
RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

CONTROLLING SHAREHOLDERS

Immediately following completion of the Capitalisation Issue and the Global Offering, Dr. Au-Yeung, Ms. Au-Yeung Hung and Ms. Au-Yeung Wai will, through their respective shareholdings in Sure Sino Investments, Market Event Holdings and Earlson Holdings respectively, together own approximately 75% of the total issued share capital of our Company upon completion of the Global Offering (assuming the Over-allotment Option and the options that may be granted under the Share Option Scheme are not exercised) and hence will continue to be the Controlling Shareholder of our Company.

Sure Sino Investments is a limited liability company incorporated in the BVI on 4 March 2011 and its sole shareholder is Dr. Au-Yeung. Market Event Holdings is a limited liability company incorporated in the BVI on 16 February 2011 and its sole shareholder is Ms. Au-Yeung Hung. Earlson Holdings is a limited liability company incorporated in the BVI on 17 March 2011 and its sole shareholder is Ms. Au-Yeung Wai.

Other Businesses of the Controlling Shareholders

As of the Latest Practicable Date, apart from her interest in our Group, Ms. Au-Yeung Hung also held the entire equity interest in several private companies incorporated in Hong Kong including, The Spa House Limited, HK Preventive Association Limited, Majesty Wedding (HK) Limited and Richland Holdings Ltd. Ms. Au-Yeung Hung is also the director of the said private companies.

The Spa House Limited was principally engaged in provision of slimming and beauty services but has ceased to conduct such business and remained inactive since 2009, and currently is an investment holding company. The principal business of Majesty Wedding (HK) Limited is principally engaged in wedding planning service and rental service of wedding gowns. Richland Holdings Ltd. is an investment holding company. The current principle businesses of the said companies are distinctly different and are not related to the businesses of our Group. As such, there is generally no competition between our Group's and the businesses of each of The Spa House Limited, Majesty Wedding (HK) Limited and Richland Holdings Ltd. Ms. Au-Yeung Hung has confirmed that, as at the Latest Practicable Date, each of The Spa House Limited, HK Preventive Association Limited and Majesty Wedding (HK) Limited did not carry on or participate in any business which is or may be in competition with the businesses of our Group.

None of the Controlling Shareholders or the Directors has any interest in a business, other than the Group's business, which competes or is likely to compete, either directly or indirectly, with the Group's business. In addition, each of the individual Controlling Shareholders has given a non-competition undertaking in favour of the Company. For details, please refer to the paragraph "Non-competition undertaking" of this section below.

Financial Independence

The Directors are of the view that the Group does not unduly rely on advances from its ultimate shareholder and related parties for its business operations. Our Directors confirm that as at the Latest Practicable Date, all financial assistance, including amounts due to,

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and loans or guarantees provided by our Controlling Shareholders to our Group, were repaid or released or otherwise settled in full. As such, the Directors consider that the Group can operate independently from the Controlling Shareholders from the financial perspective.

Operational Independence

Our major suppliers are all accessible independently from our Controlling Shareholders. We do not rely on our Controlling Shareholders or their associates and have our independent access to our suppliers for the provision of our slimming products.

We hold all relevant licenses and assets necessary to operate our businesses, and have sufficient capital and employees to operate our business independently.

During the Track Record Period, we have established our own client bases and ourselves negotiated and concluded agreements with our clients, which are all Independent Third Parties, and does not rely on the Controlling Shareholders and their associates for access to clients.

Management Independence

Our Board comprises three executive Directors and three independent non-executive Directors. Dr. Au-Yeung is the executive Director, the Chairman and the CEO of our Group. Ms. Au-Yeung Wai is the executive Director and the Chief Operating Officer of our Group. Ms. Au-Yeung Hung is the executive Director of our Group.

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 and in the best interest of our Company and does not allow any conflicts 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 our Directors or their respective associates, according to our Articles, the interested Director(s), unless required by a majority of our independent non-executive Directors, shall not attend or participate in the discussion of the relevant resolutions at the relevant board meetings of our Company, shall abstain from voting at the relevant resolutions in respect of such transactions and shall not be counted in the quorum.

In addition, we have an independent senior management team to carry out the business decisions of our Group independently. Our Directors are satisfied that our senior management team is able to perform their roles in our Group independently, and our Directors are of the view that we are capable of managing our business independently from our Controlling Shareholders after the Global Offering.

NON-COMPETITION UNDERTAKING

The Controlling Shareholders have entered into the Deed of Non-competition in favour of our Company (for itself and as trustee for the benefit of its subsidiaries), under which, subject to the next paragraph, each of the Controlling Shareholders have jointly and

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severally, unconditionally and irrevocably undertaken to our Company that he, she or it will not, and will procure that none of his, her or its respective associates (other than members of our Group) will, during the Restricted Period (as defined below), directly or indirectly, either on their own account, in conjunction with, on behalf of, or through any person, firm or company, among other things, carry on, participate or be interested, engaged or otherwise involved in or acquire or hold (in each case whether as a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) any business (including but not limited to the core business in Hong Kong, Macau and the PRC) which is or is likely to be in competition with our core business of our Group, and any other new business that our Group may undertake from time to time after the Listing (the “**Restricted Business**”) and where they become aware of such engagement of the Restricted Business they shall notify the Company forthwith.

The restrictions which each of the Controlling Shareholders has agreed to undertake pursuant to the non-competition undertaking will not apply to such Controlling Shareholder in the circumstances where he, she or it has:

- (a) any interests in the shares of any member of our Group; or
- (b) interests in the shares of a company other than our Group provided that:
 - (i) any Restricted Business conducted or engaged in by such company (and assets relating to any Restricted Business) accounts for less than 30% of that company’s consolidated sales or consolidated assets, as shown in that company’s latest audited accounts; and
 - (ii) the total number of shares held by the Controlling Shareholders and their associates in aggregate does not exceed 30% of the issued shares of that class of the company in question and the Controlling Shareholders and their associates are not entitled to appoint a majority of the directors of that company.

For the purpose of the Deed of Non-competition, our “core business” means the provision of slimming and beauty services and “associates” has the meaning ascribed to it under Rule 1.01 of the Listing Rules.

The “Restricted Period” stated in the Deed of Non-competition refers to the period during which:

- (a) our Shares remain listed on the Stock Exchange; and
- (b) the Controlling Shareholders and their associates (other than members of our Group), individually or jointly, are entitled to exercise, or control the exercise of, not less than 30% of the voting power at general meetings of our Company; or
- (c) the Controlling Shareholders or the relevant associates remain as a director of any member of our Group.

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Each of the Controlling Shareholders have further unconditionally and irrevocably undertaken to procure that, during the Restricted Period, any business investment or other commercial opportunity relating to the Restricted Business (the “**New Opportunity**”) identified by or offered to such Controlling Shareholder and/or any of his, her or its associates (other than members of our Group) (the “**Offeror**”) is first referred to our Company in the following manner:

- (a) The Controlling Shareholders are required to, and shall procure their associates (other than members of our Group) to, refer, or procure the referral of, the New Opportunity to our Company, and shall give written notice to our Company of any New Opportunity containing all information reasonably necessary for our Company to consider whether (i) the New Opportunity would constitute competition with its core business and/or any other new business which our Group may undertake at the relevant time, and (ii) it is in the interest of our Group to pursue the New Opportunity, including but not limited to the nature of the New Opportunity and the details of the investment or acquisition costs (the “**Offer Notice**”).
- (b) The Offeror will be entitled to pursue of the New Opportunity only if (i) the Offeror has received a written notice from our Company declining the New Opportunity and confirming that the New Opportunity would not constitute competition with its core business, or (ii) the Offeror has not received the notice from our Company within ten (10) business days from our receipt of the Offer Notice by our Company. If there is a material change in the terms and conditions of the New Opportunity pursued by the Offeror, the Offeror will refer the New Opportunity as so received to our Company in the manner as set out above.

Upon receipt of the Offer Notice, our Company shall seek opinions and decisions from a committee of its Board consisting of Directors who do not have a material interest in the matter as to whether (a) such New Opportunity would constitute competition with our Company’s core business, and (b) it is in the interest of our Company and its Shareholders as a whole to pursue the New Opportunity.

Each of the Controlling Shareholders further unconditionally and irrevocably undertaken to our Company that he, she or it will use his, her or its best endeavours to procure that his, her or its associates (other than members of our Group) shall observe the restrictions and undertakings above.

Further undertakings

The Controlling Shareholders have further undertaken to:

- (a) procure all relevant information relating to the implementation of the Deed of Non-competition in their possession and/or the possession of any of their associates to be provided to our Company;

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- (b) allow, subject to confidentiality restrictions imposed by any third party, our representatives and those of our Company's auditors to have access to their financial and corporate records as may be necessary for our Company to determine whether the non-competition undertakings have been complied with by the Controlling Shareholders and their associates; and
- (c) provide our Company, within ten (10) business days from the receipt of its written request, with a written confirmation in respect of their compliance and that of their associates with the non-competition undertakings and consent to the inclusion of such confirmation in our Company's annual report.

The Controlling Shareholders, for themselves and on behalf of their associates (except any members of our Group), have also acknowledged that our Company may be required by the relevant laws, regulations, rules of the stock exchange(s) on which our Company may be listed and the regulatory bodies to disclose, from time to time, information on the New Opportunity, including but not limited to disclosure in public announcements or our Company's annual report or decision made by our Company to pursue or decline the New Opportunity and has agreed to the disclosure to the extent necessary to comply with any such requirement.

Assessment of compliance with non-competition undertakings

The Controlling Shareholders acknowledge that our Directors who have no material interest in the matters discussed will, based on the information available to them, including information and confirmation provided by or obtained from the Controlling Shareholders and their associates (other than members of our Group) as described above, review on an annual basis (a) the compliance with the non-competition undertakings; and (b) all the decisions taken in relation to whether to exercise the option under the Deed of Non-competition and whether to pursue any business opportunities which may be referred or offered to our Company by the Controlling Shareholders or their associates (other than members of our Group) under the Deed of Non-competition. Findings of such review will be disclosed in our Company's annual report after the Listing.

All Directors confirmed that they do not engage in any business which competes, or is likely to compete, directly or indirectly, with our Company's business.