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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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### BUSINESS DEVELOPMENT AND MILESTONES

Our history can be traced back to 1983 when Mr. Li and Mr. Lee, whom are brothers, commence to engage in the mold fabrication business in Hong Kong. In 1987, we expanded our business to plastic injection molding with the vision of developing our Group as a leading provider of one-stop total plastics solutions. We have been expanding and diversifying our business since then. Set out below are the key milestones of our business history:

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|------|---|
| 1995 | <ul style="list-style-type: none"><li>• We commenced our mold fabrication in Shenzhen, the PRC</li><li>• We began our business relationship with Polycom</li></ul>  |
| 1999 | <ul style="list-style-type: none"><li>• TK Plastics (Shenzhen) and TK Technology (Shenzhen) were awarded ISO9001:2000 certificate</li></ul>   |
| 2004 | <ul style="list-style-type: none"><li>• We commenced construction of TK Technology Park</li></ul>   |
| 2006 | <ul style="list-style-type: none"><li>• We began operations in TK Technology Park</li><li>• We were awarded “Excellence in Operations Award” by Hong Kong Mold and Die Council of Federation of Hong Kong Industry</li><li>• TK Plastics (Shenzhen), TK Technology (Shenzhen), YD Mold (Shenzhen) were awarded ISO14001:2004 certificate</li></ul>  |
| 2010 | <ul style="list-style-type: none"><li>• We established TK Plastics Products (Suzhou) for plastic injection molding and expanded our operations to Suzhou, Jiangsu Province, the PRC</li><li>• TK Technology (Shenzhen) was awarded “Tool Design Award – Gold Award” by Hong Kong Mold and Die Council of Federation of Hong Kong Industry</li></ul> |
| 2012 | <ul style="list-style-type: none"><li>• TK International BVI was awarded “Best Quality Award” by Whirlpool</li><li>• TK International BVI was awarded “SanDisk Supplier Best in Class Performance Award, 2011” by SanDisk</li></ul>   |

### CORPORATE HISTORY

#### Old Group Companies Prior to the Reorganisation

In anticipation of the Global Offering and in order to streamline our Group’s business, the following Old Group Companies, among others, were excluded from the Group:

##### *TK Technology (Shenzhen)*

TK Technology (Shenzhen) is a WFOE established in the PRC on 28 March 2001 with a registered capital of HK\$143,310,000 and is indirectly wholly-owned by Mr. Li, Mr. Yung and Mr. Lee as to 45.0%, 28.0% and 27.0%, respectively. During the Track Record Period and prior to the Reorganisation, TK Technology (Shenzhen) was one of our principal operating entities engaging in mold fabrication business and properties investment, and had ceased its operation in mold fabrication since 1 June 2013. TK Technology (Shenzhen) has been holding the

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Shenzhen Tangjia Land since 2004 and commenced to lease certain buildings situated on the Shenzhen Tangjia Land to independent third parties since 2009. Subsequent to the completion of the Reorganisation, TK Technology (Shenzhen) has continued to lease certain buildings situated on the Shenzhen Tangjia Land to Independent Third Parties and commenced to lease the Shenzhen Tangjia Plants to us since 1 June 2013. For details of the continuing connected transactions between our Group and TK Technology (Shenzhen) in relation to Shenzhen Tangjia Plants, please refer to the paragraphs headed “Connected Transactions—Continuing Connected Transactions—Continuing connected transactions exempt from the independent Shareholders’ approval requirement—The Shenzhen Tangjia Plants Lease Agreements”.

### *TK Plastics (Shenzhen)*

TK Plastics (Shenzhen) is a WFOE established in the PRC on 26 June 2002 with a registered capital of HK\$100,000,000 and is indirectly wholly-owned by Mr. Li, Mr. Yung and Mr. Lee as to 45.0%, 28.0% and 27.0% respectively. During the Track Record Period and prior to the Reorganisation, TK Plastics (Shenzhen) was one of our principal operating entities engaging in the manufacturing of plastic components and properties investment, and had ceased its operation in the manufacturing of plastic components since 1 June 2013. TK Plastic (Shenzhen) has been holding the Shenzhen Yulu Land since 2003 and commenced to lease certain buildings situated on the Shenzhen Yulu Land to Independent Third Parties since 2009. Subsequent to the completion of the Reorganisation, TK Plastic (Shenzhen) has continued to lease certain buildings situated on the Shenzhen Yulu Land to Independent Third Parties and commenced to lease the Shenzhen Yulu Plant B to us since 1 June 2013. For details of the continuing connected transactions between our Group and TK Plastic (Shenzhen) in relation to Shenzhen Yulu Plant B, please refer to the paragraphs headed “Connected Transactions—Continuing Connected Transactions—Continuing connected transactions exempt from the independent Shareholders’ approval requirement—Shenzhen Yulu Plant B Lease Agreements”.

### *Shenzhen Dongbo*

Shenzhen Dongbo is a limited liability company established in the PRC on 24 September 2001 and is ultimately beneficially interested as to 45.0% by Mr. Li, 28.0% by Mr. Yung and 27.0% by Mr. Lee, respectively. During the Track Record Period, purchase orders from our PRC customers were placed with Shenzhen Dongbo and it was principally engaged in the sales of plastic components and molds with a focus on the PRC markets. Shenzhen Dongbo had ceased its operation in sales of plastic components and molds since April 2013.

### *HL Mold*

HL Mold was incorporated in BVI on 30 November 2009 and is ultimately beneficially interested as to 45.0% by Mr. Li, 28.0% by Mr. Yung and 27.0% by Mr. Lee, respectively. During the Track Record Period, HL Mold was engaged in the sales of mold with a focus on the non-PRC market and had ceased its operation in the sales of mold in April 2013. During the Track Record Period and up to the cessation of its operation in the sales of mold in April 2013, HL Mold was responsible for certain overseas sales and marketing activities including

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receiving purchase orders for molds from overseas customers of our Group, and the placing of internal purchase orders with our subsidiaries established in the PRC to purchase molds to satisfy HL Mold's obligations under purchase orders from our overseas customers. Our Directors consider that when compared with having a subsidiary established in the PRC to handle overseas sales, a subsidiary incorporated outside of the PRC has more flexibility in terms of entering into transactions in accordance with varying requests of our overseas customers, and also has more flexibility in collecting sales proceeds from our overseas customers.

### *TK Plastics Limited*

TK Plastics Limited was incorporated in Hong Kong on 26 March 2001 and is ultimately beneficially interested as to 45.0% by Mr. Li, 28.0% by Mr. Yung and 27.0% by Mr. Lee, respectively. During the Track Record Period, TK Plastics Limited was the holding company of TK Plastics (Shenzhen) and prior to the Reorganisation, the holding company of TK Plastics Products (Suzhou). As at the Latest Practicable Date, TK Plastics Limited was an investment holding company.

### *TK Mold Limited*

TK Mold Limited was incorporated in Hong Kong on 30 October 2000 and is ultimately beneficially interested as to 45.0% by Mr. Li, 28.0% by Mr. Yung and 27.0% by Mr. Lee, respectively. During the Track Record Period, TK Mold Limited was the holding company of TK Technology (Shenzhen) and prior to the Reorganisation, the holding company of TK Mold (Shenzhen). As at the Latest Practicable Date, TK Mold Limited was an investment holding company.

### *TK Industrial*

TK Industrial was incorporated in BVI on 30 September 2004, and is ultimately beneficially interested as to 45.0% by Mr. Li, 28.0% by Mr. Yung and 27.0% by Mr. Lee, respectively. During the Track Record Period, TK Industrial was the holding company of HL Mold, TK Technology Holdings, TK Plastics Limited and TK Mold Limited and prior to the Reorganisation, the holding company of TK International BVI and YD Mold. As at the Latest Practicable Date, TK Industrial was an investment holding company.

We had accounted for the financial results of the Old Group Companies, in respect of their plastic component manufacturing and mold fabrication businesses in the financial statements during the Track Record Period and up to the completion of the Reorganisation.

### Reasons for not including the Old Group Companies in our Group

#### *TK Technology (Shenzhen)*

TK Technology (Shenzhen) owns the Shenzhen Tangjia Land and the Shenzhen Tangjia Plants built thereon are leased to our Group while certain properties built on the Shenzhen Tangjia Land are leased to Independent Third Parties. For details of the continuing connected transactions between our Group and TK Technology (Shenzhen) in relation to the Shenzhen Tangjia Plants, please refer to the paragraphs headed “Connected Transactions—Continuing Connected Transaction—Continuing connected transactions exempt from the independent Shareholders’ approval requirement—The Shenzhen Tangjia Plants Lease Agreements” and save as disclosed therein, we occupied and used the Shenzhen Tangjia Plants without paying any rent during the Track Record Period until the commencement of the term of the Shenzhen Tangjia Plants Lease Agreements on 1 June 2013. Assuming that the Shenzhen Tangjia Plants Lease Agreements were effective during the Track Record Period and that the per annum rental amount was the same as that of the Shenzhen Tangjia Plants Lease Agreements, our Group would have been required to pay rental amount of approximately RMB9.5 million (equivalent to approximately HK\$12.0 million) per annum during the Track Record Period, representing approximately 8.8% of the net profit of our Group for 2012. Pursuant to the Reorganisation, we no longer owned the Shenzhen Tangjia Land and the Shenzhen Tangjia Plants built thereon since 1 June 2013, and as such, we no longer record amortisation charges and depreciation charges related to the Shenzhen Tangjia Land and the Shenzhen Tangjia Plants. The relevant amortisation charges and depreciation charges for 2012 was RMB3.1 million (equivalent to approximately HK\$3.8 million).

In anticipation of the proposed Listing, it is decided that TK Technology (Shenzhen) would not be transferred to our Group because (i) the property investment business carried out by TK Technology (Shenzhen) does not fall within our Group’s principal business of plastic components manufacturing and mold fabrication businesses and our Directors consider it desirable to focus our Group’s manpower and resources on our core business instead of property investment and its related building and construction works; (ii) the Shenzhen Tangjia Land is in the process of expansion. An application has been made to the Economic Services Bureau of the Guangming New District (光明新區經濟服務局) for an increase in plot ratio of the Shenzhen Tangjia Land and the Directors estimated that the land premium accrued and the construction cost for the additional floor area in aggregate amounted to approximately RMB500.0 million (equivalent to approximately HK\$631.1 million) and it is not in the best interest of our Group to apply a substantial amount of our capital for the land premium and construction cost on property investment; (iii) TK Technology (Shenzhen) shall convert the green-type property ownership certificate to red-type property ownership certificate. The applicable land premium assessed by an independent valuer in relation thereto ranges from RMB111.5 million (equivalent to approximately HK\$140.7 million) to RMB115.2 million (equivalent to approximately HK\$145.4 million) and it is not in the best interest of our Group to apply such a substantial amount of our capital for the land premium. For details of the conversion of the green-type property ownership certificate to red-type property ownership certificate, please refer to the section headed “Business—Properties—Plans to Resolve Risks

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Related to our Leased Properties—Defects with respect to the Shenzhen Tangjia Plants”; and (iv) our Directors are of the view that the “asset-light” business model would allow our Group to achieve a higher return-on-equity and thus beneficial to our Shareholders.

Pursuant to the Reorganisation, the assets, business, intellectual property rights and employees in respect of the plastic components manufacturing and mold fabrication businesses of TK Technology (Shenzhen) have been transferred to TK Mold (Shenzhen) and as at the Latest Practicable Date, TK Technology (Shenzhen) was principally engaged in property holding. Reference is made to the sub-section headed “Transfer of the assets and business to TK Precision Plastics and TK Mold (Shenzhen)”.

### *TK Plastics (Shenzhen)*

TK Plastics (Shenzhen) owns the Shenzhen Yulu Land, the buildings on which are leased to our Group and Independent Third Parties. Our Directors expect that our production base at the Shenzhen Yulu Land will be relocated to the Shenzhen Tangjia Land upon expiry of the respective lease agreements. For details of the lease agreements, please refer to the section headed “Connected Transactions—Continuing Connected Transactions” and save as disclosed therein, we occupied and used the Shenzhen Yulu Plant B without paying any rent during the Track Record Period until the commencement of the term of the Shenzhen Yulu Plant B Lease Agreements on 1 June 2013. Assuming that the Shenzhen Yulu Plant B Lease Agreements were effective during the Track Record Period and that the per annum rental amount was the same as that of the Shenzhen Yulu Plant B Lease Agreements, our Group would have been required to pay rental amount of approximately RMB925,000 (equivalent to approximately HK\$1.2 million) per annum during the Track Record Period, representing approximately 0.9% of the net profit of our Group for 2012. Pursuant to the Reorganisation, we no longer owned the Shenzhen Yulu Land and the Shenzhen Yulu Plant B built thereon since 1 June 2013, and as such we no longer record amortisation charges and depreciation charges related to Shenzhen Yulu Plant B. The relevant amortisation charges and depreciation charges for 2012 was RMB228,000 (equivalent to approximately HK\$287,872).

Apart from our Directors’ intention to relocate the production base at the Shenzhen Yulu Land, the Directors decided not to transfer TK Plastics (Shenzhen) to our Group because (i) the property investment business carried out by TK Plastics (Shenzhen) does not fall within our Group’s principal business of mold fabrication and manufacturing of plastic components and our Directors consider it desirable to focus our Group’s manpower and resources on mold fabrication and manufacturing of plastic components instead of management of properties and property investment business; and (ii) our Directors are of the view that the “asset-light” business model would allow our Group to achieve a higher return-on-equity and thus beneficial to our Shareholders.

Pursuant to the Reorganisation, the assets, business, intellectual property rights and employees in respect of the plastic components manufacturing and mold fabrication businesses of TK Plastics (Shenzhen) have been transferred to TK Precision Plastics and as at the Latest Practicable Date, TK Plastics (Shenzhen) was principally engaged in property holding. Please refer to the sub-section headed “Transfer of the assets and business to TK Precision Plastics and TK Mold (Shenzhen)” for details.

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### *Shenzhen Dongbo*

Shenzhen Dongbo was one of our operating subsidiaries during the Track Record Period and was set up to receive purchases orders from our PRC customers. In addition, Shenzhen Dongbo also holds an office space which was rented to an Independent Third Party. In anticipation of the proposed Listing, to consolidate our businesses to the same holding company, our Group has set up YD Mold to replace Shenzhen Dongbo to receive purchase orders from our PRC customers. It is decided that Shenzhen Dongbo would not be transferred to our Group as our Directors intended to segregate property investment business from our Group's principal business of mold fabrication and manufacturing of plastic components. Shenzhen Dongbo ceased its operation in the sales of plastic components and molds in April 2013.

### *HL Mold*

In order to streamline the corporate structure, HL Mold had ceased its operation in the sales of mold in April 2013.

### *TK Plastics Limited*

In order to further streamline our Group's corporate structure, TK Plastics Limited was not transferred to the Group upon Listing.

### *TK Mold Limited*

In order to further streamline our Group's corporate structure, TK Mold Limited was not transferred to the Group upon Listing.

### *TK Industrial*

In order to further streamline our Group's corporate structure, TK Industrial was not transferred to the Group upon Listing.

As confirmed by our Directors, as at the Latest Practicable Date, companies in the Old Group did not conduct any business that competes or is likely to compete, directly or indirectly, with the business of our Group.

## **Group Companies After the Reorganisation**

### *Our Company*

Our Company was incorporated as an exempted company in the Cayman Islands on 28 March 2013. Please refer to the paragraph headed "Further Information about our Company and its Subsidiaries—Change in share capital of our Company" of Appendix IV to this prospectus for details of changes in the share capital of our Company. As a result of the Reorganisation as referred to in the section headed "—Corporate Reorganisation" in this prospectus, our Company became the holding company of our Group.

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### *YD Mold*

YD Mold is a WFOE established in the PRC on 18 November 2010 with an initial registered capital of HK\$500,000 and was wholly owned by TK Industrial before the Reorganisation. YD Mold commenced business on 18 November 2010.

On 9 March 2012, shareholders' resolutions of YD Mold were passed whereby the registered capital of YD Mold was increased to HK\$10,000,000. By 3 May 2012, TK Industrial has fully contributed to the registered capital of YD Mold.

As a result of the Reorganisation, YD Mold became an indirect wholly-owned subsidiary of our Company. As at the Latest Practicable Date, YD Mold was one of our principal operating entities engaging in the mold fabrication and plastic components business with focus on the PRC market.

### *TK Mold (Shenzhen)*

TK Mold (Shenzhen) is a WFOE established in the PRC on 5 March 2012 with an initial registered capital of HK\$61,690,000. TK Mold (Shenzhen) was wholly-owned by TK Mold Limited before the Reorganisation. TK Mold (Shenzhen) commenced business on 5 March 2012.

On 8 October 2012, board resolutions of TK Mold (Shenzhen) were passed whereby the registered capital of TK Mold (Shenzhen) was increased to HK\$81,690,000. By 5 December 2012, TK Mold Limited has made contribution of HK\$4,000,000 to the increased portion of the registered capital and will contribute to the remaining of HK\$16,000,000 on or before 27 December 2014. On 19 June 2013, shareholder's resolutions of TK Mold (Shenzhen) were passed whereby registered capital of TK Mold (Shenzhen) was increased from HK\$81,690,000 to HK\$132,000,000. By 9 August 2013, TK Mold (Hong Kong) has made contribution of HK\$14,000,000 to the increased portion of the registered capital and will contribute the remaining of HK\$36,310,000 within two years from the date of the renewed business licence. By 9 September 2013, the aggregate paid-up capital of TK Mold (Shenzhen) was HK\$104,990,000, representing 79.6% of the registered capital and the remaining of HK\$27,010,000 shall be paid up on or before 22 August 2015.

As a result of the Reorganisation, TK Mold (Shenzhen) became an indirect wholly-owned subsidiary of our Company. As at the Latest Practicable Date, TK Mold (Shenzhen) was one of our principal operating entities engaging in mold fabrication business.

### *TK Plastics Products (Suzhou)*

TK Plastics Products (Suzhou) is a WFOE established in the PRC on 1 March 2010 with a registered capital of HK\$10,000,000 and was wholly-owned by TK Plastics Limited before the Reorganisation. TK Plastics Products (Suzhou) commenced business on 1 March 2010.

As a result of the Reorganisation, TK Plastics Products (Suzhou) became an indirect wholly-owned subsidiary of our Company. As at the Latest Practicable Date, TK Plastics Products (Suzhou) was one of our principal operating entities engaging in the manufacturing of plastic components.

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### *TK Precision Plastics*

TK Precision Plastics is a WFOE established in the PRC on 1 March 2013 with an initial registered capital of HK\$30,000,000, among which HK\$10,000,000 was paid by TK Plastics (HK) on 10 April 2013 and the remaining HK\$20,000,000 shall be paid by TK Plastics (HK) within two years from 1 March 2013. TK Precision Plastics is wholly-owned by TK Plastics (HK). TK Precision Plastics commenced business on 1 March 2013. As at the Latest Practicable Date, TK Precision Plastics was one of our principal operating entities engaging in the manufacturing of plastic components.

On 17 June 2013, shareholder's resolutions of TK Precision Plastics were passed whereby the registered capital of TK Precision Plastics was increased to HK\$166,000,000. By 8 August 2013, TK Plastics (HK) has contributed HK\$30,000,000 to the increased portion of the registered capital and will contribute the remaining of HK\$106,000,000 within two years from the date of the renewed business licence. By 30 October 2013, the aggregate paid-up capital of TK Precision Plastics was HK\$105,500,000, representing 63.6% of the registered capital and the remaining of HK\$60,500,000 shall be paid up on or before 21 August 2015.

### *TK International BVI*

TK International BVI is a company incorporated in BVI on 10 April 2007 with an authorised share capital of USD50,000 divided into 50,000 shares of USD1.00 each. On 10 April 2007, TK International BVI allotted and issued 100 shares to TK Industrial for cash at par and TK International BVI was wholly-owned by TK Industrial. TK International BVI commenced business on 10 April 2007. As at the Latest Practicable Date, TK International BVI was one of our principal operating entities engaging in the sales of plastic components and mold with a focus on the non-PRC market. During the Track Record Period, TK International BVI has been responsible for certain overseas sales and marketing activities including receiving purchase orders for plastic components and molds with the overseas customers of our Group, and the placing of internal purchase orders with our subsidiaries established in the PRC to purchase plastic components and molds to satisfy TK International BVI's obligations under purchase orders from our overseas customers. Our Directors consider that when compared with having a subsidiary established in the PRC to handle overseas sales, a subsidiary incorporated outside of the PRC has more flexibility in terms of entering into transactions in accordance with varying requests of our overseas customers, and also has more flexibility in collecting sales proceeds from our overseas customers.

As a result of the Reorganisation, TK International BVI became an indirect wholly-owned subsidiary of our Company.

### *YD Trading*

YD Trading is a company with limited liability incorporated in Hong Kong on 7 December 2012 with an authorised share capital of HK\$1,000,000 divided into 1,000,000 shares of HK\$1.00 each. YD Trading is wholly-owned by TK Industrial Holdings and is an indirect wholly-owned subsidiary of our Company. As at the Latest Practicable Date, it was an investment holding company.



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### *TK Mold (HK)*

TK Mold (HK) is a company with limited liability incorporated in Hong Kong on 7 December 2012 with an authorised share capital of HK\$1,000,000 divided into 1,000,000 shares of HK\$1.00 each. TK Mold (HK) is wholly-owned by TK Industrial Holdings and is an indirect wholly-owned subsidiary of our Company. As at the Latest Practicable Date, it was an investment holding company.

### *TK Plastics (Suzhou)*

TK Plastics (Suzhou) is a company with limited liability incorporated in Hong Kong on 7 December 2012 with an authorised share capital of HK\$1,000,000 divided into 1,000,000 shares of HK\$1.00 each. TK Plastics (Suzhou) is wholly-owned by TK Industrial Holdings and is an indirect wholly-owned subsidiary of our Company. As at the Latest Practicable Date, it was an investment holding company.

### *TK Plastics (HK)*

TK Plastics (HK) is a company with limited liability incorporated in Hong Kong on 7 December 2012 with an authorised share capital of HK\$1,000,000 divided into 1,000,000 shares of HK\$1.00 each. TK Plastics (HK) is wholly-owned by TK Industrial Holdings and is an indirect wholly-owned subsidiary of our Company. As at the Latest Practicable Date, it was an investment holding company.

### *TK Industrial Holdings*

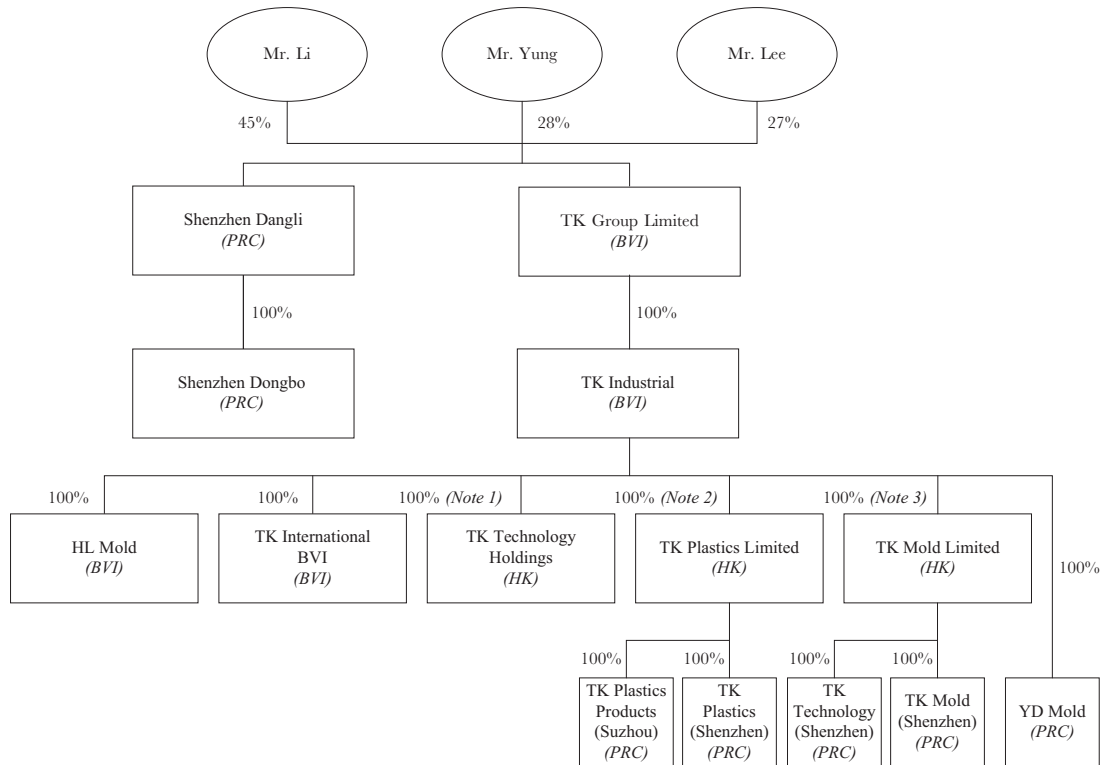
TK Industrial Holdings is a company incorporated in BVI on 20 November 2012 with an authorised share capital of USD50,000 divided into 50,000 shares of USD1.00 each. TK Industrial Holdings was owned as to 45.0% by Mr. Li, 28.0% by Mr. Yung and 27.0% by Mr. Lee respectively before the Reorganisation.

As a result of the Reorganisation, TK Industrial Holdings became an indirect wholly-owned subsidiary of our Company.

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## CORPORATE REORGANISATION

The following chart sets out the corporate and shareholding structure of the Old Group prior to the Reorganisation and among them, TK International BVI, TK Plastics Products (Suzhou), TK Mold (Shenzhen) and YD Mold were acquired by the Group pursuant to the Reorganisation:



*Note 1:* Pursuant to a declaration of trust dated 8 July 2005, Mr. Li holds one share, representing 1% of the issued share capital of TK Technology Holdings, on trust for TK Industrial.

*Note 2:* Pursuant to a declaration of trust dated 8 July 2005, Mr. Li holds one share, representing 1% of the issued share capital of TK Plastics Limited, on trust for TK Industrial.

*Note 3:* Pursuant to a declaration of trust dated 8 July 2005, Mr. Li holds one share, representing 0.01% of the issued share capital of TK Mold Limited, on trust for TK Industrial.

*Note 4:* TK Group Limited is an investment holding company. TK Technology Holdings is a property holding company. Shenzhen Dangli is a property and investment holding company. In order to further streamline our Group’s corporate structure, the abovementioned companies were not transferred to the Group upon Listing.

As for details of Old Group Companies and the reasons for excluding them from the Group, please refer to the paragraph headed “—Old Group Companies Prior to the Reorganisation” in this prospectus.

In order to rationalise our corporate structure, our Group underwent the Reorganisation prior to the Listing which involved the steps described below.

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### **Incorporation of TK Industrial Holdings**

On 20 November 2012, TK Industrial Holdings was incorporated in BVI with limited liability with an authorised share capital of USD50,000 divided into 50,000 shares of USD1.00 each. TK Industrial Holdings was owned as to 45.0% by Mr. Li, 28.0% by Mr. Yung and 27.0% by Mr. Lee before the Reorganisation. As at the Latest Practicable Date, it was an investment holding company.

### **Incorporation of YD Trading**

On 7 December 2012, YD Trading was incorporated in Hong Kong with limited liability with an authorised share capital of HK\$1,000,000 divided into 1,000,000 shares of HK\$1.00 each. YD Trading is wholly-owned by TK Industrial Holdings and is an indirect wholly-owned subsidiary of our Company. As at the Latest Practicable Date, it was an investment holding company.

### **Incorporation of TK Mold (HK)**

On 7 December 2012, TK Mold (HK) was incorporated in Hong Kong with limited liability with an authorised share capital of HK\$1,000,000 divided into 1,000,000 shares of HK\$1.00 each. TK Mold (HK) is wholly-owned by TK Industrial Holdings and is an indirect wholly-owned subsidiary of our Company. As at the Latest Practicable Date, it was an investment holding company.

### **Incorporation of TK Plastics (Suzhou)**

On 7 December 2012, TK Plastics (Suzhou) was incorporated in Hong Kong with limited liability with an authorised share capital of HK\$1,000,000 divided into 1,000,000 shares of HK\$1.00 each. TK Plastics (Suzhou) is wholly-owned by TK Industrial Holdings and is an indirect wholly-owned subsidiary of our Company. As at the Latest Practicable Date, it was an investment holding company.

### **Incorporation of TK Plastics (HK)**

On 7 December 2012, TK Plastics (HK) was incorporated in Hong Kong with limited liability with an authorised share capital of HK\$1,000,000 divided into 1,000,000 shares of HK\$1.00 each. TK Plastics (HK) is wholly-owned by TK Industrial Holdings and is an indirect wholly-owned subsidiary of our Company. As at the Latest Practicable Date, it was an investment holding company.

### **Incorporation of our Company**

On 28 March 2013,

- (a) our Company was incorporated in the Cayman Islands as an exempted company with an authorised share capital of HK\$380,000 divided into 3,800,000 Shares;

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- (b) one Share was allotted and issued as nil paid to the initial subscriber;
- (c) the subscriber transferred its one Share to Eastern Mix as nil paid Share; and
- (d) our Company allotted and issued 2,205 Shares to Lead Smart, 1,372 Shares to Cheer Union, 1,323 Shares to Normal Times and 5,099 Shares to Eastern Mix.

### **Acquisition of TK Industrial Holdings by our Company**

On 17 April 2013, Mr. Li, Mr. Yung and Mr. Lee transferred 22,500, 14,000 and 13,500 shares in TK Industrial Holdings, respectively, to our Company in consideration of (i) crediting the existing 10,000 nil paid Shares in issue as fully paid at par; and (ii) the allotment and issue of 675 Shares to Lead Smart, 420 Shares to Cheer Union, 405 Shares to Normal Times and 8,500 Shares to Eastern Mix as directed by Mr. Li, Mr. Yung and Mr. Lee. The consideration was fully settled on 17 April 2013.

### **Establishment of TK Precision Plastics**

On 1 March 2013, TK Precision Plastics was established in the PRC as a WFOE with an initial registered capital of HK\$30,000,000, among which HK\$10,000,000 was paid by TK Plastics (HK) on 10 April 2013 and the remaining HK\$20,000,000 shall be paid by TK Plastics (HK) within two years from 1 March 2013. As at the Latest Practicable Date, the entire equity interests of TK Precision Plastics was held by TK Plastics (HK).

On 17 June 2013, shareholders' resolutions of TK Precision Plastics were passed whereby the registered capital of TK Precision Plastics was increased to HK\$166,000,000. By 8 August 2013, TK Plastics (HK) has contributed HK\$30,000,000 to the increased portion of the registered capital and will contribute the remaining of HK\$106,000,000 within two years from the date of the renewed business licence. By 30 October 2013, the aggregate paid-up capital of TK Precision Plastics was HK\$105,500,000, representing 63.6% of the registered capital and the remaining of HK\$60,500,000 shall be paid up on or before 21 August 2015.

### **Acquisition of TK International BVI**

On 31 May 2013, TK Industrial transferred 100 shares in TK International BVI, representing 100% issued share capital of TK International BVI to TK Industrial Holdings at a consideration of HK\$10,068,431, which was determined with reference to the net assets value of TK International BVI of HK\$10,068,431 as shown in its management accounts as at 30 April 2013 (the "**TK International BVI Transfer**"). On 30 June 2013, the parties entered into a supplemental agreement to novate, assign and capitalise the consideration. A total of 10,000 Shares were allotted and issued by the Company to Eastern Mix, Lead Smart, Cheer Union and Normal Times on 25 October 2013 and the consideration was fully settled accordingly (the "**TK International BVI Supplemental**"). Please refer to the paragraph headed "**—Loan Capitalisation**" in this prospectus.

### **Acquisition of YD Mold**

On 25 April 2013, YD Trading and TK Industrial entered into an equity transfer agreement whereby YD Trading agreed to acquire the entire equity interests in YD Mold from

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TK Industrial at a consideration of RMB8,432,900 (equivalent to approximately HK\$10.6 million), which was based on the valuation of net assets of RMB8,432,900 (equivalent to approximately HK\$10.6 million) as shown in an asset valuation report of YD Mold as at 31 December 2012 and was fully settled by cash.

### **Acquisition of TK Mold (Shenzhen)**

On 17 April 2013, TK Mold (HK) and TK Mold Limited entered into an equity transfer agreement whereby TK Mold (HK) agreed to acquire the entire equity interests in TK Mold (Shenzhen) from TK Mold Limited at a consideration of RMB84,089,400 (equivalent to approximately HK\$106.1 million), which was based on the valuation of net assets of RMB84,089,400 (equivalent to approximately HK\$106.1 million) as shown in an asset valuation report of TK Mold (Shenzhen) as at 31 December 2012 (the “**TK Mold (Shenzhen) Transfer**”). On 30 June 2013, the parties have entered into a supplemental agreement to novate, assign and capitalise the consideration. A total of 10,000 Shares were allotted and issued by the Company to Eastern Mix, Lead Smart, Cheer Union and Normal Times on 25 October 2013 and the consideration was fully settled accordingly (the “**TK Mold (Shenzhen) Supplemental**”). Please refer to the paragraph headed “—Loan Capitalisation” in this prospectus.

### **Acquisition of TK Plastics Products (Suzhou)**

On 1 April 2013, TK Plastics (Suzhou) and TK Plastics Limited entered into an equity transfer agreement whereby TK Plastics (Suzhou) agreed to acquire the entire equity interests in TK Plastics Products (Suzhou) from TK Plastics Limited at a consideration of RMB10,701,000 (equivalent to approximately HK\$13.5 million), which was based on the valuation of net assets of RMB10,701,000 (equivalent to approximately HK\$13.5 million) as shown in an asset valuation report of TK Plastics Products (Suzhou) as at 31 December 2012 (the “**TK Plastics Products (Suzhou) Transfer**”, together with TK International BVI Transfer and TK Mold (Shenzhen) Transfer, the “**Reorg Transfers**”). On 30 June 2013, the parties have entered into a supplemental agreement to novate, assign and capitalise the consideration. A total of 10,000 Shares were allotted and issued by the Company to Eastern Mix, Lead Smart, Cheer Union and Normal Times on 25 October 2013 and the consideration was fully settled accordingly (the “**TK Plastics Products (Suzhou) Supplemental**”, together with TK International BVI Supplemental and TK Mold (Shenzhen) Supplemental, the “**Reorg Supplemental Agreements**”). Please refer to the paragraph headed “—Loan Capitalisation” in this prospectus.

### **Transfer of the assets and business to TK Precision Plastics and TK Mold (Shenzhen)**

On 21 June 2013, an assets and business transfer agreement was entered into between TK Plastics (Shenzhen) as transferor and TK Precision Plastics as transferee, pursuant to which TK Plastics (Shenzhen) agreed to transfer, among other things, its assets, business, intellectual property rights and employees in respect of the plastic components manufacturing and mold fabrication businesses to TK Precision Plastics at a consideration of approximately

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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RMB118,899,770 (equivalent to approximately HK\$149.3 million), which was determined with reference to the valuation of net assets as at 31 May 2013 of RMB121,633,000 (equivalent to approximately HK\$153.5 million) as indicated in a valuation report dated 16 June 2013, and was satisfied by cash as to RMB5,000,000 (equivalent to approximately HK\$6.3 million) on 26 June 2013 and approximately RMB113,899,770 (equivalent to approximately HK\$143.8 million) on or before the earlier of 30 November 2013 or any other date as may be agreed by the parties in writing (such date shall be prior to the listing approval being obtained by the Company). The remaining amount of RMB113,899,770 (equivalent to approximately HK\$143.8 million) was fully settled on 31 October 2013. Such agreement was with effect from 31 May 2013.

### **Transfer of the assets and business to TK Mold (Shenzhen)**

On 21 June 2013, an assets and business transfer agreement was entered into between TK Technology (Shenzhen) as transferor and TK Mold (Shenzhen) as transferee, pursuant to which TK Technology (Shenzhen) agreed to transfer, among other things, its assets, intellectual property rights and employees in respect of the plastic components manufacturing and mold fabrication businesses to TK Mold (Shenzhen) at a consideration of RMB96,660,368 (equivalent to approximately HK\$121.3 million), which was determined with reference to the valuation of these assets as at 31 May 2013 of RMB96,147,500 as indicated in a valuation report dated 16 June 2013, and was satisfied by cash as to RMB5,000,000 (equivalent to approximately HK\$6.3 million) on 28 June 2013 and RMB91,660,368 (equivalent to approximately HK\$115.7 million) on or before the earlier of 30 November 2013 or any other date as may be agreed by the parties in writing (such date shall be prior to the listing approval being obtained by the Company). The remaining amount of RMB91,660,368 (equivalent to approximately HK\$115.7 million) was fully settled on 31 October 2013. Such agreement was with effect from 31 May 2013.

### **Loan Capitalisation**

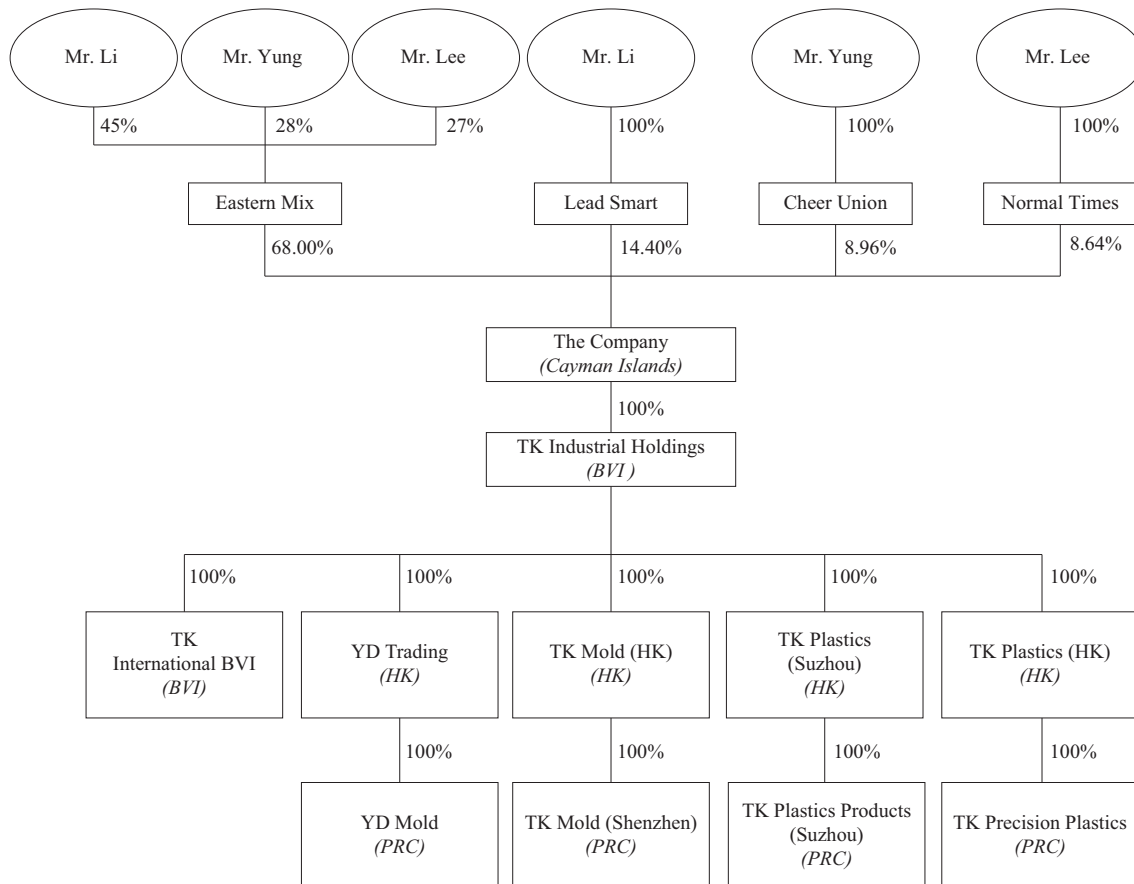
Pursuant to the three Reorg Supplemental Agreements and the four other debt novation, assignment and capitalisation agreements (each of these agreements entitling Eastern Mix to request our Company to allot and issue 10,000 Shares for capitalisation of the amount due to Eastern Mix) (altogether, the “**Capitalisation Agreements**”), Eastern Mix was entitled to request the Company to allot and issue a total of 70,000 Shares of the Company to Eastern Mix and/or any other parties as nominated by Eastern Mix. The Capitalisation Agreements stipulate that the indebtedness in the amount of HK\$228,661,344 (the “**Indebtedness**”) would be applied, in their entirety, to pay up such Shares and our Company would be released from any liability in relation to the repayment of the Indebtedness under the Capitalisation Agreements. At the request of Eastern Mix, the Company allotted and issued 47,600 Shares to Eastern Mix, 10,080 Shares to Lead Smart, 6,272 Shares to Cheer Union and 6,048 Shares to Normal Times on 25 October 2013 and the indebtedness under the Capitalisation Agreements were applied, in their entirety, to pay up such Shares in full.

# HISTORY, REORGANISATION AND CORPORATE STRUCTURE

## Capitalisation Issue

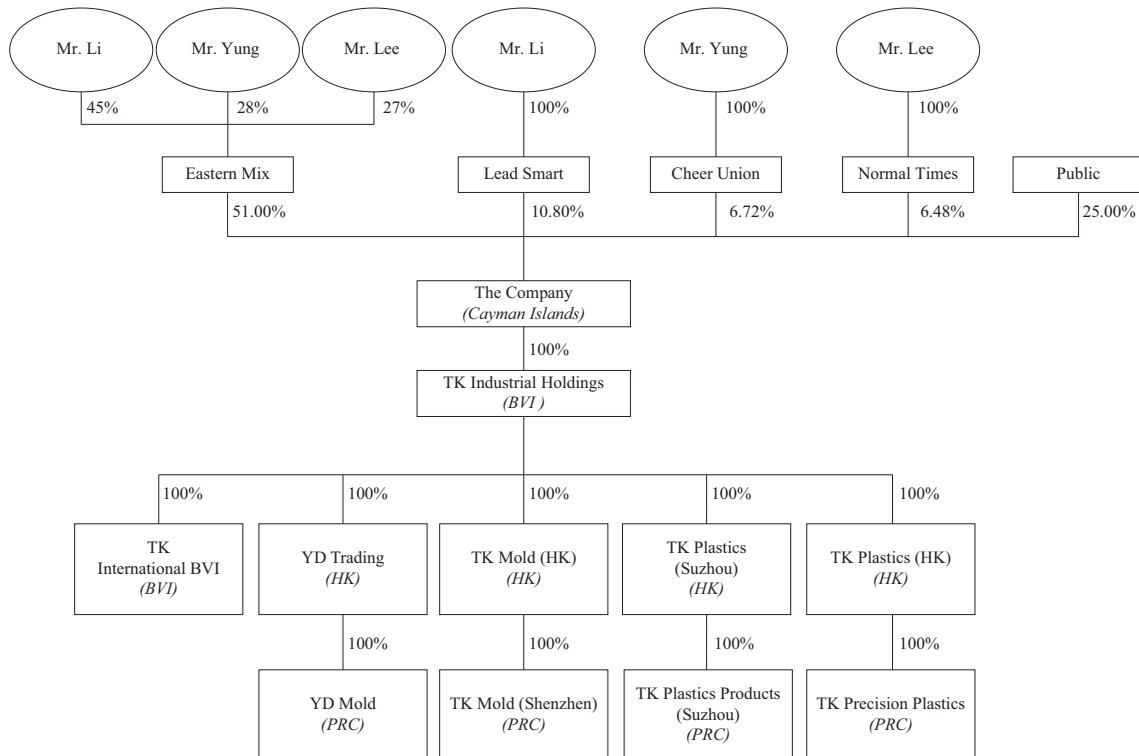
Conditional upon the crediting of our Company's share premium account as a result of the issue of the Offer Shares pursuant to the Global Offering, our Director will be authorised to capitalise an amount of HK\$59,991,000 standing to the credit of the share premium account of our Company by applying such sum towards the paying up in full at par a total of 599,910,000 Shares (other than those Shares allotted and issued pursuant to incorporation of our Company and the acquisition of TK Industrial Holdings by our Company) for allotment and issue to our Shareholders.

The following chart set out our corporate and shareholding structure immediately after the completion of the Reorganisation and the Loan Capitalisation but before the completion of the Capitalisation Issue and the Global Offering, assuming the Over-allotment Option has not been exercised:



## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

The following chart set out our corporate and shareholding structure immediately after the completion of the Loan Capitalisation, the Capitalisation Issue and the Global Offering, assuming the Over-allotment Option has not been exercised:



*Note:* Save that TK International BVI is principally engaged in the sales of plastic components and molds with focus on the non-PRC market; YD Mold is principally engaged in mold fabrication and plastic components business with a focus on the PRC market; TK Mold (Shenzhen) is principally engaged in mold fabrication business and TK Plastics Products (Suzhou) and TK Precision Plastics are principally engaged in the manufacturing of plastic components, all other Group companies are investment holding companies.

### PRC LEGAL COMPLIANCE

As each of the Ultimate Shareholders of our Company's PRC subsidiaries is a permanent resident in Hong Kong, which does not fall within the scope of investments in PRC by special purpose vehicle stipulated in the SAFE Circular No.75, the PRC legal advisers are of view that the SAFE Circular No.75 does not apply to the Ultimate Shareholders.



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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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As each of the Ultimate Shareholders of our Company's PRC subsidiaries is a permanent resident in Hong Kong, which does not fall within the scope of being classified as a special purpose vehicle directly or indirectly established or controlled by PRC entities or individuals stipulated in three PRC authorities promulgated Rules on the Mergers and Acquisitions of Domestic Enterprise by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the "M&A Rules"), the PRC legal advisers are of view that the M&A Rules do not apply to the restructuring exercise or the proposed Listing, and the Group is not required to obtain approvals from the PRC Securities Regulatory Commission (中國證券監督管理委員會) and MOFCOM for its Reorganisation to list the Company's securities in an overseas stock exchange.

Our PRC legal adviser, Hills & Co., has confirmed that all approvals, permits and licences required under the PRC laws and regulations in connection with the Reorganisation have been obtained, and the Reorganisation has complied with all applicable PRC laws and regulations.