
CONTINUING CONNECTED TRANSACTIONS

OVERVIEW

Pursuant to Chapter 20 of the GEM Listing Rules, the Directors, the Controlling Shareholders, the Substantial Shareholders and the chief executive of the Company or any of its subsidiaries, any person who was the Director or a director of the Company’s subsidiaries within 12 months preceding the [REDACTED] and any of their respective associates will become a connected person of the Company upon the [REDACTED]. Upon the [REDACTED], our transactions with such connected persons will constitute connected transactions under Chapter 20 of the GEM Listing Rules.

Our Directors confirm that the following transactions which will continue after the [REDACTED] will constitute continuing connected transactions for the Company under Chapter 20 of the GEM Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

Exempted continuing connected transaction

Master services agreement in respect of the provision of stage lighting and sound engineering services by AHM

On [date], our Company entered into a master services agreement (the “**168 Master Services Agreement**”) with 168 Production, pursuant to which 168 Production agreed to engage our Company and/or its subsidiaries to provide, and our Company agreed to provide, or procure its subsidiaries to provide, stage lighting and sound engineering services (the “**Services**”) for a term commencing from the [REDACTED] and ending on [31 December 2028].

The fee charged by our Group for the Services under the 168 Master Services Agreement will be determined after arm’s length negotiations with reference to the prices charged by our Group to its other customers who are Independent Third Parties for similar services.

For each of the two years ended 31 December 2024 and 2025 and the five months ended 31 May 2026, fees charged by our Group for the Services were approximately HK\$2.7 million, HK\$2.9 million and HK\$2.0 million respectively.

168 Production is wholly-owned by Ms. Chan Wing Sze Vinci, the daughter of Mr. Chan, the Substantial Shareholder, an executive Director and the co-chief executive officer of the Company. As such, 168 Production is an associate of a connected person of the Company and the transactions under the 168 Master Services Agreement constitute continuing connected transactions for our Company.

The 168 Master Services Agreement is a framework agreement which provides the mechanism for the operation of the connected transaction described therein. It is envisaged that from time to time and as required, individual retainers will be placed by 168 Production with our Group. Each individual retainer will set out in detail the scope and specifications of the relevant services as required by 168 Production from our Group, the fee for the relevant services and the payment terms, etc. The individual retainers may only contain provisions which are in all material respects consistent with the binding principles, guidelines, terms and conditions set out in the 168 Master Services Agreement and the GEM Listing Rules. As the individual retainers are simply further elaborations on the Services as contemplated by the 168 Master Services Agreement, they do not constitute new categories of connected transactions as far as the GEM Listing Rules are concerned.

CONTINUING CONNECTED TRANSACTIONS

GEM Listing Rules implication

Each of the transactions under the 168 Master Services Agreement is a de minimis transaction (as defined under Rule 20.74(1) of the GEM Listing Rules) based on the percentage ratio calculated in accordance with Chapter 20 of the GEM Listing Rules. Accordingly, the reporting, announcement, circular, annual review and independent shareholders’ approval requirements in Chapter 20 of the GEM Listing Rules in respect of the 168 Master Services Agreement are fully exempt.

Non-exempted continuing connected transaction

Master services agreement in respect of the provision of stage lighting and sound engineering services by AHM

On [date], our Company entered into a master services agreement (the “**DC Master Services Agreement**”) with DeMain Culture Group, pursuant to which DeMain Culture Group agreed to engage, or procure its subsidiaries to engage, our Company and/or its subsidiaries, and our Company agreed to provide, or procure its subsidiaries to provide, stage lighting and sound engineering services (the “**Relevant Services**”) for a term commencing from the [REDACTED] and ending on [31 December 2028].

The fee charged by our Group for the Relevant Services under the DC Master Services Agreement will be determined after arm’s length negotiations with reference to prices charged by our Group to its other customers who are Independent Third Parties for similar services.

For each of the two years ended 31 December 2024 and 2025 and the five months ended 31 May 2026, fees charged by our Group for the Relevant Services were approximately HK\$0.3 million, HK\$3.2 million and HK\$1.4 million respectively.

DeMain Culture Group is wholly-owned by Mr. Ng, the Controlling Shareholder, an executive Director, our Chairman of the Board and the co-chief executive officer of the Company. As such, DeMain Culture Group is an associate of a connected person of the Company and the transactions under the DC Master Services Agreement constitute continuing connected transactions for our Company.

Our Directors estimate that the maximum transaction amount under the DC Master Services Agreement will not exceed HK\$4.0 million, HK\$4.0 million and HK\$4.0 million for each of the three years ending 31 December 2026, 2027 and 2028 respectively. Such estimate is based on (i) the anticipated future demand for the service of our Group from DeMain Culture Group with reference to the anticipated volume of business of DeMain Culture Group which requires our Relevant Services; and (ii) the historical transaction amount during the year ended 31 December 2025.

The DC Master Services Agreement is a framework agreement which provides the mechanism for the operation of the connected transaction described therein. It is envisaged that from time to time and as required, individual retainers will be placed by DeMain Culture Group and/or its subsidiaries with our Group. Each individual retainer will set out in detail the scope and specifications of the relevant services as required by DeMain Culture Group and/or its subsidiaries from our Group, the fee for the relevant services and the payment terms, etc. The individual retainers may only contain provisions which are in all material respects consistent with the binding principles, guidelines, terms and conditions set out in the DC Master Services Agreement and the GEM Listing Rules. As the individual retainers are simply further elaborations on the Relevant Services as contemplated by the DC Master Services Agreement, they do not constitute new categories of connected transactions as far as the GEM Listing Rules are concerned.

CONTINUING CONNECTED TRANSACTIONS

GEM Listing Rules implication

Since each of the applicable percentage ratios (other than the profits ratio) for the DC Master Services Agreement is less than 5% and the transactions contemplated under the DC Master Services Agreement are conducted on normal commercial terms or better, the transactions contemplated under the DC Master Services Agreement are subject to the reporting and announcement requirements but are exempted from the circular and independent shareholders’ approval requirements under Chapter 20 of the GEM Listing Rules.

PRICING POLICY

Our pricing is determined on a cost plus basis and is set project by project. In establishing the price scale for a project, we take into account, among other factors: the scope, scale, duration and complexity of the project; the estimated types and quantities of lighting and sound equipment required; the level of personnel needed for set up, operation and dismantling; the requested completion date and programme constraints; and any specific customer requirements, venue conditions and expected third party costs.

Under the 168 Master Services Agreement and the DC Master Services Agreement, the service fees shall be agreed following arm’s length negotiations between the parties with reference to the prevailing market rates. Market rates refer to the rates at which the same or similar type of services are provided to Independent Third Parties under normal commercial terms.

When determining the pricing standard, to the extent practicable, management of the Company will take into account the rates of at least two similar and comparable transactions entered with Independent Third Parties in the corresponding period of reference.

REASONS FOR AND BENEFITS OF THE 168 MASTER SERVICES AGREEMENT AND DC MASTER SERVICES AGREEMENT

Each of 168 Production and the subsidiaries of DeMain Culture Group previously engaged our Group to provide stage lighting and sound engineering services for their respective performance or show. Each of 168 Production and DeMain Culture considered our Group can provide them with desirable profession services based on its personnel with professional knowledge and experience and it will be commercially advisable to engage the Group to provide such services. On the other hand, the transactions under the 168 Master Services Agreement and DC Master Services Agreement will provide an additional, reliable and stable source of income for our Group.

WAIVER

We [have applied] to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the announcement requirement of the GEM Listing Rules in respect of the continuing connected transaction contemplated under the DC Master Services Agreement subject to (a) the above non-exempted continuing connected transaction being carried out in compliance with the requirements of the GEM Listing Rules and we shall comply with the relevant requirements for continuing connected transaction in accordance with Chapter 20 of the GEM Listing Rules; and (b) the aggregate value of such transaction for each financial year not exceeding the relevant annual cap amount set forth in the respective caps stated above.

CONTINUING CONNECTED TRANSACTIONS

DIRECTORS’ VIEW

The Directors, including the independent non-executive Directors, consider that (i) all the continuing connected transactions above will be entered into in the ordinary and usual course of our business and will provide an additional, reliable and stable source of income for our Group, conducted on normal commercial terms or better and are fair and reasonable and in the interests of our Shareholders as a whole; and (ii) the annual caps of the non-exempted continuing connected transaction above are fair and reasonable and in the interests of the Shareholders as a whole.

JOINT SPONSORS’ VIEW

The Joint Sponsors have (i) reviewed the relevant documents and information provided by our Company in relation to the continuing connected transactions described above; (ii) obtained necessary representations and confirmations from our Company and the Directors; and (iii) participated in the due diligence and discussions with the management of our Group.

Based on the above, the Joint Sponsors concur with the view that (i) the DC Master Service Agreement and the transactions contemplated thereunder are in the ordinary and usual course of our business of our Group, on normal commercial terms or better, are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and (ii) the proposed annual caps are fair and reasonable and in the interests of our Company and our Shareholders as a whole.