

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

Immediately following completion of the [REDACTED] and [REDACTED] (assuming the [REDACTED] is not exercised), TTK Holding will hold [REDACTED] of the Company. TTK Holding is an investment holding company owned by Mr. Tse, Mrs. Tse and Ms. Tse as to 97.29%, 2.70% and 0.01%, respectively. As such, TTK Holding, Mr. Tse, Mrs. Tse and Ms. Tse are the controlling shareholders of the Company and will continue to hold a controlling interest in our Company upon completion of the [REDACTED] and the [REDACTED]. Details of the background of our Mr. Tse and Ms. Tse are set out in the section headed “Directors and Senior Management” in this document.

During the Track Record Period, save as disclosed in this document, we did not have any business dealings with the other companies associated with or controlled by our Controlling Shareholders and there was no overlapping business between our Group and our Controlling Shareholders.

As at the Latest Practicable Date, our Controlling Shareholders confirmed that, apart from the business operated by us, they and their respective close associates and/or companies controlled by them do not hold or conduct any business which competes, or is likely to compete, either directly or indirectly, with our business, and would require disclosure pursuant to Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors do not expect that there will be any significant transactions between our Group and our Controlling Shareholders upon or shortly after the [REDACTED], other than those set out in the subsection headed “— Operational Independence” below in this section. We are capable of carrying on our business independently from and does not place undue reliance on our Controlling Shareholders, taking into consideration the following factors:

Management independence

Our Board comprises two executive Directors and three independent non-executive Directors. Mr. Tse and Ms. Tse are our executive Directors and each of them is a Controlling Shareholder. Having considered the following factors, our Directors consider that our management is capable of operating independently free from the Controlling Shareholders after the [REDACTED]:

- (a) each of our Directors is aware of his/her fiduciary duties as a Director which require, among other things, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interest;
- (b) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between us and our Directors or their respective close associates, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum;

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- (c) we have established internal control procedures independent from our Controlling Shareholders to facilitate the effective operation of our business activities;
- (d) all our licences which are material to the operation of our Group are held by our subsidiaries instead of our Controlling Shareholders;
- (e) save as disclosed in the section “Directors and Senior management” in this document, our senior management members are independent from our Controlling Shareholders and are responsible for our daily operations in relation to finance, human resources, sales and marketing, procurement, quality control and operations; and
- (f) our independent non-executive Directors have sufficient knowledge, experience and competence, and will bring independent judgment to the decision making process of our Board, taking into account the advice of our senior management.

During the Track Record Period, certain entities controlled by our Controlling Shareholders entered into related party transactions with our Group in the ordinary course of our business. Such related party transactions are disclosed in Note 35 to the Accountants’ Report set out as Appendix I to this document.

Our Directors confirm that, there will not be any other continuing connected transactions with our Controlling Shareholders immediately after the [REDACTED] other than fully exempted de minimis transactions under Rule 14A.76 of the Listing Rules.

Financial independence

During the Track Record Period, Mr. Tse provided guarantees and granted mortgages over his properties as security (the “**Founder’s Guarantees**”) for certain loans lent to our Group (the “**Founder’s Guaranteed Loans**”) with maturity dates up to July 2040. The Founder’s Guaranteed Loans were utilised in our ordinary course of business. As at 30 September 2025, the amount of the Founder’s Guaranteed Loans was approximately HK\$625.9 million. The Founder’s Guarantees are on normal commercial terms and are not secured by any assets of our Group, therefore they are fully exempted connected transactions in accordance with rule 14A.90 of the Listing Rules.

We intend to release and replace the Founder’s Guaranteed Loans before [REDACTED], and we are in the process of discussing with the relevant lending banks in relation thereto.

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Notwithstanding the existence of the Founder’s Guaranteed Loans, our Directors are of the view that we are financially independent of our Controlling Shareholders and/or their close associates for the following reasons:

- (1) we have sufficient capital to operate our business independently. As at 30 September 2025, our cash and cash equivalents amounted to approximately HK\$89.9 million. We are capable of obtaining, if necessary, financing from Independent Third Parties banks without relying on any guarantee or security provided by our Controlling Shareholders and/or their close associates. In particular, as at 28 November 2025, several independent third-party commercial banks confirmed they were willing to provide our Group in aggregate HK\$705.9 million credit line facilities, without any assistance, guarantee or security from our Controlling Shareholders, subject to regulatory requirements, negotiation of the detailed terms and the customary credit policies of such banks. Having considered the financial status and business development of our Group, our Company considers that it can obtain the credit line facilities on comparable terms as the existing loans obtained by our Group. Such loans from independent third-party commercial banks can be used as our working capital, and are sufficient to cover the Founders’ Guarantees; and
- (2) we have an independent financial system and make financial decisions according to our Group’s own business needs independently. We have internal control and accounting systems and a finance department which can make financial decisions independently. None of our Controlling Shareholders and/or their close associates interferes with our use of funds. We have also established an audit committee comprising three independent non-executive Directors in compliance with Rule 3.21 of the Listing Rules.

Operational independence

We are capable of making business decisions independently. On the basis of the following factors, our Directors believe that we will continue to operate independently from our Controlling Shareholders and companies controlled by our Controlling Shareholders:

- (a) we have established a set of internal control measures to facilitate the effective operations of our business;
- (b) we have our own administrative and corporate governance infrastructure across each of our core functions;
- (c) our customers are primarily retail customers from the general public and our suppliers are all independent from our Controlling Shareholders and we do not rely on our Controlling Shareholders or their respective close associates for any access to suppliers and customers;
- (d) we have an independent management team to handle our day-to-day operations; and
- (e) we are in possession of all relevant licences and workforce necessary to carry on and operate our business independent from the Controlling Shareholders and their associates.

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As at the Latest Practicable Date, (i) our headquarters and warehouse in Fanling, three retail stores and two staff quarters were leased from various entities controlled by Mr. Tse, our executive Director, chairman of our Board, chief executive officer and one of our Controlling Shareholders; and (ii) one staff quarter was leased from Mrs. Tse, one of our Controlling Shareholders. For further details, please see “Connection Transactions” in this document.

Given that (i) the Property Leasing Agreements are on normal commercial terms or better after arm’s-length negotiations, and (ii) even if Mr. Tse and/or Mrs. Tse terminates such agreements, the interruption to our operations would be mitigated by our ability to secure alternative leases in the market, our Directors believe that leasing properties from Mr. Tse and/or Mrs. Tse would not cast doubts on our operational independence.

Based on the above, our Directors are of the view that our Group can operate independently of our Controlling Shareholders and their close associates upon [REDACTED].

CORPORATE GOVERNANCE MEASURES

Our Company will comply with the provisions of the Corporate Governance Code set out in Appendix C1 to the Listing Rules, which sets out principles of good corporate governance. We recognise the importance of good corporate governance in the protection of our Shareholders’ interests. We have adopted the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and our Controlling Shareholders:

- (a) in preparation for the [REDACTED], our Company has amended our Articles of Association to comply with the Listing Rules. In particular, our Articles of Association provide that, except for certain exceptions permitted under the Articles, a Director shall not vote on any board resolution approving any contract or arrangement or any other proposal in which such Director or any of his/her associates has a material interest, nor shall such Director be counted in the quorum present at the meeting;
- (b) we are committed that our Board should include a balanced composition of executive and independent non-executive Directors. We have appointed three independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and they are free of any business and/or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial and external opinion to protect the interests of our public Shareholders. For details of our independent non-executive Directors, please see “Directors and Senior Management — Directors” in this document;
- (c) we have appointed DBS Asia Capital Limited as our compliance adviser, which will provide advice and guidance to us with respect to compliance with the applicable laws and the Listing Rules, including but not limited to various requirements relating to Directors’ duties and internal controls;
- (d) the management structure of our Group includes an audit committee, a remuneration committee and a nomination committee, the terms of reference of each of which will require them to be alert to prospective conflict of interest and to formulate their proposals accordingly; and

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- (e) our Directors, including our independent non-executive Directors, will be able to seek independent professional advice from external parties in appropriate circumstances at our Company's costs.

Our Company is expected to comply with the provisions of the Corporate Governance Code set out in Appendix C1 to the Listing Rules which sets out principles of good corporate governance in relation to, among others, Directors, chief executive, Board composition, the appointment, re-election and removal of Directors, their responsibilities and remuneration and communication with our Shareholders. Our Company will state in our interim and annual reports whether we have complied with such code, and will provide details of, and reasons for, any deviation from it in the corporate governance reports attached to our annual reports.