
CONNECTED TRANSACTIONS

As of the Latest Practicable Date, the following transaction had been entered into between Mr. Tang Guoqiang, Peace Link and the Company. After the Listing, Mr. Tang Guoqiang and Peace Link will constitute connected persons of the Company and therefore the following transaction will constitute connected transaction under the Hong Kong Listing Rules. Save as disclosed below, as of the Latest Practicable Date, no member of the Group has entered into any transaction with any connected person of the Company which will continue following the Listing Date and which will thereby constitute a connected transaction or a continuing connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

Deed of Indemnity

Mr. Tang Guoqiang, Peace Link and the Company have entered into the Deed of Indemnity according to which Mr. Tang Guoqiang and Peace Link will fully indemnify the Company against:

- (a) any tax liability of the Group resulting from or by reference to any income, profits or gains earned, accrued or received on or before the date on which the obligations of the Underwriters under the Underwriting Agreements become unconditional; and
- (b) any loss or liability suffered by the Company and/or any other member of the Group, resulting from or by reference to:
 - (i) the Restructuring; and
 - (ii) any non-compliance with the relevant PRC environmental laws and regulations with respect to our operations in Xueyan Town, Changzhou City, Jiangsu Province, the PRC.

Implication under the Hong Kong Listing Rules

Any transaction that might take place after the Listing pursuant to the Deed of Indemnity is made in the performance of the relevant party's obligation(s) under the Deed of Indemnity already entered into before the Listing. Such transaction therefore will not constitute connected transaction or continuing connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules, and will not be subject to further regulatory requirements under the Hong Kong Listing Rules.