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## CONTINUING CONNECTED TRANSACTIONS

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### CONNECTED TRANSACTIONS

During the Track Record Period, we have entered into a number of related party transactions, details of which are set out in notes 25 and 34(a) to the accountants’ report set out in appendix I to this [REDACTED]. Our Directors have confirmed that these related party transactions were conducted in the ordinary course of business and on normal commercial terms. Save as described in this section below, these related party transactions have discontinued before the [REDACTED].

Following the listing of our Shares on the Stock Exchange, the following transaction will continue between our Group and Mega Billion, which will constitute continuing connected transactions under the Listing Rules.

#### **Exempt Continuing Connected Transaction**

The following transaction, which constitutes continuing connected transaction exempt from all reporting, annual review, announcement and independent shareholders’ approval (including independent financial advice) requirements under Chapter 14A of the Listing Rules, is expected to continue following the Listing.

#### *Lease Agreement with Mega Billion*

On 27 June 2014, Sing Fat Construction, as tenant, entered into the Lease Agreement with Mega Billion, as landlord, for a term commencing from 1 July 2014 and ending on 30 June 2016 in respect of the Office Premises located at Workshops 1, 2, 3, 5, 6 and 7, 23/F, China United Plaza, 1008 Tai Nan West Street, Kowloon, Hong Kong with a total gross floor area of approximately 4,400 square feet for use by our Group as office at a monthly rental of HK\$75,000 (which was arrived at after arm’s length negotiations between Sing Fat Construction and Mega Billion with reference to the prevailing market rent of the surrounding comparable office premises in the vicinity of the office premises based on the valuation of an independent valuer appointed by our Group). Please also refer to the section headed “Business – Property interests” for further details of the Lease Agreement.

Mega Billion is owned as to approximately 5.04% by Mr. Chan Lo Kin, approximately 6.42% by Mr. Kan Man Hoo, approximately 11.16% by Mr. Kan Yiu Keung, approximately 11.16% by Mr. Kan Yiu Kwok, approximately 14.52% by Mr. Lai Kwan Hin, approximately 40.31% by Mr. Liu Su Ke, approximately 5.58% by Mr. Liu Winson Wing Sun and approximately 5.80% by Mr. Yau Shik Fan, Eddy. Each of Mr. Chan Lo Kin, Mr. Liu Su Ke, Mr. Liu Winson Wing Sun and Mr. Kan Yiu Keung is also a director of Mega Billion. As confirmed by our Directors, except for holding of the Office Premises, Mega Billion has no other substantial operations.

As Mega Billion is owned by our Controlling Shareholders and Mr. Chan Lo Kin, Mr. Liu Su Ke, Mr. Liu Winson Wing Sun, Mr. Kan Yiu Keung and Mr. Kan Yiu Kwok are our Directors, Mega Billion is a connected person of our Company under the Listing Rules. Accordingly, the transaction under the Lease Agreement constitutes continuing connected transactions of our Company under the Listing Rules following the Listing.

## **CONTINUING CONNECTED TRANSACTIONS**

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Our Directors (including our independent non-executive Directors) are of the view that the Lease Agreement has been entered into on normal commercial terms, on arm’s length basis, in the ordinary and usual course of business of our Group and that the terms of the Lease Agreement are fair and reasonable and in the interests of our Shareholders as a whole.

It is expected that the rental payable by our Group on an annual basis under the Lease Agreement will be HK\$900,000 for each of the two years ending 30 June 2016.

Since each of the applicable percentage ratios (other than the profits ratio) on an annual basis is less than 5% and the annual consideration payable under the Lease Agreement is less than HK\$3,000,000, the Lease Agreement is fully exempt from all reporting, annual review, announcement and independent shareholders’ approval (including independent financial advice) requirements under Chapter 14A of the Listing Rules.