
CONNECTED TRANSACTIONS

SUMMARY

During the Track Record Period and prior to the [REDACTED], we entered into various transactions with certain parties which are/were or which we consider to be connected persons as defined under the GEM Listing Rules after the [REDACTED] and which are expected to continue after the [REDACTED]. We set out below details of these connected transactions.

EXEMPTED CONTINUING CONNECTED TRANSACTIONS

1. Warehouse Rental Agreement

Background and historical transaction value

During the Track Record Period, SLL leased the warehouse at Factory C on the 8th Floor of Shun Wai Industrial Building, No.15 Yuk Yat Street, Tokwawan, Kowloon, Hong Kong ("**Warehouse**") from Luen Woo Cheong Investment Company Limited. The lease was renewed on 28 August 2014 for one year from 1 September 2014 to 31 August 2015 ("**Warehouse Rental Agreement**"). Luen Woo Cheong Investment Company Limited is a company incorporated in Hong Kong and is wholly and beneficially owned by uncles of Mr. Arthur Lam. Pursuant to the GEM Listing Rules, Luen Woo Cheong Investment Company Limited is an associate of Mr. Arthur Lam and is therefore a connected person.

GEM Listing Rules Implications

Since the lease pursuant to the Warehouse Rental Agreement is expected to continue after the [REDACTED], the leasing will constitute continuing connected transaction of the Group under the GEM Listing Rules.

The total rental paid by our Group to Luen Woo Cheong Investment Company Limited for leasing of the Warehouse for each of the two years ended 31 March 2014 and the six months ended 30 September 2014 were HK\$149,160, HK\$164,980 and HK\$90,400 respectively. The total rental payable for the year ending 31 March 2015 will be HK\$192,100. On such basis, each of the applicable percentage ratios of the aggregate transaction value on an annual basis is less than 5% and the aggregate transaction value on an annual basis will not exceed HK\$3,000,000. Accordingly, the Warehouse Rental Agreement will fall within the exemption from the reporting, announcement, annual review and independent Shareholders' approval requirements pursuant to Rule 20.74 of the GEM Listing Rules.

Our Directors (including the independent non-executive Directors) confirm that the Warehouse Rental Agreement and the continuing connected transactions thereunder were arrived at after arm's length negotiations, after taking into consideration of recent reported rental transactions in the same building, the terms of the Warehouse Rental Agreement are on normal commercial terms or better to the Group and are fair and reasonable and in the interests of our Group and the Shareholders as a whole.

CONNECTED TRANSACTIONS

2. I.T. Service Agreement

Background and historical transaction value

During the Track Record Period, Mpplication has provided the following information technology support services to our Group:

- (i) a customised ERP (SaaS) platform for SLL's daily operation;
- (ii) maintenance of SLL's website;
- (iii) provides full infrastructure to SLL;
- (iv) maintains enterprise security standard to SLL's information technology system;
- (v) on-site support;
- (vi) resolution of all information technology related issues of SLL; and
- (vii) email administration (collectively, "**I.T. Services**").

Mpplication is owned as to 100% by Mr. Mansfield Wong, Chairman of the Board, our Chief Executive Officer and an executive Director. Pursuant to the GEM Listing Rules, Mpplication is an associate of Mr. Mansfield Wong and is therefore a connected person.

Pursuant to a service agreement entered into between SLL and Mpplication on 1 August 2009 and renewed on 30 August 2012, SLL shall pay a fixed monthly service fee of HK\$53,000 to Mpplication. The service fee was subsequently reduced to HK\$28,000 pursuant to an amendment agreement entered on 26 March 2014 (together with the said agreement dated 1 August 2009 and renewed on 30 August 2012, the "**I.T. Service Agreement**"). The I.T. Service Agreement has a term of three years commencing on 30 August 2012.

GEM Listing Rules Implications

Since the transactions under the I.T. Service Agreement are expected to continue after the [REDACTED], the transaction thereunder will constitute continuing connected transaction of our Group under the GEM Listing Rules.

The total annual service fee paid by our Group for each of the two years ended 31 March 2014 was HK\$636,000 respectively and for the six months ended 30 September 2014 was HK\$168,000. The total annual service fee payable for the year ending 31 March 2015 will be HK\$336,000. On such basis, each of the applicable percentage ratios of the aggregate transaction value on an annual basis is less than 5% and the aggregate transaction value on an annual basis will not exceed HK\$3,000,000. Accordingly, the continuing connected transactions under the I.T. Service Agreement will fall within the exemption from the reporting, announcement, annual review and independent Shareholders' approval requirements pursuant to Rule 20.74 of the GEM Listing Rules.

Our Directors (including the independent non-executive Directors) confirm that the I.T. Service Agreement and the continuing connected transactions thereunder were arrived at after arm's length negotiations, the terms are fair and reasonable and are on normal commercial terms or better, and are in the interest of our Group and the Shareholders as a whole.

Save as disclosed above, our Directors confirmed that there are no other connected transactions or continuing connected transactions of our Group which are expected to continue upon [REDACTED]. We will closely monitor the above continuing connected transactions to ensure compliance with Chapter 20 of the GEM Listing Rules.