
RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OVERVIEW

As at the Latest Practicable Date, (i) Mr. Lin was legally and beneficially interested in approximately 45.96% of the China Aluminum Cans Shares in issue; (ii) Mr. Lin (through his wholly-owned company, Wellmass) was interested in approximately 28.56% of the China Aluminum Cans Shares in issue; and (iii) our Company was an indirect wholly-owned subsidiary of China Aluminum Cans.

As disclosed in the section headed “The Distribution and Spin-off” in this listing document, on the Distribution Record Date, China Aluminum Cans will subscribe for such number of Shares which, together with the existing Shares in issue, equal to 25% of the number of China Aluminum Cans Shares in issue as at the Distribution Record Date, at the subscription price of HK\$0.10 each. Immediately prior to completion of the Spin-off, our Company will allot and issue such number of new Shares as will ultimately enable China Aluminum Cans to effect the Distribution on the basis of one Share for every four China Aluminum Cans Shares held as at the Distribution Record Date. Immediately upon completion of the Spin-off and the Distribution, China Aluminum Cans will cease to be the shareholder of our Company whereas Wellmass and Mr. Lin will be our Controlling Shareholders. For the corporate structure of our Group, please refer to the section headed “History, reorganisation and corporate structure” in this listing document.

We will operate independently from our Controlling Shareholders and their close associates, details of which are set out below.

BACKGROUND OF OUR CONTROLLING SHAREHOLDERS

Wellmass is a company incorporated in the BVI with limited liability on 18 July 2012 and is an investment holding company and is wholly-owned by Mr. Lin as at the Latest Practicable Date. Hence, Wellmass is an associate of Mr. Lin.

Mr. Lin is an executive director and the chairman of China Aluminum Cans Board as at the Latest Practicable Date. Mr. Lin is also the spouse of Mrs. Lin and the father of Mr. Alex Lin and Ms. Flora Lin.

Upon completion of the Guangzhou Euro Asia Acquisition, Mr. Lin (through European Asia Industrial) owns 30% of the entire issued share capital of Guangzhou Euro Asia, a subsidiary of our Company. For details of the Guangzhou Euro Asia Acquisition and Mr. Lin’s shareholding in Guangzhou Euro Asia, please refer to the section headed “History, reorganisation and corporate structure — Overview” in this listing document.

Immediately following completion of the Spin-off and assuming that its shareholding in China Aluminum Cans remains unchanged from the Latest Practicable Date to the Distribution Record Date, Mr. Lin will be beneficially interested in approximately 74.52% of our Company of which 45.96% of our Company is legally and beneficially owned by Mr. Lin and 28.56% of our Company is legally and beneficially owned by Wellmass (a company wholly-owned by Mr. Lin). Accordingly, Mr. Lin and Wellmass will be our Controlling Shareholders.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Each of our Controlling Shareholders confirmed that he/it and his/its close associates (i) were not involved in any business which is or may be in competition with the business of our Group as at the Latest Practicable Date; and (ii) shall not engage in any business which is or may be in competition with the business of our Group from time to time so long as it remains as a Controlling Shareholder under the Deed of Non-competition.

INDEPENDENCE OF OUR GROUP FROM THE REMAINING CHINA ALUMINUM CANS GROUP

Our Directors are of the view that we are capable of carrying on our business independently of the Remaining China Aluminum Cans Group following completion of the Spin-off on the basis set out below:

(i) Clear delineation of business

There is a clear and distinct business focus of each of our Group and the Remaining China Aluminum Cans Group, the details of which are set out below:

Business models

Our Group

We are a leading automotive beauty and maintenance aerosol product manufacturer in the PRC which is engaged in the design, development, manufacturing and sale of automotive beauty and maintenance products, and also personal care products and other products including household products. During the manufacturing process, we mainly focus on the preparation of concentrate, content filling of the cans and fitting of aerosol cans without engaging in any production and sale of monobloc aluminum aerosol cans.

The major raw materials of our Group's products are solvents, aerosol cans (including tinplate and aluminum cans) and packaging materials (such as dip-tubes, valves and paper-boxes). The chemical contents of the aerosol cans and non-aerosol cans are produced by mixing the chemical compounds and other materials and putting the same into containers at controlled temperature for the desired chemical reaction. The chemical contents are then filled into aerosol or non-aerosol cans. For details of the production process adopted by our Group for the aerosol and non-aerosol products, please refer to the section headed "Business — Production" in this listing document.

The Remaining China Aluminum Cans Group

The Remaining China Aluminum Cans Group is engaged in the manufacturing and sale of monobloc aluminum aerosol cans which are generally used in the packaging of fast-moving personal care products such as body deodorant, hair styling products and shaving cream, as well as pharmaceutical products such as pain relieving spray, spray dressing and antiseptic spray. The Remaining China Aluminum Cans Group is not engaged in the preparation of concentrate, content filling of the cans and fitting of aerosol cans during the manufacturing process. It is also not engaged in the design, development, manufacturing and sale of automotive beauty and maintenance products and personal care products and other products including household products.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

The products of the Remaining China Aluminum Cans Group are generally semi-finished goods and packaging raw materials that require further production to turn into finished goods for consumption. The Remaining China Aluminum Cans Group focuses on developing its technology in manufacturing the aluminum aerosol cans and the same are sold without any brand name imprinted thereon.

The major raw materials for manufacturing aluminum aerosol cans by the Remaining China Aluminum Cans Group are aluminum slugs which are processed from aluminum ingots. The aluminum slugs are lubricated and extruded into cylindrical shapes which form the body of the aluminum cans. The cans are then trimmed to the required length, washed, polished and coated with protecting lacquer. Artwork and texts are printed on the external surface of the aluminum cans and lastly the open end of the same are necked into different shapes and configurations for aerosol purpose.

The business of our Group and the Remaining China Aluminum Cans Group are distinctly different as the nature of their products are not the same, with its own set of production process involving different types of machines. The business of the Remaining China Aluminum Cans Group is in the upstream chain of industry in supplying products as packaging raw materials to the market players in the downstream chain, which included but not limited to our Group. As such, the business of our Group and that of the Remaining China Aluminum Cans Group are not in competition.

Production facilities

Our Group

The production base of our Group is located at Conghua district of the Guangdong Province, the PRC. As at the Latest Practicable Date, our Group owned three properties in the PRC, namely, (a) a parcel of land with a site area of approximately 66,047.00 sq.m situated at No. 628 Jufeng North Road, Aotou Town, Conghua District, Guangzhou City, Guangdong Province, the PRC* (中國廣東省廣州市從化區鰲頭鎮聚豐北路628號) on which our North Jufeng Plant, research and development centre, ancillary facilities, offices and staff quarters with a total gross floor area of approximately 26,816.95 sq.m are erected thereon; (b) 3 parcels of land with a total site area of approximately 18,631.60 sq.m situated at Nos. 11-12 Tai Yuan Road, Conghua Economic Technology Development Zone, Conghua District, Guangzhou City, Guangdong Province, the PRC* (中國廣東省廣州市從化區經濟技術開發區太源路11—12號) on which our Tai Yuan Plant, ancillary facilities, offices and warehouse with a total gross floor area of approximately 13,653.33 sq.m are erected thereon; and (c) a parcel of land with a site area of 63,623.00 sq.m situated at Xinhui Village, Aotou Town, Conghua District, Guangzhou City, Guangdong Province, the PRC* (中國廣東省廣州市從化區鰲頭鎮西湖村地段) with a total site area of approximately 15,525.54 sq.m.

For details of the production facilities of our Group, please refer to the section headed “Business — Properties” in the listing document.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

The Remaining China Aluminum Cans Group

The production base of the Remaining China Aluminum Cans Group is located at Zhongshan City of the Guangdong Province, the PRC. As at the Latest Practicable Date, the Remaining China Aluminum Cans Group owned two properties in the PRC, namely (a) 2 parcels of land with a total site area of approximately 54,019.4 sq.m. situated at No. 5 Ya Bo Nan Road, National Health Technology Park of Zhongshan, Torch Development Zone, Zhongshan City, Guangdong Province, the PRC* (中國廣東省中山市火炬開發區國家健康科技產業基地雅柏南路5號) on which various buildings and structures with a total gross floor area of the approximately 12,854.7 sq.m are erected thereon; and (b) a parcel of land with a site area of approximately 28,913.2 sq.m. situated at No. 12 Kang Tai Road, National Health Technology Park of Zhongshan, Torch Development Zone, Zhongshan City, Guangdong Province, the PRC (中國廣東省中山市火炬開發區國家健康科技產業基地康泰路12號) on which various buildings and structures with a total gross floor area of the approximately 7,528.9 sq.m are erected thereon.

As the production facilities are located in different cities, our Group and the Remaining China Aluminum Cans Group have their own respective staff, operating and production teams and systems. Our Group and the Remaining China Aluminum Cans Group do not have any overlapping of production and operation.

Customers

Our Group

Our OBM customers include contractual and non-contractual distributors in the PRC, customers who purchase through our online retail stores, overseas OBM customers and other OBM customers, which are primarily located in the PRC. As at 31 December 2018, we had a nationwide network of over 190 contractual distributors and over 600 non-contractual distributors in the PRC. The distributors in turn sell our products to sub-distributors, other outlets (such as supermarkets, community stores, convenience stores, authorised car dealers, automotive beauty and maintenance service providers and online retailers) and end consumers.

Our CMS customers mainly include: (a) overseas brand owners or their outsourcing agent companies; (b) export and trading companies, which export our CMS products to overseas countries; and (c) PRC brand owners or their outsourcing agent companies. We have established ranging from 3 to 10 years of business relationship with our top five customers during the Track Record Period which were all CMS customers. During the Track Record Period, a majority of our CMS products were ultimately distributed overseas. For details of our top five customers during the Track Record Period, please refer to the section headed “Business — Our customers — Our top five customers” in this listing document.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

The Remaining China Aluminum Cans Group

The customers of the Remaining China Aluminum Cans Group consists of (a) consumer brand manufacturers mainly of personal care products such as body deodorant, hair styling products, shaving cream and pharmaceutical products; (b) trading companies; and (c) aerosol filling companies which fill active ingredients and propellants into aluminum aerosol cans for various consumer brands. The customers of the Remaining China Aluminum Cans Group are primarily located in Asia Pacific, Middle East, Africa, Europe and North America with a focus in the PRC.

There were 28 common customers between our Group and the Remaining China Aluminum Cans Group during the Track Record Period. The common customers purchased different products from our Group and the Remaining China Aluminum Cans Group. The common customers purchased monobloc aluminum aerosol cans from the Remaining China Aluminum Cans Group and then engaged our Group to conduct the content filling of aerosol and non-aerosol products. The revenue attributable to the common customers amounted to (i) approximately HK\$11.4 million, HK\$16.9 million and HK\$27.5 million for the Remaining China Aluminum Cans Group, representing approximately 5.2%, 6.7% and 9.9% of the total revenue of the Remaining China Aluminum Cans Group; and (ii) approximately HK\$6.9 million, HK\$19.9 million and HK\$30.0 million for our Group, representing approximately 1.3%, 3.8% and 4.9% of the total revenue of our Group, during the three years ended 31 December 2018, respectively. These common customers did not constitute top five customers of our Group and the Remaining China Aluminum Cans Group during the Track Record Period.

Suppliers

Our Group

Our major suppliers are suppliers of solvents, aerosol cans (including tinsplate cans and aluminum cans) and packaging materials (such as dip-tubes, valves and paper boxes), which are primarily sourced from our PRC suppliers. For details of our top five suppliers during the Track Record Period, please refer to the section headed “Business — Our suppliers — Our top five suppliers” in this listing document.

The Remaining China Aluminum Cans Group

The suppliers of the Remaining China Aluminum Cans Group are the suppliers of aluminum slug and ingot, which are primarily located in the PRC and Thailand.

There were 2 common suppliers between our Group and the Remaining China Aluminum Cans Group during the Track Record Period, who provided fine chemical products to our Group for preparing the content of filling into the aerosol or non-aerosol cans and to the Remaining China Aluminum Cans Group for cleaning monobloc aluminum aerosol cans. The costs of purchase amounted to (i) approximately nil, HK\$0.4 million and HK\$0.5 million for the Remaining China Aluminum Cans Group, representing approximately nil, 0.3% and 0.5% of the total costs of purchase of the Remaining China Aluminum Cans Group; and (ii) approximately nil, HK\$0.4 million and HK\$4.1 million for our Group, representing approximately nil, 0.1% and 1.0% of the total costs of purchase of our Group, for the three years ended 31 December 2018, respectively. These common

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

suppliers did not constitute top five suppliers of our Group and the Remaining China Aluminum Cans Group during the Track Record Period. Our Directors consider that both our Group and the Remaining China Aluminum Cans Group may benefit from bulk purchasing as greater discount may be given by such suppliers.

During the Track Record Period, our Group also sourced and purchased certain aluminum aerosol cans from the Remaining China Aluminum Cans Group. The cost of purchase of our Group from the Remaining China Aluminum Cans Group represented approximately 4.4%, 5.2% and 6.0% of our total cost of sales during the three years ended 31 December 2018, respectively. On the other hand, the revenue attributable to the Remaining China Aluminum Cans Group for such purchase represented approximately 7.0%, 7.8% and 9.8% of the total revenue of the Remaining China Aluminum Cans Group during the three years ended 31 December 2018, respectively.

We have sourced certain monobloc aluminum aerosol cans from the Remaining China Aluminum Cans Group since 2015. We believed that we would achieve better and more efficient communication with the Remaining China Aluminum Cans Group as to our business needs as compared to other third party suppliers. In addition, the long-term relationship between our Group and the Remaining China Aluminum Cans Group in turn provides us with business and operation convenience. In view of the aforesaid, our Directors (including the independent non-executive Directors) consider that it is in the ordinary and usual course of our business to purchase monobloc aluminum aerosol cans from the Remaining China Aluminum Cans Group and such purchase is in the interests of our Company, China Aluminum Cans and their respective shareholders as a whole.

Upon completion of the Spin-off, our Group will ensure the compliance of the on-going transactions between our Group and the Remaining China Aluminum Cans Group with the Listing Rules and that the terms of the Master Supply Agreement are fair and reasonable and on normal commercial terms. The purchase prices shall be determined after arm's length negotiations between our Group and the Remaining China Aluminum Cans Group, with reference to the quotations given by at least one independent supplier supplying same or comparable products and the purchase prices to be offered to other independent customers by the Remaining China Aluminum Cans Group. For details of the Master Supply Agreement, please refer to the section headed "Continuing connected transactions — Non-exempt continuing connected transaction" in this listing document.

Based on the above, as our Group and the Remaining China Aluminum Cans Group operate in two distinct lines of businesses with different products and separate production facilities whereby each group is able to carry out its own business as a going concern, our Company is of the view that there is clear and distinct delineation of business between our Group and the Remaining China Aluminum Cans Group.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

(ii) Management independence

Following completion of the Spin-off and the Listing, the businesses of our Group and the Remaining China Aluminum Cans Group will be managed and operated independently by separate boards of directors and senior management teams of our Group and the Remaining China Aluminum Cans Group. As at the Latest Practicable Date, our Board comprised seven Directors whereas the China Aluminum Cans Board comprised nine directors, including Mrs. Lin and Mr. Alex Lin. In order to focus on the business and operation of our Group, Mrs. Lin and Mr. Alex Lin ceased to be executive directors of China Aluminum Cans and resigned from any other position in the Remaining China Aluminum Cans Group on 29 May 2019. In the meantime, together with Ms. Flora Lin and Mr. Yang, Mrs. Lin and Mr. Alex Lin will focus on the management of our Group while Mr. Lin will remain as the chairman and an executive director of China Aluminum Cans and continue to focus on the management of the Remaining China Aluminum Cans Group. Upon the Spin-off and the Listing, none of our Directors and senior management will be a director or senior management of the Remaining China Aluminum Cans Group.

The independent senior management team of our Group consists of Ms. Flora Lin (being the head of procurement department), Mr. Alex Lin (being the head of sales and marketing department), Mr. Yang (being the head of safety department and quality control and technical supervision department), Mr. Zhang Zhiming (being the head of production department), Ms. Liu Hua (being the senior sales manager) and Ms. Zeng Caixia (being the finance manager), most of whom have served our Group for over 10 years. They possess relevant management and/or industry related experience and knowledge and made material decisions in our business operation during the Track Record Period. As at the Latest Practicable Date, there is no overlapping personnel between the senior management teams of our Group and the Remaining China Aluminum Cans Group.

As at the Latest Practicable Date, Mr. Lee Kam Fai is a company secretary of our Company where he is responsible for overseeing the regulatory compliance of our Group and maintaining the relevant statutory records, while he is also the chief financial officer of the Remaining China Aluminum Cans Group where he is responsible for the overall finance and accounting management of the Remaining China Aluminum Cans Group. The role and responsibilities performed by Mr. Lee Kam Fai in our Group are entirely different from those in the Remaining China Aluminum Cans Group. During the Track Record Period, Mr. Lee Kam Fai was the chief financial officer of the China Aluminum Cans Group and was therefore involved in the accounts and finance department of our Group. As China Aluminum Cans will cease to consolidate the results of our Group after completion of the Spin-off, Mr. Lee Kam Fai would not have any involvement in the accounts and finance department of our Group.

Notwithstanding the family relationship between Mr. Lin, Mrs. Lin, Ms. Flora Lin and Mr. Alex Lin (the “**Lin’s Family**”), our Group will be able to operate independently of Mr. Lin as Mr. Lin will not have any role and position in our Group and the management and operation of our Group will be supported by separate board of directors and senior management team upon the Spin-off and the Listing. Mrs. Lin, Mr. Alex Lin, Ms. Flora Lin and Mr. Yang have joined our Group since 2000, 2014, 2012 and 2000, respectively, and since then, the daily management and operation functions of our Group have been substantially vested in them while Mr. Lin has been increasing his focus on the daily management of the Remaining China Aluminum Cans Group. Mr. Lin has since the Topspan Acquisition diverted his attention to the business of the Remaining China Aluminum Cans Group. Our

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

executive Directors collectively have extensive experience in the content filling of aerosol cans and non-aerosol cans and the design, development, manufacture and sales of aerosol and non-aerosol products and are familiar with our operational flow. In light of the above, our Group is capable of operating independently from the Remaining China Aluminum Cans Group.

In addition, our Directors are of the view that although our Controlling Shareholders will retain a controlling interest in our Company and China Aluminum Cans, our Group will be able to operate independently of the Remaining China Aluminum Cans Group and our Controlling Shareholders following completion of the Spin-off for the following reasons:

- (i) upon the Spin-off and the Listing, there will be no overlapping directors and senior management in our Group and the Remaining China Aluminum Cans Group and Mr. Lin will not have any role or position in our Group;
- (ii) save and except Mrs. Lin, Ms. Flora Lin and Mr. Alex Lin, our Board will have one executive Director and three independent non-executive Directors, all of which are independent of our Controlling Shareholders and the Remaining China Aluminum Cans Group. These four Directors outnumber the Lin's Family, which can form the necessary quorum to consider the resolutions presented to our Board and have the necessary expertise and experience to ensure that decisions by our Board will be made taking into consideration the interests of our Company and our Shareholders as a whole. All decisions of our Board will be decided by a majority of votes amongst members of our Board;
- (iii) all our three independent non-executive Directors did not, do not, and will not, have any ongoing role with the Remaining China Aluminum Cans Group and accordingly, our independent non-executive Directors can exercise independent judgment free from any conflict of interest and form an independent board committee to advise our Company and/or independent Shareholders;
- (iv) all members of our senior management are our full-time employees and have, during the entire or substantially the entire Track Record Period, assumed senior management supervisory responsibilities in our business. None of them will hold any managerial or executive role in the Remaining China Aluminum Cans Group upon the Spin-off and the Listing. Their management and supervisory functions will ensure that our management and daily operations are independent of the Remaining China Aluminum Cans Group;
- (v) all of our Directors have received training in respect of director's duties and each of our Directors is aware of his/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 Shareholders as a whole and does not allow any conflict between his/her duties as a Director and his/her personal interests to affect the performance of his/her duties as a Director. In the event that there is any potential or actual conflict of interest arises between our Group (on the one hand) and our Controlling Shareholders and/or their respective associates (on the other hand), any conflicting Directors will abstain from voting at the board meetings on the relevant resolutions;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (vi) in the event that any conflict of interest arises between our Group and the Remaining China Aluminum Cans Group, our independent non-executive Directors will provide check and balance over the decisions of our Board on significant transactions, connected transactions and other transactions involving any actual or potential conflict of interests; and
- (vii) we have adopted a number of corporate governance measures in order to manage any potential conflict of interest which may arise between our Group (on the one hand) and the Remaining China Aluminum Cans Group or our Controlling Shareholders (on the other hand) and to safeguard the interests of our Shareholders.

Accordingly, our Directors consider that the management of our Group is independent from the Remaining China Aluminum Cans Group.

(iii) Administration independence

Upon completion of the Spin-off, our Group and the Remaining China Aluminum Cans Group would share the same administrative office which is located at Office Unit G, 20th Floor, Golden Sun Centre, Nos. 59/67 Bonham Strand West, Hong Kong and thus the rental will be apportioned with reference to the actual area occupied by each of our Group and the Remaining China Aluminum Cans Group. For details of the HK Tenancy Agreement, please refer to the section headed “Continuing connected transactions — Fully exempt continuing connected transactions — (A) HK Tenancy Agreement” in this listing document. Save and except the aforesaid, there is no overlapping of the administrative services, including corporate secretarial services, information technology, human resources and administration services between our Group and the Remaining China Aluminum Cans Group.

Accordingly, our Directors are of the view that we will be administratively independent of the Remaining China Aluminum Cans Group upon completion of the Spin-off.

(iv) Financial independence

Balances between our Group and the Remaining China Aluminum Cans Group and other related parties

As at the Latest Practicable Date, all amounts due from the Remaining China Aluminum Cans Group and other related parties to us have been fully settled to our Group.

Bank borrowings

As at 30 April 2019, we had bank borrowings of approximately HK\$60.0 million and undrawn banking facilities of approximately HK\$78.6 million, which were secured by certain of our assets and/or were guaranteed by the members of the Remaining China Aluminum Cans Group. Such guarantees are expected to be released and replaced by the guarantee(s) from our Company upon Listing.

As at 30 April 2019, the undrawn banking facilities of our Group were approximately HK\$78.6 million, indicating that our Group has been able to obtain bank borrowings without the financial assistance from the Remaining China Aluminum Cans Group.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Accordingly, our Directors are of the view that we will be financially independent of the Remaining China Aluminum Cans Group upon completion of the Spin-off.

CORPORATE GOVERNANCE MEASURES

The following corporate governance measures will be adopted to monitor the compliance of the Deed of Non-competition:

- (i) our independent non-executive Directors shall review, at least on an annual basis, the compliance with the Deed of Non-competition by our Controlling Shareholders and their respective close associates on their existing or future competing businesses;
- (ii) our Controlling Shareholders shall promptly provide all information necessary for the annual review by our Company's independent non-executive Directors and the enforcement of the Deed of Non-competition and provide to our Company a written confirmation relating to the compliance of the Deed of Non-competition and make an annual declaration on compliance with the Deed of Non-competition in the annual report of our Company;
- (iii) our Company shall disclose decisions on matters reviewed by its independent non-executive Directors relating to the compliance and enforcement of the undertakings provided by our Controlling Shareholders either through the corporate governance report as set out in the annual report of our Company and/or by way of announcements to the public;
- (iv) any new business opportunities under the Deed of Non-competition and all other matters determined by our Board as having a potential conflict of interest with our Controlling Shareholders will be referred to the independent non-executive Directors for discussion and decision. When necessary, such independent non-executive Directors will engage an independent financial adviser to advise them on the relevant matters. In the event any new business opportunities presented by or otherwise arising in connection with any of our Controlling Shareholders are turned down by our Group according to the Deed of Non-competition, our Company will disclose the decision, as well as the basis for such decision in the annual report or interim report of our Company. The annual report of our Company will include the views and decisions, with basis, of the independent non-executive Directors on whether to take up any new business opportunities under the Deed of Non-competition or other matters having a potential conflict of interest with our Controlling Shareholders that have been referred to the independent non-executive Directors;
- (v) further, if a Controlling Shareholder or a Director has a conflict of interest in a matter to be considered, he/she/it shall act in accordance with the requirements of the Listing Rules, regarding voting on such matter; and
- (vi) the compliance adviser of our Company shall provide our Company with professional advice on compliance of continuing obligations under the Listing Rules in accordance with the provisions of the compliance adviser agreement and the requirements of the Listing Rules.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

UNDERTAKINGS TO THE STOCK EXCHANGE PURSUANT TO THE LISTING RULES

Undertakings by our Company

Pursuant to Rule 10.08 of the Listing Rules, our Company has undertaken to the Stock Exchange that no further Shares or securities convertible into our equity securities (whether or not of a class already listed) may be issued by us or form the subject of any agreement to such an issue by us within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except for the circumstances as permitted under Rule 10.08 of the Listing Rules.

Undertakings by our Controlling Shareholders

Pursuant to Rule 10.07(1) of the Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange and our Company that, it shall not and shall procure that the relevant registered shareholder(s) shall not:

- (a) in the period commencing on the date by reference to which disclosure of its shareholding in our Company is made in this listing document and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of those Shares in respect of which it is shown by this listing document to be the beneficial owner; and
- (b) in the period of six months commencing on the date on which the period referred to in paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our Shares referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be one of our Controlling Shareholders,

in each case, save as permitted under the Listing Rules.

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of our Controlling Shareholders has further undertaken to the Stock Exchange and to our Company that within the period commencing on the date by reference to which disclosure of its shareholding or the shareholding of the companies controlled by it in our Company is made in this listing document and ending on the date which is 12 months from the Listing Date, it will:

- (a) when it pledges or charges any Shares beneficially owned by it in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) 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 Shares so pledged or charged; and
- (b) when it receives indications, either verbal or written, from the pledgee or chargee of any Shares that any of the pledged or charged Shares will be disposed of, immediately inform our Company of such indications.