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## CONNECTED TRANSACTIONS

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### SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

#### Exempt Continuing Connected Transactions

Following the Listing, the following transactions will be regarded as continuing connected transactions exempt from the reporting, announcement, annual review and independent Shareholders' approval requirements under Rule 14A.33 of the Listing Rules.

##### *Transactions with KGL Group*

###### *Connected person and relationship*

KGL is a Substantial Shareholder and a Controlling Shareholder of our Company and is therefore a connected person of our Company under the Listing Rules.

###### *Background and nature of transactions*

In the ordinary and usual course of business, we have entered into transactions with the KGL Group for us to provide leased premises, services including delivery, storage, local courier, logistics, insurance and sale of goods to the KGL Group. Following the Listing, we expect to continue to enter into such transactions with the KGL Group on normal commercial terms. We have also entered into and, following the Listing, expect to continue to enter into, transactions with the KGL Group to license certain trademarks through Kuok Registrations Limited to us for a nominal fee. In addition, it is also expected that the KGL Group will provide legal and administrative services to us (collectively, the "KGL Transactions"). The amounts paid by the KGL Group to us were determined after arm's length negotiations between the parties with reference to prevailing market rates for similar types of premises, goods and services.

###### *Historical transaction amounts*

No amount was paid by us under the KGL Transactions for the years ended 31 December 2010, 2011, 2012 and the six months ended 30 June 2013.

The aggregate amounts received by us under the KGL Transactions for the years ended 31 December 2010, 2011, 2012 and the six months ended 30 June 2013 were approximately HK\$0.6 million, HK\$1.0 million, HK\$4.4 million and HK\$6.4 million, respectively.

###### *Listing Rules requirements*

As (i) each of the applicable percentage ratios in respect of the KGL Transactions under the Listing Rules is, on an annual basis, expected to be less than 0.1% and falls within the de minimis threshold as stipulated under Rule 14A.33(3) of the Listing Rules and (ii) the KGL Transactions are on normal commercial terms, the KGL Transactions are exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements under Rules 14A.37 and 14A.45 to 14A.48 of the Listing Rules.

We will comply with the reporting, annual review, announcement and independent Shareholders' approval requirements in accordance with the Listing Rules if any of the percentage ratios with respect of the amounts payable or receivable under the KGL Transactions exceeds the de minimis threshold as stipulated under Rule 14A.33(3) of the Listing Rules.

##### *Transactions with KPL*

###### *Connected person and relationship*

KPL is a Substantial Shareholder and a Controlling Shareholder of our Company and is therefore a connected person of our Company under the Listing Rules.

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### *Background and nature of transactions*

In the ordinary and usual course of business, we have entered into and, following the Listing, expect to continue to enter into transactions (the "KPL Transactions") with KPL Group on normal commercial terms (i) for us to provide services including delivery, shuttle bus, local courier, freight, freight agency, and insurance to KPL Group; and (ii) for KPL Group to provide leased premises to us. In addition, following our transfer of Kerry D.G. Warehouse (Kowloon Bay) to the KPL Group pursuant to a sale and purchase agreement dated 29 November 2013, it is expected that the KPL Group will license certain premises to us with respect to Kerry D.G. Warehouse (Kowloon Bay). The amounts paid by us to the KPL Group, and vice versa, were determined after arm's length negotiations between the parties with reference to prevailing market rates for similar types of premises, goods and services.

### *Historical transaction amounts*

The aggregate amounts paid by us under the KPL Transactions for the years ended 31 December 2010, 2011, 2012 and the six months ended 30 June 2013 were approximately HK\$4.5 million, HK\$5.8 million, HK\$6.0 million and HK\$2.3 million, respectively.

The aggregate amounts received by us under the KPL Transactions for the years ended 31 December 2010, 2011, 2012 and the six months ended 30 June 2013 were approximately HK\$0.2 million, HK\$1.4 million, HK\$6.5 million and HK\$4.7 million, respectively.

### *Listing Rules requirements*

As (i) each of the applicable percentage ratios in respect of the KPL Transactions under the Listing Rules is, on an annual basis, expected to be less than 0.1% and falls within the de minimis threshold as stipulated under Rule 14A.33(3) of the Listing Rules and (ii) the KPL Transactions are on normal commercial terms, the KPL Transactions are exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements under Rules 14A.37 and 14A.45 to 14A.48 of the Listing Rules.

We will comply with the reporting, annual review, announcement and independent Shareholders' approval requirements in accordance with the Listing Rules if any of the percentage ratios with respect of the amounts payable or receivable under the KPL Transactions exceeds the de minimis threshold as stipulated under Rule 14A.33(3) of the Listing Rules.

### ***Transactions with Kerry Hung Kai Warehouse (Cheung Sha Wan) Limited***

#### *Connected person and relationship*

Kerry Hung Kai Warehouse (Cheung Sha Wan) Limited ("KHK") is an associate of KPL, which is a Substantial Shareholder and a Controlling Shareholder of our Company and is therefore a connected person of our Company under the Listing Rules.

#### *Background and nature of transactions*

In the ordinary and usual course of business, we have entered into and, following the Listing, expect to continue to enter into transactions (the "KHK Administrative Transactions") with KHK for us to provide management and IT support services to KHK.

#### *Historical transaction amounts*

The aggregate amounts received by us under the KHK Administrative Transactions for the years ended 31 December 2010, 2011, 2012 and the six months ended 30 June 2013 were approximately HK\$1.2 million, HK\$1.1 million, HK\$1.1 million and HK\$0.5 million, respectively.

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### *Listing Rules requirements*

As such services to KHK were charged at cost, the KHK Administrative Transactions are exempted continuing connected transactions under Rule 14A.31(8) of the Listing Rules.

### ***Transactions with Shangri-La Asia Limited***

#### *Connected person and relationship*

Shangri-La Asia Limited is an associate of KGL, which is a Substantial Shareholder and a Controlling Shareholder of our Company, and is therefore a connected person of our Company under the Listing Rules.

#### *Background and nature of transactions*

In the ordinary and usual course of business, we have entered into and, following the Listing, expect to continue to enter into transactions (the "Shangri-La Transactions") with Shangri-La Asia Limited and its subsidiaries on normal commercial terms (i) for both parties to mutually provide leased premises; and (ii) for us to provide services including delivery, local courier, freight, freight agency and insurance and sale of goods to Shangri-La Asia Limited and its subsidiaries. The amounts paid by us to Shangri-La Asia Limited and its subsidiaries, and vice versa, were determined after arm's length negotiations between the parties with reference to prevailing market rates for similar types of premises, goods and services.

#### *Historical transaction amounts*

The aggregate amounts paid by us under the Shangri-La Transactions for the years ended 31 December 2010, 2011, 2012 and the six months ended 30 June 2013 were approximately HK\$1.3 million, HK\$1.9 million, HK\$1.7 million and HK\$1.1 million, respectively.

The aggregate amounts received by us under the Shangri-La Transactions for the years ended 31 December 2010, 2011, 2012 and the six months ended 30 June 2013 were HK\$1.7 million, HK\$2.0 million, HK\$2.3 million and HK\$1.2 million, respectively.

#### *Listing Rules requirements*

As (i) each of the applicable percentage ratios in respect of the Shangri-La Transactions under the Listing Rules is, on an annual basis, expected to be less than 0.1% and falls within the de minimis threshold as stipulated under Rule 14A.33(3) of the Listing Rules and (ii) the Shangri-La Transactions are on normal commercial terms, the Shangri-La Transactions are exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements under Rules 14A.37 and 14A.45 to 14A.48 of the Listing Rules.

We will comply with the reporting, annual review, announcement and independent Shareholders' approval requirements in accordance with the Listing Rules if any of the percentage ratios with respect of the amounts payable or receivable under the Shangri-La Transactions exceeds the de minimis threshold as stipulated under Rule 14A.33(3) of the Listing Rules.

### ***Transactions with Kerry Mining (Mongolia) Limited***

#### *Connected person and relationship*

Kerry Mining (Mongolia) Limited is an associate of KGL, which is a Substantial Shareholder and a Controlling Shareholder of our Company, and is therefore a connected person of our Company under the Listing Rules.

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### *Background and nature of transactions*

In the ordinary and usual course of business, we have entered into and, following the Listing, expect to continue to enter into transactions (the “Kerry Mining Transactions”) with Kerry Mining (Mongolia) Limited and its subsidiaries on normal commercial terms for us to provide insurance services to Kerry Mining (Mongolia) Limited and its subsidiaries. The amounts paid by Kerry Mining (Mongolia) Limited and its subsidiaries to us were determined after arm’s length negotiations between the parties with reference to prevailing market rates for similar insurance services.

### *Historical transaction amounts*

The aggregate amounts received by us under the Kerry Mining Transactions for the year ended 31 December 2012 and the six months ended 30 June 2013 were approximately HK\$0.01 million and HK\$0.06 million, respectively. We had no transactions with Kerry Mining (Mongolia) Limited prior to 2012.

### *Listing Rules requirements*

As (i) each of the applicable percentage ratios in respect of the Kerry Mining Transactions under the Listing Rules is, on an annual basis, expected to be less than 0.1% and falls within the de minimis threshold as stipulated under Rule 14A.33(3) of the Listing Rules and (ii) the Kerry Mining Transactions are on normal commercial terms, the Kerry Mining Transactions are exempt from the reporting, annual review, announcement and independent Shareholders’ approval requirements under Rules 14A.37 and 14A.45 to 14A.48 of the Listing Rules.

We will comply with the reporting, annual review, announcement and independent Shareholders’ approval requirements in accordance with the Listing Rules if any of the percentage ratios with respect of the amounts receivable under the Kerry Mining Transactions exceeds the de minimis threshold as stipulated under Rule 14A.33(3) of the Listing Rules.

### ***Transactions with Aartco Holding B.V.***

#### *Connected person and relationship*

Aartco Holding B.V., formerly known as Adcoint B.V., is a Substantial Shareholder of one of our subsidiaries, and is therefore a connected person of our Company under the Listing Rules.

#### *Background and nature of transactions*

In the ordinary and usual course of business, we have entered into and, following the Listing, expect to continue to enter into transactions (the “Aartco Transactions”) with Aartco Holding B.V. on normal commercial terms for Aartco Holding B.V. to provide leased premises to us. The amounts paid by us to Aartco Holding B.V. were determined after arm’s length negotiations between the parties with reference to prevailing market rates for similar types of premises.

#### *Historical transaction amounts*

The aggregate amounts paid by us under the Aartco Transactions for the years ended 31 December 2010, 2011, 2012 and the six months ended 30 June 2013 were approximately HK\$1.4 million, HK\$5.5 million, HK\$5.3 million and HK\$2.5 million, respectively.

#### *Listing Rules requirements*

As (i) each of the applicable percentage ratios in respect of the Aartco Transactions under the Listing Rules is, on an annual basis, expected to be less than 0.1% and falls within the de minimis threshold as stipulated under Rule 14A.33(3) of the Listing Rules and (ii) the Aartco Transactions are on normal commercial terms, the Aartco Transactions are exempt from the reporting, annual review, announcement and independent Shareholders’ approval requirements under Rules 14A.37 and 14A.45 to 14A.48 of the Listing Rules.

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We will comply with the reporting, annual review, announcement and independent Shareholders' approval requirements in accordance with the Listing Rules if any of the percentage ratios with respect of the amounts payable under the Aartco Transactions exceeds the de minimis threshold as stipulated under Rule 14A.33(3) of the Listing Rules.

### ***Transactions with Albini & Pitigliani SPA***

#### *Connected person and relationship*

Albini & Pitigliani SPA is a Substantial Shareholder of one of our subsidiaries, and is therefore a connected person of our Company under the Listing Rules.

#### *Background and nature of transactions*

In the ordinary and usual course of business, we have entered into and, following the Listing, expect to continue to enter into transactions (the "Albini Transactions") with Albini & Pitigliani SPA on normal commercial terms for both parties to mutually provide land transportation services. The amounts paid by us to Albini & Pitigliani SPA, and vice versa, were determined after arm's length negotiations between the parties with reference to prevailing market rates for similar services.

#### *Historical transaction amounts*

The aggregate amount paid by us under the Albini Transactions for the six months ended 30 June 2013 was approximately HK\$1.0 million.

The aggregate amount received by us under the Albini Transactions for the six months ended 30 June 2013 was approximately HK\$0.9 million. We had no transactions with Albini & Pitigliani SPA prior to 2013.

#### *Listing Rules requirements*

As (i) each of the applicable percentage ratios in respect of the Albini Transactions under the Listing Rules is, on an annual basis, expected to be less than 0.1% and falls within the de minimis threshold as stipulated under Rule 14A.33(3) of the Listing Rules and (ii) the Albini Transactions are on normal commercial terms, the Albini Transactions are exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements under Rules 14A.37 and 14A.45 to 14A.48 of the Listing Rules.

We will comply with the reporting, annual review, announcement and independent Shareholders' approval requirements in accordance with the Listing Rules if any of the percentage ratios with respect of the amounts payable or receivable under the Albini Transactions exceeds the de minimis threshold as stipulated under Rule 14A.33(3) of the Listing Rules.

### **Continuing Connected Transactions exempt from independent Shareholders' approval requirements**

Following the Listing, the following transactions will be regarded as continuing connected transactions exempt from independent Shareholders' approval requirement but subject to the reporting and announcement requirements under Rule 14A.34 of the Listing Rules.

### ***Transactions with KHK***

#### *Connected person and relationship*

KHK is an associate of KPL, which is a Substantial Shareholder and a Controlling Shareholder of our Company, and is therefore a connected person of our Company under the Listing Rules.

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## CONNECTED TRANSACTIONS

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### *Background*

In the ordinary and usual course of business, we have entered into and, following the Listing, expect to continue to enter into transactions with KHK on normal commercial terms for KHK to provide leased premises to us (the “KHK Transactions”) for use as warehouses and car parking spaces and to provide related building management services. The amounts paid by us to KHK were determined after arm’s length negotiations between the parties with reference to prevailing market rates for similar types of premises and services.

### *Historical transaction amounts*

The aggregate amounts paid by us under the KHK Transactions for the years ended 31 December 2010, 2011, 2012 and the six months ended 30 June 2013 were approximately HK\$31.2 million, HK\$36.6 million, HK\$37.1 million and HK\$19.3 million, respectively.

### *Annual caps*

Our Directors estimate that the annual transaction amounts for the KHK Transactions will not exceed the following annual caps for the years ending 31 December 2013, 2014 and 2015:

	Year ending 31 December		
	2013	2014	2015
		(HK\$)	
Aggregate amounts paid by us under the KHK Transactions . . . . .	39.0 million	42.0 million	46.0 million

In arriving at the above annual caps, our Directors have considered factors including historical and current rental and building management fees for the premise leased under the KHK Transactions, the prevailing market rates for rental and building management fees for comparable properties in the nearby area, and inflation.

We have entered into rental agreements and car parking spaces rental letters (the “KHK Agreements”) with KHK in respect of the KHK Transactions, pursuant to the requirements under Rule 14A.35 of the Listing Rules. Such KHK Agreements are for a fixed term of not more than three years and are on normal commercial terms.

### *Listing Rules requirements*

Since the highest of all applicable percentage ratios for the transactions under the KHK Transactions calculated in accordance with Rule 14.07 of the Listing Rules is more than 0.1% but less than 5%, the KHK Transactions are continuing connected transactions subject to the reporting and announcement requirements set forth in Rules 14A.45 to 14A.47, the annual review requirements set forth in Rules 14A.37 to 14A.40 and the requirements set forth in Rules 14A.35(1) and Rules 14A.35(2) of the Listing Rules, but exempt from the independent Shareholders’ approval requirement under Rule 14A.48 of the Listing Rules.

## **WAIVER**

### **Application for Waiver**

We expect to continue to enter into or carry out the transactions described above under the heading “— Continuing Connected Transactions exempt from independent Shareholders’ approval requirements” following the Listing and these transactions will constitute continuing connected transactions for us under the Listing Rules following the Listing.

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### Scope of Waiver

Under the Listing Rules, the transactions described above under the heading “— Continuing Connected Transactions exempt from independent Shareholders’ approval requirements” are considered continuing connected transactions under Rule 14A.35 of the Listing Rules subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47, the annual review requirements set out in Rules 14A.37 to 14A.40 and the requirements set out in Rules 14A.35(1) and Rules 14A.35(2) of the Listing Rules, but exempt from the independent Shareholders’ approval requirement under Rule 14A.48 of the Listing Rules.

As these connected transactions are expected to be carried out on a continuing and recurring basis and are expected to extend over a period of time, our Directors consider that strict compliance with the announcement requirements under the Listing Rules would be unduly burdensome, impractical and would add unnecessary administrative costs to us. Accordingly, our Directors have applied to and received from the Hong Kong Stock Exchange a waiver from strict compliance with the announcement requirements relating to continuing connected transactions under Chapter 14A of the Listing Rules. We will however comply with the applicable provisions under Rules 14A.35(1), 14A.35(2), 14A.36, 14A.37, 14A.38, 14A.39 and 14A.40 of the Listing Rules.

In the event of any future amendments to the Listing Rules imposing more stringent requirements than those as at the date of this prospectus on the continuing connected transactions referred to in this section including, but not limited to, a requirement that these transactions be made conditional upon our independent Shareholders’ approval, we will take immediate steps to ensure compliance with such requirements.

### Opinion of our Directors

Our Directors (including our Independent Non-executive Directors) are of the opinion that (i) each of the continuing connected transactions described above has been entered into and will be carried out in the ordinary and usual course of business and on normal commercial terms, (ii) each of the continuing connected transactions described above is fair and reasonable and in the interest of our Shareholders as a whole, and (iii) the maximum aggregate annual value for these continuing connected transactions (where applicable) are fair and reasonable as far as our Shareholders as a whole are concerned.

In addition, we will comply with the reporting requirements and disclose the details of the transactions in our subsequent annual reports for each of the three years ending 31 December 2015 pursuant to Rules 14A.25 and 14A.46 of the Listing Rules. Upon the expiry of the waiver after 31 December 2015, we will comply with the applicable provisions of Chapter 14A of the Listing Rules as amended from time to time or apply for relevant waivers.

### Confirmation from the Joint Sponsors

The Joint Sponsors are of the view that (i) the terms of KHK Agreements are in the ordinary and usual course of our business, on normal commercial terms and are fair and reasonable and in the interests of our Shareholders as a whole and (ii) the maximum aggregate annual value for the KHK Transactions are fair and reasonable as far as our Shareholders as a whole are concerned. In arriving at their views, the Joint Sponsors have received and considered an opinion letter from DTZ Debenham Tie Leung Limited which, after reviewing the KHK Transactions, has confirmed that (a) the terms and conditions thereof are fair and reasonable and (b) the amounts payable thereunder reflect prevailing market rates.