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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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#### OVERVIEW

Immediately following the completion of the Share Offer (without taking into account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme), Ip Group and IPW Group will directly respectively hold 67% and 8% of our issued Shares. Ip Group and IPW Group are legally and beneficially wholly-owned by Mr. Charlie Ip. Hence, Ip Group, IPW Group and Mr. Charlie Ip will be a group of Controlling Shareholders under the Listing Rules.

As at the Latest Practicable Date, none of our Controlling Shareholders has any interest in a business apart from our Group's business which competes or is likely to compete, either directly or indirectly with our Group's business, which would be required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

#### INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors consider that our Group is capable of carrying our business independently of our Controlling Shareholders and their respective close associates following the Listing.

##### Management Independence

Our board comprises of two executive Directors and three independent non-executive Directors. Mr. Charlie Ip and Mr. Chan are our executive Directors and Mr. Charlie Ip is also a Controlling Shareholder of our Group. Having considered the following factors, our Directors consider the management of our Group is capable to operate independently from the Controlling Shareholders after the Listing:

- (a) 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 Company and does not allow any conflict between his/her duties as a Director and his/her personal interest;
- (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 of our Company in respect of such transactions and shall not be counted in the quorum;
- (c) our Group has established internal control procedures independent from our Controlling Shareholders to facilitate the effective operation of our business activities;
- (d) all of our licenses are held by our operating subsidiaries instead of our Controlling Shareholders;

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- (e) Mr. Chan and our senior management members are independent from our Controlling Shareholders and are responsible for the daily operations of our Group; and
- (f) our independent non-executive Directors have sufficient and competent knowledge and experience and will bring independent judgment to the decision making process of our Board, taking into account the advice of the senior management of our Group.

### **Financial Independence**

Our Group has its own financial management and accounting systems and the ability to operate independently from our Controlling Shareholders from the financial perspective. Our Group is capable of making financial decisions according to our own business needs. Our Directors also believe that we have sufficient capital, internal resources and credit profile in the case of future external financing needs to support our daily operations independently from our Controlling Shareholders and their respective close associates.

All amounts due from our Controlling Shareholders and amounts due from and to companies controlled by our Controlling Shareholders disclosed in notes 20 and 21 to the Accountants' Report in Appendix I to this prospectus, as well as all guarantees, indemnities and other securities provided by us for the benefit of our Controlling Shareholders and companies controlled by our Controlling Shareholders or vice versa, will be fully settled or released prior to or upon the Listing. There will be no financial assistance, security and/or guarantee provided by our Controlling Shareholders in favour of our Group or vice versa upon the Listing. Accordingly, our Directors believe that we are able to maintain financial independence from our Controlling Shareholders and/or their respective close associates after the Listing.

### **Operational independence**

Our Company is capable of making business decisions independently. On the basis of the following factors, our Directors believe that our Company will continue to operate independently from our Controlling Shareholders and/or their respective close associates:

- (a) our Group has established a set of internal control measures to facilitate the effective operations of our business;
- (b) our Group has its own administrative and corporate governance infrastructure across each of our core functions;
- (c) our Group's customers and suppliers are all independent from our Controlling Shareholders and we do not rely on our Controlling Shareholders or their respective close associates for any access to suppliers and customers;
- (d) as of the Latest Practicable Date, all of our full-time employees were recruited independently;

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- (e) All of our licenses are held by our operating subsidiaries instead of our Controlling Shareholders; and
- (f) Immediately after the Listing, it is expected that there will be no non-exempt continuing transactions between our Company and our Controlling Shareholders and/or their respective associates.

During the Track Record Period, certain entities controlled by Mr. Charlie Ip, our executive Director and Controlling Shareholder, had entered into related party transactions with our Group. Such related party transactions are disclosed in note 30 to the Accountants' Report in Appendix I.

Our Directors confirm that all related party transactions with our Controlling Shareholders were entered in the ordinary course of business and on normal commercial terms or better and such related party transactions had been discontinued prior to the Listing.

### CORPORATE GOVERNANCE MEASURES

We will adopt the following corporate governance measures to manage any potential conflicts of interest arising from any future potential competing business and to safeguard the interests of our Shareholders:

- (i) a Controlling Shareholder will excuse itself from the Board meetings of our Company and abstain from voting on any Board resolutions in relation to any proposal in which that Controlling Shareholder(s) would have conflicting interests to those of the other Shareholders. In such case, the other non-interested Directors and the independent non-executive Directors, with the assistance of our senior management, will be responsible for making decisions for the Board. If necessary, our Company will engage external professionals such as auditors, valuers and other advisers to give advice;
- (ii) each Director is aware of his/her fiduciary duties as a Director, which require, among other things, that he/she acts for the benefit of our Company and the Shareholders as a whole and does not allow any conflict of interests between his/her duties as a Director and his/her personal interests. If potential conflict of interest arises, the interested Director(s) will bring the matter to the independent non-executive Directors and shall not be present during the discussion of the relevant resolution in which the conflict of interest may arise and shall abstain from voting on such proposed resolution;
- (iii) our Company has appointed Innovax Capital as our compliance adviser who shall ensure that our Company is properly guided and advised as to compliance with the Listing Rules and any other applicable laws and regulations;
- (iv) the independent non-executive Directors may engage an independent professional advisers in appropriate circumstances at the Company's costs; and

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- (v) our Directors are obliged under the Articles of Association to declare to the Board any potential conflict of interest with our Group at Board meetings. It is provided in the Articles of Association that a Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or other proposal in which he/she or any of his/her associates is materially interested. The Board (including the independent non-executive Directors) will monitor the potential conflict of interest of Directors and our Directors have to submit confirmations to the Board disclosing details of any interests in competing businesses in any interim or annual reports to be issued by our Company.