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## **RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS**

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### **CONTROLLING SHAREHOLDERS OF THE COMPANY**

On 9 January 2017, Mr. Lee and Mr. Leung entered into the Concert Parties Confirmatory Deed to acknowledge and confirm, amongst other things, that they are parties acting in concert in respect of each of the members of the Group during the Track Record Period and will continue the same as of and after the date of the Concert Parties Confirmatory Deed. Details of the Concert Parties Confirmatory Deed are set out in the section headed “History, Reorganisation and corporate structure — Parties acting in concert” in this [REDACTED].

Immediately following the completion of the Capitalisation Issue and the [REDACTED] (assuming that no Share is issued pursuant to the exercise of the options which may be granted under the Share Option Scheme), (i) Luxury Booming will be interested in [REDACTED]% of the issued Shares; and (ii) by virtue of the acting in concert arrangement between Mr. Lee and Mr. Leung which is confirmed and documented in the Concert Parties Confirmatory Deed, as Mr. Lee, Mr. Leung and the company wholly owned by them, namely Luxury Booming, will collectively continue to control more than 30% of the issued share capital of the Company upon [REDACTED], they will be a group of Controlling Shareholders within the meaning of the Listing Rules.

### **COMPANIES OWNED BY THE CONTROLLING SHAREHOLDERS WITH SIMILAR PRINCIPAL ACTIVITIES TO THAT OF THE GROUP WHICH ARE NOT INCLUDED IN THE GROUP**

During the Track Record Period and as at the Latest Practicable Date, the Controlling Shareholders had interests in several companies with similar principal activities to that of the Group that did not form part of the Group. Details of such companies are as follows:

#### **Special Glass & Seals Works Limited (特殊玻璃工程有限公司) (“Special Glass”)**

Special Glass was incorporated in Hong Kong with limited liability on 15 September 2000, and was owned as to 75% by Mr. Leung and 25% by Ms. Lam as at the Latest Practicable Date. During the two years ended 31 March 2015, Special Glass mainly provided construction services. The Group did not enter into any transaction with Special Glass during the Track Record Period. As (i) Mr. Leung decided to reduce his involvement in his construction business and spend more time with his family; and (ii) Ms. Lam, who was not involved in the daily operation of Special Glass, had no intention to continue the business of Special Glass, Mr. Leung and Ms. Lam had ceased the business of Special Glass since April 2015. An application for deregistration of Special Glass had been subsequently filed to the Companies Registry in November 2016. Special Glass received an approval letter dated 22 November 2016 from the Companies Registry regarding the said application for deregistration. Special Glass was dissolved by deregistration on 31 March 2017.

#### **G&M Engineering (Macau) Ltd. (信越工程(澳門)有限公司) (“G&M (Macau)”)**

G&M (Macau) was incorporated in Macau with limited liability on 3 June 2005 with a registered capital of MOP25,000. As at the date of its incorporation and up to the date of its dissolution, G&M (Macau) was owned as to 50% by Mr. Lee and 50% by Mr. Leung. G&M (Macau) was mainly engaged

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in construction engineering and fitting-out works in Macau. As G&M (Macau) did not engage in any substantial business during the Track Record Period and Mr. Lee and Mr. Leung decided that it is more beneficial to focus their financial resources elsewhere, G&M (Macau) was dissolved by way of voluntary winding-up by its shareholders on 6 November 2015.

### **G&M-KPa (Macau) Company Limited (信越應力(澳門)有限公司) (“G&M-KPa”)**

G&M-KPa was incorporated in Macau with limited liability on 2 May 2007 with a registered capital of MOP25,000. As at the date of its incorporation and up to the date of dissolution, G&M-KPa was owned as to 60% by G&M (Macau) and 40% by an Independent Third Party. G&M-KPa was originally intended to be principally engaged in construction engineering. As G&M-KPa did not engage in any substantial business during the Track Record Period and Mr. Lee, Mr. Leung and the said Independent Third Party decided that it is more beneficial to focus their financial resources in their respective businesses, G&M-KPa was dissolved by way of voluntary winding-up by its shareholders on 3 December 2014.

The Directors confirm that each of Special Glass, G&M (Macau) and G&M-KPa had no material non-compliance incidents during the Track Record Period.

Save as disclosed herein, the Controlling Shareholders have confirmed that none of them and their respective close associates is interested in any business which competes or is likely to compete, directly or indirectly with the business of the Group and there was no competing business between the Controlling Shareholders and the Group.

## INDEPENDENCE FROM THE CONTROLLING SHAREHOLDERS

Having considered the following factors, the Directors believe that the Group is capable of carrying on the Group’s business independently from the Controlling Shareholders and their close associates after the [REDACTED] and the Capitalisation Issue.

### **Management independence**

The Company aims to establish and maintain a competent and independent Board to supervise the Group’s business. The main functions of the Board include (i) approving the overall business plans and strategies of the Group; (ii) monitoring the implementation of the aforesaid policies and strategies; and (iii) managing the operation of the Group.

The Board comprises two executive Directors, one non-executive Director, and three independent non-executive Directors. Although Mr. Lee and Mr. Leung, being the ultimate Controlling Shareholders, also hold directorships in the Company, the Board and senior management will function independently from the Controlling Shareholders because:

- (a) each Director is aware of his fiduciary duties as a Director which require, amongst other things, that he acts for the benefit and in the best interest of the Company and does not allow any conflict between his duties as a Director and his personal interests; and

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- (b) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between the Group and the Directors or their respective close associates, the interested Director(s) shall declare such interests to the Board and abstain from voting at the relevant Board meetings in respect of such transactions, and shall not be counted in forming quorum.

### **Operational independence**

The Group has established its own organisational structure comprising of individual departments, each with specific areas of responsibilities. The Group has not shared its operational resources, such as sales and marketing and general administration resources, with the Controlling Shareholders and/or their respective close associates. Save for Kentan (HK) Company Limited and Profit Bright Enterprises Limited as disclosed in the section headed “Financial information — Related party transactions” in this [REDACTED], the customers, suppliers and subcontractors of the Group are all independent from the Controlling Shareholders and the Group does not rely on the Controlling Shareholders or their respective close associates and has independent access to customers and suppliers.

As at the Latest Practicable Date, there were no business transactions between the Group and any of the Controlling Shareholders.

Based on the above, the Directors are of the view that the Group is independent of the Controlling Shareholders in terms of business operations.

### **Financial independence**

The Group has its own financial management and accounting systems, accountant and administration department and independent treasury functions, and it makes financial decision according to its own business needs.

During the Track Record Period and up to the Latest Practicable Date, Mr. Lee had provided personal guarantees for the banking facilities and financial lease arrangement used by the Group. The banks have agreed in principle that the above personal guarantees will be released and replaced by the corporate guarantees executed by the Company upon [REDACTED]. The Directors confirmed that the outstanding finance lease liabilities would be settled prior to the [REDACTED] and after full repayment of such finance lease liabilities, the aforementioned person guarantee given by Mr. Lee will be released. Save as disclosed above, the Directors are of the view that the Group is not financially dependent on the Controlling Shareholders or their respective close associates in the Group’s business operations and the Group is able to obtain external financing on market terms and conditions for its business operations as and when required without reliance on the Controlling Shareholders after [REDACTED].

Having considered the above factors, the Directors consider that the Group has no financial dependence on the Controlling Shareholders.

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### RULE 8.10 OF THE LISTING RULES

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

### NON-COMPETE UNDERTAKING

The Controlling Shareholders as covenantors (each of them, a “**Covenantor**” and collectively, the “**Covenantors**”) executed the Deed of Non-Competition in favour of the Company (for itself and as trustee for and on behalf of its subsidiaries).

In accordance with the Deed of Non-Competition, each Covenantor undertakes that, from the [REDACTED] and ending on the occurrence of the earliest of (i) the date on which the Shares cease to be [REDACTED] on the Stock Exchange; or (ii) the date on which that Covenantor and his/its close associates (individually or taken as a whole) cease to be a Controlling Shareholder:

#### 1. **Non-competition**

Each Covenantor jointly and severally and irrevocably undertakes and covenants to the Company (for itself and as trustee for and on behalf of its subsidiaries) that each of them will not, and will procure that its/his close associates (except any members of the Group) will not, either on his/its own account or in conjunction with or on behalf of any person, firm or company, directly or indirectly, amongst other things, carry on, participate or be interested or engaged in or acquire or hold any right or interest (in each case whether as an investor, a shareholder, principal, partner, director, employee, consultant, agent or otherwise and whether for profit, reward, interest or otherwise), or otherwise be involved in any business which is or may be in competition, whether directly or indirectly, with the business carried on by any member of the Group (including but not limited to the provision of (i) one-stop design and build solutions; and (ii) repair and maintenance services in relation to podium facade and curtain wall works) or contemplated to be carried on by any member of the Group, in Hong Kong or any other jurisdiction where the Group has conducted business as at the date of the Deed of Non-Competition or may conduct business from time to time in the future (“**Restricted Business**”).

#### 2. **New business opportunity**

Each of the Covenantors hereby represents and warrants that neither it/he nor any of its/his close associates currently carries out, participates in or is interested or engaging in, invests in, acquires or holds, directly or indirectly (in each case whether as a shareholder, director, partner, agent or otherwise and whether for profit, reward, interest or otherwise) or otherwise is involved in the Restricted Business other than through the Group.

Each of the Covenantors further undertakes to refer to the Company within 10 days any and all new opportunities in connection with the Restricted Business (“**New Business Opportunity**”) which are identified by or made available to any of them.

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Notwithstanding the aforesaid, the Deed of Non-Competition does not apply where:

1. any opportunity to invest, participate, be engaged in and/or operate with a third party any Restricted Business that has first been offered or made available to the Group, and that the offer should contain all information reasonably necessary for the Group to consider whether (i) such opportunity would constitute competition with any Restricted Business and (ii) it is in the interest of the Group and the shareholders of the Company as a whole to pursue such opportunity, and the Company has, after review by the independent non-executive Directors, declined such opportunity to invest, participate, be engaged in or operate the Restricted Business either alone or with such third party or together with the Covenantor and/or its/his close associate(s), provided that the principal terms by which that Covenantor (or its/his close associate(s)) subsequently invests, participates, engages in or operates the Restricted Business are not more favourable than those disclosed to the Company. A Covenantor may only engage in the New Business Opportunity if (i) a notice is received by the Covenantor from the Company confirming that the New Business Opportunity is not accepted or does not constitute competition with the Restricted Business (the “**Non-acceptance Notice**”); or (ii) the Non-acceptance Notice is not received by the Covenantor within 30 days after the proposal of the New Business Opportunity is received by the Company, or such longer period of time, not longer than 180 days to be specified by the Company by notice in writing to the Covenantors, where the Company’s acceptance of the New Business Opportunity is subject to the approval from the Stock Exchange or the independent shareholders of the Company or governmental or regulatory authorities;
2. each Covenantor having interests in the shares or other securities in a company whose shares are listed on a recognised stock exchange provided that:
  - (a) any Restricted Business conducted or engaged in by such company (and assets relating thereto) accounts for less than 10% of the relevant company’s consolidated turnover or consolidated assets, as shown in that company’s latest audited accounts; or
  - (b) the total number of the shares held by the Covenantors and/or their respective close associates or in which they are together interested does not exceed 5% of the issued shares of that class of the company in question (the “**Relevant Company**”), provided that (i) the total number of the relevant Covenantors’ representatives on the board of directors of the Relevant Company is not significantly disproportionate with respect to his shareholdings in the Relevant Company; and (ii) at all times there is a holder of such shareholding (together, where appropriate, with its close associates) a larger percentage of the shares in question than the Covenantors and their respective close associates together hold.

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### 3. Corporate governance measures

In order to ensure the performance of the above non-competition undertakings, the Covenantors will:

- (a) as required by the Company, provide all information which is necessary for the independent non-executive Directors to conduct annual examination with regard to the compliance of the terms of the Deed of Non-Competition and the enforcement of it;
- (b) the Controlling Shareholders undertake to provide promptly all information requested by the Company which is necessary for the annual examination by the independent non-executive Directors and the enforcement of the Deed of Non-Competition;
- (c) wherever the Board needs to consider and make any decision on whether to accept any New Business Opportunity or any other matters in relation to the Deed of Non-Competition, each of the Covenantors who is a Director and has a material interest in such matters shall abstain from voting on the relevant resolution(s) and shall also not be counted in the quorum;
- (d) that during the period when the Deed of Non-Competition is in force, fully and effectually indemnify the Company against any losses, liabilities, damages, costs, fees and expenses as a result of any breach on the part of such Covenantor of any statement, warrant or undertaking made under the Deed of Non-Competition.

In addition to the above, the Company will also adopt the following corporate governance measures:

- (a) disclose to the public either in the annual report of the Company or issue a public announcement in relation to any decisions made by the independent non-executive Directors with regard to the compliance of the terms of the Deed of Non-Competition and the enforcement of it; and
- (b) where the independent non-executive Directors shall deem fit, make a declaration in relation to the compliance of the terms of the Deed of Non-Competition in the annual report of the Company, and ensure that the disclosure of information relating to compliance with the terms of the Deed of Non-Competition and the enforcement of it are in accordance with the requirements of the Listing Rules.

The Deed of Non-Competition and the rights and obligations thereunder are conditional upon (a) the Listing Committee granting the [REDACTED] of, and the permission to deal in, the Shares, as described in this [REDACTED], and (b) the [REDACTED] and dealings in the Shares on the Stock Exchange taking place.

As the Covenantors have given non-competition undertakings in favour of the Company (for itself as trustee for and on behalf of its subsidiaries), and none of them have interests in other businesses that compete or are likely to compete with the business of the Group, the Directors are of the view that they are capable of carrying on the Group’s business independently of the Covenantors following the [REDACTED].