
RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

On 24 August 2015, Mr. Lee, Mr. Yeung and Mr. Luk entered into the Concert Parties Confirmatory Deed to acknowledge and confirm, among other things, that they are parties acting in concert of each of the members of our Group during and since the Track Record Period and continue as of and after the date of the Concert Parties Confirmatory Deed, details of the Concert Parties Confirmatory Deed are set out in the section headed “History, Reorganisation and Corporate Structure – Parties acting in concert” in this document.

Immediately following completion of the [REDACTED] and the Capitalisation Issue (assuming that no share is issued pursuant to the exercise of [the [REDACTED] and] options which may be granted under the Share Option Scheme), Best Matrix (wholly owned by Mr. Lee), Orange Blossom (wholly owned by Mr. Yeung) and Leader Speed (wholly owned by Mr. Luk) will be together interested in approximately [REDACTED] of the issued share capital of our Company, with (i) Best Matrix (wholly owned by Mr. Lee) effectively holding [REDACTED] of the total issued share capital of our Company; (ii) Orange Blossom (wholly owned by Mr. Yeung) effectively holding approximately [REDACTED] of the total issued share capital of our Company; and (iii) Leader Speed (wholly owned by Mr. Luk) effectively holding approximately [REDACTED] of the total issued share capital of our Company. As Mr. Lee, Mr. Yeung, Mr. Luk, Best Matrix, Orange Blossom and Leader Speed will collectively continue to control more than 30% of the issued share capital of our Company, each of them will be our Controlling Shareholder within the meaning of the GEM Listing Rules.

COMPANIES OWNED BY OUR CONTROLLING SHAREHOLDERS BUT NOT INCLUDED IN OUR GROUP

Our Controlling Shareholders are also interested in a number of companies which are either (i) inactive or (ii) engaged in other business activities that are not related to our Group’s businesses, all such businesses will not form part of our Group after the [REDACTED].

RULE 11.04 OF THE GEM LISTING RULES

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

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors consider that our Group is capable of carrying on our business independent of and without undue reliance on our Controlling Shareholders and their respective close associates after the [REDACTED] based on the following reasons:

Management independence

Our management and operational decisions are made by the Board and senior management. The Board comprises three executive Directors and three independent non-executive Directors. Although Mr. Yeung, Mr. Lee and Mr. Luk who are the ultimate Controlling Shareholders also hold directorships in our Company, we consider that our Board and senior management will function independently from our Controlling Shareholders because:

- (a) each Director is aware of his fiduciary duties as a Director which require, among other things, that he acts for the benefit and in the best interest of our Company and does not allow any conflict between his duties as a Director and his personal interests;
- (b) 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 Director(s) shall abstain from voting at the relevant Board meetings in respect of such transactions, and shall not be counted in forming quorum; and
- (c) all our senior management members are independent from our Controlling Shareholders. They have served our Group for a sufficient length of time during which they have demonstrated their capability of discharging their duties independently from our Controlling Shareholders.

Operational independence

Our Group has established our own organisational structure comprising of individual departments, each with specific areas of responsibilities. Our Group has not shared our operational resources, such as suppliers, customers, sales and marketing and general administration resources, with our Controlling Shareholders and/or their respective close associates.

As at the Latest Practicable Date, there were no business transactions between us and any of our Controlling Shareholders.

Based on the above, our Directors are of the view that we are independent of our Controlling Shareholders in terms of business operations.

Financial independence

Our Group has our own financial management and accounting systems, accountant and administration department and independent treasury functions, and we make financial decision according to our own business needs.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

All the amounts due to our Directors, Controlling Shareholders and their associates, [were] settled in full or released or waived before the [REDACTED].

Having considered the above factors, our Directors consider that we have no financial dependence on our Controlling Shareholders.

Independence of major customers

Our Directors confirmed that none of our Controlling Shareholders, our Directors and their respective close associates, have any relationship with the major customers of our Group (other than the business contacts in the ordinary and usual course of business of our Group) during the Track Record Period and up to the Latest Practicable Date.

NON-COMPETE UNDERTAKING

Our Controlling Shareholders as covenantors (each of them, a “**Covenantor**” and collectively, the “**Covenantors**”) executed the Deed of Non-Competition in favour of our Company (for itself and as trustee for and on behalf of our subsidiaries).

In accordance with the Deed of Non-Competition, each Covenantor undertakes that, from the [REDACTED] Date and ending on the occurrence of the earliest of (i) the date on which the Shares cease to be listed on GEM; or (ii) the date on which the Covenantors cease to be a Controlling Shareholder:

1. Non-competition

He/it will not, and will use his/its best endeavours to procure any Covenantor, his/its close associates (collectively, the “**Controlled Persons**”) and any company directly or indirectly controlled by the Covenantor (the “**Controlled Company**”) not to, either on his/its own or in conjunction with any body corporate, partnership, joint venture or the contractual agreement, whether directly or indirectly, whether for profit or not, carry on, participate in, hold, engage in, acquire or operate, or provide any form of assistance to any person, firm or company (except members of our Group) to conduct any business which, directly or indirectly, competes or is likely to compete with the business of our Company or any of our subsidiaries in Hong Kong and such other places as our Company or any of our subsidiaries may conduct or carry on business from time to time, including but not limited to the provision of integrated logistics solutions services to meet the needs of the customers’ supply chains which include transportation, warehousing, customisation services (mainly consist of repacking services and labeling services) as well as diversified value-added services (mainly consist of container handling services and assistance in preparation of shipping document services) in Hong Kong (the “**Restricted Business**”).

The Deed of Non-Competition does not apply if the Controlled Persons and Controlled Company in aggregate own any interest not exceeding five per cent. of the issued shares in any company conducting any Restricted Business (the “**Relevant Company**”), and the Relevant Company is listed in any recognised stock exchange (as defined under the SFO), notwithstanding that the business conducted by the Relevant Company constitutes or might constitute competition with the business of our Company or any of our subsidiaries,

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

provided that (i) the shareholding of any one holder (and his close associate, if applicable) in the Relevant Company is more than that of the Controlled Persons and the Controlled Company in aggregate at any time; and (ii) the total number of the relevant Covenantors’ representatives on the board of directors of the Relevant Company is not significantly disproportionate with respect to his shareholding in the Relevant Company.

2. New business opportunity

If any Covenantor and/or any Controlled Company is offered or becomes aware of any business opportunity directly or indirectly to engage in or own a Restricted Business (the “**New Business Opportunity**”):

- (a) he/it shall within 10 days notify our Company of such New Business Opportunity in writing and refer the same to our Company for consideration, and shall provide the relevant information to our Company in order to enable us to make an informed assessment of such opportunity; and
- (b) he/it shall not, and shall procure that his Controlled Persons or Controlled Companies not to, invest or participate in any project and New Business Opportunity, unless such project and New Business Opportunity shall have been rejected by our Company and the principal terms of which the Covenantor or his/its Controlled Persons or Controlled Companies invest or participate in are no more favourable than those made available to our Company.

A Covenantor may only engage in the New Business Opportunity if (i) a notice is received by the Covenantor from our Company confirming that the New Business Opportunity is not accepted and/or does not constitute competition with the Restricted Business (the “**Non-acceptance Notice**”); or (ii) the Non-acceptance Notice is not received by the Covenantor within 30 days after the proposal of the New Business Opportunity is received by our Company.

Any Director who has an actual or potential material interest in the New Business Opportunity shall abstain from attending (unless their attendance is specifically requested by the remaining non-interested Directors) and voting at, and shall not count towards the quorum for, any meeting or part of a meeting convened to consider such New Business Opportunity.

Our independent non-executive Directors will be responsible for reviewing and considering whether or not to take up a New Business Opportunity referred by a Covenantor or Controlled Company or whether or not the New Business Opportunity constitutes competition with the Restricted Business and such decisions will be made by our independent non-executive Directors. The factors that will be taken into consideration in making the decision include whether it is in line with the overall interests of our Shareholders.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

3. Corporate governance measures

In order to ensure the performance of the above non-competition undertakings, the Covenantors will:

- (a) as required by our Company, provide all information which is necessary for our independent non-executive Directors to conduct annual examination with regard to the compliance of the terms of the Deed of Non-Competition and the enforcement of it;
- (b) our Controlling Shareholders undertake to provide all information requested by our Company which is necessary for the annual examination by the independent non-executive Directors and the enforcement of the Deed of Non-Competition;
- (c) procure our Company to disclose to the public either in the annual report of our Company or issue a public announcement in relation to any decisions made by our independent non-executive Directors with regard to the compliance of the terms of the Deed of Non-Competition and the enforcement of it;
- (d) where our independent non-executive Directors shall deem fit, make a declaration in relation to the compliance of the terms of the Deed of Non-Competition in the annual report of our Company, and ensure that the disclosure of information relating to compliance with the terms of the Deed of Non-Competition and the enforcement of it are in accordance with the requirements of the GEM Listing Rules; and
- (e) that during the period when the Deed of Non-Competition is in force, fully and effectually indemnify our Company against any losses, liabilities, damages, costs, fees and expenses as a result of any breach on the part of such Covenantor of any statement, warrant or undertaking made under the Deed of Non-Competition.

The Deed of Non-Competition and the rights and obligations thereunder are conditional upon (a) the Listing Division granting the [REDACTED] of, and the permission to deal in, the Shares, as described in this document, and (b) the [REDACTED] and dealings in the Shares on GEM taking place.

As the Covenantors have given non-competition undertakings in favour of our Company, and none of them have interests in other businesses that compete or are likely to compete with the business of our Group, our Directors are of the view that they are capable of carrying on our Group’s business independently of the Covenantors following the [REDACTED].