
RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

CONTROLLING SHAREHOLDERS

Immediately following completion of the Placing and Capitalisation Issue (without taking into account any Shares that to be issued upon exercise of options that may be granted under the Share Option Scheme), as each of Platinum Dynamic and Silver Dynamic, which is an investment holding company with its sole business being the holding of the Shares, will own 37.5% of our entire issued share capital, they are our Controlling Shareholders. As Mr. Chow Hin Keong and Mr. Chow Hin Kok, our executive Directors, are the respective sole shareholder of Platinum Dynamic and Silver Dynamic, they are also considered as our Controlling Shareholders.

INDEPENDENCE FROM CONTROLLING SHAREHOLDERS

As at the Latest Practicable Date, none of our Controlling Shareholders or Directors or their respective close associates is interested in any business (other than our Group's business) which competes or may compete with the business of our Group. Having considered the following factors, our Directors believe that we are capable of carrying out our business independently from, and do not place reliance on, our Controlling Shareholders and their respective close associates after Listing:-

Management Independence

As stated above, our Controlling Shareholders and their respective close associates are not interested in any other business which competes or may compete with the business of our Group as at the Latest Practicable Date. Therefore, there is no competition that would adversely affect the management independence of our Group.

Our Board comprises two executive Directors and three independent non-executive Directors. Each of the 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 interests. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and any of the 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. In addition, we have an independent senior management team to carry out the business operation of our Group independently from our Controlling Shareholders.

Based on the reasons above, our Directors are of the view that our Group is capable of managing our business independently from our Controlling Shareholders and their respective close associates following the completion of the Placing and the Capitalisation Issue.

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Operational Independence

Our organisational structure comprises a number of departments each with clearly delineated responsibilities, and we have in place various internal control procedures to facilitate the effective operation of our Group's business. We have obtained and hold all relevant licenses that are material in relation to carrying on our business operation independently from our Controlling Shareholders and their respective close associates. We have independent access to suppliers and customers and an independent senior management team to handle our day-to-day operations. For the purposes of facilitating the Listing and maintaining operational independence, we have entered into the Transfer Agreements on 15 June 2015 to acquire the ST Mark from SEL, a company whose 50% issued share capital is held by Mr. Chow Hin Keong.

Based on the above, our Directors believe that we are capable of carrying on our business independently of our Controlling Shareholders and their respective close associates.

Financial Independence

Our Group has an independent financial system and makes financial decisions independently according to our Group's own business needs. Our Group's accounting and finance functions are independent of our Controlling Shareholders and their respective close associates. As at the Latest Practicable Date and following the capitalisation of the two Loans each in the amount of HK\$30,000,000 owned from our Company to Mr. Chow Hin Keong and Mr. Chow Hin Kok pursuant to the Reorganisation, there were no outstanding balances between members of our Group and any of our Controlling Shareholders. The Group has also independently obtained banking facility which may be utilised as and when required.

Based on the above, our Directors believe that we are able to maintain financial independence from the Controlling Shareholders and their respective close associates.

DEED OF NON-COMPETITION

Non-Competition Undertaking

Although we consider that the 50% shareholding in SEL held by Mr. Chow Hin Keong is not a competing interest as SEL is not engaged in any business activity, in order to protect our Group's interest in its current business activities, our Company and our Controlling Shareholders entered into the Deed of Non-Competition. Under the terms of the Deed of Non-Competition, each of our Controlling Shareholders has irrevocably and unconditionally undertaken to our Company (for ourselves and for the benefit of each of our subsidiaries from time to time) that with effect from the Listing Date and for so long as the Shares remain listed on the Stock Exchange and our Controlling Shareholders, whether individually or taken together, are interested

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directly or indirectly in 30% or more of the issued share capital of our Company, each of them will not, and will procure that its close associates (other than our Group) will not, on its own account or with each other or in conjunction with or on behalf of any person, firm or company, carry on or be engaged in, concerned with or interested in, directly or indirectly, whether as a shareholder (other than being a director or a shareholder of our Group or our associated companies), director, employee, partner, agent or otherwise in any business that compete or may compete, directly or indirectly or through nominees, with the business carried out by our Group from time to time (the “**Restricted Activity**”) in the territories in which our Group carries out the Restricted Activity.

The undertaking set out above shall not prevent any of the Controlling Shareholders from acquiring a direct or an indirect shareholding interest or interest in other securities of not more than 5% (individually or taken together with their respective close associates) in a company listed on a recognised stock exchange anywhere in the world and engaged in any Restricted Activity.

If any of the Controlling Shareholders and/or his/its close associates is offered or otherwise intends to take up any business opportunity which directly or indirectly engages in or owns the Restricted Activity (the “**New Business Opportunity**”):

- (a) he/it shall within 10 business days of being offered or otherwise intending to take up such New Business Opportunity, notify our Company of such New Business Opportunity and refer the same to our Company for consideration, and shall provide the relevant information to our Company as we may require in order to enable us to make an informed assessment of such opportunity; and
- (b) he/it shall not, and shall procure that his/its close associates (other than our Group) not to, invest or participate in any project or New Business Opportunity, unless such project or New Business Opportunity shall have been rejected by our Company and the principal terms of which the relevant Controlling Shareholder or his/its close associates (other than our Group) invest or participate in are no more favourable than those notified to our Company.

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Any Director who has any direct or indirect material interest in the New Business Opportunity shall abstain from attending (unless his/her attendance is specifically requested by the remaining non-interested Directors) and voting at, and shall not count towards the quorum for, any board meeting convened to consider such New Business Opportunity.

Our Board (including the independent non-executive Directors) will be responsible for reviewing and considering whether or not to take up a New Business Opportunity notified by a Controlling Shareholder or whether or not the New Business Opportunity constitutes competition with the Restricted Activity. The interest of the Company and all Shareholders as a whole will, among other factors, be taken into consideration by our Board in making the decision.

Expiry

The non-competition undertaking by our Controlling Shareholders under the Deed of Non-Competition shall expire upon expiry of the Restricted Period (as defined below).

For the above purpose, the “Restricted Period” means the period commencing from the Listing Date and shall expire on the earlier of the dates below:

- (a) the date on which the Controlling Shareholders and their respective close associates legally and beneficially cease to be the controlling shareholders of our Company for the purpose of the GEM Listing Rules; and
- (b) the date on which the Shares cease to be listed on the Stock Exchange.

The Controlling Shareholders have undertaken under the Deed of Non-Competition that they shall provide to our Company and the Directors (including the independent non-executive Directors) from time to time all information necessary for the annual review by the independent non-executive Directors with regard to compliance with the terms of the Deed of Non-Competition during the Restricted Period by the Controlling Shareholders. The Controlling Shareholders have also undertaken to make an annual declaration as to compliance with the terms of the Deed of Non-Competition during the Restricted Period in our Company’s annual report.

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MEASURES TO BE TAKEN BY OUR COMPANY TO ENSURE COMPLIANCE WITH DEED OF NON-COMPETITION

In order to properly manage any potential or actual conflict of interests between our Group and the Controlling Shareholders in relation to compliance and enforcement of the Deed of Non-Competition, our Company will adopt the following corporate governance measures:

- (i) the independent non-executive Directors shall review, at least on an annual basis, compliance and enforcement of the terms of the Deed of Non-Competition by the Controlling Shareholders;
- (ii) the independent non-executive Directors shall be allowed to seek independent professional advice in appropriate circumstances at the Company's costs for the purpose of ensuring compliance with the terms of the Deed of Non-Competition;
- (iii) our Company will disclose any material decisions on matters reviewed by the independent non-executive Directors relating to compliance and enforcement of the Deed of Non-Competition either through our Company's annual report or by way of announcement; and
- (iv) in the event that any of the Directors and/or their respective close associates has material interest in any matter to be deliberated by the Board in relation to compliance and enforcement of the Deed of Non-Competition, he/she may not vote on the resolutions of the Board approving the matter and shall not be counted towards the quorum for the voting pursuant to the applicable provisions in our Articles of Association.

The Directors consider that the above corporate governance measures are sufficient to manage any potential conflict of interests between the Controlling Shareholders and their respective close associates on one hand and our Group on the other hand.

DEED OF INDEMNITY AND NON-DISPOSAL UNDERTAKINGS

Our Controlling Shareholders have entered into a deed of indemnity with and in favour of our Company (for itself and as trustee for each of its present subsidiaries) in relation to estate duty, taxation and any losses which we may suffer in respect of social insurance and housing provident fund contributions. Please refer to the sub-section headed "*Appendix IV – Statutory and General Information – D. Other Information – 2. Estate Duty, Tax and Other Indemnity*" of this prospectus for particulars of the deed of indemnity.

Our Controlling Shareholders have also entered into certain undertakings in relation to restrictions on disposal of Shares upon Listing. Please refer to the sub-section headed "*Underwriting – Underwriting Arrangements and Expenses – Undertakings*" of this prospectus for details of these undertakings.