
RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

Immediately following completion of the Capitalisation Issue and the [REDACTED], each of Mr. Kuah and Mighty One will control more than 30% of our issued share capital, irrespective of whether the [REDACTED] is exercised partially or fully, or at all. For the purpose of the Listing Rules, Mr. Kuah and Mighty One are our Controlling Shareholders. Mighty One is an investment holding company and has not commenced any substantive business activities as at the Latest Practicable Date. Each of Mr. Kuah and Mighty One confirms that he/it does not hold or conduct any business which competes, or is likely to compete, either directly or indirectly, with our business.

INDEPENDENCE OF OUR GROUP

In the opinion of our Directors, our Group is capable of carrying on our businesses independently of, and does not place undue reliance on, the Controlling Shareholders, their respective associates or any other parties, taking into account the following factors:

(i) Financial independence

Our Group has an independent financial system and makes financial decisions according to our own business needs. The non-trade and trade related amounts due to or from our Controlling Shareholder, Mr. Kuah, or companies controlled by him, will be fully settled before [REDACTED]. Our Group has procured the release of all guarantees provided to us by Mr. Kuah and his associates before the [REDACTED]. Our Group has sufficient capital to operate our business independently, and has adequate internal resources and credit profile to support our daily operations.

(ii) Operational independence

On the basis of the following reasons, our Directors consider that our Group will continue to be operationally independent from our Controlling Shareholders or other companies controlled by our Controlling Shareholders:

- (a) our Group has established our own organisational structure made of individual departments, each with specific areas of responsibilities;
- (b) our Group did not share our operational resources, such as suppliers, marketing, sales and general administration resources with our Controlling Shareholders and/or their close associates during the Track Record Period;
- (c) our Group has also established a set of internal control measures to facilitate the effective operation of our business;
- (d) our Group’s customers and suppliers are all independent from our Controlling Shareholders;

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

- (e) our Group does not rely on our Controlling Shareholders or their close associates and has our independent access to customers and suppliers; and
- (f) our Group is the holder of all relevant licenses material to the operation of our business and has sufficient capital, equipment and employees to operate our business independently.

(iii) Independence of management

On the basis of the following reasons, our Directors consider that our Directors and members of the senior management of our Group are able to manage the business independently from our Controlling Shareholders:

- (a) with three independent non-executive Directors out of a total of five Directors in our Board, which complies with the requirements under the Listing Rules, there will be a sufficiently robust and independent voice within the Board to counterbalance any situation involving a conflict of interest and protect the interests of the independent Shareholders;
- (b) all of our senior management members are full-time employees of our Group and most of them have, during the entire or most of the Track Record Period, undertaken senior management supervisory responsibilities in our business. The responsibilities of the senior management team include managing operational and financial matters, making general capital expenditure decisions and the daily implementation of the business strategies of our Group. This ensures the independence of the daily management and operations of our Group from those of our Controlling Shareholders;
- (c) each of our 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 Shareholders and our Company as a whole and does not allow any conflict between his/her duties as a Director and his personal interests to affect the performance of his/her duties as a Director;
- (d) connected transactions (if any) between our Company and companies controlled by our Controlling Shareholders are subject to the rules and regulations under the Listing Rules including rules relating to announcement, reporting and independent Shareholders’ approval requirements (where applicable); and
- (e) a number of corporate governance measures is in place to avoid any potential conflict of interest between our Company and our Controlling Shareholders, and to safeguard the interests of the independent Shareholders.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Having considered the aforesaid 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 our Group is capable of managing our business independently from our Controlling Shareholders and their respective close associates.

(iv) Independence of major suppliers

Our Directors confirm that none of our Controlling Shareholders, our Directors and their respective associates, have any relationship with the major suppliers of our Group (other than the business contacts in the ordinary and usual course of business of our Group) during the Track Record Period.

(v) Independence of major customers

Our Directors confirm that none of our Controlling Shareholders, our Directors and their respective 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.

RULE 8.10 OF THE LISTING RULES

The Controlling Shareholders and our Directors 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 8.10 of the Listing Rules.

NON-COMPETITION UNDERTAKING

In order to avoid any possible future competition between our Group, the Covenantors have executed the Deed of Non-Competition on [•] in favour of our Company (for itself and for the benefit of each other member of our Group). Pursuant to the Deed of Non-Competition, during the period that the Deed of Non-Competition remain effective, each of the Covenantors irrevocably and unconditionally undertakes to our Company (for itself and for the benefit of each other member of our Group) that he/it shall not, and shall procure his or its close associates (other than the members of our Group) not to, directly or indirectly engage, participate or hold any right or interest in or render any services to or otherwise be involved in any business in competition with or likely to be in competition with the existing business activity of any member of our Group and such other business activity our Group may engage in from time to time.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

When business opportunities which may compete with the business of our Group arise, the respective Covenantor(s) shall, and shall procure their respective close associates to, give our Company notice in writing and we shall have a right of first refusal to take up such business opportunities. We shall only exercise the right of first refusal upon the approval of all our independent non-executive Directors (who do not have any interest in such proposed transactions). The relevant Covenantor(s) and the other conflicting Directors (if any) shall abstain from participating in and voting at and shall not be counted as quorum at all meetings of the Board where there is a conflict of interest or potential conflict of interest including but not limited to the relevant meeting of our independent non-executive Directors for considering whether or not to exercise the right of first refusal. Within 30 days after receipt of written notice concerning offer of such business opportunities from the Covenantor(s) or his/its close associate(s), we shall notify the Covenantor(s) whether we intend to accept the offer. If we decline any such offer, the Covenantor(s) and/or his/its close associate(s) shall then be allowed to acquire the business opportunities offered on terms no more favorable than those offered to us.

The Deed of Non-Competition is conditional upon the fulfilment of the following conditions:

- (i) the Listing Committee granting the approval for the [REDACTED] of, and [REDACTED] in, our Shares; and
- (ii) the fulfilment of the conditions precedent under [REDACTED] (including waiver of any conditions precedent by [REDACTED], if applicable) and the [REDACTED] not being terminated.

If any of such conditions is not fulfilled on or before the date agreed between the [REDACTED] our Company or the [REDACTED] our Company have agreed to terminate the [REDACTED] thereafter, the Deed of Non-Competition shall become null and void and cease to have any effect whatsoever and no party shall have any claim against the other under the Deed of Non-Competition.

The Deed of Non-Competition shall terminate when (i) a Covenantor whether individually or taken together with his or its close associates, ceases to be interested in 30% (or such other amount as may from time to time be specified in the Listing Rules as being the threshold for determining a controlling shareholder of a company) or more of the entire issued share capital of our Company; or (ii) our Shares shall cease to be listed and traded on the Stock Exchange (except for temporary suspension of trading of our Shares on the Stock Exchange due to any reason).

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

CORPORATE GOVERNANCE MEASURES

Each of the Controlling Shareholders has confirmed that he/it fully comprehends his/its obligations to act in the best interests of our Company and our Shareholders as a whole. To avoid potential conflicts of interest, our Group will implement the following measures:

- (i) the Covenantors will make an annual confirmation as to compliance with his/its undertaking under the Deed of Non-Competition for inclusion in the annual report of our Company;
- (ii) the Board is committed to the view that the Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors) so that there is a strong independent element on the Board which can effectively exercise independent judgment. Our Company has appointed three independent non-executive Directors. Our Directors believe that the independent non-executive Directors are of sufficient caliber, are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide impartial and professional advice to protect the interests of the minority Shareholders. Details of the independent non-executive Directors are set out in the section headed “Directors, senior management and staff” in this document;
- (iii) our Company has appointed Dakin Capital Limited as the compliance adviser, which will provide advice and guidance to our Company in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors’ duties and internal controls;
- (iv) the Controlling Shareholders undertake to provide all information requested by our Group which is necessary for the annual review by the independent non-executive Directors and the enforcement of the Deed of Non-Competition; and
- (v) our independent non-executive Directors will, based on the information available to them, review on an annual basis (i) the compliance with the Deed of Non-Competition; and (ii) all the decisions taken in relation to whether to pursue new opportunity under the Deed of Non-Competition. Findings of such review will be disclosed in our annual report after the [REDACTED].