

CONNECTED TRANSACTIONS

CONTINUING CONNECTED TRANSACTIONS

The following transactions between our Group and its connected persons will continue after Listing:

Exempt Continuing Connected Transactions

The following continuing connected transactions are exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules:

Licensing of properties to our Company

Connected person

Forsyth Hong Kong Limited ("Forsyth Hong Kong"), is an associate of Sheffield United Realty, our substantial shareholder, and is therefore a connected person of our Company.

Transactions

Pursuant to a licence agreement dated March 31, 2007 ("Original Licence Agreement") and entered into between Forsyth Hong Kong and TSGHL, Forsyth Hong Kong agreed to grant a licence to TSGHL for the right to use the premises at Room 3318, 33rd Floor, China Merchants Tower, Shun Tak Centre, 168- 200 Connaught Road Central, Hong Kong (the "3318 Office Premises") for a term commencing on April 1, 2007 and ending on March 31, 2011.

As we intend to continue to use the 3318 Office Premises and part of the adjacent premises, being room number 25 of Room 3328, 33rd Floor, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong (the "3328 Office Premises"), our Company entered into a new licence agreement with Forsyth Hong Kong (the "Licence Agreement") on February 11, 2010 on substantially the same terms as the Original Licence Agreement, pursuant to which our Group has been granted a licence for the right to use the 3318 Office Premises and the 3328 Office Premises for a term commencing on February 1, 2010 and ending on March 31, 2011. On the same date, TSGHL entered into an agreement with Forsyth Hong Kong to terminate the Original Licence Agreement, to be effective on the date of commencement of the Licence Agreement.

Our Directors (including our independent non-executive Directors) are of the opinion that the above transactions are in the ordinary and usual course of business of our Group and are based on arm's length negotiations, and on normal commercial terms which are fair and reasonable and in the interests of our Shareholders as a whole.

Pricing

Pursuant to the Licence Agreement, our Company shall pay to Forsyth Hong Kong a monthly fee (inclusive of management fees and government rates) of HK\$89,500 during the term of the Licence Agreement.

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Our Directors confirm that (i) the fee payable under the Licence Agreement was determined through arm's length negotiations between the parties to the agreement and with reference to the monthly fee under the Original Licence Agreement and the prevailing monthly licence fee for using similar office premises; (ii) the Licence Agreement was entered into in the ordinary course of business and on normal commercial terms; and (iii) the terms of the Licence Agreement are fair and reasonable and in the interests of our Shareholders as a whole.

DTZ, an independent valuer, has confirmed that in view of the prevailing market conditions and the rental level of similar properties in the vicinity, the premises are licensed on normal commercial terms and the licence fee payable under the Licence Agreement is considered to be at market level and fair and reasonable.

Historical figures

For the three years ended December 31, 2009 and the nine months ended September 30, 2010, the annual fee paid by TSGHL or our Group under the Original Licence Agreement or the Licence Agreement (as the case may be) for using the premises licensed under the relevant agreement(s) amounted to HK\$720,000, HK\$960,000, HK\$960,000 and HK\$796,000, respectively.

Annual transaction amounts

Based on pre-agreed rate in the Licence Agreement, our Directors expect that the total annual fee payable by our Group to Forsyth Hong Kong under the Licence Agreement for the three months ending March 31, 2011 is expected to be not more than HK\$268,500.

Listing Rules requirements

Since each of the applicable percentage ratios (other than the profits ratio), on an annual basis, is expected to be less than 0.1%, the transactions contemplated under the Licence Agreement constitute continuing connected transactions for our Company which are exempt from the reporting, annual review, announcement and independent shareholders' approval requirements pursuant to Rule 14A.33(3) of the Listing Rules.

Provision of financial assistance to our Group

Connected person

Original TSI is held as to 85% by Chance Again and 15% by Sheffield United Realty. Original TSI is an associate of Chance Again (our Controlling Shareholder), and therefore a connected person of our Company.

Transactions

In March 2009, Changzhou Top Spring was granted a loan ("Changzhou Loan") in the amount of not more than RMB300 million by a financial institution for a term commencing on April 15, 2009 and ending on April 14, 2011. The Changzhou Loan was secured by, among others, a corporate guarantee provided by Original TSI ("Original TSI Guarantee").

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Pursuant to the letter of guarantee given by Original TSI on March 25, 2009, Original TSI has agreed to provide the Original TSI Guarantee in favour of the financial institution in respect of the Changzhou Loan for a principal amount of RMB300 million together with all the related interests, penalties, compound interests, damages and any expenses incurred in relation to the recovery of the Changzhou Loan and the enforcement of the Original TSI Guarantee.

The purpose of providing the Original TSI Guarantee is to enable Changzhou Top Spring to obtain the Changzhou Loan for use as its general working capital.

Our Directors confirm that the terms of the Original TSI Guarantee were negotiated on an arm's length basis and the Original TSI Guarantee was provided by Original TSI for the benefit of our Group on normal commercial terms where no security over the assets of our Group is granted in respect of the Original TSI Guarantee. Our Directors (including our independent non-executive Directors) are of the view that the Original TSI Guarantee was fair and reasonable and in the interest of our Group and Shareholders as a whole.

Listing Rules requirements

As the Original TSI Guarantee was provided by Original TSI for the benefit of our Group on normal commercial terms where no security over the assets of our Group is granted in respect of the Original TSI Guarantee, the Original TSI Guarantee constitutes continuing connected transaction for our Company which is exempt from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.65(4) of the Listing Rules.