
RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

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Immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be issued upon the exercise of the Offer Size Adjustment Option or the exercise of any options which may be granted under the Share Option Scheme), Eight Dimensions and Garage Investment will effectively hold 33.75% and 41.25%, respectively, of the total issued share capital of our Company. Eight Dimensions is wholly-owned by Mr. Yeung and Garage Investment is wholly-owned by Mr. Tam. Each of Eight Dimensions, Garage Investment, Mr. Yeung and Mr. Tam will continue to control more than 30% of the issued share capital and will remain as Controlling Shareholders after the Share Offer and Capitalisation Issue. For the background of Mr. Yeung and Mr. Tam, please refer to the section headed “Directors and Senior Management — Executive Directors” in this Prospectus.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors are satisfied that we are capable of carrying on our business independently from and do not place undue reliance on our Controlling Shareholders and their respective close associates taking into consideration the following factors:

Management Independence

Our Company aims at establishing and maintaining a strong and independent Board to oversee our Group’s business. The Board’s main function includes the approval of the overall business plans and strategies of our Group, monitoring the implementation of these policies and strategies and the management of our Company. We have an independent management team which is led by a team of senior management with experience and expertise in our business to implement our policies and strategies.

The Board consists of five Directors, comprising two executive Directors and three independent non-executive Directors. For a summary of the positions held by the Directors in our Company and its subsidiaries as at the Latest Practicable Date, please refer to the section headed “Directors and Senior Management” in this Prospectus.

Each of the Directors is aware of his/her fiduciary duties as a Director which requires, 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. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and the Directors or their respective 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. The provisions of the Articles also ensure that matters involving a conflict of interests which may arise from time to time will be managed in line with accepted corporate governance practise.

Our Company has also appointed three independent non-executive Directors to ensure that there is a strong independent element on the Board and with a view to promoting the best interests of our Company and Shareholders taken as a whole. The independent non-executive Directors have diversified skills and experience in their respective fields of expertise and the Directors believe that the Board will benefit from their independent advice.

In light of the above, the Directors are satisfied that they are able to perform their roles in our Company independently, and the Directors are of the view that our Company is capable of managing its business independently from the Controlling Shareholders and their respective close associates after the Listing.

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Operational Independence

Our Group has established its own organisational structure comprising individual departments, each with specific areas of responsibilities. We have also established internal control procedures to facilitate the effective and efficient operation of our business. We have independent access to our customers and suppliers who are Independent Third Parties, and had not entered into any connected transactions with our Controlling Shareholders or any other connected persons.

Our Directors are of the view that our Group's business will continue to be operationally independent of the Controlling Shareholders.

Financial Independence

Our Directors are of the view that we are able to maintain financial independence from our Controlling Shareholders. We historically have had, and will following completion of the Share Offer, continue to have our own financial and accounting systems. Our own accounting department is capable of discharging the treasury functions for cash receipts and payments, accounting, reporting and internal control independently of our Controlling Shareholders and its close associates.

Our Group is capable of obtaining financing from external sources without reliance on our connected persons or their respective associates. Our banking facilities which were obtained during the Track Record Period were secured by the unlimited personal guarantee of the executive Directors. We repaid the bank loan in mid-September 2017 and, upon such repayment, the executive Directors have been released from the unlimited personal guarantee.

Therefore, our Directors are of the view that there is no financial dependence on our Controlling Shareholders.

OUR CONTROLLING SHAREHOLDERS ACTING IN CONCERT

As at the Latest Practicable Date, each of Garage Investment and Eight Dimensions directly held 55.0% and 45.0%, respectively, of the issued share capital in our Company. Each of Garage Investment and Eight Dimensions is one of the Controlling Shareholders and is a wholly owned subsidiary of Mr. Tam and Mr. Yeung, respectively. Mr. Tam, our executive Director, Chairman and chief executive officer, and Mr. Yeung, our executive Director and chief operating officer share the same vision in respect of the long-term development and business objectives of the Company. They together with Garage Investment and Eight Dimensions entered into the Acting in Concert Agreement on 25 August 2017 to align their shareholding interests of the Company.

As such, Mr. Tam (through Garage Investment) and Mr. Yeung (through Eight Dimensions), are entitled to exercise and control the exercise of 75.0% of our entire issued share capital upon the completion of the Share Offer (without taking into account any Shares that may be issued pursuant to the exercise of the Offer Size Adjustment Option or any options that may be granted under the Share Option Scheme). Each of Garage Investment, Eight Dimensions, Mr. Tam and Mr. Yeung are regarded as our Controlling Shareholders as defined under the GEM Listing Rules.

DEED OF NON-COMPETITION

Each of our Controlling Shareholders and our Directors has confirmed that none of them is interested in any business (other than our Group) which is or is likely to be directly or indirectly, in competition with our business, which would require disclosure under Rule 11.04 of the GEM Listing Rules.

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In preparation for the Listing, each of the Controlling Shareholders (together called, the “**Covenanting Shareholders**”) have entered into the Deed of Non-Competition in favour of our Company, pursuant to which he/it has severally undertaken, subject to the exceptions mentioned below, that he/it and his/its close associates:

- (i) shall not, except through any member of our Group, directly or indirectly (whether as principal or agent, through any body corporate, partnership, joint venture or other contractual arrangement and whether for profit or otherwise) carry on, engage, invest or be interested or otherwise involved in any business that is similar to or in competition with or is likely to be in competition with any business carried on by any member of our Group from time to time (“**Restricted Business**”); and
- (ii) when he/it and/or any of his/its close associates are offered or become aware of any new business opportunity directly or indirectly to engage or become interested in a Restricted Business, he/it (i) shall promptly notify our Company in writing, refer such business opportunity to our Company for consideration first and provide such information as may be reasonably required by our Company to (a) consider if such business opportunity would constitute competition with the core business and/or any other business which the Group may undertake at the relevant time and (b) it is in the interest of the Group to pursue such business opportunity; and (ii) shall not, and procure that his/its close associates shall not, invest or participate in any such business opportunity unless (a) such business opportunity shall have been declined by our Company and confirmed that such business opportunity would not constitute competition with the core business of the Company, or (b) has not received the notice from the Group within 10 Business Days; if there is a material change in the terms and conditions of such business opportunity, such business opportunity as so revised will be referred to the Group in the manner as set out above.

The aforesaid undertakings do not apply to the holding of or interests in shares or other securities by the Covenanting Shareholders 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, the total number of the shares held by the relevant Covenanting Shareholder and his/its close associates or in which they are together interested does not amount to more than 10% of the issued shares of that class of that company, and any Restricted Business conducted or engaged in by such company (and assets relating thereto) accounts for less than 10% of that company’s consolidated turnover or consolidated assets as shown in that company’s latest audited accounts.

The Deed of Non-Competition and the rights and obligations thereunder are subject to and conditional upon the Share Offer becoming unconditional.

The obligations of a particular Covenanting Shareholder under the Deed of Non-Competition will remain in effect until:

- (i) the date on which the Shares cease to be listed on the Stock Exchange; or
- (ii) in respect of a Controlling Shareholder, the date on which that Controlling Shareholder and/or his/its close associates, collectively and individually, ceases to hold an equity interest in our Company; or
- (iii) in respect of a Controlling Shareholder, the date on which that Controlling Shareholder and/or his/its close associates, jointly and severally, ceases to be entitled to exercise or control the exercise of not less than 30% in aggregate of the voting power at general meetings of our Company,

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whichever occurs first.

Pursuant to the Deed of Non-Competition, each of our Covenanted Shareholders has severally undertaken:

- (i) to provide our Company (including the independent non-executive Directors, the “INEDs”) with all information necessary for their annual review and the enforcement of all undertakings, representations and warranties contained in the Deed of Non-Competition;
- (ii) to make an annual declaration of compliance with such undertakings, representations and warranties for disclosure in our Company’s annual reports;
- (iii) to consent to the disclosure of the decision made by the INEDs regarding compliance with the enforcement of the Deed of Non-completion in our Company’s annual reports or announcements; and
- (iv) to abstain from voting at any general meeting of our Company if there is any actual or potential conflict of interests.

The declaration and disclosure regarding compliance with and enforcement of the Deed of Non-Competition shall be consistent with the principles of making voluntary disclosures in the Corporate Governance Report of our Company to be issued in accordance with Appendix 15 to the GEM Listing Rules.

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) our INEDs shall review, at least on an annual basis, the compliance with and enforcement of the terms of the Deed of Non-Competition by our Covenanted Shareholders;
- (ii) we will disclose in the corporate governance report of our annual report whether the terms of the Deed of Non-Competition have been complied with and enforced;
- (iii) 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. In addition, our Directors are obliged under the Articles of Association to declare to our 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 our Board approving any contract or arrangement or other proposal in which he/she or any of his/her associates is materially interested. Our Board (including the INEDs) 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. If potential conflict of interest arises, the interested Director(s) will bring the matter to the INEDs 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;
- (iv) our Company has engaged Kingsway Capital as our compliance adviser who shall ensure that our Company is properly guided and advised as to compliance with the GEM Listing Rules and any other applicable laws and regulations; and

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- (v) the INEDs may engage an independent professional advisers in appropriate circumstances at our Company's costs.

Our Directors consider that the above corporate governance measures are sufficient to manage any potential conflict of interests between our Covenanting Shareholders and our Group and to protect the interests of our Shareholders, in particular, the minority Shareholders.