
CONNECTED TRANSACTIONS

During the Track Record Period, our Group entered into an one-off connected transaction with the relevant connected person in respect of our Group's use of leased properties in Macau.

Tenancy Agreement

Mr. Chang (our executive Director and one of our Controlling Shareholders) and AD&C entered into a tenancy agreement (the "**Tenancy Agreement**"), details of which are set out below:

- Date of agreement : 31 December 2017
- Parties : Mr. Chang as landlord and AD&C as tenant
- Premises : (i) Alameda Dr. Carlos d'Assumpção No. 249 Edif. China Civil Plaza 7 Andar E Macau
(ii) Alameda Dr. Carlos d'Assumpção No. 249 Edif. China Civil Plaza 7 Andar F Macau
- Term : two years commencing from 1 January 2018 and expiring on 31 December 2019 (both days inclusive)
- Rental and payment terms : monthly rent of MOP48,000 payable on the first day of each and every month during the Term
- Renewal : upon expiry of the Term:
- (i) if the parties cannot reach a new agreement on renewal, the Tenancy Agreement shall be automatically extended month by month based on the existing terms; or
 - (ii) if the landlord intends to resume the Premises, he shall give not less than 90 days' prior written notice to the tenant and the tenant shall move out upon expiry

Reason for entering into the Tenancy Agreement

Our Group has been using the above premises for its principal place of business for more than four years and intends to remain in the premises so to avoid unnecessary relocation costs and disruption of our business operations.

CONNECTED TRANSACTIONS

Implication under the Listing Rules

Mr. Chang is an executive Director and one of our Controlling Shareholders. Accordingly, Mr. Chang is a connected person of our Company and the transaction contemplated under the Tenancy Agreement constitutes a connected transaction of our Company under Chapter 14A of the Listing Rules.

Pricing Standard

The rent under the Tenancy Agreement was determined by the parties through arm's length negotiations with reference to the market data on rentals of similar properties in the locality. Our Directors are of the view that the rent under the Tenancy Agreement is fair and reasonable and reflects the prevailing market rent of comparable properties in the locality.

Historical transaction amounts

The aggregate amounts of lease payment by our Group in respect of the Premises for each of the three years ended 31 December 2018 and the four months ended 30 April 2019 amounted to approximately MOP720,000, MOP528,000, MOP624,000 and MOP144,000 respectively.

Exemption from the connected transaction requirements

The highest applicable percentage ratio in respect of the value of the right-of-use assets under the Tenancy Agreement exceeds 0.1% but is less than 5%, and the value of the right-of-use assets is less than HK\$3,000,000. Therefore, the transaction contemplated under the Tenancy Agreement constitutes a de minimis connected transaction for our Company pursuant to Rule 14A.76(1) of the Listing Rules, which is fully exempt from the reporting, announcement, annual review and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Opinion of our Directors and the Sponsor

Our Directors are of the view, and the Sponsor concurs, that: (i) the Tenancy Agreement was entered into after arm's length negotiations and was entered in the ordinary and usual course of business of our Group, on normal commercial terms or better; and (ii) the terms of the Tenancy Agreement are fair and reasonable and in the interest of our Company and our Shareholders as a whole.