

CONTINUING CONNECTED TRANSACTIONS

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS UNDER RULE 14A.76(2) OF THE LISTING RULES

Following the [REDACTED], we will continue to have certain continuing connected transactions (collectively, the “**Transactions**”) which will, on an aggregate basis, constitute exempt continuing connected transactions under Rule 14A.76(2) of the Listing Rules and will be exempt from the circular (including independent financial advice) and shareholders’ approval requirements. Details of the Transactions are as follows:

Tenancy Agreements

Pegatrack, our wholly-owned subsidiary, as tenant, has entered into the following tenancy agreements (the “**Tenancy Agreements**”) which will continue after the [REDACTED]:

<u>Landlord</u>	<u>Location</u>	<u>Gross area</u>	<u>Term</u>	<u>Annual rent payable</u>	<u>Use of property</u>	<u>Historical rent</u>
Open Gain Limited . . .	Unit A2, 5/F., Hong Kong Spinners Industrial Building, Phase 6, 481 Castle Peak Road, Cheung Sha Wan, Kowloon	1,276 sq. ft.	1 February 2016 to 31 December 2018	2016: HK\$220,000 2017: HK\$264,000 2018: HK\$290,400	Industrial/Office	2013: US\$30,194 2014: US\$30,163 2015: US\$29,412
PBS Ventures Limited.	Unit A5, 5/F., Hong Kong Spinners Industrial Building, Phase 6, 481 Castle Peak Road, Cheung Sha Wan, Kowloon	2,953 sq. ft.	1 February 2016 to 31 December 2018	2016: HK\$484,000 2017: HK\$580,800 2018: HK\$638,880	Industrial/Office	2013: US\$54,194 2014: US\$54,139 2015: US\$68,111
Nice Achieve Limited .	Unit A6, 5/F., Hong Kong Spinners Industrial Building, Phase 6, 481 Castle Peak Road, Cheung Sha Wan, Kowloon	1,844 sq. ft.	1 February 2016 to 31 December 2018	2016: HK\$308,000 2017: HK\$369,600 2018: HK\$406,560	Industrial/Office	2013: US\$34,065 2014: US\$34,030 2015: US\$42,724
Perfect Giant Limited .	Unit A7, 5/F., Hong Kong Spinners Industrial Building, Phase 6, 481 Castle Peak Road, Cheung Sha Wan, Kowloon	2,083 sq. ft.	1 February 2016 to 31 December 2018	2016: HK\$341,000 2017: HK\$409,200 2018: HK\$450,120	Industrial/Office	2013: US\$3,548 2014: US\$42,538 2015: US\$47,988
Talent Trend International Limited.	Unit A8, 5/F., Hong Kong Spinners Industrial Building, Phase 6, 481 Castle Peak Road, Cheung Sha Wan, Kowloon	2,083 sq. ft.	1 February 2016 to 31 December 2018	2016: HK\$341,000 2017: HK\$409,200 2018: HK\$450,120	Industrial/Office	2013: US\$32,516 2014: US\$32,484 2015: US\$47,988

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Landlord	Location	Gross area	Term	Annual rent payable	Use of property	Historical rent
Advance Action Limited.	Unit A9, 5/F., Hong Kong Spinners Industrial Building, Phase 6, 481 Castle Peak Road, Cheung Sha Wan, Kowloon	2,083 sq. ft.	1 February 2016 to 31 December 2018	2016: HK\$341,000 2017: HK\$409,200 2018: HK\$450,120	Industrial/Office	2013: US\$44,903 2014: US\$44,858 2015: US\$47,988
Plan Smart Limited.	Unit B, 5/F., Dragon Industrial Building, 93 King Lam Street, Cheung Sha Wan, Kowloon	7,323 sq. ft.	1 February 2016 to 31 December 2018	2016: HK\$902,000 2017: HK\$1,082,400 2018: HK\$1,190,640	Office and warehouse	2013: — 2014: — 2015: US\$30,369

Open Gain Limited, PBS Ventures Limited, Nice Achieve Limited, Perfect Giant Limited, Talent Trend International Limited, Advance Action Limited and Plan Smart Limited (collectively, the “**Landlord Companies**”) are wholly-owned by Mr. Chan, our Controlling Shareholder and executive Director. Therefore, each of Mr. Chan and the Landlord Companies is a connected person of our Company for the purposes of the Listing Rules.

With respect to the transactions contemplated under the Tenancy Agreements, the historical amounts during the Track Record Period and the proposed aggregated annual caps for the three years subsequent to the Track Record Period are as follows:

	Historical amounts for the year ended 31 December			Proposed aggregated annual caps for the year ending 31 December		
	2013	2014	2015	2016	2017	2018
	US\$	US\$	US\$	HK\$	HK\$	HK\$
Aggregated rental paid/ payable.	199,420	238,212	314,580	[2,937,000] (equivalent to approximately US\$378,968)	[3,524,400] (equivalent to approximately US\$454,761)	[3,876,840] (equivalent to approximately US\$500,237)
Total gross area as at 31 December.	12,322 sq. ft.	12,322 sq. ft.	19,645 sq. ft.	19,645 sq. ft.	19,645 sq. ft.	19,645 sq. ft.
Average monthly rent per sq. ft. as at 31 December	US\$1.61	US\$1.61	US\$1.74	HK\$13.59 (equivalent to approximately US\$1.75)	HK\$14.9 (equivalent to approximately US\$1.92)	HK\$16.45 (equivalent to approximately US\$2.12)

The proposed aggregated annual caps are based on the monthly rental under the Tenancy Agreements, which were determined by reference to the terms and conditions of the Tenancy Agreements, the historical rental (if any) and the prevailing market rate, and is determined on terms no less favourable to our Group than terms available from Independent Third Parties. An independent property valuer is of the view that the Tenancy Agreements (including the rental payable thereunder) are fair and reasonable and the rental payment thereunder reflects the prevailing market rate as at the date of commencement of the Tenancy Agreements.

The transactions under the Tenancy Agreements are aggregated pursuant to Rules 14A.81 to 14A.83 of the Listing Rules. Based on the respective annual caps for the transactions under the Tenancy Agreements on an aggregated basis, it is expected that each of the percentage ratios for the Tenancy Agreements (other than the profits ratio), where applicable, calculated by reference to Rule 14A.77 of the Listing Rules, will be less than 5%, but the aggregated annual amount for rental payment is more than HK\$3,000,000. Accordingly, the Tenancy Agreements (on an aggregated basis) are subject to the reporting, announcement, annual review requirements but exempt from circular and the independent shareholders’ approval requirements under Rule 14A.76(2) of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

Application for waiver

In accordance with Rule 14A.105 of the Listing Rules, the Sponsor, on behalf of our Company, has applied to the Stock Exchange for [,and the Stock Exchange has granted,] a waiver from compliance with the announcement requirement under Chapter 14A of the Listing Rules for the non-exempt continuing connected transactions contemplated under the Tenancy Agreements.

Confirmations

Directors' confirmation

Our Director (including our independent non-executive Directors) have confirmed that the transactions contemplated under each Tenancy Agreement have been entered into in the ordinary and usual course of business of our Group, have been based on arm's length negotiations, are on normal commercial terms, fair and reasonable and in the interest of our Company and our Shareholders as a whole. Our Directors (including our independent non-executive Directors) confirm that the proposed maximum aggregated annual caps are fair and reasonable and in the interest of our Company and our Shareholders as a whole.

Sponsor's confirmation

The Sole Sponsor confirms that the transactions contemplated under each Tenancy Agreement have been entered into in the ordinary and usual course of business of our Group, are on normal commercial terms, fair and reasonable, and in the interest of our Company and our Shareholders as a whole. The Sponsor confirms that the proposed maximum aggregated annual caps are fair and reasonable and in the interest of our Company and our Shareholders as a whole.