proposed at the AGM that the Directors be granted a general unconditional mandate to exercise all powers of the Company to purchase or repurchase the Shares not exceeding the aggregate of 10% of the number of the issued Shares as at the date of the passing of the relevant resolution.

As at the Latest Practicable Date, the total number of issued Shares was 359,000,000. Subject to the passing of the proposed resolution, assuming that there would be no change in the number of the issued Shares from the Latest Practicable Date to the date of the AGM, the maximum number of Shares which can be repurchased by the Company under the Repurchase Mandate would be 35,900,000 Shares, representing 10% of the number of the issued Shares as at the Latest Practicable Date.

An explanatory statement giving the particulars required under the Listing Rules in respect of the Repurchase Mandate to provide the Shareholders with all the information reasonably necessary to enable them to make an informed decision whether to vote for or against the resolution is set out in Appendix II to this circular.

Details of the Repurchase Mandate are set out in the ordinary resolution as referred to in resolution numbered 9 of the AGM Notice.

The Issue Mandate and Repurchase Mandate will remain in effect until whichever is the earliest of (i) the conclusion of the next annual general meeting of the Company after the AGM; or (ii) the date by which the next annual general meeting is required by the Articles or any applicable law(s) to be held; or (iii) the passing of an ordinary resolution by Shareholders in a general meeting revoking, renewing or varying the mandate given to the Directors.

EXTENSION OF ISSUE MANDATES

In addition, if the Issue Mandate and the Repurchase Mandate are passed at the AGM, an ordinary resolution will be proposed at the AGM to extend the Issue Mandate by the addition to the total number of Shares which may be allotted, issued and dealt with or agreed (conditionally or unconditionally) to be allotted, or issued and dealt with by the Directors pursuant to the Issue Mandate of an amount representing the number of the issued Shares purchased or repurchased by the Company pursuant to the Repurchase Mandate.

Details of the extension of the Issue Mandate are set out in the ordinary resolution as referred to in resolution numbered 10 of the AGM Notice.

LETTER FROM THE BOARD

RE-ELECTION OF RETIRING DIRECTORS

As at the Latest Practicable Date, the Board consisted of nine Directors, namely:

| Executive Directors | Date of appointment | Date of last re-appointment (if applicable) |
|----------------------------|----------------------------|--|
| Mr. Chan Wai Ming | 28 September 2017 | 28 May 2021 |
| Mr. Chiu Wai Kwong | 28 September 2017 | 28 May 2021 |
| Ms. Tang Mei Wah | 28 September 2017 | 28 May 2021 |
| Mr. Yu Kwok Wai | 28 September 2017 | 27 May 2022 |

Non-executive Directors

| | | |
|---|-------------------|-------------|
| Dr. Chan Kam Kwong Charles (“ Dr. Chan ”) | 28 September 2017 | 27 May 2022 |
| Ms. Cheng Yuk Sim Connie (“ Ms. Cheng ”) | 28 September 2017 | 27 May 2022 |

Independent non-executive Directors

| | | |
|--------------------------|----------------|-----|
| Mr. Chan Ping Yim | 3 October 2019 | N/A |
| Mr. Choi Chi Leung Danny | 3 October 2019 | N/A |
| Mr. Chan Shing Jee | 3 October 2019 | N/A |

Pursuant to article 108 of the Articles, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election.

Mr. Chan Ping Yim, Mr. Choi Chi Leung Danny and Mr. Chan Shing Jee will retire and, being eligible, will offer themselves for re-election as independent non-executive Directors at the AGM.

Biographical details of the retiring Directors proposed to be re-elected at the AGM are set out in Appendix III to this circular.

RECOMMENDATION OF THE NOMINATION COMMITTEE ON RE-ELECTION OF DIRECTORS

On 17 March 2023, the nomination committee of the Board (the “**Nomination Committee**”), having reviewed the composition of the Board, nominated Mr. Chan Ping Yim, Mr. Choi Chi Leung Danny and Mr. Chan Shing Jee to the Board for it to recommend to Shareholders for re-election at the AGM. Mr. Choi Chi Leung Danny was the chairman, and

LETTER FROM THE BOARD

Mr. Chan Ping Yim and Mr. Chan Shing Jee were the members of the Nomination Committee, and each of them abstained from voting when the resolution in respect of their respective re-election was considered.

The nominations were made in accordance with the nomination policy and the nomination criteria (including but not limited to gender, age, cultural and educational background, ethnicity, professional experience and qualifications, skills, knowledge and length of service), with due regard for the benefits of diversity, as set out under the board diversity policy of the Company, details of which are set out in the 2022 annual report of the Company. The Nomination Committee had also taken into account of the respective contributions of Mr. Chan Ping Yim, Mr. Choi Chi Leung Danny and Mr. Chan Shing Jee to the Board and their commitment to their roles, and satisfied that each of Mr. Chan Ping Yim, Mr. Choi Chi Leung Danny and Mr. Chan Shing Jee as independent non-executive Directors met the independent criteria under Rule 3.13 of the Listing Rules.

On 17 March 2023, the Board accepted Nomination Committee's nominations and recommended Mr. Chan Ping Yim, Mr. Choi Chi Leung Danny and Mr. Chan Shing Jee to stand for re-election as independent non-executive Directors by Shareholders at the AGM. The Board considers that the re-election of Mr. Chan Ping Yim, Mr. Choi Chi Leung Danny and Mr. Chan Shing Jee as independent non-executive Directors is in the best interest of the Company and Shareholders as a whole. Each of Mr. Chan Ping Yim, Mr. Choi Chi Leung Danny and Mr. Chan Shing Jee abstained from the discussion and voting at the Board meeting regarding their respective nominations.

Further information about the Board's composition, diversity (including their gender, age, expertise, skills and qualifications) and Directors' attendance record at Board meetings and Board committee meetings has been disclosed in the corporate governance report of the 2022 annual report of the Company.

RE-APPOINTMENT OF AUDITOR

Ernst & Young will retire as the independent Auditor at the AGM and, being eligible, offer themselves for re-appointment. Details of the re-appointment of independent auditor are set out in the ordinary resolution numbered 3 of the AGM Notice.

CLOSURE OF REGISTER OF MEMBERS

In order to ascertain the entitlement to attend and to vote at the AGM, the Register of Members will be closed from Monday, 22 May 2023 to Thursday, 25 May 2023 both dates inclusive, the period during which no transfer of the Shares will be effected. In order to be eligible to attend and vote at the AGM, all completed share transfer documents accompanied by the relevant share certificates must be lodged with the Share Registrar for registration not later than 4:30 p.m. on Friday, 19 May 2023.

Subject to the approval of the Shareholders at the AGM approving the payment of the Final Dividend, to ascertain the entitlement of the Final Dividend, the Register of Members will be closed from Friday, 2 June 2023 to Tuesday, 6 June 2023, the period during which no transfer of the Shares will be effected. The Final Dividend, if approved at the AGM, is

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expected to be paid on or before Wednesday, 14 June 2023. In order to qualify for receiving the Final Dividend, all completed share transfer documents accompanied by the relevant share certificates must be lodged with the Share Registrar not later than 4: 30 p.m. on Thursday, 1 June 2023.

AGM AND PROXY ARRANGEMENT

The notice convening the AGM to be held at 11: 00 a.m. on Thursday, 25 May 2023 at Workshop A, 25th Floor, Reason Group Tower, No. 403 Castle Peak Road — Kwai Chung, Kwai Chung, New Territories, Hong Kong is set out on pages 48 to 53 of this circular. Ordinary resolutions will be proposed at the AGM for the purpose of considering and, if thought fit, approving the resolutions proposed in the AGM Notice.

A form of proxy for use by the Shareholders at the AGM is enclosed with this circular. Whether or not you are able to attend the AGM, 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 Share Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjourned meeting should you so wish.

VOTING AT THE AGM

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the resolutions to be considered and, if thought fit, approved at the AGM will be voted by way of a poll by the Shareholders. An announcement will be made by the Company after the AGM, in the manner prescribed under Rule 13.39(5) of the Listing Rules, on the poll results of the AGM after being verified by the scrutineer.

RESPONSIBILITY STATEMENT

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

LETTER FROM THE BOARD

RECOMMENDATION

The Directors believe that the proposed resolutions as set out in the AGM Notice, including, among other things, the proposed resolutions in relation to the payment of the Final Dividend, the adoption of the 2023 Share Option Scheme, the granting of the Issue Mandate and the Repurchase Mandate to the Directors, the granting of the extension mandate to extend the Issue Mandate, the re-election of retiring Directors and the re-appointment of the Auditor are in the best interest of the Company and the Shareholders as a whole. Accordingly, the Directors recommend all the Shareholders to vote in favour of all the resolutions to be proposed at the AGM.

GENERAL INFORMATION

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

Yours faithfully,
By order of the Board
TOWN RAY HOLDINGS LIMITED
Chan Kam Kwong Charles
Chairman and non-executive Director

The following is a summary of the principal terms of the Scheme Rules. It does not form part of, nor is it intended to be part of the Scheme Rules and it should not be taken as affecting the interpretation of the Scheme Rules. The Board reserves the right at any time prior to the AGM to make such amendments to the 2023 Share Option Scheme as they may consider necessary or appropriate provided that such amendments do not conflict in any material aspects with the summary in this Appendix.

1. PURPOSE OF THE 2023 SHARE OPTION SCHEME

The purpose of the 2023 Share Option Scheme is to enable the Group to grant Options to the Eligible Participants as incentives or rewards for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group.

2. ELIGIBLE PARTICIPANTS OF THE 2023 SHARE OPTION SCHEME AND THE BASIS OF DETERMINING ELIGIBILITY OF ELIGIBLE PARTICIPANTS

- 2.1 Eligible Participants include the Employee Participants (which exclude independent non-executive Directors), the Related Entity Participants and the Service Providers.
- 2.2 The eligibility of, and the terms of grant of Options to each of the Eligible Participants to an Offer shall be determined by the Board from time to time on the basis of the Board's opinion as to his/her experience in the business of the Group, the length of his/her service with the Group, his/her contribution to the development and long-term growth of the Group and other factors as the Board may at its discretion consider appropriate. When considering eligibility of, and the terms of grant of Options to any Service Provider and whether such Service Provider provides services to the Group on a continuing or recurring basis in the ordinary and usual course of business, the Board shall generally consider all relevant factors as appropriate from time to time, including (i) the industry experience of the Service Provider; (ii) the type(s) of services that the Service Provider had provided to the Group; (iii) the period of engagement of the Service Provider; (iv) the contribution and/or future contribution of the Service Provider to the development and long-term growth of the Group.
- 2.3 When considering eligibility of, and the terms of grant of Options to the Service Providers under the category of vendors and suppliers, the Board will consider, among other things: (i) the nature, reliability and quality of the products and/or services supplied; (ii) the value of the products and/or services provided by the relevant vendors and/or suppliers; (iii) the nature, scope and frequency of products and/or services supplied and length of business relationship with the Group; (iv) the materiality and nature of the business relationship with the Group (such as whether they are related to the core business of the Group and whether such business dealings could be readily replaced by third parties); (v) the background, reputation and track records of the relevant vendors and/or suppliers; (vi) the potential and/or actual contribution or significance to the financial performance and business development of the Group, evaluated in terms of the revenue generated from such supply, the

aggregate supply volume, the procurement cost, the contract value and the relative concentration in the particular supply category for the relevant engagement period (or the corresponding growth rate compared with that of the preceding period); and (vii) the replacement cost of such vendors and/or suppliers and/or the products and/or services (including continuity and stability of supply or provision of such products and/or services in the market).

- 2.4 When considering eligibility of, and the terms of grant of Options to the Service Providers under the category of advisors, consultants, agents and/or other professional firms, the Board will consider, among other things: (i) individual performance of the relevant advisors, consultants, agents and/or other professional firms, including but not limited to the reliability and quality of the products and/or services supplied; (ii) their knowledge, experience and network in the relevant industry; (iii) the nature, scope and frequency of products and/or services supplied and length of business relationship with the Group; (iv) the materiality and nature of the business relationship with the Group (such as whether they are related to the core business of the Group and whether such business dealings could be readily replaced by third parties); (v) the background, reputation and track records of the relevant advisors, consultants, agents and/or other professional firms; (vi) the potential and/or actual contribution or significance to the financial performance and business development of the Group, evaluated in terms of the revenue generated from such supply of products and/or services, the aggregate supply volume, the contract value and the relative concentration in the particular supply category for the relevant engagement period (or the corresponding growth rate compared with that of the preceding period); (vii) the replacement cost of such advisors, consultants, agents and/or other professional firms (including continuity and stability of provision of the necessary services in the market); and (viii) other factors, including but not limited to the capability, expertise, technical know-how and/or business connections of the relevant advisors, consultants, agents and/or other professional firms, and/or the synergy between the relevant advisors, consultants, agents and/or other professional firms and the Group.
- 2.5 When considering eligibility of, and the terms of grant of Options to the Service Providers under the category of independent contractors, the Board will consider, among other things: (i) individual performance of the relevant independent contractors, including but not limited to the reliability and quality of the products and/or services supplied; (ii) their knowledge, experience and network in the relevant industry; (iii) the nature, scope and frequency of the collaborating projects and length of business relationship with the Group; (iv) the materiality and nature of the business relationship with the Group (such as whether they are related to the core business of the Group and whether such business dealings could be readily replaced by third parties); (v) the background, reputation and track records of the relevant independent contractors; (vi) the potential and/or actual contribution or significance to the financial performance and business development of the Group, evaluated in terms of the revenue generated from such supply of products and/or services, the aggregate supply volume, the procurement cost, the contract value and the relative

concentration in the particular supply category for the relevant engagement period (or the corresponding growth rate compared with that of the preceding period); and (vii) the replacement cost of such independent contractors and/or the products and/or services (including continuity and stability of supply or provision of such products and/or services in the market); and (viii) other factors, including but not limited to the capability, expertise, technical know-how and/or business connections of the relevant independent contractors, and/or the synergy between the independent contractors and the Group.

2.6 Service Providers should be, or anticipated to be going forward, significant suppliers of products or services, or otherwise significant to the Group's business development. The Board will also consider whether the Service Providers have provided services to the Group on a continuing or recurring basis in its ordinary and usual course of business, taking into account whether the continuity and frequency of the services provided by a Service Provider are akin to those of its employees of the Group based on the following factors:

- (i) the type(s) of services that the Service Provider had provided to the Group in the past 12 months;
- (ii) the period of engagement of the Service Provider, including whether the Service Provider had entered into an agreement with the Group in the past 12 months with a term of no less than two years; or
- (iii) the Service Providers who are either former management or former employees of the Group, since the Group values their familiarity with and understanding of the businesses and operations of the Group and considers that their contribution to the Group is similar to those of the employees of the Group.

3. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

3.1 The total number of Shares which may be allotted and issued upon exercise of all Options to be granted under the 2023 Share Option Scheme and any other share scheme(s) of the Company must not, in aggregate, exceed 10% of the total number of issued Shares as of the Adoption Date of the 2023 Share Option Scheme (i.e. the Scheme Mandate Limit) unless the Company obtains an approval from the Shareholders pursuant to paragraphs 3.3 and 3.4 below. The Options which are cancelled or lapsed in accordance with the Scheme Rules and any other share scheme(s) of the Company shall be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.

- 3.2 Subject to paragraph 3.1 above, the total number of Shares which may be allotted and issued in respect of all Options to be granted under the 2023 Share Option Scheme and any other share scheme(s) of the Company to Service Providers shall be within the Scheme Mandate Limit and must not, in aggregate, exceed 1% of the total number of issued Shares as of the Adoption Date of the 2023 Share Option Scheme (i.e. the Service Provider Sublimit) unless the Company obtains an approval from the Shareholders pursuant to paragraphs 3.3 and 3.4 below.
- 3.3 Without prejudice to paragraph 3.4 below, the Company may seek approval of its Shareholders in a general meeting to refresh the Scheme Mandate Limit and Service Provider Sublimit after three years from the approval of the Shareholders for the adoption of the 2023 Share Option Scheme or the last refreshment.
- 3.4 Any refreshment within any three-year period must be approved by Shareholders of the issuer subject to:
- (a) any Controlling Shareholders and their associates (or if there is no Controlling Shareholder, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates) must abstain from voting in favour of the relevant resolution at the general meeting; and
 - (b) the Company must comply with the requirements under Rules 13.39(6) and (7), 13.40, 13.41 and 13.42 of the Listing Rules.
- The requirements under paragraphs 3.4(a) and 3.4(b) above do not apply if the refreshment is made immediately after an issue of securities by the Company to its Shareholders on a pro-rata basis as set out in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the scheme mandate (as a percentage of the relevant class of issued Shares) upon refreshment is the same as the unused part of the scheme mandate immediately before the issue of securities, rounded to the nearest whole share.
- 3.5 The total number of Shares which may be allotted and issued upon exercise of all Options to be granted under the 2023 Share Option Scheme and any other share scheme(s) of the Company under the Scheme Mandate Limit as refreshed must not exceed 10% of the issued Shares as at the date of approval of the limit.
- 3.6 The Company may seek separate Shareholders' approval in a general meeting to grant Options under the 2023 Share Option Scheme beyond the Scheme Mandate Limit or, if applicable, the extended limit referred to in paragraph 3.3 or 3.4 above provided the Options in excess of the limit are granted only to Eligible Participants specifically identified by the Company before such approval is sought. The number and terms of Options to be granted to such Eligible Participants must be fixed before Shareholders' approval. In respect of any Options to be granted, the date of the Board meeting for proposing such grant should be taken as the date of the grant for the purpose of calculating the Subscription Price.

4. MAXIMUM ENTITLEMENT OF SHARES OF EACH ELIGIBLE PARTICIPANT

Subject to paragraph 21.1 below, the total number of issued Shares and which may fall to be issued upon exercise of the Options and the options or awards granted under any other share scheme(s) of the Company (including both exercised or outstanding options but excluding any options and awards lapsed in accordance with Scheme Rules) to each Grantee in any 12-month period up to and including the date of such grant shall not exceed 1% of the issued share capital of the Company for the time being (“**1% Individual Limit**”). Where any further grant of Options to a Grantee under the 2023 Share Option Scheme would result in the Shares issued and to be issued upon exercise of all options and awards granted and proposed to be granted to such person (including exercised, cancelled and outstanding options but excluding any options and awards lapsed in accordance with the terms of the scheme) under the 2023 Share Option Scheme and any other share scheme(s) of the Company in the 12-month period up to and including the date of such further grant exceeding the 1% Individual Limit, such further grant must be separately approved by Shareholders in a general meeting with such Grantee and his/her close associates (or his/her associates if the participant is a connected person) abstaining from voting. The number and terms of the options to be further granted to such Grantee must be fixed before Shareholders’ approval. In respect of any options to be further granted, the date of the Board meeting for proposing such further grant should be taken as the date of the grant for the purpose of calculating the Subscription Price.

5. ACCEPTANCE OF OPTION

- 5.1 An Offer shall have been accepted by an Eligible Participant in respect of all Shares which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the Offer duly signed by the Eligible Participant together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company within such time as may be specified in the Offer (which shall not be later than 21 days from the Offer Date). Such remittance shall in no circumstances be refundable.
- 5.2 Any Offer may be accepted by an Eligible Participant in respect of less than the number of Shares which are offered provided that it is accepted in respect of a board lot for dealings in the Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate letter comprising acceptance of the Offer duly signed by such Eligible Participant and received by the Company together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof within such time as may be specified in the Offer (which shall not be later than 21 days from the Offer Date). Such remittance shall in no circumstances be refundable.

5.3 Upon an Offer being accepted by an Eligible Participant in whole or in part in accordance with paragraph 5.1 or 5.2 above, an Option in respect of the number of Shares in respect of which the Offer was so accepted will be deemed to have been granted by the Company to such Eligible Participant on the Offer Date. To the extent that the Offer is not accepted within the time specified in the Offer in the manner indicated in paragraph 5.1 or 5.2 above, it will be deemed to have been irrevocably declined.

6. PERIOD WITHIN WHICH THE OPTION MAY BE EXERCISED

6.1 Options for the time being outstanding may be exercised in whole or in part at any time during the Option Period, which shall be determined and notified by the Board to the Grantee but in any event shall not be more than ten years from the Offer Date of that Option.

6.2 Subject to the Scheme Rules and the fulfilment of all terms and conditions set out in the Offer, including the attainment of any performance targets stated therein (if any), an Option shall be exercisable in whole or in part in the circumstances and in the manner as set out in this paragraph 6.2, and paragraphs 9, 10, 11 and 12 below by giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is so exercised. Each such notice must be accompanied by a remittance for the full amount of the aggregate Subscription Price for Shares in respect of which the notice is given. Within 21 days (seven days in the case of an exercise pursuant to paragraph 10 below after receipt of the notice and, where appropriate, receipt of the certificate of the Auditor or the independent financial advisers pursuant to paragraph 15 below, the Company shall accordingly allot and issue the relevant number of Shares to the Grantee (or, in the event of an exercise of Option by a Personal Representative pursuant to paragraph 12.1 below, to the estate of the Grantee) fully paid and issue and deliver to the Grantee (or his/her estate in the event of an exercise by his/her Personal Representative as aforesaid) a share certificate for the Shares so allotted and issued.

7. VESTING PERIOD OF OPTION

The vesting period for Options shall be determined by the Board and, in any case, shall not be less than 12 months. A shorter vesting period may be granted to an Employee Participant at the discretion of the Board in the following circumstances:

- (a) grants of “make-whole” Options to new joiners to replace the share awards they forfeited when leaving the previous employer;
- (b) grants of Options to an Employee Participant whose employment is terminated due to death or disability or occurrence of any out-of-control event;
- (c) grants of Options with performance-based vesting conditions in lieu of time-based vesting criteria;

- (d) grants of Options that are made in batches during a year for administrative and compliance reasons;
- (e) grants of Options with a mixed or accelerated vesting schedule such as where the Option may vest evenly over a period of 12 months; and
- (f) grants of Options with a total vesting and holding period of more than 12 months.

8. SUBSCRIPTION PRICE

The Subscription Price in respect of any Option shall, subject to any adjustments made pursuant to paragraph 15 below, be at the discretion of the Board, provided that it shall be at least the highest of:

- (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date, which must be a Business Day;
- (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the Offer Date; and
- (c) the nominal value of the Share.

9. RIGHTS ON WINDING UP

An Option may (and may only) be exercised by the Grantee at any time or times during the Option Period provided that, in the event of a resolution being proposed for the voluntary winding-up of the Company during the Option Period, the Grantee may, subject to the provisions of all applicable laws, by notice in writing to the Company at any time not less than two Business Days before the date on which such resolution is to be considered and/or passed, exercise his/her Option (to the extent not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of paragraph 6.2 above and the Company shall allot and issue to the Grantee the Shares in respect of which such Grantee has exercised his Option not less than one Business Day before the date on which such resolution is to be considered and/or passed whereupon he/she shall accordingly be entitled, in respect of the Shares allotted and issued to him/her in the aforesaid manner, to participate in the distribution of the assets of the Company available in liquidation equally with the holders of the issued Shares on the day prior to the date of such resolution. Subject thereto, all Options then outstanding shall lapse and determine on the commencement of the winding-up of the Company.

10. RIGHTS ON A GENERAL OR PARTIAL OFFER

An Option may (and may only) be exercised by the Grantee at any time or times during the Option Period provided that, if a general or partial offer, whether by way of take-over offer, share repurchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of the Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all reasonable endeavours to procure that such offer is extended to all the Grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the Options granted to them, Shareholders. If such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to Shareholders in the Company, the Grantee shall, notwithstanding any other terms on which his Option was granted, be entitled to exercise the Option (to the extent not already exercised) to its full extent or to the extent specified in the Grantee's notice to the Company in accordance with the provisions of paragraph 6.2 above at any time thereafter and up to the close of such offer (or any revised offer) or the record date for entitlements under scheme of arrangement, as the case may be. Subject to the above, an Option shall lapse automatically (to the extent not already exercised) on the date on which such offer (or, as the case may be, revised offer) closes.

11. RIGHTS ON A COMPROMISE OR ARRANGEMENT

An Option may (and may only) be exercised by the Grantee at any time or times during the Option Period provided that, in the event of a compromise or arrangement between the Company and its creditors (or any class of them) or between the Company and the Shareholders (or any class of them), in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees on the same day as it gives notice of the meeting to the Shareholders or creditors of the Company to consider such a scheme or arrangement, and thereupon any Grantee (or his/her Personal Representative(s)) may, by notice in writing to the Company accompanied by the remittance for the total exercise price payable in respect of the exercise of the relevant Option (such notice to be received by the Company not later than two Business Days (excluding any period(s) of closure of the Register of Members) prior to the proposed meeting) exercise the Option (to the extent exercisable as at the date of the notice to the Grantee and not exercised) either in full or in part and the Company shall, as soon as possible and in any event no later than the Business Day (excluding any period(s) of closure of the Register of Members) immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the Grantee which falls to be issued on such exercise credited as fully paid and registered the Grantee as holder thereof.

12. RIGHTS ON CEASING EMPLOYMENT, DEATH/DISABILITY OR DISMISSAL

12.1 An Option may (and may only) be exercised by the Grantee at any time or times during the Option Period provided that if the Grantee is an Employee Participant and in the event of his/her ceasing to be an Employee Participant by reason of his/her death, ill-health or retirement in accordance with his/her contract of employment before exercising the Option in full, his/her Personal Representative(s) or, as appropriate, the Grantee may exercise the Option (to the extent not already exercised) in whole or in part in accordance with the provisions of paragraph 6.2 above within a period of 12 months following the date of cessation of employment which date shall be the last day on which the Grantee was at work with the Group whether his/her salary is paid in lieu of notice or not, or, if any of the events referred to in paragraph 9 or 10 above occur during such period, exercise the Option pursuant to paragraph 9 or 10 above respectively; and

12.2 An Option may (and may only) be exercised by the Grantee at any time or times during the Option Period provided that if the Grantee is an Employee Participant, who may be subject to a vesting period of less than 12 months only under the circumstances stated in paragraph 7 above. In the event of the Grantee ceasing to be an Employee Participant for any reason other than his/her death, ill-health or retirement in accordance with his/her contract of employment or the termination of his/her employment on one or more of the grounds specified in paragraph 14(c) below before exercising the Option in full, the Option (to the extent not already exercised) shall lapse on the date of cessation or termination and not be exercisable. The date of cessation or termination as aforesaid shall be the last day on which the Grantee was actually at work with the Company or the relevant Subsidiary whether his/her salary is paid in lieu of notice or not.

13. DURATION OF THE 2023 SHARE OPTION SCHEME

Subject to paragraphs 22 and 17 below, the 2023 Share Option Scheme shall be valid and effective until the Termination Date, which means the close of business of the Company on the date which falls ten years after the Adoption Date, after which period no further Options may be issued but the provisions of the 2023 Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options granted or exercised prior thereto or otherwise as may be required in accordance with the terms of the 2023 Share Option Scheme.

14. LAPSE OF OPTION

The Option Period in respect of any Option shall automatically terminate and that Option (to the extent not already exercised) shall lapse automatically on the earliest of:

- (a) the expiry of the Option Period;
- (b) the expiry of any of the periods referred to in paragraphs 9, 10, 11 and 12 above;
- (c) in respect of a Grantee who is an Employee Participant, the date on which the Grantee ceases to be an Employee Participant by reason of termination of his employment on the grounds that he/she has been guilty of persistent or serious misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangement or composition with his/her creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of the Board does not bring the Grantee or the Group into disrepute) and shall not in any event be exercisable on or after the date of cessation to be an Employee Participant;
- (d) in respect of a Grantee other than an Employee Participant, the date on which the Board shall at their absolute discretion determine that (i) (aa) such Grantee has committed any breach of any contract entered into between such Grantee on the one part and the Group on the other part; or (bb) such Grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his/her creditors generally; or (cc) such Grantee could no longer make any contribution to the growth and development of the Group by reason of the cession of its relations with the Group or by any other reason whatsoever; and (ii) the Option shall lapse as a result of any event specified in (i)(aa) to (cc) above; and
- (e) the date on which the Board shall exercise the Company's right to cancel the Option by reason of a breach of paragraph 18 below by the Grantee in respect of that or any other Option.

15. ADJUSTMENT

15.1 In the event of any alteration in the capital structure of the Company, whilst any Option remains exercisable or the 2023 Share Option Scheme remains in effect, and such event arises from a capitalisation issue, rights issue, consolidation or subdivision of the Shares, or reduction of the share capital of the Company, then, in any such case the Company shall instruct the Auditor or an independent financial adviser to certify in writing the adjustment, if any, that ought in their opinion fairly and reasonably to be made either generally or as regards any particular Grantee, to:

- (a) the number or nominal amount of Shares to which the 2023 Share Option Scheme or any Option(s) relate(s) (insofar as it is/they are unexercised); and/or
- (b) the Subscription Price of any Option; and/or
- (c) (unless the relevant Grantee elects to waive such adjustment) the number of Shares comprised in an Option or which remain comprised in an Option,

and an adjustment as so certified by the Auditor or such independent financial adviser shall be made, provided that:

- (d) any such adjustment shall give the Grantee the same proportion of the issued share capital of the Company (as interpreted in accordance with the supplemental guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes), rounded to the nearest whole share, for which such Grantee would have been entitled to subscribe had he exercised all the Options held by him immediately prior to such adjustment;
- (e) no such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;
- (f) the issue of Shares or other securities of the Group as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and
- (g) any such adjustment shall be made in compliance with the Listing Rules and such rules, codes and guidance notes of the Stock Exchange from time to time.

In respect of any adjustment referred to in this paragraph 15.1, other than any adjustment made on a capitalisation issue, the Auditor or such independent financial adviser must confirm to the Board in writing that the adjustments satisfy the requirements of the relevant provisions of the Listing Rules and the supplemental guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes.

15.2 If there has been any alteration in the capital structure of the Company as referred to in paragraph 15.1 above, the Company shall, upon receipt of a notice from a Grantee in accordance with paragraph 6.2 above, inform the Grantee of such alteration and shall either inform the Grantee of the adjustment to be made in accordance with the certificate of the Auditor or the independent financial adviser obtained by the Company for such purpose or, if no such certificate has yet been obtained, inform the Grantee of such fact and instruct the Auditor or the independent financial adviser as soon as practicable thereafter to issue a certificate in that regard in accordance with paragraph 15.1 above.

15.3 In giving any certificate under this paragraph 15, the Auditor or the independent financial adviser appointed under paragraph 15.1 above shall be deemed to be acting as experts and not as arbitrators and their certificate shall, in the absence of manifest error, be final, conclusive and binding on the Company and all persons who may be affected thereby.

16. CANCELLATION OF OPTIONS GRANTED

16.1 Subject to paragraph 6.8 above and Chapter 17 of the Listing Rules, any Option granted may not be cancelled except with the prior written consent of the relevant Grantee and the approval of the Board.

16.2 Where the Company cancels any Option granted to a Grantee but not exercised and issues new Option(s) to the same Grantee, the issue of such new Option(s) may only be made with the available Scheme Mandate Limit, Service Provider Sublimit or the limits approved by the Shareholders pursuant to paragraph 3.3 or 3.4 above (excluding, for this purpose, the Options so cancelled).

17. TERMINATION OF THE 2023 SHARE OPTION SCHEME

The Company may by an ordinary resolution in a general meeting, at any time terminate the operation of the 2023 Share Option Scheme and in such event no further Options will be offered but in all other respects the provisions of the 2023 Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options (to the extent not already exercised) granted prior thereto or otherwise as may be required in accordance with the provisions of the 2023 Share Option Scheme and Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the 2023 Share Option Scheme.

18. TRANSFERABILITY OF OPTIONS

An Option shall be personal to the Grantee and shall not be transferable or assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest whatsoever in favour of any third party over or in relation to any Option or enter into any agreement so to do, unless a waiver is granted by the Stock Exchange allowing the transfer of the Option to a vehicle for the benefit of the Grantee and any family members of such Grantee for estate planning and tax planning purposes that would continue to meet the purpose of the 2023 Share Option Scheme and compliance of the Listing Rules. Any breach of the foregoing by a Grantee shall entitle the Company to cancel any Option granted to such Grantee to the extent not already exercised.

19. ALTERATION OF THE 2023 SHARE OPTION SCHEME

19.1 Subject to paragraphs 19.2 and 19.4 below, the 2023 Share Option Scheme may be altered in any respect by a resolution of the Board except that any alterations to:

- (a) the provisions of the 2023 Share Option Scheme as to the definitions of “Eligible Participants”, “Grantee”, “Option Period” and “Termination Date” in the Scheme Rules;
- (b) the provisions of the 2023 Share Option Scheme relating to the matters governed by Rule 17.03 of the Listing Rules; and
- (c) the terms and conditions of the 2023 Share Option Scheme which are of a material nature;

to the advantage of Grantees or prospective Grantees must be approved by the Shareholders in a general meeting, provided that no such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the Grantees as would be required of the holders of the Shares under the Articles for the time being for a variation of the rights attached to the Shares.

19.2 Subject to paragraph 19.3 below, any change to the terms of Options granted to a participant must be approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the Options was approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be) except where the alterations take effect automatically under the existing terms of the 2023 Share Option Scheme.

19.3 Any change to the authority of the Board or the administrators of the 2023 Share Option Scheme to alter the terms of the 2023 Share Option Scheme must be approved by the Shareholders in a general meeting.

19.4 The terms of the 2023 Share Option Scheme and/or any Options amended pursuant to this paragraph 19 must comply with the applicable requirements of the Listing Rules.

20. PERFORMANCE TARGETS AND CLAWBACK MECHANISM

20.1 The Board may determine and set any performance targets, which shall be stated in the Offer to the Grantee, to be attained before the exercise of an Option granted to the Grantee as the Board may think fit. Such performance targets may include: (i) aggregate amount of revenue or business generated by the specific Grantee during a financial year; (ii) annual results of the Company, annual growth on the revenue of the Group as compared to the immediately preceding financial year and performance of the Group; and (iii) any measureable performance benchmark which the Board considers relevant to the Grantee, including key performance indicators of respective department(s) and/or business unit(s) that the Grantee belongs, individual position, annual appraisal result and performance of the Grantee, and contributions made by the Grantee to the Group.

20.2 As each Grantee plays different roles and contributes in different ways to the Group, the Board (or the Remuneration Committee as the case may be) shall have regard to the purpose of the 2023 Share Option Scheme, the position, contributions and importance of the Grantee to the Group in making such determinations, and ensure that appropriate specific performance targets will be set under particular circumstances of the relevant Grantee(s).

20.3 Unless the Board otherwise determined and stated in the offer of the grant of Options to a Grantee, there is no clawback mechanism under the 2023 Share Option Scheme to recover or withhold the remuneration (which may include any Options granted) to any Eligible Participants.

20.4 Although the 2023 Share Option Scheme does not prescribe a clawback mechanism, where there has been an occurrence of misconduct such as (i) any material misstatements or omissions in the Company's financial statements by a Grantee; (ii) any violation by a Grantee of confidentiality or non-competition obligations owed to the Group, or any leakage by such Grantee of the Group's trade secrets, intellectual property or proprietary information; (iii) any termination of employment contracts by a Grantee without notice or payment in lieu of notice; (iv) any conviction of any criminal offence by a Grantee involving integrity or honesty; or (v) any conduct of a Grantee that has material adverse effect to the reputation or interests of the Group, the Options may be subject to clawback as determined by the Board from time to time where appropriate. The clawback of Options or option Shares granted to the Directors and senior management of the Group, and any grants of Options or option Shares to the Directors and senior management of the Group without clawback, shall be further subject to the approval of the Remuneration Committee and any other requirements under the Listing Rules.

21. GRANT OF OPTIONS TO CONNECTED PERSONS

21.1 Where there is any grant of Options to the Director, chief executive or Substantial Shareholder of the Company or any of their respective associates, it must be approved by the independent non-executive Directors. Without prejudice to this paragraph 21.1, where any grant of Options to an independent non-executive Director or a Substantial Shareholder of the Company or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding but excluding any Options and awards lapsed in accordance with the Scheme Rules) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the issued Shares, such further grant of Options must be approved by the Shareholders in a general meeting that the Grantee, his associates and all core connected persons of the Company must abstain from voting in favour at such general meeting.

21.2 Any change in the terms of Options granted to a participant who is a Director, chief executive or Substantial Shareholder of the Company, or any of their respective associates, must be approved by Shareholders in the manner as set out in this paragraph 21.2 if the initial grant of the Options requires such approval (except where the changes take effect automatically under the existing terms of the 2023 Share Option Scheme). The requirements for the grant of Options to a Director or chief executive of the Company set out in paragraph 21.1 above do not apply where the participant is only a proposed director or chief executive of the Company.

21.3 For the purpose of seeking the approval of the Shareholders under paragraph 3 above, the Company must send a circular to the Shareholders containing the information required under the Listing Rules and where the Listing Rules shall so require, the vote at the general meeting convened to obtain the requisite approval shall be taken on a poll with those connected persons required under the Listing Rules abstaining from voting.

22. CONDITIONS OF THE 2023 SHARE OPTION SCHEME

The 2023 Share Option Scheme is conditional upon:

- (a) the Stock Exchange granting the permission to deal in such number of Shares representing the Scheme Mandate Limit to be allotted and issued by the Company pursuant to the exercise of Options in accordance with the terms and conditions of the 2023 Share Option Scheme;
- (b) passing of an ordinary resolution by the Shareholders in the general meeting of the Shareholders to terminate the Existing Share Option Scheme; and

- (c) passing of an ordinary resolution to approve and adopt the 2023 Share Option Scheme in the general meeting of the Shareholders and to authorise the Board to grant Options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of any Options granted under the 2023 Share Option Scheme.

23. RANKING OF SHARES

Shares to be allotted and issued upon the exercise of an Option will be subject to all the provisions of the Articles for the time being in force and will rank equally in all respects with the then existing fully paid issued Shares on the Exercise Date and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted and issued upon the exercise of an Option shall not carry voting rights until the name of the Grantee has been duly entered on the Register of Members as the holder thereof.

24. RESTRICTION ON THE TIME OF GRANT OF OPTIONS

For so long as the Shares are listed on the Stock Exchange:

- (a) an Offer may not be made after inside information has come to the Company's knowledge until it has announced the information. In particular, during the period commencing one month immediately preceding the earlier of:
 - (i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarter-year period or any other interim period (whether or not required under the Listing Rules); and
 - (ii) the deadline for the Company to announce its results for any year, half-year or quarter-year period or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, no Offer may be made; and
- (b) the Board may not make any Offer to an Eligible Participant who is a Director during the periods or times in which the Directors are prohibited from dealing in Shares under such circumstances as prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company.

This appendix serves as an explanatory statement, as required pursuant to Rule 10.06(1)(b) and other relevant provisions of the Listing Rules, to provide you with the requisite information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolution to approve the grant of the Repurchase Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, a total of 359,000,000 Shares were in issue. As at the Latest Practicable Date, the Company did not have any outstanding options, warrants and convertible securities to subscribe for the Shares.

Assuming that no further Shares are issued or repurchased during the period from the Latest Practicable Date until the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 35,900,000 Shares, representing not more than 10% of the issued share capital of the Company as at the Latest Practicable Date.

2. REASONS FOR REPURCHASES

The Directors have no present intention to repurchase any Shares but consider that the Repurchase Mandate will provide the Company with the flexibility to make such repurchase when appropriate and beneficial to the Company. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders as a whole. The number of the Shares to be repurchased on any occasion and the price and other terms on which the same are repurchased will be decided by the Directors at the relevant time, having regard to the circumstances then pertaining. The Directors wish to state that there is no immediate plan to repurchase any Shares pursuant to the Repurchase Mandate.

3. SOURCE OF FUNDS AND IMPACT OF REPURCHASES

The Company is empowered by the Articles to repurchase its Shares. In repurchasing the Shares, the Company may only apply funds legally available for such purpose in accordance with the Listing Rules, the Memorandum, the Articles, the applicable laws of the Cayman Islands and all other applicable laws, rules and regulations, as the case may be.

The Company may not repurchase its own Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange in effect from time to time.

Subject to the foregoing, any repurchase of the Shares by the Company may be made out of profits of the Company, out of share premium, or out of the proceeds of a fresh issue of the Shares made for the purpose of the repurchase or, subject to the Companies Act, out of capital. Any amount of premium payable on the purchase over the par value of the Shares to be repurchased must be out of profits of the Company, out of the Company's share premium account before or at the time the Shares are repurchased or, subject to the Companies Act, out of capital.

As compared with the position disclosed in the audited consolidated financial statements of the Group as at 31 December 2022, the Directors consider that there could be a material adverse impact on the working capital and on the gearing level of the Company in the event that the proposed repurchases under the Repurchase Mandate were to be carried out in full during the proposed purchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or its gearing level which, in the opinion of the Directors, are from time to time appropriate for the Company.

4. DIRECTORS' UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the power of the Company to make repurchases pursuant to the proposed resolution for the Repurchase Mandate in accordance with the Listing Rules, the Articles and the applicable laws of the Cayman Islands.

5. INTENTION TO SELL SHARES

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates has any present intention, in the event that the proposed resolution for the Repurchase Mandate is approved by the Shareholders, to sell any of their Shares to the Company pursuant to the Repurchase Mandate.

No core connected person of the Company has notified the Company that he/she/it has a present intention to sell their Shares to the Company or has undertaken not to sell any of their Shares to the Company, in the event that the Company is authorised to make repurchases of the Shares.

6. CONSEQUENCES UNDER THE TAKEOVERS CODE AND MINIMUM PUBLIC HOLDING

If, as a result of a repurchase of the Shares by the Company pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the Company's voting rights increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert (within the meaning of the Takeovers Code), depending on the level of increase in the Shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequence which would arise under the Takeovers Code as a result of any repurchase pursuant to the Repurchase Mandate.

As at the Latest Practicable Date, the following Shareholders had interests representing 10% or more of the issued share capital of the Company:

| Person/corporation | Capacity/ nature of interest | Number of Shares held/ interested | Approximate percentage of total issued Shares | |
|--|--|---|--|--|
| | | | As at the Latest Practicable Date | If Repurchase Mandate is exercise in full |
| Modern Expression Limited (“ Modern Expression ”) | Beneficial owner (<i>Note 1</i>) | 213,640,000 | 59.51% | 66.12% |
| Dr. Chan | Interest in a controlled corporation (<i>Note 2</i>) Interest of spouse (<i>Note 4</i>) | 220,446,000 | 61.41% | 68.23% |
| Ms. Cheng | Interest in a controlled corporation (<i>Note 2</i>) Beneficial owner (<i>Note 3</i>) | 220,446,000 | 61.41% | 68.23% |

Notes:

1. Modern Expression is wholly-owned by Dr. Chan and Ms. Cheng jointly. Dr. Chan and Ms. Cheng are spouses.
2. 213,640,000 Shares are registered in the name of 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 registered in the name of Modern Expression.
3. Ms. Cheng is the beneficial owner of 6,806,000 Shares in the Company, representing approximately 1.90% of the issued share capital of the Company.
4. 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.

The Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of the Shares which are in the hands of the public falling below 25% of the total number of issued Shares (or such other percentage as may be prescribed as the minimum public shareholding under the Listing Rules).

7. SHARE PRICES

The highest and lowest prices at which the Shares have been traded on the Stock Exchange during each of the 12 months preceding the Latest Practicable Date were as follows:

| | Price per Share | |
|---|------------------------|-----------------------|
| | Highest <i>HK\$</i> | Lowest <i>HK\$</i> |
| 2022 | | |
| April | 2.12 | 1.91 |
| May | 2.10 | 1.90 |
| June | 1.96 | 1.88 |
| July | 2.01 | 1.68 |
| August | 2.20 | 1.99 |
| September | 2.02 | 1.50 |
| October | 1.86 | 1.60 |
| November | 1.82 | 1.70 |
| December | 2.04 | 1.70 |
| 2023 | | |
| January | 2.32 | 2.01 |
| February | 2.90 | 2.23 |
| March | 3.40 | 2.72 |
| April (up to the Latest Practicable Date) | 3.35 | 3.20 |

8. SHARE REPURCHASE MADE BY THE COMPANY

No repurchase of Shares has been made by the Company or any of its subsidiaries (whether on the Stock Exchange or otherwise) for the year ended 31 December 2022 and up to the Latest Practicable Date.

| | |
|---------------------|---|
| APPENDIX III | BIOGRAPHICAL DETAILS OF RETIRING DIRECTORS PROPOSED FOR RE-ELECTION AT AGM |
|---------------------|---|

The following are the particulars of the Directors who will retire at the conclusion of the AGM and will be proposed to be re-elected at the AGM.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Ping Yim

Mr. Chan Ping Yim (陳炳炎先生), aged 76, was appointed as an independent non-executive Director on 3 October 2019. He is the chairman of our audit committee and a member of our remuneration committee and nomination committee.

Mr. Chan Ping Yim has over 48 years of experience in accounting. From May 1969 to September 1974, he worked at Ling-McCann Erickson Limited (currently known as McCann-Erickson (HK) Limited) as an account executive. He worked at Arthur Young & Company as a junior audit assistant from October 1974 and as a semi-senior auditor from April 1976 to August 1976, at John Leung & Company as an audit senior from September 1976 to May 1977 and at Andrew Ma & Company as a senior audit assistant from June 1977 to September 1981. He joined Investment Consolidated Limited as an accountant from September 1981 to December 1984. He practised as a principal of Dominic P.Y. Chan & Co. from January 1985 to March 1999 and as a partner of W.Y. Lam, Dominic Chan & Co. Certified Public Accountants from July 1998 to September 2007 before practising as the principal of Dominic P.Y. Chan, Certified Public Accountant since October 2007. He has also been the chief risk officer of Euto Capital Partners Limited from July 2017 to April 2021.

Mr. Chan Ping Yim completed his secondary education in 1967. He has been an associate of the Association of Chartered Certified Accountants (formerly known as the Chartered Association of Certified Accountants) since November 1984 and of the Hong Kong Institute of Certified Public Accountants (formerly known as the Hong Kong Society of Accountants) since January 1985. In July 2010, he became an associate and a certified tax adviser “CTA” of the Taxation Institute of Hong Kong and ceased to be a CTA as from 17 February 2020 and ceased to be an associate as from 10 March 2022.

Mr. Chan Ping Yim has entered into an appointment letter with the Company, pursuant to which he has agreed to act as an independent non-executive Director for a fixed term of one year commencing from the Listing Date, and renewable automatically for successive terms of one year upon the expiry of the term, subject to early termination by either party in accordance with the terms thereof. Under the said appointment letter, he is entitled to an annual remuneration of HK\$252,000. He is subject to retirement by rotation and re-election at the AGM in accordance with the Articles.

Save as disclosed above, to the best of the knowledge of the Directors having made all reasonable enquiries, Mr. Chan Ping Yim has not held any other directorships in the last three years in any listed public company in Hong Kong or overseas.

Save as disclosed above, to the best of the knowledge of the Directors having made all reasonable enquiries, there is no other information relating to Mr. Chan Ping Yim that is required to be disclosed pursuant to Rule 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, nor are there any other matters concerning Mr. Chan Ping Yim that needs to be brought to the attention of the Shareholders.

Mr. Choi Chi Leung Danny

Mr. Choi Chi Leung Danny (蔡志良先生), aged 68, was appointed as an independent non-executive Director on 3 October 2019. He is the chairman of our nomination committee and a member of our audit committee and remuneration committee.

Mr. Choi Chi Leung Danny has approximately 42 years of relevant experience in the industry. He worked as a clerk at Electrical & Electronics Limited from September 1973 to February 1979. He was a founder and director of Ronford Industrial Limited, a company engaging in manufacturing and sale of electrical products, from January 1981 to July 1984 and of Neumax Industrial Limited, a company engaging in manufacturing and sale of electrical products, from September 1984 to September 2018. From October 2014 to August 2019, he was a director of Naree International Limited, a company providing environmental consulting services.

Mr. Choi Chi Leung Danny completed his secondary education in 1972.

Mr. Choi Chi Leung Danny has entered into an appointment letter with the Company, pursuant to which he has agreed to act as an independent non-executive Director for a fixed term of one year commencing from the Listing Date, and renewable automatically for successive terms of one year upon the expiry of the term, subject to early termination by either party in accordance with the terms thereof. Under the said appointment letter, he is entitled to an annual remuneration of HK\$252,000. He is subject to retirement by rotation and re-election at the AGM in accordance with the Articles.

Save as disclosed above, to the best of the knowledge of the Directors having made all reasonable enquiries, Mr. Choi Chi Leung Danny has not held any other directorships in the last three years in any listed public company in Hong Kong or overseas.

Save as disclosed above, to the best of the knowledge of the Directors having made all reasonable enquiries, there is no other information relating to Mr. Choi Chi Leung Danny that is required to be disclosed pursuant to Rule 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, nor are there any other matters concerning Mr. Choi Chi Leung Danny that needs to be brought to the attention of the Shareholders.

Mr. Chan Shing Jee

Mr. Chan Shing Jee (陳承志先生), aged 36, was appointed as an independent non-executive Director on 3 October 2019. He is the chairman of our remuneration committee and a member of our audit committee and nomination committee.

Mr. Chan Shing Jee has over 13 years of work experience. He was a junior client service associate of Morgan Stanley from January 2010 to March 2011 and a client servicing officer of Bank of East Asia from March 2011 to March 2013. He also works as a business manager of Prudential Hong Kong Limited since March 2015. He worked at Mega Marketing & Media Company Limited as senior project director from March 2016 to August 2016 and at Cobot Business Strategy Limited as an investment manager from September 2016 to April 2017. He was a project director of Vibes Management Company Limited from November 2016 to July 2018. He has been an administration executive of Fleming International Limited, a wholly-owned subsidiary of Hyfusin Group Holdings Limited (stock code: 8512) since August 2018 to February 2021. In November 2021, he was appointed as a committee member of the 14th Chinese People's Political Consultative Conference of Taishan City, Guangdong Province (中國人民政治協商會議廣東省台山市委員會).

Mr. Chan Shing Jee graduated from University College London with a bachelor's degree in chemical engineering in August 2008 and obtained a level 4 foundation diploma in art and design from the University of the Arts London in August 2008. He subsequently obtained a master's degree of science in technology entrepreneurship in November 2009.

In addition, Mr. Chan Shing Jee is active in charitable activities. He has been an executive committee member of The Yuen Yuen Institute since February 2005 and a director of Yan Chai Hospital since April 2017. He has also been a director of The Hong Kong Taoist Association since January 2015, a school manager of Hong Kong Taoist Association The Yuen Yuen Institute No. 1 Secondary School since May 2014, a school manager of Hong Kong Taoist Association The Yuen Yuen Institute No. 2 Secondary School from May 2014 to May 2019 and since November 2019, a school manager of Hong Kong Taoist Association The Yuen Yuen Institute No. 3 Secondary School since May 2014, a school manager of The Yuen Yuen Institute MFBM Nei Ming Chan Lui Chung Tak Memorial College since July 2013, a school manager of Hong Kong Taoist Association The Yuen Yuen Institute Chan Lui Chung Tak Memorial School since September 2013, a school manager of Hong Kong Taoist Association Yuen Yuen Kindergarten (Fu Shin Estate) since July 2016 and a school manager of Hong Kong Taoist Association Yuen Yuen Kindergarten since July 2016. He also acted as a director of Lifeline Express Hong Kong Foundation from January 2013 to December 2018.

Mr. Chan Shing Jee has entered into an appointment letter with the Company, pursuant to which he has agreed to act as an independent non-executive Director for a fixed term of one year commencing from the Listing Date, and renewable automatically for successive terms of one year upon the expiry of the term, subject to early termination by either party in accordance with the terms thereof. Under the said appointment letter, he is entitled to an annual remuneration of HK\$252,000. He is subject to retirement by rotation and re-election at the AGM in accordance with the Articles.

Save as disclosed above, to the best of the knowledge of the Directors having made all reasonable enquiries, Mr. Chan Shing Jee has not held any other directorships in the last three years in any listed public company in Hong Kong or overseas.

Save as disclosed above, to the best of the knowledge of the Directors having made all reasonable enquiries, there is no other information relating to Mr. Chan Shing Jee that is required to be disclosed pursuant to Rule 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, nor are there any other matters concerning Mr. Chan Shing Jee that needs to be brought to the attention of the Shareholders.

NOTICE OF ANNUAL 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 IS HEREBY GIVEN that an annual general meeting (the “**AGM**”) of Town Ray Holdings Limited (the “**Company**”) will be held at 11: 00 a.m. on Thursday, 25 May 2023 at Workshop A, 25th Floor, Reason Group Tower, No. 403 Castle Peak Road — Kwai Chung, Kwai Chung, New Territories, Hong Kong for the following purposes:

The capitalised terms used herein shall have the same meaning ascribed to them in the circular of the Company dated 27 April 2023 (the “**Circular**”).

ORDINARY RESOLUTIONS

As ordinary business to consider and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions of the Company:

1. To receive, consider and adopt the audited consolidated financial statements and the reports of the Directors and independent auditor of the Company and its subsidiaries for the year ended 31 December 2022.
2. To approve the payment of a final dividend of HK19.3 cents per Share for the year ended 31 December 2022.
3. To re-appoint Ernst & Young as the Auditor and to authorise the Board to fix the auditor’s remuneration.
4.
 - (a) To re-elect Mr. Chan Ping Yim as an independent non-executive Director and authorise the Board to fix his remuneration.
 - (b) To re-elect Mr. Choi Chi Leung Danny as an independent non-executive Director and authorise the Board to fix his remuneration.
 - (c) To re-elect Mr. Chan Shing Jee as an independent non-executive Director and authorise the Board to fix his remuneration.
 - (d) To authorise the Board to fix the remuneration of the Directors.

NOTICE OF ANNUAL GENERAL MEETING

5. “**THAT** the Existing Share Option Scheme conditionally adopted by the Company on 3 October 2019 and effective on 25 October 2019 be and is hereby terminated and cease to be effective with effect from the conclusion of the AGM.”
6. “**THAT:**
 - (a) subject to and conditional upon the Listing Committee of the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Shares (or such Shares as shall result from a capitalization issue, rights issue, subdivision, consolidation, re-classification, reconstruction or reduction of share capital of the Company from time to time) which may be issued in respect of the Options to be granted under the 2023 Share Option Scheme proposed to be adopted by the Company at the AGM in its present form or as may be amended from time to time, a copy of which is tabled at the AGM and marked “A” and initialled by the chairman of the AGM for identification purpose, the 2023 Share Option Scheme be and is hereby approved and adopted; and any Director and/or his/her delegate(s) be and are hereby authorized to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the 2023 Share Option Scheme, including but without limitation:
 - (i) to administer the 2023 Share Option Scheme under which the Options will be granted to the Eligible Participants eligible under the 2023 Share Option Scheme to subscribe for the Shares, including but not limited to determining and granting the Options in accordance with the terms of the 2023 Share Option Scheme; and
 - (ii) to grant the Options under the 2023 Share Option Scheme and to allot and issue from time to time such number of Shares in the capital of the Company as may be required to be allotted and issued in respect of the Options to be granted under the 2023 Share Option Scheme and subject to the Listing Rules and the Companies Act;
 - (b) the total number of Shares which may be issued in respect of all options and awards to be granted under the 2023 Share Option Scheme and any other share schemes of the Company must not in aggregate exceed 10% of the total number of issued Shares as at the Adoption Date.”

NOTICE OF ANNUAL GENERAL MEETING

7. **“THAT:**

conditional on the passing of the ordinary resolution numbered 6 set out in this notice and the adoption of the 2023 Share Option Scheme, within the Scheme Mandate Limit, the number of Shares which may be issued in respect of all options and awards to be granted to the Service Providers under the 2023 Share Option Scheme and any other option or award schemes of the Company must not in aggregate exceed 1% of the total number of issued Shares as at the Adoption Date.”

8. **“THAT:**

(a) a general unconditional mandate be and is hereby given to the Directors to exercise all powers of the Company to allot, issue and deal with the Shares or securities convertible into such Shares or options, warrants or similar rights to subscribe for any such Shares or such convertible securities (including the power to make or grant any offers, agreements or options (including bonds, warrants and debentures convertible into Shares) and rights of exchange or conversion which would or might require the exercise of all such powers) subject to a restriction that the aggregate number of securities allotted or agreed to be allotted, otherwise than pursuant to:

(i) a Rights Issue (as defined below);

(ii) any scrip dividend schemes or similar arrangements providing for the allotment and issue of the Shares in lieu of the whole or part of a dividend on the Shares in accordance with the Articles;

(iii) the exercise of options granted under any share option scheme or other similar arrangement adopted by the Company for the grant or issue to the employees, officers, Directors and/or any of its subsidiaries and/or other eligible participants specified thereunder of options to subscribe for or rights to acquire the Shares;

(iv) the exercise of any right of subscription or conversion under the terms of any bonds, warrants or debentures which may be issued by the Company or any securities which are convertible into the Shares; or

(v) a specific authority granted by the Shareholders in a general meeting,

shall not exceed 20% of the number of the issued Shares as at the date of the passing of this resolution;

(b) the aforesaid mandate shall authorise the Directors to make or grant offers, agreements, options (including bonds, warrants and debentures convertible into Shares) and rights of exchange or conversion which would or might require the exercise of such powers either during or after the end of the period mentioned in paragraph (c) below;

NOTICE OF ANNUAL GENERAL MEETING

- (c) the aforesaid mandate shall remain in effect until (i) the conclusion of the next annual general meeting of the Company; or (ii) the date by which the next annual general meeting of the Company is required by the Articles or any applicable laws to be held; or (iii) the passing of an ordinary resolution by Shareholders in a general meeting revoking, renewing or varying the mandate given to the Directors, whichever occurs first; and
- (d) for the purpose of this resolution, “Right Issue” means an offer of Shares or offer or issue of warrants or options or other securities giving rights to subscribe for the Shares open for a period fixed by the Directors to holders of the Shares on the Register of Members on a fixed record date in proportion to their then holdings of such Shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any legal or practical problems, restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong) and an offer, allotment or issue of the Shares by way of rights shall be construed accordingly.”

9. **“THAT:**

- (a) a general unconditional mandate be and is hereby given to the Directors authorising them to exercise all the powers of the Company to purchase or repurchase on the Stock Exchange or on any other stock exchange recognised for this purpose by the Securities and Futures Commission of Hong Kong and the Stock Exchange, subject to and in accordance with all applicable laws and the requirements of the Listing Rules or of any other stock exchange as amended from time to time, the Shares not exceeding 10% of the number of the issued Shares as at the date of the passing of this resolution; and
- (b) the aforesaid mandate shall remain in effect until (i) the conclusion of the next annual general meeting of the Company; or (ii) the date by which the next annual general meeting is required by the Articles or any applicable law(s) to be held; or (iii) the passing of an ordinary resolution by Shareholders in a general meeting revoking, renewing or varying the mandate given to the Directors, whichever occurs first.”

NOTICE OF ANNUAL GENERAL MEETING

10. “**THAT:**

conditional upon the ordinary resolutions numbered 8 and numbered 9 as set out in the notice convening the AGM being duly passed (with or without amendments), the general unconditional mandate granted to the Directors to exercise all powers of the Company to allot, issue and deal with Shares pursuant to the resolution set out in the said resolution numbered 8 be and is hereby extended by the addition to the number of Shares which may be issued, allotted and dealt with or agreed conditionally or unconditionally to be issued, allotted and dealt with by the Directors pursuant to such general mandate of an amount representing the number of issued Shares purchased or repurchased by the Company pursuant to the general mandate referred to in the said resolution numbered 9.”

By Order of the Board
TOWN RAY HOLDINGS LIMITED
Chan Kam Kwong Charles
Chairman and non-executive Director

Hong Kong, 27 April 2023

Notes:

1. A member of the Company entitled to attend and vote at the AGM 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 may appoint more than one proxy. A proxy needs 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 AGM 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 AGM 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 Share Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof.
3. Where there are joint registered holders of any Share, any one of such persons may vote at the AGM, 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 AGM personally or by proxy, that one of the said persons so present whose name stands first on the Register of Members in respect of such Share shall alone be entitled to vote in respect thereof.
4. To ascertain the members' entitlement to attend and vote at the AGM, the Register of Members will be closed from Monday, 22 May 2023 to Thursday, 25 May 2023, both dates inclusive, the period during which no transfer of the Shares 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 Share Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4: 30 p.m. on Friday, 19 May 2023.
5. An explanatory statement containing further details regarding resolution numbered 9 above is set out in Appendix II to the Circular of which this notice of AGM forms part.

NOTICE OF ANNUAL GENERAL MEETING

6. Details of the retiring Directors proposed to be re-elected as Directors are set out in Appendix III to the Circular.
7. If Typhoon signal number 8 or above, or a “black” rainstorm warning is in effect any time after 7: 00 a.m. on the date of the AGM, the meeting will be postponed. The Company will post an announcement on the website of the Company at www.townray.com and on the website of the Stock Exchange at www.hkexnews.hk to notify Shareholders of the date, time and place of the rescheduled meeting.

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.