
CONNECTED TRANSACTIONS

Upon Listing, the transactions set forth below will constitute a continuing connected transaction for our Company under Chapter 14A of the Listing Rules:

CONNECTED PERSONS

We entered into the following transactions with TK Group Limited, 深圳市光明新區公明金寶利模具五金經營部 (Operation Unit of Jin Baoli Mold and Ironware of Gongming, Guangming New District, Shenzhen*) (“**Jin Baoli**”), TK Technology Holdings, TK Plastics (Shenzhen) and TK Technology (Shenzhen).

Mr. Li, Mr. Yung and Mr. Lee are our executive Directors and are therefore connected persons of our Company.

TK Group Limited is an investment holding company and directly held as to 45.0% by Mr. Li, 28.0% by Mr. Yung and 27.0% by Mr. Lee as at the Latest Practicable Date. According to the Listing Rules, TK Group Limited is an associate of Mr. Li, Mr. Yung and Mr. Lee, and is thus a connected person of the Company.

Jin Baoli is owned by 李計萬 (Mr. Li Ji Wan*), who is the nephew of Mr. Li. According to the Listing Rules, Jin Baoli is an associate of Mr. Li, and is thus a connected person of the Company.

TK Technology Holdings is a property holding company and indirectly held as to 45.0% by Mr. Li, 28.0% by Mr. Yung and 27.0% by Mr. Lee as at the Latest Practicable Date. According to the Listing Rules, TK Technology Holdings is an associate of Mr. Li, Mr. Yung and Mr. Lee, and is thus a connected person of the Company.

TK Plastics (Shenzhen) is a company indirectly held as to 45.0% by Mr. Li, 28.0% by Mr. Yung and 27.0% by Mr. Lee as at the Latest Practicable Date. According to the Listing Rules, TK Plastics (Shenzhen) is an associate of Mr. Li, Mr. Yung and Mr. Lee, and is thus a connected person of the Company.

TK Technology (Shenzhen) is a company indirectly held as to 45.0% by Mr. Li, 28.0% by Mr. Yung and 27.0% by Mr. Lee as at the Latest Practicable Date. According to the Listing Rules, TK Technology (Shenzhen) is an associate of Mr. Li, Mr. Yung and Mr. Lee, and is thus a connected person of the Company.

CONNECTED TRANSACTIONS

CONTINUING CONNECTED TRANSACTIONS

Pursuant to Chapter 14A of the Listing Rules, each of the following continuing connected transactions will constitute (1) continuing connected transaction of the Company exempt from the reporting, announcement and independent Shareholders' approval requirements; or (2) continuing connected transaction of the Company exempt from the independent Shareholders' approval requirement under the Listing Rules upon the Listing:

Continuing connected transactions exempt from the reporting, announcement and independent Shareholders' approval requirements

1. Licensing of Trademarks

On 26 June 2013, as part of the Reorganisation, a trademark assignment was entered into between TK Group Limited and TK International BVI pursuant to which 34 trademarks (the "**Trademarks**") registered in the name of TK Group Limited in the PRC were assigned to TK International BVI with effect from 31 May 2013 and pending completion of the transfer of registration of the Trademarks, TK Group Limited has also agreed to irrevocably and unconditionally grant to TK International BVI and other Group Companies a non-transferable, exclusive and royalty-free licence to use the Trademarks (the "**Exclusive Licence**"). Such Exclusive Licence shall terminate upon the registration of TK International BVI as the proprietor and beneficial owner of the Trademarks.

Historical transaction value

Our Group did not enter into any trademark assignment in respect of the Trademarks during the Track Record Period. As such, for 2010, 2011 and 2012 and the six months ended 30 June 2013, the royalty paid by our Group in respect of trademark assignment were nil, nil, nil and nil, respectively.

Annual caps

The Exclusive Licence is royalty-free without consideration, as it is a right given by the TK Group Limited to TK International BVI pending completion of the registration of transfer of the Trademarks pursuant to the Reorganisation. As such, the licensing of Trademarks is a *de minimis* transaction and accordingly, the transaction contemplated constitutes our exempt continuing connected transaction under Rule 14A.33(3) of the Listing Rules and will be exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements under the Listing Rules.

CONNECTED TRANSACTIONS

Continuing connected transactions exempt from the independent Shareholders' approval requirement

2. Processing Agreement

During the Track Record Period, Jin Baoli was one of the Group's suppliers and was responsible for the supply of the components for our mold products. The principal business of Jin Baoli includes the wholesale and retail of molds and accessories as well as ironware.

On 8 August 2013, TK Mold (Shenzhen) and Jin Baoli entered into a processing services sub-contracting framework agreement (the "**Processing Agreement**"), pursuant to which Jin Baoli agreed to provide processing services for TK Mold (Shenzhen) in accordance with the terms on specifications, price, quantity, delivery and payment to be separately agreed by the parties upon TK Mold (Shenzhen) placing orders with Jin Baoli. The Processing Agreement is for a period of two and a half years from 1 July 2013 to 31 December 2015.

As Jin Baoli is a connected person, the Processing Agreement will constitute a continuing connected transaction of our Company under Rule 14A.14 of the Listing Rules.

Historical transaction value

For 2010, 2011 and 2012 and the six months ended 30 June 2013, the transaction amounts paid by our Group to Jin Baoli for the provision of processing services for our mold products amounted to approximately RMB947,000 (equivalent to approximately HK\$1,195,303), RMB971,000 (equivalent to approximately HK\$1,225,596), RMB1,632,000 (equivalent to approximately HK\$2,059,910) and RMB870,000 (equivalent to approximately HK\$1,098,114), respectively.

Annual caps

The proposed cap amounts payable by us in respect of the Processing Agreement for the years ending 2013, 2014 and 2015 will amount to RMB1,740,000 (equivalent to approximately HK\$2,196,228), RMB2,087,000 (equivalent to approximately HK\$2,634,212) and RMB2,504,000 (equivalent to approximately HK\$3,160,549), respectively (the "**Processing Agreement Annual Cap**"). The proposed cap amounts are determined based on (i) previous transactions between the parties; (ii) the then prevailing market price for the processing services at the time of execution of the Processing Agreement; and (iii) the estimated demand for the processing services by TK Mold (Shenzhen).

CONNECTED TRANSACTIONS

3. Hong Kong Tenancy Agreement

A tenancy agreement dated 21 May 2013 and as supplemented by a supplemental tenancy agreement dated 21 November 2013 (the “**Hong Kong Tenancy Agreement**”) was entered into between TK Technology Holdings as landlord and our Company as tenant in respect of the premises located at Workshop No. 19 on 9th Floor, Block B, Hi-Tech Industrial Centre, No. 491-501 Castle Peak Road, Tsuen Wan, New Territories, Hong Kong (the “**Hong Kong Premises**”) with an area of approximately 77.67 square metres for a term of two years and seven months commencing on 1 June 2013 and expiring on 31 December 2015 at a monthly rent of HK\$10,000. The property is used as the principal place of business for our Group in Hong Kong. At any time during the term of the Hong Kong Tenancy Agreement, our Company may terminate the Hong Kong Tenancy Agreement by giving not less than one month’s prior written notice to the landlord or by paying one month’s rent to the landlord.

Historical transaction value

Our Group did not enter into any tenancy agreement in respect of the Hong Kong Premises during the Track Record Period (except for the period from 1 June 2013 to 30 June 2013 when the Hong Kong Tenancy Agreement commenced). As such, for 2010, 2011 and 2012 and the six months ended 30 June 2013, the rent paid by our Group in respect of the renting of Hong Kong Premises were nil, nil, nil and HK\$10,000, respectively.

Annual caps

Pursuant to the Hong Kong Tenancy Agreement, the annual rent for the Hong Kong Premises for 2013, 2014 and 2015 shall amount to HK\$70,000, HK\$120,000 and HK\$120,000, respectively (the “**Hong Kong Tenancy Agreement Annual Cap**”), payable by our Company in advance on the first day of each calendar month. The annual rent payable to TK Technology Holdings was determined at after arm’s length negotiation between the parties to the Hong Kong Tenancy Agreement. The independent property valuer of our Company has also confirmed that the terms of the Hong Kong Tenancy Agreement are fair and reasonable and the rental payment under the Hong Kong Tenancy Agreement reflects the prevailing market rate.

Pursuant to Rules 14A.25, 14A.26 and 14A.27 of the Listing Rules, the transactions under Hong Kong Tenancy Agreement, Shenzhen Yulu Plant B Lease Agreements and Shenzhen Tangjia Plants Lease Agreements have been aggregated for the purposes of determining the category of continuing connected transaction that they shall fall into under the Listing Rules.

CONNECTED TRANSACTIONS

4. Shenzhen Yulu Plant B Lease Agreements

A lease agreement (the “**Shenzhen Yulu Plant B (I) Lease Agreement**”) dated 1 June 2013 was entered into between TK Plastics (Shenzhen) as landlord and TK Precision Plastics as tenant in respect of the Mezzanine Level, Zone B on Level 2 and Zone B on Level 3, Block 3, No. 2 Dexing Road, Yulu Community, Gongming Sub-district Office, Guangming New District, Shenzhen City, the PRC (the “**Shenzhen Yulu Plant B (I)**”), with an area of approximately 2,895 square metres for a term of one year commencing on 1 June 2013 and expiring on 31 May 2014 at a monthly rent of RMB43,425 (equivalent to approximately HK\$54,811) and such lease agreement was supplemented by a supplemental agreement dated 21 November 2013. The property is used as our factory for production.

A lease agreement (the “**Shenzhen Yulu Plant B (II) Lease Agreement**”) dated 1 June 2013 was entered into between TK Plastics (Shenzhen) as landlord and TK Precision Plastics as tenant in respect of Zone C on Level 1, Block 3, No. 2 Dexing Road, Yulu Community, Gongming Sub-district Office, Guangming New District, Shenzhen City, the PRC (the “**Shenzhen Yulu Plant B (II)**”), with an area of approximately 953 square metres for a term of one year commencing on 1 June 2013 and expiring on 31 May 2014 at a monthly rent of RMB20,966 (equivalent to approximately HK\$26,463) and such lease agreement was supplemented by a supplemental agreement dated 21 November 2013. The property is used as our factory for production.

A lease agreement (the “**Shenzhen Yulu Plant B (III) Lease Agreement**” and together with the Shenzhen Yulu Plant B (I) Lease Agreement and the Shenzhen Yulu Plant B (II) Lease Agreement, the “**Shenzhen Yulu Plant B Lease Agreements**”) dated 1 June 2013 was entered into between TK Plastics (Shenzhen) as landlord and YD Mold as tenant in respect of Zone C on Level 1, Block 2, No. 2 Dexing Road, Yulu Community, Gongming Sub-district Office, Guangming New District, Shenzhen City, the PRC (the “**Shenzhen Yulu Plant B (III)**” and together with the Shenzhen Yulu Plant B (I) and the Shenzhen Yulu Plant B (II), the “**Shenzhen Yulu Plant B**”), with an area of approximately 576 square metres for a term of one year commencing on 1 June 2013 and expiring on 31 May 2014 at a monthly rent of RMB12,672 (equivalent to approximately HK\$15,995) and such lease agreement was supplemented by a supplemental agreement dated 21 November 2013. The property is used for its operation.

TK Precision Plastics and YD Mold are entitled to renew the Shenzhen Yulu Plant B Lease Agreements by notifying the landlord one month before the expiration of the Shenzhen Yulu Plant B Lease Agreements and TK Precision Plastics and YD Mold are entitled to a right of first refusal in the renewal. Moreover, in the event that the landlord intends to sell the subject properties during the term of the Shenzhen Yulu Plant B Lease Agreements, including any renewal thereof, the landlord shall inform TK Precision Plastics and YD Mold of the intended sale in writing and TK Precision Plastics and YD Mold are entitled to a right of first refusal to purchase, which is deemed to be waived if TK Precision Plastics and YD Mold do not accept the offer within 30 days after receiving such notice. TK Precision Plastics and YD Mold are further entitled to terminate the Shenzhen Yulu Plant B Lease Agreements by giving one month’s notice to the landlord without cause. Mr. Li, Mr. Yung and Mr. Lee, being the ultimate shareholders of TK Plastics (Shenzhen), undertake to use their best endeavour to procure TK Plastics (Shenzhen) to fulfil its obligations under the Shenzhen Yulu Plant B Lease Agreements.

CONNECTED TRANSACTIONS

As TK Plastics (Shenzhen) is a connected person, the Shenzhen Yulu Plant B Lease Agreements will constitute a continuing connected transaction of our Company under Rule 14A.14 of the Listing Rules.

Historical transaction value

Our Group did not enter into any lease agreements in respect of the Shenzhen Yulu Plant B (I) and the Shenzhen Yulu Plant B (II) during the Track Record Period (except for the period from 1 June 2013 to 30 June 2013 when the Shenzhen Yulu Plant B Lease Agreements commenced). As such, for 2010, 2011 and 2012 and the six months ended 30 June 2013, the rent paid by our Group in respect of the Shenzhen Yulu Plant B (I) were nil, nil, nil and approximately RMB44,000 (equivalent to approximately HK\$55,537) and that for the Shenzhen Yulu Plant B (II) were nil, nil, nil and approximately RMB21,000 (equivalent to approximately HK\$26,506).

For 2010, 2011 and 2012 and the six months ended 30 June 2013, the rent paid by our Group in respect of the Shenzhen Yulu Plant B (III) amounted to nil, nil, nil and approximately RMB13,000 (equivalent to approximately HK\$16,409), respectively.

Annual caps

For 2013 and 2014 and pursuant to the Shenzhen Yulu Plant B (I) Lease Agreement, the annual rent for the Shenzhen Yulu Plant B (I) during the tenure of Shenzhen Yulu Plant B (I) Lease Agreement payable by TK Precision Plastics in advance on or before the tenth day of each calendar month (the “**Shenzhen Yulu Plant B (I) Annual Cap**”) will be as follows:

Shenzhen Yulu Plant B (I) Lease Agreement:

	<u>RMB</u>	<u>HK\$</u>
Year ending 31 December 2013	304,000	383,693
Year ending 31 December 2014	218,000	275,148

For 2013 and 2014 and pursuant to the Shenzhen Yulu Plant B (II) Lease Agreement, the annual rent for the Shenzhen Yulu Plant B (II) during the tenure of Shenzhen Yulu Plant B (II) Lease Agreement payable by TK Precision Plastics in advance on or before the tenth day of each calendar month (the “**Shenzhen Yulu Plant B (II) Annual Cap**”) will be as follows:

Shenzhen Yulu Plant B (II) Lease Agreement:

	<u>RMB</u>	<u>HK\$</u>
Year ending 31 December 2013	147,000	185,536
Year ending 31 December 2014	105,000	132,526

CONNECTED TRANSACTIONS

For 2013 and 2014 and pursuant to the Shenzhen Yulu Plant B (III) Lease Agreement, the annual rent for the Shenzhen Yulu Plant B (III) during the tenure of the Shenzhen Yulu Plant B (III) Lease Agreement payable by YD Mold in advance on or before the first day of each calendar month (the “**Shenzhen Yulu Plant B (III) Annual Cap**”, together with the Shenzhen Yulu Plant B (I) Annual Cap and Shenzhen Yulu Plant B (II) Annual Cap, the “**Shenzhen Yulu Plant B Annual Caps**”) will be as follows:

Shenzhen Yulu Plant B (III) Lease Agreement:

	<u>RMB</u>	<u>HK\$</u>
Year ending 31 December 2013	89,000	112,331
Year ending 31 December 2014	64,000	80,777

The annual rent payable to TK Plastics (Shenzhen) was determined at after arm’s length negotiation between the parties to the Shenzhen Yulu Plant B Lease Agreements. The independent property valuer of our Company has also confirmed that the terms of the Shenzhen Yulu Plant B Lease Agreements (including the rental payable thereunder) are fair and reasonable and the rental payable under the Shenzhen Yulu Plant B Lease Agreements reflects the prevailing market rate.

Pursuant to Rules 14A.25, 14A.26 and 14A.27 of the Listing Rules, the transactions under Hong Kong Tenancy Agreement, Shenzhen Yulu Plant B Lease Agreements and Shenzhen Tangjia Plants Lease Agreements have been aggregated for the purposes of determining the category of continuing connected transaction that they shall fall into under Listing Rules.

5. The Shenzhen Tangjia Plants Lease Agreements

A lease agreement dated 1 June 2013 and as supplemented by a supplemental agreement dated 21 November 2013 was entered into between TK Technology (Shenzhen) as landlord and TK Mold (Shenzhen) as tenant in respect of Workshops A, B & C, Phase 1 of TK Technology Park, Tangjia Community, Gongming Sub-district Office, Guangming New District, Shenzhen City, the PRC with an area of approximately 17,949.31 square metres for an initial term of two years and seven months commencing on 1 June 2013 and expiring on 31 December 2015 (the “**Shenzhen Tangjia Plant I Lease Agreement no.1**”) at a monthly rent of RMB394,884.82 (equivalent to approximately HK\$498,424) and another lease agreement dated 1 June 2013 and as supplemented by a supplemental agreement dated 21 November 2013 was entered into between the same parties in respect of Area No. 2, Workshop D, Phase 1 of TK Technology Park, Tangjia Community, Gongming Sub-district Office, Guangming New District, Shenzhen City, the PRC with an area of approximately 2,792.34 square metres for an initial term of two years and seven months commencing on 1 June 2013 and expiring on 31 December 2015 (the “**Shenzhen Tangjia Plant I Lease Agreement no. 2**” and together with the Shenzhen Tangjia Plant I Lease Agreement no. 1, the “**Shenzhen Tangjia Plant I Lease Agreements**”) at a monthly rent of RMB61,431.48 (equivalent to approximately HK\$77,539).

CONNECTED TRANSACTIONS

A lease agreement (the “**Shenzhen Tangjia Plant II Lease Agreement**”) dated 1 June 2013 and as supplemented by a supplemental agreement dated 21 November 2013 was entered into between TK Technology (Shenzhen) as landlord and TK Precision Plastics as tenant in respect of our Shenzhen Tangjia Plant II with an area of approximately 9,956.64 square metres for an initial term of two years and seven months commencing on 1 June 2013 and expiring on 31 December 2015 at a monthly rent of RMB219,046.08 (equivalent to approximately HK\$276,480).

In addition, a lease agreement dated 1 June 2013 and as supplemented by a supplemental agreement dated 21 November 2013 (the “**Shenzhen Tangjia Plant III Lease Agreement**”, together with the Shenzhen Tangjia Plant I Lease Agreements and the Shenzhen Tangjia Plant II Lease Agreement, the “**Shenzhen Tangjia Plants Lease Agreements**”) was entered into between TK Technology (Shenzhen) as landlord and TK Precision Plastics as tenant in respect of our Shenzhen Tangjia Plant III with an area of approximately 5,126 square metres for an initial term of two years and seven months commencing on 1 June 2013 and expiring on 31 December 2015 at a monthly rent of RMB112,772 (equivalent to approximately HK\$142,341).

Having taken into account the increase in rental value of Shenzhen Tangjia Plants upon rectification of the title defects expected by April 2014, the monthly rent of the Shenzhen Tangjia Plants Lease Agreements shall be increased by 10% upon the actual rectification of the title defects of Shenzhen Tangjia Plants. The properties leased under the Shenzhen Tangjia Plants Lease Agreements are used as our factory for production.

TK Mold (Shenzhen) and TK Precision Plastics are entitled to renew the Shenzhen Tangjia Plants Lease Agreements by notifying the landlord one month before the expiration of the Shenzhen Tangjia Plants Lease Agreements, and TK Mold (Shenzhen) and TK Precision Plastics are entitled to a right of first refusal in the renewal. Moreover, in the event that the landlord intends to sell the subject properties during the term of the Shenzhen Tangjia Plants Lease Agreements, including any renewal thereof, the landlord shall inform TK Mold (Shenzhen) and TK Precision Plastics of the intended sale in writing and TK Mold (Shenzhen) and TK Precision Plastics are entitled to a right of first refusal to purchase, which is deemed to be waived if TK Mold (Shenzhen) and TK Precision Plastics do not accept the offer within 30 days after receiving such notice. TK Mold (Shenzhen) and TK Precision Plastics are further entitled to terminate the Shenzhen Tangjia Plants Lease Agreements by giving one month’s notice to the landlord without cause. Mr. Li, Mr. Yung and Mr. Lee, being the ultimate shareholders of TK Technology (Shenzhen), undertake to use their best endeavour to procure TK Technology (Shenzhen) to fulfil its obligations under the Shenzhen Tangjia Plants Lease Agreements.

CONNECTED TRANSACTIONS

Historical transaction value

For 2010, 2011 and 2012, the rent paid by our Group in respect of part of the Workshops B, C and Area No. 2 of Workshop D, Phase 1 of TK Technology Park, Tangjia Community, Gongming Sub-district Office, Guangming New District, Shenzhen, the PRC for a total area of approximately 4,896 square metres amounted to nil, nil and nil, respectively. For the six months ended 30 June 2013, the rent paid by our Group in respect of the Shenzhen Tangjia Plant I Lease Agreement no. 1 amounted to approximately RMB395,000 (equivalent to approximately HK\$498,569) and that for Shenzhen Tangjia Plant I Lease Agreement no. 2 amounted to approximately RMB62,000 (equivalent to approximately HK\$78,256).

Our Group did not enter into any lease agreements in respect of the Shenzhen Tangjia Plant II and the Shenzhen Tangjia Plant III during the Track Record Period (except for the period from 1 June 2013 to 30 June 2013 when the Shenzhen Tangjia Plant II Lease Agreement and the Shenzhen Tangjia Plant III Lease Agreement commenced). As such, for 2010, 2011 and 2012 and the six months ended 30 June 2013, the rent paid by our Group in respect of the Shenzhen Tangjia Plant II were nil, nil, nil and approximately RMB220,000 (equivalent to approximately HK\$277,684) and that for the Shenzhen Tangjia Plant III were nil, nil, nil and approximately RMB113,000 (equivalent to approximately HK\$142,629).

Annual caps

For 2013, 2014 and 2015, the annual rental payable by us on or before the 26th day of each month (the “**Shenzhen Tangjia Plant I Annual Cap**”) under the Shenzhen Tangjia Plant I Lease Agreements will be as follows:

The Shenzhen Tangjia Plant I Lease Agreement no. 1:

	<u>RMB</u>	<u>HK\$</u>
Year ending 31 December 2013	2,765,000	3,489,840
Year ending 31 December 2014	4,739,000	5,981,320
Year ending 31 December 2015	5,016,000	6,330,935

The Shenzhen Tangjia Plant I Lease Agreement no. 2:

	<u>RMB</u>	<u>HK\$</u>
Year ending 31 December 2013	431,000	543,986
Year ending 31 December 2014	738,000	931,465
Year ending 31 December 2015	781,000	985,738

CONNECTED TRANSACTIONS

For 2013, 2014 and 2015, the annual rental payable by us on or before the 26th day of each month (the “**Shenzhen Tangjia Plant II Annual Cap**”) under the Shenzhen Tangjia Plant II Lease Agreements will be as follows:

Shenzhen Tangjia Plant II:

	<u>RMB</u>	<u>HK\$</u>
Year ending 31 December 2013	1,534,000	1,936,135
Year ending 31 December 2014	2,629,000	3,318,188
Year ending 31 December 2015	2,782,000	3,511,296

For 2013, 2014 and 2015, the annual rental payable by us on or before the 26th day of each month (the “**Shenzhen Tangjia Plant III Annual Cap**”, together with the Shenzhen Tangjia Plant I Annual Cap and the Shenzhen Tangjia Plant II Annual Cap, the “**Shenzhen Tangjia Plants Annual Caps**”) under the Shenzhen Tangjia Plant III Lease Agreements will be as follows:

Shenzhen Tangjia Plant III:

	<u>RMB</u>	<u>HK\$</u>
Year ending 31 December 2013	790,000	997,097
Year ending 31 December 2014	1,354,000	1,708,949
Year ending 31 December 2015	1,433,000	1,808,658

The annual rent payable to TK Technology (Shenzhen) was determined at after arm’s length negotiation between the parties to the Shenzhen Tangjia Plants Lease Agreements. The independent property valuer of the Company has also confirmed that, having taken into account of, among other things, the title defects of the Shenzhen Tangjia Plants, the terms of the Shenzhen Tangjia Plants Lease Agreements (including the rental payable thereunder) are fair and reasonable and the rental payable under the Shenzhen Tangjia Plants Lease Agreements reflects the prevailing market rate. Our Directors consider that the Shenzhen Tangjia Plants Lease Agreements have been entered into on normal commercial terms and in the ordinary and usual course of business of our Group.

Pursuant to Rules 14A.25, 14A.26 and 14A.27 of the Listing Rules, the transactions under Hong Kong Tenancy Agreement, Shenzhen Yulu Plant B Lease Agreements and Shenzhen Tangjia Plants Lease Agreements (collectively the “**Connected Lease Agreements**”) have been aggregated for the purposes of determining the category of continuing connected transaction that the Connected Lease Agreements shall fall into under the Listing Rules.

CONNECTED TRANSACTIONS

WAIVER APPLICATION

The transactions contemplated under the Processing Agreement and the Connected Lease Agreements (collectively, the “**CCT Agreements**”) described above will constitute our Company’s continuing connected transactions under Chapter 14A of the Listing Rules upon Listing. The applicable percentage ratios as defined in Rule 14A.10 of the Listing Rules and calculated with reference to the proposed annual caps each year shown above for the transactions contemplated under the CCT Agreements are expected to be less than 5% and such transactions will, in the absence of a waiver, be subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.42(3) of the Listing Rules, the Stock Exchange may consider granting a waiver from the announcement requirement set out in Rule 14A.47 of the Listing Rules in relation to the CCT Agreements. Since the major terms of the CCT Agreements have been included in this prospectus, our Directors consider that strict compliance with the announcement requirement set out in Rule 14A.47 of the Listing Rules would cause our Company to incur additional and unnecessary costs. Therefore, our Directors consider that the waiver from the announcement requirement set out in Rule 14A.47 of the Listing Rules in connection with the CCT Agreements is in the interests of our Company and our Shareholders as a whole.

In addition, our Directors (including the independent non-executive Directors) confirm that it is in the interests of our Company to continue with these transactions after the Listing and that such transactions are and will be conducted on normal commercial terms and in the ordinary and usual course of business of our Group and are fair and reasonable and in the interests of our Company and the Shareholders as a whole. Our Directors (including the independent non-executive Directors) are also of the view that the Processing Agreement Annual Cap, Hong Kong Tenancy Agreement Annual Cap, Shenzhen Yulu Plant B Annual Cap and the Shenzhen Tangjia Plants Annual Caps (collectively, the “**CCT Caps**”) are fair and reasonable and in the interests of our Company and the Shareholders as a whole.

CONFIRMATION FROM THE SOLE SPONSOR

The Sole Sponsor having (i) reviewed the relevant information and historical figures prepared and provided by our Company relating to the CCT Agreements, and (ii) conducted due diligence by discussing such transactions with the Company and its advisers, including its independent property valuer which confirmed that, having taken into account of, among other things, the title defects of the Shenzhen Tangjia Plants, the rental payable on the Connected Lease Agreements is fair and reasonable with reference to the prevailing rates, is of the view that the entering into of the CCT Agreements is and will be in the ordinary and usual course of business of our Group, the CCT Agreements including the CCT Caps were entered into on normal commercial terms, and the terms of CCT Agreements including the CCT Caps are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

CONNECTED TRANSACTIONS

THE WAIVER SOUGHT AND THE PROPOSED CONDITIONS RELATED THERETO

On the above basis, the Sole Sponsor, on behalf of our Company, applied to the Stock Exchange for waiver pursuant to Rule 14A.42(3) of the Listing Rules to exempt the above continuing connected transactions under the CCT Agreements from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules. The Stock Exchange has granted us a waiver from strict compliance with the announcement requirements set out in Rule 14A.47 of the Listing Rules. We will comply with the applicable provisions under Rules 14A.35(1), 14A.35(2), 14A.36, 14A.37, 14A.38, 14A.39, 14A.40, 14A.45 and 14A.46 of the Listing Rules.