
RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

BACKGROUND OF OUR CONTROLLING SHAREHOLDERS

Immediately after the completion of the [REDACTED] and the [REDACTED] (without taking into account any Share that may be allotted and issued upon the exercise of the [REDACTED] or any option which may be granted under the Share Option Scheme), our Company will be owned as to [REDACTED] by WK (BVI). WK (BVI) is an investment holding company incorporated in BVI and is owned as to 30% by Mr. Kelvin Chan, 30% by Mr. Eddie Chan, 15% by Mr. WH Chan, 15% by Ms. Choi and 10% by Ms. Karen Chan. On the basis that Mr. Kelvin Chan, Mr. Eddie Chan, Mr. WH Chan, Ms. Choi and Ms. Karen Chan hold their respective interests in our Company through a common investment holding company, i.e. WK (BVI), which in turn will be entitled to exercise 30% or more of the voting power at general meetings of our Company, WK (BVI), Mr. Kelvin Chan, Mr. Eddie Chan, Mr. WH Chan, Ms. Choi and Ms. Karen Chan are regarded as a group of Controlling Shareholders under the Listing Rules.

Mr. Kelvin Chan, Mr. Eddie Chan, Ms. Karen Chan are also the executive Directors, whereas Mr. WH Chan and Ms. Choi are also the non-executive Directors. In addition, Mr. WH Chan is the chairman of our Board and Mr. Kelvin Chan is the chief executive officer of our Group. For details of their background and experience, please refer to the paragraph headed "Directors and senior management – Directors" in this document.

RULE 8.10 OF THE LISTING RULES

Each of our Controlling Shareholders, Directors and their respective close associates does not have any interest apart from the business of our Group which competes or is likely to compete, directly or indirectly with the business of our Group and which requires disclosure pursuant to Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM CONTROLLING SHAREHOLDERS

Save as disclosed in the paragraph headed "Transactions entered into before the [REDACTED] which would otherwise constitute connected transactions" in this section below, our Directors do not expect that there will be any significant transaction between our Group and our Controlling Shareholders upon or shortly after the [REDACTED].

Our Directors believe that our Group is capable of carrying on our business independently of, and does not place undue reliance on, our Controlling Shareholders or their respective close associates, taking into consideration the following factors:

Management independence

Our Group has an independent management team comprising our executive Directors and senior management who have substantial experience in the business of our Group. Our management team is able to implement the policies and strategies of our Group and perform its roles in our Company independently.

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Our Group aims at establishing and maintaining a strong and independent Board to oversee our Group's business. Our Board comprises three executive Directors, two non-executive Directors and three independent non-executive Directors. Our three independent non-executive Directors have extensive experience in different areas or professions. The main functions of our Board include the approval of our Group's overall business plans and strategies, monitoring the implementation of these plans and strategies and the management of our Group.

Further, each of our Directors is aware of his or her fiduciary duties as a Director which require, among other things, that he or she acts for the benefit and in the best interests of our Company and our Shareholders as a whole, and does not allow any conflict between his or her duties as a Director and his or her personal interest to exist. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Director(s) shall abstain from voting at the relevant Board meetings in respect of such transaction and shall not be counted in the quorum. In case Mr. Kelvin Chan, Mr. Eddie Chan, Mr. WH Chan, Ms. Choi and Ms. Karen Chan are required to abstain from voting at the Board meetings due to potential conflict(s) of interest, our independent non-executive Directors will be able to form a quorum and ensure that the decisions of our Board are made after due consideration of independent and impartial opinion.

In view of the aforesaid, our Directors are of the view that our Group is capable of managing our business independently of our Controlling Shareholders and their respective close associates after the [REDACTED].

Operational independence

Our Group has established our own organisational structure comprising individual departments, each with specific areas of responsibilities. Our Group has not shared our operational resources, such as suppliers, customers, and marketing, sales and general administration resources with our Controlling Shareholders and/or their respective close associates.

Further, our Group holds all relevant licences necessary to carry on our businesses and has sufficient capital, equipment and employees to operate our businesses independently. Our Group has also established various internal control procedures to facilitate the effective operation of our businesses.

Save as disclosed in the paragraph headed "Transactions entered into before the [REDACTED] which would otherwise constitute connected transactions" in this section below, our Group has not entered into any connected transaction with any of our Controlling Shareholders that will continue after the [REDACTED].

Financial independence

Our Group has our own accounting systems, accounting and finance department and independent treasury function for cash receipts and payments. Our Group makes financial decisions according to our own business needs.

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The accounting and finance department of our Group will be responsible for the financial reporting, liaising with our auditors, reviewing our cash position and negotiating and monitoring our bank loan facilities and drawdowns.

During the Track Record Period, Mr. Kelvin Chan, Mr. Eddie Chan, Ms. Karen Chan and Mr. WH Chan had provided personal guarantees, while Wealthy River International Investment Limited, a company owned as to one-third by Mr. Kelvin Chan, one-third by Mr. Eddie Chan and one-third by Ms. Karen Chan, together with Mr. WH Chan and Ms. Choi had provided securities, for the banking facilities granted to our Group. All such personal guarantees and securities will be replaced by a corporate guarantee given by our Company or released or otherwise settled in full before or upon the [REDACTED].

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

Independence from major suppliers

Our Directors have confirmed that none of our Controlling Shareholders, our Directors and their respective close associates, had any relationship with the major suppliers of our Group (other than business contacts in the ordinary and usual course of business of our Group) during the Track Record Period and up to the Latest Practicable Date.

Independence from major customers

Our Directors have confirmed that none of our Controlling Shareholders, our Directors and their respective close associates, had any relationship with the major customers of our Group (other than business contacts in the ordinary and usual course of business of our Group) during the Track Record Period and up to the Latest Practicable Date.

TRANSACTIONS ENTERED INTO BEFORE THE [REDACTED] WHICH WOULD OTHERWISE CONSTITUTE CONNECTED TRANSACTIONS

During the Track Record Period and prior to the [REDACTED], we entered into the following transaction with Wealthy River International Investment Limited (“**Wealthy River**”), being a connected person (as defined under the Listing Rules) of our Company after the [REDACTED]. This transaction is accounted as one-off in nature under HKFRS 16. If this transaction was entered into after the [REDACTED], such transaction would constitute a connected transaction under Chapter 14A of the Listing Rules. Details of such transaction are set out below:

Connected person

Upon the [REDACTED], Wealthy River, which has entered into the following tenancy agreement with our Group, will be our connected person. Wealthy River is owned as to one-third, one-third and one-third by Mr. Kelvin Chan (an executive Director, the chief executive officer of our Group and one of our Controlling Shareholders), Mr. Eddie Chan

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(an executive Director and one of our Controlling Shareholders) and Ms. Karen Chan (an executive Director and one of our Controlling Shareholders), respectively. Therefore, Wealthy River is a connected person of our Company pursuant to the Listing Rules.

Tenancy Agreement

As at the Latest Practicable Date, our Group has leased certain properties from Wealthy River under a tenancy agreement (the "**Tenancy Agreement**"), the details of which are set out as follows:

Date of the Tenancy Agreement:	29 November 2023
Landlord:	Wealthy River
Tenant:	Wing Kei Hong Kong
Property addresses:	Rooms 1510-1512 and 1520, Fortune Commercial Building and parking lot nos. 315, 316 and 201, 362 Sha Tsui Road, Tsuen Wan, New Territories, Hong Kong
Approximate area:	1,896 sq.ft.
Term:	1 January 2024 to 31 December 2024
Total rental:	HK\$540,000
Use of the property:	Office and car parking space

Basis in determining the rental payable

The rental payable under the Tenancy Agreement was determined after arm's length negotiations between the parties thereto with reference to the prevailing market rates in respect of similar premises in the vicinity.

Reasons for the transaction

Our Group has historically been using the properties under the Tenancy Agreement as our offices and car parking spaces. Having considered that the rental of the properties under the Tenancy Agreement was comparable to the prevailing market rates in respect of similar premises in the vicinity, and the Tenancy Agreement was entered into in the ordinary and usual course of our business, on terms no less favourable to us than those available from Independent Third Parties, our Directors consider that the terms of the Tenancy Agreement are fair and reasonable and it is in the interests of our Company and our Shareholders as a whole to continue using the properties under the Tenancy Agreement as our offices and car parking spaces.

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Accounting treatment of the Tenancy Agreement

Our Group has consistently applied HKFRS 16 in the preparation of the financial information of our Group throughout the Track Record Period, pursuant to which, at the commencement date of a lease, our Group as lessee shall recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Accordingly, the lease transaction under the Tenancy Agreement would be regarded as an acquisition of assets by the tenant for the purpose of the Listing Rules.

Listing Rules implications

As each of the relevant percentage ratios calculated for the purpose of Chapter 14A of the Listing Rules in respect of the value of the right-of-use asset of the properties under the Tenancy Agreement was less than 5% and the value of the right-of-use asset was less than HK\$3.0 million, the relevant transaction would constitute a *de minimis* connected transaction under Rules 14A.76 of the Listing Rules and would be fully exempt from the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules should our Company be [REDACTED] on the [REDACTED] at the time of the relevant transactions.