
RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

CONTROLLING SHAREHOLDERS

Immediately after completion of the Placing and the Capitalisation Issue (without taking into account the Shares which may be issued pursuant to the exercise of the options which have been granted under the Pre-IPO Share Option Scheme or may be granted under the Share Option Scheme), Aperto Investments Limited and Mr. Luk will be the Controlling Shareholders (within the meaning of the GEM Listing Rules). Save and except for their respective interests in the Company and its subsidiaries, none of the Controlling Shareholders nor any of their respective associates had interests in any other companies as at the Latest Practicable Date which held interests in the business of the Company during the Track Record Period and ceased to hold such interests after the Reorganisation.

INDEPENDENCE FROM THE CONTROLLING SHAREHOLDERS

The Directors do not expect that there will be any significant transactions between the Group and the Controlling Shareholders upon or shortly after the Listing. Having considered the following factors, the Group believes that, it is capable of carrying on its business independently of the Controlling Shareholders and their respective associates after the Listing.

Management independence

Although the Controlling Shareholders will retain controlling interests in the Company upon completion of the Placing, the day-to-day management and operation of the business of the Group will be the responsibility of all the Directors. The Board has five Directors comprising two executive Directors and three independent non-executive Directors. The Board and senior management operate as a matter of fact independently of the Controlling Shareholders and they are in a position to fully discharge their duties to the Shareholders as a whole after the Listing without reference to the Controlling Shareholders.

Each of the Directors is aware of his fiduciary duties as a Director which require, 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 that 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. In addition, the Company has an independent senior management team to carry out the business decisions of the Group independently.

Having considered the above factors, the Directors are satisfied that they are able to perform their roles in the Company independently, and the Directors are of the view that the Company is capable of managing its business independently from the Controlling Shareholders after the Listing.

Operational independence

The Group has established its own organisational structure made up of individual departments, each with specific areas of responsibilities. The Group has also established a set of internal control policies and guidelines to facilitate the effective operation of its business. Further details are set out in the paragraph headed “Internal control” in the section headed “Business” in this prospectus.

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The Group entered into a tenancy agreement with an Independent Third Party on 18 May 2010 in relation to Unit 3806 of China Resources Building. Mr. Luk entered into a deed of guarantee on 17 May 2010 to provide a personal guarantee in favour of the Independent Third Party for the Group's due performance and observance of all the covenants and conditions under the said tenancy agreement. The Group has received a confirmation from the Independent Third Party confirming that the personal guarantee given by Mr. Luk will be fully released and replaced by a corporate guarantee to be provided by the Company upon Listing.

Financial independence

The Group has independent financial and accounting systems, independent treasury function for receiving cash and making payments and independent access to third party financing. The Group makes financial decisions according to its own business needs.

The Directors believe that by leveraging on the listing status after the Listing, the Group would be able to obtain third party financing at reasonable terms in accordance with its business needs.

COMPETITION

None of the Directors, the Controlling Shareholders nor any of their respective associates is a director or a shareholder of any business apart from the business of the Group which competes or is likely to compete, either directly or indirectly, with the business of the Group.

NON-COMPETITION UNDERTAKING

Each of the Controlling Shareholders has given a non-competition undertaking in favour of the Company, pursuant to which each of the Controlling Shareholders undertakes and covenants with the Company (for itself and as trustee of its subsidiaries) that, for so long as he/it and/or his/its associates, directly or indirectly, whether individually or taken together, remain to be the Controlling Shareholder, he/it will not and will procure his/its associates (excluding any members of the Group) not to directly or indirectly (whether as an investor, shareholder, partner, agent or otherwise or whether for profit, reward or otherwise) carry on, participate, engage or otherwise be interested in any business which is or may be in competition with the business of any members of the Group (the "Restricted Business") from time to time. Such non-competition undertaking does not apply to:

- (i) the holding of Shares or other securities issued by the Company or any of its subsidiaries from time to time;
- (ii) the holding of shares or other securities in any company which has an involvement in the Restricted Business, provided that such shares or securities are listed on a recognised stock exchange and the aggregate interest of the Controlling Shareholder and his/its associates (as "interest" is construed in accordance with the provisions contained in Part XV of the SFO) does not amount to more than 5% of the relevant share capital of the company in question;
- (iii) the contracts and other agreements entered into between the Group and the Controlling Shareholder and/or his/its associates; and

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- (iv) the involvement, participation or engagement of the Controlling Shareholder and/or his/its associates in a Restricted Business in relation to which the Company has agreed in writing to such involvement, participation or engagement, following a decision by the independent non-executive Directors to allow such involvement, participation or engagement subject to any conditions the independent non-executive Directors may require to be imposed.

The non-competition undertaking will take effect from the date on which dealings in the Shares first commence on GEM and will cease to have any effect upon the earlier of the date on which:

- (i) any of the Controlling Shareholders and his/its associates and/or successor, individually and/or collectively, cease to own 30% (or such percentage as may from time to time be specified in the Hong Kong Code on Takeovers and Mergers as being the level for triggering a mandatory general offer) or more of the then issued share capital of the Company directly or indirectly or ceases to be deemed as controlling shareholder of the Company (as defined in the GEM Listing Rules from time to time); or
- (ii) the Shares cease to be listed on the Stock Exchange (except for temporary suspension of the Shares due to any reason).