
CONTINUING CONNECTED TRANSACTIONS

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Prior to the Listing, the Group has entered into the following transactions with the following parties, which will be connected persons of the Company upon the Listing. All of these transactions will continue after the listing of Shares on GEM and constitute continuing connected transactions (as defined under the GEM Listing Rules) of the Company.

Relationship between the Group and each of the relevant connected persons

KP Cheng & Co., Certified Public Accountants (“**KP Cheng & Co.**”) is a partnership business set up in Hong Kong on 22 February 1993. Mr. Cheng is the sole proprietor of KP Cheng & Co. Mr. Cheng is interested in 29.32% of the issued share capital of Smart Pick. Smart Pick is interested in 51% of Genius Ideas. Genius Ideas is interested in 73% of GCA Professional Services. GCA Professional Services is interested in 100% of the issued share capital of Brilliant One. Brilliant One will be interested in 75% of the issued share capital of the Company upon the Listing.

Prosperity Investment Holdings Limited (“**Prosperity Investment**”) is a company incorporated in Bermuda with limited liability, whose shares are listed on the main board of the Stock Exchange (stock code: 310). Prosperity Investment is indirectly interested in the entire issued share capital of Simply Joy. Simply Joy is interested in 20% of GCA Professional Services. GCA Professional Services is interested in the entire issued share capital of Brilliant One. Brilliant One will be interested in 75% of the issued share capital of the Company upon the Listing.

Glorious Bright Limited (“**Glorious Bright**”) is a company incorporated in Hong Kong on 17 May 2000 with limited liability. Glorious Bright is an indirectly wholly owned subsidiary of Prosperity Investment.

GR Investment International Limited (“**GR Investment International**”) (now known as Prosperity Management Services Limited) is a company incorporated in Hong Kong on 5 November 1985 with limited liability. GR Investment International is an indirect wholly owned subsidiary of Prosperity Investment.

GC Capital is a company incorporated in Hong Kong on 30 June 1992 with limited liability. GC Capital is a direct wholly owned subsidiary of GCA Professional Services. GCA Professional Services is interested in the entire issued share capital of Brilliant One. Brilliant One will be interested in 75% of the issued share capital of the Company upon the Listing.

Under the GEM Listing Rules, for so long as each of KP Cheng & Co., Prosperity Investment, Glorious Bright, GR Investment International and GC Capital remains a connected person of the Company, the transactions described below will constitute connected transactions upon the Listing.

CONTINUING CONNECTED TRANSACTIONS

Non-exempt continuing connected transactions

Lease between the Group and connected persons with rental income receiving from connected person

Lease by Linkson in relation to an office in Hong Kong

On 26 July 2010, Linkson (as tenant) entered into an agreement with Hang Lung Real Estate Agency Limited as agent for AP Success Limited (the “**Landlord**”) pursuant to which the Landlord agreed to lease an office located at Suite 2701–02 and 2703–08 on the 27th Floor of Shui On Centre at 6–8 Harbour Road, Wanchai, Hong Kong (the “**Property**”) for the period of three years commencing from 1 January 2010 and expiring on 31 December 2012.

On 11 August 2010, Linkson, the Landlord, Greater China Appraisal, GCCCS, KP Cheng & Co., Prosperity Investment and Glorious Bright (the “**Other Users**”) entered into a guarantee and indemnity. Pursuant to the said guarantee and indemnity, the Landlord has no objection to the Other Users to hold, use and occupy the Property.

On 6 December 2010, Linkson and KP Cheng & Co. entered into a licence agreement (the “**KP Cheng Licence Agreement**”), pursuant to which Linkson agreed to licence a portion of the Property to KP Cheng & Co., for a period of three years commencing from 1 January 2010 and expiring on 31 December 2012. The table below sets out the details of the payment terms under the KP Cheng Licence Agreement:

	For the period from 1 January 2010 to 31 December 2010	For the period from 1 January 2011 to 31 December 2011	For the period from 1 January 2012 to 31 December 2012
Rent	HK\$82,290 per calendar month	HK\$84,419 per calendar month	HK\$86,216 per calendar month
Management fee	HK\$15,173 per calendar month	HK\$15,173 per calendar month	HK\$15,173 per calendar month
Government rates and rents	HK\$10,979.40 per quarter (subject to adjustment by the government) and calculated based on the sharing ratio of 53.22%	HK\$10,979.40 per quarter (subject to adjustment by the government) and calculated based on the sharing ratio of 53.22%	HK\$10,979.40 per quarter (subject to adjustment by the government) and calculated based on the sharing ratio of 53.22%
Refundable Deposit	HK\$317,100		

The payment terms under the KP Cheng Licence Agreement was calculated based on the proportion of floor area occupied by KP Cheng & Co in the Property and market rent at similar premises at the relevant time.

CONTINUING CONNECTED TRANSACTIONS

On 16 December 2010, Linkson and Prosperity Investment entered into a licence agreement (the “**Prosperity Investment Licence Agreement**”), pursuant to which Linkson agreed to licence a portion of the Property to Prosperity Investment, for a period of three years commencing from 1 January 2010 and expiring on 31 December 2012. The table below sets out the details of the payment terms under the Prosperity Investment Licence Agreement:

	For the period from 1 January 2010 to 31 December 2010	For the period from 1 January 2011 to 31 December 2011	For the period from 1 January 2012 to 31 December 2012
Rent	HK\$87,090 per calendar month	HK\$91,850 per calendar month	HK\$96,680 per calendar month
Management fee	HK\$12,820 per calendar month	HK\$12,820 per calendar month	HK\$12,820 per calendar month
Government rates and rents	HK\$12,700.69 per quarter (subject to adjustment by the government) and calculated based on the sharing ratio of 37%	HK\$12,700.69 per quarter (subject to adjustment by the government) and calculated based on the sharing ratio of 37%	HK\$12,700.69 per quarter (subject to adjustment by the government) and calculated based on the sharing ratio of 37%
Refundable Deposit	HK\$343,002		

The payment terms under the Prosperity Investment Licence Agreement was calculated based on the proportion of floor area of the Property occupied by Prosperity Investment and market rent at similar premises at the relevant time.

The property valuer engaged by the Group is of the view that the terms and conditions for the KP Cheng Licence Agreement and the Prosperity Investment Licence Agreement are on normal commercial terms and the monthly licence fee for such licence agreements are fair and reasonable as at their respective dates of agreement.

CONTINUING CONNECTED TRANSACTIONS

Annual transaction value

The annual caps (the “**Annual Caps**”) for the continuing connected transactions under KP Cheng Licence Agreement and Prosperity Investment Licence Agreement for each of the two years ending 31 March 2012 and the nine month period ending 31 December 2012 are set out below:

	Annual Caps			
	Historical amount for the three month period ended	For the year ending	For the year ending	For the nine month period ending
	31 March	31 March	31 March	31 December
	2010	2011	2012	2012
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
KP Cheng & Co.	303,368	1,250,000	1,280,000	970,000
Prosperity Investment	312,430	1,300,000	1,360,000	1,050,000
Aggregate amount	615,799	2,550,000	2,640,000	2,020,000

The annual caps mentioned above were determined by the Company with reference to the following factors:

- (a) the monthly rental amount which is to be revised annually;
- (b) the monthly management fee; and
- (c) the current quarterly government rates and rents and the possible adjustments by the government.

GEM Listing Rules implications

As the applicable percentage ratios (other than the profits ratio) for the Annual Caps for the each of the KP Cheng Licence Agreement and Prosperity Investment Licence Agreement for each of the two years ending 31 March 2012 and the nine months period ending 31 December 2012 are more than 5% but less than 25% and the transaction value on an annual basis will not exceed HK\$10,000,000, each of the KP Cheng Licence Agreement and Prosperity Investment Licence Agreement is exempt from independent Shareholders’ approval requirements but are subject to the reporting and announcement requirements as set out in Chapter 20 of the GEM Listing Rules.

Confirmations from the Directors and Joint Sponsors

The Directors and Joint Sponsors confirm that (i) the continuing connected transactions under the KP Cheng Licence Agreement and the Prosperity Investment Licence Agreement have been entered into and shall be in the ordinary and usual course of business, on normal commercial terms that are fair and reasonable and in the interests of the Shareholders as a whole; and (ii) the Annual Caps for the non-exempt continuing connected transactions are fair and reasonable and are in the interests of the Shareholders as a whole.

CONTINUING CONNECTED TRANSACTIONS

Waiver from the Stock Exchange

Based on the applicable ratios calculated pursuant to Rule 19.07 of the GEM Listing Rules (other than the profits ratio), the continuing connected transactions under KP Cheng Licence Agreement and the Prosperity Investment Licence Agreement constitute continuing connected transactions which are subject to the reporting and announcement requirements but are exempt from independent Shareholders' approval requirements. If the annual value of the continuing connected transactions mentioned above exceeds the Annual Caps of the connected person of the Company, the Company will further comply with all relevant requirements of Chapter 20 of the GEM Listing Rules. The Company has applied to the Stock Exchange for a waiver from strict compliance with the reporting and announcement requirements pursuant to Rule 20.32 of the GEM Listing Rules and the Stock Exchange has agreed to grant such a waiver to the Company from compliance with the announcement requirement in respect of each of the KP Cheng Licence Agreement and the Prosperity Investment Licence Agreement. The Company has confirmed that it would comply with the requirements set out in Chapter 20 of the GEM Listing Rules, including Rules 20.32 and 20.45 to 20.47 of the GEM Listing Rules in relation to the above continuing connected transactions and the Annual Caps under each of the KP Cheng Licence Agreement and the Prosperity Investment Licence Agreement for the year ending 31 March 2012 and the nine months period ending 31 December 2012.

Exempt continuing connected transactions

Provision of administrative services by the Group to a connected person

GR Investment Service Agreement

On 28 January 2010, GR Investment International entered into an agreement (the “**GR Investment Service Agreement**”) with GCCCS in relation to the provision of corporate services by GCCCS.

Pursuant to the GR Investment Service Agreement, GCCCS is to undertake all duties arising from the general back-office administration of Prosperity Investment including company secretarial services, accounting and book-keeping and general back-office administration. The agreement is for a period of three years commencing 29 January 2010 and shall continue for successive periods of three years each. GR Investment International Limited shall pay to GCCCS a fee on a monthly basis of HK\$80,000.

GEM Listing Rules implications

The Directors expect that the annual fee payable under the GR Investment Service Agreement will be HK\$960,000 for each of the three years ending 28 January 2013. On such basis, the aggregate transaction value on annual basis is more than 0.1% but less than 5% and the aggregate transaction value on an annual basis will not exceed HK\$1,000,000. Accordingly, the GR Investment Service Agreement will fall within the exemption from the announcement and independent Shareholders' approval requirements under Rule 20.33 of the GEM Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

The Directors (including the independent non-executive Directors) have confirmed that the GR Investment Service Agreement has been and will be conducted in the ordinary and usual course of business of the Group on normal commercial terms. As such, the Directors considered that the entering into the GR Investment Service Agreement by the Group are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Provision of administrative services by the Group to a connected person

GC Capital Service Agreement

On 29 December 2010, GC Capital, entered into an agreement (the “**GC Capital Service Agreement**”) with GCCCS in relation to the provision of corporate services by GCCCS.

Pursuant to the GC Capital Service Agreement, GCCCS is to undertake all duties arising from the general back-office administration of Prosperity Investment including company secretarial services, accounting and bookkeeping and general back-office administration. The agreement is for a period of three years commencing 1 June 2010 and shall continue for successive periods of three years each, unless otherwise terminated by either party without cause at any time upon serving ninety (90) calendar days written notice to the other party. GC Capital shall pay to GCCCS a fee on a monthly basis of HK\$60,000.

GEM Listing Rules implications

The Directors expect that the annual fee payable under the GC Capital Service Agreement will be HK\$720,000 for each of the three years ending 31 May 2013. On such basis, the aggregate transaction value on annual basis is more than 0.1% but less than 5% and the aggregate transaction value on an annual basis will not exceed HK\$1,000,000. Accordingly, the GC Capital Service Agreement will fall within the exemption from the announcement and independent Shareholders’ approval requirements under Rule 20.33 of the GEM Listing Rules.

The Directors (including the independent non-executive Directors) have confirmed that the GC Capital Service Agreement has been and will be conducted in the ordinary and usual course of business of the Group on normal commercial terms. As such, the Directors considered that the entering into the GC Capital Service Agreement by the Group are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

DISCONTINUED CONTINUING CONNECTED TRANSACTIONS

Prior to the Listing, the Group has entered into the following transaction with the following parties, which will be connected persons of the Company upon the Listing. Such transaction has discontinued prior to the listing of Shares on GEM.

CONTINUING CONNECTED TRANSACTIONS

Licensing of trade mark by a connected person to the Group

Trade mark licence agreements

Genius Ideas is a company incorporated in the BVI on 5 January 2010 with limited liability. Genius Ideas is interested in 73% of the issued share capital of GCA Professional Services which is interested in the entire issued share capital of Brilliant One. Brilliant One will be interested in 75% of the issued share capital of the Company upon the Listing.

On 14 February 2011, GC Appraisal, as vendor, and Genius Ideas, as purchaser, entered into a sale and purchase deed in relation to the transfer of the trade mark (the “**Trade Mark**”) with the registration no. 301394604 in Hong Kong and the transfer was completed in November 2010. The consideration for the sale and purchase of the Trade Mark was: (i) for Genius Ideas to grant to GC Appraisal (and its designated parties) a perpetual licence to use the Trade Mark; and (ii) upon the request of GC Appraisal, Genius Ideas shall and shall procure its associates to grant to the GC Appraisal licence to use any other registered trade marks which may be relevant to the business perpetually at a nominal consideration.

On 14 February 2011, GC Appraisal and Genius Ideas entered into a license agreement (the “**GC Appraisal Licence Agreement**”) in relation to the licensing of the Trade Mark by Genius Ideas to GC Appraisal.

On 14 February 2011, GCCCS and Genius Ideas entered into a license agreement (the “**GCCCS Licence Agreement**”) in relation to the licensing of the Trade Mark by Genius Ideas to GCCCS.

Pursuant to the GC Appraisal Licence Agreement and the GCCCS Licence Agreement, Genius Ideas has authorised GC Appraisal and GCCCS respectively to use the Trade Mark in Hong Kong in relation to services in classes 35, 36 and 41 as defined under the 9th edition of the NICE Classification by the World Intellectual Property Organisation. As at the Latest Practicable Date, under the 9th edition of the NICE Classification by the World Intellectual Property Organisation, services in (i) class 35 include advertising, business management, business administration and office functions; (ii) class 36 include insurance, financial affairs, monetary affairs and real estate affairs; and (iii) class 41 include education, providing of training, entertainment and sporting and cultural activities. GC Appraisal and GCCCS shall also have the right to sub-license the use of the Trade Mark to third parties provided that (i) the sub-licensee complies with all the terms of the GC Appraisal Licence Agreement and GCCCS Licence Agreement respectively; and (ii) the sub-licensee shall not have the right to further sub-license the use of the Trade Mark to other parties. The term of the GC Appraisal Licence Agreement and the GCCCS Licence Agreement both commenced on 22 November 2010 and shall continue perpetually or to the term of validity of the registration of the Trade Mark, which shall remain valid until 28 July 2019. If Genius Ideas ceases to be a substantial shareholder of the Company, Genius Ideas may terminate the GC Appraisal Licence Agreement and the GCCCS Licence Agreement by notice in writing. The Trade Mark is not of significant importance to the Company and will not have any adverse impact on the Company should Genius Ideas ceases to be a substantial shareholder of the Company and the licence of the Trade Mark to GC Appraisal and GCCCS terminated.

CONTINUING CONNECTED TRANSACTIONS

On 19 May 2011, GC Appraisal and Genius Ideas entered into a termination agreement (the “**GC Appraisal Licence Termination Agreement**”) to terminate the GC Appraisal Licence Agreement.

On 19 May 2011, GCCCS and Genius Ideas entered into a termination agreement (the “**GCCCS Licence Termination Agreement**”) to terminate the GCCCS Licence Agreement.

As such, each of the GC Appraisal Licence Agreement and the GCCCS Licence Agreement have already been terminated pursuant to the GC Appraisal Licence Termination Agreement and the GCCCS Licence Termination Agreement respectively prior to the Listing.