
RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

INFORMATION ON THE CONTROLLING SHAREHOLDERS

Prior to the Spin-off, the Company was an indirect wholly-owned subsidiary of Hanison, and the Group operated as part of the building materials division within the Hanison Group. As disclosed in the section headed “Information about the Spin-off and the Distribution” in this listing document, the Distribution will be satisfied by way of distribution in specie to the Distribution Qualifying Shareholders of the entire issued capital of the Company, in proportion to their respective shareholdings in Hanison, on the basis of two Shares for every five Hanison Shares held on the Record Date. As a result, immediately following the completion of the Distribution, the Company will cease to be a subsidiary of Hanison, and CCM Trust and Mingly will become the Controlling Shareholders. The Group will operate independently from the Controlling Shareholders and their respective associates.

CCM Trust and Mingly

CCM Trust is the corporate trustee of certain but not identical discretionary trusts of which members of the Cha Family are among the discretionary objects. As at the Latest Practicable Date, CCM Trust is the direct and indirect holder of [REDACTED] shares in Hanison, representing approximately [REDACTED]% of the issued shares of Hanison. Of these shares, [REDACTED] shares in Hanison (approximately [REDACTED]%) are held directly and [REDACTED] shares in Hanison (approximately [REDACTED]%) are held indirectly, via Mingly. Mingly is owned as to approximately [REDACTED]% by CCM Trust, with the remaining aggregate interests of approximately [REDACTED]% also being held by or on behalf of members of the Cha Family. Mingly was formerly listed on the Stock Exchange but was privatised in 2001. Immediately following completion of the Spin-off and assuming its shareholding in Hanison remains unchanged on the Record Date and that the number of Hanison Shares in issue remains consistent, CCM Trust will hold approximately [REDACTED]% of the Company, represented by a direct holding of approximately [REDACTED]% and an indirect holding, via Mingly, of approximately [REDACTED]%.

As at the Latest Practicable Date, CCM Trust also directly and indirectly holds 616,169,295 shares in HKRI, representing approximately 41.48% of the issued share capital of HKRI. HKRI is listed on the Stock Exchange (Stock Code: 480) and has diversified interests in real estate development and investment, property management, luxury hotels and serviced apartments, healthcare services and other investments in Hong Kong, China and Asia. Each of Hanison and HKRI is a close associate of CCM Trust for the purpose of the Listing Rules.

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Immediately following completion of the Spin-off, CCM Trust will control more than 30% of the issued share capital of the Company upon Listing, and it will be a Controlling Shareholder within the meaning of the Listing Rules. Although Mingly will not control more than 30% of the issued share capital of the Company upon Listing, as Mingly is a close associate of CCM Trust for the purpose of the Listing Rules, Mingly will be deemed to be a Controlling Shareholder upon Listing. Additionally, members of the Cha Family, collectively, will be interested in more than [REDACTED]% of the issued share capital of the Company upon Listing. The interests of Mr. Cha Mou Sing, Payson, the Chairman of the Company, are discussed in the section headed “General Information — C. Further Information about the Directors and Substantial Shareholders — 1. Disclosure of Directors’ Interests” in Appendix V to this listing document.

INDEPENDENCE FROM THE CONTROLLING SHAREHOLDERS AND THE REMAINING GROUP

The Directors do not expect that there will be any significant transactions between the Group and the Controlling Shareholders or their respective close associates (including HKRI and Hanison) upon or shortly after completion of the Spin-off other than the transactions as disclosed in the section headed “Continuing Connected Transactions” in this listing document. Taking into account the factors discussed in the paragraphs below, the Directors are satisfied that the Group will be able to conduct its business operationally and financially independent of the Controlling Shareholders and the Remaining Group.

Clear delineation of business

HKRI is an investment holding company incorporated in the Cayman Islands, the issued shares of which are listed on the Stock Exchange. HKRI and its subsidiaries are principally engaged in property development, property investment, property management and related services, hospitality and healthcare services. There is no overlap between the products and services offered by HKRI and the Group.

Following the completion of the Spin-off, the Group will principally be engaging in the design, supply and installation of facade and curtain wall systems, with a focus on curtain walls, aluminium windows and doors, whilst the Remaining Group will be carrying out the businesses of (i) construction; (ii) interior and renovation works; (iii) supply and installation of limited other building materials (being unrelated to the business of the Group, namely, the supply and installation of interior products such as ceiling and flooring products through the Trigon Companies); (iv) property investment; (v) property development; (vi) provision of property agency and management services; and (vii) sale of health products.

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Following completion of the Spin-off, the remaining entities comprising the building materials division within the Remaining Group will be the Trigon Companies which specialise in the supply and installation of interior products such as different types of suspended ceiling systems, metal cladding systems, demountable partition systems, fire related protection systems, decorative moulding, raised flooring and wood flooring. There is no overlap between the products offered by the Trigon Companies and the Group.

Given the different product offerings and services provided by the Group and the Remaining Group, the Directors are of the view that there is clear delineation between the businesses of the Remaining Group and the Group, and as a result, none of the business of the Remaining Group would compete or is expected to compete, directly or indirectly, with the businesses of the Group.

Save as disclosed herein, neither the Controlling Shareholders and their respective close associates, nor the Directors are interested in any business apart from the Group’s business which competes or is likely to compete, directly or indirectly, with the Group’s business.

Management independence

Upon completion of the Spin-off, the Group and the Remaining Group will have boards of directors that function independently of each other. The table below sets forth the directorship of the Group and the Remaining Group upon Listing:

Name	Position in the Company	Position in Hanison
Mr. Cha Mou Sing, Payson	Non-executive Director and Chairman	Non-executive director (Chairman)
Mr. Cha Mou Daid, Johnson	None	Non-executive director
Mr. Wong Sue Toa, Stewart	Non-executive Director and Deputy Chairman	Executive director (Managing Director)
Mr. Tai Sai Ho	Non-executive Director	Executive director (General Manager)
Mr. Lo Kai Cheong	None	Executive director
Mr. Chuk Kin Lun	Executive Director (Joint Managing Director)	None
Mr. Lee Cheuk Hung	Executive Director (Joint Managing Director)	None

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Name	Position in the Company	Position in Hanison
Mr. Chan Pak Joe	None	Independent non-executive director
Dr. Lau Tze Yiu, Peter	None	Independent non-executive director
Dr. Sun Tai Lun	None	Independent non-executive director
Mr. Yip Kai Yung	Independent non-executive director	None
Professor Ho Richard Yan Ki	Independent non-executive director	None
Mr. Poon Kan Young	Independent non-executive director	None

Other than Mr. Cha Mou Sing, Payson, who is also an executive director and chairman of HKRI, there are no overlapping directorships between the boards of HKRI and the Company. Following completion of the Spin-off, Mr. Cha Mou Sing, Payson, will not have any executive role in the Group.

Further, the Directors consider that the Group will be able to operate independently of the Remaining Group following completion of the Spin-off because:

- (i) although Mr. Cha Mou Sing, Payson, the non-executive chairman of Hanison, Mr. Wong Sue Toa, Stewart and Mr. Tai Sai Ho, both being executive directors of Hanison, will also hold directorships in the Company, they will not be involved in the day-to-day operations of the Group, and will not have any executive roles in the Group;
- (ii) the management and day-to-day operations of the Group are managed by Mr. Chuk Kin Lun and Mr. Lee Cheuk Hung, being the executive Directors and Joint Managing Directors of the Company. Both of them will not have any roles in the Remaining Group following completion of the Spin-off;
- (iii) all three independent non-executive Directors do not, and will not, have any ongoing role with the Remaining Group and accordingly, the independent non-executive Directors can exercise independent judgment free from any conflict of interest;

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- (iv) all the members of the senior management of the Group are full-time employees of the Group and have assumed senior management responsibilities for the Group’s business. Their management and supervisory functions have and will ensure that the Group’s management and daily operations are independent of the Remaining Group;
- (v) each of the 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 interest of the Shareholders as a whole and does not allow any conflict between his duties as a Director and his personal interests to affect the performance of his duties as a Director;
- (vi) continuing connected transactions between the Group (on the one hand) and the Remaining Group (on the other hand) have been identified and the parties will comply with the applicable requirements of the Listing Rules governing continuing connected transactions. For details of these continuing connected transactions, see “Continuing Connected Transactions”; and
- (vii) the Company has adopted a number of corporate governance measures in order to manage any potential conflict of interests which may arise between the Group (on the one hand) and the Remaining Group (on the other hand) as a result of overlapping directors as well as to safeguard the interests of the independent Shareholders, the details of which are set out in “Corporate Governance Measures” below.

[REDACTED]

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[REDACTED]

CORPORATE GOVERNANCE MEASURES

Notwithstanding the limited extent of potential competition (if any) that may arise between the Group and the Remaining Group or the Controlling Shareholders, the Directors recognise the importance of good corporate governance for the protection of the interests of the Shareholders. The Company will adopt the following measures to manage the potential conflicts of interest between the Group and the Remaining Group or the Controlling Shareholders and to safeguard the interests of the Shareholders:

- (a) in the event that any Director has an interest in the relevant matter and there is a conflict of interest in the operations of the Group and the Remaining Group and its associates, and in respect of any proposed contracts or arrangements between the Group and the Remaining Group and any of its associates, Directors who are considered to be interested in a particular matter or the subject matter shall disclose his/her interests to the Board;
- (b) the appointment of VMS Securities Limited as the compliance adviser to advise the Company on the compliance matters in respect of the Listing Rules; and
- (c) the Directors, may appoint independent financial advisers and other professional advisers as they consider appropriate to advise them on any matter relating to connected transaction(s) at the cost of the Company.

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Further, the Company is expected to comply with the Appendix 14 of the Listing Rules which sets out principles of good corporate governance in relation to, among others, Directors, the chairman and chief executive officer, Board composition, the appointment, re-election and removal of Directors, their responsibilities and remuneration and communications with the Shareholders. The Company will state in its interim and annual reports whether it has complied with the Appendix 14 of the Listing Rules, and will provide details of, and reasons for, any deviation from it in the corporate governance report which will be included in the Company’s annual report.