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## CONNECTED TRANSACTION

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The Group has entered into, and expects to continue to engage in the transaction as listed below, which the Group expects will continue from time to time after the Listing. After completion of the Share Offer, the transaction set out below will be regarded as continuing connected transaction under the Listing Rules.

### **LEASING OF PROPERTY BY TOPRICH TO THE GROUP**

Prior to the Listing Date, Toprich has leased to the Group a property (the “Property”), having an exclusive office floor area of about 2,260 sq. ft. and the right to use the common area and ancillary facilities which include a conference room, machine rooms, a pantry, a reception, lavatories and other common areas, to be used as office in Hong Kong pursuant to a lease agreement dated 10 June 2010 (the “Lease Agreement”). The term of the Lease Agreement commenced on 10 June 2010 and shall continue until 31 March 2013. The Property is occupied by the Group as its office.

The Group (but not Toprich) has the unilateral right: (i) to renew the Lease Agreement for a further term of three (3) years by giving not less than two (2) months prior written notice to Toprich before the expiration of the initial term of the Lease Agreement; and (ii) to terminate the Lease Agreement at any time after the expiration of the initial term and at any time during the renewed terms by giving not less than two (2) months’ prior written notice or paying two (2) months’ rental in lieu of such notice to Toprich to terminate the Lease Agreement on the expiration of such notice or upon making such payment in lieu of notice.

### **Continuing connected transaction which is exempted from the independent Shareholders approval requirements, but subject to the reporting and announcement requirements**

As Mr. Yan and Ms. Lam are the executive Directors and Controlling Shareholders and are also the ultimate beneficial owners of 51% and 49% of the shareholding interests in Toprich respectively, Toprich is an associate of a connected person of the Company under the Listing Rules. Thus, the transaction contemplated under the Lease Agreement will constitute continuing connected transaction for the Company under the Listing Rules upon Listing.

Details of the Property subject to the Lease Agreement are set out below:

<b>Location</b>	<b>Approximate gross floor area</b>	<b>Current monthly rental (exclusive of Government rates and management fees but inclusive of electricity, water and air-conditioning)</b>	<b>Use</b>
12/F., No. 200 Gloucester Road, Wanchai, Hong Kong	exclusive office floor area of approximately 2,260 sq. ft. and common area and ancillary facilities	HK\$173,766	Office

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The Group has been using the Property as its office for nil consideration during the Track Record Period. To formalise the tenancy arrangement, the Lease Agreement was entered into between Toprich and the Group on 10 June 2010 to ensure immediate continuity in the use of its office by the Group and avoid disruption to operations which relocation will inevitably entail. Set out below are the proposed annual caps, which have been determined by reference to the prevailing market rates for similar properties (e.g. with respect to floor space and age of the building) in the vicinity and represent the actual rent payable by the Group to Toprich pursuant to the Lease Agreement:

<b>Transaction</b>	<b>Proposed annual cap (HK\$)</b>
Leasing of Property	about HK\$1,690,000 (10 June 2010 to 31 March 2011)
	about HK\$2,090,000 (1 April 2011 to 31 March 2012)
	about HK\$2,090,000 (1 April 2012 to 31 March 2013)

The percentage ratios of the consideration under the Lease Agreement on an annual basis are less than 5% (being the threshold stipulated in Rule 14A.34(1) of the Listing Rules) but more than 0.1% (being the threshold stipulated in Rule 14A.33(3)(a) of the Listing Rules). Therefore, under Rule 14A.34 of the Listing Rules, the transactions under the Lease Agreement will be exempt from the independent Shareholders' approval requirements but subject to the reporting, annual review and announcement requirements contained in Rules 14A.37 to 14A.40 and 14A.45 to 14A.47 of the Listing Rules.

### APPLICATION FOR WAIVER

The Directors (including the independent non-executive Directors) consider that the continuing connected transaction above has been entered into and will be carried out in the ordinary and usual course of business of the Group on normal commercial terms and the terms of the continuing connected transaction and the proposed annual caps are fair and reasonable and in the interests of its Shareholders as a whole.

The Directors consider that strict compliance with the announcement requirements under the Listing Rules upon Listing would be burdensome and would add unnecessary administrative costs to the Company. Accordingly, the Company has applied for waiver from strict compliance with the announcement requirement related to the said continuing connected transaction pursuant to Rule 14A.42(3) of the Listing Rules for a period of the term of the Lease Agreement. The Company confirms that it will comply with the requirements under Rules 14A.35(1), 14A.35(2), 14A.36, 14A.37, 14A.38, 14A.39 and 14A.40 of the Listing Rules. In the event of any future amendments to the Listing Rules imposing more stringent requirements than those applicable provisions under Chapter 14A of the Listing Rules as at the date of this prospectus relating to this Lease Agreement, the Company will take immediate steps to ensure compliance with such requirements within a reasonable period.

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### **CONFIRMATION FROM PROFESSIONAL SURVEYOR**

LCH (Asia-Pacific) Surveyors Limited, an independent professional surveyor, has confirmed that the terms and conditions of the Lease Agreement are fair and reasonable to the parties thereto, in line with normal business practice and reflect prevailing market conditions in Hong Kong. In addition, the proposed annual rental payable under the Lease Agreement is comparable to the prevailing market rate and is fair and reasonable.

### **CONFIRMATION FROM SPONSOR**

The Sole Sponsor is of the view that the Lease Agreement as described above has been and shall be entered into on normal commercial terms and in the ordinary and usual course of the Group's business and that the terms and conditions of the Lease Agreement and the proposed annual caps set out above are fair and reasonable and in the interests of its Shareholders as a whole.

### **NON-EXEMPT CONTINUING CONNECTED TRANSACTION**

Save as disclosed in this section, following the Listing, the Group has no other continuing connected transaction that would constitute non-exempt continuing connected transaction that are subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under the Listing Rules.