
CONNECTED TRANSACTIONS

EXEMPT CONTINUING CONNECTED TRANSACTIONS

Upon Listing, we will continue to engage in certain transactions with persons who will become our connected persons under the Listing Rules and such transactions will be regarded as our connected transactions under the Listing Rules.

The following transactions will be regarded as continuing connected transactions for our Company exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Rule 14A.33 of the Listing Rules.

1. Lease of office premises from Mr. H. S. Chong

On 28 August 2012, Mr. H. S. Chong and Kong Tai Sundry Goods entered into a lease, pursuant to which Mr. H. S. Chong leased to Kong Tai Sundry Goods the premises at Workshops G & H, 11/F, Block 2, Kwai Tak Industrial Centre, 16–33 Kwai Tak Street, Kwai Chung, Hong Kong with a gross floor area of approximately 6,109 sq. ft.. The monthly rental under such lease is HK\$30,000 and the term of the lease is two years, which commenced on 1 November 2012 and will continue until 31 October 2014. The term of the lease may be renewed by mutual agreement in writing. The premises under such lease are currently occupied by Kong Tai Sundry Goods for office use.

During the Track Record Period, the annual rental payments made to Mr. H. S. Chong by Kong Tai Sundry Goods for each of the three years ended 31 December 2010, 2011 and 2012 were approximately HK\$268,000, HK\$288,000 and HK\$268,000, respectively. The lease was entered into by Kong Tai Sundry Goods in the ordinary and usual course of business and the annual rent had been arrived at after arm's length negotiation between the parties.

CBRE Limited, our independent property valuer, has confirmed that the rents payable under the above lease is more favourable to our Group. CBRE estimated that a discount of approximately 33% has been offered to our Group.

Mr. H. S. Chong, being the brother of Mr. H. H. Chong and Mr. Charles Chong, is a connected person of the Company and the above lease is a continuing connected transaction for our Company under Chapter 14A of the Listing Rules.

As the highest relevant percentage ratio in respect of the lease between Mr. H. S. Chong and Kong Tai Sundry Goods (with reference to both the current rental and the prevailing market rental as estimated by CBRE Limited) will be, on an annual basis, less than 5%, and the total consideration will be less than HK\$1,000,000, it will constitute a de minimis continuing connected transaction for our Company exempt from the reporting, annual review, announcement and independent shareholders' approval requirements pursuant to Rule 14A.33 of the Listing Rules.

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2. Lease of office premises from Becking Investment Limited

On 20 February 2013, Kong Tai Sundry Goods and Becking Investment Limited entered into a lease, pursuant to which Becking Investment Limited leased to Kong Tai Sundry Goods the premises at Workshops A & E, 11/F, Block 2, Kwai Tak Industrial Centre, 16–33 Kwai Tak Street, Kwai Chung, Hong Kong with a gross floor area of approximately 5,991 sq. ft.. The monthly rental under such lease is HK\$25,761.3 and the term of the lease is two years, which commenced on 1 August 2011 and will continue until 31 July 2013. The term of the lease may be renewed by mutual agreement in writing. The premises under such lease are currently occupied by Kong Tai Sundry Goods for office use.

During the Track Record Period, the annual rental payments made to Becking Investment Limited by Kong Tai Sundry Goods for each of the three years ended 31 December 2010, 2011 and 2012 were approximately HK\$309,000 per year. The lease was entered into by Kong Tai Sundry Goods in the ordinary and usual course of business and the annual rent had been arrived at after arm's length negotiation between the parties.

CBRE Limited, our independent property valuer, has confirmed that the rents payable under the above lease is more favourable to our Group. CBRE estimated that a discount of approximately 33% has been offered to our Group.

The issued share capital of Becking Investment Limited is owned as to approximately one-third by each of Mr. H. S. Chong, Mr. H. H. Chong and Mr. Charles Chong respectively. As such, Becking Investment Limited is an associate of each of Mr. H. S. Chong, Mr. H. H. Chong and Mr. Charles Chong and therefore a connected person of our Company. Hence, the above lease is a continuing connected transaction for our Company under Chapter 14A of the Listing Rules.

As the highest relevant percentage ratio in respect of the lease between Becking Investment Limited and Kong Tai Sundry Goods (with reference to both the current rental and the prevailing market rental as estimated by CBRE Limited) will be, on an annual basis, less than 5% and the total consideration will be less than HK\$1,000,000, it will constitute a de minimis continuing connected transaction for our Company exempt from the reporting, annual review, announcement and independent shareholders' approval requirements pursuant to Rule 14A.33 of the Listing Rules.

3. Lease of shop premises from Fortune Star Realty Company Limited

On 10 August 2010, Grand Asian and Fortune Star Realty Company Limited entered into a lease, pursuant to which Fortune Star Realty Company Limited leased to Grand Asian the premises at Shop G31, G/F., Peninsula Centre, 67 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong with a gross floor area of approximately 306 sq. ft.. The monthly rent under such lease is HK\$70,000 and the term of the lease is three years, which commenced on 1 October 2010 and will continue until 30 September 2013. The term of the lease may be renewed by mutual agreement in writing. The premises under such lease are currently occupied by Grand Asian as a retail shop.

CONNECTED TRANSACTIONS

During the Track Record Period, the annual rental payments made to Fortune Star Realty Company Limited by Grand Asian for each of the three years ended 31 December, 2010, 2011 and 2012 were approximately HK\$750,000, HK\$840,000 and HK\$840,000, respectively. The lease was entered into by Grand Asian in the ordinary and usual course of business and the annual rent had been arrived at after arm's length negotiation between the parties.

CBRE Limited, our independent property valuer, has confirmed that the rents payable under the above lease is consistent with the prevailing market rates.

The issued share capital of Fortune Star Realty Company Limited is owned as to 100% by the sister-in-law and nephews of Mr. Chu. As such, Fortune Star Realty Company Limited is an associate of Mr. Chu and therefore a connected person of our Company. Hence, the above lease is a continuing connected transaction for our Company under Chapter 14A of the Listing Rules.

As the highest relevant percentage ratio in respect of the lease between Fortune Star Realty Company Limited and Grand Asian will be, on an annual basis, less than 5% and the total consideration will be less than HK\$1,000,000, it will constitute a de minimis continuing connected transaction for our Company exempt from the reporting, annual review, announcement and independent shareholders' approval requirements pursuant to Rule 14A.33 of the Listing Rules.