

---

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

---

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Royal Deluxe Holdings Limited, you should at once hand this circular and the accompanying proxy form to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

---



**ROYAL DELUXE HOLDINGS LIMITED**

**御佳控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 3789)**

**CONTINUING CONNECTED TRANSACTIONS**

**(1) RENEWAL OF THE GTM FRAMEWORK AGREEMENT AND  
THE GTS FRAMEWORK AGREEMENT; AND  
(2) NOTICE OF EGM**

**Financial adviser to the Company**

**FRONTPAGE 富比**

**Independent financial adviser to the Independent Board Committee and  
the Independent Shareholders**



---

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed “Definitions” of this circular.

A letter from the Board is set out on pages 6 to 17 of this circular. A letter from the Independent Board Committee is set out on pages 18 to 19 of this circular. A letter from the Independent Financial Adviser is set out on pages 20 to 46 of this circular, which contains its advice to the Independent Board Committees and Independent Shareholders.

A notice convening the EGM via the e-Meeting System to be held on Wednesday, 27 July 2022 at 10:00 a.m. is set out on pages EGM-1 to EGM-3 of this circular. Whether or not you are able to attend the EGM via the e-Meeting System, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the office of the Company’s Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy shall not preclude you from attending and voting via the e-Meeting System at the EGM or any adjourned meeting (as the case may be) should you so wish.

29 June 2022

---

## CONTENTS

---

	<i>Page</i>
<b>DEFINITIONS</b> .....	1
<b>SPECIAL ARRANGEMENT FOR THE EGM</b> .....	4
<b>LETTER FROM THE BOARD</b> .....	6
<b>LETTER FROM THE INDEPENDENT BOARD COMMITTEE</b> .....	18
<b>LETTER FROM THE INDEPENDENT FINANCIAL ADVISER</b> .....	20
<b>APPENDIX – GENERAL INFORMATION</b> .....	I-1
<b>NOTICE OF EGM</b> .....	EGM-1

---

## DEFINITIONS

---

*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

“2019 GTM Framework Agreement”	the agreement entered into between the Company and GT Material on 27 March 2019 for a term ending 31 March 2022, pursuant to which GT Material agreed to provide construction materials (including transport services) to the Group from time to time upon its request
“2019 GTS Framework Agreement”	the agreement entered into between the Company and GT Scaffolding on 27 March 2019 for a term ending 31 March 2022, pursuant to which GT Scaffolding has agreed to provide (i) rental of metal scaffolds, supporting equipment, technical support and transport services; and (ii) metal scaffold assembly services to the Group from time to time upon its requests
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Royal Deluxe Holdings Limited (御佳控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 12 April 2016, registered as a non-Hong Kong company under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) on 17 May 2016, whose shares are listed on the Stock Exchange (Stock Code: 3789)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, to approve the GTM Framework Agreement and GTS Framework Agreement, their respective proposed annual caps and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries

---

## DEFINITIONS

---

“GTM Framework Agreement”	the agreement entered into between the Company and GT Material on 3 May 2022 for a term ending 31 March 2025, pursuant to which GT Material has agreed to provide and transport construction materials for the Group from time to time upon its requests
“GTS Framework Agreement”	the agreement entered into between the Company and GT Scaffolding on 3 May 2022 for a term ending 31 March 2025, pursuant to which GT Scaffolding has agreed to provide rental of metal scaffolds, supporting equipment, technical support and transport services to the Group from time to time upon its requests
“GT Material”	Genuine Treasure Construction Material Limited (俊川建築材料有限公司), a company incorporated in Hong Kong on 10 March 2000 with limited liability and is wholly-owned by Ms. Ann Wang
“GT Scaffolding”	Genuine Treasure Access and Scaffolding Limited (俊川棚架設備有限公司), a company incorporated in Hong Kong on 20 December 2013 with limited liability and is wholly-owned by Ms. Ann Wang
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent committee of the Board, the members of which consist of all the independent non-executive Directors, formed to advise the Independent Shareholders with respect to the GTM Framework Agreement, the GTS Framework Agreement and its proposed annual caps
“Independent Financial Adviser”	Asian Capital Limited (卓亞融資有限公司), a licensed corporation permitted to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, which is the independent financial adviser to the Independent Board Committee and the Independent Shareholders
“Independent Shareholder(s)”	any Shareholder who is not required to abstain from voting at the EGM

---

## DEFINITIONS

---

“Latest Practicable Date”	23 June 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ms. Ann Wang”	Ms. Wang Mung Nien Ann (王孟霓), the sister of Mr. Wang Kei Ming, the chairman of the Board and an executive Director; and the aunt of Mr. Wang Yu Hin, an executive Director
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

---

## SPECIAL ARRANGEMENT FOR THE EGM

---

Through the e-Meeting System, our registered Shareholders will be able to view the live video broadcast and participate in voting and submit questions online. Login details and information will be included in our letters to registered Shareholders regarding the e-Meeting System which will be despatched later.

### HOW TO ATTEND AND VOTE

Shareholders who wish to attend the EGM and exercise their voting rights can be achieved in one of the following ways:

- (1) attend the EGM via the e-Meeting System which enables live streaming and interactive platform for submitting questions and voting online; or
- (2) appoint the chairman of the EGM or other persons as your proxy by providing their email address for receiving the designated log-in username and password to attend and vote on your behalf via the e-Meeting System.

Your proxy's authority and instruction will be revoked if you attend and vote via the e-Meeting System at the EGM.

If you are a non-registered Shareholder, you should contact your banks, brokers, custodians, nominees or HKSCC Nominees Limited through which your shares are held (as the case may be) (collectively the “**Intermediary**”) and instruct the Intermediary to appoint you as proxy or corporate representative to attend and vote via e-Meeting System at the EGM and in doing so, you will be asked to provide your email address. Details regarding the e-Meeting System including the login details will be emailed to you by the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited (“**Tricor**”).

Completion and return of the form of proxy will not preclude a member from attending and voting via the e-Meeting System at the EGM or any adjournment thereof (as the case may be) and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

For the purpose of determining shareholders' eligibility to attend and vote via the e-Meeting System at the EGM, the register of members of the Company will be closed from Friday, 22 July 2022 to Wednesday, 27 July 2022, both days inclusive, during which period no transfer of Shares will be effected.

---

## SPECIAL ARRANGEMENT FOR THE EGM

---

If you have any questions relating to the EGM, please contact Tricor with the following details:

Address: Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong

Email: [emeeting@hk.tricorglobal.com](mailto:emeeting@hk.tricorglobal.com)

Telephone: (852) 2975 0928

Fax: (852) 2861 1465

**Due to the constantly evolving COVID-19 pandemic situation in Hong Kong, the Company may be required to adopt further changes to the EGM arrangements at a short notice. Shareholders are advised to check the websites of the Company (<https://www.royal-deluxe.com>) and Hong Kong Exchanges and Clearing Limited (<https://www.hkexnews.hk>) for the latest announcement and information relating to the EGM.**

---

## LETTER FROM THE BOARD

---



### ROYAL DELUXE HOLDINGS LIMITED

### 御佳控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 3789)**

*Executive Directors:*

Mr. Wang Kei Ming (*Chairman*)

Mr. Wang Yu Hin

*Independent Non-executive Directors:*

Mr. Lai Ah Ming Leon

Mr. Kwong Ping Man

Mr. Sio Kam Seng

*Registered Office:*

Windward 3, Regatta Office Park,  
PO Box 1350,  
Grand Cayman KY1-1108,  
Cayman Islands

*Head office and principal place of  
business in Hong Kong:*

Unit A, 22/F,  
T G Place,  
10 Shing Yip Street,  
Kwun Tong, Kowloon,  
Hong Kong

29 June 2022

*To the Shareholders*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS  
(1) RENEWAL OF THE GTM FRAMEWORK AGREEMENT AND  
THE GTS FRAMEWORK AGREEMENT; AND  
(2) NOTICE OF EGM**

#### INTRODUCTION

Reference is made to the announcement of the Company dated 27 March 2019 in respect of, among other matters, the 2019 GTM Framework Agreement and the 2019 GTS Framework Agreement, each of which has a term until 31 March 2022. Reference is also made to the announcement of the Company dated 3 May 2022 in relation to the renewal of the 2019 GTM Framework Agreement and the 2019 GTS Framework Agreement. On 3 May 2022, the Group entered into the GTM Framework Agreement and the GTS Framework Agreement to renew the 2019 GTM Framework Agreement and the 2019 GTS Framework Agreement, respectively, details of which are set out in this circular.

---

## LETTER FROM THE BOARD

---

The purpose of this circular is to provide you with, among other things, (i) further details of the GTM Framework Agreement, the GTS Framework Agreement and their respective proposed annual caps; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of the EGM.

### **GTM FRAMEWORK AGREEMENT**

On 3 May 2022, the Company entered into the GTM Framework Agreement with GT Material, pursuant to which GT Material agreed to provide and transport construction materials for the Group from time to time upon the Company's request from 3 May 2022 to 31 March 2025.

Set out below is a summary of the principal terms of the GTM Framework Agreement:

Date	:	3 May 2022
Parties	:	(i) The Company (ii) GT Material
Subject	:	Pursuant to the GTM Framework Agreement, GT Material agreed to provide and transport construction materials, including timber materials, for the Group
Term	:	The GTM Framework Agreement has a fixed term from 3 May 2022 to 31 March 2025 (both days inclusive)

Save for the proposed increase of the existing annual caps, there is no material change in the principal terms under the GTM Framework Agreement as compared with that of the 2019 GTM Framework Agreement upon the renewal.

---

## LETTER FROM THE BOARD

---

### Pricing policy and payment term

The price payable for the construction materials and transport services under the GTM Framework Agreement by the Group to GT Material shall be determined after arm's length negotiation with reference to the prevailing market price for the same or similar products and services as charged by independent third parties vendors or by GT Material to other independent third parties from time to time. In order to ensure that the prices are fair and reasonable and in line with prevailing market rate, the Group will obtain at least three quotations from providers who supply similar products or services and are third parties independent to the Company and its connected persons, not less frequently than on a quarterly basis or for each project. Such quotations are compared against the quotations from GT Material and GT Material's quotations are only accepted if they are favourable to the Group.

The payment for the transactions contemplated under the GTM Framework Agreement is generally settled within 30 days upon delivery of construction materials or within 30 days upon the presentation of invoice for the services provided.

### Historical figures, existing annual caps and proposed annual caps

The table below sets out the historical figures and the existing annual caps under the 2019 GTM Framework Agreement and the proposed annual caps under the GTM Framework Agreement:

2020 Historical amounts (HK\$'000)	For the year ended 31 March				2022 Historical amounts (HK\$'000) (unaudited)	For the year ending 31 March			
	2020 Existing annual cap (HK\$'000)	2021 Historical amounts (HK\$'000)	2021 Existing annual cap (HK\$'000)	2022 Existing annual cap (HK\$'000)		2023 Proposed annual cap (HK\$'000)	2024 Proposed annual cap (HK\$'000)	2025 Proposed annual cap (HK\$'000)	
7,984	8,000	8,336	8,400	6,636	8,400	17,500	17,500	17,000	

---

## LETTER FROM THE BOARD

---

### **Basis of annual caps**

For the years ended 31 March 2020, 2021 and 2022, the aggregate amount payable by the Group to GT Material amounted to approximately HK\$7,984,000, HK\$8,336,000 and HK\$6,636,000, respectively.

The proposed annual caps for the GTM Framework Agreement have been determined after taking into consideration (i) the historical amounts of timber materials and transport services requested from GT Material; (ii) the expected range of fluctuation of prices of timber materials, transportation charges and rental of equipment and vehicles; and (iii) the Group's demand for timber materials and transport services for its construction projects in the future. In particular, the Group has estimated the annual cap for the year ending 31 March 2023 with reference to (i) the remaining contract amounts of the projects on hand, which are expected to consume timber materials of approximately HK\$6,846,000; (ii) new projects (including new variation orders) with additional contract sum of approximately HK\$148 million expected to be awarded with reference to the tenders/quotations submitted, which are expected to require timber materials of approximately HK\$8 million of which GT Material is estimated to supply approximately HK\$3,129,000 based on the past experience and their available capacity; and (iii) the transportation charges and rental of equipment and vehicles with the surging fuel costs for existing and potential new projects of approximately HK\$6,650,000. As at the Latest Practicable Date, the estimated contract sum for the potential new projects has not been confirmed. Having considered that (i) the Group has successfully secured new projects with total contract sum of approximately HK\$151.3 million during the year ended 31 March 2022; (ii) the Group's customers have requested the Group to undertake variation works from time to time and variation orders of approximately HK\$114.7 million were awarded during the year ended 31 March 2022; (iii) the Group has been in advanced round of screening for certain tenders and quotations submitted, the Directors consider that it is probable the Group will be awarded new projects with the estimated new contract sum. As the Group expects that the expected future project size and quantity will remain relatively stable for the next three years, the Group has maintained a similar level of the proposed annual caps for the GTM Framework Agreement for the two financial years ending 31 March 2025 subsequent to the year ending 31 March 2023. Accordingly, the total timber required from GT Material is estimated to be approximately HK\$9,975,000 for the year ending 31 March 2024 and is slightly adjusted to approximately HK\$9,500,000 for the year ending 31 March 2025 as more metal formwork are expected to be used over the timber formwork for future construction projects undertaken. For the transportation charges and rental of equipment and vehicles, it is estimated that approximately HK\$6,650,000 will be incurred for the years ending 31 March 2024 and 2025. For each of the years ending 31 March 2023, 2024 and 2025, the Group has allocated a buffer as included in the above proposed annual caps amounted to approximately HK\$875,000, HK\$875,000 and HK\$850,000, respectively, taking into account (i) inflation; and (ii) variation orders as requested from time to time which are hard to envisage.

---

## LETTER FROM THE BOARD

---

### **Reasons for and benefits of the transaction**

The Group is principally engaged in formwork erection as well as related ancillary services. Timber formwork is one of the types of formwork on which the Group commonly provides erection services. The major materials required for erection of timber formwork include timber panel, wooden beams and walings as well as tie bolts. As the Group is currently engaged in projects related to the Third Runway System, the Group has requested GT Material to deliver construction materials to relatively remote construction sites.

The Group has good and long standing relationship with GT Material and the Group has purchased construction materials from GT Material since 2003. Construction materials purchased from GT Material are used to build timber formwork and GT Material has in the past provided tailor-made services according to the Group's product specifications. The Directors confirm that the quality and delivery of construction materials from GT Material has satisfied the Group's requirements. The GTM Framework Agreement offers no exclusive rights to GT Material and the Group has the liberty to source any materials or services that may be supplied by any other suppliers. The Group maintains a list of qualified suppliers which the Group acquires construction materials or services from. As the Group also selects other independent suppliers from time to time, the Directors are of the view that it will be in the interest of the Group to continue such transactions with GT Material to diversify its supplier base so as to obtain stable supply of materials or services.

Taking into consideration the above, the Directors (excluding all the independent non-executive Directors whose views shall be formed after taking into account the advice of the Independent Financial Adviser) are of the view that the terms of the GTM Framework Agreement and its proposed annual caps are entered into on normal commercial terms, in the ordinary and usual course of business of the Group, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **GTS FRAMEWORK AGREEMENT**

On 3 May 2022, the Company entered into the GTS Framework Agreement with GT Scaffolding, pursuant to which GT Scaffolding agreed to provide rental of metal scaffolds, supporting equipment, technical support and transport services to the Group from time to time upon the Company's request from 3 May 2022 to 31 March 2025.

---

## LETTER FROM THE BOARD

---

Set out below is a summary of the principal terms of the GTS Framework Agreement:

- Date : 3 May 2022
- Parties : (i) the Company  
(ii) GT Scaffolding
- Subject : Pursuant to the GTS Framework Agreement, GT Scaffolding agreed to provide rental of metal scaffolds, supporting equipment, technical support and transport services to the Group. In contrast with the 2019 GTS Framework Agreement, metal scaffold assembly services will no longer be required from GT Scaffolding under the GTS Framework Agreement.
- Term : The GTS Framework Agreement has a fixed term from 3 May 2022 to 31 March 2025 (both days inclusive)

Save for the scope of work as disclosed above and the proposed increase of the existing annual caps, there is no material change in the principal term under the GTS Framework Agreement as compared with that of the 2019 GTS Framework Agreement upon renewal.

### **Pricing policy and payment term**

For rental of metal scaffolds, supporting equipment, technical support and transport services, the price payable under the GTS Framework Agreement by the Group to GT Scaffolding shall be determined based on the prevailing market rate for the rental of metal scaffolds and relevant services as charged by independent third parties vendors or by GT Scaffolding to other independent third parties. Taking into account of the amount of metal scaffolds required, the period of the project that is expected to last and the complexity of the project involved, GT Scaffolding may offer a discount up to 50% of the prevailing market rate for the rental of metal scaffolds and relevant services. In order to ensure that the fees are fair and reasonable and in line with prevailing market rate, the Group will obtain at least three quotations from similar scaffolding providers, who are third parties independent of the Company and its connected persons for each project.

In obtaining quotations for a construction project of the Group, the Group should estimate the required volume of metal scaffolds such that when seeking quotations from independent vendors, the quoted price for scaffold rental (after deducting any bulk purchase discount) may be obtained for comparison with the quotations obtained from GT Scaffolding. The Group will only accept GT Scaffolding's quotations if they are favourable to the Group.

The payment for the transactions contemplated under the GTS Framework Agreement is generally settled within 30 days upon the presentation of invoice.

---

## LETTER FROM THE BOARD

---

### Historical figures, existing annual caps and proposed annual caps

The table below sets out the historical figures and the existing annual caps under the 2019 GTS Framework Agreement and the proposed annual caps under the GTS Framework Agreement:

2020 Historical amounts (HK\$'000)	For the year ended 31 March				2022		For the year ending 31 March		
	2020 Existing annual cap (HK\$'000)	2021 Historical amounts (HK\$'000)	2021 Existing annual cap (HK\$'000)	2022 Historical amounts (HK\$'000)	2022 Existing annual cap (HK\$'000)	2023 Proposed annual cap (HK\$'000)	2024 Proposed annual cap (HK\$'000)	2025 Proposed annual cap (HK\$'000)	
19,892	23,000	24,520	25,000	13,082	26,000	37,000	40,000	40,000	

### Basis of annual caps

For the years ended 31 March 2020, 2021 and 2022, the aggregate amount payable by the Group to GT Scaffolding amounted to approximately HK\$19,892,000, HK\$24,520,000 and HK\$13,082,000, respectively. Under the several waves of outbreak of the novel coronavirus (COVID-19) in Hong Kong, the progress of multiple construction sites of the Group were negatively affected, and hence the amounts of metal scaffold and relevant services requested from GT Scaffolding was relatively low during the year ended 31 March 2022 but the Company expects that such services will be eventually required when the progress of the relevant construction sites picks up.

The proposed annual caps for rental of metal scaffolds, supporting equipment, technical support and transport services for the three years ending 31 March 2025 are determined with reference to (i) demand for metal scaffolds from existing projects; (ii) demand for metal scaffolds from forecast of new projects expected to be undertaken by the Group based on the tenders submitted and expected future demand of the construction industry; (iii) historical transaction amount between the Group and GT Scaffolding; and (iv) expected fluctuation of prices as well as inflation. In determining the annual caps for the year ending 31 March 2023, the Group has referenced (i) the remaining contract amounts of existing projects, which required the rental of metal scaffolds and relevant services of approximately HK\$23,434,000; and (ii) new projects (including new variation orders) with additional contract sum of approximately HK\$148 million expected to be awarded with reference to the tenders/quotations submitted, which are expected to require metal scaffolds of approximately HK\$15 million of which GT Scaffolding is estimated to supply approximately HK\$11,716,000 based on past experience and their available capacity. Having considered that (i) the Group has successfully secured new projects with total contract sum of approximately HK\$151.3 million during the year ended 31 March 2022; (ii) the Group's customers have requested the Group to undertake variation works from time to time and variation orders of approximately HK\$114.7 million were awarded during the year ended 31 March 2022; (iii) the Group has been in advanced round of screening for certain tenders and quotations submitted, the Directors consider that it is probable the Group will be awarded new projects with the estimated new contract sum. As the Group expects the increase use of heavy duty scaffolds, which generally cost more and preferred for better weight support and safety in future construction projects, it is estimated that the total metal scaffolds as rented from GT Scaffolding will be approximately HK\$38,000,000 for both of the years ending 31 March 2024 and 2025. For each of the years ending 31 March 2023, 2024 and 2025, the Group has allocated a buffer as included in the above proposed annual caps amounted to approximately HK\$1,850,000, HK\$2,000,000 and HK\$2,000,000, respectively, taking into account of (i) casual labour used in moving metal scaffolds; (ii) inflation; and (iii) variation orders as requested from time to time which are hard to envisage.

---

## LETTER FROM THE BOARD

---

### **Reasons for and benefits of the transaction**

Metal scaffolds are commonly used in the Group's falsework design for the erection of formwork. Aside for erection of formwork, metal scaffolding are usually assembled for other construction activities at height either by the Group's own labours or subcontractors. By renting the metal scaffolds and related equipment from GT Scaffolding, the Group does not need to maintain a large volume of inventory, which is costly to acquire, repair and store.

The Group has established the business relationship with GT Scaffolding since 2014. Having considered (i) the GT Scaffolding's expertise in providing and assembling metal scaffolds; (ii) the knowledge of the properties, loading capacities and correct assembly methods for the metal scaffolds it provides; (iii) job references from assembling large scale and complex metal scaffolding falsework; and (iv) the more favourable prices generally offered by GT Scaffolding as compared with other independent third parties due to good and long standing relationship with GT Scaffolding, the Directors are of the view that it is in the best interest of the Group to include GT Scaffolding in the qualified list of vendors and renew the transactions for the provision of rental of metal scaffolds, supporting equipment, technical support and transport services from GT Scaffolding.

Taking into consideration of the above, the Directors (excluding all the independent non-executive Directors whose views shall be formed after taking into account the advice of the Independent Financial Adviser) are of the view that the terms of the GTS Framework Agreement and its proposed annual caps are entered into on normal commercial terms, in the ordinary and usual course of business of the Group, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **INFORMATION ON THE PARTIES**

#### **Information on the Group**

The Company is an exempted company incorporated in the Cayman Islands with limited liability whose Shares are listed on the Main Board of the Stock Exchange. The Company, through its subsidiaries, is a major subcontractor specialising in providing formwork erection as well as related ancillary services in Hong Kong.

#### **Information on GT Material**

GT Material is a limited liability company incorporated in Hong Kong and is wholly-owned by Ms. Ann Wang, the sister of Mr. Wang Kei Ming and the aunt of Mr. Wang Yu Hin. GT Material is principally engaged in trading of construction materials in Hong Kong.

---

## LETTER FROM THE BOARD

---

### **Information on GT Scaffolding**

GT Scaffolding is a limited liability company incorporated in Hong Kong and is wholly-owned by Ms. Ann Wang, the sister of Mr. Wang Kei Ming and the aunt of Mr. Wang Yu Hin. GT Scaffolding is principally engaged in the letting and assembling of metal scaffolding.

### **INTERNAL CONTROLS**

The Company has implemented internal control procedures and policies to monitor connected transactions and to ensure that all connected transactions are entered into in accordance with pricing policies and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Group has closely observed the market conditions and monitored the prevailing market prices or market rates, including the pricings of transactions between the Group and independent third parties in respect of similar services or materials. Before entering into any connected transactions, the procurement and operation department of the Group will compare at least three quotations for similar transactions with independent third parties for similar services or materials. Accordingly, the Company is able to ensure that the pricing terms under the GTM Framework Agreement and the GTS Framework Agreement are on normal commercial terms and no less favourable than those available from independent third parties.

The Company will closely monitor the connected transactions to ensure that they are conducted in accordance with the terms of the relevant connected transaction agreements. The finance department of the Group will also monitor the amount payable to GT Material under the GTM Framework Agreement and GT Scaffolding under the GTS Framework Agreement from time to time so as to ensure that the amount payable to GT Material and GT Scaffolding will not exceed the proposed annual caps for the respective financial years. The Company will set an alert amount when the total annual caps is about to be reached so that the Company could timely re-comply with the requirements under Chapter 14A of the Listing Rules in the event that the total amount payable to GT Material and GT Scaffolding are likely to be exceeded.

In addition, the independent non-executive Directors will conduct an annual review of the transactions contemplated under the GTM Framework Agreement and the GTS Framework Agreement. The Company's external auditors will also review the transactions as contemplated under the GTM Framework Agreement and the GTS Framework Agreement annually to check and confirm, among others, whether the pricing terms have been adhered to and whether the relevant annual caps have been exceeded.

The Directors consider that the Company has established sufficient internal control measures to ensure the transactions under the GTM Framework Agreement and the GTS Framework Agreement are conducted in the usual and ordinary course of business of the Group, fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

---

## LETTER FROM THE BOARD

---

### LISTING RULES IMPLICATIONS

GT Material and GT Scaffolding are wholly-owned by Ms. Ann Wang, the sister of Mr. Wang Kei Ming, the chairman of the Board and an executive Director; and the aunt of Mr. Wang Yu Hin, an executive Director. Both GT Material and GT Scaffolding are therefore connected persons of the Company and the transactions contemplated under the GTM Framework Agreement and the GTS Framework Agreement constitute continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios (as defined under the Listing Rules) for the proposed annual caps under the GTM Framework Agreement and the GTS Framework Agreement exceeds 5%, the transactions contemplated under the GTM Framework Agreement and the GTS Framework Agreement are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Each of Mr. Wang Kei Ming, the chairman of the Board and an executive Director, and Mr. Wang Yu Hin, an executive Director, is being regarded as having a material interest in the transactions contemplated under the GTM Framework Agreement and the GTS Framework Agreement, and has abstained from voting on the relevant resolutions of the Board for approving the GTM Framework Agreement and the GTS Framework Agreement. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for Mr. Wang Kei Ming and Mr. Wang Yu Hin, none of the Directors has any material interest in the GTM Framework Agreement and the GTS Framework Agreement and none of them is required to abstain from voting on the relevant resolutions of the Board.

The Independent Board Committee has been formed to consider and advise the Independent Shareholders of the Company as to whether the GTM Framework Agreement, the GTS Framework Agreement and their respective proposed annual caps are entered in the usual and ordinary course of business of the Group, fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole. In this regard, Asian Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to the foregoing matters.

---

## LETTER FROM THE BOARD

---

### EGM

The EGM via the e-Meeting System will be convened and held on Wednesday, 27 July 2022 at 10:00 a.m. to consider and, if thought fit, approve the GTM Framework Agreement, the GTS Framework Agreement, their respective proposed annual caps and the transactions contemplated thereunder. In compliance with the Listing Rules, the resolutions will be voted on by way of poll at the EGM.

Any Shareholder with a material interest in the transactions contemplated under the GTM Framework Agreement and the GTS Framework Agreement and his associates shall abstain from voting at the EGM. As at the Latest Practicable Date, Wang K M Limited and K C Limited, each of which are owned by Mr. Wang Kei Ming and Ms. Chao Lai Heng, the spouse of Mr. Wang Kei Ming, as to 50%, respectively, held 850,800,000 Shares in aggregate, representing 70.9% of the issued share capital of the Company. In addition, Mr. Wang Yu Hin held 9,880,000 Shares, representing 0.8% of the issued share capital of the Company, as at the Latest Practicable Date. Accordingly, Wang K M Limited, K C Limited and Mr. Wang Yu Hin are required to abstain from voting on the resolutions to approve the GTM Framework Agreement, the GTS Framework Agreement, their respective proposed annual caps and the transactions contemplated thereunder at the EGM.

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, save as disclosed above, no other Shareholders are required to abstain from voting at the EGM.

A notice convening the EGM via the e-Meeting System is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use by the Shareholders at the EGM is enclosed. Whether or not you are able to attend the meeting via the e-Meeting System, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting via the e-Meeting System at the EGM or any adjourned meeting (as the case may be) should you so wish.

---

## LETTER FROM THE BOARD

---

### CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed, for the purpose of determining the identity of members who are entitled to attend and vote via the e-Meeting System at the EGM from Friday, 22 July 2022 to Wednesday, 27 July 2022, both days inclusive, during which period no transfers of shares will be effected. In order to be entitled to attend and vote via the e-Meeting System at the EGM, all completed transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 21 July 2022.

### RECOMMENDATION

The Directors (including the members of the Independent Board Committee having considered the advice from the Independent Financial Adviser) consider that the GTM Framework Agreement, the GTS Framework Agreement and their respective proposed annual caps are entered in the usual and ordinary course of business of the Group, fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the members of the Independent Board Committee having considered the advice from the Independent Financial Adviser) recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the GTM Framework Agreement, the GTS Framework Agreement, their respective proposed annual caps and the transactions contemplated thereunder.

### ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 18 to 19 of this circular, the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 20 to 46 of this circular and the additional information set out in the appendix to this circular.

By Order of the Board  
**Royal Deluxe Holdings Limited**  
**Wang Kei Ming**  
*Chairman and Executive Director*

---

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

---

*The following is the text of a letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the GTM Framework Agreement, the GTS Framework Agreement and the transactions contemplated thereunder.*



### ROYAL DELUXE HOLDINGS LIMITED

御佳控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 3789)**

29 June 2022

*To the Independent Shareholders*

Dear Sir or Madam,

### **CONTINUING CONNECTED TRANSACTIONS RENEWAL OF THE GTM FRAMEWORK AGREEMENT AND THE GTS FRAMEWORK AGREEMENT**

We refer to the circular of the Company dated 29 June 2022 (“**Circular**”) of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed to form the Independent Board Committee to consider the terms of the GTM Framework Agreement, the GTS Framework Agreement and their respective proposed annual caps and to advise the Independent Shareholders whether, in our opinion, the GTM Framework Agreement, the GTS Framework Agreement and their respective proposed annual caps are entered in the usual and ordinary course of business of the Group, fair and reasonable, on normal commercial terms so far as the Independent Shareholders are concerned and whether the GTM Framework Agreement, the GTS Framework Agreement and their respective proposed annual caps are in the interests of the Company and its Shareholders as a whole. Asian Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the GTM Framework Agreement, the GTS Framework Agreement and their respective proposed annual caps.

---

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

---

We wish to draw your attention to the letter from the Board set out on pages 6 to 17 of the Circular which contains, *inter alia*, information about the GTM Framework Agreement, the GTS Framework Agreement and their respective proposed annual caps, and the letter of advice from the Independent Financial Adviser set out on pages 20 to 46 of the Circular which contains its advice in respect of the terms of the GTM Framework Agreement, the GTS Framework Agreement and their respective proposed annual caps.

Having taking into account the advice from the Independent Financial Adviser, we consider the terms of the GTM Framework Agreement, the GTS Framework Agreement and their respective proposed annual caps are entered in the usual and ordinary course of business of the Group, fair and reasonable, on normal commercial terms so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the GTM Framework Agreement, the GTS Framework Agreement, their respective proposed annual caps and the transactions contemplated thereunder.

Yours faithfully,

**Independent Board Committee**

**Kwong Ping Man**

*Independent*

*Non-executive Director*

**Lai Ah Ming Leon**

*Independent*

*Non-executive Director*

**Sio Kam Seng**

*Independent*

*Non-executive Director*

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

*The following is a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders prepared for the purpose of incorporation into this circular.*



ASIAN CAPITAL LIMITED  
14/F  
Bank of America Tower  
12 Harcourt Road  
Central  
Hong Kong

29 June 2022

*To: The Independent Board Committee and the Independent Shareholders of  
Royal Deluxe Holdings Limited*

Dear Sirs,

### **CONTINUING CONNECTED TRANSACTIONS IN RELATION TO RENEWAL OF THE GTM FRAMEWORK AGREEMENT AND THE GTS FRAMEWORK AGREEMENT**

#### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the continuing connected transactions contemplated under the GTM Framework Agreement and the GTS Framework Agreement. Details of the GTM Framework Agreement and the GTS Framework Agreement are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular of the Company dated 29 June 2022 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

Reference is made to the Company's announcement dated 27 March 2019 (the "**Announcement**") in relation to the entering into of (i) the 2019 GTM Framework Agreement between the Company and Genuine Treasure Construction Material Limited ("**GT Material**"), pursuant to which GT Material agreed to provide and transport construction materials; and (ii) the 2019 GTS Framework Agreement between the Company and Genuine Treasure Access and Scaffolding Limited ("**GT Scaffolding**"), pursuant to which GT Scaffolding agreed to provide metal scaffolds rental services, together with the necessary supporting equipment, technical support and transport services, as well as metal scaffold assembly services from time to time to the Group upon the Company's request from 1 April 2019 to 31 March 2022. Reference is also made to the Company's announcement of dated 3 May 2022 in relation to the renewal of the 2019 GTM Framework Agreement and the 2019 GTS Framework Agreement. Following the expiry of the 2019 GTM Framework Agreement and the 2019 GTS Framework Agreement, on 3 May 2022, the Company entered into (i) the GTM Framework Agreement to renew the 2019 GTM Framework Agreement with GT Material, pursuant to which GT Material agreed to provide and transport construction materials; and (ii) the GTS Framework Agreement to renew the 2019 GTS Framework Agreement with GT Scaffolding, pursuant to which GT Scaffolding agreed to provide rental of metal scaffolds, supporting equipment, technical support and transport service, from time to time to the Group upon the Company's request from 3 May 2022 to 31 March 2025.

As stated in the Letter from the Board, GT Material and GT Scaffolding are wholly-owned by Ms. Ann Wang, being the sister of Mr. Wang Kei Ming, the chairman of the Board and an executive Director, and the aunt of Mr. Wang Yu Hin, an executive Director. GT Material and GT Scaffolding are therefore connected persons of the Company and the transactions contemplated under the GTM Framework Agreement and the GTS Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios (as defined under the Listing Rules) for the proposed annual caps under each of the GTM Framework Agreement (the "**GTM Proposed Annual Caps**") and the GTS Framework Agreement (the "**GTS Proposed Annual Caps**") exceeds 5%, the transactions contemplated under the GTM Framework Agreement and the GTS Framework Agreement are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Each of Mr. Wang Kei Ming, the chairman of the Board and an executive Director, and Mr. Wang Yu Hin, an executive Director, is being regarded as having a material interest in the transactions contemplated under the GTM Framework Agreement and the GTS Framework Agreement, and has abstained from voting on the relevant resolutions of the Board for approving the GTM Framework Agreement and the GTS Framework Agreement. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for Mr. Wang Kei Ming and Mr. Wang Yu Hin, none of the Directors has any material interest in the GTM Framework Agreement and the GTS Framework Agreement and none of them is required to abstain from voting on the relevant resolutions of the Board.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

As at the Latest Practicable Date, Wang K M Limited and K C Limited, each of which are owned by Mr. Wang Kei Ming and Ms. Chao Lai Heng, the spouse of Mr. Wang Kei Ming, as to 50%, respectively, held 850,800,000 Shares in aggregate, representing 70.9% of the issued share capital of the Company. Any Shareholder with or deemed to have a material interest in the GTM Framework Agreement, the GTS Framework Agreement and the transactions contemplated thereunder and his associates shall abstain from voting at the EGM. Therefore, Mr. Wang Kei Ming and his associates are required to abstain from voting on the resolutions to approve the GTM Framework Agreement, the GTS Framework Agreement, the transactions contemplated thereunder and their respective annual caps at the EGM.

The Independent Board Committee, comprising Mr. Lai Ah Ming Leon, Mr. Kwong Ping Man and Mr. Sio Kam Seng, all being independent non-executive Directors, has been established to consider the GTM Framework Agreement and the GTS Framework Agreement, and to give advice and recommendation to the Independent Shareholders as to (i) whether the terms of the GTM Framework Agreement and the GTS Framework Agreement, the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether they are on normal commercial terms or better and are in the ordinary and usual course of business of the Group; (iii) whether they are in the interests of the Company and the Shareholders as a whole; and (iv) how the Independent Shareholders should vote in respect of the relevant resolutions to be proposed at the EGM to approve the GTM Framework Agreement and the GTS Framework Agreement and the transactions contemplated thereunder.

As the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to (i) whether the terms of the GTM Framework Agreement and the GTS Framework Agreement, the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether they are on normal commercial terms or better and are in the ordinary and usual course of business of the Group; (iii) whether they are in the interests of the Company and the Shareholders as a whole; and (iv) how the Independent Shareholders should vote in respect of the relevant resolutions to be proposed at the EGM to approve the GTM Framework Agreement and the GTS Framework Agreement and the transactions contemplated thereunder.

### **OUR INDEPENDENCE**

During the past two years, there have been no engagements between the Company and Asian Capital Limited. As at the Latest Practicable Date, there have been no relationships or interests existing between (i) Asian Capital Limited and (ii) the Group, GT Material and GT Scaffolding or any of their respective subsidiaries or associates that could reasonably be regarded as a hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the GTM Framework Agreement and the GTS Framework Agreement.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

### BASIS OF OUR OPINION

In formulating our opinion and recommendations to the Independent Board Committee and the Independent Shareholders, we have considered, among other things, (i) the 2019 GTM Framework Agreement and the 2019 GTS Framework Agreement; (ii) the GTM Framework Agreement and the GTS Framework Agreement; (iii) the annual report of the Company (the “**2020/21 Annual Report**”) for the year ended 31 March 2021 (“**FY2021**”) and the interim report of the Company (the “**2021/22 Interim Report**”) for the six months ended 30 September 2021 (“**HY2022**”); (iv) other information as set out in the Circular; and (v) relevant market data and information available from public sources.

We have also relied on all relevant information and representations provided, and the opinions expressed, by the Directors and/or the management of the Company (the “**Management**”). We have assumed that all such information and representations contained or referred to in the Circular are true and accurate in all material respects as at the date thereof.

The Directors and the Management have jointly and severally accepted full responsibility for the accuracy of the information contained in the Circular and have also confirmed that, having made all reasonable enquiries and to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no material facts not contained in the Circular, the omission of which would make any statement in the Circular misleading. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the Management, and they have confirmed that no material information has been withheld or omitted from the information provided and referred to in the Circular, which would make any statement therein misleading.

We consider that we have received sufficient information currently available to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses and affairs or the prospects of the Group, GT Material and GT Scaffolding or any of their respective subsidiaries or associates.

In the event of inconsistency, the English text of this letter shall prevail over the Chinese translation of this letter.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendations to the Independent Board Committee and the Independent Shareholder, we have taken into account the following principal factors and reasons:

#### 1. Background information of the Group

##### 1.1 Principal business of the Group

The Group is principally engaged as a subcontractor specialising in providing formwork erection as well as related ancillary services in Hong Kong. The Group has been engaged in the formwork business since 1994. The Group actively undertakes large-scale formwork erection projects for building construction and civil engineering works. The direct customers of the Group are main contractors of building construction and civil engineering projects while the Group's ultimate customers are owners of the projects, which include the Government of Hong Kong, public transport operators and property developers.

##### 1.2 Historical financial information of the Group

Set out below is a summary of the consolidated statement of profit or loss of the Group for the years ended 31 March 2020 (“FY2020”) and FY2021 and the six months ended 30 September 2020 (“HY2021”) and HY2022 as extracted from the 2019/20 Annual Report, the 2020/21 Annual Report, the 2020/21 Interim Report and the 2021/22 Interim Report.

	<b>FY2020</b>	<b>FY2021</b>	<b>HY2021</b>	<b>HY2022</b>
	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	706,680	870,204	460,050	274,260
Gross Profit	91,925	66,149	46,969	44,365
Profit for the year/ period	26,930	37,107	27,473	10,205
Profit attributable to the Shareholders	26,967	37,113	27,476	10,214

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

For the FY2021, the Group recorded revenue of HK\$870.2 million, representing an increase of 23.1% or HK\$163.5 million when compared with that for the FY2020. According to the 2020/2021 Annual Report, the increase in revenue was primarily due to the accelerated progress of the Group's major civil engineering project and the completion of certain general building projects during FY2021. Notwithstanding the outbreak of the Coronavirus Disease 2019 ("COVID-19") pandemic, which caused disruptions to local economic activities and imposed an abnormally volatile operating environment, the Group's construction projects in Hong Kong were not materially affected by the COVID-19 pandemic for FY2021.

For HY2022, the Group recorded revenue of HK\$274.3 million, representing a decrease of 40.4% or HK\$185.8 million when compared with that for HY2021. We have noted that certain workers involved in the Third Runway System (the "3RS") were diagnosed with COVID-19 in the first quarter of HY2022 and the corresponding construction projects have been temporarily suspended according to the website of Legislative Council in relation to the latest development of the 3RS at the Hong Kong International Airport ("HKIA") as at 26 April 2021. The suspension of the aforesaid construction projects led to the decrease in revenue recorded in the major subcontract for formwork and concrete works at Third Runway Concourse Foundation and Substructure works at HKIA. As advised by the Management, all of the aforementioned delayed projects have been resumed as at the Latest Practicable Date.

Whilst the Group recorded a 28.0% decrease in gross profit to HK\$66.1 million in FY2021 compared to HK\$91.9 million recorded in FY2020, the decrease in gross profit were mainly attributable to certain completed formwork building projects during FY2021 with averagely lower gross profit margins. In addition, the outbreak of COVID-19 has also led to increase in project overhead costs and subcontracting costs, hence resulting in a reduction in gross profit for FY2021.

With similar percentage reduction in direct costs as compared with the revenue for HY2022, the Group's gross profit slightly decreased by approximately HK\$2.6 million, or approximately 5.5%, from approximately HK\$47.0 million for HY2021 to approximately HK\$44.4 million for HY2022. The gross profit for HY2022 remained stable as compared to HY2021. The Group's gross profit margin increased from approximately 10.2% for HY2021 to approximately 16.2% for HY2022.

Having considered the growth in revenue during FY2021 and the impact of COVID-19, which caused significant delays in the Group's construction projects, we concur with the Management that the Group's demand for materials and relevant services for construction projects will increase in the financial year ending 31 March 2023 ("FY2023") as the Group's construction projects have resumed and begun to pick up, and remain stable in the financial years ending 31 March 2024 ("FY2024") and 2025 ("FY2025").

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

### 2. GTM Framework Agreement

#### **2.1 Background information of GT Material and business relationship with the Group**

GT Material is incorporated in Hong Kong on 10 March 2000. GT Material is principally engaged in trading of construction materials in Hong Kong.

The Group has had a good and long-standing relationship with GT Material and the Group has purchased timber materials from GT Material since 2003.

#### **2.2 Principal terms of the GTM Framework Agreement**

As extracted from the Letter from the Board, the principal terms of the GTM Framework Agreement are as follows:

Date:	3 May 2022
Parties:	(i) The Company (ii) GT Material
Subject:	Pursuant to the GTM Framework Agreement, GT Material agreed to provide and transport construction materials, including timber materials, for the Group
Terms:	The GTM Framework Agreement has a fixed term from 3 May 2022 to 31 March 2025 (both days inclusive).

Save for the proposed increase of the existing annual caps, there is no material change in the principal terms under the GTM Framework Agreement as compared with that of the 2019 GTM Framework Agreement upon the renewal.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

### *Pricing policy and payment term*

The price payable for the construction materials and transport services under the GTM Framework Agreement by the Group to GT Material shall be determined after arm's length negotiation with reference to the prevailing market price for the same or similar products and services as charged by independent third party vendors or by GT Material to other independent third parties from time to time. As set out in the Letter from the Board, in order to ensure that the prices are fair and reasonable and in line with prevailing market rate, the Group will obtain at least three quotations from providers who supply similar products or services and are third parties independent to the Company and its connected persons, not less frequently than on a quarterly basis or for each project. Such quotations are compared against the quotations from GT Material and GT Material's quotations are only accepted if they are favourable to the Group. The payment for the transactions contemplated under the GTM Framework Agreement is generally settled within 30 days upon delivery of construction materials or within 30 days upon the presentation of invoice for the services provided.

In assessing the terms of the GTM Framework Agreement, we have reviewed and compared the terms with those of the 2019 GTM Framework Agreement, and noted that the term and the pricing policy of the GTM Framework Agreement are consistent with those of the 2019 GTM Framework Agreement.

As advised by the Management, the Group conducts quotation process for the purchase of timber materials and transport service every quarter. In general, the Group will obtain quotations from four suppliers (including GT Material and three independent third party suppliers) for each type of material purchase/transport rental service except that there is no change in quotes provided by suppliers in previous quarter(s) and/or the construction material/transportation rental service is not required for the upcoming quarter. The price quotes provided by suppliers for one particular type of purchase such as timber material are generally valid for the purchases in upcoming quarter. After obtaining and reviewing the quarterly quotations from suppliers (including GT Material and the other three independent third party suppliers), the Company will select the best quote. The Company will place purchase orders for such particular material purchase/transportation rental service at the offer price with the selected supplier according to the progress of the projects in the quarter. For the three years ended 31 March 2022, 33 sets (each set comprising of quotations obtained from GT Material and the other three independent third party suppliers in respect of one particular type of purchase) of quarterly quotations were obtained by the Group for price comparison for procurement of timber materials and transport service.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

In order to understand the quotation evaluation and purchase processes, we have obtained (i) 12 sets of quarterly quotations out of 33 sets of quarterly quotations (four sets for each year covering FY2020, FY2021 and FY2022 and each set containing quotes from GT Material and the other three independent third party suppliers) sought for the required purchases (including timber materials and transport service) during the relevant period on a random sampling basis as mentioned in the preceding paragraph (regardless of whom was the selected supplier eventually). Based on our review, we noted that the unit purchase prices offered by GT Material to the Group in the 12 sets of quotes for timber materials and transport service at relevant times are no less favourable to those quoted by three other independent third party suppliers; and (ii) for the four sets of quarterly quotations obtained in respect of FY2022, we noted that the selected supplier is GT Materials; and further obtained four sets of transaction documents (including purchase orders, invoices and delivery notes) for the Group's purchases from GT Material in FY2022 to compare against the aforesaid quarterly quotations obtained from the independent third party suppliers. As we consider that transactions occurred in most recent financial year better illustrate the Group's current purchase practice, which is more relevant for us to understand the Group's purchase process, we obtained transaction document samples in FY2022 in review process. Based on our review, we noted that the unit purchase prices of transport service rendered from GT Material to the Group at similar timing are no less favourable to those rendered from the Group's other independent third party suppliers and the unit purchase prices as stated in the invoices are also consistent with that of the quotations. Hence, we are of the view that the quotation evaluation and purchase process for the selected samples above are conducted in accordance with the Group's pricing policy as stated in the letter from the Board of this Circular.

Given that (i) the objective of our review is to understand the quotation evaluation process and the whole purchase process; (ii) the aforementioned sample documents, which we have obtained on random sampling basis from the period under review, cover one-third of the quarterly quotations for the required purchases; and (iii) purchase prices of the selected transaction documents in FY 2022 as mentioned above are comparable to quarterly quotations offered by other suppliers at relevant times, we are also of the view that the sample documents reviewed are fair and representative that suffice for us to gain the relevant understanding.

As part of our due diligence, we enquired whether purchases made under the 2019 GTM Framework Agreement during the FY2020, FY2021 and the year ended 31 March 2022 (“**FY2022**”) adhered with the terms set out in the GTM Framework Agreement.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

In respect of the purchase made under the 2019 GTM Framework Agreement during the FY2020, FY2021 and FY2022, we noted that the independent non-executive Directors reviewed and confirmed that the purchase was entered into:

- a. in the ordinary and usual course of business of the Group;
- b. on normal commercial terms or better; and
- c. according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Further, pursuant to Rule 14A.56 of the Listing Rules, the Company's auditor was engaged to perform certain procedures in respect of the 2019 GTM Framework Agreement during FY2020 and FY2021 in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Company's auditor issued an unqualified letter containing their findings and conclusions in respect of the continuing connected transactions.

Having considered the above, we are of the view that the terms and conditions of the GTM Framework Agreement are on normal commercial terms or better and fair and reasonable so far as the Independent Shareholders are concerned.

### ***2.3 The historical annual caps and the GTM Proposed Annual Caps***

Set out below are the historical transaction amounts in respect of the transactions under the 2019 GTM Framework Agreement for FY2020, FY2021 and the FY2022; and the GTM Proposed Annual Caps for FY2023, FY2024 and FY2025, respectively.

	<b>FY2020</b> <i>(HK\$'000)</i>	<b>FY2021</b> <i>(HK\$'000)</i>	<b>FY2022</b> <i>(HK\$'000)</i>
Historical annual caps	8,000	8,400	8,400
Historical transaction amounts	7,984	8,336	6,636
Utilisation rate	99.8%	99.2%	79.0%
	<b>FY2023</b> <i>(HK\$'000)</i>	<b>FY2024</b> <i>(HK\$'000)</i>	<b>FY2025</b> <i>(HK\$'000)</i>
GTM Proposed Annual Caps	17,500	17,500	17,000

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

As depicted from the table above, we note that (i) the utilisation rates of the historical annual caps in relation to construction materials and services provided by GT Material to the Group under the 2019 GTM Framework Agreement were approximately 99.8%, 99.2% and 79.0% for FY2020, FY2021 and FY2022 respectively; (ii) the GTM Proposed Annual Caps for FY2023 will increase by approximately 108.3% as compared to that for FY2022; and (iii) the GTM Proposed Annual Caps will remain at a similar level for FY2024 and FY2025.

According to the 2021/22 Interim Report, the low utilisation rates of the existing annual cap mainly due to the COVID-19 pandemic. The COVID-19 pandemic had continued at HKIA which posed challenges to the construction of the 3RS at HKIA. As a result, the Group's major subcontract for formwork and concrete works at Third Runway Concourse Foundation and Substructure works at HKIA was extended to the fourth quarter of FY2022, causing the low utilisation rates of existing annual cap for FY2022.

As stated in the Letter from the Board, the GTM Proposed Annual Caps for the three years ending 31 March 2025 have been determined after taking into consideration (i) the historical amounts of timber materials and transport services requested from GT Material; (ii) the expected range of fluctuation of prices of timber materials, transportation charges and rental of equipment and vehicles; and (iii) the Group's demand for timber materials and transport services for its construction projects in the future.

In particular, the Group has estimated the GTM Proposed Annual Cap for FY2023 with reference to (i) the remaining contract amounts of the projects on hand, which are expected to consume timber materials of approximately HK\$6.8 million; (ii) new projects (including new variation orders) with additional contract sum of approximately HK\$148 million expected to be awarded with reference to the tenders/quotations submitted, which are expected to require timber materials of approximately HK\$8 million of which GT Material is estimated to supply approximately HK\$3.1 million based on the past experience and their available capacity; and (iii) the transportation charges and rental of equipment and vehicles with the surging fuel costs for existing and potential new projects of approximately HK\$6.7 million.

Having considered that (i) the Group has successfully secured new projects with total contract sum of approximately HK\$151.3 million during FY2022; (ii) the Group's customers have requested the Group to undertake variation works from time to time and the average amounts of variation orders of approximately HK\$114.7 million were awarded during FY2022; (iii) the Group has been in advanced round of screening for certain tenders and quotations submitted, the Directors consider that it is probable the Group will be awarded new projects with the estimated new contract sum. As the Group expects that the expected future project size and quantity will remain relatively stable for the next three years, the Group has maintained a similar level of the GTM Proposed Annual Caps for the two financial years ending 31 March 2025 subsequent to FY2023.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

Accordingly, the total timber required from GT Material is estimated to be approximately HK\$9.98 million for the year ending 31 March 2024 and is slightly adjusted to approximately HK\$9.5 million for the year ending 31 March 2025 as more metal formwork are expected to be used over the timber formwork for future construction projects undertaken. For the transportation charges and rental of equipment and vehicles, it is estimated that approximately HK\$6.65 million will be incurred for the years ending 31 March 2024 and 2025. For each of the years ending 31 March 2023, 2024 and 2025, the Group has allocated a buffer as included in the above proposed annual caps amounted to approximately HK\$0.9 million, HK\$0.9 million and HK\$0.8 million, respectively, taking into account (i) inflation; and (ii) variation orders as requested from time to time which are hard to envisage.

In assessing the fairness and reasonableness of the GTM Proposed Annual Caps, we have (i) reviewed schedules prepared by the Management in relation to the Group's remaining budgeted and forecasted transaction amount with GT Material for the provision of construction materials and services including timber materials, transportation charges and rental of equipment and vehicles for the eight existing projects and potential new projects; (ii) reviewed the key terms of the contracts of the abovementioned eight existing projects; (iii) reviewed the key terms of the potential projects for FY2023; and (iv) discussed with the Management the expected progress of the potential projects.

Based on information obtained and reviewed as above, we noted the following:

The annual cap for FY2023 of HK\$17.5 million is estimated on the basis of (i) the remaining contract amounts of the projects on hand, which are expected to consume timber materials of approximately HK\$6.8 million; (ii) new projects (including new variation orders) with additional contract sum of approximately HK\$148 million expected to be awarded with reference to the tenders/quotations submitted, which are expected to require timber materials of approximately HK\$8 million of which GT Material is estimated to supply approximately HK\$3.1 million based on the past experience and their available capacity; and (iii) the transportation charges and rental of equipment and vehicles with the surging fuel costs for existing and potential new projects of approximately HK\$6.7 million.

For expected timber material consumption of HK\$6.8 million for project on hand, we noted that the budgeted cost is mainly incurred for the 3RS and the corresponding construction projects. As advised by the Management, such budgeted cost is taken account of overall timber material consumption need due to delay in work progress in FY2022 as mentioned above and forecasted work progress in FY2023.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

For expected timber material consumption for the additional contract sum of approximately HK\$148 million, we first noted that it is expected to materialize from the tenders submitted based on their expected work progress in FY2023. Although, up to the Latest Practicable Date, the Company has yet to receive confirmation as bid winner in respect of these projects, the Company is given to understand that its price offers in these bids were competitive as compared to other bidders, and thus will likely be awarded to the Company. In view of such, we obtained and reviewed two out of four tender documents, which account for approximately 89.4% of the total contract sum of HK\$1,226 million for the four potential new projects. Based on the two reviewed tender documents, we noted that the contract sum for these projects exceeds HK\$148 million. In view of this, we concur with the Company that there are sufficient orders to materialize the additional contract sum of approximately HK\$148 million. Further, we are given to understand that despite the contract sum of those potential new projects exceeds HK\$148 million, it is the Company's current best estimate that only part of the contract sum (i.e. HK\$148 million) will be generated in FY2023. After considering the contract sums of the potential new projects and discussing with the Company on its assessment on the progress of those projects in FY2023, we consider the Company's estimate of expected progress of work of approximately HK\$148 million above is made with reasonable basis. In addition, we have also reviewed the timber material forecast and discussed the purchase allocation basis between GT Material and other independent third party suppliers. As advised by the Management, the expected timber material consumption of approximately HK\$8 million is determined with reference to expected material consumption for similar nature of construction/subcontracting projects based on their engineering estimate and experience. The expected purchase of HK\$3.1 million is determined with reference the supply capability of GT Material in light of its trading history with the Group.

For the expected transportation charges and rental of equipment and vehicles of HK\$6.7 million, we also noted that the budgeted cost is mainly incurred for the 3RS and the corresponding construction projects. As advised by the Management, such budgeted cost is taken account of (1) overall consumption need due to delay in work progress in FY2022 as mentioned and forecasted work progress in FY2023; and (2) the requirement for transportation and equipment for the 3RS and the corresponding construction projects due to remote location of the project site.

In light of the foregoing, we are of the view that the GTM Proposed Annual Cap of HK\$17.5 million for FY2023 is formulated with sufficient reasonable basis.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

For the GTM Proposed Annual Caps of HK\$17.5 million and HK\$17 million for FY2024 and FY2025, we noted from the contract forecast that certain key projects such as the 3RS and the corresponding construction projects will continue to contribute their value of work done in FY2024. In addition, as at the Latest Practicable Date, the Group has submitted tenders for 22 potential projects (including the four potential projects with total contract sum of HK\$1,226 million as mentioned). Hence, we concur with the Group that the expected future project size and quantity will remain relatively stable for the next three years. Accordingly, it is reasonable for the Group to expect that the GTM Proposed Annual Cap will be maintained at the same level of FY2023 for FY2024 and a slightly lower level for FY2025 in accordance with lower projected timber material consumption and transportation service usage.

Furthermore, we understand that, when determining the GTM Proposed Annual Caps, the Management has also considered the buffer (FY2023: HK\$0.9 million; FY2024: HK\$0.9 million; and FY2025: HK\$0.8 million) to accommodate for (i) general price increases due to inflation; and (ii) variation orders of projects that may arise from time to time throughout the projects. In order to assess the fairness of such basis, we have reviewed the calculation prepared by the Management in deriving the abovementioned buffer and conducted desktop research and reviewed certain public information. The buffer represents approximately 5.1%, 5.1% and 4.7% of GTM Proposed Annual Caps for FY2023, FY2024 and FY2025 respectively.

We noted that the underlying inflation rate in Hong Kong is forecasted to be 2.5% per annum in average from 2023 to 2026 based on the 2022 to 2023 budget issued by the Government of Hong Kong on 23 February 2022, indicating an increasing trend in price of construction materials (source: [https://www.news.gov.hk/eng/2022/02/20220223/20220223\\_100041\\_658.html?type=ticker](https://www.news.gov.hk/eng/2022/02/20220223/20220223_100041_658.html?type=ticker)). Hence, as the GTM Proposed Annual Cap for FY2023 is budgeted with current price level, assuming inflation is compounded at 2.5% for FY2024, we consider the buffer of approximately 5% is sufficient to cover price rise due to general inflation as well as other unforeseeable price changes for FY2024. Given that the GTM Proposed Annual Cap for FY2025 is slightly adjusted downward by approximately 2.86% or HK\$0.5 million as compared to FY2023 and FY2024 (due to lower consumption of timber materials and transportation service), the buffer of approximately 5% is sufficient to cover price rise for the expected reduced purchase in FY2025 due to general inflation as well as other unforeseeable price changes.

Taking into account of the said buffers for encountering price rise and unforeseeable circumstance, we are of the view that the GTM Proposed Annual Caps as budgeted above are given due consideration and so justifiable.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

Based on the above, we concur with the Directors' view that the GTM Proposed Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned.

### ***2.4 Reasons for and benefits of entering into the GTM Framework Agreement***

The Group is principally engaged in formwork erection as well as related ancillary services. As stated in the Letter from the Board, timber formwork is one of the types of formwork which the Group commonly provide erection services. The major materials required for erection of timber formwork include timber panel, wooden beams and walings as well as tie bolts. As the Group is currently engaged in projects related to the 3RS, the Group has requested GT Material to deliver construction materials to relatively remote construction sites.

According to the Letter from the Board, the Group has good and long-standing relationship with GT Material and the Group has purchased construction materials from GT Material since 2003. Construction materials purchased from GT Material are used to build timber formwork and GT Material has in the past provided tailor-made services according to the Group's product specifications. The Directors confirm that the quality and delivery of construction materials from GT Material has satisfied the Group's requirements. The GTM Framework Agreement offers no exclusive rights to GT Material and the Group has the liberty to source any materials or services that may be supplied by any other suppliers. The Group maintains a list of qualified suppliers which the Group acquires construction materials or services from. As the Group also selects other independent suppliers from time to time, the Directors are of the view that it will be in the interest of the Group to continue such transactions with GT Material to diversify its supplier base so as to obtain stable supply of materials or services.

Taking into consideration the above, the Directors (excluding all the independent non-executive Directors whose views shall be formed after taking into account the advice of the Independent Financial Adviser) are of the view that the terms of the GTM Framework Agreement and the GTM Proposed Annual Caps are entered into on normal commercial terms, in the ordinary and usual course of business of the Group, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Having considered the above, we concur with the Directors' view that the transactions contemplated under the GTM Framework Agreement are in the ordinary and usual course of business of the Group and is in the interest of the Company and the Shareholders as a whole.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

### 3. GTS Framework Agreement

#### **3.1 Background information of GT Scaffolding and business relationship with the Group**

GT Scaffolding is incorporated in Hong Kong on 20 December 2013. GT Scaffolding is principally engaged in letting and assembling of scaffoldings. The Group has been renting metal scaffolds and related equipment from GT Scaffolding since 2014.

#### **3.2 Principal terms of the GTS Framework Agreement**

According to the Letter from the Board, the principal terms of the GTS Framework Agreement are set out as follows:

Date:	3 May 2022
Parties:	(i) The Company (ii) GT Scaffolding
Subject:	Pursuant to the GTS Framework Agreement, GT Scaffolding agreed to provide rental of metal scaffolds, supporting equipment, technical support and transport services to the Group. In contrast with the 2019 GTS Framework Agreement, metal scaffold assembly services will no longer be required from GT Scaffolding under the GTS Framework Agreement.
Term:	Fixed term from 3 May 2022 to 31 March 2025 (both days inclusive).

Save for the scope of work as disclosed above and the proposed increase of the existing annual caps, there is no material change in the principal term under the GTS Framework Agreement as compared with that of the 2019 GTS Framework Agreement upon renewal.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

### *Pricing policy and payment term*

For rental of metal scaffolds, supporting equipment, technical support and transport services, the price payable under the GTS Framework Agreement by the Group to GT Scaffolding shall be determined based on the prevailing market rate for the rental of metal scaffolds and relevant services as charged by independent third party vendors or by GT Scaffolding to other independent third parties. Taking into account the amount of metal scaffolds required, the period of the project that is expected to last, and the complexity of the project involved, GT Scaffolding may offer a discount up to 50% of the prevailing market rate for the rental of metal scaffolds and relevant services. In order to ensure that the fees are fair and reasonable and in line with prevailing market rate, the Group will seek quotations from at least three similar scaffolding providers, who are third parties independent of the Company and its connected persons for each project.

Due to the limited number of approximately five suppliers in the market who could meet the demands of the Group and provide a quotation to the Group, the Group considers that three quotations from independent third party suppliers to be sufficient to indicate what the current market rate is and excessive additional quotes from smaller and low-quality suppliers might not be meaningful for the Group's purpose in determining the market rate.

In obtaining quotations for a construction project of the Group, the Group should estimate the required volume of metal scaffolds such that when seeking quotations from independent vendors, the quoted price for scaffold rental (after deducting any bulk purchase discount) may be obtained for comparison with the quotations obtained from GT Scaffolding. The Group will only accept GT Scaffolding's quotations if they are favourable to the Group.

The payment for the transactions contemplated under the GTS Framework Agreement is generally settled within 30 days upon the presentation of invoice.

As advised by the Management, the Group conducts quotation process for rental of scaffolds and related services for each subcontracting project. Based on information provided by the Company, the Group was engaged in eleven subcontracting projects during the three years ended 31 March 2022 and up to the current quarter as of the Latest Practicable Date. We noted that the Group obtain the required number of quotes from scaffolding service providers (i.e. three quotes from independent third party suppliers and one quote from GT Scaffolding for each project) for seven projects. For four remaining projects, given that the size of projects is relatively small and the Group has obtained quotes from independent suppliers for other on-going projects shortly before the quotation evaluation process for these projects, with oral confirmation from these

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

suppliers for no change in quotes, price comparison are made with such quotes previously obtained for the ease of convenience. The price quotes provided by the suppliers for rental of scaffolds and related services are generally valid for all purchase orders in a particular subcontracting project. After obtaining and reviewing the quotations from suppliers (including GT Scaffolding and the other three independent third party suppliers), the Company will select the best quote and place purchase orders at such offer price with the selected supplier for rental of scaffolds and related service in a particular project.

In order to understand the quotation evaluation and purchase processes, we have obtained and reviewed (i) the schedule prepared by the Management illustrating the quotations confirmed by the Company that were newly obtained from or renewed by the Group's scaffolding providers for each project mentioned above; and (ii) for three sets of quotations of new metal scaffold rental quotations out of the seven sets of quotations (each set containing one quote from GT Scaffolding and three quotes from other independent third party suppliers) sought for the seven projects as mentioned above (regardless of whom was the selected supplier eventually) during the relevant period on a random sampling basis, including the three quotations provided by GT Scaffolding and nine quotations provided by independent third parties for the provision of rental of metal scaffold, supporting equipment, technical support and transport services during the three years ended 31 March 2022 covering three projects in order to understand the quotation evaluation process. We noted the selected supplier of the three sets of quotations (one set of quotations for one subcontracting project) obtained on random sampling basis above is GT Scaffolding. Further, for these three sets of quotations, we obtained three sets of transaction documents (each set of transaction documents (including invoices and delivery notes) is selected in the corresponding subcontracting project where we have selected for quotation review) for the Group's purchases from GT Scaffolding to compare against the aforesaid quotations obtained from the independent third party suppliers. As purchase will be made with selected supplier for a particular subcontracting project, we consider one transaction document samples for each subcontracting project is sufficient for us in understanding the procurement process. Based on our review, we noted that the unit purchase prices of rental service rendered from GT Scaffolding to the Group at similar timing are no less favourable to those rendered from the Group's other independent third party suppliers and the unit purchase prices as stated in the invoice are also consistent with that of the quotations. Hence, we are of the view that the quotation evaluation and purchase process for the selected samples above are conducted in accordance with the Group's pricing policy as stated in the letter from the Board of this Circular.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

Given that (i) the objective of our review is to understand the quotation evaluation process and the whole purchase process; (ii) the aforementioned sample documents which we have obtained on random sampling basis from the period under review, cover three out of seven projects with required number of quotations (i.e. three quotations); and (iii) purchase prices of the selected transaction documents as mentioned above are comparable to quotations offered by other suppliers at relevant times. We are also of the view that the sample documents and reviewed are fair and representative that suffice for us to gain the relevant understanding.

As part of our due diligence, we enquired whether purchases made under the 2019 GTS Framework Agreement during the FY2020, FY2021 and FY2022 adhered with the terms set out in the GTS Framework Agreement.

In respect of the purchase made under the 2019 GTS Framework Agreement during the FY2020, FY2021 and FY2022, we noted that the independent non-executive Directors reviewed and confirmed that the purchase was entered into:

- a. in the ordinary and usual course of business of the Group;
- b. on normal commercial terms or better; and
- c. according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Further, pursuant to Rule 14A.56 of the Listing Rules, the Company's auditor was engaged to perform certain procedures in respect of the 2019 GTS Framework Agreement during FY2020 and FY2021 in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Company's auditor issued an unqualified letter containing their findings and conclusions in respect of the continuing connected transactions.

Having considered the above, we are of the view that the terms and conditions of the GTS Framework Agreement are on normal commercial terms or better and fair and reasonable so far as the Independent Shareholders are concerned.

---

**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

---

**3.3 The historical annual caps and the GTS Proposed Annual Caps**

Set out below are the historical transaction amounts in respect of the transactions under the 2019 GTS Framework Agreement for FY2020, FY2021 and FY2022; and the GTS Proposed Annual Caps for FY2023, FY2024 and FY2025, respectively.

	<b>FY2020</b> <i>(HK\$'000)</i>	<b>FY2021</b> <i>(HK\$'000)</i>	<b>FY2022</b> <i>(HK\$'000)</i>
Historical annual caps	23,000	25,000	26,000
Historical transaction amounts	19,892	24,520	13,082
Utilisation rate	86.5%	98.1%	50.3%
	<b>FY2023</b> <i>(HK\$'000)</i>	<b>FY2024</b> <i>(HK\$'000)</i>	<b>FY2025</b> <i>(HK\$'000)</i>
GTS Proposed Annual Caps	37,000	40,000	40,000

As depicted from the table above, we note that the utilisation rates of the historical annual caps in relation to metal scaffold rental services provided by GT Scaffolding to the Group under the 2019 GTS Framework Agreement were approximately 86.5%, 98.1% and 50.3% for FY2020, FY2021 and FY2022, respectively. As stated in the Letter from the Board, the low utilisation rates of the existing annual cap under the 2019 GTS Framework Agreement for FY2022 was mainly due to the several waves of outbreak of the COVID-19 pandemic in Hong Kong, which negatively affected the progress of multiple construction sites of the Group. The Company expects that metal scaffold rental services will be eventually required when the progress of the relevant construction sites picks up.

We further note from the above table that the GTS Proposed Annual Caps for FY2023 will increase by approximately 42.3% as compared to that for FY2022, and the GTS Proposed Annual Caps for FY2024 will steadily increase by approximately 8.1% as compared to that for FY2023 and remain the same in FY2025.

As disclosed in the Letter from the Board, the GTS Proposed Annual Caps are determined with reference to (i) the demand for metal scaffolds from existing projects; (ii) the demand for metal scaffolds from forecast of new projects expected to be undertaken by the Group based on the tenders submitted and expected future demand of the construction industry; (iii) the historical transaction amount between the Group and GT Scaffolding; and (iv) expected fluctuation in prices as well as inflation.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

In determining the annual caps for FY2023, the Group has referenced (i) the remaining contract amounts of existing projects, which required the rental of metal scaffolds and relevant services of approximately HK\$23.4 million; and (ii) the new projects (including new variation orders) with additional contract sum of approximately HK\$148 million expected to be awarded with reference to the tenders/quotations submitted, which are expected to require metal scaffolds of approximately HK\$15 million of which GT Scaffolding is estimated to supply approximately HK\$11.7 million based on past experience and their available capacity.

Having considered that (i) the Group has successfully secured new projects with total contract sum of approximately HK\$151.3 million during FY2022; (ii) the Group's customers have requested the Group to undertake variation works from time to time and variation orders of approximately HK\$114.7 million were awarded during FY2022; (iii) the Group has been in advanced round of screening for certain tenders and quotations submitted, the Directors consider that it is probable the Group will be awarded new projects with the estimated new contract sum. As the Group expects the increase use of heavy duty scaffolds, which generally cost more, and preferred for better weight support and safety in future construction projects, it is estimated that the total metal scaffolds as rented from GT Scaffolding will be approximately HK\$38 million for FY2024 and FY2025. For each of FY2023, FY2024 and FY2025, the Group has allocated a buffer as included in the above proposed annual caps amounted to approximately HK\$1.9 million, HK\$2 million and HK\$2 million, respectively, taking into account of (i) casual labour used in moving metal scaffolds; (ii) inflation; and (iii) variation orders as requested from time to time which are hard to envisage.

In assessing the fairness and reasonableness of the GTS Proposed Annual Caps, we have (i) reviewed schedules prepared by the Management in relation to the Group's remaining budgeted and forecasted transaction amount with GT Scaffolding for rental of metal scaffolds, supporting equipment, technical support and transport services for the abovementioned existing projects and potential new projects; (ii) reviewed the key terms of the contracts of the abovementioned existing projects; (iii) reviewed the key terms of the potential projects for FY2023; and (iv) discussed with the Management the expected progress of the potential new projects.

Based on information obtained and reviewed as above, we noted the following:

In determining the annual caps for FY2023, the Group has referenced (i) the remaining contract amounts of existing projects, which required the rental of metal scaffolds and relevant services of approximately HK\$23.4 million; and (ii) the new projects (including new variation orders) with additional contract sum of approximately HK\$148 million expected to be awarded with reference to the tenders/quotations submitted, which are expected to require metal scaffolds of approximately HK\$15 million of which GT Scaffolding is estimated to supply approximately HK\$11.7 million based on past experience and their available capacity.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

For existing projects which required the rental of metal scaffolds and relevant services of approximately HK\$23.4 million, we noted that the budgeted cost is mainly incurred for the 3RS and the corresponding construction projects. As advised by the Management, such budgeted cost is taken account of overall metal scaffolds usage and relevant services need due to delay in work progress in FY2022 as mentioned above and forecasted work progress in FY2023.

For expected metal scaffold usage for the additional contract sum of approximately HK\$148 million, we first noted that it is expected to materialize from the tenders submitted based on their expected work progress in FY2023. Although, up to the Latest Practicable Date, the Company has yet to receive confirmation as bid winner in respect of these projects, the Company is given to understand that its price offers in these bids were competitive as compared to other bidders, and thus will likely be awarded to the Company. In view of such, we obtained and reviewed two out of four tender documents, which account for approximately 89.4% of the total contract sum of HK\$1,226 million for the four potential new projects. Based on the two reviewed tender documents, we noted that the contract sum for these projects exceeds HK\$148 million. In view of this, we concur with the Company that there are sufficient orders to materialize the additional contract sum of approximately HK\$148 million. Further, we are given to understand that despite the contract sum of those potential new projects exceeds HK\$148 million, it is the Company's current best estimate that only part of the contract sum (i.e. HK\$148 million) will be generated in FY2023. After considering the contract sums of the potential new projects and discussing with the Company on its assessment on the progress of those projects in FY2023, we consider the Company's estimate of expected progress of work of approximately HK\$148 million above is made with reasonable basis.

In addition, we have also reviewed the metal scaffold rental forecast and discussed the purchase allocation basis between GT Scaffolding and other independent third party suppliers. As advised by the Management, the expected metal scaffolding of approximately 15 million is determined with reference to expected metal scaffolding usage for similar nature of construction/subcontracting projects based on their engineering estimate and experience. The expected purchase of HK\$11.7 million from GT Scaffolding is determined with reference to the availability of the required types and specifications of metal scaffolds among different suppliers. Given that only a limited number of suppliers are capable of providing the required types of metal scaffolds, the Group allocate a higher portion of rental of metal scaffolds from GT Scaffolding to meet its project requirements.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

In light of the foregoing, we are of the view that the GTS Proposed Annual Cap of HK\$37 million for FY2023 is formulated with sufficient reasonable basis.

For the GTS Proposed Annual Caps of HK\$40 million for each of FY2024 and FY2025, we noted from the contract forecast that certain key projects such as the 3RS and the corresponding construction projects will continue to contribute their value of work done in FY2024. In addition, as at the Latest Practicable Date, the Group has submitted tenders for 22 potential projects (including the four potential projects with total contract sum of HK\$1,226 million as mentioned). Hence, we concur that the Group expects the increase use of heavy duty scaffolds, which generally cost more, and preferred for better weight support and safety in future construction projects as mentioned above. Accordingly, it is reasonable for the Group to expect that the GTS Proposed Annual Caps for FY2024 and FY2025 will be maintained at a slightly higher level of approximately HK\$40 million for the two financial years ending 31 March 2025 subsequent to FY2023.

Furthermore, we understand that, when determining the GTS Proposed Annual Caps, the Management has also considered the buffer (FY2023: HK\$1.9 million; FY2024: HK\$2 million; and FY2025: HK\$2 million) to accommodate for (i) casual labour used when moving the scaffolds; (ii) general price increases due to inflation; and (iii) variation orders of projects that may arise from time to time throughout the projects. In order to assess the fairness of such basis, we have reviewed the calculation prepared by the Management in deriving the abovementioned buffer and conducted desktop research and reviewed certain public information. The buffer represents approximately 5.1%, 5.0% and 5.0% of GTS Proposed Annual Caps for FY2023, FY2024 and FY2025 respectively.

We reviewed the average daily wages of workers and labours engaged in public sector construction projects, according to Census and Statistics Department of Hong Kong (source: [https://www.censtatd.gov.hk/en/web\\_table.html?id=29A#](https://www.censtatd.gov.hk/en/web_table.html?id=29A#)), as at 31 December 2019, 2020 and 2021 are HKD986.9, HKD993.7 and HKD1,032.6, respectively, representing a compound annual growth rate of 2.3% during the aforesaid period.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

On the other hand, we noted that the underlying inflation rate in Hong Kong is forecasted to be 2.5% per annum in average from 2023 to 2026 based on the 2022 to 2023 budget issued by the Government of Hong Kong on 23 February 2022, indicating an increasing trend in price of construction materials (source: [https://www.news.gov.hk/eng/2022/02/20220223/20220223\\_100041\\_658.html?type=ticker](https://www.news.gov.hk/eng/2022/02/20220223/20220223_100041_658.html?type=ticker)). Hence, as the GTS Proposed Annual Cap for FY2023 is budgeted with current price level, assuming the impact of inflation and growth in labour cost is compounded at 2.5% for FY2024 and FY2025, we consider the buffer of approximately 5% for each year is sufficient to cover price rise due to general inflation as well as increase in general cost of workers and labours.

Having considered that (i) the GT Scaffolding provides a more reliable service with competitive price, which is in the interest of the Group; and (ii) the Group has continued maintaining a good business relationship with other independent third party vendors on its qualified list, which allows the Group to ensure a stable supply of metal scaffolds that require metal scaffolding, the Management is of the view that the increase in annual caps will neither result in over-reliance on GT Scaffolding nor will it become an economically unfavourable option to the Group, but provide the Group with greater flexibility to deal with unforeseeable factors in the construction industry instead.

Taking into account of the said buffers for encountering price rise and unforeseeable circumstance, we are of the view that the GTS Proposed Annual Caps as budgeted above are given due consideration and so justifiable.

Given the factors as set out above, we are of the view that the GTS Proposed Annual Caps in respect of the transactions contemplated under the GTS Framework Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

### ***3.4 Reasons for and benefits of entering into the GTS Framework Agreement***

As stated in the Letter from the Board, metal scaffolds are commonly used in the Group's falsework design for the erection of formwork. Aside for erection of formwork, metal scaffolding is usually assembled for other construction activities at height either by the Group's own labours or subcontractors. By renting the metal scaffolds and related equipment from GT Scaffolding, the Group does not need to maintain a large volume of inventory, which is costly to acquire, repair and store.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

The Group has established the business relationship with GT Scaffolding since 2014. Having considered (i) the GT Scaffolding's expertise in providing and assembling metal scaffolds; (ii) the knowledge of the properties, loading capacities and correct assembly methods for the metal scaffolds it provides; (iii) job references from assembling large scale and complex metal scaffolding falsework; and (iv) the more favourable prices generally offered by GT Scaffolding as compared with other independent third parties due to good and long standing relationship with GT Scaffolding, the Directors are of the view that it is in the best interest of the Group to include GT Scaffolding in the qualified list of vendors and renew the transactions for the provision of rental of metal scaffolds, supporting equipment, technical support and transport services from GT Scaffolding.

Taking into consideration of the above, the Directors (excluding all the independent non- executive Directors whose views shall be formed after taking into account the advice of the Independent Financial Adviser) are of the view that the terms of the GTS Framework Agreement and its proposed annual caps are entered into on normal commercial terms, in the ordinary and usual course of business of the Group, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Having considered the above, we are of the view that the GTS Framework Agreement could offer flexibility for the Group's operations and aid the Group's project management. Thus, we concur with the Directors' view that the transactions contemplated under the GTS Framework Agreement are in the ordinary and usual course of business of the Group and is in the interest of the Company and the Shareholders as a whole.

#### **4. Internal control measures**

As disclosed in the Letter from the Board, the Company has implemented internal control procedures and policies to monitor connected transactions and to ensure that all connected transactions are entered into in accordance with pricing policies and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Group has closely observed the market conditions and monitored the prevailing market prices or market rates, including the pricings of transactions between the Group and independent third parties in respect of similar services or materials. Before entering into any connected transactions, the procurement and operation department of the Group will seek quotations from at least three independent third party suppliers for similar services or materials. Accordingly, the Company is able to ensure that the pricing terms under the GTM Framework Agreement and the GTS Framework Agreement are on normal commercial terms and no less favourable than those available from independent third parties.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

The Company will closely monitor the connected transactions to ensure that they are conducted in accordance with the terms of the relevant connected transaction agreements. The finance department of Group will also monitor the amount payable to GT Material under the GTM Framework Agreement and GT Scaffolding under the GTS Framework Agreement from time to time so as to ensure that the amount payable to GT Material and GT Scaffolding will not exceed the proposed annual caps for the respective financial years. The Company will set an alert amount when the total annual caps is about to be reached so that the Company could timely re-comply with the requirements under Chapter 14A of the Listing Rules in the event that the total amount payable to GT Material and GT Scaffolding are likely to be exceeded.

In addition, the independent non-executive Directors will conduct an annual review of the transactions contemplated under the GTM Framework Agreement and the GTS Framework Agreement. The Company's external auditors will also review the transactions as contemplated under the GTM Framework Agreement and the GTS Framework Agreement annually to check and confirm, among others, whether the pricing terms have been adhered to and whether the relevant annual caps have been exceeded.

The Directors consider that the Company has established sufficient internal control measures to ensure the transactions under the GTM Framework Agreement and the GTS Framework Agreement are conducted in the usual and ordinary course of business of the Group, fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

With reference to the 2020/21 Annual Report, we note that the Company's auditors were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on continuing connected transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditors have issued an unqualified letter containing its findings and conclusions in respect of the continuing connected transactions, including transactions contemplated under the 2019 GTM Framework Agreement and the 2019 GTS Framework Agreement, disclosed by the Group in the 2020/21 Annual Report in accordance with Rule 14A.56 of the Listing Rules. It is further noted from the 2020/21 Annual Report that the Directors, including the independent non-executive Directors, considered that all of the Group's continuing connected transactions, including transactions contemplated under the 2019 GTM Framework Agreement and the 2019 GTS Framework Agreement, for the year ended 31 March 2022 and their respective annual caps are fair and reasonable, and that such transactions have been and will be entered into in the ordinary and usual course of the business of the Group, on normal commercial terms, are fair and reasonable, and in the interests of the Group and Shareholder as a whole.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

Given the above, we consider there exists appropriate procedures and arrangements to ensure that the transactions contemplated under the GTM Framework Agreement and the GTS Framework Agreement will be conducted on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and on normal commercial terms or better and in the ordinary and usual course of business of the Group.

### RECOMMENDATION

Having considered the principal factors and reasons described above, we are of the opinions that (i) the terms of the GTM Framework Agreement and the GTS Framework Agreement, the transactions contemplated thereunder and their respective annual caps are on normal commercial terms or better and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the transactions contemplated under the GTM Framework Agreement and the GTS Framework Agreement are in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole.

Yours faithfully,  
For and on behalf of  
**Asian Capital Limited**  
**Louis HAU**  
*Executive Director*

*Mr. Louis HAU is a licensed person registered with Securities and Futures Commission of Hong Kong and a responsible officer of Asian Capital Limited, which is licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over nine years of experience in corporate finance in Hong Kong.*

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) Directors' and chief executive's interests and short positions in shares, underlying shares and debentures

As at the Latest Practicable Date, the interests or short positions of each of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

#### *Long Positions in shares and underlying shares of the Company*

Name of Director	Capacity/Nature of interest	Number of underlying Shares held	Approximate percentage of shareholding
Mr. Wang Kei Ming (Note)	Interested in controlled corporations/Interest of spouse	850,800,000	70.9%
Ms. Chao Lai Heng (Note)	Interested in controlled corporations/Interest of spouse	850,800,000	70.9%
Mr. Wang Yu Hin	Beneficial owner	9,880,000	0.8%

*Note:*

Each of Mr. Wang Kei Ming and Ms. Chao Lai Heng holds 50% of the issued share capital of Wang K M Limited, which directly holds 66.8% of the shares of the Company. Each of Mr. Wang Kei Ming and Ms. Chao Lai Heng also holds 50% of the issued share capital of K C Limited, which directly holds 4.1% of the shares of the Company. Ms. Chao Lai Heng is the spouse of Mr. Wang Kei Ming. Therefore, Each of Mr. Wang Kei Ming and Ms. Chao Lai Heng is deemed, or taken to be, interested in the same number of Shares in which Wang K M Limited and K C Limited are interested for the purpose of the SFO. Mr. Wang Kei Ming is the sole director of each of Wang K M Limited and K C Limited.

Save as disclosed above, as at Latest Practicable Date, none of the Directors or chief executive of the Company had any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under provision of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

**(b) Substantial shareholders' interests and short positions in shares, underlying shares and debentures**

As at the Latest Practicable Date, the following persons/entities (other than the Directors or chief executive of the Company) had or were deemed to have an interest or a short positions in the shares, the underlying shares and debentures of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company or any other member of the Group:

***Long positions in shares and underlying shares of the Company***

Name of Shareholder	Capacity	Number of underlying Shares held	Approximate percentage of issued share capital
Wang K M Limited	Beneficial owner	801,600,000	66.8%
K C Limited	Beneficial owner	49,200,000	4.1%

Save as disclosed above, as at the Latest Practicable Date, the Directors are not aware of any other persons who had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group.

**3. DIRECTORS' INTEREST IN COMPETING BUSINESS**

As at the Latest Practicable Date, none of the Directors and their respective associates had any interest in other competing business.

**4. MATERIAL ADVERSE CHANGE**

Save as disclosed in the announcement of the Company dated 21 September 2021 and the announcement of the Company dated 23 February 2022 as summarised below, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 March 2021, being the date to which the latest published audited financial statements of the Company were made up, up to and including the Latest Practicable Date:

- (a) following the amended statement of claim filed in March 2021 by Ming Tai Construction Engineering Company Limited, an indirect wholly owned subsidiary of the Company (“**Applicant**”), the Applicant has received a defence and counterclaim from Laing O’Rourke-Hsin Chong-Paul Y. Joint Venture dated 17 September 2021. For details, please refer to the announcement of the Company dated 21 September 2021; and
- (b) a number of infected cases have been reported at multiple construction sites of the Group since early February 2022 under the fifth wave outbreak of COVID-19 in Hong Kong. The operations at relevant construction sites were temporarily halted for an average of three to four days to undergo disinfection on sites and virus testing for site workers. For details, please refer to the announcement of the Company dated 23 February 2022.

**5. SERVICE CONTRACTS OF DIRECTORS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group which does not expire or is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

**6. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS OF THE GROUP**

As at the Latest Practicable Date, none of the Directors or expert had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2021, being the date to which the latest published audited consolidated financial statements of the Company were made up.

No Director was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which was significant in relation to the business of the Group taken as a whole.

**7. EXPERT AND CONSENT**

The following is the qualification of the expert who has given opinion or advice contained in this circular:

<b>Name</b>	<b>Qualification</b>
Asian Capital Limited	A licensed corporation permitted to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, the Independent Financial Adviser was not beneficially interested in the share capital of the Group nor did it have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in the Group.

As at the Latest Practicable Date, the Independent Financial Adviser had no direct or indirect interest in any assets which had been since 31 March 2021 (being the date to which the latest published audited accounts of the Company were made up) acquired or disposed of by or leased to the Group, or were proposed to be acquired or disposed of by or leased to the Group.

The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this circular, with the inclusion therein of its letter(s), report(s), opinion and/or the references to its name in the form and context in which it appears.

**8. GENERAL**

Should there be any inconsistencies between the English text and the Chinese text of the circular, the English text of this circular shall prevail over the Chinese text.

**9. DOCUMENTS ON DISPLAY**

Copies of the following documents will be published on the website of the Company (<http://www.royal-deluxe.com>) and the Stock Exchange's website (<http://www.hkexnews.hk>) for a period of 14 days from the date of this circular:

- (a) the GTM Framework Agreement;
- (b) the GTS Framework Agreement;
- (c) the letter of recommendation from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 18 to 19 of this circular;

- (d) the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 20 to 46 of this circular; and
- (e) the written consent of the Independent Financial Adviser referred to in the paragraph headed “Expert and Consent” in this appendix.

---

## NOTICE OF EGM

---



### ROYAL DELUXE HOLDINGS LIMITED

### 御佳控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 3789)**

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the extraordinary general meeting (the “**EGM**”) of Royal Deluxe Holdings Limited (the “**Company**”) will be held at 10:00 a.m. on Wednesday, 27 July 2022 via e-Meeting System for the following purpose of considering and, if thought fit, passing with or without amendment, the following resolution as an ordinary resolution:

#### ORDINARY RESOLUTION

1. “**THAT:**

- (a) the execution of the GTM Framework Agreement and its proposed annual caps (as defined and described in the Circular) be and are hereby confirmed, ratified and approved and the transactions hereunder be and is hereby approved;
- (b) the execution of the GTS Framework Agreement and its proposed annual caps (as defined and described in the Circular) be and are hereby confirmed, ratified and approved and the transactions hereunder be and is hereby approved; and
- (c) any one or more directors of the Company be and are hereby authorised to do all such acts and things as they consider necessary and to sign and execute all such documents (including under the seal of the Company), and to take all such steps which in their opinion may be necessary, appropriate, desirable or expedient for the purpose of giving effect to the GTM Framework Agreement, the GTS Framework Agreement and their respective proposed annual caps and completing the transactions contemplated thereby.”

By order of the Board

**Royal Deluxe Holdings Limited**

**Wang Kei Ming**

*Chairman and Executive Director*

Hong Kong, 29 June 2022

---

## NOTICE OF EGM

---

*Registered Office:*

Windward 3, Regatta Office Park,  
PO Box 1350,  
Grand Cayman KY1-1108,  
Cayman Islands

*Head office and principal place of business in Hong Kong:*

Unit A, 22/F,  
T G Place,  
10 Shing Yip Street,  
Kwun Tong, Kowloon,  
Hong Kong

*Notes:*

1. A form of proxy for the EGM is enclosed.
2. All registered shareholders will be able to join the EGM or any adjourned meeting thereof via the e-Meeting System. The e-Meeting System can be accessed from any location with access to the internet via smartphone, tablet device or computer. All non-registered shareholders may consult directly with their banks, brokers, custodians, nominees or HKSCC Nominees Limited through which their shares are held (as the case may be) for necessary arrangement to attend and vote via the e-Meeting System at the Meeting or any adjourned meeting thereof if they wish.
3. A registered shareholder entitled to attend and vote at the EGM or any adjourned meeting thereof is entitled to appoint one or more proxies to attend and, on a poll, vote via the e-Meeting System instead of him/her. A proxy need not be a member of the Company.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer, attorney or other person authorised to sign the same.
5. In order to be valid, the form of proxy, together with the power of attorney (if any) or other authority (if any) under which it is signed, or a certified copy of such power or authority, must be deposited at the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as practicable and in any event not later than 48 hours before the time appointed for holding the EGM or any adjourned meeting thereof. Forms of proxy sent electronically or by any other data transmission process will not be accepted.
6. In the case of joint holders of any share(s), only ONE PAIR of log-in username and password for the e-Meeting System will be provided to the joint holders. Any one of such joint holders may attend or vote in respect of such share(s) as if he/she/it was solely entitled thereto.
7. Completion and return of the form of proxy will not preclude members from attending and voting via the e-Meeting System at the EGM or at any adjourned meeting thereof should they so wish, and in such event, the form of proxy shall be deemed to be revoked.

---

## NOTICE OF EGM

---

8. The register of members of the Company will be closed, for the purpose of determining the identity of members who are entitled to attend and vote via the e-Meeting System at the EGM from Friday, 22 July 2022 to Wednesday, 27 July 2022, both days inclusive, during which period no transfers of shares will be effected. In order to be entitled to attend and vote via the e-Meeting System at the EGM or any adjourned meeting, all completed transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 21 July 2022.
9. The voting on the resolution will be conducted by way of a poll.