CONTINUING CONNECTED TRANSACTION

A. NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Following the Listing, the following transactions will be regarded as continuing connected transactions non-exempt from the reporting, announcement and independent shareholders' approval requirements under Rule 14A.35 of the Listing Rules.

(i) The Toll Manufacturing Agreement with SSCP

Our Group is principally engaged in the sale and distribution of coatings products to our customers in Europe and Asia. We have production facilities in various sales locations (including Germany, Spain, China and Thailand) for manufacturing of coatings products customised to meet the specifications of our customers. To minimise our capital investment cost, we have not constructed our own production plant in Korea. Instead, we contracted with SSCP to manufacture the specific coatings products in Korea to be sold to our Korean customers by entering into a toll manufacturing arrangement with SSCP Group since April 2005 (the "**Toll Manufacturing Arrangement**"). SSCP's production facilities are not exclusively for our Group, and are used by us under the Toll Manufacturing Arrangement only on an as-needed basis. As set out in the section headed "Relationship with Controlling Shareholders", our Group's major business focus in Korea is automotive coatings, while SSCP's main coatings businesses in Korea are leather coating and mobile handsets and consumer electronics coating business. Notwithstanding that our Group and SSCP Group are using the same production facilities in Korea, in view of the different nature of our respective products, our targeted customers and the production logistics of the coatings business are distinct from those of the SSCP Group.

The raw materials and intermediate goods supplied by our Group under the Toll Manufacturing Arrangement are used in the production of coating products for our Group's Korean automotive customers. These materials are tailor-made for our Group's customers and are not available in the market. Accordingly, it is unlikely that SSCP will source these materials from local suppliers in Korea given that there is no availability of these materials in respect to specifications needed, and local Korean suppliers generally do not have comparables to those supplied by our Group's German production line. Further details of the Toll Manufacturing Arrangement are set out in the section "Business — Sales and Marketing". The Toll Manufacturing Arrangement includes:

(a) the supply of raw materials and intermediary goods by our Group to SSCP for the production of coatings products (including the licence of certain know-how and technology rights by our Group to SSCP Group at nil consideration for the manufacturing process); and

(b) the sale of coatings products manufactured under the Toll Manufacturing Arrangement by the SSCP Group to our Group for distribution and sales to our Group's customers in Korea (including provision of samples to our Group for sales and marketing purposes).

Our Company and SSCP entered into a manufacturing and service agreement on 10 December 2009 (the "**Toll Manufacturing Agreement**") for a term of three years commencing from the Listing Date, in relation to the Toll Manufacturing Arrangement.

For the three years ended 31 December 2008 and the six months ended 30 June 2009, raw materials and intermediary products supplied by our Group to the SSCP Group pursuant to the Toll Manufacturing Arrangement, the pricing of which is determined on a cost basis, amounted to approximately €530,000, €265,000, €556,000 and €130,000, respectively. For the three years ended 31 December 2008 and the six months ended 30 June 2009, coating products supplied by the SSCP Group to our Group pursuant to the Toll Manufacturing Arrangement amounted to approximately €6,501,000, €7,258,000, €7,480,000 and €2,572,000, respectively. The raw materials and intermediary products supplied by our Group to the SSCP Group pursuant to the Toll Manufacturing Arrangement for the financial year ended 2008 represented approximately 0.59% of our Group's total sales, and the coating products supplied by the SSCP Group to our Group pursuant to the Toll Manufacturing Arrangement for the financial year ended 2008 represented approximately 14.08% to our Group's total cost of materials. The above historical transaction amounts are not exactly identical to those under Note 33 of the Accountants' Report as set out in Appendix IA to the prospectus, as (i) the historical transaction amounts as disclosed in this section comprise the combined historical transactions conducted by our Group after the completion of the Reorganisation (including Schramm Huizhou, Schramm Shanghai, Schramm Tianjin and Schramm Thailand acquired or to be acquired by our Company prior to the Listing), whereas, the transaction amounts of Schramm Tianjin and Schramm Thailand were not included during the relevant period covered by the Accountants' Report; and (ii) the effective date of common control over Schramm Huizhou and Schramm Shanghai by our Group for the Accountants' Report was on 17 November 2007, and therefore the related party transactions as disclosed in Note 33 of the Accountant's Report have only included transactions conducted by Schramm Huizhou and Schramm Shanghai since such date.

The prices of the coating products supplied by SSCP Group to our Group shall be determined on a cost-basis within the tax legal boundaries having regard to the total raw material costs, delivery costs, manufacturing costs (excluding depreciation and selling, general and administrative costs) incurred by SSCP Group in the manufacturing of the coating products. SSCP will issue invoices to our Group on a monthly basis recording the coating products manufactured and sold to our Group during the preceding month, which also set out the basis of the costs for the manufacturing of such coating products. SSCP does not incur selling costs under the Toll Manufacturing arrangement as the salespersons are employed, and any relevant selling expenses are incurred, by Schramm Korea. The general administrative expenses incurred by SSCP relate to the use of facilities and utilities in the office spaces of SSCP, which are of minimal amount. SSCP recovers such expenses by charging the utilities fees under the Lease entered into between SSCP and Schramm Korea. Our Directors consider the basis of consideration of the Toll Manufacturing Agreement is fair and reasonable given that it is not uncommon for a controlling shareholder or joint venture partner to provide toll manufacturing services to its subsidiaries on a cost-basis, as the controlling shareholder or joint venture partner could obtain indirect return from the toll manufacturing arrangement by sharing the profit of the group company. For instance, before the disposal of the 50% interest in Schramm Cashew Limited by our Group to Cashew Company Limited in 2008, Cashew Company Limited, which was the joint venture partner of the Schramm Cashew Limited and an independent third party of our Group other than its investment in Schramm Cashew Limited, provided toll manufacturing services to Schramm Cashew Limited for its Japanese coating customers on cost basis.

Proposed annual caps

The proposed annual sales amount for the supply of raw materials and intermediary goods by our Group to the SSCP Group under the Toll Manufacturing Agreement for each of the three years ending 31 December 2011 is expected to be not more than €600,000, €800,000 and €1,000,000, respectively (the "**Toll Sales Cap Amount**"). The proposed annual sales amount for the sales of coating products to our Group under the Toll Manufacturing Agreement for each of the three years ending 31 December 2011 is expected to be not more than €6,500,000, €7,500,000 and €8,000,000, respectively (the "**Toll Purchase Cap Amount**"). The Toll Purchase Cap Amount was determined with reference to the estimated increase in our Group's sales amounts in Korea for the coming years, having regard to our plan to launch the automotive metal coating business in Korea in late 2010. Given that one or more of the applicable percentage ratios of the Toll Sales Cap Amount and the Toll Purchase Cap Amount payable under the Toll Manufacturing Agreement for the three years ending 31 December 2011 exceed 2.5%, the transactions under the Toll Manufacturing Agreement constitute continuing connected transactions under Rule 14A.14 of the Listing Rules, and will be subject to the reporting, announcement and independent shareholders' approval requirement under Rule 14A.35 of the Listing Rules.

Connected persons of our Company

SSCP, our Controlling Shareholder and its associates are our connected persons by virtue of Rule 14A.11(4) for the purpose of Chapter 14A of the Listing Rules.

Confirmation from our Directors and our Independent Supervisors

Our Directors and our Independent Supervisors are of the view that (i) the Toll Sales Cap Amount and the Toll Purchase Cap Amount were determined through arm's length negotiations between the parties to the Toll Manufacturing Agreement and were fair and reasonable; (ii) the Toll Manufacturing Agreement was entered into in the ordinary and usual course of business of our Group and on normal commercial terms; and (iii) the terms of the Toll Manufacturing Agreement, the Toll Sales Cap Amount and the Toll Purchase Cap Amount are fair and reasonable and in the interest of our Shareholders as a whole.

Confirmation from the Sponsor

The Sponsor has reviewed relevant documentation, information and historical data provided by our Company, and has considered the representations and confirmations from our Company, our Directors and our Supervisors to satisfy itself of the reliability of such documentation, information and historical data. Based on the above, the Sponsor is of the view that the continuing connected transactions under the Toll Manufacturing Agreement have been and will be entered into in the ordinary and usual course of business of our Group and on normal commercial terms, and that the terms of the Toll Manufacturing Agreement, the Toll Sales Cap Amount and the Toll Purchase Cap Amount are fair and reasonable and in the interest of our Shareholders as a whole.

(ii) **The Master Purchase Agreement with SSCP**

Our Group sources certain raw materials, intermediary goods and commodities from SSCP Group. Such raw materials, intermediary goods and commodities are used by our Group for the production of special coating products mainly for its operations in the PRC and Thailand. Certain raw materials and commodities used in our Group's production process are available in Korea at lower prices compared with direct purchase from Europe, taking into account of the lower transportation cost of such materials from Korea to PRC and Thailand compare to purchase from Europe. Leveraging on the extensive network of SSCP in Korea and the bulk purchase discounts available to SSCP, purchase of raw materials and commodities through SSCP Group would allow our Group to source these raw materials at more favourable prices. Our Group also purchases certain colourants (an intermediary good used in our Group's production process) produced by SSCP Group for production of the colourants in the PRC and Thailand. The raw materials and intermediate goods supplied by our Group under the Toll Manufacturing Arrangement are used in the production of coating products for our Group's Korean automotive customers. On the other hand, the materials supplied by SSCP to our Group under the Master Purchase Agreement are used mainly in manufacturing of general coatings products, which generally require less advance technology. Therefore our Group considers it appropriate to source these raw materials and intermediate products though SSCP.

For the three years ended 31 December 2008 and the six months ended 30 June 2009, our Group's purchases of raw materials, intermediary goods and commodities from SSCP Group amounted to approximately €6,895,000, €6,960,000, €7,011,000 and €1,314,000, respectively.

Our Group intends to continue sourcing raw materials, intermediary goods and commodities from SSCP Group following the Listing. Accordingly, our Company and SSCP have entered into a master purchase agreement on 10 December 2009 (the "**Master Purchase Agreement**") for a term of three years commencing from the Listing Date, in relation to such purchase.

The prices of the raw materials, intermediary goods and commodities shall be competitive, on normal commercial terms and determined by the relevant contracting parties on arm's length negotiation based on market prices and having regard to the quantity, specifications and/or other conditions of raw materials, intermediary goods and commodities to be offered. Our Company and SSCP have agreed that the prices of raw materials, intermediary goods and commodities to be supplied to our Group by SSCP Group under the Master Purchase Agreement shall principally be determined on arm's length negotiation based on prices offered by Independent Third Parties, and shall not in any event be higher than SSCP Group's acquisition cost plus a maximum margin of 10%. Given that the pricing of the raw materials, intermediary goods and commodities will be predominantly determined based on the lower of prices offered by Independent Third Parties or SSCP Group's acquisition cost plus a maximum margin of 10% for these raw materials, intermediary goods and commodities, our Directors consider the purchase price offered by SSCP to our Group is not less favourable than those available from Independent Third Party, and basis of consideration under the Master Purchase Agreement is fair and reasonable. The payment terms of the individual transactions will be determined by the relevant contracting parties at the time of entering into the transactions with reference to factors such as the relevant transaction amount, nature and specification requirements for the particular transaction, provided that the payment terms of the contract shall be within 30 days from the date of such contract and should be equivalent to the payment terms of the contracts under the Master Sales Agreement (as defined below).

Proposed annual caps

The proposed annual purchase amount under the Master Purchase Agreement for each of the three years ending 31 December 2011 is expected to be not more than €6,300,000, €7,500,000 and €7,500,000, respectively (the "**Purchase Cap Amount**"). Given that one or more of the applicable percentage ratios of the Purchase Cap Amount payable under the Master Purchase Agreement for the three years ending 31 December 2011 exceed 2.5%, the transactions under the Master Purchase Agreement constitute continuing connected transactions under Rule 14A.14 of the Listing Rules, and will be subject to the reporting, announcement and independent shareholders' approval requirement under Rule 14A.35 of the Listing Rules.

Connected persons of our Company

SSCP and its associates.

Confirmation from our Directors and our Independent Supervisors

Our Directors and our Independent Supervisors are of the view that (i) the Purchase Cap Amount was determined through arm's length negotiations between the parties to the Master Purchase Agreement and were fair and reasonable; (ii) the Master Purchase Agreement was entered into in the ordinary and usual course of business of our Group and on normal commercial terms; and (iii) the terms of the Master Purchase Agreement and the Purchase Cap Amount are fair and reasonable and in the interest of the Shareholders as a whole.

Confirmation from the Sponsor

The Sponsor has reviewed relevant documentation, information and historical data provided by our Company, and has considered the representations and confirmations from our Company, our Directors and our Supervisors to satisfy itself of the reliability of such documentation, information and historical data. Based on the above, the Sponsor is of the view that the continuing connected transactions under the Master Purchase Agreement have been and will be entered into in the ordinary and usual course of business and on normal commercial terms, and that the terms of the Master Purchase Agreement and the Purchase Cap Amount are fair and reasonable and in the interest of our Shareholders as a whole.

(iii) **The Master Sales Agreement with SSCP**

Our Group has been supplying raw materials, intermediary goods and coatings products to SSCP Group, which are on-sold by SSCP Group to its own customers. Since SSCP is engaged in the coating industry in Korea, SSCP's customers may from time to time require certain raw materials or intermediary goods for their own production processes. In the event that our Group's raw materials, intermediary goods or coating products meet the requirements of SSCP Group's customers, our Group may supply these materials to SSCP. SSCP's customers may also require certain of our Group's finished goods in relation to their business operations.

Commencing in 2008, our Group also started to sell our coating products to Tianjin M&C Electronics Company Limited ("**Tianjin M&C**"), an indirectly wholly-owned subsidiary of SSCP. Tianjin M&C is a manufacturer of magnesium casing and is a coating applicator. For the three years ended 31 December 2008 and the six months ended 30 June 2009, SSCP Group's purchases from our Group amounted to approximately €1,626,500, €267,000, €40,500, and €247,000, respectively. For the year ended 31 December 2008 and the six months ended 30 June 2009, Tianjin M&C's purchases from our Group amounted to approximately €24,700 and €7,200, respectively. Tianjin M&C recorded relatively minimal purchase amounts from our Group since it has only commenced its operation in the second half of 2008 and was in its early development stage during the Track Record Period.

Our Company and SSCP entered into a master sales agreement on 10 December 2009 (the "**Master Sales Agreement**") for a term of three years commencing from the Listing Date, in relation to its sales of raw materials, intermediary goods and coating products to SSCP Group.

The prices of the raw materials, intermediary goods and coating products to be offered by our Group to SSCP Group under the Master Sales Agreement shall be competitive, on normal commercial terms and determined by the relevant contracting parties on arm's length negotiation based on market prices and having regard to the original purchase costs of the raw materials and intermediary goods, and quantity, specifications and/or other conditions of coating products to be offered. The payment terms of the individual transactions will be determined by the relevant contracting parties at the time of entering into the transactions with reference to factors such as the relevant transaction amount, nature and specification requirement for the particular transaction, provided that the payment terms of the contract shall be within 30 days from the date of such contract and should be equivalent to the payment terms of the contracts under the Master Purchase Agreement.

Proposed annual caps

The proposed annual sales amount under the Master Sales Agreement for each of the three years ending 31 December 2011 is expected to be not more than €630,000, €1,200,000 and €2,205,000, respectively (the "**Sales Cap Amount**"). The Sales Amount represents the aggregate expected sales amount for the supply of raw materials, intermediary goods and coating products to SSCP Group for their own production processes, as well as finished products to Tianjin M&C for its magnesium casing business. The Sales Cap Amount was determined mainly from business plan and forecast provided by Tianjin M&C for the upcoming financial years, which shows a substantial expansion in business operation of Tianjin M&C in view of the new major customer and business opportunities expected by it. Given that one or more of the applicable percentage ratios of the Sales Cap Amount payable under the Master Sales Agreement for the three years ending 31 December 2011 exceed 2.5%, the transactions under the Master Sales Agreement constitute continuing connected transactions under Rule 14A.14 of the Listing Rules, and will be subject to the reporting, announcement and independent shareholders' approval requirement under Rule 14A.35 of the Listing Rules.

Connected persons of our Company

SSCP and its associates.

Tianjin M&C, is an indirect wholly-owned subsidiary of SSCP and therefore an associate of SSCP, is also a connected person of our Company.

Confirmation from our Directors and our Independent Supervisors

Our Directors and our Independent Supervisors are of the view that (i) the Sales Cap Amount was determined through arm's length negotiations between the parties to the Master Sales Agreement and were fair and reasonable; (ii) the Master Sales Agreement was entered into in the ordinary and usual course of business of our Group and on normal commercial terms; and (iii) the terms of the Master Sales Agreement and the Sales Cap Amount are fair and reasonable and in the interest of the Shareholders as a whole.

Confirmation from the Sponsor

The Sponsor has reviewed relevant documentation, information and historical data provided by our Company, and has considered the representations and confirmations from our Company, our Directors and our Supervisors to satisfy itself of the reliability of such documentation, information and historical data. Based on the above, the Sponsor is of the view that the continuing connected transactions under the Master Sales Agreement have been and will be entered into in the ordinary and usual course of business and on normal commercial terms, and that the terms of the Master Sales Agreement and the Sales Cap Amount are fair and reasonable and in the interest of our Shareholders as a whole.

B. CONTINUING CONNECTED TRANSACTION EXEMPT FROM THE INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

Following the Listing, the following transactions will be regarded as continuing connected transactions exempt from the independent shareholders' approval requirements, but subject to the reporting and announcement requirements under Rule 14A.34 of the Listing Rules.

(i) The Qunno Purchase Agreement

During the Track Record Period, our Group purchased aluminum paste (a raw material used in our Group's production process) of different specifications and quality from various suppliers. Our Group sourced aluminum paste from Qunno Metal Technology Inc. ("**Qunno**"), a company indirectly owned as to approximately 57% by Mr Oh, our Supervisor, and a raw material supplier that specialises in production and sales of aluminum paste. Qunno manufactures different grades of aluminum paste in Korea, and is one of the suppliers of aluminum paste for our Group's operation.

For the three years ended 31 December 2008 and the six months ended 30 June 2009, our Group's purchases from Qunno amounted to approximately €15,500, €87,800, €156,000 and €28,000, respectively.

Our Group intends to continue purchasing of aluminum paste from Qunno following the Listing. Accordingly, our Company and Qunno have entered into a purchase agreement on 10 December 2009 (the "**Qunno Purchase Agreement**") for a term of three years commencing from the Listing Date, in relation to its purchase of aluminum paste from Qunno.

The prices of the aluminum paste shall be competitive, on normal commercial terms and determined by the relevant contracting parties on arm's length negotiation based on market prices and having regard to the quantity, specifications and/or other conditions of the aluminum paste to be offered. The payment terms of the individual transactions will be determined by the relevant contracting parties at the time of entering into the transactions with reference to factors such as the relevant transaction amount, nature and specification requirement for the particular transaction.

Proposed annual caps

The proposed annual purchase amount under the Qunno Purchase Agreement for each of the three years ending 31 December 2011 is expected to be not more than €131,000, €202,000 and €253,000 respectively ("**Qunno Cap Amount**"). Given that the applicable percentage ratios of the purchase amounts under the Qunno Purchase Agreement for each of the three years ending 31 December 2011 are less than 2.5%, the transactions under the Qunno Purchase Agreement will be exempt from the independent shareholders' approval requirements under Rule 14A.48 of the Listing Rules, but are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules.

Connected persons of our Company

Qunno is a limited liability company established in Korea, in which Mr Oh indirectly holds approximately 57% of its equity interest. Pursuant to the Listing Rules, Mr Oh, being our Supervisor, is a connected person of our Company. Accordingly, Qunno is an associate of Mr Oh and therefore a connected person of our Company by virtue of Rule 14A.11(4) of the Listing Rules.

Confirmation from our Directors and our Independent Supervisors

Our Directors and our Independent Supervisors are of the view that (i) the Qunno Cap Amount was determined through arm's length negotiations between the parties to the Qunno Purchase Agreement and were fair and reasonable; (ii) the Qunno Purchase Agreement was entered into in the ordinary and usual course of business of our Group and on normal commercial terms; and (iii) the terms of the Qunno Purchase Agreement and the Qunno Cap Amount are fair and reasonable and in the interest of the Shareholders as a whole.

Confirmation from the Sponsor

The Sponsor has reviewed relevant documentation, information and historical data provided by our Company and has considered the representations and confirmations from our Company, our Directors and our Supervisors to satisfy itself of the reliability of such documentation, information and historical data. Based on the above, the Sponsor is of the view that the continuing connected transactions under the Qunno Purchase Agreement have been and will be entered into in the ordinary and usual course of business and on normal commercial terms, and that the terms of the Qunno Purchase Agreement and Qunno Cap Amount are fair and reasonable and in the interest of our Shareholders as a whole.

(ii) **SAP License Agreement with SSCP**

Before the acquisition of the PRC Subsidiaries by our Group, the PRC Subsidiaries and SSCP Group principally shared an information technology system, including the SAP platform. After the acquisition of the PRC Subsidiaries by our Group, the PRC Subsidiaries continued to use the SAP platform pursuant to a sub-licensing agreement with SSCP for the user right to the SAP platform. For the six months ended 30 June 2009, aggregate license fees paid by the PRC Subsidiaries to SSCP for the sub-licensing of the SAP platform user rights amounted to approximately US$147,000.

Our Company expects that the sub-licensing of the user right to the SAP platform from SSCP will continue after the Listing, until the PRC Subsidiaries implement their own information technology system. Accordingly, SSCP and PRC Subsidiaries entered into licensing agreements (the "**SAP License Agreements**") on 10 December 2009 for terms of three years commencing from the date of the SAP License Agreements, pursuant to which SSCP will sub-license the user right of the SAP platform to the PRC Subsidiaries at a license fee determined according to the number of licensees having the right to use the SAP platform.

Connected person of our Company

SSCP and its associates.

Proposed annual caps

Our Directors estimate that the amounts payable by our Group under the SAP License Agreements for each of the three years ending 31 December 2011 shall not be more than US$330,000, US$407,000 and US$407,000, respectively (the "**License Fee Cap**"). Such License Fee Cap under the SAP License Agreements has been determined by reference to the expected number of users of the SAP platform. Given that the applicable percentage ratios of the License Fee Cap payable under the SAP License Agreements for each of the three years ending 31 December 2011 are less than 2.5%, the transactions under the SAP License Agreements, which constitute continuing connected transactions after the Listing, will be exempt from the independent shareholders' approval requirements under Rule 14A.48 of the Listing Rules, but are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules.

Confirmation from our Directors and our Independent Supervisors

Our Directors and our Independent Supervisors are of the view that (i) the License Fee Cap was determined through arm's length negotiations between the parties to the SAP License Agreements and was fair and reasonable; (ii) the SAP License Agreements were entered into in the ordinary and usual course of business of our Group and on normal commercial terms; and (iii) the terms of the SAP License Agreements and the License Fee Cap are fair and reasonable and in the interest of the Shareholders as a whole.

Confirmation from the Sponsor

The Sponsor has reviewed relevant documentation, information and historical data provided by our Company and has considered the representations and confirmations from our Company, our Directors and our Supervisors to satisfy itself of the reliability of such documentation, information and historical data. Based on the above, the Sponsor is of the view that the continuing connected transactions under the SAP License Agreements have been and will be entered into in the ordinary and usual course of business and on normal commercial terms, and that the terms of the SAP License Agreements and the License Fee Cap are fair and reasonable and in the interest of our Shareholders as a whole.

C. EXEMPT CONTINUING CONNECTED TRANSACTIONS

Following the Listing, the following lease of properties will be regarded as continuing connected transaction exempt from the reporting, announcement and independent shareholders' approval requirements under Rule 14A.33 of the Listing Rules.

(i) The Lease for Korean properties with SSCP

Pursuant to a lease agreement (the "**Lease**") dated 1 July 2009 entered into between SSCP and Schramm Korea, SSCP agreed to lease to Schramm Korea office premises located at (i) 629 Sunggok-Dong, Danwon-Ku, Ansan City, Kyunggi Province, South Korea; and (ii) 315-4 Bonsan-Ri, Jinyong-Eup, Kimhae-Si, Kyungnam Province, South Korea (further details of the leased properties are set out under "Group VI — Property interests leased and occupied by our Group in Korea" in the property valuation report as set out in Appendix IV to this prospectus) for a term of one year commencing from 1 July 2009 to 30 June 2010 (which will be automatically renewed for another 12 months unless being terminated by either party) at a fixed monthly rental of KRW500,000 and management and utilities fees of KRW500,000, which was determined with reference to an independent valuation as set out in the valuation report in Appendix IV to this prospectus.

The total annual rent and management and utilities fees payable by our Group under the Lease is approximately KRW12,000,000 (equivalent to approximately HK$70,800). Given that the applicable percentage ratios of the annual rental amount payable under the Lease for the three years ended 31 December 2011 are less than 0.1%, and the annual rental amount is less than HK$1,000,000, the transaction under the Lease will be exempt from the reporting, announcement and independent shareholders' approval requirements under Rule 14A.33 of the Listing Rules.

Connected person of our Company

SSCP.

Confirmation from our Directors and our Independent Supervisors

Our Directors and our Independent Supervisors confirm that (i) the payment under the Lease was determined through arm's length negotiations between the parties to the Lease; (ii) the Lease was entered into in the ordinary and usual course of business of our Group and on normal commercial terms; and (iii) the terms of the Lease are fair and reasonable and in the interest of the Shareholders as a whole.

Confirmation from the Sponsor

The Sponsor has reviewed relevant documentation, information and historical data provided by our Company and has considered the representations and confirmations from our Company, our Directors and our Supervisors to satisfy itself of the reliability of such documentation, information and historical data. Based on the above, the Sponsor is of the view that the continuing connected transactions under the Lease have been and will be entered into in the ordinary and usual course of business and on normal commercial terms, and that the terms of the Lease and the Rent are fair and reasonable and in the interest of our Shareholders as a whole.

Cushman & Wakefield Valuation Advisory Services (HK) Limited, an independent property valuer, has also confirmed that the payment payable under the Lease reflects a fair and reasonable market rent for such type of property in Korea.

APPLICATION FOR WAIVER FROM STRICT COMPLIANCE OF THE LISTING RULES

Pursuant to Rule 14A.42(3) of the Listing Rules, our Company has applied to the Hong Kong Stock Exchange, and the Hong Kong Stock Exchange has granted (i) a waiver from strict compliance with the announcement requirements and independent shareholders' approval requirements under Rules 14A.47 and 14A.48 of the Listing Rules in connection with the Toll Manufacturing Agreement, the Master Purchase Agreement and the Master Sales Agreement for a period of three years, on the condition that the annual transaction amounts under each of these agreements do not exceed the respective caps provided therein; and (ii) a waiver from strict compliance with the announcement requirements under Rule 14A.47 in connection with the Qunno Purchase Agreement and the SAP License Agreements for a period of three years, on the condition that the annual transaction amounts under each of these agreements do not exceed the respective caps provided therein. We shall comply with the provisions in Rules 14A.35(1), 14A.35(2) and 14A.36 to 14A.40 of the Listing Rules, as amended from time to time, governing such continuing connected transactions.