
RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

Immediately following completion of the Capitalisation Issue and the Share Offer and taking no account of any Shares which may be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme, our Company will be owned as to approximately 46.44% by Aplus, which is wholly-owned by Mr. Kester Ng. As Aplus and Mr. Kester Ng are directly or indirectly entitled to exercise or control the exercise of 30% or more of the voting power at general meetings of our Company immediately following the Listing, each of Aplus and Mr. Kester Ng will be regarded as our Controlling Shareholders under the GEM Listing Rules.

Save as disclosed above, there is no other person who, immediately following completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which fall to be issued pursuant to the exercise of options which may be granted under the Share Option Scheme), will be directly or indirectly interested in 30% or more of the Shares then in issue.

INDEPENDENCE FROM CONTROLLING SHAREHOLDERS

Our Directors believe that we are capable of carrying on our business independently from, and does not place reliance on, our Controlling Shareholders and their respective close associates, taking into consideration the factors set out below.

Management independence

Our Board comprises two executive Directors, one non-executive Directors and three independent non-executive Directors. Save and except our executive Directors, namely Mr. Kester Ng, is our Controlling Shareholder due to his interest in Aplus as disclosed above, our Board comprises a balanced composition of independent non-executive Directors who have sufficient character, integrity and calibre for their views to carry weight, and thus can effectively exercise independent judgement. In addition, each of our Directors is aware of his/her fiduciary duties as a director which require, among others, that he/she must act for the benefit of 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 interests.

If our Directors who to their knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with our Group, the interested Directors shall declare such interest at the meeting of the Board at which the relevant transactions are to be first considered in accordance with the Articles of Association. The interested Directors shall also abstain from voting at the relevant Board meetings in respect of such transactions and shall not be counted in the quorum in accordance with the Articles of Association. As such, Mr. Kester Ng will not vote on those matters or transactions relating to any of our Controlling Shareholders or otherwise give rise to potential conflicts of interest come up for discussion at Board meetings and he would not be counted towards quorum in the relevant meetings.

Since Aplus has no business other than holding the shareholding interest in our Company, our Directors do not foresee any issue which may affect our management independence. In addition, save for Mr. Kester Ng, none of our executive Directors or senior management has any managerial role or beneficial interest in Aplus or has any family relationship with our Controlling Shareholders or any of their respective close associates.

Three of our Board members, representing half of the members of our Board, are independent non-executive Directors who have extensive experience in different professions. They have been appointed pursuant to the requirements under the GEM Listing Rules to ensure that the decisions of the Board are made only after due consideration of independent and impartial opinions. Our Directors believe that the presence of Directors from different backgrounds provides a balance of views and opinions.

Furthermore, our Board's main functions include the approval of our Group's overall business plans and strategies, monitoring the implementation of these policies and strategies and the management of our Company.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Our Board acts collectively by majority decisions in accordance with the Articles of Association and the applicable laws, and no single Director is supposed to have any decision-making power unless otherwise authorised by our Board.

Having considered the above factors and in light of the non-competition undertakings given by our Controlling Shareholders in favour of our Group (as more particularly set out in “— Deed of Non-competition”), our Directors are satisfied that they are able to perform their roles in our Group independently and are of the view that they are capable of managing our business independently from our Controlling Shareholders and their respective close associates after Listing.

Operational independence

While our Board has full rights to make all decisions on the overall strategic development and management and operational aspects of our Group, all essential operational functions have been and will be overseen by Mr. Kester Ng and Ms. Lau Sze Yuen, our executive Directors (whose biographies are set out in “Directors and Senior Management”), without unduly requiring the support of our Controlling Shareholders and their close associates.

Further, our Group holds all the patent, trademarks, copyrights and domain names with respect to our business, and has sufficient capital, equipment and employees to operate our business independently from our Controlling Shareholders and their respective close associates.

We have access to our customers and suppliers who are third parties independent from and not connected with our Controlling Shareholders and their respective close associates.

We have implemented a set of internal control procedures to facilitate the effective and independent operation of our business. Further, save for the continuing connected transactions of our Group as set out in “Connected Transactions”, there have been no business dealings between our Group and the Controlling Shareholders and their close associates as at the Latest Practicable Date. Our Directors consider that our Group can operate independently from our Controlling Shareholders and their close associates.

Financial viability and independence

During the Track Record Period and up to the Latest Practicable Date, we had our own internal control and accounting system, finance and administration department and treasury function for cash receipts and payments.

Moreover, we make financial decisions according to our own business requirements and in this connection, our Directors are of the view that our Group is capable of obtaining financing from external sources without reliance on our Controlling Shareholders after the Listing and thus there is no financial dependence on them.

During the Track Record Period, our Group had certain amounts due to/from our Controlling Shareholders and/or companies controlled by them. Please refer to note 19 to the Accountant’s Report. All amounts due to/from our Controlling Shareholders and/or companies controlled by them, which are non-trade nature, will be fully settled before the Listing. In addition, taking into consideration that (i) the amount due to Shareholders was solely for capital expenditure for opening new restaurants and acquisition of Grand Diamond during the Track Record Period for business expansion purposes and therefore can be regarded as capital investments from the Shareholders; (ii) the lack of funds provided by the Shareholders would not negatively affect the operations of our Group itself as the amount due to Shareholders was to facilitate and support the capital requirements for business expansion only; (iii) the clubbing operation of Fly and the restaurants operation of the newly opened restaurants (i.e. Tiger Curry Jr. and Tiger Curry & Cafe) have been operating independently since the commencement of their respective operations without the reliance or support from the Shareholders by providing additional funds; (iv) Fly, Tiger Curry Jr. and Tiger Curry & Cafe had achieved their respective breakeven period after the commencement of operations; (v) our Group is capable to settle the amount due to Shareholders through its internal resources prior to the Listing as mentioned “Financial Information — Indebtedness”; and (vi) going

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

forward, our Group can leverage on the Listing platform for equity/debt financing and thus will not rely on loans from our shareholders for capital expenditure related to business expansion, our Directors consider and the Sponsor concurs that our Group is financially independent from our Shareholders. Our Directors confirm that we will not rely on our Controlling Shareholders for financing after the Listing as our working capital is expected to be mainly funded by operating income.

RULE 11.04 OF THE GEM LISTING RULES

As at the Latest Practicable Date, certain of our Controlling Shareholders, our Directors, our substantial shareholders and their respective close associates have interest in certain food and beverage business (the “**Other F&B Business**”), details of which are set out below:

Name of entity	Place of Incorporation	Date of Incorporation	Principal Business	Ownership of our Directors and substantial shareholders and their respective close associates in such entity as at the Latest Practicable Date	Directorship of our Directors and substantial shareholders and their respective close associates in such entity as at the Latest Practicable Date
Surplus King Hotel Enterprises Limited (“ Surplus King ”)	Hong Kong	2 July 1991	Operating a hotel which includes an all day dining restaurant and a bar	100% indirectly wholly-owned by CSI Properties	Mr. Kan Sze Man ⁽¹⁾
MG Goodness Limited (“ MG Goodness ”)	Hong Kong	17 July 2008	Operating a self services food shop, a bakery and a cafe	Mr. Chung Cho Yee Mico had an effective ownership of 50% in MG Goodness ⁽²⁾	Mr. Kan Sze Man and Mr. Chung Cho Yee Mico ^(1, 2 and 3)

Notes:

- As at the Latest Practicable Date, Mr. Kan Sze Man was our non-executive Director.
- As at the Latest Practicable Date, Mr. Chung Cho Yee Mico was a director and a controlling shareholder of CSI Properties, a substantial shareholder of our Company. He was a close associate of CSI Properties under the GEM Listing Rules.
- As at the Latest Practicable Date, the directors of MG Goodness was Expert Rise Management Limited (“**Expert Rise**”), Solution Kingdom Limited (“**Solution Kingdom**”), Chosen King Limited (“**Chosen King**”) and other Independent Third Parties. Mr. Kan Sze Man was the director of Onpoint Events Limited, which was one of the directors of Chosen King whereas Mr. Chung Cho Yee Mico was the director of Expert Rise, which was a director of Solution Kingdom, and the director of Sure Able Investments Limited, which was one of the directors of Chosen King.

Save as disclosed above, our Directors, to the best knowledge, information and belief having made all reasonable enquiries, confirm that, none of our Controlling Shareholders, our Directors, our substantial shareholders and their respective close associates is interested in any business which competes, or may compete, directly or indirectly, with the business of our Group as at the Latest Practicable Date and would require disclosure under Rule 11.04 of the GEM Listing Rules.

DELINEATION OF BUSINESSES

Our Directors, after having made all reasonable enquiries, are of the view that there is a clear delineation between our business and the Other F&B Business due to the following reasons:

- cuisines, themes and ambience* — the nature of cuisine and dining experience provided to customers of our restaurants are different compared to other F&B Business. The Other F&B Business does not

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

consist of Japanese quick-service or casual dining restaurants which have the theme of or principally serve Japanese-style curry. Moreover, we own and operate two night entertainment clubs, Volar and Fly, and plan to diversify and expand our presence in the night entertainment market by establishing sports-themed bars, which are not present in the Other F&B Business;

- (b) *operations and management* — despite that Mr. Kan Sze Man is a director of companies operating certain Other F&B Business, he confirms that he does not involve in day-to-day operations of both our restaurant business and the Other F&B Business. Our Directors confirm that none of our current Directors and senior management of our Company, except for Mr. Kan Sze Man, has any position or assumes any role in any of the Other F&B Business. In addition, given (i) the complete separation of staff members in our Group and the companies operating Other F&B Business to handle day-to-day operations, (ii) the different procurement function for sourcing food and beverage; and (iii) the completely segregated internal control, financial, accounting, sales and marketing, legal and compliance systems between our Group's business and Other F&B Business, the operations of our Group are independent of and separate from the Other F&B Business; and
- (c) *ownership* — apart from the ownership of our substantial shareholders in the Other F&B Business, our Controlling Shareholders and their respective close associates do not have interests or engage in the Other F&B Business as at the Latest Practicable Date.

Taking into account the above, our Directors consider that the extent of competition between our business and each of the Other F&B Business is not an extreme case and will not have a material impact on our business as a whole. As a result, none of the Other F&B Business would compete, or is expected to compete, directly or indirectly, with our Group's business. Our Directors also do not expect that there will be any overlap or competition between our Group's business and Other F&B Business after the Listing.

Having considered the view of our Directors and all relevant circumstances, the Sponsor concurs with our Directors' view that the extent of competition between our business and each of the Other F&B Business is not an extreme case.

DEED OF NON-COMPETITION

For the purpose of the Listing, the Controlling Shareholders have entered into with and in favour of our Company (for ourselves and as trustee for our subsidiaries) the Deed of Non-competition. Pursuant to the Deed of Non-competition, each of our Controlling Shareholders has confirmed that none of them is engaged in, or interested in, any business (other than our Group) which, directly or indirectly, competes or may compete with our business. To protect our Group from any potential competition, each of our Controlling Shareholders has unconditionally and irrevocably undertaken in favour of our Company (for ourselves and for the benefits of our subsidiaries), on a joint and several basis, that at any time during the Relevant Period (as defined below), each of them shall, and shall procure that their respective close associates and/or companies directly or indirectly controlled by them (other than our Group) shall:

- (a) not, directly or indirectly, establish or invest or be interested or involved or engaged in or carry on or be concerned with or acquire or hold any right or interest (in each case whether as an investor, a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) in any business which competes or is likely to compete directly or indirectly with the business currently and from time to time engaged by our Group in Hong Kong and any other country or jurisdiction to which our Group provides such products and/or services and/or in which any member of our Group carries on business mentioned above currently and from time to time (the "**Restricted Activity**");
- (b) not solicit or entice away or endeavour to solicit or entice away any existing employee or then existing employee of our Group for employment by it/him/her or its/his/her close associates (excluding our Group);
- (c) not, without the prior consent from our Company, make use of or divulge to any person or publish or disclose any information pertaining to the business of our Group which may have come to its/his/her

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

knowledge in its/his/her capacity as the Controlling Shareholder or otherwise for any purpose of engaging, investing or participating in any Restricted Activity;

- (d) not serve as senior management, chief executive or director of any body corporate (except members of our Group) to operate any Restricted Activity;
- (e) not, either on its/his/her own or in conjunction with any body corporate, partnership, joint venture or other contractual agreement, whether directly or indirectly, whether for profit or not, carry on, participate in, hold, engage in, acquire or operate, or provide any form of assistance to any person, firm or company (except members of our Group) to conduct any Restricted Activity;
- (f) not, either on its/his/her own or in conjunction with any body corporate, partnership, joint venture or other contractual agreement, whether directly or indirectly, whether for profit or not, solicit or entice away or endeavour to solicit or entice away from or discourage from dealing with our Group any person who was at any time during the period of one year preceding the date of the Deed of Non-competition a manufacturer for or supplier or subcontractor, customer or client of our Group;
- (g) if there is any project or new business opportunity that relates to the Restricted Activity and is offered or becomes aware to our Controlling Shareholders or their respective close associates, whether on their own or with others or in conjunction with or on behalf of other persons/entities, whether directly or indirectly, they shall (i) promptly refer such project or new business opportunity to our Group in writing for consideration and provide such information as is reasonably required in order to enable our Group to come to an informed assessment of such opportunity, (ii) use its/his/her best endeavours to procure that such opportunity is offered to our Group on terms no less favourable than the terms on which such opportunity is offered to such Controlling Shareholder and/or its/his/her close associates, and (iii) with regard to any project or new business opportunity shall have been rejected by our Group and the principal terms of which our Controlling Shareholders and/or any of his/her/its close associates and/or entities or companies controlled by he/she/it invest or participate are no more favourable than those made available to our Company; and
- (h) not or procure its/his/her close associates (excluding our Group) not to invest or participate in or carry on any project or business opportunity of the Restricted Activity.

The above undertakings under the Deed of Non-competition do not apply to:

- (a) the holding of, or interests in, the shares of any members of our Group;
- (b) the holding of, or interests in, the shares of a company other than a member of our Group whose shares are listed on a recognised stock exchange provided that the total number of the shares held by the relevant Controlling Shareholder and/or its/his/her close associates does not exceed 5% of the issued shares of that class of the company in question, and such Controlling Shareholder and its/his/her respective close associates, whether acting singly or jointly, would not participate in or be otherwise involved in the management of the company in question.

Each of our Controlling Shareholders has represented and warranted to the Company (for ourselves and for the benefits of our Subsidiaries) that neither it/he/she nor any of its/his/her close associates is currently interested, involved or engaging or carry on or concern with or hold any right or interest, directly or indirectly, in (whether as an investor, a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) the Restricted Activity otherwise than through our Group.

Each of our Controlling Shareholders has further unconditionally and irrevocably undertaken to our Company (for ourselves and for the benefit of our subsidiaries):

- (a) to allow our Directors, their respective representatives and our auditors to have sufficient access to the records of each of our Controlling Shareholders and their respective close associates to ensure compliance with the terms and conditions of the Deed of Non-competition;

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

- (b) to provide to our Group and our Directors (including the independent non-executive Directors) from time to time all information necessary for the annual review by the independent non-executive Directors with regard to compliance with the terms of the Deed of Non-competition by our Controlling Shareholders;
- (c) to make an annual declaration as to full compliance with the terms of the Deed of Non-competition and a consent to disclose such letter in our annual report.

The Deed of Non-competition will become effective upon the Share Offer becoming unconditional. The obligations of our Controlling Shareholders under the Deed of Non-competition will remain in effect during the period (the “**Relevant Period**”) from the Listing Date until the earlier of the date on which:

- (a) our Controlling Shareholders, together with their close associates, whether individually or taken together, cease to be interested directly or indirectly in 30% (or such other amount as may from time to time be specified in the GEM Listing Rules as being the threshold for determining a controlling shareholder) or more of the issued share capital of our Company; or
- (b) the Shares cease to be listed and traded on the Stock Exchange.

We believe the 30% threshold is justifiable as it is equivalent to the thresholds applied under the GEM Listing Rules and the Takeovers Code for the concept of “control”.

CORPORATE GOVERNANCE MEASURES

Our Company will adopt the following measures to manage the conflict of interests arising from the possible competing business of our Controlling Shareholders and to safeguard the interests of our Shareholders:

- (i) our independent non-executive Directors will review, on an annual basis, the compliance with the Deed of Non-competition by our Controlling Shareholders, and the decisions on matters reviewed will be disclosed in our annual reports;
- (ii) an annual declaration as to full compliance with the terms of the Deed of Non-competition will be made by our Controlling Shareholders, and will be disclosed in our annual reports;
- (iii) our Directors will operate in accordance with our Articles which require the interested Director not to vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested; and
- (iv) pursuant to the Corporate Governance Code (the “**CG Code**”) set out in Appendix 15 of the GEM Listing Rules, our Directors, including the independent non-executive Directors, will be able to seek independent professional advice from external parties in appropriate circumstances at our Company’s cost.

We will follow the measures in the CG Code which sets out the principles of good corporate governance in relation to, among others, Directors and the chairman, Board composition, the appointment, re-election and removal of Directors, their responsibilities and remuneration and communications with our Shareholders. Our Company will state in its interim and annual reports whether we have complied with the CG Code, and will provide details of, and reasons for, any deviations from it in the corporate governance report which will be included in our annual reports.