
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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太 睿 國 際 控 股 有 限 公 司
PacRay International Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock code: 1010)

SUPPLEMENTAL CIRCULAR IN RELATION TO A DISCLOSEABLE TRANSACTION AND SUPPLEMENTAL TO THE CIRCULAR TO THE SHAREHOLDERS DATED 15 MAY 2020

This supplemental circular should be read together with the circular issued by the Company to its shareholders dated 15 May 2020 and the notice convening an annual general meeting of the Company (the “**Annual General Meeting**”) at REF Financial Press Limited, 7/F., Nexus Building, 77 Des Voeux Road Central, Hong Kong on Monday, 22 June 2020 at 10:00 a.m..

A second form of proxy (the “**Second Proxy Form**”) is also enclosed with this supplemental circular for use at the Annual General Meeting. **Shareholders who have appointed or intend to appoint proxy to attend the Annual General Meeting are requested to pay particular attention to the arrangement in relation to the completion and submission of the Second Proxy Form in the pages 23 to 25 of this supplemental circular.**

Whether or not you are able to attend the Annual General Meeting in person, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for holding of the Annual General Meeting (i.e. 10:00 a.m. on Saturday, 20 June 2020) or at any adjournment thereof (as the case may be). Completion and return of the Second Proxy Form will not preclude you from attending and voting in person at the Annual General Meeting or at any adjournment thereof (as the case may be) should you so wish.

References to time and dates in this circular are to Hong Kong time and dates.

Precautionary and special measures for the Annual General Meeting: In light of the importance of preventing and controlling the COVID-19, certain measures will be implemented at the Annual General Meeting, including, without limitation, (i) all attendees being required to (a) undergo body temperature check; (b) complete a health declaration, which may be used for contact tracing, if required; and (c) wear surgical masks prior to admission to the meeting venue; (ii) attendees who are subject to health quarantine prescribed by the HKSAR Government not being admitted to the meeting venue; (iii) all attendees being required to wear surgical masks throughout the Annual General Meeting; and (iv) no food, beverage, refreshment, or gift being provided for the Annual General Meeting.

12 June 2020

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DEFINITIONS

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

“Acquisition”	the proposed acquisition of 20.2% equity interest in the Target Company by the Company from the Vendor
“Annual General Meeting”	the annual general meeting of the Company to be held at REF Financial Press Limited, 7/F., Nexxus Building, 77 Des Voeux Road Central, Hong Kong on Monday, 22 June 2020 at 10:00 a.m.
“Board”	the board of Directors of the Company
“Business Day”	a day other than a Saturday, Sunday or public holiday in the BVI or Hong Kong
“BVI”	British Virgin Islands
“Circular”	the circular of the Company dated 15 May 2020, in relation to, among others, a notice of the Annual General Meeting
“Company”	PacRay International Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Acquisition
“Completion Date”	the date of Completion, which shall take place on the fifth (5th) Business Day after all conditions set out in the Sale and Purchase Agreement have been fulfilled or waived or such other date as may be agreed between the Company and the Vendor
“Consideration”	the aggregate consideration payable by the Company for the Sale Shares under the Sale and Purchase Agreement
“Consideration Shares”	33,658,000 Shares to be allotted and issued, credited as fully paid, by the Company to the Vendor upon Completion
“Director(s)”	the director(s) of the Company

DEFINITIONS

“First Proxy Form”	the form of proxy sent together with the Circular, which does not contain a resolution to approve the Sale and Purchase Agreement and the transactions contemplated thereunder
“Five Operating Companies”	Tianjin Meridian, Meridian Helicopter, Shanghai Meridian, Liaoning Meridian and Shenyang Weihang
“General Mandate”	the general mandate to be approved by the Shareholders at the Annual General Meeting to grant the authority to the Board, which will be used for the allotment and issuance of the Consideration Shares to the Vendor
“Group”	the Companies and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IBA”	International Business Aviation (Hong Kong) Limited, a subsidiary of the Company
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules
“Latest Practicable Date”	8 June 2020, being the latest practicable date prior to the printing of this supplemental circular for ascertaining certain information in this supplemental circular
“Liaoning Meridian”	Liaoning Meridian Aviation Co., Ltd.* (遼寧子午線航空有限公司), a company incorporated under the laws of the PRC, being one of the Five Operating Companies
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Meridian Aviation”	Meridian Aviation Holdings Limited* (子午線航空控股有限公司), a limited liability company established in the PRC owned as to 99% by the Target Company
“Meridian General”	Meridian General Co., Ltd.* (子午線通用航空有限公司), a company incorporated under the laws of the PRC
“Meridian Helicopter”	Meridian Helicopter Co., Ltd.* (子午線直升機有限公司), a company incorporated under the laws of the PRC, being one of the Five Operating Companies
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the agreement (as supplemented from time to time) dated 14 February 2020 entered into between the Company and the Vendor in relation to the sale and purchase of the Sale Shares of the Target Company
“Sale Shares”	202 ordinary shares comprising 20.2% of the equity interest of the Target Company, under which the shares are legally and beneficially owned and held by and registered in the name of the Vendor
“Second Proxy Form”	the form of proxy sent together with this supplemental circular, which contains a resolution to approve the Sale and Purchase Agreement and the transactions contemplated thereunder
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Shanghai Meridian”	Shanghai Meridian Business Aviation Co., Ltd.* (上海子午線公務航空有限公司), a company incorporated under the laws of the PRC, being one of the Five Operating Companies
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company or if there has been a subsequent subdivision, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company

DEFINITIONS

“Shareholder(s)”	holder(s) of Share(s)
“Shareholders”	shareholders of the Company
“Shenyang Weihang”	Shenyang Weihang Commercial Agency Service Co., Ltd.* (瀋陽唯航商務代理服務有限公司), a company incorporated under the laws of the PRC, being one of the Five Operating Companies
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Red Power Developments Limited, a company incorporated under the laws of the BVI wholly owned by the Vendor
“Target Group”	Target Company, Meridian Aviation and the Five Operating Companies
“Tianjin Meridian”	Meridian Aviation Technology (Tianjin) Co., Ltd.* (子午線航空技術(天津)有限公司), a company incorporated under the laws of the PRC, being one of the Five Operating Companies
“Valuation”	the valuation conducted by the Valuer on the Sale Shares
“Valuer”	Graval Consulting Limited, an independent and professional valuer
“Vendor”	Ever Digital Limited, a company incorporated under the laws of the BVI
“%”	per cent

In this supplemental circular, save as otherwise stated, figures in RMB are translated to HK\$ at the exchange rate of RMB1.00 = HK\$1.08 for illustration purpose only. No representation is made that any amount in RMB or HK\$ would have been or can be converted at the above rate.

LETTER FROM THE BOARD



太 睿 國 際 控 股 有 限 公 司
PacRay International Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock code: 1010)

Executive Directors:

Yang Lin (*Chairman*)

Xu Beinan (*Chief Executive Officer*)

Xu Yinsheng

Lau Mei Ying

Leung Pok Man

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Principal Place of Business in Hong Kong:

28F, Agricultural Bank of China Tower

50 Connaught Road Central

Hong Kong

Non-executive Director:

Zhou Danqing

Independent non-executive Director:

Zhang Shengdong

12 June 2020

To the Shareholders

Dear Sir or Madam,

**SUPPLEMENTAL CIRCULAR
IN RELATION TO DISCLOSEABLE TRANSACTION
AND SUPPLEMENTAL TO THE CIRCULAR TO
THE SHAREHOLDERS DATED 15 MAY 2020**

1. INTRODUCTION

This supplemental circular should be read together with the Circular which contains, among others, the notice of the Annual General Meeting.

Reference is made to the announcements of the Company dated 14 February 2020, 31 March 2020, 29 April 2020, 1 June 2020 and 8 June 2020, in relation to the Acquisition.

On 14 February 2020, the Company announced that the Company entered into the Sale and Purchase Agreement to purchase the Sale Shares. The Acquisition constitutes a discloseable transaction of the Company pursuant to Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements thereunder. As a good corporate governance practice, the Board resolved to put forward the Acquisition for Shareholders' approval at the Annual General Meeting.

LETTER FROM THE BOARD

The purpose of this supplemental circular is to give you further information relating to the Acquisition, the Sale and Purchase Agreement and the Target Group, and to give you a supplemental notice of the Annual General Meeting and the Second Proxy Form.

2. THE SALE AND PURCHASE AGREEMENT

On 14 February 2020, the Company and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Company has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares at the Consideration of HK\$25,916,660, which shall be fully settled by the allotment and issue, credited as fully paid, of 33,658,000 Consideration Shares at the issue price of HK\$0.77 per Consideration Share to the Vendor at Completion.

The principal terms of the Share and Purchase Agreement are set out below:

Date

14 February 2020

Parties

1. Ever Digital Limited, as the Vendor; and
2. PacRay International Holdings Limited (太睿國際控股有限公司), as the Purchaser.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, each of the Vendor, the Target Company and their respective ultimate beneficial owners (where applicable) are third parties independent of the Company and its connected persons.

Subject matters

Pursuant to the Sale and Purchase Agreement, the Company has agreed to purchase and the Vendor has agreed to sell the Sale Shares, which represent 20.2% of the equity interest in the Target Company subject to fulfilment of the conditions precedent.

LETTER FROM THE BOARD

Consideration

The Consideration for the acquisition of the Sale Shares is HK\$25,916,660 which shall be fully settled by the allotment and issuance, credited as fully paid, of 33,658,000 Consideration Shares by the Company to the Vendor at the issue price of HK\$0.77 per Consideration Share at Completion.

The issue price of HK\$0.77 per Consideration Share represents:

- (i) a premium of approximately 2.7% over the closing price of HK\$0.75 per Share as quoted on the Stock Exchange on 14 February 2020, being the date of the Sale and Purchase Agreement;
- (ii) a premium of approximately 1.3% over the average closing price of approximately HK\$0.76 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Sale and Purchase Agreement;
- (iii) a discount of approximately 2.5% to the average closing price of approximately HK\$0.79 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days immediately preceding the date of the Sale and Purchase Agreement;
- (iv) a premium of approximately 102.6% over the closing price of HK\$0.38 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (v) a premium of approximately 113.9% over the average closing price of approximately HK\$0.36 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the Latest Practicable Date.

The Consideration was arrived at after arm's length negotiation between the Company and the Vendor with reference to, among other things, (i) the Valuation on Meridian Aviation, the principal operating subsidiary of the Target Company, as at 31 December 2019 under market approach prepared by the Valuer; (ii) the business of the Target Group and the possible synergy effect between the Group and the Target Group to be brought into by the Acquisition; (iii) the business growth and prospects of the Target Group; and (iv) the value of the operational qualifications of the Target Group which are not reflected in the net assets values of the Target Group.

For more information about the Valuation, please refer to the section headed "Valuation on Meridian Aviation" in this letter of the Board. For more information about the business of the Target Group, please refer to the section headed "Information on the Target Group" in this letter of the Board. For more information about the possible synergy effect between the Group and the Target Group, please refer to the section headed "Reasons for and Benefits of the Acquisition" in this letter of the Board. For more information about the operational qualifications of the Target Group, please refer to the section headed "Operational Qualifications of the Target Group" in this letter of the Board.

The Directors are of the view that the terms and conditions of the Sale and Purchase Agreement are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

LETTER FROM THE BOARD

Conditions precedent

Completion shall be conditional upon the following conditions precedent

- (i) the Company having completed the due diligence of the Target Company to its full satisfaction at its sole discretion;
- (ii) the Company having received and is satisfied with the legal opinion in connection with the Acquisition issued by a qualified practice law firm in the BVI at its sole discretion;
- (iii) the Company having received and is satisfied with the legal opinion in connection with the Acquisition issued by a qualified practice law firm in the PRC at its sole discretion;
- (iv) all approvals, consents, authorizations and permits have been obtained from the relevant government authorities for the Acquisition contemplated under the Sale and Purchase Agreement, if necessary;
- (v) the Listing Committee of the Stock Exchange having approved or agreed to the listing of, and permission to deal in, the Consideration Shares;
- (vi) the Company being fully satisfied at its sole discretion that there not having been any material breach of any of the representations, warranties, agreements, covenants and undertakings given by the Vendor and the Company in the Sale and Purchase Agreement that are to be performed or complied with prior to Completion; and
- (vii) the Company being fully satisfied at its sole discretion that no material adverse change has occurred to any company of the Group between the date of the Sale and Purchase Agreement and Completion.

Pursuant to the Sale and Purchase Agreement (as supplemented from time to time), the Vendor shall use its best endeavors to fulfill the conditions precedent (other than the condition (v) as set out above) and the Company may choose to waive any of the conditions precedent (other than the condition (v) as set out above) at its sole discretion. If any of the conditions precedent has not been fulfilled before 15 July 2020 or any later date as agreed by the parties, the Company shall not be obliged to complete the Acquisition and the Sale and Purchase Agreement shall immediately cease and determine and any party to the Sale and Purchase Agreement shall have the right to claim against the other for any breaches of the terms thereof.

As at the Latest Practicable Date, conditions (ii) and (iii) have been completed.

LETTER FROM THE BOARD

If the resolution(s) on the Sale and Purchase Agreement and/or the General Mandate is not approved in the Annual General Meeting, the Company will not make an application to the Stock Exchange for permission to deal in the Consideration Shares. In this case, the condition (v) will not be fulfilled, and the Sale and Purchase Agreement will lapse.

Completion

Completion shall take place on the Completion Date upon which the conditions set out in the Sale and Purchase Agreement have been satisfied or waived.

Undertaking by the Vendor

The Vendor undertakes, among others, that:

- (i) the audited financial statements of the Target Company for the year ended 31 December 2019 (the “**Audited Financial Statements**”) shall be delivered on or before 31 March 2020; and
- (ii) if the net asset value to be disclosed in the Audited Financial Statements is eventually less than the net asset value as disclosed in the unaudited management accounts of the Target Company for the year ended 31 December 2019 (the “**Unaudited Accounts**”), the Vendor shall compensate the Purchaser by cash payment within three months after the delivery of the Audited Financial Statements in an amount to be determined based on the Consideration in the proportional basis in accordance with the decreasing ratio of the net asset value as disclosed in the Unaudited Accounts comparing with the same as disclosed in the Audited Financial Statements.

As at the Latest Practicable Date, the undertaking by the Vendor has been fulfilled.

Appointment of the director

After the Completion, the Purchaser shall be entitled to appoint one director to the board of the directors of the Target Company and the number of the directors of the Target Company shall not be more than five.

The Company intends to appoint Mr. Xu Yinsheng, an executive Director, to the board of the directors of the Target Company.

LETTER FROM THE BOARD

CONSIDERATION SHARES

The Consideration Shares comprise a total of 33,658,000 Shares which represent (i) approximately 10.0% of the issued share capital of the Company as at Latest Practicable Date; and (ii) approximately 9.1% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming that there is no other change to the share capital of the Company prior to the Completion).

The Consideration Shares will be issued pursuant to the General Mandate, which will be proposed at the Annual General Meeting for the Shareholders' approval. Under the General Mandate, the Directors will be granted an issue mandate to allot, issue or otherwise deal with additional Shares not exceeding 20% of the total number of issued Shares as at the date of passing of the proposed ordinary resolution (i.e. a maximum of 67,317,428 Shares may be issued on the basis that no further Shares are issued before the Annual General Meeting). As at the Latest Practicable Date, the General Mandate has not been granted or utilized. If granted, the General Mandate is sufficient for the issue of the Consideration Shares and the issue of the Consideration Shares is not subject to the Shareholders' further approval.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in the Consideration Shares. Upon allotment and issuance, the Consideration Shares shall rank *pari passu* in all respects with the Shares in issue on the date of allotment and issuance of the Consideration Shares, including the right to receive all dividends, distributions and other payments that have been made or will be made with a record date on or after the said date of allotment and issuance. No restrictions are attached to subsequent sale of the Consideration Shares.

INFORMATION ON THE GROUP AND THE PURCHASER

The Group are principally engaged the design and sales of integrated circuits and semi-conductor parts in the PRC, Hong Kong and Taiwan; research and development in software and hardware integration services for real time 2D-3D conversion display products in the PRC; financial leasing in the PRC; money lending in Hong Kong; luxury yachts business and aircrafts business management; and investment holding.

The Group's aircraft business

As disclosed in the announcement of the Company dated 25 April 2019, the Group (i) will, among others, explore business opportunities relating to business air, including but not limited to business jet management, aircraft sales service and pilot training service; and (ii) has negotiated with certain potential customers in respect of business jet management and aircraft leasing.

LETTER FROM THE BOARD

As disclosed in the interim report (the “**2019 Interim Report**”) of the Company for the six months ended 30 June 2019, on 1 May 2019, International Business Aviation (Hong Kong) Limited (i.e. IBA), a subsidiary of the Company, entered into a business aircraft entrusted management contract with aircraft owners in respect of three private business aircrafts, which is registered by Federal Aviation Administration (FAA). Hence, the business aircraft service had been launched formally by IBA. As further disclosed in the 2019 Interim Report, the management of the Company would continue to explore business opportunities relating to business aviation, including but not limited to business aircraft management, aircraft sales service and pilot training service. The Group had negotiated with certain potential customers in respect of business jet management and aircraft leasing.

As disclosed in the annual report (the “**2019 Annual Report**”) of the Company for the year ended 31 December 2019, on 15 May 2020, with the efforts of the management team of IBA HK, the Group’s business aircraft service and luxury yacht management had been running smoothly and making profits through 2019. The management had been focusing on expanding the PRC and overseas markets. The main revenue comprised of business aircraft management service fee, aircraft operation agency fee, pilot rental fee, aircraft maintenance and management fee, etc. For the year ended 31 December 2019, the Group recorded a revenue of approximately HK\$42.9 million of this segment.

Currently, IBA has been providing aircraft management services to three business aircrafts registered with the US Federal Aviation Administration (the FAA). These three aircrafts are mainly operated to serve business clients to and from China. Services provided by the IBA to the hosted aircrafts is a full-range service including provision of pilots, flight attendants and engineers, aircraft maintenance, inspection and repair etc. by entrusting the aircrafts to the management of IBA, customers of IBA will pay IBA entrustment fee while leaving the operation of the aircraft to the full control of IBA.

The Group is now only licensed to carry out aircraft management business but is not allowed to operate charter flight for members of the public. Although the Group has identified certain PRC corporates and individuals who may have demand in chartering services, no business opportunities are materialized given the licensing restriction.

Given that (i) additional costs and time would be required for the application for the relevant license; and (ii) the outcome of such application would be uncertain, the Company considered that the Acquisition would provide a platform for the Group to utilize the potential business opportunity by introducing such potential customers to the Target Group (which is licensed to provide charter flight to members of the public). In the circumstances, the Acquisition would enable the Company, although being a minority interest in the Target Company, to tap into the chartering business indirectly without first obtaining the Air Operator Certificate issued by the Civil Aviation Administration of China. Therefore, Mr. Xu Yinsheng, an executive Director, approached the Vendor on the possibility of the Acquisition.

LETTER FROM THE BOARD

Existing cooperation between the Group and the Target Group

In China, only operators registered with the Civil Aviation Administration of China can apply to operate scheduled flights to and from China. Any other operators not registered with the Civil Aviation Administration of China but wishing to operate scheduled flights can only entrust a qualified operator recognized by the Civil Aviation Administration of China to apply for permission to operate scheduled flights for its aircrafts. As all of the three aircrafts hosted by IBA are registered with the Federal Aviation Administration in the US and IBA as the operator is incorporated in Hong Kong and not registered with the Civil Aviation Administration of China, IBA can only entrust a recognized operator as mentioned above to help to apply for permission to operate scheduled flights in China.

Liaoning Meridian, one of the Five Operating Companies, is a recognized operator qualified to apply for permission for scheduled flights (including the right to use the airport, clearance for taking off and landing and related airport ground services) on behalf of foreign operators.

Set out below are the services provided by Liaoning Meridian to IBA:

- Apply on behalf of IBA permission to operate scheduled flights, the right to use the airport and other airport ground services;
- Provide Chinese flight attendants; maintenance engineers, pilots and other qualified personnel for the operation of its aircrafts; and
- Help sourcing for suppliers (e.g. suppliers for aviation fuel, maintenance and repair services) at lower costs.

Entrusting Liaoning Meridian to provide certain management services to IBA also serves to reduce IBA' operating cost, for reasons below:

- Liaoning Meridian offers a relatively longer credit period for the settlement of account payables owed by IBA and this will provide better flexibility for IBA's liquidity;
- The services fee charged by Liaoning Meridian is relatively lower than those quoted by other similar service providers in the market; and
- As a recognized operator registered with the Civil Aviation Administration of China, Liaoning Meridian has built up sufficient network and resource pool for various aviation services, including resource for maintenance and personnel, at a relatively lower cost. As IBA is still at its early stage of operation with relatively smaller business scale, it could incur more cost if it hires its own personnel and liaises with suppliers directly.

From May to December 2019, service fees paid to Liaoning Meridian by IBA amounted to approximately HK\$16,119,000, representing approximately 42.2% of the total fees paid to IBA's suppliers.

LETTER FROM THE BOARD

INFORMATION ON THE VENDOR

The Vendor is a company incorporated in the BVI with limited liability and is an investment holding company ultimately owned as to 99% by Mr. Duan Hong Tao who is a PRC resident, businessman and independent of the Company and its connected persons, and 1% by Mr. Wang Yi.

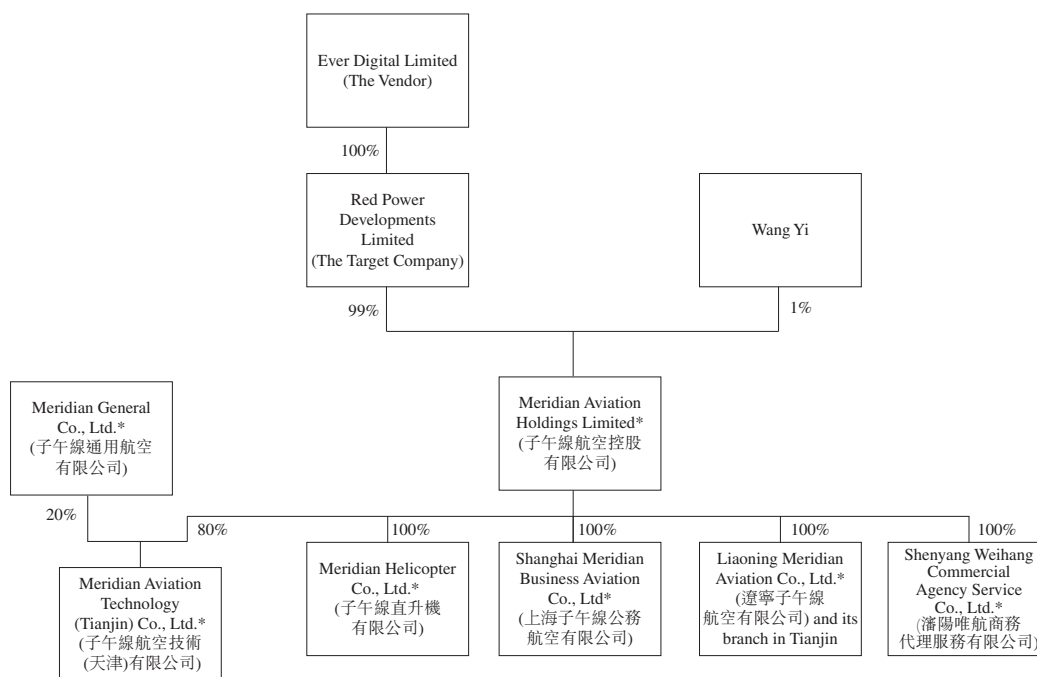
Mr. Wang Yi is a Hong Kong resident and has been employed as the consultant of business aviation operation by the Company from June 2019 to February 2020. Since his resignation, Mr. Wang has no role or position in the Group.

Mr. Duan Hong Tao is a PRC citizen. Liaoning Meridian, one of the Five Operating Companies and a subsidiary of the Target Company, is a supplier to IBA. Except for this, none of the suppliers of the Group is related to Mr. Duan.

INFORMATION ON THE TARGET GROUP

Corporate structure of the Target Group

The corporate structure of the Target Group as at the Latest Practicable Date is as follows:



The Target Company is an investment company incorporated in the BVI with limited liability and wholly-owned by the Vendor.

LETTER FROM THE BOARD

The Target Company owns as to 99% of Meridian Aviation Holdings Limited* (子午線航空控股有限公司) (i.e. Meridian Aviation), a holding company incorporated on 11 May 2018 in the PRC with limited liability. The remaining 1% of Meridian Aviation is owned by Mr. Wang Yi.

The operating assets of the Target Company are its indirect interest hold through Meridian Aviation in the Five Operating Companies in the PRC, namely Meridian Aviation Technology (Tianjin) Co., Ltd.* (子午線航空技術(天津)有限公司) (i.e. Tianjin Meridian), Meridian Helicopter Co., Ltd.* (子午線直升機有限公司) (i.e. Meridian Helicopter), Shanghai Meridian Business Aviation Co., Ltd.* (上海子午線公務航空有限公司) (i.e. Shanghai Meridian), Liaoning Meridian Aviation Co., Ltd.* (遼寧子午線航空有限公司) (i.e. Liaoning Meridian) (including its branch in Tianjin), and Shenyang Weihang Commercial Agency Service Co., Ltd.* (瀋陽唯航商務代理服務有限公司) (i.e. Shenyang Weihang).

Tianjin Meridian is owned as to 80% by Meridian Aviation and 20% by Meridian General which is a company incorporated in the PRC and independent of the Company and its connected persons. Save for Tianjin Meridian, each of the other four of the Five Operating Companies is wholly owned by Meridian Aviation.

Each of the Five Operating Companies is a limited liability company established in the PRC. Tianjin Meridian is principally engaged in development, sales, lease and maintenance of equipment involving the application of aviation technology. Meridian Helicopter is principally engaged in development, sales and lease of helicopter. Shanghai Meridian is principally engaged in development of aviation technology and provision of technical consultancy services. Liaoning Meridian is principally engaged in provision of air transportation services. Shenyang Weihang is principally engaged in sales and leasing of aviation equipment.

Financial information of the Target Group

Set out below is a summary of certain financial information of Meridian Aviation for the period from its incorporation (i.e., 11 May 2018) to 31 December 2018 and for the year ended 31 December 2019, prepared and audited in accordance with the generally accepted accounting principles in the PRC:

	For the year ended 31 December 2019	For the period from its incorporation to 31 December 2018
	<i>RMB'000</i> <i>(audited)</i>	<i>RMB'000</i> <i>(audited)</i>
Net loss before taxation	9,333	25,584
Net loss after taxation	9,333	25,622

As at 31 December 2019, the audited net asset value of Meridian Aviation was approximately RMB69,914,000.

LETTER FROM THE BOARD

Business of the Target Group

Based on the information provided by the Vendor and the Target Company, the business of the Target Group integrates business aviation, aircraft maintenance, helicopters, and commuter aviation. It provides services including but not limited to business charter, aviation ground services, charter travel, domestic aircraft custody, aircraft maintenance, and business aircraft management assessment. The Target Group's income mainly derives from (i) the charter fee in providing charter flight; and (ii) management fee from the aircraft owners in providing the aircraft management service.

The principal services currently provided by the Target Group are summarized as follows:

(i) Charter service:

Relying on two Canadian Challenger CL850 series business jets currently owned by the Target Group, the Target Group launched the concept of "high-end custom business charter flights" to create first-class only jet products. The charter service is aimed to provide a high-end business travel mode with comfort, convenience, speed, privacy and efficiency. Customers can determine the flight date, departure time and destination according to their own schedule. The Target Group will arrange air services according to the customer's specific itinerary and the catering requirements of the flight crew, and arrange contacts at each site to provide high-quality ground services and enjoy VIP services for business travel.

Major terms of the chartering contracts are as follows:

Counterparty:	Individual, corporate client and/or charter agent
Charter fee:	A lump sum charge (including variable costs such as fuel, airport ground service fees, crew subsidies, and hotel transportation)
Charging basis:	Charged at more than 160% of the variable costs (fuel, airport ground service charges, crew subsidies, hotel tickets, etc.)
Term of contract:	Providing charter service according to the travel date as set out in the charter contract
Scope of service:	Arrange aircraft for guests according to their itinerary requirements, including route application, airport VIP service, luggage service, on-board meals and other packaged services

LETTER FROM THE BOARD

Rights and obligations:

If the Target Group cannot perform the flight due to aircraft failure, the Target Group needs to rent another company's aircraft to complete the service or bear the compensation for breach of contract according to the terms of the contracts.

Before departing, if by reason of any event of force majeure, the original route is required to be amended for safety reason, the Target Group shall provide an updated charter fee to the customer and the customer shall pay the updated charter fee.

After departing, if by reason of any event of force majeure, the flight cannot complete according to the schedule, neither the Target Group nor the customer shall be liable for the other parties' loss.

(ii) Aircraft management service:

The Target Group provides a 24-7 comprehensive aircraft management service at every stage, from pre-acquisition, acquisition, operation and maintenance.

At pre-acquisition and acquisition stage, the Target Group assists customers in completing aircraft introduction, including selecting the aircraft, sale and purchase negotiations, pre-completion inspection, supervising completion, aircraft registration and delivery management.

At operation management stage, the Target Group plans, coordinates and administers aircraft maintenance, selects and trains the flight crew and cabin crew, and provides a variety of value-added services according to customer needs. Further, the Target Group has also reserved sufficient parking resources in Beijing, Shanghai and other major airports.

The Target Group also provides professional aircraft assessment and consultancy service, which includes but not limited to aircraft operating condition and costs assessment, second-hand aircraft performance assessment, third-party operator capability assessment, and bill review.

Major terms of the aircraft management contracts are as follows:

Counterparty: Private jet owner(s)

Service fee: A fixed fee and variable costs payable each month

LETTER FROM THE BOARD

Charging basis: The fixed fee will be charged based on 10% service charge on aircraft.

The variable cost will be charged based on the total amount of maintenance costs, fuel oil, airport ground service charges, crew subsidies, hotel air tickets and other expenses incurred during the use of the aircraft.

Term of contract: 2 years

Scope of service: Airline approval, airport stop application, crew arrangement, and third-party service procurement services such as fuel and maintenance

Rights and obligations: The customer shall enjoy a full range of services including aircraft route application, flight, maintenance, flight attendance, maintenance, scheduled inspection, aviation materials, aviation fuel, etc.

If the Target Group is in breach of its management responsibilities, the customer may terminate the aircraft management.

(iii) Ground support service:

The Target Group provides comprehensive services for global private flights, charter flights, emergency flights, and diplomatic flights, including ground agents, aviation support, aviation fuel support, fee payment, aviation food supply, and charter consulting.

(iv) Breakdown of the service segments:

Set out below is the Target Group's revenue and profit/(loss) between the charter services and the aircraft management services:

	For the year ended 31 December 2019			For the period from its incorporation to 31 December 2018		
		Aircraft management services			Aircraft management services	
	Charter services		Total	Charter services		Total
			<i>RMB'000 (audited)</i>			<i>RMB'000 (audited)</i>
Revenue	41,083	25,596	66,679	20,097	1,609	21,706
Gross profit/(loss)	(2,432)	3,362	930	(5,375)	12	(5,363)

LETTER FROM THE BOARD

Operational qualifications of the Target Group

The Target Group has passed the audit and assessment by International Standard for Business Aircraft Operation (IS-BAO), General Operating and Flight Rules* (一般運行和飛行規則) and obtained the Air Operator Certificate and the Maintenance Organization Certificate. As such, the Target Group is licensed to engage in both the chartering business and the aircraft management business worldwide. In particular, the issue of the Air Operator Certificate by the Civil Aviation Administration of China (which is obtained by the Target Group) has stringent requirements imposed on the applicant and the approval process would normally take 2 years or more. Given that the aviation business is a highly regulated business which requires the obtaining of the relevant operating certificates for entering into of the business, this kind of entry barrier is an advantage for the existing market participant. In the circumstances, the Acquisition would enable the Company, although being a minority interest in the Target Company, to tap into the chartering business indirectly without first obtaining the Air Operator Certificate issued by the Civil Aviation Administration of China.

Details of the qualifications of the Target Group include:

Qualification	Description
International Standard for Business Aircraft Operations (IS-BAO)	A recommend code of best practices designed to help flight departments worldwide achieve high levels of safety and professionalism and recognized by the European Committee for Standardization as an industry standard for business aircrafts operations.
General Operating and Flight Rules* (一般運行和飛行規則)	The regulation in connection to Part 91 of the China Civil Aviation Regulation (“CCAR”) developed with a view to specifying the civil aircraft operating, and ensuring flight regularity and safety, in accordance with Civil Aviation Law of the People’s Republic of China.
Air Operator Certificate	A certificate issued by the Civil Aviation Administration of China to certify that a company has met the applicable legal requirements, in particular Part 135 of CCAR, and any other rules, regulations and standards required to operate as an air operator and conduct the unscheduled passenger-carrying operation.
Maintenance Organization Certificate	A certificate issued by the Civil Aviation Administration of China to certify that a company has complied with the requirements of Part 145 of CCAR and is adequate to accomplish aviation related maintenance.

LETTER FROM THE BOARD

VALUATION ON MERIDIAN AVIATION

The value of 20.2% equity interest in Meridian Aviation as at 31 December 2019 was HK\$26 million based on the Valuation prepared by the Valuer under market approach by using the guideline public company method. The following key assumptions have been made in the Valuation:

- The Valuation is primarily based on the unaudited consolidated accounts of Meridian Aviation as at 31 December 2019 made available to the Valuer.
- To continue as a going concern, Meridian Aviation will successfully carry out all necessary activities for the development of its business.
- The audited/unaudited financial information of Meridian Aviation as supplied to the Valuer has been prepared in a manner which truly and accurately reflects the financial position of Meridian Aviation as at the respective reporting dates.
- Market trends and conditions where Meridian Aviation operates will not deviate significantly from the economic forecasts in general.
- Key management, competent person and technical staff will all be retained to support ongoing operations of Meridian Aviation.
- There will be no material changes in the business strategy of Meridian Aviation and its expected operating structure.
- Interest rates and exchange rates in the localities for the operations of Meridian Aviation will not differ materially from those presently prevailing.
- All relevant consents, business certificates, licenses or other legislative or administrative approvals from any local, provincial or national government, or private entity or organization required to operate in the localities where Meridian Aviation operates or intends to operate will be officially obtained and renewable upon expiry unless otherwise stated.
- There will be no major changes in the political, legal, economic or financial conditions and taxation laws in the localities in which Meridian Aviation operates or intends to operate, which would adversely affect the revenues and profits attributable to Meridian Aviation.

LETTER FROM THE BOARD

Valuation methodology of The Valuation

The Valuation is prepared under the guideline public company method. The Valuer has identified three generally accepted valuation approaches, namely cost approach, market approach and income approach.

Under the cost approach, the future economic benefit brought by Meridian Aviation will be ignored. Also, the certificates necessary for the business operations of Meridian Aviation have not been reflected in its financial statements. Therefore, the cost approach is considered as inappropriate for valuing Meridian Aviation.

Under the income approach, a long-term financial projection with detailed assumptions is required and the valuation result may be distorted by some of the assumptions. Given the fact that the operating history of Meridian Aviation is relatively short and it is typical for airline-related businesses not to have long contracts with customers, a reliable financial forecast is not available. In addition, the Target Group only commenced business operation in the third quarter of 2018 and is still at its early development stage. Also, due to the peculiar nature of the private aviation business, no long-term business contract is entered into by the Target Group (in particular, chartering contract is normally flight-based contract while aircraft management contract would normally last for two years only). The Valuer believes that the income approach is not applicable.

Regarding the market approach, it depends on whether there are any public companies or transactions with similar business risks to Meridian Aviation. Based on the market research conducted by the Valuer, a list of comparable companies was identified and thus the guideline public company method under the market approach was adopted.

The Valuer considers that it is in line with the underlying concept of the guideline public company method under market approach. The Valuation adopted the Equity Value/Sales (“EV/S”) which implies that there is a direct relationship between the revenue and the enterprise value (for the comparable companies selected, the market capitalization). The EV/S multiple implies that there is a direct relationship between the revenue and the enterprise value or the market capitalization.

Comparable companies in the Valuation

In the Valuer’s assessment, the business risks of Meridian Aviation, industry risk and country risk are considered to be the major components. The Valuer has chosen the selection criteria of (i) major revenue generated from airline-related business; (ii) principal place of business based in China; and (iii) publicly listed with liquid market trading. As informed by the Valuer, there are no charter service companies in the PRC which are publicly listed, the choice of business-related comparisons has been considered. The comparable companies set out in the Valuation are adopted as their major revenue are generated from airline-related business and subject to the risks of the aviation industry, such as fluctuations in oil prices/labor, risks during economic downturn, all of which Meridian Aviation also shares.

LETTER FROM THE BOARD

Valuation adjustment

In the course of the valuation, the Valuer noticed that there are difference in business scale between Meridian Aviation and the comparable companies adopted in the Valuation. Also, there are differences in the business scale among the comparable companies adopted. However, the Valuer did not observe any relationship between the business scale and its price multiple for the comparable companies. Therefore, the Valuer did not apply any adjustment related to the company size towards the price multiples.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group will use its endeavor to strengthen its position in business aviation in Hong Kong and the PRC. The Board is still looking for other investment opportunities aiming at exploring the feasibility of further expansion in aviation business. The Group has been proactive in seeking appropriate investment opportunities to expand its business scope and to diversify its existing business.

Given (i) the promising business development of the Target Group; (ii) the well-developed clientele portfolio of the Target Group with a strong base of customers across different business sections; and (iii) the raising demand for business aviation in the PRC, the Acquisition will enable the Group to diversify its aircraft management business which could create a synergy effect and complement the growth of the Group's existing aircraft management business.

After Completion, the Purchaser is entitled to appoint one director to the board of directors of the Target Company. As (i) the first-hand experience and management expertise in private aviation business (in particular, the chartering business) to be obtained through the Company's representative in the board of directors of the Target Company; and (ii) the closer cooperation between the Group and the Target Group, the business opportunity in aviation business may be resulted by the shareholding in the Target Company by the Company and the shareholding in the Company by the Vendor. Such cooperation would be critical for future expansion of the aviation business of the Group.

Given that (i) additional costs and time would be required for the application for the relevant license; and (ii) the outcome of such application would be uncertain, the Company considered that the Acquisition would provide a platform for the Group to utilize the potential business opportunity by introducing such potential customers to the Target Group (which is licensed to provide charter flight to members of the public). In the circumstances, the Acquisition would enable the Company, although being a minority interest in the Target Company, to tap into the chartering business indirectly without first obtaining the Air Operator Certificate issued by the Civil Aviation Administration of China.

LETTER FROM THE BOARD

The Acquisition are in line with the business development plan and expansion plan of the Group. The Board believes that the Acquisition provides an excellent development platform and opportunity to expand its early aviation business into international markets and enhance the competitiveness of the Group.

In view of the foregoing, the Directors (including the independent non-executive Directors) are of the view that the terms of the Sale and Purchase Agreement and the Acquisition contemplated thereunder are on normal commercial terms, and fair and reasonable, and are in the best interest of the Company and its Shareholders as a whole.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The Company has not allotted or issued any new Shares during the 12 months immediately preceding the Latest Practicable Date and the total number of the Company's issued Shares has no change for the same period.

For illustrative purpose only and assuming no other issue (apart from the issuance of the Consideration Shares) or repurchase of Shares and no change in the shareholding of the Shareholders set out below, the table below illustrates the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately after the allotment and issuance of the Consideration Shares:

Shareholders	As at the Latest Practicable Date		Immediately after the allotment and issuance of the Consideration Shares	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Glory Genius International Holdings Limited ^(note 1)	146,392,770	43.5	146,392,770	39.5
Vision2000 Venture Ltd. ^(note 2)	106,043,142	31.5	106,043,142	28.6
Public				
The Vendor	–	–	33,658,700	9.1
Other public Shareholders	84,151,230	25.0	84,151,230	22.7
Total	<u>336,587,142</u>	<u>100.0</u>	<u>370,245,842</u>	<u>100.0</u>

Notes:

- (1) Glory Genius International Holdings Limited is owned as to 95% by Mr. Tong Liang and 5% by Ms. Chu Yung-Yi, Mr. Tong Liang and Ms. Chu Yung-Yi are therefore deemed to be interested in the Shares held by Glory Genius International Holdings Limited.
- (2) The 106,043,142 Shares relate to the same batch of shares of the Company. According to the form of disclosure of interests submitted by Mosel Vitelic Inc. on 27 June 1997, Vision2000 Venture Ltd. is the controlled corporation of Mosel Vitelic Inc. and accordingly, Mosel Vitelic Inc. is deemed to be interested in the 106,043,142 Shares held by Vision2000 Venture Ltd.

LETTER FROM THE BOARD

IMPLICATIONS UNDER THE LISTING RULES

As more than one of the applicable percentage ratios in respect of the Acquisition exceed 5% but all such ratios are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

PROPOSAL TO OBTAIN SHAREHOLDER APPROVAL ON THE ACQUISITION

As a good corporate governance practice, the Board resolved to put forward the Acquisition for Shareholders' approval at the Annual General Meeting. During the Annual General Meeting, a resolution will be proposed for the Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

If the resolution(s) on the Sale and Purchase Agreement and/or the General Mandate is not approved in the Annual General Meeting, the Company will not make an application to the Stock Exchange for permission to deal in the Consideration Shares. In this case, the conditions will not be fulfilled, and the Sale and Purchase Agreement will lapse.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, no Shareholder has a material interest in the Sales and Purchase Agreement and the transactions contemplated thereunder. As such, no Shareholder is required to abstain from voting on the resolution to approve the Sales and Purchase Agreement and the transactions contemplated thereunder at the Annual General Meeting.

3. SUPPLEMENTAL NOTICE OF ANNUAL GENERAL MEETING AND SECOND PROXY FORM

Since the notice of the Annual General Meeting and the First Proxy Form do not contain the proposed resolution for the Sale and Purchase Agreement and the transactions contemplated thereunder as set out in this supplemental circular, a supplemental notice of Annual General Meeting has been set out on page 26 of this supplemental circular and the Second Proxy Form is enclosed with this supplemental circular to include such proposed resolution.

Reference is made to the announcement of the Company dated 8 June 2020, in relation to, among others, the resignation of Mr. Lee Man To ("**Mr. Lee**") and Ms. Choi Yee Man ("**Ms. Choi**") as independent non-executive Directors with effect from 8 June 2020. Due to the resignation of Mr. Lee and Ms. Choi, the ordinary resolutions numbered 2(c) and 2(d) in respect of the re-election of Mr. Lee and Ms. Choi as set out in the First Proxy Form are no longer applicable and will not be put forward for consideration and approval by the Shareholders at the Annual General Meeting.

Whether or not you intend to attend and vote at the Annual General Meeting in person, you are requested to complete the Second Proxy Form in accordance with the instructions printed on it and return the completed Second Proxy Form to the branch share registrar of the

LETTER FROM THE BOARD

Company in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the Annual General Meeting (i.e. at 10:00 a.m. on Saturday, 20 June 2020) or any adjournment thereof (as the case may be) (the "Closing Time").

Shareholders who have appointed or intend to appoint proxy to attend the Annual General Meeting are requested to pay particular attention to the following arrangement in relation to the completion and submission of the Second Proxy Form:

A Shareholder who has not yet lodged the First Proxy Form with the branch share registrar is requested to lodge the Second Proxy Form if he/she wishes to appoint proxy to attend, speak and vote at the Annual General Meeting on his/her behalf. In this case, the First Proxy Form should not be lodged with the branch share registrar.

A Shareholder who has already lodged the First Proxy Form with the branch share registrar should note that:

- (i) If no Second Proxy Form is lodged with the branch share registrar, the First Proxy Form, if correctly completed, will be treated as a valid proxy form lodged by him/her. The proxy so appointed by the Shareholder will be entitled to cast the vote at his/her discretion or to abstain from voting on any resolution properly put to the Annual General Meeting (including, if properly put, the resolution for the Sale and Purchase Agreement and the transactions contemplated thereunder as set out in this supplemental circular) except for those resolutions to which the Shareholder has indicated his/her voting direction in the First Proxy Form.
- (ii) If the Second Proxy Form is lodged with the branch share registrar before the Closing Time, the Second Proxy Form, if correctly completed, will revoke and supersede the First Proxy Form previously lodged by him/her. The Second Proxy Form will be treated as a valid proxy form lodged by the Shareholder.
- (iii) If the Second Proxy Form is lodged with the branch share registrar after the Closing Time, or if lodged before the Closing Time but is incorrectly completed, the proxy appointment under the Second Proxy Form will be invalid. The proxy so appointed by the Shareholder under the First Proxy Form, if correctly completed, will be entitled to vote in the manner as mentioned in (i) above as if no Second Proxy Form was lodged with the branch share registrar. Accordingly, Shareholders are advised to complete the Second Proxy Form carefully and lodge the Second Proxy Form with the branch share registrar before the Closing Time.

Shareholders are reminded that submission of the First Proxy Form and/or the Second Proxy Form shall not preclude Shareholders from attending the Annual General Meeting or any adjourned meeting thereof and voting in person should they so wish.

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If you are a non-registered Shareholder, i.e. your Shares are held through an intermediary (for example, a bank, custodian or securities broker) or registered in the name of your nominee, you will not receive the Second Proxy Form directly from the Company, and you will need to give instructions to your intermediary/nominee to vote on your behalf. If you wish to attend, speak and vote at the Annual General Meeting, you should seek authorization to do so from your intermediary/nominee directly.

4. RECOMMENDATION

In addition to the recommendation contained in the Circular, the Directors are of the opinion that the Sale and Purchase Agreement and the transactions contemplated thereunder as set out in this supplemental circular are in the interests of the Company and its Shareholders and recommend the Shareholders to vote in favour of the relevant resolution to be proposed at the Annual General Meeting.

5. RESPONSIBILITY STATEMENT

This supplemental 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 supplemental circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this supplemental circular misleading. **Shareholders are advised to read this supplemental circular together with the Circular for information relating to the voting arrangement.**

Yours faithfully,
For and on behalf of the Board
PacRay International Holdings Limited
Yang Lin
Chairman

SUPPLEMENTAL NOTICE OF ANNUAL GENERAL MEETING



太 睿 國 際 控 股 有 限 公 司 PacRay International Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock code: 1010)

SUPPLEMENTAL NOTICE OF ANNUAL GENERAL MEETING

This notice is supplemental to the notice of the annual general meeting (the “**Notice**”) dated 15 May 2020 issued by PacRay International Holdings Limited (the “**Company**”) to convene the annual general meeting (the “**Annual General Meeting**”) of the Company at REF Financial Press Limited, 7/F., Nexxus Building, 77 Des Voeux Road Central, Hong Kong on Monday, 22 June 2020 at 10:00 a.m.

Details of the proposed resolutions to be considered at the Annual General Meeting were stated in the Notice. Unless otherwise defined, terms defined herein shall have the same meanings as those defined in the circular of the Company dated 15 May 2020. Apart from the amendments stated below, all the information contained in the Notice remains valid and effective.

Due to the matters as set out in the supplemental circular of the Company dated 12 June 2020 (the “**Supplemental Circular**”), this **SUPPLEMENTAL NOTICE IS HEREBY GIVEN** that the Annual General Meeting will be held at REF Financial Press Limited, 7/F., Nexxus Building, 77 Des Voeux Road Central, Hong Kong on Monday, 22 June 2020 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions of the Company (with or without modifications), in addition to the resolutions set out in the Notice:

ORDINARY RESOLUTIONS

Ordinary business

7. “**THAT:**

(a) the agreement entered into between the Company as purchaser and Ever Digital Limited as vendor on 14 February 2020 in relation to sale and purchase of 20.2% of the entire issue share capital in Red Power Developments Limited (the “**Agreement**”), a copy of which has been produced to the Meeting marked as “A” and initialled by the chairman of the Meeting for the purpose of identification and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified; and

(b) any one director of the Company, or any two directors of the Company if the affixation of the common seal is necessary, be and is/are hereby authorised for and on behalf of the Company to sign and execute such documents and do all such acts and things which in their opinion may be necessary, desirable or expedient to carry out or give effect to the transactions

SUPPLEMENTAL NOTICE OF ANNUAL GENERAL MEETING

mentioned in paragraphs (a) above, including where appropriate, agreeing to any non-material amendments to the Agreement and any other agreements made in relation thereto to the extent permitted by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the applicable laws and in the interests of the Company and its shareholders.”

By Order of the Board
PacRay International Holdings Limited
Yang Lin
Chairman

Hong Kong, 12 June 2020

Notes:

1. A second form of proxy (the “**Second Proxy Form**”) is enclosed with the Supplemental Circular. Please refer to the Supplemental Circular for special arrangements about completion and submission of the Second Proxy Form.
2. Please refer to the Notice for details of the other ordinary resolutions to be passed at the Annual General Meeting, closure of the register of members of the Company and eligibility for attending the Annual General Meeting, proxy and other relevant matters.

As at the date of this notice, the Board of the Company comprises seven Directors. The executive Directors are Mr. Yang Lin, Mr. Xu Beinan, Mr. Xu Yinsheng, Mr. Leung Pok Man and Ms. Lau Mei Ying; the non-executive Director is Mr. Zhou Danqing; and the independent non-executive Director is Dr. Zhang Shengdong.