

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

CONTROLLING SHAREHOLDERS

Immediately following the completion of the [REDACTED] and the [REDACTED] (without taking into account any Shares which may be allotted and issued by our Company pursuant to the exercise of any options which may be granted under the Share Option Scheme), (i) Oasis Green, an investment holding company wholly-owned by Pacific Asset; (ii) Pacific Asset, an investment holding company wholly-owned by Mr. Yu; and (iii) Mr. Yu, will together be entitled to directly or indirectly exercise or control the exercise of the voting rights of [REDACTED]% of the enlarged issued share capital of our Company in the general meeting of our Company. In view of the foregoing, Oasis Green, Pacific Asset and Mr. Yu are our Controlling Shareholders for the purpose of the GEM Listing Rules.

For details of Mr. Yu, please refer to the section headed "Directors and senior management" in this document.

For details of Pacific Asset and our Group structure immediately after the completion of the [REDACTED] and the [REDACTED], please refer to the section headed "History, Reorganisation and corporate structure" in this document.

Save as disclosed above, there is no other person who will, immediately following the completion of the [REDACTED] and the [REDACTED], be directly or indirectly interested in 30% or more of the Shares then in issue or have a direct or indirect equity interest in any member of our Group representing 30% or more of the equity in such entity.

INDEPENDENCE TO OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors believe that our Group is capable of operating our business independently of our Controlling Shareholders and their respective close associates (other than our Group) after [REDACTED]:

(i) Management independence

Our management and operational decisions are made by the Board and our senior management. The Board comprises five executive Directors, one non-executive Director and three independent non-executive Directors. The day-to-day management and operation of the business of our Group will be the responsibility of all the executive Directors and senior management of our Group and our Group considers that our Board and senior management will be able to function independently from our Controlling Shareholders and their respective close associates taking into account the following:

- (i) as at the Latest Practicable Date, no executive Directors has overlapping roles or responsibilities in any business which competes or is likely to compete, either directly or indirectly, with our business;
- (ii) each of our Directors is aware of his fiduciary duties as a Director which require, among other things, that he acts for the benefit and in the best interests of our Company and does not allow any conflict between his duties as a Director and his personal interest to exist;

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- (iii) 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 close associates, the interested Director(s) shall abstain from voting at the relevant meetings of the Board in respect of such transactions and shall not be counted in the quorum of the relevant meetings of the Board;
- (iv) the Board has established (i) an audit committee; (ii) a remuneration committee; and (iii) a nomination committee. Each committee includes independent non-executive Directors so as to monitor the operation of our Group. Further, our Group believes that our experienced independent non-executive Directors will be able to exercise their independent judgment and provide impartial opinion and professional advice in the decision-making process of the Board to protect the interest of our Shareholders;
- (v) in the circumstances where all our executive Directors are required to abstain from voting on board resolutions due to potential conflict of interest, it will fall to our non-executive Director and independent non-executive Directors to exercise their business judgement to make decision as our Board. Given the experience of our non-executive Director and independent non-executive Directors, details of which are set out in the section headed "Directors and senior management" in this document, our Directors believe that the remaining Board can still function properly in the event that all our executive Directors are required to abstain from voting; and
- (vi) our Group has also employed other senior management members who have the experience and calibre to conduct our Group's business.

Having considered the above factors, our Directors are satisfied that they will be able to perform their roles in our Company independently, and our Directors are of the view that our Group is capable of managing our business independently from our Controlling Shareholders following completion of the [REDACTED].

Based on the above, our Directors are satisfied that our Board as a whole together with our senior management team are able to perform the managerial role in our Group independently.

(ii) Operational independence

Our operations are independent of and not connected with any of our Controlling Shareholders and their respective close associates. Having considered the following reasons:

- (i) Our Group has established our own organisational structure comprising individual departments, each with specific areas of responsibilities including business development department, operations department, administrative and financial department;

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- (ii) our Group has not shared our operational resources, such as customers and general administrative resources with the Controlling Shareholders and/or their close associates;
- (iii) our Group has also established a set of internal controls to facilitate the effective operation of our business;
- (iv) as at the Latest Practicable Date, our Group had independent access to service providers and customers of our Group;
- (v) our Group's executive management team (comprising the five executive Directors) and senior management members, has extensive experience in the derivatives trading industry, details of their experience are set out in the section headed "Directors and senior management" in this document; and
- (vi) our Group, our Controlling Shareholders and their respective close associates did not have any common, nor shared, facilities or resources during the Track Record Period and up to the Latest Practicable Date,

our Directors consider that our Group can operate independently from our Controlling Shareholders and their respective close associates from the operational perspective.

(iii) Administrative independence

Our Group has its own capabilities and personnel to perform all essential administrative functions, including financial and accounting management, invoicing and billing, human resources and information technology.

(iv) Financial independence

Our Group is financially independent of our Controlling Shareholders and their respective close associates. Our Group has sufficient capital to operate our business independently, and have adequate resources to support our daily operations. In addition, our Group has an independent liquidity monitoring system and makes financial decisions according to our own business needs.

Based on the above, our Directors are of the view that our Group is not financially dependent on our Controlling Shareholders or their respective close associates in our business operations and our Group is able to obtain external financing on market terms and conditions for our business operations as and when required.

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(v) **No continuing connected transaction upon [REDACTED]**

During the Track Record Period, there was no non-exempt connected transactions or continuing connected transactions which would be required to be disclosed pursuant to the GEM Listing Rules. There will also be no continuing connected transaction between our Group and our Controlling Shareholders, their respective close associates and connected persons of our Group upon [REDACTED].

NON-COMPETITION UNDERTAKINGS AND FIRST RIGHT OF REFUSAL

Each of our Directors and our Controlling Shareholders has confirmed that, as at the Latest Practicable Date, none of them or their respective close associates has any interest in a business which competes or may compete, either directly or indirectly, with our Group's business, which would otherwise require disclosure under Rule 11.04 of the GEM Listing Rules.

DEED OF NON-COMPETITION UNDERTAKINGS

To protect our Group from any potential competition, each of our Controlling Shareholders have entered into the Deed of Non-competition in favour of our Company (for ourselves and as trustee of our subsidiaries), pursuant to which each of our Controlling Shareholders has jointly and severally undertaken to and covenanted with our Company (for ourselves and as trustee of our subsidiaries) that with effect from the [REDACTED] and during the term of the Deed of Non-competition (the "Restricted Period"), he/it shall not, and shall procure that their respective close associates (other than any member of our Group) not to, whether on his/its own account or in conjunction with or on behalf of any person, firm or company, whether directly or indirectly, (i) engage in, participate or hold any right or interest in or render any services to or otherwise be involved in any business (whether as owner, director, operator, licensor, licensee, partner, shareholder, joint venturer, employee, consultant or otherwise) in competition with or likely to be in competition with the existing business carried on by our Group (including but not limited to providing derivatives brokerage services to Professional Investors in Hong Kong and any other country or jurisdiction to which our Group provides such services and/or in which any member of our Group carries on business mentioned above from time to time (the "Restricted Business")); and (ii) take any action which constitutes an interference with or a disruption of the Restricted Business including, but not limited to, solicitation of our Group's customers, service providers or personnel of any member of our Group.

Such non-competition undertaking does not apply with respect to the holding of or any interest in, directly or indirectly, any shares in any company which conducts or is engaged in, directly or indirectly, any Restricted Business, provided that such shares are listed on a recognised stock exchange and:

- (a) the total number of such shares held by any of the Controlling Shareholders and/or their respective close associates does not amount to 10% or more of the issued shares of that class of such company in question; and

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- (b) 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.

Pursuant to the Deed of Non-competition, each of our Controlling Shareholders has further 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 our Controlling Shareholders and/or any of their close associates (other than members of our Group) (the "Offeror") is first referred to our Group in the following manner:

- (a) our Controlling Shareholders are required to, and shall procure that their close associates (other than members of our Group) to, refer, or procure the referral of, the New Opportunity to our Group, and shall give written notice to our Group of any New Opportunity containing all information reasonably necessary for our Group to consider whether (i) the New Opportunity would constitute competition with the 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"); and
- (b) the Offeror will be entitled to pursue the New Opportunity only if (i) the Offeror has received a written notice from our Group declining the New Opportunity and confirming that the New Opportunity would not constitute competition with the core business of our Company; or (ii) the Offeror has not received the notice from our Group within 30 Business Days from the receipt of the Offer Notice; the Offeror shall use its best endeavours to procure that such New Opportunity is offered to our Group on terms no less favourable than the terms on which such New Opportunity is offered to the Offeror. 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 revised to our Group in the manner as set out above.

Upon receipt of the Offer Notice, our Group will seek opinions and decisions from our independent non-executive Directors who do not have a material interest in the matter as to whether (a) such New Opportunity would constitute competition with the core business of our Group; and (b) it is in the interest of our Company and our Shareholders as a whole to pursue the New Opportunity.

Our independent non-executive Directors will be responsible for reviewing, considering and deciding whether or not to exercise the option for the new business opportunities. In assessing whether or not to exercise the option, our independent non-executive Directors will consider a range of factors including any feasibility study, counterparty risk, estimated profitability, the business and the legal, regulatory and contractual landscape and form their views based on the best interest of our Shareholders

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and our Company as a whole, and if necessary, our independent non-executive Directors will consider to engage an independent third party professional valuer, at the cost of our Company, to evaluate the business opportunity. Our independent non-executive Directors are also entitled to engage an independent financial adviser, at the cost of our Company, in connection with the exercise of the option for the business opportunity.

The obligations of our Controlling Shareholders 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) the date on which our Controlling Shareholders and their close associates, individually or collectively, cease to own 30% or more of the then issued share capital of our Company directly or indirectly or cease to be deemed as Controlling Shareholder of our Company and does not have power to control our Board; whichever occurs first.

CORPORATE GOVERNANCE MEASURES

Upon [REDACTED], our Group will be required to comply with stringent requirements concerning internal controls and corporate governance as stipulated under the GEM Listing Rules. In this regard, our Directors confirm that neither they nor their respective close associates have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business and would require disclosure under Rule 11.04 of the GEM Listing Rules. Each of our Directors has confirmed that he fully comprehends his obligations to act in the best interests of our Company and our Shareholders as a whole.

Our Company will adopt the following corporate governance measures to manage any potential or actual conflict of interests between us and our Controlling Shareholders and to safeguard the interests of our Shareholders:

- our Company adopted the Articles on [●], the provisions of which are in compliance with requirements of the Companies Law and the GEM Listing Rules. Generally, unless otherwise provided in the Articles, a Director is prohibited under the Articles from voting (or being counted in the quorum) on any resolution of our Board in respect of any contract or arrangement or proposal in which he or any of his close associate(s) has/have any material interest, and if he shall do so his vote shall not be counted (and he shall not be counted in the quorum for that resolution);
- our independent non-executive Directors will review, at least on an annual basis, the compliance with the non-compete undertaking by our Controlling Shareholders under the Deed of Non-competition;
- our Controlling Shareholders have undertaken to us that they will, and will procure their respective close associates to provide all information necessary for the independent non-executive Directors to review our Controlling Shareholders' compliance with and the enforcement of the Deed of Non-competition;

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- our Company will disclose decisions on matters reviewed by the independent non-executive Directors relating to the compliance with and the enforcement of the Deed of Non-competition for disclosure in the annual reports of our Company and endeavours to ensure that the disclosure of information relating to the compliance with the terms of the Deed of Non-competition and the enforcement of it are in accordance with the requirements of the GEM Listing Rules;
- the executive Directors will ensure that any material conflict or material potential conflict of interests involving the proposed investment will be reported to the independent non-executive Directors as soon as practicable when such conflict or potential conflict is discovered and a Board meeting will be held to review and evaluate the proposed investment. The conflicted Directors shall refrain from participating in the Board meetings on which resolutions with material conflict or material potential conflicts of interest are discussed;
- in the event that there is any potential conflict of interests relating to the business of our Group between our Group and our Controlling Shareholders or their respective close associates, the interested Directors would, according to the Articles or the GEM Listing Rules, be required to declare his/its interests and, where required, abstain from participating in the relevant board meeting or general meeting and voting on the transaction and not count as quorum where required;
- our Company has set up an audit committee on [●] to review and supervise our Company's financial reporting process and internal control systems of our Group and to monitor any continuing connected transactions, all members of which are independent non-executive Directors; and
- our Group has appointed Red Sun Capital as our compliance adviser, particulars of the terms of appointment are set forth under the section headed "Directors and senior management — Compliance adviser" in this document.