

OUR CONTROLLING SHAREHOLDERS

Immediately following completion of the Share Offer (taking no account of Shares which may be issued pursuant to the exercise of the Over-allotment Option or Shares which may be issued upon the exercise of options granted under the Share Option Scheme), BVRTH, wholly owned by RT Group, which in turn is controlled by Mrs. Tsang, will be entitled to exercise or control the exercise of approximately 45% of the entire issued share capital of our Company. Mrs. Tsang is our executive Director, for the background of Mrs. Tsang, please refer to the section headed “Directors, Senior Management and Employees — Directors — Executive Directors” in this prospectus.

None of our Controlling Shareholders is interested in any business which is, whether directly or indirectly, in competition with our business. To ensure that competition will not exist in the future, each of our Controlling Shareholders has entered into the Deed of Non-competition in favor of our Company to the effect that each of them will not, and will procure each of their respective close associates (other than members of our Group) not to, directly or indirectly, participate in, or hold any right or interest, or otherwise be involved in any business which may be in competition with our businesses.

NON-COMPETITION UNDERTAKINGS

Each of our Controlling Shareholders has undertaken to us in the Deed of Non-competition that she/it will not, and will procure her/its close associates (other than members of our Group) not to directly or indirectly participate, acquire or hold any right or interest in or otherwise be involved in or undertake any business that directly or indirectly competes, or may compete, with our existing business activity or any business activities that our Group may undertake in the future (the “**Restricted Activity**”), or hold shares or interest in any companies or business that compete directly or indirectly with the business engaged by our Group from time to time except where our Controlling Shareholders hold less than 5% of the total issued share capital of any company (whose shares are listed on the Stock Exchange or any other stock exchange) which is engaged in any business that is or may be in competition with any business engaged by any member of our Group and they do not control 10% or more of the board of directors of such company.

Further, each of our Controlling Shareholders has undertaken to procure that if any new business investment or other business opportunity relating to the Restricted Activity (the “**Competing Business Opportunity**”) is identified by or made available to her/it or any of her/its close associates, she/it shall, and shall procure that her/its close associates shall, refer such Competing Business Opportunity to our Company on a timely basis and in the following manner:

- refer the Competing Business Opportunity to our Company by giving written notice (the “**Offer Notice**”) to our Company of such Competing Business Opportunity within 30 business days of identifying the target company (if relevant) and the nature of the Competing Business Opportunity, the investment or acquisition costs and all other details reasonably necessary for our Company to consider whether to pursue such Competing Business Opportunity;
- upon receiving the Offer Notice, our Company shall seek approval from our Board or a board committee (in each case comprising only independent non-executive Directors)

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which has no interest in the Competing Business Opportunity (the “**Independent Board**”) as to whether to pursue or decline the Competing Business Opportunity (any Director who has actual or potential interest in the Competing Business Opportunity shall abstain from attending (unless their attendance is specifically requested by the Independent Board) and voting at, and shall not be counted in the quorum for, any meeting convened to consider such Competing Business Opportunity);

- the Independent Board shall consider the financial impact of pursuing the Competing Business Opportunity offered, whether the nature of the Competing Business Opportunity is consistent with our Group’s strategies and development plans and the general market conditions of our business. If appropriate, the Independent Board may appoint independent financial advisors and legal advisors to assist in the decision-making process in relation to such Competing Business Opportunity;
- the Independent Board shall, within 30 business days of receipt of the written notice referred above, inform our Controlling Shareholders in writing on behalf of our Company its decision whether to pursue or decline the Competing Business Opportunity;
- our Controlling Shareholders shall be entitled but not obliged to pursue such Competing Business Opportunity if she/it has received a notice from the Independent Board declining such Competing Business Opportunity or if the Independent Board failed to respond within such 30 days’ period mentioned above; and
- if there is any material change in the nature, terms or conditions of such Competing Business Opportunity pursued by our Controlling Shareholders, she/it shall refer such revised Competing Business Opportunity to our Company as if it were a new Competing Business Opportunity.

The Deed of Non-competition will lapse automatically if our Controlling Shareholders and their close associates cease to hold, whether directly or indirectly, 30% of our Shares or our Shares cease to be listed on the Stock Exchange.

In order to promote good corporate governance practices and to improve transparency, the Deed of Non-competition includes the following provisions:

- our independent non-executive Directors will review, at least on an annual basis, the compliance with the Deed of Non-competition by our Controlling Shareholders;
- each of our Controlling Shareholders will and will procure she/its relevant close associates to provide all information necessary for the annual review by our independent non-executive Directors for the enforcement of the Deed of Non-competition;
- we will disclose the review by our independent non-executive Directors on the compliance with and the enforcement of, the Deed of Non-competition and the decisions on matters reviewed by our independent non-executive Directors (including the reasons for not taking up the Competing Business Opportunity referred to our Company) either through our annual report or by way of announcement to the public in compliance with the Listing Rules;

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- each of our Controlling Shareholders will make an annual declaration on the compliance with the Deed of Non-competition in our annual report in accordance with the principle of voluntary disclosure in the corporate governance report; and
- in the event that any of our Directors and/or their respective close associates has material interests in any matter to be deliberated by our Board in relation to the compliance and enforcement of Deed of Non-Competition, he/she may not vote on the resolutions of our Board approving the matter and may not be counted towards the quorum for the voting pursuant to the applicable provisions in the Articles.

INDEPENDENCE FROM CONTROLLING SHAREHOLDERS

We believe that our Group is capable of carrying on its business independently of our Controlling Shareholders and their respective close associates (other than our Group) after Listing for the following reasons:

1. Management independence and operational independence

Although our Controlling Shareholders will retain a controlling interest in our Company after the Listing, our Company has full rights to make all decisions on, and to carry out, its own business operations independently. Our Company (through its operating subsidiaries) holds all relevant licenses necessary to carry on the business, and has sufficient capital, equipment and employees to operate the businesses independently from our Controlling Shareholders.

Our Company's management and operational decisions are made by our executive Directors and senior management, who have served our Group for a long time and have substantial experience in the industry in which our Group is engaged. Although Mrs. Tsang and Ms. Tsu also act as our executive Directors, they are aware of their fiduciary duties as a Director whose duties require, among other things, that they act for the benefit and in the best interest of our Company and do not allow any conflict between their duties as a Director and their personal interest. In the event of a conflict of interest or duty, Mrs. Tsang and Ms. Tsu shall abstain from voting when a conflicted resolution is to be discussed and voted on. Further, our Company's three independent non-executive Directors will bring independent judgment to the decision-making process of the Board.

Save as disclosed in the section headed "Connected Transactions" in this prospectus, our Directors do not expect that following the Listing, there will be any other business transactions between our Group and any of our Controlling Shareholders.

Based on the above, our Directors are of the view that we are independent of our Controlling Shareholders in terms of management and business operations.

2. Administrative independence

Our Group has its own capabilities and personnel to perform all essential administrative functions including financial and accounting management, inventory management and research and development. We do not share any administrative functions with our Controlling Shareholders. The company secretary and senior management staff are independent of any of our Controlling Shareholders.

3. Financial independence

Our Group has its own financial management system and the ability to operate independently from our Controlling Shareholders from a financial perspective. Our Directors believe that our Group is capable of obtaining financing from external sources without reliance on our Controlling Shareholders.

As of December 31, 2015 and 2016, our Group had aggregate banking facilities available in form of letters of guarantee of approximately HK\$7.3 million and HK\$60.5 million respectively, which were, among others, guaranteed by Mrs. Tsang, Ms. Tsu and/or Dr. Chu and secured by, among others, property of them and related parties, in conjunction with the corporate guarantee executed by Tour East Canada in favor of Mrs. Tsang, Ms. Tsu and/or Dr. Chu. Such guarantees and securities for our Group's banking facilities, has been released, therefore our Group is capable of obtaining financing from external sources independently without the financial guarantees provided by our Controlling Shareholders or our executive Directors upon Listing. In view of the aforementioned, our Directors consider that our Group will be financially independent from our Controlling Shareholders and/or any of their respective close associates.

CORPORATE GOVERNANCE MEASURES

Our Controlling Shareholders and their respective close associates may not compete with us as provided in the Deed of Non-competition. Each of our Controlling Shareholders has confirmed that she/it fully comprehends her/its obligations to act as our Shareholders' and our best interests as a whole. Our Directors believe that there are adequate corporate governance measures in place to manage existing and potential conflicts of interest. In order to further avoid potential conflicts of interest, we have implemented the following measures:

- (a) as part of our preparation for the Share Offer, we have amended our Articles to comply with the Listing Rules. In particular, our Articles provide that, unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his/her close associates has a material interest nor shall such Director be counted in the quorum for the voting;
- (b) a Director with material interests shall make full disclosure in respect of matters that conflict or potentially conflict with our interest and absent himself/herself from the board meetings on matters in which such Director or his/her close associates have a material interest, unless the attendance or participation of such Director at such meeting of the Board is specifically requested by a majority of the independent non-executive Directors;
- (c) we are committed that our Board should include a balanced composition of executive and independent non-executive Directors. We have appointed three independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and they are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial, external opinion to protect the interests of our

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public Shareholders. Details of our independent non-executive Directors are set out in the section headed “Directors, Senior Management and Employees — Directors — Independent non-executive Directors” in this prospectus; and

- (d) we have appointed Lego Corporate Finance Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the Listing Rules including various requirements relating to directors’ duties and corporate governance.