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## CONNECTED TRANSACTIONS

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### CONNECTED TRANSACTIONS

Prior to the Listing, our Group has entered into certain transactions with its connected persons during the Track Record Period. Some of these transactions has completed or ceased and some of them will continue after the Listing and constitute continuing connected transactions (as defined under the Listing Rules) of our Company. Details of these transactions are as follows:

### CONNECTED PERSONS

YL is owned as to 50% by Strike Singapore and as to 50% by a former employee and ex-director of Strike Singapore, who resigned as a director on 29 May 2013. YL, being an associate of a former director of Strike Singapore, is a connected person of our Company. From 29 May 2014, being twelve months from the date on which the former director of Strike Singapore resigned, YL will no longer be a connected person of our Company and any arrangement to be entered into between Strike Singapore and YL thereafter will no longer constitute continuing connected transactions of our Company.

Victrad, being our Controlling Shareholder, is a connected person of our Company.

### DISCONTINUED CONNECTED TRANSACTIONS

#### (a) Sale of motor vehicle

On 17 May 2012, Strike Singapore sold a motor vehicle to YL in the total consideration of S\$16,150 (equivalent to approximately HK\$98,515). The motor vehicle was previously used by an ex-employee of Strike Singapore, who resigned with Strike Singapore and joined YL on 31 May 2011. As a result of the ex-employee joining YL, Strike Singapore sold the motor vehicle to YL for his use with YL.

Our Directors consider that the transaction was arrived at after arm's length negotiation and that the transaction was fair and reasonable and in the interest of our Company and our Shareholders as a whole.

#### (b) Subcontracting arrangements

On 8 June 2012, Strike Singapore and Victrad entered into an arrangement pursuant to which Strike Singapore agreed to engage Victrad as a subcontractor to supply labour, materials and equipment for electrical, CATV and other relevant works for a HDB project in Singapore at a total consideration of approximately S\$5.0 million (equivalent to approximately HK\$30.5 million). As at 31 March 2013, Victrad had only completed a minor part of the project, representing approximately 3.5% of the total work done, and the subcontracting arrangement was subsequently terminated when our Group underwent the Reorganisation to prepare for the Listing. Strike Singapore has undertaken all the remaining works of the project. As such, S\$50,288 had been paid by Strike Singapore to Victrad as the subcontracting fee incurred. There were no other compensation paid to Victrad for early termination of the subcontracting arrangement. As at 31 October 2013, approximately 14% of the project was completed. The project is expected to be completed

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by October 2014. This subcontract arrangement with Victrad was made in the ordinary course of our business and as part of the internal restructuring. The consideration was determined based on the estimate of market rate for comparable projects, taking into account their scope, size, complexity and contract value. There were no other early termination of subcontracting arrangement due to the Reorganisation.

Our Directors consider that the above arrangement was arrived at after arm's length negotiation and that the terms of the arrangement were fair and reasonable and in the interest of our Company and our Shareholders as a whole.

On 17 December 2012, Strike Singapore and YL entered into an arrangement pursuant to which Strike Singapore agreed to engage YL as a subcontractor to supply labour, materials and equipment for electrical works and other relevant works for a HDB project in Singapore at a total consideration of approximately S\$3.0 million (equivalent to approximately HK\$18.3 million). The HDB project had been substantially completed on 31 August 2013 and accordingly the subcontracting arrangement between Strike Singapore and YL had been completed. This subcontract arrangement with YL was made in the ordinary course of our business, taking into consideration our capacity and after an evaluation of subcontractors as described in the section headed "Business — Subcontractors" in this prospectus. The consideration was determined based on the estimate of market rate for comparable projects, taking into account their scope, size, complexity and contract value.

Our Directors consider that the above arrangement was arrived at after arm's length negotiation and that the terms of the arrangement were fair and reasonable and in the interest of our Company and our Shareholders as a whole. S\$2.8 million out of the contract value under the subcontracting agreement was settled by cheque as at 31 October 2013.

### **(c) Supply of raw materials**

During the Track Record Period, Strike Singapore had supplied raw materials such as PVC, electrical accessories and stationery to YL. The transactions between Strike Singapore and YL in relation to the supply of raw materials amounted to S\$13,128, S\$3,226 and S\$19,262 (equivalent to approximately HK\$80,081, HK\$19,679 and HK\$117,498) respectively for each of the financial years ended 30 June 2011, 30 June 2012 and 30 June 2013. Such transactions took place as and when YL was in need of such raw materials from time to time.

Our Directors consider that the transactions were arrived at after arm's length negotiation and that the terms of the transactions were fair and reasonable and in the interest of our Company and our Shareholders as a whole.

No agreement has been entered into between Strike Singapore and YL to cater for any further supply of raw materials. With respect to any supply of raw material by Strike Singapore to YL upon Listing, our Company will comply with the Listing Rules and make the relevant disclosure if and when necessary.

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### **(d) Utilities and telephone charges arrangement**

During the Track Record Period and prior to the entering into of the Lease Agreement (as defined below in this section), Victrad agreed to allow Strike Singapore to use the premises situated at 22 Tagore Lane Singapore 787480 at nil consideration. However, utilities and telephone charges for the premises were recharged by Victrad from Strike Singapore. The amount recharged by Victrad from Strike Singapore amounted to S\$22,495, S\$26,128 and S\$25,636 (equivalent to approximately HK\$137,220, HK\$159,381 and HK\$156,380) respectively for each of the financial years ended 30 June 2011, 30 June 2012 and 30 June 2013. Our Directors consider that such back to back arrangements were fair and reasonable and in the interest of our Company and our Shareholders as a whole. From 1 August 2013, being the date of entering into of the Lease Agreement (as defined below in this section), the arrangements in relation to utilities and telephone charges for the premises have been covered by the Lease Agreement (as defined below in this section) which constitutes continuing connected transactions of our Company.

### **(e) Engagement of staffs**

Subsequent to the incorporation of YL and during the Track Record Period, Strike Singapore continued to engage the services of various ex-employees who became staffs and a shareholder of YL. Their services were engaged for projects which they were involved in while in employment with Strike Singapore and such engagement was completed on 18 January 2013 after the related projects had been completed. As a result of the engagement, management fee was charged by YL to Strike Singapore and the amount charged by YL to Strike Singapore in relation to these projects amounted to S\$6,000, S\$91,656 and S\$79,184 (equivalent to approximately HK\$36,600, HK\$559,102 and HK\$483,022) respectively for each of the financial years ended 30 June 2011, 30 June 2012 and 30 June 2013.

During the Track Record Period, in a project subcontracted by Strike Singapore to YL, Strike Singapore provided services of the related project team to YL. The project team had prior involvement in the project before the project was subcontracted. As a result of the provision of services of the related project team, management fees were charged by Strike Singapore to YL and the amount charged by Strike Singapore to YL amounted to S\$12,383 and S\$3,663 (equivalent to approximately HK\$75,536 and HK\$22,344) respectively for each of the financial years ended 30 June 2012 and 30 June 2013. The provision of services of the related project team was completed when the transfer of the project team from Strike Singapore to YL was completed on 27 June 2012.

During the transition period of the restructuring where Victrad became the immediate and ultimate holding company of Strike Singapore, Strike Singapore engaged the management team and the project team of Victrad to work for the projects which were transferred from Victrad to Strike Singapore. As a result of the engagement, salaries of the management team and the project team were charged by Victrad to Strike Singapore and the amount charged by Victrad to Strike Singapore amounted to S\$1,154,582, S\$1,154,928 and S\$182,915 (equivalent to approximately HK\$7.0 million, HK\$7.0 million and HK\$1.1

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million) respectively for each of the financial years ended 30 June 2011, 30 June 2012 and 30 June 2013. On 1 April 2013, the transfer of management team and the project team from Victrad to Strike Singapore have been completed.

Our Directors consider that the above arrangements were arrived at after arm's length negotiation and that the terms of the arrangement were fair and reasonable and in the interest of our Company and our Shareholders as a whole.

### CONTINUING CONNECTED TRANSACTIONS

#### **Continuing connected transactions exempt from reporting, announcement and independent shareholders' approval requirements**

On 1 August 2013, Strike Singapore and Victrad entered into a lease agreement (the "Lease Agreement") pursuant to which Victrad (as landlord) agreed to lease the premises situated at 22 Tagore Lane Singapore 787480 with a total gross floor area of approximately 453.8 square meter to Strike Singapore (as tenant), for a period of two years commencing from 1 August 2013 and expiring on 31 July 2015, at a total annual rent of S\$114,000 (equivalent to approximately HK\$695,400). Pursuant to the Lease Agreement, Strike Singapore agreed to pay all utilities and telephone charges for the premises.

The annual rent under the Lease Agreement was determined on an arm's length basis between Strike Singapore and Victrad. The Inland Revenue Authority of Singapore has assessed the annual value of the premises under the Lease Agreement to be at S\$125,000 (equivalent to approximately HK\$762,500) with effect from 1 July 2013 in line with market rents.

The Directors (including the Independent Non-Executive Directors) have confirmed that the Lease Agreement has been and will be conducted in the ordinary and usual course of business of our Group on normal commercial terms. As such the Directors considered that the entering into of the Lease Agreement is fair and reasonable and in the interests of our Group and the Shareholders as a whole.

As the total amount payable under the Lease Agreement (including the estimated utilities and telephone charges) by Strike Singapore to Victrad for each of the two financial years ending 30 June 2015 will be S\$126,500 and S\$138,000 (equivalent to approximately HK\$771,650 and HK\$841,800 respectively), which is less than HK\$1,000,000 per annum and the percentage ratios mentioned in Rule 14.07 of the Listing Rules is less than 5%, the total annual rent payable under the Lease Agreement fall below the de minimis threshold under Rule 14A.33(3)(c) of the Listing Rules and thus is not subject to any reporting, announcement or independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

#### **Non-exempt continuing connected transactions**

On 27 February 2012, Strike Singapore and YL entered into an arrangement (the "YL Agreement") pursuant to which Strike Singapore agreed to engage YL as a subcontractor to supply labour, materials and equipment for electrical works and other relevant works for a

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public residential project at a total consideration of S\$6,081,195 (equivalent to approximately HK\$37.1 million) for a period of 25 months commencing from March 2012 to March 2014, in accordance with our main contract with our customer. The YL Agreement was entered into with YL in the ordinary course of our business, taking into consideration our capacity and after an evaluation of subcontractors as described in the section headed “Business — Subcontractors” in this prospectus. The consideration was determined based on the estimate of market rate for comparable projects, taking into account their scope, size, complexity and contract value.

For each of the two financial years ended 30 June 2013, the annual amounts paid by Strike Singapore to YL under the YL Agreement were as follows:

	<i>S\$</i>	<i>HK\$</i>
Financial year ended 30 June 2012	86,555	527,986
Financial year ended 30 June 2013	661,663	4,036,144

For the financial year ending 30 June 2014, the annual amount payable by Strike Singapore to YL under the YL Agreement (the “Annual Cap”) is as follows:

	<i>S\$</i> <i>(approximate)</i>	<i>HK\$</i> <i>(approximate)</i>
Financial year ending 30 June 2014	5.33 million	32.51 million

The Annual Cap is calculated based on the total consideration of the YL Agreement minus the amounts already paid by Strike Singapore to YL under the YL Agreement for the two financial years ended 30 June 2013.

Our Directors (including our Independent Non-Executive Directors) are of the view that the entering into of the YL Agreement is in the ordinary and usual course of business of our Group, the YL Agreement including the Annual Cap is on normal commercial terms, and the terms of the YL Agreement including the Annual Cap are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

Given the annual amount payable by Strike Singapore, the YL Agreement, which constitutes continuing connected transactions of our Company, falls within the ambit of Rule 14A.35 of the Listing Rules and is subject to the reporting, announcement and independent Shareholders’ approval requirements of the Listing Rules and the annual review requirements set out in Rules 14A.37 to 14A.40 of the Listing Rules.

### REASONS FOR THE WAIVER APPLICATION

Pursuant to Rule 14A.42 of the Listing Rules, the Stock Exchange may consider granting a waiver from the reporting, announcement and independent Shareholders’ approval requirements set out in Rule 14A.35 of the Listing Rules in relation to the YL Agreement. Since the details of the YL Agreement have been included in this prospectus, our Directors consider that strict compliance with the requirements set out in Rule 14A.35

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of the Listing Rules would add additional and unnecessary costs to our Company. Therefore, our Directors consider that the waiver from the requirements set out in Rule 14A.35 of the Listing Rules in connection with the YL Agreement is in the interests of our Company and our Shareholders as a whole. Our Company will comply with the relevant requirements under Chapter 14A of the Listing Rules, including the Annual Cap, and will re-comply with the relevant rules of Chapter 14A of the Listing Rules (including independent Shareholders' approval requirement) if the waiver from the Stock Exchange expires or the Annual Cap is exceeded, or when the YL Agreement is renewed or when there is a material change to the terms of the YL Agreement.

Having reviewed the terms of the YL Agreement, the Sole Sponsor concurs with the view of our Directors (including our Independent Non-Executive Directors) that the entering into of the YL Agreement is in the ordinary and usual course of business of our Group, the YL Agreement including the Annual Cap is on normal commercial terms, and the terms of the YL Agreement including the Annual Cap are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

### **WAIVER SOUGHT AND THE PROPOSED CONDITIONS RELATED THERETO**

Pursuant to Rule 14A.42 of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements set out in Rule 14A.35 of the Listing Rules for the YL Agreement subject to the Sole Sponsor and the Directors, including the Independent Non-Executive Directors, confirming that in their views:

- (a) the transactions under the YL Agreement has been and shall be entered into:
  - (i) in the ordinary and usual course of the business of our Group;
  - (ii) on normal commercial terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole; and
- (b) the Annual Cap is fair and reasonable and in the interests of our Company and our Shareholders as a whole.

If any terms of the transactions under the YL Agreement are altered or if our Company enters into any new agreements with any connected persons in the future, our Company will fully comply with the relevant requirements under Chapter 14A of the Listing Rules unless it applies for and obtains a separate waiver from the Stock Exchange.



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### RELATED PARTY TRANSACTIONS

Save for the exempt continuing connected transactions disclosed above, we also entered into certain related party transactions during the Track Record Period which are contained in Note 25 to the accountants' report in Appendix I to this prospectus.

### CONFIRMATION FROM OUR DIRECTORS

Our Directors consider that it is in the interests of our Company to continue with these continuing connected transactions after the Listing. They also consider that all the continuing connected transactions as set out above are in the interests of our Company and our Shareholders as a whole and are in the ordinary and usual course of our business. Our Directors are also of the view that all of the continuing connected transactions above have been and will be entered into on normal commercial terms and the annual caps are fair and reasonable and in the interest of our Company and our Shareholders as a whole.

Save as disclosed in this section, our Directors currently do not expect that immediately following the Listing, there will be any transaction which will constitute a continuing connected transaction of our Company under the Listing Rules.

### CONFIRMATION FROM SOLE SPONSOR

After review of the relevant documentation and historical figures provided by us, the Sole Sponsor is of the opinion that the terms of the continuing connected transactions referred to above have been and will be entered into in the ordinary and usual course of business of our Company and on normal commercial terms which are fair and reasonable and in the interests of our Company and the Shareholders as a whole; and the annual cap for the YL Agreement referred above are fair and reasonable and in the interests of our Company and the Shareholders as a whole.