
CONNECTED TRANSACTION

CONTINUING CONNECTED TRANSACTION EXEMPT FROM REPORTING, ANNUAL REVIEW, ANNOUNCEMENT AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENT

The PRC Patents Licence Agreements

Mr. Chum, being the Chairman of our Company, an executive Director and a Controlling Shareholder, has entered into the Patent Assignments to assign his ownership in the US Patents, EU Patents and the PRC Patents to our Group. Pursuant to relevant PRC laws and regulations, the assignment of the PRC Patents under the PRC Patents Assignment shall be registered with the competent patent administrative authority. The PRC Patents Assignment will come into force upon the date of such registration and Huizhou Junyang will become the registered owner of the PRC Patents accordingly. In order to ensure Huizhou Junyang will be entitled to use the PRC Patents before the completion of the registration procedures for the PRC Patents Assignment, Mr. Chum and Huizhou Junyang entered into the PRC Patents Licence Agreements. The PRC Patents Licence Agreements shall be filed with the competent patent administrative authority and cease to have effect upon completion of the registration of the PRC Patents. The Directors consider the duration of the PRC Patents Licence Agreements to be consistent with normal commercial terms to secure long-term rights for our Group. The Directors (including the independent non-executive Directors) are of the view that the PRC Patents Licence Agreements have been entered into on normal commercial terms and the terms of the PRC Patents Licence Agreements are fair and reasonable and in the interest of our Company and the Shareholders as a whole. As the right to use the PRC Patents is granted to our Group by Mr. Chum on a royalty-free basis, the arrangement under the PRC Patents Licence Agreements is exempted from the reporting, annual review, announcement and independent shareholders' approval requirements applicable to continuing connected transactions under Chapter 14A of the Listing Rules on the basis that it falls within the de minimis threshold as stipulated under Rule 14A.33 of the Listing Rules.

Confirmation from the Directors

The Directors, including the independent non-executive Directors, confirm that the continuing connected transaction contemplated under the PRC Patents Licence Agreements described above were entered into on normal commercial terms and the terms of the PRC Patents Licence Agreements are fair and reasonable to our Company on the basis that terms thereof are no less favourable to our Company than terms offered by Independent Third Parties, and therefore are in the interests of the Shareholders and our Company as a whole.