
RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

CONTROLLING SHAREHOLDERS

Immediately after completion of the [REDACTED] and the [REDACTED] (without taking into account any Shares which may be issued upon the exercise of the [REDACTED] and options which may be granted under the Share Option Scheme), the Company will be owned as to [REDACTED]% by Alpha Sense (BVI) which is owned as to 100% by Mr. Foo, [REDACTED]% by Mr. Hoo through Future Way (BVI) and [REDACTED]% by Vantage Network (BVI). As Alpha Sense (BVI) and Mr. Foo are directly or indirectly entitled to exercise or control the exercise of 30% or more of the voting power at general meetings of the Company immediately following the [REDACTED], each of Alpha Sense (BVI) and Mr. Foo shall be regarded as a Controlling Shareholder under the GEM Listing Rules. For Mr. Foo's background, please refer to the section headed "Directors and Senior Management — Directors" in this document.

COMPETING INTERESTS

As confirmed by the Directors, none of the Controlling Shareholders, the Substantial Shareholders, the Directors and their respective close associates is interested in any business, apart from the business operated by members of the Group, that competes or is likely to compete, directly or indirectly, with the business of the Group and would require disclosure pursuant to Rule 11.04 of the GEM Listing Rules at as the Latest Practicable Date.

INDEPENDENCE FROM THE CONTROLLING SHAREHOLDERS

Taking into consideration of the following factors, the Directors are satisfied that the Group is capable to carry on the business independently from the Controlling Shareholders or their respective close associates after the [REDACTED]:

Management independence

The management and operational decisions are made by the Board and a team of senior management. The Board consists of five Directors, comprising two executive Directors, and three independent non-executive Directors. One of the executive Directors is Mr. Foo.

Each of the Directors is aware of his fiduciary duties as a Director which requires, among other things, that he acts for the benefit and in the best interests of the Company and does not allow any conflict between his duties as a Director and his personal interest. In the event there is a potential conflict of interest arising out of any transaction to be entered into between the Group and the Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant board meetings of the Company in respect of such transactions and shall not be counted in the quorum.

Further, the independent non-executive Directors will bring independent judgement to the decision making process of the Board.

In addition, the Board is supported by a team of senior management who possess relevant management skills and industry knowledge who are responsible to take charge of the daily operations, are independent from the Controlling Shareholders and their associates. Please refer to the section headed "Directors and Senior Management" in this document for details of their management experience. In this regard, the Directors are of the view that the Group can be managed independently notwithstanding that Mr. Foo, being a Controlling Shareholder, and an executive Director.

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Operational independence

The Group has established its own organisational structure made up of individual departments, each with specific areas of responsibilities in the operation. The Group has also established a set of internal control measures to facilitate the effective operation of the Group's business. Despite the controlling interest held by the Controlling Shareholders, the Company has full rights to make all decisions on, and to carry out its own business operations independently.

The Group has not shared the operational resources, such as premise, access to customers and suppliers, manufacturing, sales and general administration resources with the Controlling Shareholders and/or their respective close associates.

There has not been any business transaction between the Group and the Controlling Shareholders and/or their respective close associates during the Track Record Period.

Based on the above, the Directors are satisfied that the Group is able to operate independently from the Controlling Shareholders and their respective associates.

Financial independence

The Group has established an internal financial management system that operates independently from the Controlling Shareholders from a financial perspective. The Group has made and will make financial decisions according to the own business needs. The Group has its own bank account, make its own tax registrations and have employed a sufficient number of financial accounting personnel. Taking into account of the Group's internal resources, the [REDACTED] from the [REDACTED] Investment and the estimated [REDACTED] from the [REDACTED], the Directors believe that the Group will have sufficient working capital for its requirements for at least the next 12 months from the date of publication of this document. The Group is confident that after the [REDACTED], the Group will be able to obtain credit facilities from financial institutions on a stand-alone basis. The Directors confirm that, as at the Latest Practicable Date, the Controlling Shareholders or their respective close associates have not provided any loan to the Group. Based on the above, the Directors believe that the Group is able to maintain financial independence from the Controlling Shareholders.

NON-COMPETITION UNDERTAKING

To better safeguard the Group from any potential competition and conditional upon the [REDACTED] taking place, (i) the Controlling Shareholders namely, Alpha Sense (BVI) and Mr. Foo, as covenantors (“**CS Covenantors**”) have entered into a deed of non-competition (“**CS Deed of Non-Competition**”), and (ii) two of the substantial Shareholders namely Future Way (BVI) and Mr. Hoo, as covenantors (“**SS Covenantors**”, collectively with the CS Covenantors, the “**Covenantors**”) have entered into a deed of non-competition (“**SS Deed of Non-Competition**”), both dated [●] and in favour of the Company (for itself and as trustee for the subsidiaries), pursuant to which each of the CS Covenantors or the SS Covenantors (as the case may be) jointly and severally, irrevocably and unconditionally, undertakes with the Company that with effect from the [REDACTED] Date and for as long as the Shares remain so listed on the Stock Exchange and the CS Covenantors or the SS Covenantors (as the case may be) are regarded as controlling shareholders (as defined under the GEM Listing Rules) or

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substantial shareholders (as defined under the GEM Listing Rules) (as the case may be), each of the CS Covenants or the SS Covenants (as the case may be) will not, and will procure that none of their respective associates (except any member of the Group) will:

- (a) directly or indirectly carry on, engage, participate, be interested or acquire or hold any right or interest in any business which is or may be in competition, whether directly or indirectly, with the principal business of any member of the Group in the provision of cyber infrastructure solutions and cyber security solutions and the related businesses ancillary to any of the foregoing from time to time (the "**Restricted Business**") save for (i) the holding of not more than 5% shareholding interests (individually or any of the CS Covenants or the SS Covenants (as the case may be) with their associates collectively) in any listed company in Hong Kong; or (ii) the holding of shares in any listed company in Hong Kong where the Restricted Business conducted or engaged in by such company accounts for less than 10% of the relevant company's consolidated turnover or consolidated assets, or (iii) where the CS Covenants or the SS Covenants (as the case may be) are already, directly or indirectly, interested or invested in the operations of companies which are engaging in Restricted Business and details of which have been specifically disclosed in this document; and
- (b) take any direct or indirect action which constitutes an interference with or a disruption to the business activities including, but not limited to, solicitation of the Group's customers, suppliers or staff.

In addition, each of the CS Covenants or the SS Covenants (as the case may be), in the respective CS Deed of Non-Competition or the SS Deed of Non-Competition (as the case may be), jointly and severally undertakes that if any new business opportunity relating to any Restricted Business is made available to any of the CS Covenants or the SS Covenants (as the case may be), it will direct the Restricted Business to the Group with such required information to enable the Group to evaluate the merits of the Restricted Business.

Any decision of the Company as to whether or not to engage in the Restricted Business will have to be approved by the independent non-executive Directors. Where the independent non-executive Directors have reviewed the opportunity to invest, participate, be engaged in and/or operate with a third party any Restricted Business and has declined such opportunity, the CS Covenants or the SS Covenants (as the case may be) (or his/its associate(s)) may subsequently invest, participate, engage in or operate the Restricted Business as long as the terms by which the CS Covenants or the SS Covenants (as the case may be) subsequently invest are not more favourable than those disclosed to the Company.

Where the Company decides and offers to invest, participate, be engaged in and/or operate any Restricted Business with any of the CS Covenants or the SS Covenants (as the case may be) and/or his/its associates, such CS Covenants or the SS Covenants (as the case may be) and/or his/its associates can invest, participate, be engaged in and/or operate such Restricted Business with the Company. The Company will comply with the requirements of the Listing Rules in case of such cooperation with the CS Covenants or the SS Covenants (as the case may be) and/or his/its associates.

Each of the CS Covenants or the SS Covenants (as the case may be) further jointly and severally undertakes that he/it will provide to the Group all information necessary for the enforcement of the above non-competition undertakings.

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Each of the CS Covenantors or the SS Covenantors (as the case may be) also represents and warrants that apart from the disclosures made in this document, neither he or it nor any of his/its associates is currently engaging, directly or indirectly, in any business that competes or may compete with the Group.

The Deeds of Non-Competition will cease to have effect on any of the CS Covenantors or the SS Covenantors (as the case may be) if he/it ceases to be a Controlling Shareholder (in respect of the CS Deed of Non-Competition) or substantial shareholder of the Company (in respect of the SS Deed of Non-Competition), as the case may be, or the date on which the [REDACTED] is withdrawn, whichever occurs first.

CORPORATE GOVERNANCE MEASURES

The Group has adopted the following measures to manage the conflict of interests arising from competing business and to safeguard the interest of the Shareholders:

- (a) the Covenantors will promptly provide to the Group such information as the Group may from time to time reasonably request to ascertain the compliance of by the Covenantors of their respective obligations under the Deeds of Non-Competition;
- (b) the independent non-executive Directors will review, on an annual basis, the compliance with the non-competition undertaking by the respective Covenantors under the Deeds of Non-Competition;
- (c) the Covenantors undertake to provide all information necessary for the annual review by the independent non-executive Directors and the enforcement of the Deeds of Non-Competition;
- (d) the Company will disclose decisions on matters reviewed by the independent non-executive Directors relating to the compliance and enforcement of the Deeds of Non-Competition either through the Company's annual report or by way of announcement to the public;
- (e) the Covenantors undertake to abstain from voting at any general meeting of the Company if there is any actual or potential conflict of interest;
- (f) the Covenantors will make an annual declaration on compliance with their respective undertaking under the Deeds of Non-Competition in the Company's annual report and make disclosure on how the CS Deed of Non-Competition or the SS Deed of Non-Competition (as the case may be) has been complied with and enforced, consistent with the principle of making voluntary disclosure in the corporate governance report; and
- (g) the Company has appointed Southwest HK Capital as its compliance adviser which shall provide the Company with professional advice and guidance in respect of compliance with the GEM Listing Rules and applicable laws.