

## CONTINUING CONNECTED TRANSACTIONS

Prior to the Listing, the Company has had business relations with TG Group, a company which is wholly-owned by Mr. Zhu and Madam Yu. Given that Mr. Zhu is a Director of the Company and Mr. Zhu and Madam Yu are the controlling shareholders of the Company, TG Group is a connected person of the Company. The lease referred below between TG Tools, a wholly-owned subsidiary of the Company and TG Group and the amenity facilities provision agreement between TG Group (as facilities provider) and TG Tools, TG Aihe, Tianfa Forging and Tianji Packaging will constitute continuing connected transactions of the Company within the meaning of the Listing Rules, upon Listing.

### **Lease Agreement**

Pursuant to a lease agreement dated 28 February 2007, entered into between TG Tools, a wholly-owned subsidiary of the Company and TG Group, TG Group has agreed to lease to TG Tools the office premises of a building area of approximately 8,000 sq.m. situated at Tiangong building, Binjiang Avenue North, Houxiang Town, Danyang City, Jiangsu Province, the PRC (being the property numbered 3 referred to in the property valuation report as set out in Appendix IV to this prospectus) for a term commencing from 1 January 2007 to 31 December 2009 with fixed annual rentals of RMB600,000, which was determined with reference to an independent valuation. For the three years ended 31 December 2004, 2005 and 2006, the Group used the premises for free.

### **Amenity Facilities Provision Agreement**

Pursuant to an agreement dated 7 July 2007 between TG Group (as facilities provider) and TG Tools, TG Aihe, Tianfa Forging and Tianji Packaging, TG Group's amenity facilities will be open to employees of TG Tools, TG Aihe, Tianfa Forging and Tianji Packaging for an annual amenity fee of RMB400,000 for a term commencing from 1 July 2007 to 31 December 2009. The amenity facilities (which include table tennis courts, badminton courts) are located next to the office building where the headquarter of the Group locates. The fixed annual fee was determined with reference to the depreciation expenses and maintenance costs of the facilities. For the three years ended 31 December 2004, 2005 and 2006 and the three months ended 31 March 2007, employees of the Group used the premises for free.

Given that each of the annual rental payable under the lease and the fees payable under the amenity facilities provision agreement referred above is less than HK\$1,000,000 and none of the percentage ratios, on an annual basis, equals or exceeds 2.5%, the transactions are exempt continuing connected transactions of the Company pursuant to Rule 14A.33(3)(b) of the Listing Rules, which are not subject to any disclosure or shareholders approval requirement.

The Directors of the Company (including the independent non-executive Directors) confirm that the continuing connected transactions referred above have been entered into in the ordinary and usual course of business and on normal commercial terms and are fair and reasonable and in the interests of the Shareholders of the Company as a whole.