
RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

Immediately after completion of the [REDACTED] and the [REDACTED] (without taking into account of any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), our Controlling Shareholders will hold/be interested in [REDACTED] Shares, representing [REDACTED]% in aggregate of the total issued share capital of our Company. Ms. Lee and Mr. David Siew (through TOMO Ventures) will each hold 51% and 49% respective attributable interest of our Company’s share capital and in aggregate control [REDACTED]% of the Shares in issue. As such, Ms. Lee and Mr. David Siew will continue to remain as the dominating group of Shareholders which would continue to hold a controlling interest in our Company upon completion of the [REDACTED] and the [REDACTED]. Further, Ms. Lee and Mr. David Siew are spouses, they are and will be acting in concert.

Our Directors, to the best of their knowledge, information and belief, have confirmed that, none of the Controlling Shareholders, the Substantial Shareholders, our Directors and their respective associates is interested in any business which competes, or may compete, directly or indirectly, with the business of our Company.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Management independence

Our Board and members of our senior management have functions that are independent from our Controlling Shareholders and their respective associates. Our Board has six Directors comprising three executive Directors and three independent non-executive Directors.

Each of our Directors is aware of his or her fiduciary duties as a Director which require, among other things, that he/she acts for the benefit of and in the best interests of our Company and does not allow any conflict between his or her duties as a Director and his or her personal interest. 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) will abstain from voting at the relevant board meetings of our Company in respect of such transactions and will not be counted in the quorum. In addition, our Company has an independent senior management team to carry out the business decisions of our Group independently.

Having considered the above 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 we are capable of managing our business independently from our Controlling Shareholders following the completion of the [REDACTED].

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Operational independence

Our Group has established our own organisational structure made up of individual departments, each with specific areas of responsibilities. For instance, we have our own capabilities and personnel to perform all essential operational functions, including management and sales and marketing, finance and administrative as well as Technicians. In particular, we are led by a management team with extensive experience in the passenger vehicle leather upholstery and electronic accessories industry in Singapore. Each of Ms. Lee and Mr. David Siew, our executive Directors, has around 30 years of experience in the industry. Our Group had not shared any operational resources, such as office premises, sales and marketing and general administration resources with our Controlling Shareholders and their close associates, during the Track Record Period. Our Group has also established a set of internal controls procedures to facilitate the effective operation of our business.

Our suppliers are all independent from our Controlling Shareholders. We do not rely on our Controlling Shareholders or their close associates and have our independent access to our suppliers for the provision of services and materials.

Based on the above, our Directors are satisfied that we have been operating independently from our Controlling Shareholders during the Track Record Period and will continue to operate independently.

Financial independence

We have an independent financial system and make financial decisions according to our own business needs. As at the Latest Practicable Date, our Group had released all the personal guarantees given by Ms. Lee and Mr. David Siew under the banking facilities and replaced such guarantees by corporate guarantee from our Group. In view of our Group’s internal resources and the estimated [REDACTED] from the [REDACTED], our Directors believe that our Group will have sufficient capital for our financial needs without dependence on our Controlling Shareholders. Our Directors further believe that, upon the [REDACTED], our Group is capable of obtaining financing from external sources independently without the support of our Controlling Shareholders.

NON-COMPETITION UNDERTAKING

Our Controlling Shareholders (each a “**Covenantor**” and collectively, the “**Covenantors**”) have entered into the Deed of Non-competition in favour of our Company, under which each of the Covenantors has irrevocably and unconditionally, jointly and severally, warranted and undertook to our Company (for itself and as trustee for each of its subsidiaries) that:

- (a) he/she/it will not, and will procure any Covenantor and his/her/its close associates (each a “**Controlled Person**” and collectively, the “**Controlled Persons**”) and any company directly or indirectly controlled by the Covenantor (which for the purpose of the Deed of Non-Competition, shall not include any member of our Group) (the “**Controlled Company**”) not to, except through any member of our Group, directly or indirectly (whether on our own account or with each other or in conjunction with or on behalf of any person or company, or as principal or agent, through any body corporate, partnership, joint venture or other contractual arrangement and whether for profit or otherwise), carry on, engage in, invest or acquire or hold any rights or be interested or otherwise involved in any business that is

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

similar to or in competition directly or indirectly (in each case whether as a shareholder, director, partner, agent or otherwise and whether for profit, reward or otherwise) with any business currently and from time to time engaged by our Group in Hong Kong and any other country or jurisdiction to which our Group carries on our business from time to time (the “**Restricted Business**”);

- (b) if each of the Covenantors is offered or becomes aware of any project or business opportunity relating to the Restricted Business (the “**New Business Opportunity**”) whether directly or indirectly, he/she/it (i) shall promptly notify our Company of such New Business Opportunity in writing, refer the same to our Company for consideration first and provide such information as may be reasonably required by our Company to make an informed assessment of such New Business Opportunity; and (ii) shall not, and shall procure that the Controlled Persons or Controlled Company shall not, invest or participate in any such New Business Opportunity unless such New Business Opportunity shall have been declined by our Company and the principal terms of which he/she/it and/or his/her/its close associates invest or participate in are no more favourable than those made available to our Company.

Our independent non-executive Directors will review the New Business Opportunity and decide whether to invest in the New Business Opportunity. If our Group has not given written notice of our desire to invest in such New Business Opportunity or has given written notice denying the New Business Opportunity within 30 business days (the “**30-day Offering Period**”) of receipt of notice from our Controlling Shareholders, our Controlling Shareholders and/or his/her/its associates shall be permitted to invest in or participate in the New Business Opportunity on his/her/its own accord. With respect to the 30-day Offering Period, our Directors consider that such period is adequate for our Company to assess any New Business Opportunity. In the event that our Company requires additional time to assess the New Business Opportunity, our Company may give a written notice to our Controlling Shareholders during the 30-day Offering Period and our Controlling Shareholders agree to extend the period to a maximum of 60 business days.

The Deed of Non-competition does not apply to the holding of or interests in shares or other securities by any of the Covenantors and/or his/her/its close associates in any company which conducts or is engaged in any Restricted Business, provided that, in the case of such shares, they are listed on a recognised stock exchange as specified under the SFO and either:

- (a) the relevant Restricted Business (and assets relating thereto) accounts for less than 10% of the relevant consolidated turnover or consolidated assets of the company in question, as shown in the latest audited accounts of the company in question; or
- (b) the total number of the shares held by any of the Covenantors and his/her/its close associates or in which they are together interested does not amount to more than 5% of the issued shares of that class of the company in question, provided that any of the Covenantors and his/her/its close associates, whether acting singly or jointly, are not entitled to appoint a majority of the directors of that company and that at all times there is a holder of such shares holding (together, where appropriate, with its close associates) a larger percentage of the shares in question than the Covenantors and his/her/its close associates together hold.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

The Deed of Non-competition 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 earliest of the date on which (i) such Covenantor, being a Controlling Shareholder, individually or collectively with any other Covenantor(s) ceases to be interested, directly or indirectly, in 30% or more of the issued Shares, or otherwise ceased to be regarded as controlling shareholder (as defined under the GEM Listing Rules from time to time) of our Company; or (ii) the Shares cease to be listed and traded on GEM or other recognised stock exchange.

CORPORATE GOVERNANCE MEASURES

Our Company will adopt the following measures to strengthen its corporate governance practice and to safeguard the interests of the Shareholders:

- (a) the Articles provide that a Director shall absent himself/herself from participating in Board meetings (nor shall he/she be counted in the quorum) and voting on any resolution of the Board approving any contract or arrangement or other proposal in which he/she or any of his/her close associates is materially interested unless a majority of our independent non-executive Directors expressly requested him/her to attend;
- (b) our independent non-executive Directors will review and will disclose decisions with basis, on an annual basis, the compliance with the Deed of Non-competition by our Controlling Shareholders;
- (c) our Controlling Shareholders undertake to provide all information requested by our Company which is necessary for the annual review by our independent non-executive Directors and the enforcement of the Deed of Non-competition;
- (d) our Company will disclose decisions with basis on matters reviewed by our independent non-executive Directors relating to compliance and enforcement of the Deed of Non-competition of our Controlling Shareholders in the annual reports of our Company;
- (e) our Controlling Shareholders will make an annual declaration on compliance with the Deed of Non-competition in the annual report of our Company;
- (f) our Company has appointed Fortune Financial Capital Limited as our compliance adviser to advise on compliance matters in accordance with the GEM Listing Rules;
- (g) our independent non-executive Directors will be responsible for deciding whether or not to allow our Controlling Shareholders and/or their respective close associates to involve or participate in a Restricted Business and if so, any condition to be imposed; and
- (h) our independent non-executive Directors may appoint independent financial adviser and other professional advisers as they consider appropriate to advise them on any matter relating to the Deed of Non-competition or connected transaction(s) at the cost of our Company.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Any transaction that is proposed between our Group and our Controlling Shareholders and their respective close associates will be required to comply with the requirements of the GEM Listing Rules, including, where appropriate, the reporting, annual review, announcement and independent shareholders’ approval requirements.

None of the members of our Group has experienced any dispute with its shareholders or among its shareholders themselves and our Directors believe that each member of our Group has maintained positive relationship with its shareholders. With the corporate governance measures including the measures set out above, our Directors believe that the interest of the Shareholders will be protected.