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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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### OUR CONTROLLING SHAREHOLDERS

Immediately following completion of the [REDACTED], Profound will control more than [REDACTED] of our issued share capital. The entire issued share capital of Profound is legally and beneficially owned as to approximately [REDACTED] by Mr. Liu Su Ke, approximately [REDACTED] by Mr. Lai Kwan Hin, approximately [REDACTED] by Mr. Kan Yiu Keung, approximately [REDACTED] by Mr. Kan Yiu Kwok, approximately [REDACTED] by Mr. Kan Man Hoo, approximately [REDACTED] by Mr. Yau Shik Fan, Eddy, approximately [REDACTED] by Mr. Liu Winson Wing Sun and approximately [REDACTED] by Mr. Chan Lo Kin. Since Mr. Liu Su Ke, Mr. Lai Kwan Hin, Mr. Kan Yiu Kwok, Mr. Kan Yiu Keung, Mr. Kan Man Hoo, Mr. Yau Shik Fan Eddy, Mr. Liu Winson Wing Sun, Mr. Chan Lo Kin conducted all material management affairs of the members of our Group collectively during the Track Record Period, in the context of this [REDACTED], our Controlling Shareholders refer to Mr. Liu Su Ke, Mr. Lai Kwan Hin, Mr. Kan Yiu Kwok, Mr. Kan Yiu Keung, Mr. Kan Man Hoo, Mr. Yau Shik Fan Eddy, Mr. Liu Winson Wing Sun, Mr. Chan Lo Kin and Profound. Profound is an investment holding company and has not commenced any substantive business activities as at the Latest Practicable Date. Each of Mr. Liu Su Ke, Mr. Lai Kwan Hin, Mr. Kan Yiu Kwok, Mr. Kan Yiu Keung, Mr. Kan Man Hoo, Mr. Yau Shik Fan Eddy, Mr. Liu Winson Wing Sun, Mr. Chan Lo Kin and Profound confirms that it/he does not hold or conduct any business which competes, or is likely to compete, either directly or indirectly, with our business.

### INDEPENDENCE OF OUR GROUP

In the opinion of our Directors, our Group is capable of carrying on our businesses independently of, and does not place undue reliance on, the Controlling Shareholders, their respective associates or any other parties, taking into account the following factors:

#### (i) Financial independence

Our Group has an independent financial system and makes financial decisions according to our own business needs. During the Track Record Period, our Group has certain amounts due to/from our Controlling Shareholders and/or companies controlled by our Controlling Shareholders, please refer to the sections headed “Financial Information – Analysis of various items from the statements of financial position – Amounts due from related companies”, “Financial Information – Related Party Transactions” and “Financial Information – Amounts due to our Directors/related party” in this [REDACTED] and Notes 21 (Amounts due from related companies), 24 (Amounts due to directors/a related party), 25 (Bank borrowings/secured bank overdrafts) and 34 (Related party transactions) of the Accountant’s Report set out in Appendix I to this [REDACTED] for further details. All amounts due to/from our Controlling Shareholders and/or companies controlled by our Controlling Shareholders were fully settled by cash or setting-off. During the Track Record Period, certain bank borrowings and overdraft were guaranteed by personal guarantees of our Controlling Shareholders and properties held by a company controlled by our Controlling Shareholder, please refer to the sections headed “Financial Information – Analysis of various items from the statements of financial position – Bank borrowings and overdrafts” and “Financial Information – Statement of indebtedness” in this

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[REDACTED] and Note 25 (Bank borrowings/secured bank overdrafts) of the Accountant’s Report set out in Appendix I to this [REDACTED] for further details. Our Group has procured the release of all these guarantees provided to our Group before Listing save for certain personal guarantees of our Controlling Shareholders which will be released upon Listing. Our Group has sufficient capital to operate its business independently, and has adequate internal resources and a strong credit profile to support its daily operations.

### **(ii) Operational independence**

Our Group has established our own organisational structure comprising of individual departments, each with specific areas of responsibilities. Our Group has not shared our operational resources, such as suppliers, customers, marketing, sales and general administration resources (save for the rental of office premises from Mega Billion, a company controlled by our Controlling Shareholders, details of which are set out in the section headed “Continuing Connected Transactions” in this [REDACTED]) with our Controlling Shareholders and/or their associates.

During the Track Record Period, our Group entered into certain transactions in relation to provision of management services by companies controlled by our Controlling Shareholders, rental of motor vehicles from a company controlled by our Controlling Shareholders and provision of subcontracting services by a company controlled by our Controlling Shareholders, details of which are set out in the sections headed “Financial Information – Principal components of our income statement – Administrative expenses” and “Financial Information – Related Party Transactions” and Note 34(a) (Related party transactions) of the Accountants’ Report set out in Appendix I to this [REDACTED]. As at the Latest Practicable Date, all the said transactions had been completed and ceased. During the Track Record Period, we engaged Chung Tat, a company controlled by our Controlling Shareholders, as a subcontractor in a building maintenance project which has been substantially completed in June 2014. As at the Latest Practicable Date, Chung Tat has ceased its principal business as a subcontractor.

### **(iii) Independence of management**

Our Company aims at establishing and maintaining a strong and independent Board to oversee our Group’s business. Our Board’s main function includes the approval of the overall business plans and strategies of our Group, monitoring the implementation of these policies and strategies and the management of our Company. Our Group has an independent management team, which is led by a team of senior management with substantial experience and expertise in our business, to implement our Group’s policies and strategies.

Our Board consists of eight Directors, comprising three executive Directors, two non-executive Directors and three independent non-executive Directors. Mr. Liu Su Ke, our Controlling Shareholder, is a non-executive Director. Mr. Kan Yiu Kwok, a non-executive Director, and Mr. Kan Yiu Keung, an executive Director, are siblings. Mr. Liu Winson Wing Sun, the son of Mr. Liu Su Ke, is an executive Director. Mr. Liu Winson Wing Sun, Mr. Liu Su Ke, Mr. Chan Lo Kin and Mr. Kan Yiu Keung are also

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the directors of Profound, our Controlling Shareholder. No other Directors nor members of senior management of our Group hold any directorship or position in our Controlling Shareholder.

Each of our Directors is aware of his or her fiduciary duties as a director which require, among other things, that he or she acts for the benefit and in the best interests of our Company and does not allow any conflict between his or her duties as a Director and his or her personal interest to exist. 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, the interested Director(s) shall abstain from voting at the relevant meeting of the Board in respect of such transactions and shall not be counted in the quorum.

### **(iv) Independence of five largest subcontractors**

Our Directors confirm that, save for Chung Tat, a company owned as to 60% by Faithful Construction Company Limited, which is in turn owned as to approximately 33.33% by Mr. Chan Lo Kin, approximately 33.33% by Mr. Liu Su Ke, approximately 18.33% by Mr. Kan Yiu Keung and approximately 15% by Mr. Kan Man Hoo, none of our Controlling Shareholders has any relationship with the five largest subcontractors of our Group (other than the business contacts in the ordinary and usual course of business of our Group) during the Track Record Period.

### **(v) Independence of five largest customers**

Our Directors confirm that none of our Controlling Shareholders has any relationship with the five largest customers of our Group (other than the business contacts in the ordinary and usual course of business of our Group) during the Track Record Period.

## **RULE 8.10 OF THE LISTING RULES**

The Controlling Shareholders and our Directors do not have any interest in a business apart from our Group’s business which competes or is likely to compete, directly or indirectly, with our Group’s business, and would require disclosure pursuant to Rule 8.10 of the Listing Rules.

## **NON-COMPETITION UNDERTAKING**

In order to avoid any possible future competition between our Group and each of Mr. Liu Su Ke, Mr. Lai Kwan Hin, Mr. Kan Yiu Kwok, Mr. Kan Yiu Keung, Mr. Kan Man Hoo, Mr. Yan Shik Fan, Eddy, Mr. Liu Winson Wing Sun, Mr. Chan Lo Kin and Profound (the “Covenantors”), each of the Covenantors has executed a deed of non-competition (collectively, the “Deeds”) on [●] in favour of our Company (for itself and for the benefit of each other member of our Group). Pursuant to the Deeds, during the period that the Deeds remain effective, each of the Covenantors irrevocably and unconditionally undertakes to our Company (for itself and for the benefit of each other member of our Group) that he/it shall not, and shall procure his or its associates (other than members of our Group) not to,

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directly or indirectly engage, participate or hold any right or interest in or render any services to or otherwise be involved in any business in competition with or likely to be in competition with the existing business activity of any member of our Group.

When business opportunities which may compete with the business of our Group arise, the respective Covenantor(s) shall, and shall procure their respective associates to, give our Company notice in writing and we shall have a right of first refusal to take up such business opportunities. We shall only exercise the right of first refusal upon the approval of all our independent non-executive Directors (who do not have any interest in such proposed transactions). The relevant Covenantor(s) and the other conflicting Directors (if any) shall abstain from participating in and voting at and shall not be counted as quorum at all meetings of the Board where there is a conflict of interest or potential conflict of interest including but not limited to the relevant meeting of our independent non-executive Directors for considering whether or not to exercise the right of first refusal. Within 30 days after receipt of written notice concerning offer of such business opportunities from the Covenantor(s) or his/its associate(s), we shall notify the Covenantor(s) whether we intend to accept the offer. If we decline any such offer, the Covenantor(s) and/or his/its associate(s) shall then be allowed to acquire the business opportunities offered on terms no more favourable than those offered to us.

The Deeds are conditional upon the fulfilment of the following conditions:

- (i) the Listing Committee granting the approval for the listing of, and permission to deal in, our Shares; and
- (ii) the fulfilment of the conditions precedent under the Underwriting Agreements (including waiver of any conditions precedent by the Underwriters, if applicable) and the Underwriting Agreements not being terminated.

If any of such conditions is not fulfilled on or before the date agreed between the Underwriters and our Company or the Underwriters and our Company have agreed to terminate the Underwriting Agreements thereafter, the Deeds shall become null and void and cease to have any effect whatsoever and no party shall have any claim against the other under the Deeds.

The Deeds shall terminate when (i) a Covenantor whether individually or taken together with his or its associates, ceases to be interested in 30% (or such other amount as may from time to time be specified in the Listing Rules as being the threshold for determining a controlling shareholder of a company) or more of the entire issued share capital of our Company; or (ii) our Shares shall cease to be listed and traded on the Stock Exchange (except for temporary suspension of trading of our Shares on the Stock Exchange due to any reason).

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### CORPORATE GOVERNANCE MEASURES

Each of our Controlling Shareholders has confirmed that he/it fully comprehends his/its obligations to act in the best interests of our Company and our Shareholders as a whole. To avoid potential conflicts of interest, our Group will implement the following measures:

- (i) the Covenantors will make an annual confirmation as to compliance with his/its undertaking under the Deeds for inclusion in the annual report of our Company;
- (ii) our Board is committed to the view that our Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors) so that there is a strong independent element on our Board which can effectively exercise independent judgment. Our Company has appointed three independent non-executive Directors. Our Directors believe that our independent non-executive Directors are of sufficient calibre, are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide impartial and professional advice to protect the interests of the minority Shareholders. Details of our independent non-executive Directors are set out in the section headed “Directors, senior management and staff” in this [REDACTED];
- (iii) our Company has appointed TC Capital as the compliance adviser, which will provide advice and guidance to our Company in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors’ duties and internal controls;
- (iv) our Controlling Shareholders undertake to provide all information requested by our Group which is necessary for the annual review by our independent non-executive Directors and the enforcement of the Deeds; and
- (v) our independent non-executive Directors will, based on the information available to them, review on an annual basis (i) the compliance with the Deeds; and (ii) all the decisions taken in relation to whether to pursue the new opportunity under the Deeds. Findings of such review will be disclosed in our annual report after the Listing.