
CONTROLLING SHAREHOLDERS

CONTROLLING SHAREHOLDERS

Immediately following completion of the Placing and the Capitalisation Issue (but without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme), the following persons collectively are entitled to exercise or control the exercise of 30% or more of the voting power at the general meetings of the Company and are therefore regarded as Controlling Shareholders under the GEM Listing Rules:

Name	Capacity and nature of interests	Number of Shares	Approximate percentage of shareholding
Mr. Tony Wong <i>(Notes 1 to 4)</i>	Interests of controlled corporations	720,000,000 (L)	75%
Ms. Chiu <i>(Note 5)</i>	Interests of spouse	720,000,000 (L)	75%
Twilight Treasure <i>(Notes 1 and 2)</i>	Beneficial owner	332,028,000 (L)	34.59%
Success Ally <i>(Notes 2 and 3)</i>	Interest of controlled corporation	332,028,000 (L)	34.59%
Fortune Decade <i>(Notes 1 and 4)</i>	Beneficial owner	387,972,000 (L)	40.41%

Notes:

1. The entire issued share capital of our Company is legally and beneficially owned as to approximately 40.41% by Fortune Decade and as to approximately 34.59% by Twilight Treasure.
2. The entire issued share capital of Twilight Treasure is legally and beneficially owned as to 87.5% by Success Ally and as to 12.5% by Decade Success.
3. The entire issued share capital of Success Ally is legally and beneficially owned by Mr. Tony Wong.
4. The entire issued share capital of Fortune Decade is legally and beneficially owned by Mr. Tony Wong.
5. Ms. Chiu is deemed to be interested in the 720,000,000 Shares held by Mr. Tony Wong pursuant to the SFO by virtue of her being the spouse of Mr. Tony Wong.

The letter “L” denotes a long position in the shareholder’s interest in the share capital of the relevant member of our Group.

In addition, by virtue of Mr. Newton Wong’s interests in Garwealth, Ms. Chiu’s interests in Success Ally and UCRL and Mr. Andy Wong’s interests in Fortune Peace, Bright Link and Success Ally during the Track Record Period, all of Mr. Newton Wong, Ms. Chiu and Mr. Andy Wong are considered to be Controlling Shareholders under the GEM Listing Rules for the purpose of this prospectus. Furthermore, by virtue of Mr. Kwong’s interests in UEL and UEWL during the Track Record Period, and by virtue of Mr. Kwong’s interests in

CONTROLLING SHAREHOLDERS

Decade Success, which in turn is interested in 12.5% of the entire issued share capital of Twilight Treasure, both Mr. Kwong and Decade Success are considered to be Controlling Shareholders under the GEM Listing Rules for the purpose of this prospectus.

COMPETITION

None of our Directors, Controlling Shareholders, nor any of their respective close associates is a director or a shareholder of any business apart from the business of our Group which competes or is likely to compete, either directly or indirectly, with the business of our Group.

Deed of Non-competition

Subject to the terms therein, the Controlling Shareholders as covenantors (the “**Covenantors**”) entered into the Deed of Non-competition in favour of our Company, pursuant to which each of the Covenantors has undertaken to our Company (for itself and as trustee of the members of our Group) that during the continuation of the Deed of Non-competition, each of the Covenantors shall not, and shall procure each of his/her/it close associates, whether on his/her own account or in conjunction with or on behalf of any person, firm or company and whether directly or indirectly, which carries on a business which is, or be interested or involved or engaged in or acquire or hold any rights or interest or otherwise involved in (in each case whether as a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) any business which competes or is likely to compete directly or indirectly with the business currently engaged by our Group (including provision of construction and engineering services and businesses ancillary to any of the foregoing), in Hong Kong, the PRC 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**”). Each of the Covenantors has represented and warranted to our Group that neither he/she nor any of his/her/it close associates is currently interested, involved or engaging, directly or indirectly, in (whether as a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) the Restricted Business otherwise than through the Group.

Pursuant to the Non-competition Deed, each of the Covenantors has also undertaken that if each of the Covenantors and/or any of his/her/its associates is offered or becomes aware of any project or new business opportunity (“**New Business Opportunity**”) that relates to the Restricted Business, whether directly or indirectly, he/she/it shall (i) promptly within seven days notify our Company in writing of such opportunity and provide such information as is reasonably required by our Company in order to enable our Company to come to an informed assessment of such opportunity; and (ii) use his/her/its best endeavours to procure that such opportunity is offered to our Company on terms no less favourable than the terms on which such opportunity is offered to him/her and/or his/her/its close associates.

If our Group has not given written notice of its desire to invest in such New Business Opportunity or has given written notice denying the New Business Opportunity within thirty (30) business days (the “**30-day Offering Period**”) of receipt of notice from the Covenantors, the Covenantors and/or his/its close associates shall be permitted to invest in

CONTROLLING SHAREHOLDERS

or participate in the New Business Opportunity on his/its own accord. The Covenantors also agree to extend the 30 business days to a maximum of 60 business days if our Company requires so by giving a written notice to the Covenantors within the 30-day Offering Period.

In addition, upon Listing, each of the Covenantors has also undertaken:

- (i) in favour of our Company to provide our Company and our Directors (including our independent non-executive Directors) with all information necessary, including but not limited to monthly turnover records and any other relevant documents considered necessary by our independent non-executive Directors, for the annual review by our independent non-executive Directors with regard to compliance of the terms of the Deed of Non-competition and the enforcement of the non-competition undertakings in the Deed of Non-competition;
- (ii) to provide to the Company, after the end of each financial year of the Company, a declaration made by each of the Covenantors which shall state whether or not the Covenantors have during that financial year complied with the terms of the Deed of Non-competition, and if not, particulars of any non-compliance, which declaration (or any part thereof) may be reproduced, incorporated, extracted and/or referred to in the annual report of our Company for the relevant financial year such annual declaration shall be consistent with the principles of making voluntary disclosures in the corporate governance report; and
- (iii) to our Group to allow our Directors (including our independent non-executive Directors), their respective representatives and the auditors to have sufficient access to the records of the Covenantor and his/her/its close associates to ensure their compliance with the terms and conditions under the Deed of Non-competition.

Further, each of the Covenantors has undertaken that during the period in which he/she and/or his/her/its close associates, individually or taken as a whole, remains as a Controlling Shareholder:

- (i) he/she will not invest or participate in any project or business opportunity that competes or may compete, directly or indirectly, with the business activities engaged by our Group from time to time unless pursuant to the provisions stipulated in the Deed of Non-competition;
- (ii) he/she will not solicit any existing or then existing employee of our Group for employment by him/her or his/her/its close associates (excluding the Group);
- (iii) he/she/it will not without the consent from the Company, make use of any information pertaining to the business of our Group which may have come to his/her/its knowledge in his/her capacity as our Controlling Shareholder for any purposes; and

CONTROLLING SHAREHOLDERS

- (iv) he/she/it will procure his/her/its close associates (excluding the Group) not to invest or participate in any project or business opportunity mentioned above unless pursuant to the provisions stipulated in the Deed of Non-competition.

The above undertakings (i) and (iv) are subject to the exception that any of the close associates of the Covenantors (excluding our Group) are entitled to invest, participate and be engaged in any Restricted Business or any project or business opportunities, regardless of value, which has been offered or made available to the Group, provided also that information about the principal terms thereof has been disclosed to our Company and our Directors, and our Company shall have, after review and approval by our independent non-executive Directors without the attendance by any Director with beneficial interest in such project or business opportunities at the meeting, in which resolutions have been duly passed by the majority of our independent non-executive Directors, confirmed its rejection to be involved or engaged, or to participate, in the relevant Restricted Business and provided also that the principal terms on which that relevant close associate of the Covenantor(s) invests, participates or engages in the Restricted Business are substantially the same as or not more favourable than those disclosed to our Company. Subject to the above, if the relevant close associate of the Covenantor(s) decides to be involved, engaged, or participated in the relevant Restricted Business, whether directly or indirectly, the terms of such involvement, engagement or participation must be disclosed to our Company and our Directors as soon as possible.

The Deed of Non-competition will take effect upon Listing and shall expire on the earlier of:

- (i) the day on which the Shares cease to be listed on the GEM or other recognised stock exchange; or
- (ii) the day on which the Covenantors and his/her/its close associates, individually or taken as a whole, cease to own, in aggregate, 30% or more of the then issued share capital of our Company directly or indirectly or cease to be deemed as Controlling Shareholder and do not have power to control our Board or there is at least one other independent Shareholder other than the Covenantors and his/her/its respective close associates holding more Shares than the Covenantors and his/her/its respective close associates taken together.

In order to strengthen the corporate governance and to effectively monitor the observance under the Non-competition Deed in respect of the existing and potential conflict of interests between our Group and the Covenantors, upon Listing:

- (i) our Company shall disclose in the annual reports the compliance and enforcement of the undertakings by the Covenantors in respect of the Non-competition Deed and the appropriate action to be taken by the Company;
- (ii) our Company shall disclose decision on matters reviewed by our independent non-executive Directors in relation to the compliance and enforcement of the arrangement of the New Business Opportunity in the annual reports;

CONTROLLING SHAREHOLDERS

- (iii) our independent non-executive Directors will be responsible for deciding, in the absence of any executive Director (except as invited by our independent non-executive Directors to assist them or provide any relevant information, but in no circumstances shall our executive Director(s), who participate in such meeting, be counted towards the quorum or allowed to vote in such meeting), whether or not to take up, or whether or not to allow any Covenantor(s) or its close associate(s) to participate in, a New Business Opportunity referred to us under the terms of the Deed of Non-Competition from time to time and if so, any conditions to be imposed;
- (iv) our Board will ensure reporting any event relating to potential conflict of interests to our independent non-executive Directors as soon as practicably when it realises or suspects any event relating to potential conflict of interests may occur during the daily operations;
- (v) following the reporting of any event relating to potential conflict of interests, our Board will hold a management meeting to review and evaluate the implications and risk exposures of such event and the compliance of the GEM Listing Rules in order to monitor any irregular business activities and alert the Board, including our independent non-executive Directors, to take any precautionous actions; and
- (vi) 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, the interested Directors, or as the case may be, our Controlling Shareholders would, according to the Articles or the GEM Listing Rules, be required to declare his/her interests and, where required, abstain from in the relevant board meeting and/or general meeting voting on the transaction and not count as quorum where required.

UNDERTAKINGS

Our Company and each of our Controlling Shareholders has given certain undertakings in respect of the Shares to the Company, the Sponsor and the Underwriter, details of which are set out under the sub-section headed “Undertakings” in the section headed “Underwriting” of this prospectus.

LITIGATION INDEMNITY

The Indemnifiers have given an indemnity in favour of our Group under the Deed of Indemnity that, among others, they will jointly and severally indemnify and at all times keep our Group indemnified for all the costs and liabilities incurred by our Group in relation to those outstanding or unsettled legal and arbitration proceedings, investigations, prosecutions and/or claims to the extent that such costs and liabilities are resulting from or by reference to any event or circumstances occurred on or before the Listing Date (which, for the avoidance of doubt, including any claims which filed after the Listing Date) that exceed the relevant amounts of provisions made in our Company’s audited accounts for the Track Record Period and are not otherwise indemnified by any other parties under any contractual obligations.

CONTROLLING SHAREHOLDERS

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Save as disclosed in the section headed “Connected transactions” in this prospectus, our Directors do not expect there to be any significant transactions between our Group and our Controlling Shareholders upon the Listing.

Our Directors consider that our Group is capable of carrying its business independent of our Controlling Shareholders and their respective close associates following the Listing, having taken into consideration the following factors:

Management independence

Our Board comprises three executive Directors and three independent non-executive Directors. Save as disclosed in the section headed “Directors, senior management and staff” of this prospectus, there is no other relationship among our Directors.

Our Directors are of the view that our Company is capable of maintaining management independence as:

- (i) our Group’s strategies, management, operations and affairs are formulated, led, managed and/or supervised by our Board and not by any individual Director. All major and important corporate actions of our Company are and will be fully deliberated and determined by our Board collectively and objectively as a collective body;
- (ii) our Company has maintained and will continue to maintain a balanced composition of executive Directors and independent non-executive Directors with diversified expertise and experience, so that a strong independent element is present to effectively exercise independent judgment on the corporate actions of our Company and a sufficient degree of checks and balances among members of our Board can be ensured;
- (iii) pursuant to the terms of the service contracts entered into between our Company and our executive Directors, every executive Director is required to devote substantially the whole of his time, attention and abilities during normal business hours and such additional hours as may reasonably be requisite to our Group;
- (iv) in the event that there is a potential conflict of interest in or arising out of any transaction to be considered and approved by our Board, our interested Director(s) shall abstain from voting at the relevant meeting of the Board considering and approving such transaction and shall not be counted towards the quorum of such Board meeting unless this is otherwise permitted under the Articles and/or the GEM Listing Rules;
- (v) our Company has three independent non-executive Directors, who are not associated with any of our Controlling Shareholders or their respective close associates. Resolutions of our Board approving any matters in which any of our executive Directors has a potential conflict of interest and/or material interest

CONTROLLING SHAREHOLDERS

will, for so long as all our executive Directors are also our Controlling Shareholders and are relatives of the others, only be considered and approved by our independent non-executive Directors (as under the provisions of the Articles and the GEM Listing Rules, our executive Directors will then be prohibited from voting on the resolution(s) and will not be counted towards the quorum of the relevant Board meetings at which the relevant resolution(s) is/are approved). The independence of our Board's decisions in respect of any matters in which any of our Group's executive Directors has a potential conflict of interest and/or material interest is and can be ensured;

- (vi) our Company has established corporate governance procedures in safeguarding the interests of the Shareholders and enhancing Shareholders' value. Each Director is fully aware of his fiduciary duty to our Group, and will abstain from voting on any matter where there is or may be a conflict of interest as required under and in accordance with the applicable Articles and the GEM Listing Rules; and
- (vii) our Board from time to time delegates certain functions to, and is assisted by its senior management in the implementation of the business plan and strategy as laid down by our Board. The day-to-day management and operations of our Group are operated independently from the influence of the Controlling Shareholders and their respective close associates.

Operational independence

The operations of our Group are independent of and not connected with our Controlling Shareholders. Our Group has established our own set of organisational structure made up of individual divisions, each with specific areas of responsibilities, including project management, quantity surveying and tendering, purchasing, safety, finance and human resources and administration.

During the Track Record Period and up to the Latest Practicable Date, our Group had independent access to suppliers of our Group for our business operation and all of our customers are Independent Third Parties. All of the operating subsidiaries of our Company hold the licences necessary for the operation of our Group's business in their own names.

Financial independence

Our Company has established a financial system that operates independently. As at 31 March 2013 and 2014 and 30 September 2014, the aggregate amounts due to our Directors, Controlling Shareholders and their respective close associates amounted to approximately HK\$18.0 million, HK\$6.6 million and HK\$1.5 million, respectively. The above amounts will be settled prior to or upon the Listing Date. During the Track Record Period and up to the Latest Practicable Date, Mr. Tony Wong, Mr. Kwong and their close associates had provided personal guarantees for the banking facilities used by our Group. The banks have agreed in principle that the above personal guarantees will be released and replaced by our corporate guarantees executed by our Company upon Listing. Save as disclosed above, our Directors are of the view that our Group is not financially dependent on our Controlling Shareholders

CONTROLLING SHAREHOLDERS

or their respective 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.

CORPORATE GOVERNANCE MEASURES

Our Company will adopt the following measures to strengthen its corporate governance practice and to safeguard the interests of our Shareholders:

- (1) the Articles provide that a Director shall abstain from participating in Board meetings (nor would he/she be counted towards the quorum) and voting on any resolution of our Board approving any contract, arrangement or other proposal in which he/she or any of his/her close associates is materially interested, unless a majority of our independent non-executive Directors expressly requested him/her to attend, but in no circumstances shall he/she be counted towards the quorum or allowed to vote on such resolution;
- (2) our Audit Committee will review, on an annual basis, compliance with the Deed of Non-competition given by our Controlling Shareholders;
- (3) our Company will obtain (i) an annual written confirmation in respect of our Controlling Shareholders' compliance with the terms of the Deed of Non-competition; (ii) consent (from each of our Controlling Shareholders) to refer to the said confirmation in our annual reports and (iii) all information as may reasonably be requested by us and/or our independent non-executive Directors for our review and enforcement of the Deed of Non-competition;
- (4) our Company will disclose decisions on matters reviewed by our independent non-executive Directors relating to compliance and enforcement of the Deed of Non-competition of our Controlling Shareholders in the annual reports of our Company;
- (5) our independent non-executive Directors will be responsible for deciding whether or not to allow any Controlling Shareholder and/or his/her/its close associates to be involved in or participate in a Restricted Business and if so, specifying any condition to be imposed; and
- (6) our independent non-executive Directors may appoint independent financial adviser and other professional advisers as they consider appropriate to advise them on any matter relating to the Deed of Non-competition or connected transaction(s) at the cost of our Company.

Further, any transaction that is proposed to be entered into between our Group and our Controlling Shareholders and/or their respective close associates will be subject to the requirements of the GEM Listing Rules, including, where appropriate, reporting, annual review, announcement and independent shareholders' approval requirements.

CONTROLLING SHAREHOLDERS

None of the members of our Group has experienced any dispute with its shareholders or among shareholders themselves, and our Directors believe that each member of our Group has maintained positive relationships with its shareholders. With the corporate governance measures in force, including the measures set out in this paragraph headed “Corporate Governance Measures”, our Directors believe that the interests of our Shareholders will be protected.