
RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

CONTROLLING SHAREHOLDERS

Immediately following completion of the Capitalisation Issue and the [REDACTED] (without taking into account the exercise of the [REDACTED] and any option which may be granted under the Share Option Scheme), [REDACTED] of the issued share capital of our Company will be owned by Copious Astute, which is in turn wholly owned by Mr. Li. In view of the above, Mr. Li and Copious Astute will be considered to be our Controlling Shareholders within the meaning of the Listing Rules.

RULE 8.10 OF THE LISTING RULES

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

Mr. Li is the beneficial owner of the entire issued share capital of Chi Sing Construction Engineering Company Limited ("CSCE"), a company incorporated with limited liability in Hong Kong on 23 April 2001. CSCE is in turn interested in approximately 5.26% of the issued share capital of Citylink Design and Build Limited ("Citylink"), a company incorporated in Hong Kong with limited liability on 31 December 2008. Citylink is a subcontractor which conducts design and build work for government minor works projects.

Mr. Li decided not to include CSCE in our Group, and confirmed that he has no intention to inject CSCE into our Group in the future, for the following reasons:

- (i) CSCE is an investment holding company. Apart from holding approximately 5.26% interests in Citylink, CSCE does not have any other investment or engage in any business;
- (ii) There is no direct or indirect competition between the business of our Group, CSCE and Citylink. In contrast to the projects undertaken by our Group which were in Macau, Citylink has been focusing on minor works projects awarded by government departments of Hong Kong. In addition, our Group does not undertake any government projects in Macau and Hong Kong; and
- (iii) Save as CSCE which is a shareholder of Citylink, Mr. Li and his associates are not shareholders or directors of Citylink. CSCE is not a controlling shareholder of Citylink, nor is it the single largest shareholder of Citylink.

Our Directors, having considered the above, are of the view that the business in which Mr. Li is interested as mentioned above is clearly delineated from that of our Group and such business does not and is not likely to compete with that of our Group.

During the Track Record Period, (i) there was no related party transaction between CSCE, Citylink and our Group; and (ii) CSCE was not the subject of any regulatory investigations, material disputes or claims, litigation or legal proceedings. CSCE was validly subsisting as at the Latest Practicable Date.

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INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors believe that our Group will be able to be independent from our Controlling Shareholders and their respective close associates in management, operation and finance.

Management independence

Our Board and members of our senior management, rather than any single Director, are responsible for the business strategies, management and operation of our Group. Our Board consists of six Directors, comprising two executive Directors, one non-executive Director and three independent nonexecutive Directors. Our Board and members of our senior management operate independently from our Controlling Shareholders. Our Board as a whole deliberates and determines all important corporate acts of our Group.

None of our independent non-executive Directors are connected to our Controlling Shareholders or any of their respective close associates. This can ensure our Board to make independent decisions on any matters even in the case of potential conflicts of interest and/or material interest for any executive Director.

Our Group has also implemented corporate governance procedures to protect the interest of and maximise the value of our Shareholders. Each Director has attended relevant training and is fully aware of his/her fiduciary duties to our Company and will abstain from voting in respect of any matters involving conflicts of interest or potential conflicts of interest for him/her in accordance with the Articles and the Listing Rules. In the event that Mr. Li is required to be abstained from voting at the Board meeting due to potential conflict of interests, the three independent non-executive Directors will be able to form a quorum prescribed under the Articles to ensure that the decisions of our Board are made after due and careful consideration of independent and impartial opinions. Given the substantial experiences of our independent non-executive Directors as set out in the section headed “Directors, Senior Management and Employees – Independent non-executive Directors” in this document, we believe that our Board with the remaining members is still able to function properly when Mr. Li is required to be abstained from voting.

In addition, our Board is supported by members of our senior management in formulating business plans and strategies of our Group. The day-to-day management and operation of our Company is independent from our Controlling Shareholders and their respective close associates.

Operational independence

Our Company has established our own organisational structure, with specific areas of duties and responsibilities assigned to each department of our Company. We have sufficient operational capacity in terms of capital, equipment and human resources to operate and manage our business independently from our Controlling Shareholders and their respective close associates. We have an independent management team which is responsible for our daily operations, as well as our own headcount of employees for our operations and management for human resources.

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We are also in possession of all applicable licenses, approvals and certificates to conduct and operate our business. All the trademarks and domain name material to our business are owned by and registered or being applied for registration in the name(s) of our Group. For details, please refer to the paragraph headed “B. Further information about the business of our Group – 2. Intellectual property rights” in Appendix IV to this document.

As at the Latest Practicable Date, our Group leased a property from Ms. Ng Suk Fun, the spouse of Mr. Li, for the uses as showroom, storage and ancillary office, details of which are set out in the section headed “Continuing Connected Transactions” in this document. Save for the aforesaid and the related party transactions as disclosed in the section headed “Financial Information – Related party transactions” in this document, which were entered into between our Group and entities controlled by our Controlling Shareholders, we have independent access to all of our suppliers, subcontractors and customers during the Track Record Period and up to the Latest Practicable Date.

In view of the above, our Directors consider that there is no operational dependence by us on our Controlling Shareholders and our Group is able to operate independently from our Controlling Shareholders after the [REDACTED].

Financial independence

During the Track Record Period, our Controlling Shareholders and/or entities controlled by them had provided guarantees and securities for certain of our bank borrowings, please see the section headed “Financial Information – Indebtedness” in this document for further details. All such guarantees and securities provided to our Group will be released and replaced by a corporate guarantee provided by our Company upon the [REDACTED].

Our Directors are of the view that our Company is capable of obtaining financing from independent third parties without reliance on our Controlling Shareholders should the need arise. Accordingly, our Directors believe that our Company will have independent access to bank financing after the [REDACTED] through the provision of corporate guarantees and/or other security by our Group. Furthermore, our Directors believe that the sustainability of our business as demonstrated by the performance, results of operation and financial position of our Group during the Track Record Period will enhance our Company’s ability to obtain or renew the loans from financial institutions without recourse to our Controlling Shareholders after the [REDACTED]. In view of the above, our Directors consider that our Company is financially independent of our Controlling Shareholders.

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NON-COMPETITION UNDERTAKINGS BY OUR CONTROLLING SHAREHOLDERS

Each of our Controlling Shareholders (collectively, the “**Covenantors**”), has given certain non-competition undertakings in favour of our Company (for itself and as trustee for each of our subsidiaries) under the Deed of Non-competition, pursuant to which each of the Covenantors irrevocably and unconditionally, jointly and severally, warrants and undertakes with our Company that, from the [REDACTED] and ending on the occurrence of the earlier of,

- (a) any of the Covenantors, and his/its close associates and/or successor, individually and/or collectively, cease to own 30% (or such percentage as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) or more of the then issued share capital of our Company directly or indirectly or cease to be deemed as our Controlling Shareholder; or
- (b) the Shares cease to be [REDACTED] on the Stock Exchange (except for temporary suspension of the Shares due to any reason),

he/it will not, and will procure any of his/its close associates and any company directly or indirectly controlled by he/ it (which for the purpose of the Deed of Non-competition, shall not include any member of our Group) not to either on his/its own or in conjunction with any body corporate, partnership, joint venture or other contractual agreement, whether directly or indirectly, whether for profit or not, carry on, participate in, hold, engage in, acquire or operate, or provide any form of assistance to any person, firm or company (except members of our Group) to conduct any business which, directly or indirectly, competes or may compete with the business presently carried on by our Company or any of our subsidiaries or any other business that may be carried on by any of them from time to time during the term of the Deed of Non-competition, in Hong Kong or Macau and such other places as our Company or any of our subsidiaries may conduct or carry on business from time to time, including but not limited to the provision of fitting-out services and repair and maintenance services (the “**Restricted Business**”). Such non-competition undertakings do not apply to:

- (i) the holding of Shares or other securities issued by our Company or any of our subsidiaries from time to time;
- (ii) the holding of shares or other securities in any company which has an involvement in the Restricted Business, provided that such shares or securities are listed on a recognised stock exchange and the aggregate interest of the Covenantor and his/its close associates (as “interest” is construed in accordance with the provisions contained in Part XV of the SFO) does not amount to more than 5% of the relevant share capital of the company in question;
- (iii) the contracts or other agreements entered into between our Group and the Covenantor and/or his/its close associates; and

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- (iv) the involvement, participation or engagement of the Covenantor and/or his/its close associates in the Restricted Business in relation to which our Company has agreed in writing to such involvement, participation or engagement, following a decision by our independent non-executive Directors to allow such involvement, participation or engagement subject to any conditions our independent non-executive Directors may require to be imposed.

New business opportunity

The Covenantors have further undertaken to procure that, any business investment or other commercial opportunity relating to the Restricted Business (the "**New Opportunity**") identified by or offered to the Covenantors and/or any of their close associates (other than members of our Group) (the "**Offeror**") is first referred to us in the following manner:

- (a) the Covenantors are required to, and shall procure their close associates (other than members of our Group) to, refer, or procure the referral of, the New Opportunity to us, and shall give written notice to us of any New Opportunity containing all information reasonably necessary for us to consider whether (i) the New Opportunity would constitute competition with our core business and/or any other new business which our Group may undertake at the relevant time, and (ii) it is in the interest of our Group to pursue the New Opportunity, including but not limited to the nature of the New Opportunity and the details of the investment or acquisition costs (the "**Offer Notice**");
- (b) the Offeror will be entitled to pursue the New Opportunity only if (i) the Offeror has received a written notice from us declining the New Opportunity and confirming that the New Opportunity would not constitute competition with our core business, or (ii) the Offeror has not received the notice from us within ten business days from our receipt of the Offer Notice;
- (c) if there is a material change in the terms and conditions of the New Opportunity pursued by the Offeror, the Offeror will refer to the New Opportunity as so revised to us in the manner as set out above; and
- (d) upon receipt of the Offer Notice, we will seek opinions and decisions from a committee of our Board consisting of Directors who do not have a material interest in the matter (the "**Independent Board Committee**") as to whether (a) such New Opportunity would constitute competition with our core business, and (b) it is in the interest of our Company and our Shareholders as a whole to pursue the New Opportunity.

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General undertakings

To ensure the performance of the above non-competition undertakings given under the Deed of Non-competition, each of the Covenantors shall:

- (a) when required by our Company, provide all information necessary for the Independent Board Committee to conduct annual examination with regard to the compliance of the terms of the Deed of Non-competition and the enforcement thereof;
- (b) procure our Company to disclose to the public either in our annual report or issuing a public announcement in relation to any decisions made by the Independent Board Committee with regard to the compliance of the terms of the Deed of Non-competition and the enforcement of it;
- (c) where the Independent Board Committee shall deem fit, make a declaration in relation to the compliance of the terms of the Deed of Non-competition in our annual report, 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;
- (d) where the Independent Board Committee has rejected the New Opportunity referred to by the Offeror as stipulated above regardless of whether the Offeror would thereafter invest or participate in such New Opportunity, procure our Company to disclose to the public either in the annual or interim report of our Company or an announcement the decision of the Independent Board Committee regarding the decision on the New Opportunity and the basis thereof; and
- (e) that during the period when the Deed of Non-competition is in force, fully and effectually indemnify our 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 respect of the above undertakings, our Company confirms that, if the Independent Board Committee has rejected the New Opportunity referred to by the Offeror as stipulated above regardless of whether the Offeror would thereafter invest or participate in such New Opportunity, it will disclose to the public either in the annual or interim report of our Company or an announcement the decision of the Independent Board Committee regarding the decision on the New Opportunity and the basis thereof.

CORPORATE GOVERNANCE MEASURES

Our Company expects to adopt the following corporate governance measures:

- (a) our Directors will comply with our Articles of Association which requires the interested Director to absent themselves from any resolution of the Board approving any contract or arrangement or other proposal in which he/she or any of his/her close associates is interested. Any such resolution shall only be passed

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by the affirmative votes of at least half of the total number of the voting Directors who are not associated with any counterparty of the transactions or have any interest therein;

- (b) we have appointed three independent non-executive Directors to ensure the effective exercise of independent judgment on its decision making process and provide independent advice to our Board and Shareholders. The independent non-executive Directors are well-educated and have substantial experience in their profession. Our Directors believe that our independent non-executive Directors are of sufficient caliber, are free of any business or other relationship which may interfere in any material manner with the exercise of their independent judgement and will be able to provide impartial and professional advice to protect the interests of the minority Shareholders. Our Directors also believe that the presence of our Directors from different backgrounds can provide a balance of views and opinions. For details of our independent non-executive Directors, please refer to the section headed “Directors, Senior Management and Employees – Independent non-executive Directors” in this document.

In addition, our Directors, including our independent non-executive Directors, will be able to seek advice from the senior management who are independent from our Controlling Shareholders as well as independent professional advice from external parties (such as financial advisers) where necessary, including but not limited to the situation where our independent non-executive Directors are required to resolve on matters where Mr. Li is required to be abstained from voting due to conflict of interests;

- (c) our independent non-executive Directors will, on an annual basis, review the compliance and enforcement of the Deed of Non-competition executed by our Controlling Shareholders. Our Controlling Shareholders have undertaken that they will and will procure the entities controlled by them and their close associates to provide all information reasonably required by our independent non-executive Directors to assist them in the assessment. We will disclose the review in our annual report or by way of announcement to the public. Our Controlling Shareholders have also undertaken that they will make an annual declaration on the compliance with the Deed of Non-competition and other connected transaction agreements in our annual report;
- (d) our independent non-executive Directors will also review, on an annual basis, all decisions made in relation to any business opportunities which is referred to by our Controlling Shareholders or any of their respective close associates (other than members of our Group) during the year. We will disclose such decisions and basis for them in our annual report or by way of announcement to the public;
- (e) we have appointed Red Sun Capital Limited as our compliance adviser upon [REDACTED] to advise our Group on matters relating to compliance with the Listing Rules; and

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- (f) any transaction between (or proposed to be made between) our Group and connected persons will be required to comply with Chapter 14A of the Listing Rules, including, where applicable, the announcement, reporting, annual review, circular and independent shareholders’ approval requirements and with those conditions imposed by the Stock Exchange for the granting of waiver from strict compliance with the relevant requirements under the Listing Rules.