
RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

Immediately following completion of the [REDACTED] and the [REDACTED] (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the [REDACTED], options that may be granted under the Share Option Scheme or any Shares that may be granted under the Share Award Scheme), Wing Lee Green Development will be interested in approximately [REDACTED] of the issued share capital of our Company. Wing Lee Green Development is an investment holding company incorporated in BVI and is owned as to 68% by Mr. Yiu, 17% by Mr. Yiu Wang Lung and 15% by Mr. Chan. On the basis that Mr. Yiu, Mr. Yiu Wang Lung and Mr. Chan hold their respective interests in our Company through a common investment holding company, namely Wing Lee Green Development, which in turn will be entitled to exercise 30% or more of the voting power at general meetings of our Company, Wing Lee Green Development, Mr. Yiu, Mr. Yiu Wang Lung and Mr. Chan are regarded as a group of Controlling Shareholders under the Listing Rules. For details of the shareholding interests of our Controlling Shareholders, please refer to the section headed “Substantial Shareholders” in this document.

Mr. Yiu, Mr. Yiu Wang Lung and Mr. Chan are also the executive Directors. In addition, Mr. Yiu is the chairman of our Board and the chief executive officer of our Group. For details of their background and experience, please refer to the section headed “Directors and Senior Management — Directors” in this document.

Save as mentioned above, there is no other person who will, immediately following completion of the [REDACTED] and the [REDACTED] (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the [REDACTED], options that may be granted under the Share Option Scheme or any Shares that may be granted under the Share Award Scheme), be directly or indirectly interested in more than 30% or more of the Shares in issue.

DELINEATION OF OUR BUSINESS

Our Business

We are an established contractor in Hong Kong engaged in civil and electrical engineering and renewable energy works. Our civil engineering works specialise in site formation works and road and drainage works, and our electrical engineering works specialise in cable trenching, laying and jointing works. For renewable energy works, we specialise in solar photovoltaic works. To a lesser extent, during the Track Record Period, we leased machinery and traded construction materials to contractors and subcontractors on an ad hoc basis in a limited number of projects in which we participated in.

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Other investments held by the Controlling Shareholders

As at the Latest Practicable Date, Mr. Yiu and Mr. Chan have interests in the companies set out below outside our Group (the “**Other Businesses**”), which are currently operated through companies owned and/or controlled by Mr. Yiu and/or Mr. Chan and/or their respective close associates:

Mr. Yiu

Name of the company	Place of incorporation	Principal business	Current status
1 Sanyear Investments Limited 生耀投資有限公司	Hong Kong	No business operations	Dormant
2 Wing Lee Energy Technology Limited 榮利能源科技有限公司	Hong Kong	No business operations	Pending approval of deregistration
3 Wing Tai Property Investments (Hong Kong) Limited 榮泰置業(香港)有限 公司	Hong Kong	Investment holding	Continuing as an investment holding company
4 Wisehead Holdings Limited	BVI	Investment holding	Continuing as an investment holding company
5 Triple Success Investments Limited . .	Hong Kong	No business operations	Dormant
6 Star Cottage Limited	BVI	No business operations	Dormant
7 Vimanda Profits Limited	BVI	No business operations	Dormant
8 Asone Asia Limited 正淳亞洲有限公司 (formerly known as Wing Lee Engineering (Asia) Limited 榮利工程(亞洲)有限公司)	Hong Kong	No business operation	Dormant (to be disposed of prior to [REDACTED])

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Name of the company	Place of incorporation	Principal business	Current status
9 Sanying Property HK Limited 星盈置業香港有限公司 (formerly known as Wing Lee Property Investments (Hong Kong) Limited 榮利置業(香港)有限公司) . .	Hong Kong	No business operation	Dormant (to be disposed of prior to [REDACTED])
10 Wing Lee Development Construction Holdings Limited 榮利營造控股有限公司	Hong Kong	No business operation	To be disposed of after application of change of name to “Chizun Investment International Limited 正淳投資國際 有限公司” is completed

Mr. Chan

Name of company	Place of incorporation	Principal business	Current status
1 Hang Lee Hong Kong Trading Limited 恒利香港貿易有限公司 .	Hong Kong	Jewellery trading	Pending approval of deregistration
2 Success Alliance International Limited 集成國際有限公司	Hong Kong	Investment holding	Continuing as an investment holding company
3 Tai Shan Holdings Limited 泰山控股有限公司	Hong Kong	Investment holding	Continuing as an investment holding company

The Other Businesses do not carry on businesses that are related to the core business of our Group, and are either (i) currently dormant; (ii) had not commenced any business as at the Latest Practical Date; (iii) pending approval of deregistration; or (iv) pending disposal.

Having considered the above factors, our Directors believe that (i) the Other Businesses are clearly delineated from that of our Group, and therefore, do not and are not likely to compete directly or materially with our business, and (ii) it is either unnecessary or not in the best interest of our Group to include the Other Businesses in our Group for the purpose of the [REDACTED].

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In order to eliminate any potential competition between our Group and the Other Business, each of our Controlling Shareholders [has entered] into the Deed of Non-competition in favour of our Group. For details of the provisions of the Non-competition Undertaking, please refer to the paragraph headed “Deed of Non-competition” in this section.

RULE 8.10 OF THE LISTING RULES

Save as disclosed above, our Controlling Shareholders, our Directors and their respective close associates do not have any interests in any businesses which directly or indirectly compete or may compete with the principal business of our Group which are required to be disclosed under Rule 8.10 of the Listing Rules.

As at the Latest Practicable Date, there was no present intention to include the Excluded Business into our Group. If there is any plan for us to acquire any of such business, our Group will comply with the relevant Listing Rules and applicable laws and regulations accordingly.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors do not expect that there will be any other significant transactions between our Group and our Controlling Shareholders and their respective close associates upon or shortly after [REDACTED].

Our Directors consider that our Group is capable of carrying its business independent of our Controlling Shareholders and their respective associates following the [REDACTED].

Management independence

Our Board comprises four executive Directors and three independent non-executive Directors. Save as disclosed in the section headed “Directors and Senior Management” in this document, there is no other relationship among our Directors. Notwithstanding that Mr. Yiu, an executive Director, is one of our Controlling Shareholders, our Directors are of the view that our Group is capable of maintaining management independence as:

- 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 Group are and will be fully deliberated and determined by our Board collectively and objectively as a collective body;

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- pursuant to the terms of the service contracts entered into between our Company and the 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;
- 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, the interested Director(s) shall abstain from voting at the relevant meeting of our 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 Listing Rules;
- we have three independent non-executive Directors, who are not associated with our Controlling Shareholders or their respective associates. Resolutions of our Board approving any matters in which any of the executive Directors has a potential conflict of interest and/or material interest will, only be considered and approved by the independent non-executive Directors (as under the provisions of the Articles and the Listing Rules, the 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;
- our Group has established corporate governance procedures in safeguarding the interests of the shareholders and enhancing shareholders' value. Each Director is fully aware of his/her 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 Listing Rules; and
- 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 is operated independently from the influence of our Controlling Shareholders and their respective associates.

Operational independence

Our Group has its own organisational structure made up of divisions including finance and administration, sales and marketing, and other divisions. Each division has a clear delineation of duties and functions as determined by our Board to promote efficiency, effectiveness and quality in the development of our Group's business.

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Our Group has not shared our operational resources, such as suppliers, customers, and marketing, sales and general administration resources with our Controlling Shareholders and/or their respective close associates. We have independent access to sources of suppliers or materials necessary for the operation of its business as well as customers which are all Independent Third Parties.

All the operating subsidiaries of our Company hold the licences necessary for the operation of our Group's business in their own names, and has sufficient capital, equipment and employees to operate our businesses independently. Our Group has also established various internal control procedures to facilitate the effective operation of our businesses.

Financial independence

Our Group has established a financial system (including bank accounts) that operate independently. During the Track Record Period, certain of the banking facilities granted to our Group were secured by guarantees and collateral security provided by our Controlling Shareholders, certain of our Directors and their respective associates. The above guarantees and collateral security will either be released upon [REDACTED] or will be replaced by corporate guarantees executed by our Company upon [REDACTED]. As such, upon [REDACTED], our Group will have independent access to third party financing without relying on any guarantee from our Controlling Shareholders, such Directors and their respective associates.

Our Directors are of the view that our Group is able to obtain external financing on market terms and conditions for its business operations as and when required and is not financially dependent on our Controlling Shareholders, our Directors, related parties or any of their respective associates in the operation of its business.

DEED OF NON-COMPETITION

Each of our Controlling Shareholders [has entered] into the Deed of Non-competition in favour of our Company, pursuant to which each of the covenantors has undertaken to us (for ourselves and for the benefit of our subsidiaries) that with effect from the [REDACTED], they would not and would procure that none of their associates (except for any members of our Group) shall, except through their interests in our Company, whether as principal or agent and whether undertaken directly or indirectly, either on their own account or in conjunction with or on behalf of any person, corporate, partnership, joint venture or other contractual arrangement and whether for profit or otherwise, among other things, carry on, participate, acquire or hold any right or interest or otherwise be interested, involved or engaged in or connected with, directly or indirectly, any business which is, directly or indirectly, in any respect in competition with or similar to or is

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likely to be in competition with the business of our Group in Hong Kong, the PRC or such other places as our Group may conduct or carry on business from time to time (the "**Restricted Business**").

Each of our Controlling Shareholders has further undertaken to our Company (for ourselves and for the benefit of our subsidiaries) that, with effect from the [REDACTED], in the event that any of them and/or any of their associates (except any members of our Group) is offered or becomes aware of any future business opportunity that may, directly or indirectly, compete with the Restricted Business (the "**Competing Business Opportunity**") directly or indirectly to engage or become interested in a Restricted Business, they:

- shall promptly notify our Company in writing and refer such Competing Business Opportunity to our Company for consideration and provide such information as reasonably required by our Company in order to enable it to come to an informed assessment of such Competing Business Opportunity;
- shall not, and shall procure their associates (other than members of our Group) not to, invest or participate in any project or the Competing Business Opportunity unless such project or the Competing Business Opportunity has been rejected by our Company and in respect of such projects and Competing Business Opportunity, the principal terms on which our Controlling Shareholders or their respective associates shall invest or participate are no more favourable than those made available to our Company;
- Each of our Controlling Shareholders has further undertaken to our Company (for itself and for the benefit of its subsidiaries) that, with effect from the [REDACTED], they shall not and shall procure that none of their associate (except for any members of our Group) shall directly or indirectly;
- at any time induce or attempt to induce any director, manager or employee or consultant of any member of our Group to terminate his or her employment or consultancy (as applicable) with our Group, whether or not such act of that person would constitute a breach of that person's contract of employment or consultancy (as applicable);
- at any time employ any person who has been a director, manager, employee of or consultant to any member of our Group who is or may be likely to be in possession of any confidential information or trade secrets relating to the Restricted Business; or
- alone or jointly with any other person through or as manager, advisor, consultant, employee or agent for or shareholder in any person, firm or company, in competition with any member of our Group, canvass, solicit or accept orders from or do business

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with any person with whom any member of our Group has done business or solicit or persuade any person who has dealt with our Group or is in the process of negotiating with our Group in relation to the Restricted Business to cease to deal with our Group or to reduce the amount of business which the person would normally do with our Group or seek to improve their terms of trade with any member of our Group.

The above undertakings do not apply where our Controlling Shareholders and/or their respective associates have interests in the shares or any securities of a company that engages in the Restricted Business whose shares are listed on a recognised stock exchange provided that (a) the total number of shares held by our Controlling Shareholders and/or their respective associates in aggregate shall not exceed 10% of the issued shares of that class of our company in question, (b) our Controlling Shareholders and their respective associates are not entitled to appoint a majority of the directors of that company, and (c) at any time there should exist at least another shareholder of that company whose shareholdings in that company is more than the total number of shares held by our Controlling Shareholders and their respective associates in aggregate.

Further, our Controlling Shareholders have undertaken that they will use their best endeavours and will procure their associates (except for members of our Group) to use their best endeavours to procure that their respective employees and any company under their control, whether individually or jointly, directly or indirectly (except for those within our Group), to observe the restrictions and undertakings contained in the Deed of Non-competition.

Our Controlling Shareholders represented and warranted that, as of the date of the Deed of Non-competition, none of them or any of the persons or companies in their control is currently interested 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 through our Group or is otherwise engaged in any business which is in competition or material competition to those of our Group.

Under the Deed of Non-competition, our Controlling Shareholders further undertake to and covenant with our Company that during the period for which the Deed of Non-competition is in force:

- they shall allow, and shall procure that the relevant associates (excluding members of our Group) to allow the independent non-executive Directors to review, at least on an annual basis, whether our Controlling Shareholders are in compliance with the Deed of Noncompetition;
- they shall provide all information necessary for the annual review by the independent non-executive Directors and the enforcement of the Deed of Non-competition;

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- our Company shall disclose decisions on matters reviewed by the independent non-executive Directors relating to the compliance and enforcement of the Deed of Noncompetition either through the annual report, or by way of announcement to the public; and
- they shall provide our Company with a confirmation annually for inclusion by our Company in the annual report, in respect of their compliance with the terms of the Deed of Non-competition.

The undertakings given by each of our Controlling Shareholders under the Deed of Noncompetition shall lapse and our Controlling Shareholders shall be released from the restrictions imposed on them upon the occurrence of the earliest of any of the following events or circumstances:

- the day on which the Shares cease to be [REDACTED] on the Stock Exchange;
- the day on which the relevant Controlling Shareholder and/or his/its associates cease to hold, taken together, 30% or more of the issued share capital of our Company or otherwise the relevant Controlling Shareholder ceases to be a controlling shareholder of our Company; or
- the day on which the relevant Controlling Shareholder beneficially owns or is interested in the entire issued share capital of our Company.

CORPORATE GOVERNANCE MEASURES

To further protect the interests of the minority Shareholders of our Company, our Company will adopt the following corporate governance measures to manage any potential conflicts of interest:

- the independent non-executive Directors will review, on an annual basis, the compliance with the Deed of Non-competition by our Controlling Shareholders; each of our Controlling Shareholders undertakes to provide all information requested by us which is necessary for fulfilment of the Deed of Non-competition, including the annual review by the independent non-executive Directors;
- our Company will disclose decisions on matters reviewed by the independent non-executive Directors relating to the compliance with the Deed of Non-competition in our Company's annual reports; and

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- our Controlling Shareholders will make an annual declaration in relation to compliance with the Deed of Non-competition in the annual reports of our Company.

Further, any transaction that is proposed between our Group and our Controlling Shareholders and/or their respective associates will be required to comply with the requirements of the Listing Rules, including, where appropriate, the reporting, annual review, announcement and independent shareholders’ approval requirements.