

CONNECTED TRANSACTION

CONTINUING CONNECTED TRANSACTION

Upon the Listing, the transaction set forth below will constitute a continuing connected transaction for the Company.

Lease Agreement

On 1 March 2009, Xiamen Grandsoo as landlord and Xiamen Daxiang Protective Sheet Co., Ltd.* (“Xiamen Daxiang”) (廈門達翔環保片材有限公司) as tenant entered into a lease agreement (“Lease Agreement”) pursuant to which the property located at No. 63 Huliuyan, Tong’an Industrial Concentrated Area, Xiamen, Fujian Province with an aggregate area of about 1,511 square meters was leased to Xiamen Daxiang for use as production and operation premises.

The Lease Agreement has a term of 15 years commencing from 16 March 2009 and ending on 15 March 2024 subject to termination by either party by serving not less than 60 days prior notice to the other party. Pursuant to the Lease Agreement, the monthly rent is RMB10 per square meter (tax inclusive), which amounts to an annual cap of about RMB181,320, and shall be subject to review every three years taking into account the then market conditions. The rent is payable by Xiamen Daxiang to Xiamen Grandsoo quarterly in advance within 10 days before the end of the relevant quarter. DTZ Debenham Tie Leung Limited has reviewed the Lease Agreement and considers that the rental receivable by Xiamen Grandsoo thereunder is in line with market rates.

Xiamen Daxiang was incorporated in the PRC in 2005 with a registered and paid up capital of RMB10 million and is engaged in the business of production and sale of plastic planks, pipes and materials. Xiamen Daxiang is owned as to 48% by Mrs. Lin who is the spouse of Mr. Lin, an executive Director and one of the Controlling Shareholders. Xiamen Daxiang, therefore, is a connected person of the Company. Thus, the Lease Agreement constitutes a continuing connected transaction of the Company in accordance with the Listing Rules.

As each of the percentage ratios (other than the profits ratio) for the Lease Agreement is less than 0.1%, the transaction under the Lease Agreement is exempted from the reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules. In the event that the cap under the Lease Agreement exceeds the threshold of de minimis transaction in the future, the Company will comply with the relevant requirements pursuant to the Listing Rules in due course.

Save as disclosed herein and page I-48 in the Appendix I headed “Accountants’ Report”, the Group has no other business relationship, past or present, with Xiamen Daxiang.

* For identification purpose only