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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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### CONTROLLING SHAREHOLDERS

Immediately following completion of the Listing, U Banquet (Cheung's) which is owned as to 58.5% by Mr. Cheung KH and as to 41.5% by Mr. Cheung KK, will be interested in 68.9% of the issued share capital of our Company (assuming no Shares are to be issued upon the exercise of any options that may be granted under the Share Option Scheme). U Banquet (Cheung's), Mr. Cheung KH and Mr. Cheung KK will be our Controlling Shareholders.

### COMPETING INTERESTS

Our Controlling Shareholders and our Directors respectively confirm that none of them and their respective associates is interested in any business which competes or is likely to compete, directly or indirectly, with the business of our Group.

### INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors consider that our Group is capable of carrying on our business independent of our Controlling Shareholders and their associates based on the following reasons:

#### **Management independence and operational independence**

Although our Controlling Shareholders will retain a controlling interest in our Company after the Listing, the day-to-day management and operation of the business of our Group will be the responsibility of the executive Directors and senior management. The Board has six Directors comprising three executive Directors and three independent non-executive Directors. The Board's main function includes the approval of the overall business plans and strategies of our Group, monitoring the implementation of these policies and strategies and the management of our Company. Our Group has an independent management team, which is led by a team of senior management with substantial experience and expertise in our business, to implement our Group's policies and strategies.

Each of our Directors is aware of his or her fiduciary duties as a Director which require, among other things, that he or she acts for the benefit and in the best interests of our Company and Shareholders as a whole, and does not allow any conflict between his or her duties as a Director and his or her personal interest. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective 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. In addition, our Group has an independent senior management team to carry out the business decisions of our Group independently.

Our Group has established a set of organisational structures made up of individual departments, each with specific areas of responsibilities. Our Group also has independent access to sources of customers. In addition, our Group has established a set of internal controls to facilitate the effective operation of its business.

Based on the reasons above, our Directors are satisfied that they are able to perform their roles in our Company independently, and our Directors are of the view that our Company is capable of managing and operating its business independently from our Controlling Shareholders after the Listing.

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### Administrative independence

Our Group has its own capabilities and personnel to perform all essential administrative functions including financial and accounting management, and general business management. Our company secretary and senior management staff are independent of our Controlling Shareholders.

### Financial independence

Our Group has its own financial management and accounting systems and the ability to operate independently from our Controlling Shareholders from a financial perspective. Our Directors confirm that all financial assistance, including amounts due to, loans or guarantees provided by our Controlling Shareholders and its associates to our Group were or will be settled in full or released before the Listing.

Taking into account of the financial resources available to our Group and the estimated net proceeds from the Placing, our Directors believe that our Group will have sufficient working capital for its requirements for at least the next 12 months from the date of publication of this prospectus. Our Directors also believe that our Group is capable of obtaining financing from external sources without reliance on our Controlling Shareholders.

## UNDERTAKINGS

### Non-disposal undertaking

Each of our Controlling Shareholders has undertaken to the Stock Exchange that, except in relation to the Placing, he/it shall not and shall procure that his/its associates and the relevant registered holder(s) shall not:

- (a) in the period commencing on the date of this prospectus and ending on the date which is 6 months from the Listing Date (the “**First 6-Month**”), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights,
- (b) in the period of 6 months commencing on the expiry of the First 6-Month (the “**Second 6-Month**”), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the securities referred to in (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances the Controlling Shareholder would, either individually or taken together with the other, cease to be a Controlling Shareholder.

Each of our Controlling Shareholders has also undertaken to the Stock Exchange and our Company to comply with the following requirements:

- (1) in the event that our Controlling Shareholder pledges or charges any direct or indirect interest in the relevant securities referred to in (a) above in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)), as security for a bona fide commercial loan or pursuant to any right or waiver granted by the Stock Exchange pursuant to Rule 13.18(4) of the GEM Listing Rules, at any time during the First 6-Month, he/it must inform our Company immediately thereafter, disclosing the details specified in Rules 17.43(1) to (4) of the GEM Listing Rules; and

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- (2) having pledged or charged any interest in securities under (i) above, he/it must inform our Company immediately in the event that he/it becomes aware that the pledgee or chargee has disposed of or intends to dispose of such interest and of the number of securities affected.

Our Company will inform the Stock Exchange as soon as it has been informed of such matters and must forthwith publish an announcement giving details of the same in accordance with the requirements of Rule 17.43 of the GEM Listing Rules.

### **Non-competition undertaking**

Each of our Controlling Shareholders has under the Deed of Non-Competition, undertaken and covenanted with our Company that for so long as he/it and/or his/its associates (other than our Group), directly or indirectly, whether individually or taken together, remain our Controlling Shareholder, each of them will not, and will procure his/its associates (other than our Group) not to, either on its/his own account or in conjunction with or on behalf of any person, firm or company, directly or indirectly carry on, engage, invest, participate, hold any right or interest in or otherwise be interested in any business which is or may be in competition whether directly or indirectly with the business carried on or contemplated to be carried on by any member of our Group from time to time.

Each of our Controlling Shareholders has also undertaken that in the event he/it or any of his/its associates (other than our Group) are given any business opportunities that is or may involve direct or indirect competition with the businesses of our Group, each of them shall refer the business opportunity to our Group.

The Deed of Non-Competition and the rights and obligations thereunder are conditional and will take effect immediately upon Listing.

The obligations of our Controlling Shareholders under the Deed of Non-Competition will remain in effect until:

- (a) the date on which the Shares cease to be listed on the Stock Exchange; or
- (b) our Controlling Shareholders and their respective associates and/or successors, individually and/or collectively, cease to be deemed as controlling shareholder of our Company (within the meaning defined in the GEM Listing Rules from time to time); or
- (c) our Controlling Shareholders beneficially own or are interested in the entire issued share capital of our Company,

whichever occurs first. Our independent non-executive Directors will review annually compliance of the Deed of Non-Competition and disclose the result in our Company's annual report.

In relation to the business opportunities referred to our Company by our Controlling Shareholders, our independent non-executive Directors will be responsible for deciding, without attendance by any other executive Directors (except as invited by our independent non-executive Directors to assist them), whether or not to take up a new opportunity referred to our Group. Our independent non-executive Directors will also review, on an annual basis, any decision in relation to new opportunities referred to our Group, and state their views with basis and reasons in the annual report of our Company.

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### CORPORATE GOVERNANCE MEASURES

Our Company will adopt the following measures to manage the conflict of interest arising from the possible competing business of our Controlling Shareholders and our Directors, if any, and to safeguard the interests of our Shareholders:

- (a) our independent non-executive Directors will review, on an annual basis, the compliance with the Deed of Non-Competition by our Controlling Shareholders;
- (b) our Controlling Shareholders will promptly provide to our Company such information as our Company may from time to time reasonably request to ascertain compliance by our Controlling Shareholders of their obligations under the Deed of Non-Competition;
- (c) our Controlling Shareholders shall provide all information necessary for the annual review by our independent non-executive Directors and the enforcement of the Deed of Non-Competition;
- (d) our Company will disclose decisions on matters reviewed by our independent non-executive Directors relating to compliance and enforcement of the Deed of Non-competition by our Controlling Shareholders in the annual reports of our Company;
- (e) our Directors operate in accordance with the Articles which require the interested Director not to vote (nor be counted in the quorum) on any resolution of our Board approving any contract or arrangement or other proposal in which he/she or any of his/her associates is materially interested; and
- (f) pursuant to the Code on Corporate Governance Practices in Appendix 15 to the GEM Listing Rules, our Directors, including our independent non-executive Directors, will be able to seek independent professional advice from external parties in appropriate circumstances at our cost.