OVERVIEW

We have entered into certain lease agreements with certain parties that will, upon the [**REDACTED**], become our connected persons.

RELEVANT CONNECTED PERSONS

Upon the [**REDACTED**], the following parties, which have entered into certain lease agreements with our Group, will become our connected persons:

Name	Connected relationship
Shenzhen Tenglong Development Investment Co., Ltd. (深圳市騰龍發展投資有限公司) ("**Tenglong Development**")	Tenglong Development is a company owned as to 100% by Shenzhen HuaFuYang Investment Consulting Co., Ltd (深圳市華富洋投資顧問有限公司), which is in turn owned as to 50% by Mr. Fung and 50% by Ms. Yeung, who are our Controlling Shareholders, and is therefore an associate of each of Mr. Fung and Ms. Yeung under Rule 14A.12(1)(c) of the Listing Rules, and our connected person under Rule 14A.07(4) of the Listing Rules.
Tranquil Management Company Limited (寧遠管理有限公司) ("**Tranquil Management**")	Tranquil Management is a company owned as to 35% by Mr. Fung, 35% by Ms. Yeung and 30% by Ms. Fung, who are our Controlling Shareholders, and is therefore an associate of each of Mr. Fung, Ms. Yeung and Ms. Fung under Rule 14A.12(1)(c) of the Listing Rules, and our connected person under Rule 14A.07(4) of the Listing Rules.

ONE-OFF CONNECTED TRANSACTIONS

Lease Agreements

On [●], we entered into a lease agreement with Tranquil Management, pursuant to which we agreed to lease from Tranquil Management certain premises with a total gross area of approximately 2,622.8 sq.m. in Hong Kong as our warehouse and office, for a term of three years from the [**REDACTED**] at the monthly rental of HK$352,900.

On [●], we entered into a lease agreement with Tenglong Development, pursuant to which we agreed to lease from Tenglong Development certain premises with a total gross area of approximately 7,432.8 sq.m. in Shenzhen as our warehouse, for a term of three years from the [**REDACTED**] at the monthly rental of RMB230,000.

Our Directors confirmed that the monthly rentals of the foregoing lease agreements (collectively the "**Lease Agreements**") were determined after arm's length negotiations between the parties with reference to the then prevailing market conditions and rental rate of similar warehouses or office facilities in the vicinity.

Reasons for and benefits of the transaction

We had been using the premises under the Lease Agreements at the same monthly rent during the Track Record Period. Any relocation may cause unnecessary disruption to our operations and incur additional costs. The continuation of such lease is cost efficient and is beneficial to our operations.

In light of the above, our Directors are of the view that the transactions under the Lease Agreements are fair and reasonable and in the best interest of our Group and the Shareholders as a whole.

Accounting treatment of the Lease Agreements

In accordance with IFRS 16 "Leases", we will recognise right-of-use assets on our consolidated statements of financial position in connection with the transactions contemplated under each of the Lease Agreements. As such, the transaction contemplated thereunder would be regarded as an acquisition of assets by us for the purposes of the Listing Rules.

Listing Rules implications

The transactions contemplated under the Lease Agreements are one-off transactions entered into by us prior to [**REDACTED**]. Such transactions will not, following the [**REDACTED**], constitute our continuing connected transactions under Chapter 14A of the Listing Rules, and will not be subject to further requirements under the Listing Rules. We will comply with the relevant requirements under Chapter 14A of the Listing Rules should there be any material change to the terms of the Lease Agreements, or in the event we enter into any other connected transactions in relation thereto after the [**REDACTED**].