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## CONTINUING CONNECTED TRANSACTIONS

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The following ongoing connected transactions of our Group will constitute continuing connected transactions (as defined under Chapter 20 of the GEM Listing Rules) of our Company upon the Listing:

- (i) the Lease Agreement between Billion Treasure and Choi Fook Holdings for the leasing of the Leased Property located at Unit E2 on the 28th Floor of Block 1 and Unit F on the 28th Floor of Block 2, Vigor Industrial Building, 49-53 Ta Chuen Ping Street, Kwai Chung, New Territories, Hong Kong;
- (ii) the Stationery Supply Agreement between Ka Ho Educational Paper and Choi Fook Holdings for the provision of stationery to our Group; and
- (iii) the Cleaning and Sanitary Materials Supply Agreement between Tai Cheong Hong and Choi Fook Holdings for the provision of cleaning and sanitary materials to our Group.

### **Relationship between our Group and the connected persons**

Billion Treasure is a company incorporated in Hong Kong with limited liability, the issued share capital of which is owned as to approximately 53.1% by Mr. Cheung KH and approximately 46.9% by Mr. Cheung KK, each of whom a Controlling Shareholder and executive Director. Billion Treasure is principally engaged in property investment in Hong Kong and the provision of Wedding Services under the trade name of “*U Weddings*” prior to 25 November 2013, being the completion date of the Asset Transfer Agreement.

Ka Ho Educational Paper is a company incorporated in Hong Kong with limited liability, the issued share capital of which is owned as to 50% by Mr. Lam Tsz Fung and 50% by Ms. Lam Hoi Yee, Candice, the brother-in-law and sister-in-law of Mr. Cheung KH, respectively. Ka Ho Educational Paper is principally engaged in the sale of stationery.

Tai Cheong Hong is a sole proprietorship set up in Hong Kong which is run by Mr. Cheung KK, being one of our Controlling Shareholders and executive Director. Tai Cheong Hong is principally engaged in the sale of cleaning and sanitary materials.

### **Continuing connected transactions exempt from the reporting, annual review, announcement and independent shareholders’ approval requirements**

We have entered into the following agreements or transactions with connected persons of our Company which was made on normal commercial terms where each of the relevant percentage ratios (as defined in Rule 19.07 of the GEM Listing Rules) (other than the profits ratio) calculated for the purpose of Chapter 20 of the GEM Listing Rules are less than 5% and the annual consideration is less than HK\$1,000,000. By virtue of Rule 20.33(3) of the GEM Listing Rules, such transactions are exempt from the reporting, annual review, announcement and independent shareholders’ approval requirements under Chapter 20 of the GEM Listing Rules.

#### **1. *The Lease Agreement***

On 1 July 2013, Choi Fook Holdings as tenant and Billion Treasure as landlord entered into the Lease Agreement for the leasing of the Leased Property located at Unit E2 on the 28th Floor of Block 1 and Unit F on the 28th Floor of Block 2, Vigor Industrial Building, 49-53 Ta Chuen Ping Street, Kwai Chung, New Territories, Hong Kong for a term of 3 years from 1 July 2013 to 30 June 2016 at a monthly rent of HK\$35,000 exclusive of rate and management fee.

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At any time during the Lease Agreement, either party may give the other not less than three months' prior written notice to terminate the agreement. Choi Fook Holdings has the option to renew the Lease Agreement for a further term of three years at a rent to be determined based on the then prevailing market rate.

The monthly rental of HK\$35,000 was determined after arm length's negotiations between the parties with reference to the then prevailing rates for similar properties in the vicinity as well as costs and time saved in identifying a third party lessor/lessee. The rental rate is less than the market rental value of the Leased Property as at 30 June 2013, according to a valuation report issued by Norton Appraisals Limited, our independent property valuer.

Our Group paid HK\$840,000 and HK\$660,000 to Billion Treasure for the lease of the Leased Property and another property located at Units E1 and F on the 28th Floor of Block 1, Vigor Industrial Building, 49-53 Ta Chuen Ping Street, Kwai Chung, New Territories, Hong Kong for each of the two years ended 31 December 2012, respectively. We ceased leasing the latter property from Billion Treasure since July 2012. We will use the Leased Property as the head office of our Group. We paid HK\$275,000 to Billion Treasure for the lease of the Leased Property for the seven months ended 31 July 2013.

The lease of the Leased Property will continue after Listing for the term of the Leased Agreement. It is proposed that the annual caps for the rental payable under the Lease Agreement will be HK\$450,000, HK\$420,000 and HK\$420,000 for each of the three years ending 31 December 2013, 2014 and 2015, respectively. The annual caps were arrived at with reference to the actual rental payable under the Lease Agreement.

As each of the applicable percentage ratio(s) (as defined in Rule 19.07 of the GEM Listing Rules) (other than the profits ratio) with respect to the transaction contemplated under the Lease Agreement is on an annual basis less than 5% and the annual consideration is less than HK\$1,000,000, the transaction is exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

### **2. *The Stationery Supply Agreement***

On 30 October 2013, Choi Fook Holdings as purchaser and Ka Ho Educational Paper as supplier entered into the Stationery Supply Agreement, pursuant to which Ka Ho Educational Paper agreed to supply stationery to our Group for a period of three years from 30 October 2013 to 29 October 2016 (both days inclusive). The Stationery Supply Agreement does not specify the minimum amount of purchase at which our Group has to purchase the products from Ka Ho Educational Paper each year.

Pursuant to the Stationery Supply Agreement, Ka Ho Educational Paper agreed to sell to us stationery for the use and consumption of our Group during its term at prices and on other terms and conditions no less favourable than those offered by Ka Ho Educational Paper at or about the same time to any other independent third parties of comparable quantities of the products in comparable market circumstances.

Our Group paid a total purchase price of approximately HK\$288,000, HK\$264,000 and HK\$238,000 to Ka Ho Educational Paper for stationery for the two years ended 31 December 2012 and the seven months ended 31 July 2013, respectively. The purchases of stationery from Ka Ho Educational Paper will continue after the Listing for the term of the Stationery Supply Agreement. It is proposed that the annual caps for the supply of stationery under the Stationery Supply Agreement will be approximately HK\$460,000, HK\$530,000 and HK\$610,000 for each of the three years ending 31 December 2013, 2014 and 2015, respectively. The annual caps were determined by our Directors with reference to (i) the historical transaction amounts for the purchase of stationery from

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Ka Ho Educational Paper for the two years ended 31 December 2012 and the seven months ended 31 July 2013; (ii) the future expansion of our Group's restaurant business which is expected to result in the increase in the consumption of stationery; and (iii) the expected increase in the prices of products during the three years ending 31 December 2015.

Our Group has occupied and used the Leased Property as our head office during the Track Record Period. The entering into of the Lease Agreement allows us to maintain the stable operation of our Group. Ka Ho Educational Paper had been supplying stationery to our Group during the Track Record Period. The entering into of the Stationery Supply Agreement allows our Group to obtain long term stable supply of stationery for its operation. Our Directors are of the view that each of the Lease Agreement and the Stationery Supply Agreement has been entered into in the ordinary and usual course of business of our Group and on normal commercial terms, fair and reasonable and in the interests of our Company and Shareholders as a whole.

### **Continuing connected transaction exempt from independent shareholders' approval requirement but subject to annual review, reporting and announcement requirements**

We have entered into the following agreement or transaction with a connected person of our Company which will be exempt from independent shareholders' approval requirement but subject to the reporting, annual review and announcement requirements under Rule 20.34 of the GEM Listing Rules.

As each of the applicable percentage ratio(s) (as defined in Rule 19.07 of the GEM Listing Rules) (other than the profits ratio) with respect to the transactions contemplated under the Cleaning and Sanitary Materials Supply Agreement is on an annual basis more than 5% but less than 25% and the annual consideration is expected to be less than HK\$10,000,000, the transactions are exempt from the independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

### **The Cleaning and Sanitary Materials Supply Agreement**

On 30 October 2013, Choi Fook Holdings as purchaser and Tai Cheong Hong as supplier entered into the Cleaning and Sanitary Materials Supply Agreement, pursuant to which Tai Cheong Hong agreed to supply cleaning and sanitary materials to our Group for a period of three years from 30 October 2013 to 29 October 2016 (both days inclusive). The cleaning and sanitary materials are supplied to us for our own consumption in connection with our restaurant business. The Cleaning and Sanitary Materials Supply Agreement does not specify the minimum amount of purchase at which our Group has to purchase the products from Tai Cheong Hong each year.

Pursuant to the Cleaning and Sanitary Materials Supply Agreement, Tai Cheong Hong agreed to sell to us cleaning and sanitary materials for the use and consumption of our Group during its term at prices and on other terms and conditions no less favourable than those offered by Tai Cheong Hong at or about the same time to any other independent third parties of comparable quantities of the products in comparable market circumstances. Tai Cheong Hong shall be entitled to charge interest on the outstanding amount of any sums owing by us at the rate of 5% from time to time from the date of payment become due until actual payment in full. Tai Cheong Hong shall replace any products which are not in a condition reasonably satisfactory to us on delivery to us. Payment will be made by us within 30 days of Tai Cheong Hong issuing an invoice in respect thereof, but in any event no later than 30 days after delivery.

Our Group paid a total purchase price of approximately HK\$945,000, HK\$1,020,000 and HK\$713,000 to Tai Cheong Hong for the cleaning and sanitary materials for the two years ended 31 December 2012 and the seven months ended 31 July 2013, respectively.

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The purchase of cleaning and sanitary materials from Tai Cheong Hong will continue after the Listing for the term of the Cleaning and Sanitary Materials Supply Agreement. It is proposed that the annual caps for the supply of cleaning and sanitary materials under the Cleaning and Sanitary Materials Supply Agreement will be HK\$1.47 million, HK\$1.74 million and HK\$2.09 million for each of the three years ending 31 December 2013, 2014 and 2015, respectively. The annual caps were determined by our Directors with reference to (i) the historical transaction amounts for the purchase of cleaning and sanitary materials from Tai Cheong Hong of approximately HK\$945,000, HK\$1,020,000 and HK\$713,000 for the two years ended 31 December 2012 and the seven months ended 31 July 2013, respectively; (ii) the plan of opening one more new restaurant in November 2013 and one new restaurant in each of 2014 and 2015 which are expected to result in the increase in the consumption of cleaning and sanitary materials estimated based on the historical amount of usage of existing restaurants of similar gross floor area and location; and (iii) the expected increase in the prices of products during the three years ending 31 December 2015 with reference to an inflation rate of 5% per annum.

Tai Cheong Hong had been supplying cleaning and sanitary materials to our Group during the Track Record Period for our Group's restaurant operation. The entering into of the Cleaning and Sanitary Materials Supply Agreement allows us to obtain long term stable supply of cleaning and sanitary materials for our restaurant operation. Our Directors are of the view that the Cleaning and Sanitary Materials Supply Agreement has been entered into in the ordinary and usual course of business of our Group and on normal commercial terms, fair and reasonable and in the interest of our Company and our Shareholders as a whole.

As each of the applicable percentage ratio(s) (as defined in Rule 19.07 of the GEM Listing Rules) (other than the profits ratio) with respect to the transactions contemplated under the Cleaning and Sanitary Materials Supply Agreement is on an annual basis more than 5% but less than 25% and the annual consideration is expected to be less than HK\$10,000,000, the transactions are exempt from the independent shareholders' approval requirement under Chapter 20 of the GEM Listing Rules.

### **Waiver from compliance with the GEM Listing Rules**

Under the GEM Listing Rules, the continuing connected transaction carried out under the Cleaning and Sanitary Materials Supply Agreement would require compliance with the annual review, reporting and announcement requirements set out in Chapter 20 of the GEM Listing Rules. Given its recurrent nature and the fact that the Cleaning and Sanitary Materials Supply Agreement was entered into prior to the Listing Date, our Directors consider that compliance with the announcement requirement would be impracticable and would add unnecessary administrative costs to us. Accordingly, we, pursuant to Rule 20.42(3) of the GEM Listing Rules, has applied for, and the Stock Exchange has granted us, a waiver with respect to the continuing connected transaction contemplated under the Cleaning and Sanitary Materials Supply Agreement from announcement requirement of Chapter 20 of the GEM Listing Rules.

### **Confirmation from our Directors and the Sponsor**

Our Directors (including our independent non-executive Directors) are of the view that the continuing connected transactions described above have been entered into in the ordinary and usual course of business of our Group and on normal commercial terms. The terms and conditions of each of the Lease Agreement, the Stationery Supply Agreement and the Cleaning and Sanitary Materials Supply Agreement (including their respective annual caps for each of the three years ending 31 December 2013, 2014 and 2015) are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

The Sponsor confirms that the continuing connected transaction contemplated under the Cleaning and Sanitary Materials Supply Agreement for which waiver is sought has been entered into in the ordinary and usual course of business of our Group, on normal commercial terms and the terms of the transaction, including the proposed annual caps for the three years ending 31 December 2013, 2014 and 2015 are fair and reasonable and in the interests of our Company and our Shareholders as a whole.