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## RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS AND CONNECTED TRANSACTIONS

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### CONTROLLING SHAREHOLDERS

Immediately after the completion of the Share Offer, the Controlling Shareholders will control the exercise of voting rights of 75% of the Shares eligible to vote in the general meeting of our Company. Save and except for their interest in our Company, the Controlling Shareholders did not have any interest in any other companies as at the Latest Practicable Date which (i) had previously held any interests in our business during the Track Record Period; and (ii) had ceased to hold such interests after the Reorganisation.

Pursuant to Rule 10.07(1) of the Listing Rules, each of the Controlling Shareholders has undertaken to our Company and the Stock Exchange that, save as pursuant to the Share Offer, he/she/it will not and will procure the relevant registered holders not to:

- (i) in the period commencing from the date of this prospectus and ending on the date which is six months from the Listing Date (the “**First Six-Month Period**”), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares (or any interest therein) in respect of which he/she/it is shown in this prospectus to be the beneficial owner; and
- (ii) in the period of six months commencing on the date falling the expiration of the First Six-Month Period, dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, the Shares (or any interest therein) in respect of which he/she/it is shown in this prospectus to be the beneficial owner if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/she/it would cease to be a controlling shareholder of our Company (as defined in the Listing Rules).

Each of the Controlling Shareholders has also undertaken to our Company and the Stock Exchange that, within the period commencing on the date of this prospectus and ending on the date which is 12 months from the Listing Date, he/she/it will:

- (i) when he/she/it or the registered owner pledges or charges any securities or interests in the securities of our Company beneficially owned by him/her/it, whether directly or indirectly, in favour of an authorised institution pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform our Company of such pledge or charge together with the number of securities so pledged or charged; and
- (ii) when he/she/it receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities or interests in the securities of our Company will be disposed of, immediately inform our Company of such indications.

Our Company will inform the Stock Exchange as soon as practicable after we have been informed of the matters referred to in (i) or (ii) above by any Controlling Shareholder and disclose such matters by way of an announcement in compliance with the Listing Rules.

### BACKGROUND OF THE CONTROLLING SHAREHOLDERS

Immediately after completion of the Share Offer, the Controlling Shareholders will hold directly and indirectly 75% of the total issued share capital in our Company.

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Apart from our Group, the companies in which Convoy Inc and CFG are directly or indirectly interested (“**Other Companies**”) are principally engaged in provision of insurance brokerage services in the PRC, money lending and type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO in Hong Kong. Most of the Consultants are also engaged by CAM, a subsidiary of CFG, to carry out type 1 (dealing in securities) and/or type 4 (advising on securities) regulated activities under the SFO in Hong Kong.

Convoy China Financial Services Limited (康宏中國金融服務有限公司) (“**Convoy China**”) is a company incorporated in Hong Kong with limited liability on 4 November 2008 and is owned as to 72.83% by Convoy Inc. It was still at the start-up stage with no business operation as at the Latest Practicable Date. It is proposed to engage in insurance brokerage business in the PRC. Opposed to our Group which operates solely in Hong Kong, Convoy China has no business operation in Hong Kong, and our Group is not and will not be involved nor participated in any proposed business operation of Convoy China.

CAM is principally engaged in the sale of non-listed mutual funds. Its investment business commenced operation in 2002. Most of the Consultants are also engaged by CAM to carry out type 1 (dealing in securities) and/or type 4 (advising on securities) regulated activities under the SFO in Hong Kong. Currently, CAM also offers discretionary management services but none of the Consultants are engaged by CAM to provide such discretionary management services. As at the Latest Practicable Date, CAM had 290 funds available to its customers and 23 internal staff, and 835 out of 1,023 Consultants were also accredited to CAM, which also represent the total number of Consultants who has also contracted with CAM. For the year ended 31 December 2009, the revenue of CAM amounted to approximately HK\$5.7 million representing approximately 1.3% of revenue of CFS for the same period.

CIS is principally engaged in the sale of listed securities such as stocks, futures and options. CIS conducts its business by its own employees and other independent contractors. No Consultant is contracted with or involved in the business of CIS.

Convoy Collateral Limited (康宏財務有限公司) (“**CCL**”) is a company incorporated in Hong Kong with limited liability on 2 June 2003 and is wholly-owned by CFG. It is a licensed money lender in Hong Kong. As at the Latest Practicable Date, CCL was established with a view to providing its services mainly to staff of CFS and CAM and the Consultants.

深圳盛海信息諮詢有限公司 (Shenzhen Sheng Hai Information and Consultation Company Limited\*) (“**Shenzhen Sheng Hai**”) is a wholly foreign owned enterprise established in the PRC on 29 May 2007 and is an indirect wholly-owned subsidiary of CFG. It is set up for the purpose of providing administrative services to the subsidiaries of CFG and therefore it is tantamount to a cost centre of CFG which has no other business but provides administrative services to the subsidiaries of CFG. Pursuant to an agreement dated 31 December 2007 entered into between Shenzhen Sheng Hai and CCL, Shenzhen Sheng Hai agreed to provide administrative services to the subsidiaries of CFG, including CFS, details of which are set out under the paragraph headed “Connected transactions” in this section.

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\* *for identification purpose only*

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CTL is a wholly-owned subsidiary of CFG. It owns the Trademarks currently used by our Group. Pursuant to the Trademarks Agreement, CTL agreed to grant a non-exclusive and non-transferable license to our Group to use the Trademarks. Details of the trademarks agreement are set out under the paragraph headed “Connected transactions” in this section.

Convoy Management Services Limited (康宏管理服務有限公司) is a company incorporated in Hong Kong with limited liability on 15 January 2008 and is wholly-owned by CFG. It is set up for the purpose of provision of management services to other subsidiaries of CFG incorporated outside Hong Kong except for our Group.

Convoy Investment Holdings Limited is a company incorporated in the British Virgin Islands with limited liability on 2 January 2007 and is wholly-owned by CFG, which owns the proprietary rights of the CFG Group.

康宏財富投資顧問（北京）有限公司 (Convoy Wealth Investment Consultation (Beijing) Company Limited\*) is a wholly foreign owned enterprise established in the PRC on 8 August 2005 and is wholly-owned by CFG. The intended goal in establishing this company is to provide consultancy services in the PRC.

Integrated Wealth Technology Limited (匯富高科技有限公司) is a company incorporated in Hong Kong with limited liability on 3 December 2007, in which CFG indirectly owns 19% interest. It is set up with a view to providing information technology services.

Save as disclosed above, all other companies directly or indirectly held by Convoy Inc and CFG were investment holding companies and/or had no business operations, or represented minority interests of CFG as to the Latest Practicable Date.

Our Company believes that within the whole group of companies in which Convoy Inc and/or CFG are directly or indirectly interested, the insurance and MPF schemes brokerage businesses in Hong Kong currently undertaken by CFS are the most mature businesses with good potential for further growth given the business performance, operation scale and experienced management of CFS. Therefore, our Directors consider listing only the distinctive business of insurance and MPF schemes brokerage in Hong Kong.

Further, the business activities of the Other Companies are not relevant to insurance and MPF schemes brokerage businesses in Hong Kong and thus not consistent with the principal business of our Group. Therefore, the Other Companies are excluded from our Group.

### NON-COMPETITION UNDERTAKING

Each of the Controlling Shareholders has entered into the deed of non-competition (the “**Deed of Non-competition**”) in favor of our Company (for ourselves and as trustee of our subsidiaries), pursuant to which each of the Controlling Shareholders undertakes and covenants with our Company (for ourselves and as trustee of our subsidiaries) that, for so long as the Controlling Shareholders and/or their respective associates, directly or indirectly, whether individually or taken together, remain the

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Controlling Shareholders of our Company, he/she/it will not and will procure his/her/its respective associates not to directly or indirectly (whether as an investor, shareholder, partner, agent or otherwise or whether for profit, reward or otherwise) engage or otherwise be interested in any business including insurance and MPF schemes brokerage business which is or may be in competition with the business of any members of our 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 our Company or any of our 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 Shareholders and their respective associates (as “interest” is construed in accordance with the provisions contained in Part XV of the SFO) do not amount to more than 5% of the relevant share capital of the company in question;
- (iii) the contracts and other agreements (including any business carried on and service provided pursuant thereto and the transactions contemplated thereunder) entered into between members of our Group and the Controlling Shareholders and/or their respective associates; and
- (iv) the involvement or participation of the Controlling Shareholders in a Restricted Business in relation to which our Company has agreed in writing to such involvement or participation, following a decision by the independent non-executive Directors to allow such involvement or participation subject to any conditions the independent non-executive Directors may require to be imposed.

The Deed of Non-competition will cease to have effect upon the earliest of the date after the Listing on which (i) our Company becomes wholly-owned by the Controlling Shareholders and/or their respective associates (whether individually or collectively); or (ii) the securities of our Company cease to be listed on the Stock Exchange or any other stock exchange recognised under the SFO.

### **DIRECTORS**

Each of our Directors confirms that he or she does not have any competing business with our Group. Moreover, pursuant to their service agreements, our executive Directors shall not at any time during his or her term of service with our Group and for a period of 12 months after the expiry or termination of his or her employment with our Company, without the prior written consent of our Board, be or become a director of any company (other than our Company or any other member of our Group) which competes with or is a competitor of our Group or be engaged, concerned or interested directly or indirectly in any other business, trade or occupation which competes with or is a competitor of our Group.

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### **CORPORATE GOVERNANCE MEASURES**

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

- (i) our independent non-executive Directors will review, on an annual basis, the compliance with the non-competition undertaking by the Controlling Shareholders under the Deed of Non-competition;
- (ii) the 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;
- (iii) our Company will disclose decisions on matters reviewed by our independent non-executive Directors relating to compliance and enforcement of the non-competition undertaking of the Controlling Shareholders under the Deed of Non-competition in the annual reports of our Company; and
- (iv) the Controlling Shareholders will make an annual declaration on compliance with their undertaking under the Deed of Non-competition in the annual reports of our Company.

### **INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS**

Having considered the matters described above and the following factors, we believe that our Group is capable of carrying on our business independently of our Controlling Shareholders and their respective associates after the Share Offer.

#### **Management independence**

Our Board comprises three executive Directors and three independent non-executive Directors. All our executive Directors, namely Mr. Wong, Ms. Fong and Mr. Mak, are also our Controlling Shareholders. Save as disclosed above, no other Controlling Shareholders hold any directorship in our Company.

Mr. Wong and Ms. Fong are non-executive directors of CFG. They currently spend approximately 95% of their working time on the management of our Group and the remaining 5% of their working time on the management of the CFG Group. Apart from Mr. Wong and Ms. Fong, there are teams of senior management within the CFG Group who are mainly responsible for the daily management of the CFG Group.

Each of our Directors is aware of his or her fiduciary duties as a Director which require, among others, that he or she acts for the benefit 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. Mr. Wong and Ms. Fong are expected to spend the necessary time and attention required as the chairman and executive Director respectively of our Company to formulate the corporate strategy and oversee the overall development of our Group. Further, Mr. Mak and all of our senior management are our full-time employees and do not have senior executive positions in the daily management and operation of any of the companies comprising the CFG Group. All major management decisions will be made by our Board as a whole, including our independent non-executive Directors who are independent with any of the Controlling Shareholders, and not merely at the sole decision of Mr. Wong or Ms. Fong. Our daily

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operations will be managed by our senior management team, all the members of which are independent from those of the CFG Group. Therefore, notwithstanding the fact that Mr. Wong and Ms. Fong will hold dual positions in our Company and CFG, our Directors are of the view that we will be able to operate independently of the CFG Group. Save as disclosed in this section and the section headed “Directors, senior management and staff” in this prospectus, Mr. Wong, Ms. Fong and Mr. Mak and our senior management have no other material role in other companies of the CFG Group.

The following table illustrates our Directors’ directorship(s) held in (i) our Group; (ii) CAM; (iii) CFG; and (iv) the companies in which Convoy Inc and CFG are directly or indirectly interested in, apart from our Group and CAM (the “**Other Convoy Companies**”):

<u>Name of Director</u>	<u>Directorship(s) held in the Group</u>	<u>Directorship(s) held in CAM</u>	<u>Directorship(s) held in CFG and the Other Convoy Companies</u>
Mr. Wong .....	Executive Director	None	Non-executive director of CFG
Ms. Fong .....	Executive Director	None	Non-executive director of CFG
Mr. Mak .....	Executive Director	None	None
Mrs. Fu Kwong Wing Ting, Francine ...	Independent non-executive Director	None	None
Dr. Wu Ka Chee, Davy .....	Independent non-executive Director	None	None
Mr. Ma Yiu Ho, Peter .....	Independent non-executive Director	None	None

The decision-making mechanism of our Board of Directors set out in our Articles of Association also includes provisions to avoid conflicts of interest by providing, among others, that (i) each Director will be entitled to one vote at our meeting of Board of Directors and decisions of our Board of Directors shall be passed by majority vote; and (ii) in the event of a conflict of interest, the relevant Director(s) shall abstain from voting and shall not be present in the relevant Board meeting and be excluded from Board deliberations. Each of Mr. Wong and Ms. Fong has confirmed that, if a conflict of interest situation arises in respect of either of them, they will respectively abstain from voting, and refrain from attending the relevant Board meeting and therefore play no part in the decision making process of the Board. Examples of circumstances under which Mr. Wong and Ms. Fong would be considered to have a conflict of interest include service agreement and licensing agreement between the CFG Group and our Group. Given the professional knowledge and experience of the remaining Directors and senior management (please refer to the section headed “Directors, senior management and staff” in this prospectus) in relation to decision making and the operation of the business of our Group, our Directors are of the view that the Board can function effectively in the event that Mr. Wong and Ms. Fong are unable to take part in the decision making process of the Board due to a conflict of interest as described above.

Our Company has adopted the Code of Corporate Governance Practices (the “**Code**”) in accordance with Appendix 14 of the Listing Rules. The Code sets out principles of good corporate governance in relation to, among others, Directors, the chairman and chief executive officer, 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 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 report. Our Company is also required to comply with the Model Code for Securities Transactions by Directors

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of Listed Issuers which provides for, among others, prohibitions on Directors' dealings in securities and protections of minority shareholders' rights. Our Board of Directors is therefore satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and each of our Controlling Shareholders, and to protect minority Shareholders' rights after the Listing. Further, following the Listing, our Board of Directors will be required to comply with provisions under the Listing Rules and certain matters, such as connected transactions, are required to be reviewed by our independent non-executive Directors. Our Directors are of the view that the significant proportion of independent non-executive Directors comprising our Board should enhance our overall corporate governance standards.

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 they are capable of managing our business independently from the Controlling Shareholders after the Share Offer.

### **Operational independence**

We have our independent management team and make our business decisions independently. We have established our own set of organisational structure made up of individual departments, each with specific areas of responsibilities. We have sufficient capital, information technology and staff to operate our businesses independently. CFS has entered into contracts for services with the Consultants, on the basis that they are providing exclusive insurance and MPF schemes brokerage services to our Group. Certain associates of Mr. Shin Kin Man, one of the Controlling Shareholders and a director of CFS, are Consultants of CFS and we pay commission to them for their contracting service. For the three years ended 31 December 2007, 2008 and 2009, our total commission paid to certain associates of Mr. Shin Kin Man was approximately HK\$14.5 million, HK\$11.9 million and HK\$6.0 million, respectively, which only represented 2.0%, 2.2% and 2.1% of our total commission expenses, respectively. For the three years ending 31 December 2010, 2011 and 2012, it is expected that our commission expenses payable to certain associates of Mr. Shin Kin Man will be not more than HK\$7.5 million, HK\$7.9 million and HK\$8.3 million, respectively, and will not account for a significant amount of our total commission expenses. In addition, we have direct access to the Product Issuers and have established the consultancy development department, consultancy administration department and the training department to monitor and manage the Consultants. We have also established a set of internal control procedures to facilitate the effective operation of our business. Our Directors therefore believe that we are operationally independent from the Controlling Shareholders.

### **Financial independence**

Our Group has an independent financial system and makes financial decisions according to our Group's own business needs. Our Directors have confirmed that, as at the Latest Practicable Date, we did not have any outstanding loans or guarantees provided by our Controlling Shareholders. Therefore, our Directors consider that there is no financial dependence on our Controlling Shareholders.

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### CONNECTED TRANSACTIONS

Our Group has entered into certain agreements and arrangements with our connected persons in the ordinary and usual course of business of our Group during the Track Record Period. These transactions are expected to continue after the Listing. Details of these transactions are set out below.

#### Exempt continuing connected transactions

(i) Licensing of the Trademarks

Our Group is currently using the brand names “Convoy”, “康宏” and “康宏理財” as trade names for our businesses. Our Group is also using the Trademarks (CONVOY, 康宏理財, 康宏,  and ) for our businesses. The Trademarks are owned by CTL, a wholly-owned subsidiary of CFG and registered under classes 35 and 36 of trade and service marks. The specifications of services of classes 35 and 36 include, inter alia, insurance advisory, insurance brokerage and MPF intermediary advisory services. The details of the Trademarks are described under the paragraph headed “Intellectual property” in the section headed “Further information about our Company’s business” in Appendix V to this prospectus.

In order to facilitate the use of the Trademarks by our Group for our businesses, CTL has entered into the Trademarks Agreement with our Company on 21 June 2010, pursuant to which CTL has agreed to grant a non-exclusive and non-transferable licence to our Group to use the Trademarks at a nominal consideration of HK\$1 in connection with our Group’s businesses. Our Group has agreed not to grant any sub-licence for using the Trademarks without the prior written consent of CTL. CTL is obliged to maintain the validity and renew the registration of the Trademarks.

Despite having the benefit and prestige of conducting business under the Trademarks, our Group has established and controlled, among others, our own independent operational facilities, back office staff, relationships with the Product Issuers and customer base, which our Directors consider, allow our Group to operate effectively without placing undue reliance on the CFG Group for usage of the Trademarks. Our Directors are, however, confident that the Trademarks Agreement sufficiently protects our Group’s rights to use the Trademarks for the benefit of our Group.

CTL, a wholly-owned subsidiary of CFG, will become a connected person of our Company under Chapter 14A of the Listing Rules after the Listing and therefore the arrangement contemplated under the Trademarks Agreement will constitute a continuing connected transaction of our Company under Rule 14A.14 of the Listing Rules. As the consideration for the licence granted under the Trademarks Agreement is nominal, the Trademarks Agreement falls within the de minimus threshold under Rule 14A.33 of the Listing Rules and is exempt from the reporting, annual review, announcement and independent Shareholder’s approval requirements. Our Directors (including the independent non-executive Directors) consider that the terms of the Trademarks Agreement are fair and reasonable and in the interests of our Company and the Shareholders as a whole.

(ii) Sharing of administrative services

Pursuant to an agreement dated 31 December 2007 entered into between Shenzhen Sheng Hai, an indirect wholly-owned subsidiary of CFG, and CCL, a wholly-owned subsidiary of CFG, Shenzhen Sheng Hai agreed to provide back office administrative services to CCL for any administrative tasks



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assigned by CCL (the “**Administrative Services**”). Subsidiaries of CFG, including CFS, assigned certain administrative tasks to CCL, which include, among others, documentation processing work for our customers and the Consultants and telephone customer services support.

CFS intends to continue engaging the Administrative Services upon the Listing and has entered into an administrative services agreement with CCL (the “**Administrative Services Agreement**”) pursuant to which CFS has agreed to pay to CCL the lower of (i) HK\$950,000; and (ii) 80% of the costs incurred by CCL with reference to (a) CFS’s historical utilisation of Administrative Services as a proportion to the total Administrative Services provided by Shenzhen Sheng Hai to all of its customers for the previous two years; and (b) headcount of Shenzhen Sheng Hai’s staff who are responsible for tasks relating to CFS. The Administrative Services Agreement commenced on 1 January 2010 and will expire on 31 December 2012.

The Administrative Services, as described above in this paragraph, involves administrative tasks that require low levels of skill and expertise which are replaceable. As such our Directors are of the view that our Group does not place undue reliance on the CFG Group for the usage of the Administrative Services.

Upon the Listing, the transactions contemplated under the Administrative Services Agreement will constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules.

As each or all of the percentage ratios (other than the profit ratio) is/are on an annual basis less than 5% and the aggregate annual fee payable by our Group under the Administrative Services Agreement will be less than HK\$1,000,000, such transactions fall within the de minimis threshold under Rule 14A.33 of the Listing Rules and are exempt from reporting, annual review, announcement and independent shareholder’s approval requirements.

Our Directors (including the independent non-executive Directors) consider that the Administrative Services Agreement will be entered into in the ordinary and usual course of our Group’s business and on normal commercial terms, and that the terms of the Administrative Services Agreement are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

### **Non-exempt continuing connected transaction**

#### *Service fees paid to connected persons*

CFS, an indirect wholly-owned subsidiary of our Company has entered into contract for services (the “**Shin Family Service Contracts**”) with three associates (as defined under the Listing Rules) of Mr. Shin Kin Man (the “**Shin Family**”). Mr. Shin Kin Man is the executive director of CFS and one of the Controlling Shareholders. Under the Shin Family Service Contracts, our Company agreed to pay commission or fee to the Shin Family for their acting as Consultants of CFS to provide the insurance and MPF schemes brokerage services in Hong Kong pursuant to the terms and conditions of the Shin Family Service Contracts. Such commissions to be paid to the Shin Family represent normal commissions applicable to all other Consultants, and would not include payment of any kind to which all other Consultants would not be entitled. The Shin Family Service Contracts would expire on 31 December 2012.

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For each of the three years ended 31 December 2007, 2008 and 2009, the annual aggregate amounts of the commission or fee paid to the Shin Family were as follows:

	Year ended 31 December		
	2007	2008	2009
	HK\$	HK\$	HK\$
Annual aggregate commission or fee paid to the Shin Family .....	14,500,452	11,930,428	6,035,930
% to our Group's total commission expenses or fee paid to Consultants .....	4.0%	3.7%	2.4%

In determining the annual caps for the transactions contemplated under the Shin Family Service Contracts (the “**Transactions**”), our Directors have taken into consideration of the following principal factors:

- (i) the aggregate amount of commission or fee paid to the Shin Family as Consultants during the Track Record Period;
- (ii) potential brokerage services which the Shin Family will provide as Consultants to our Group for the three years ending 31 December 2010, 2011 and 2012; and
- (iii) the expected commission rate and fee payable to the Consultants who are Independent Third Parties under normal commercial terms.

Based on the above factors and information, our Directors expect that the annual caps for the Shin Family Service Contracts for each of the three years ending 31 December 2010, 2011 and 2012 to be as follows:

	Year ending 31 December		
	2010	2011	2012
	HK\$	HK\$	HK\$
The maximum annual aggregate value of the Transactions .....	7,500,000	7,900,000	8,300,000

Since the annual caps for the Transactions for each of the three years ending 31 December 2010, 2011 and 2012 are less than HK\$10,000,000 and the applicable percentage ratios as defined in Rule 14A.10 of the Listing Rules calculated with reference to the annual caps under the Transactions are less than 25%, under Rule 14A.34 of the Listing Rules, the Transactions will, upon the Listing, constitute non-exempt continuing connected transaction of our Company and will be subject to the reporting, annual review and announcement requirements set out in the Listing Rules.

Our Directors (including the independent non-executive Directors) and the Sponsor are of the view that the Transactions will continue in the ordinary and usual course of business of our Company and on normal commercial terms (for the purpose of and as having the meaning as ascribed thereto under the Listing Rules), and the terms of the Transactions and the annual caps are fair and reasonable and in the interests of the Shareholders as a whole.

**Application for waiver for non-exempt continuing connected transaction**

Our Company has, pursuant to Rule 14A.42(3) of the Listing Rules, applied to the Stock Exchange for a waiver from strict compliance with announcement requirement set out in the Listing Rules for the Transactions upon the Listing.

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The Stock Exchange has granted a waiver from strict compliance with the applicable requirements set out in the Listing Rules as mentioned above and our Company should comply with Rules 14A.35(1), 14A.35(2), 14A.36, 14A.37, 14A.38, 14A.39, 14A.40, 14A.45 and 14A.46 of the Listing Rules, subject to the annual caps for the Transactions as set out above.