
RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OVERVIEW

HCC is a company incorporated in the BVI with limited liability and wholly-owned by Mr. Henry Cheung. SCL is a company incorporated in the BVI with limited liability and wholly-owned by Mr. Jonathan Cheung. Immediately upon completion of the Capitalisation Issue and the [REDACTED] without taking into account of any Shares which may be issued pursuant to the exercise of options which may be granted under the Share Option Scheme, HCC will hold [REDACTED]% and SCL will hold [REDACTED]% of our issued share capital. Accordingly, Mr. Henry Cheung, Mr. Jonathan Cheung, HCC and SCL (the latter two being investment holding companies), are our Controlling Shareholders.

Our Controlling Shareholders, Directors and their respective close associates confirmed that apart from the business of our Group, they do not have any interest in a business which competes or is likely to compete, directly or indirectly, with our business and would require disclosure under Rule 11.04 of the GEM Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors consider that we will be able to operate independently from our Controlling Shareholders and their respective close associates (other than our Group) upon the Listing for the following reasons:

Management independence

Our Board comprises two executive Directors and three independent non-executive Directors. Each of our Directors is aware of his fiduciary duties as a Director which require, among other things, that he acts for the benefit and in the best interests of our Company and does not allow any conflict between his duties as a Director and his 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 close associates, the interested Directors 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. Having considered the above factors, our Directors are satisfied that they are able to perform their roles in our Company independently, and our Directors are of the view that we are capable of managing our business independently from our Controlling Shareholders following completion of the [REDACTED].

Operational independence

Our Directors consider that our operations do not depend on our Controlling Shareholders for the following reasons:

- (i) there is no competing business between our Group and any of our Controlling Shareholders;
- (ii) none of our Directors has an interest in any business which competes or is likely to compete, either directly or indirectly, with our business; and

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- (iii) we have our own independent operation capabilities and independent access to customers and vendors and have not entered into any connected transactions with any connected person of our Group save for the continuing connected transactions that will continue after the Listing as set out in the section headed "Connected transactions" of this document, which have been entered into and will continue to be entered into on normal commercial terms and in our ordinary course of business, and the revenue derived or expected to be derived from such continuing connected transactions are not material to our Group.

Our Group, our Controlling Shareholders and their respective close associates do not have any common, nor shared, facilities or resources during the Track Record Period and up to the Latest Practicable Date.

On the basis of the matters described in this section, we believe that we are capable of carrying on our business independently of our Controlling Shareholders and their respective close associates (other than our Group).

Financial independence

We are financially independent of our Controlling Shareholders and their respective close associates. We have sufficient capital and banking facilities to operate our business independently, and have adequate resources to support our daily operations. In addition, our Group has an independent credit approval system and makes financial decisions according to our own business needs. During the Track Record Period, our Controlling Shareholders have provided financial assistance in the form of a loan to our Group. As at the Latest Practicable Date, all loans, advances and balances due to our Controlling Shareholders and their respective close associates have been fully settled. All guarantees provided by our Controlling Shareholders and their respective close associates on our Group's borrowing will be fully released and replaced by corporate guarantee to be provided by our Company upon the Listing.

Our Directors are satisfied that we are capable of carrying on our business independently from our Controlling Shareholders and their respective close associates (other than our Group) after the Listing.

NON-COMPETITION UNDERTAKINGS

Each of our Controlling Shareholders has entered into a Deed of Non-Competition in favour of our Company, pursuant to which each of our Controlling Shareholders has undertaken to our Company (for itself and for the benefit of its subsidiaries) that it or he would not, and would procure that its or his close associates (except any members of our Group) would not, during the restricted period set out below, directly or indirectly, either on its or his own account or in conjunction with or on behalf of any person, firm or company, among other things, carry on, participate or be interested or engaged in or acquire or hold shares or interests (in each case whether as a shareholder, partner, principal, agent, director, employee or otherwise) in any companies or businesses that compete directly or indirectly with the brokerage, margin financing, money lending and placing and underwriting services provided by our Group (the "**Restricted Business**").

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In the event that any of our Controlling Shareholders or their respective close associates (other than any member of our Group) intends to acquire, or is offered by a third party, any investment which is, or is likely to be in, direct or indirect, competition of the Restricted Business ("**Proposed Investment**"), each of our Controlling Shareholders has undertaken that it/he shall refer to our Company the Proposed Investment in the following manner:

- (i) our Controlling Shareholders or their respective close associates shall provide the Board with a written notice in respect of the Proposed Investment, together with all relevant information of Proposed Investment (including but not limited to the particulars of the companies, businesses or properties to be acquired, consideration involved and other proposed terms of the acquisition) reasonably necessary for our Company to consider whether to pursue the opportunity;
- (ii) when considering whether or not to take up any Proposed Investment, our independent non-executive Directors will consider whether the Proposed Investment is expected to present a sustainable level of profitability, accords with our development strategy at that time, and whether the terms of the Proposed Investment are fair and reasonable and on normal commercial terms with reference to the prevailing market prices of such business opportunity. Our independent non-executive Directors may from time to time commission the assistance of external professional advisers (including an independent financial adviser) at the cost of our Company as they consider necessary or desirable to advise them regarding the terms of any such Proposed Investment or any such other matter. Our Controlling Shareholders agree, and will procure their respective close associates, to provide all information reasonably required by our independent non-executive Directors and/or independent financial adviser to assist them in their assessment of the Proposed Investment;
- (iii) our Company is required to notify the relevant Controlling Shareholder within 30 business days after the date of such notice, the decision as to whether the Proposed Investment is accepted or declined. Our Company will seek approval from its Board, consisting of independent non-executive Directors who do not have any material interests in the Proposed Investment, as to whether to pursue or decline such opportunity;
- (iv) the relevant Controlling Shareholder or his/its close associates will be entitled to pursue the Proposed Investment if (a) he/it has received a notice from our Company declining such opportunity; or (b) he/it has not received any notice above from our Company within 30 business days after the date of the above notice; and
- (v) if there is a material change in the terms or nature of the Proposed Investment pursued by the relevant Controlling Shareholder or his/its close associates, he/it will refer the opportunity pursuant to the revised terms to our Company again in the manner as outlined above.

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Such non-competition undertaking does not apply where:

- (a) any opportunity to invest, participate, be engaged in and/or operate with a third party any Restricted Business has first been offered or made available to our Company and has been offered to our Group in accordance with the Deed of Non-Competition and our Group, after review and approval by the independent non-executive Directors, has declined such opportunity to invest, participate, be engaged in or operate the Restricted Business with such third party, provided that the principal terms by which each of our Controlling Shareholders (or its or his relevant close associate(s)) subsequently invests, participates, engages in or operates the Restricted Business are not more favourable than those offered to our Company; or
- (b) (i) when the Controlling Shareholders and/or their respective close associates, directly or indirectly, through their respective subsidiaries, affiliates or other parties become interested in less than 30.0% of the issued shares of our Company in aggregate; (ii) the Shares are no longer listed on the Stock Exchange; or (iii) having interests in the shares of a company which shares are listed on a recognised stock exchange provided that the total number of the shares held by our Controlling Shareholders and/or their respective close associates in aggregate does not exceed 5.0% of the issued shares of that class of the company in question and such Controlling Shareholders and/or their respective close associates are not entitled to appoint a majority of the directors of that company and at any time there should exist at least another shareholder of that company whose shareholdings in that company should be more than the total number of shares held by our Controlling Shareholders and their respective close associates in aggregate.

The "restricted period" stated in the Deed of Non-Competition refers to the period during which (i) the Shares remain listed and traded on the Stock Exchange; and (ii) the relevant Controlling Shareholders and/or their respective close associates are entitled to jointly or severally exercise or control the exercise of not less than 30.0% in aggregate of the voting rights at general meetings of our Company.

CORPORATE GOVERNANCE MEASURES

Upon Listing, we will be required to comply with stringent requirements concerning internal controls and corporate governance as stipulated under the GEM Listing Rules. In this regard, our Directors confirm that neither they nor their respective close associates have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business and would require disclosure under Rule 11.04 of the GEM Listing Rules. Each of our Directors has confirmed that he fully comprehends his obligations to act in the best interests of our Company and the Shareholders as a whole.

Our Company will adopt the following corporate governance measures to manage any potential or actual conflict of interests between us and our Controlling Shareholders and to safeguard the interests of our Shareholders:

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- our Company adopted the Articles on 22 May 2015, the provisions of which are in compliance with requirements of the Companies Law and the GEM Listing Rules. Generally, a Director is prohibited under the Articles from voting (or being counted in the quorum) on any resolution of our Board in respect of any contract or arrangement or proposal in which he or any of his close associate(s) has/have any material interest, and if he shall do so his vote shall not be counted (and he shall not be counted in the quorum for that resolution);
- our independent non-executive Directors will review, at least on an annual basis, the compliance with the Deed of Non-Competition by our Controlling Shareholders;
- our Controlling Shareholders have undertaken to us that they will, and will procure their respective close associates to use their best endeavours to provide all information necessary for the annual review by the independent non-executive Directors for the enforcement of the Deed of Non-Competition;
- we will disclose the review by the independent non-executive Directors on the compliance with, and the enforcement of, the Deed of Non-Competition, including the decision and related basis to accept or decline any Proposed Investment, in our annual report or by way of announcement to the public in compliance with the requirements of the GEM Listing Rules;
- our Controlling Shareholders will make an annual declaration in our annual report on the compliance with the Deed of Non-Competition in accordance with the principle of voluntary disclosure in the corporate governance report;
- the executive Directors will ensure that any material conflict or material potential conflict of interests involving the Proposed Investment will be reported to the independent non-executive Directors as soon as practicable when such conflict or potential conflict is discovered and a Board meeting will be held to review and evaluate the Proposed Investment. The conflicted Directors shall refrain from participating in the Board meetings on which resolutions with material conflict or material potential conflicts of interest are discussed;
- in the event that the material conflict or material potential conflict of interests involving the Proposed Investment may materialise, our Controlling Shareholder(s) and their respective close associates will abstain from voting in the Shareholders' meeting with respect to the resolution(s) considering such acquisition;
- our Company has set up an audit committee on 22 May 2015 to review and supervise our Company's financial reporting process and internal control systems of our Group and to monitor any continuing connected transactions, all members of which are independent non-executive Directors; and
- our Group has appointed Altus as our compliance adviser, particulars of the terms of appointment are set forth under the paragraph headed "Compliance Adviser" under the section headed "Directors, senior management and employees" of this document.