RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

Immediately upon completion of the **[REDACTED]** (without taking into account any Shares which may be issued pursuant to the exercise of the **[REDACTED]** and any awards which may be granted under the Post-**[REDACTED]** Share Award Scheme), Alway Success will be entitled to exercise voting rights of approximately **[REDACTED]** of the total issued share capital of our Company. Alway Success is wholly-owned by Mr. Alex Cheung. Therefore, Mr. Alex Cheung and Alway Success will be our Controlling Shareholders as defined in the Listing Rules upon **[REDACTED]**.

Mr. Alex Cheung, our ultimate Controlling Shareholder, is our executive Director, chairman of our Board and chief executive officer. For further background of Mr. Alex Cheung, please refer to "Directors and Senior Management – Board of Directors – Executive Directors" in this Document.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors believe that we are capable of carrying on our business independently of our Controlling Shareholders and his associates (other than our Group) after the **[REDACTED]**.

Management independence

Our Board comprises two executive Directors and three independent non-executive Directors. For details, please refer to "Directors and Senior Management" in this Document. Whilst Mr. Alex Cheung, being our Controlling Shareholder, is also our executive Director, chairman of our Board and chief executive officer, we believe that our Directors and senior management are able to perform their roles in our Company independently and that our Group is capable of managing our business independently from our Controlling Shareholders for the following reasons:

(i) each Director is aware of his/her fiduciary duties as a director which requires, among other things, that he/she acts for the benefit and in the best interests of our Company and that he/she does not allow any conflict between his/her duties as a Director and his/ her personal interest;

(ii) our Board acts collectively by majority decisions in accordance with the Articles of Association and applicable laws, and no single Director is supposed to have any decision-making power unless otherwise authorised by our Board;

(iii) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or their respective close associates, the interested Director(s) shall abstain from voting at the relevant meetings of our Board in respect of such transactions;

(iv) our Board comprises of five Directors and three of them are independent non-executive Directors who represent not less than one-third of the members of our Board and a majority of our Board. This provides a balance between the number of executive Directors and independent non-executive Directors with a view to promoting the interests of our Company and our Shareholders as a whole. Our independent non-executive Directors will bring independent judgement to the decision-making process of our Board. This is also in line with the requirement as set out in the Listing Rules to ensure that the decisions of our Board are made after due consideration of independent and impartial opinions; and

(v) the other executive Director and the chief financial officer of our Company (i.e. Ms. Sung Ting Yee) is independent from our Controlling Shareholders. Therefore, Ms. Sung Ting Yee is able to discharge her duties independently from our Controlling Shareholders.

Our Company has also established internal control mechanism to identify connected transactions to ensure that our Shareholders or Directors with conflicting interests in a proposed transaction will abstain from voting on the relevant resolutions.

Having considered the above factors, our Directors are satisfied that our Board as a whole, together with our senior management team, are able to make independent managerial decisions in the best interest of our Company after the **[REDACTED]**.

Operational independence

Although our Controlling Shareholders will retain a controlling interest in us after **[REDACTED]**, we have full rights to make all decisions on, and to carry out, our own business operations independently. Our Company, through our subsidiaries, holds the licences and qualifications necessary to carry on our current business, and has sufficient capital, facilities, technology and employees to operate the business independently from our Controlling Shareholders. We have an established and complete organisation structure, comprising various separate departments each charged with specific responsibilities. We have access to third parties independently from and not connected to our Controlling Shareholders for sources of suppliers and customers. We have also established a set of internal control procedures and adopted corporate governance practices to facilitate the effective operation of our business. For details, please refer to "Corporate Governance Measures" in this section.

Our Directors further confirm that as at the Latest Practicable Date, we have not entered into any continuing connected transactions within the meaning ascribed to it under Chapter 14A of the Listing Rules with any of our Controlling Shareholders or their respective close associates which will be subject to reporting, announcement, circular and/or independent shareholders' approval requirements under Chapter 14A of the Listing Rules and will sustain after **[REDACTED]**. We do not rely on our Controlling Shareholders in respect of our operation.

Based on the above, our Directors consider that our Group can operate independently from our Controlling Shareholders and their respective close associates after the **[REDACTED]**.

Financial independence

Our Company is empowered to make independent decisions in respect of business and financial matters according to our business needs. We have established our own finance and administration team, which is responsible for financial control, accounting, reporting, group credit and internal control functions of our Company, independent from our Controlling Shareholders.

We have sufficient working capital to operate our business independently and have adequate resources to support our daily operations. We have made, and will continue to make, financial decisions based on our own business needs. Save as described below, we are financially independent of our Controlling Shareholders and their respective associates.

We had amounts due to the ultimate controlling party (i.e. Mr. Alex Cheung) of approximately HK$14.0 million as at 31 March 2023, which had been fully settled in FY2024. Such amount represented the advances made by Mr. Alex Cheung to our Group for our business operations since the acquisition of Herb Standard HK in November 2021.

We had amount due from ultimate controlling party (i.e. Mr. Alex Cheung), which was non-trade in nature, unsecured, interest-free and repayable on demand, amounted to nil, approximately HK$11.1 million, HK$60,000 and HK$16.8 million as at 31 March 2023, 2024 and 2025 and 30 September 2025, respectively. We had amounts due from ultimate holding company (i.e. Always Success), which was non-trade in nature, unsecured, interest-free and repayable on demand, amounted to nil, nil, approximately HK$12,000 and HK$19,000 as at 31 March 2023, 2024 and 2025 and 30 September 2025, respectively. The amounts due from ultimate controlling party and ultimate holding company will be fully settled prior to the **[REDACTED]**. For details, please refer to "Financial Information – Discussion on Key Items of the Combined Statements of Financial Position – Other Receivables" in this Document.

During the Track Record Period and up to the Latest Practicable Date, our Controlling Shareholder(s) had provided personal guarantees to secure certain interest-bearing borrowings of our Group. For details, please refer to "Summary – Recent Development and No Material Adverse Change", "Financial Information – Indebtedness – Interest-bearing borrowings" and note 22 of the Accountants' Report set out in Appendix I to this Document. Our Directors confirm that all guarantees provided by our Controlling Shareholder(s) will be fully released prior to the **[REDACTED]** and will be replaced with corporate guarantee given by our Group upon **[REDACTED]**.

Taking into account the financial resources available to us, including available cash and cash equivalents, bank facilities, cash flows generated from our operations, the amount due from the ultimate controlling party and the estimated net **[REDACTED]** from the **[REDACTED]**, our Directors are of the view that we have sufficient capital to operate our business independently and have a strong credit profile to support our daily operations. Further, our Directors believe that, after the **[REDACTED]**, our Group is capable of obtaining financing from third parties without the support of our Controlling Shareholders. Therefore, our Directors believe that we are able to maintain financial independence from our Controlling Shareholders and their respective close associates after the **[REDACTED]**.

COMPETING BUSINESS

Our Controlling Shareholders confirmed that as at the Latest Practicable Date, none of them nor their respective close associate(s) have any interest in any business, apart from the business operated by our Group, that competes or is likely to compete, directly or indirectly, with the business of our Group that would require disclosure pursuant to Rule 8.10 of the Listing Rules.

DEED OF NON-COMPETITION

In order to ensure that our Controlling Shareholders will not engage in any business undertaking in competition with our Group in the future, our Controlling Shareholders [have entered into] the Deed of Non-competition, pursuant to which each of our Controlling Shareholders has unconditionally and irrevocably undertaken to us that he/it will not, and will procure his/its close associates (other than members of our Group) not to, directly or indirectly, either on his/its own account or in conjunction with or on behalf of any person, firm or company (except through any member of our Group), among others, carry on, participate, be interested or involved in, undertake, acquire or hold (in each case whether as a shareholder, director, partner, agent, employee, or otherwise, and whether for profit, reward or otherwise) any business (other than our business) or any business (other than our business) that directly or indirectly competes, or may compete, with (a) the existing business activities of our Group as set out in the section headed "Business" in this Document; and (b) any other business conducted, entered into, engaged in or invested in by any member of our Group or which our Company has otherwise published an announcement on the website of the Stock Exchange stating its intention to conduct, enter into, engage in or invest in from time to time (the "**Restricted Business**") (whether alone or jointly with another person and whether directly or indirectly or on behalf of or to assist or act in concert with any other person), or hold shares or interest in any companies or business that compete directly or indirectly with the Restricted Business.

"**Restricted Period**" means the period commencing from the **[REDACTED]** and ending on the earlier of (a) the date on which any of our Controlling Shareholders ceases to be interested in 30% (or such other amounts may from time to time be specified in the Listing Rules as being the threshold for determining a controlling shareholder of a company) or more of the entire issued share capital of our Company; (b) the date on which our Shares cease to be **[REDACTED]** on the Stock Exchange (except for temporary suspension of trading of the Shares) or (c) the date on which our Controlling Shareholders beneficially own or become interested jointly or severally in the entire issued share capital of our Company.

Further, each of our Controlling Shareholders has undertaken to, and undertaken to procure his/its close associates to, refer, or to procure the referral of, any investment or commercial opportunities relating to any Restricted Business ("**New Business Opportunities**" and each a "**New Business Opportunity**") identified by or made available to him/it or his/its close associates, to us on a timely basis and in the following manner:

- as soon as he/it becomes aware of any New Business Opportunity and within 10 business days thereafter, he/it shall give written notice (the "**Offer Notice**") to us identifying the nature of the New Business Opportunity, detailing all information available to him/it for us to consider whether to pursue such New Business Opportunity;
- upon receiving the Offer Notice, our Company shall seek approval from our Board or a board committee (in each case comprising only independent non-executive Directors) which has no interest in the New Business Opportunity (the "**Independent Board**") as to whether to pursue or decline the New Business Opportunity (any Director who has an actual or potential interest in the New Business Opportunity shall abstain from attending (unless their attendance is specifically requested by the Independent Board) and voting at, and shall not be counted in the quorum for, any meeting convened to consider such New Business Opportunity);

- the Independent Board shall take into account all relevant factors in considering whether our Company shall pursue the New Business Opportunity. Such factors may include, among other things, the financial impact of pursuing the New Business Opportunity offered, whether the nature of the New Business Opportunity is consistent with our Group's strategies and development plans and the general market conditions of our business. If appropriate, the Independent Board may appoint independent financial advisers and legal advisers to assist in the decision-making process in relation to such New Business Opportunity;

- the Independent Board shall, within 30 business days upon receipt of the Offer Notice referred above (the "**Offer Notice Period**"), inform our Controlling Shareholders in writing on behalf of our Company its decision whether to pursue or decline the New Business Opportunity. During the Offer Notice Period, our Company may negotiate with the third party proposing or presenting the New Business Opportunity. Our Controlling Shareholders will and will procure his/its close associates to provide all necessary assistance to the abovementioned negotiation. Our Company may, at our absolute discretion, consider extending the Offer Notice Period as appropriate;

- our Controlling Shareholders shall be entitled to but shall not be obliged to carry on, engage, invest, participate or be interested (economically or otherwise) in the New Business Opportunity (whether individually or jointly with another person and whether directly or indirectly or on behalf of or to assist any other person or to act in concert with any other person) on the same, or less favourable, terms and conditions in all material respects as set out in the Offer Notice if:

  (a) he/it has received a written notice from us declining the New Business Opportunity; or

  (b) he/it has not received any written notice from us of our intention to pursue (whether individually or jointly with the Controlling Shareholders) or decline the New Business Opportunity within the Offer Notice Period, or if the Offer Notice Period has been extended, within such extended period, in which case our Company shall be deemed to have declined the New Business Opportunity; and

- if there is a change in the nature, terms and conditions of the New Business Opportunity pursued by the notifying person, he/it shall, within his/ its knowledge, refer the revised New Business Opportunity with details of all available information to us for considering whether to pursue (whether individually or jointly with the notifying person) the New Business Opportunity as revised.

Under the Deed of Non-competition, during the Restricted Period, each of our Controlling Shareholders has further undertaken the following:

- he/it has acknowledged that our Directors (including the independent non-executive Directors) shall, where necessary and at least on an annual basis, review his/ its compliance with the Deed of Non-competition;

- he/it has authorised us to disclose decisions made by the Independent Board on any New Business Opportunity as well as the annual compliance with, and enforcement of, the Deed of Non-competition, either through our annual report or by way of public announcement, provided that the relevant disclosures are reviewed and commented by him/it;

- in the event that there is disagreement on whether certain business engaged or proposed to be engaged by he/it constitutes a Restricted Business, such matter shall be decided by the Independent Board and the decision thereof shall be final and binding; and

- in the event of any actual or potential conflict of interests, he/ it will abstain from voting and will not be counted towards the quorum of any board meeting or shareholders' meeting.

Our Company will disclose the decisions made by the Independent Board on any New Business Opportunity as well as the annual compliance with, and enforcement of, the Deed of Non-competition either in the annual report of our Company or by way of announcement(s) to the public.

CORPORATE GOVERNANCE MEASURES

Our Directors recognise the importance of incorporating elements of good corporate governance in management conducive to the protection of the interests of our Shareholders. In particular, the following corporate governance measures in relation to managing potential conflict of interests between our Controlling Shareholders and Directors on the one hand and our Group on the other hand will be taken:

(i) as part of our preparation for the **[REDACTED]**, we have conditionally adopted our Articles of Association to comply with the Listing Rules. In particular, our Articles of Association provides that, unless otherwise provided, a Director shall not vote (nor be counted in the quorum) on any resolution of the board of directors approving any contract or arrangement or any other proposal in which such Director or any of his/her close associates is materially interested;

(ii) a Director with material interests shall make full disclosure in respect of matters that conflict or potentially conflict with our interest and be absent from the board meetings on matters in which such Director or any of his/her close associates have a material interest;

(iii) each of our Controlling Shareholders has undertaken to us, and will procure his/its close associates that he/it or any of his/its close associates will provide all information necessary for the annual review by our independent non-executive Directors for the annual compliance with, and enforcement of, the Deed of Non-competition;

(iv) our independent non-executive Directors will (a) review (at least annually) compliance with and the enforcement of undertakings under the Deed of Non-competition; and (b) review, consider and decide whether to take up any New Business Opportunities under the Deed of Non-competition;

(v) our Controlling Shareholders will make an annual declaration of the compliance with the Deed of Non-competition in the annual reports of our Company;

(vi) we will disclose the review by our independent non-executive Directors on the compliance with, and the enforcement of, the Deed of Non-competition in our annual reports in compliance with the requirements of the Listing Rules;

(vii) in the event that any of our Directors and/or their respective close associates has material interests in any matter to be deliberated by our Board in relation to the compliance and enforcement of Deed of Non-competition, he/she may not vote on the resolutions of our Board approving the matter and shall not be counted towards the quorum for the voting;

(viii) our Company has also established internal control mechanism to identify connected transactions to ensure that our Shareholders or Directors with conflicting interests in a proposed transaction will abstain from voting on the relevant resolutions and our Company will comply with the applicable Listing Rules;

(ix) where our Directors reasonably request the advice of independent professionals, such as financial advisers and external legal adviser(s), the appointment of such independent professionals will be made at our Company's expenses;

(x) our Audit Committee shall be responsible for overseeing the implementation of the above measures; and

(xi) we have appointed Rainbow Capital (HK) Limited as our compliance adviser, which will, upon our consultation, provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules, including various Listing Rules requirements relating to directors' duties and corporate governance.

Our Directors consider that the above corporate governance measures are sufficient to manage any potential conflict of interests between (i) our Controlling Shareholders or Directors; and (ii) our Group and to protect the interests of our Shareholders, in particular, our minority Shareholders.