
RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

As of the date of this document, the equity interest of our Company was controlled as to 67.46% by HART, which is owned as to 55% and 45% by Mr. David CHIEN and Ms. Kwai Ching Denise LAU, respectively. HART is an investment holding vehicle jointly held by Mr. David CHIEN and Ms. Kwai Ching Denise LAU. For background and experience of Mr. David CHIEN and Ms. Kwai Ching Denise LAU, please refer to the section headed “Directors and Senior Management” in this document.

Immediately following the completion of the [REDACTED], HART will be interested in approximately [REDACTED]% of our issued share capital, without taking into account any Shares which may be allotted and issued under the Share Incentive Schemes. Therefore, HART, Mr. David CHIEN and Ms. Kwai Ching Denise LAU are a group of Controlling Shareholders as defined under the Listing Rules upon [REDACTED].

NO COMPETITION AND CLEAR DELINEATION OF BUSINESS

Each of our Controlling Shareholders has confirmed that, as of the Latest Practicable Date, none of them had any interest in any business, other than our business, which compete, or is likely to compete, either directly or indirectly, with our business and would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently from our Controlling Shareholders after the [REDACTED].

Management Independence

Our Directors are of the view that our Board and senior management team are able to manage our business independently from the Controlling Shareholders and their respective close associates for the following reasons:

- (a) our Board of Directors consists of eight Directors, six of whom do not hold any interest or management positions in our Controlling Shareholders. As of the Latest Practicable Date, other than Mr. David CHIEN and Ms. Kwai Ching Denise LAU who are our Controlling Shareholders, none of our Directors or senior management hold any position or own any interest in our Controlling Shareholders;
- (b) each Director is aware of his or her fiduciary duties as a director which require, among other things, that he or she acts for the benefit and in the interest of our Company and does not allow any conflict between his duties as a Director and his or her personal interests;

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- (c) our daily management and operations are carried out by a senior management team, five of whom do not hold any interest or management positions in our Controlling Shareholders. Our senior management team has substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interests of our Group;
- (d) we have three independent non-executive Directors and certain matters of our Company must always be referred to the independent non-executive Directors for review;
- (e) according to the Articles of Association, in respect of any contract or arrangement or any other proposal whatsoever in which a Director or any of his or her close associates (or, if required by the Listing Rules, his or her other associates) has any material interest, such Director shall abstain from voting on the resolutions and shall not be counted towards the quorum for the voting;
- (f) where a Shareholders' meeting is held to consider a proposed transaction in which any Controlling Shareholder has a material interest, the Controlling Shareholders shall abstain from voting on the resolutions and shall not be counted towards the quorum for the voting; and
- (g) our Company has appointed Rainbow Capital (HK) Limited as our compliance advisor, which will provide advice and guidance to our Group in respect of compliance with the applicable laws and Listing Rules including various requirements relating to Directors' duties and corporate governance.

Based on the above, our Directors are satisfied that our Board as a whole together with our senior management team is able to perform the managerial role in our Group independently.

Operational Independence

We have full rights to make business decisions and to carry out our business independent of our Controlling Shareholders and their respective close associates. On the basis of the following reasons, our Directors consider that our Company will continue to be operationally independent of our Controlling Shareholders and their respective close associates after [REDACTED]:

- (a) we are not reliant on trademarks owned by our Controlling Shareholders;
- (b) we are the holder of all relevant licenses material to the operation of our business and have sufficient capital, equipment and employees to operate our business independently;

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- (c) we have our own administrative and corporate governance infrastructure, including our own accounting, legal and human resources departments;
- (d) our Directors do not expect that there will be any connected transactions between our Group and our Controlling Shareholders or their respective associates upon or shortly after [REDACTED]; and
- (e) none of our Controlling Shareholders and their respective close associates has any interest which competes or is likely to compete with the business of our Group.

Financial Independence

We have independent internal control and accounting systems. We also have an independent finance department responsible for discharging the treasury function. We are capable of obtaining financing from third parties, if necessary, without reliance on our Controlling Shareholders.

No loans or guarantees provided by, or granted to, our Controlling Shareholders or their respective close associates will be outstanding as of the Latest Practicable Date.

Based on the above, our Directors are of the view that they and our senior management are capable of carrying on our business independently of, and do not place undue reliance on our Controlling Shareholders and their close associates after the [REDACTED].

CORPORATE GOVERNANCE

Other than deviation from Code Provision C.2.1 as disclosed in “Directors and Senior Management – Corporate Governance,” our Company will comply with the provisions of the Code, which sets out principles of good corporate governance in relation to, among other matters, directors, the chairman and chief executive officer, board composition, the appointment, re-election and removal of Directors, their responsibilities and remuneration and communications with Shareholders.

Our Directors recognize the importance of good corporate governance to protect the interests of our Shareholders. We would adopt the following corporate governance measures to manage potential conflict of interests between our Group and the Controlling Shareholders:

- (a) where a Shareholders meeting is to be held for considering proposed transactions in which the Controlling Shareholders or their associates has a material interest, the Controlling Shareholders shall not vote on the resolutions and shall not be counted in the quorum for the voting;

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- (b) the Company has established internal control mechanisms to identify connected transactions. Upon [REDACTED], if the Company enters into connected transactions with the Controlling Shareholders or their associates, the Company will comply with the applicable Listing Rules;
- (c) our Board will consist of a balanced composition of executive and non-executive Directors, including not less than one-third of independent non-executive Directors to ensure that our Board is able to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. Our independent non-executive Directors, details of whom are set out in “Directors and Senior Management” individually and together possess the requisite knowledge and experience. All of our independent non-executive Directors are experienced. They will review whether there is any conflict of interests between the Group and the Controlling Shareholders annually and provide impartial and professional advice to protect the interest of our minority Shareholders;
- (d) in the event that the independent non-executive Directors are requested to review any conflicts of interests circumstances between the Group and the Controlling Shareholders, the Controlling Shareholders and/or the Company shall provide the independent non-executive Directors with all necessary information and the Company shall disclose the decisions of the independent non-executive Directors (including why business opportunities referred to it by the Controlling Shareholders were not taken up) either in its annual report or by way of announcements;
- (e) where the advice from independent professional, such as that from financial advisor, is reasonably requested by our Directors (including the independent non-executive Directors), the appointment of such independent professional will be made at our Company’s expenses; and
- (f) we have appointed Rainbow Capital (HK) Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and our Controlling Shareholders, and to protect minority Shareholders’ rights after the [REDACTED].