
RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

THE CONTROLLING SHAREHOLDERS

The Controlling Shareholders, being Mrs. Ho Wong Mary Mee-Tak, Classic Venture and Perfect Choice, will be interested and deemed interested in a total of 31.70% of the issued share capital of the Company upon completion of the Offering and taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option.

NON-COMPETITION UNDERTAKING

For the purpose of the Listing, the Controlling Shareholders (collectively, the “Covenantors”) has entered into a deed of non-competition (“Non-competition Deed”) in favor of the Company (for itself and as trustee for its subsidiaries), pursuant to which each of the Covenantors irrevocably and unconditionally undertakes and covenants with the Company for itself and as trustee for the benefit of its subsidiaries from time to time that with effect from the Listing Date and for as long as the Shares remain listed on the Stock Exchange and she/it, individually or collectively with any other Covenantor(s), is, directly or indirectly, interested in 30% or more of the Shares in issue, or is otherwise regarded as a controlling shareholder (as defined under the Listing Rules from time to time) of the Company, she/it shall not, and shall procure that none of her/its associates (for the purpose of the Non-competition Deed, shall have the meaning as defined under Rule 1.01 of the Listing Rules but excluding the Group) shall:

- (a) directly or indirectly whether as principal or agent or through any person, firm, company or organisation (other than through the Group) engage, participate or hold any right or interest in or render any services to or otherwise be involved in any business directly or indirectly in competition with or likely to be in competition with the existing business activity and any business activities undertaken by the Group from time to time (the “Restricted Business”) except for the holding of not more than 5% shareholding interests (individually or any of the Covenantors with their associates collectively) in any listed company in Hong Kong;
- (b) take any direct or indirect action which constitutes an interference with or a disruption to the Restricted Business including, but not limited to, the solicitation of, interference with or enticing away the Group’s customers, suppliers, distributors, management, technical staff or employees; or
- (c) exploit her/its knowledge or information obtained from the Group to compete, directly or indirectly, with the Restricted Business.

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In addition, each of the Covenantors irrevocably and unconditionally undertakes and covenants that if any business opportunity relating to any of the products and/or services of the Group or the Restricted Business (the “Business Opportunity”) is made available to her/it or to any company or entity (other than members of the Group) in which a Covenantor is, or with any other Covenantors together are, directly or indirectly interested so as to exercise more than 50% of the voting power at general meetings, or to control the composition of a majority of the board of its directors or its decision making body (a “Controlled Company”), she/it shall direct or procure the relevant Controlled Company to direct such Business Opportunity to the Company together with such required information to enable the Company to evaluate the merits of the Business Opportunity. The relevant Covenantor shall provide, or procure the relevant Controlled Company to provide, the Company or the relevant member of the Group with all such assistance to secure the Business Opportunity as the Company or the relevant member of the Group may reasonably require.

Each of the Covenantors also irrevocably and unconditionally undertakes that she/it shall not, and shall procure that none of her/its Controlled Companies shall, pursue the Business Opportunity unless the Company decides not to pursue such Business Opportunity. Any decision of the Company as to whether to pursue such Business Opportunity shall have to be approved by the independent non-executive Directors. The Group shall not be required to pay any fees to any of the Covenantors and/or the relevant Controlled Companies in relation to the direction of such Business Opportunity.

Each of the Covenantors also represents and warrants that as at the date of the Non-competition Deed, other than her/its interests in the Group, neither she/it nor any Controlled Companies is carrying on or engaging in, directly or indirectly, any business that competes or may compete with the existing business of the Group.

Each of the Covenantors further irrevocably and unconditionally undertakes that she/it shall:

- (i) provide to the Company all information necessary for the enforcement of the undertakings or covenants in the Non-competition Deed;
- (ii) provide an annual confirmation to the Company confirming that she/it or her/its associates have not breached the terms of the undertakings contained in the Non-competition Deed;
- (iii) provide all information necessary for the annual review by the independent non-executive Directors and the enforcement of the Non-competition Deed;

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- (iv) make declaration(s) on compliance with the Non-competition Deed in accordance with the requirements under Appendix 14 (Code of Corporate Governance) and Appendix 23 (Corporate Governance Report) of the Listing Rules;
- (v) abstain from voting at any general meeting of the Company if there is any actual or potential conflict of interests; and
- (vi) (in the case of Mrs. Ho only) together with other conflicting Directors (if any), abstain from voting and not be counted as quorum of any meetings of the Board for consideration and approval of any matters referred to in the Non-competition Deed which have or may give rise to actual or potential conflict of interests.

The independent non-executive Directors will review, at least on an annual basis, the compliance with the Non-competition Deed by the Covenantors and the Controlled Companies, the options, pre-emptive rights or first rights of refusal (if any) provided by the Covenantors and the Controlled Companies on their existing or future competing businesses. As and when appropriate, the Company will disclose decisions on matters reviewed by the independent non-executive Directors relating to the compliance and enforcement of the undertakings (for example, the exercise of options or first rights of refusal) either through the annual report, or by way of announcements to the public.

The Non-competition Deed is conditional on:

- (a) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, all the Shares in issue and the new Shares to be issued under the Offering; and
- (b) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) by WAG Worldsec for itself and on behalf of the Underwriters) and the Underwriting Agreements not being terminated in accordance with their respective terms or otherwise;

and if any of such conditions is not fulfilled on or before the Listing Date, the Non-competition Deed shall become null and void and each party shall pay its own costs and expenses in connection with the preparation, negotiation and settlement of the Non-competition Deed and no party shall have any liability to the other party to the Non-competition Deed.

The Non-competition Deed will cease to have effect on a Covenantor on the earliest of the date on which (i) such Covenantor, individually or collectively with any other Covenantor(s) ceases to be interested, directly or indirectly, in 30% or more of the Shares in issue, or otherwise ceases to be regarded as a controlling shareholder (as that term is

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defined under the Listing Rules from time to time) of the Company, or (ii) the Shares cease to be listed on the Stock Exchange.

INDEPENDENCE FROM CONTROLLING SHAREHOLDERS

Having considered the matters described above and the following factors, the Group believe that it is capable of carrying on its business independently from the Controlling Shareholders and their respective associates upon completion of the Offering.

Management Independence

The Group has its own management team with substantial experience and expertise in the industry of design, development and manufacture of video graphics cards, independent from the Controlling Shareholders or their respective associates.

The principal business of each of Classic Venture and Perfect Choice is investment holding and Mrs. Ho Wong Mary Mee-Tak does not have any other business or investment which is competing with the Group's business.

The Directors are satisfied that the Group can manage its business independently of the Controlling Shareholders and their respective associates particularly with respect to the following factors:

(a) Board structure

The Board comprises ten Directors, among them three are independent non-executive Directors who have extensive experience in different areas or professions and are appointed pursuant to the requirements under the Listing Rules to ensure that the decisions of the Board are made only after due consideration of independent and impartial opinions.

The Directors believe that the presence of Directors from different background provides a balance of opinions. Further, the Board acts collectively by majority decisions in accordance with the Articles and the laws, and no single Director is supposed to have any decision-making unless authorised by the Board.

(b) Disclosure of interest

According to the Articles, if any Director is in any way, directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company ("Interested Director"), he will declare the nature of his interest to the Board at his earliest convenience.

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In addition, such Interested Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving such contract or arrangement or other proposal in which he or any of his associates is to his knowledge materially interested except in certain circumstances as set out in the Articles as summarised in Appendix IV to this prospectus.

However, as a matter of good corporate governance practice, an Interested Director shall abstain from any Board meeting, or the relevant part of the meeting, at which matter(s) in which he has a material interest is (are) discussed, unless he is specifically requested to attend or to remain in the meeting by the Directors who have no interest in such matter(s).

(c) *Participation in Board meeting and voting therein*

According to the Articles, each Director is entitled to one vote in meetings of the Board and a simple majority is required to approve any business considered therein.

(d) *Participation in general meeting and voting therein*

The Articles do not impose any restriction on Shareholders to attend general meetings of the Company nor to vote on any resolution proposed therein; however, where the Company has knowledge that any Shareholder, under the Listing Rules, is required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such Shareholder in contravention of such requirement or restriction shall not be counted.

Any transaction between us and the Controlling Shareholders shall be governed by Chapter 14A of the Listing Rules, which provides that certain categories of connected transactions shall be subject to independent Shareholders' approval.

Classic Venture and Perfect Choice, as Shareholders, have the right to attend any general meeting of the Company through its authorised representative. However, they shall not vote on any resolution proposed at a general meeting in approving any contract or arrangement or other proposal in which they or Mrs. Ho Wong Mary Mee-Tak has any material interest when independent Shareholders' approval is required under Chapter 14A of the Listing Rules.

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Operational Independence

Although the Controlling Shareholders will retain a controlling interest in the Company after the Listing, the Board has full rights to make all decisions on, and to carry out, the Group's business operations independently. Although Mrs. Ho Wong Mary Mee-Tak, being one of the Controlling Shareholders of the Company, is a non-executive Director, the Company has its own management team, of which most members are independent of the Controlling Shareholders, have served the Company or its subsidiaries for a substantial period of time and have substantial experience in the industry in which the Company is engaged to implement the Group's policies and strategies.

The Group operates independently from the Controlling Shareholders and their respective associates as (a) the Group has established its business independent of that of the Controlling Shareholders; and (b) the business nature of each of the Controlling Shareholders is distinct from the nature of the Group's business.

The Group has registered or obtained licenses for trademarks, which are relevant to the operation, particulars of which are set out under the section headed "4. Intellectual Property of the Group" in Appendix V to this prospectus.

No services, premises and facilities are or will be provided to the Group by the Controlling Shareholders and/or their associates.

Having considered the above, the Directors are satisfied that the Group's business is delineated from the business or investment of the Controlling Shareholders and there is no competition between the parties. As such, the Directors and the Sponsor are satisfied that the Group can operate independently of the Controlling Shareholders and their respective associates.

Financial Independence

The Group has its own accounting and finance department and independent financial system and make financial decisions according to the Group's own business need. The Directors confirm that as at the Latest Practicable Date, the Group was not indebted to any of the Controlling Shareholders.

The Directors confirm that, upon the Listing, the Group is capable of obtaining financing from external sources and there will be no financial dependence on the Controlling Shareholders or any of their respective associates.