
RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

Immediately following completion of the [REDACTED] and the [REDACTED] (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the [REDACTED], options that may be granted under the Share Option Scheme or any Shares that may be granted under the Share Award Scheme), Wing Lee Green Development will be interested in approximately [REDACTED]% of the issued share capital of our Company.

Wing Lee Green Development is an investment holding company incorporated in the BVI and is owned as to 68% by Mr. Yiu, 17% by Mr. Yiu Wang Lung and 15% by Mr. Chan. On the basis that Mr. Yiu, Mr. Yiu Wang Lung and Mr. Chan hold their respective interests in our Company through a common investment holding company, namely Wing Lee Green Development, which, in turn, will be entitled to exercise 30% or more of the voting power at general meetings of our Company, Wing Lee Green Development, Mr. Yiu, Mr. Yiu Wang Lung and Mr. Chan are regarded as a group of Controlling Shareholders under the Listing Rules. For details of the shareholding interests of our Controlling Shareholders, please refer to the section headed “Substantial Shareholders” in this document.

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

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

DELINEATION OF OUR BUSINESS

Our Business

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

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Other investments held by the Controlling Shareholders

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

Mr. Yiu

| Name of the company | Place of incorporation | Principal business | Current status |
|--|---------------------------|------------------------|---|
| 1 Sanyear Investments Limited 生耀投資有限公司 | Hong Kong | No business operations | Dormant |
| 2 Wing Lee Energy Technology Limited 榮利能源科技有限公司 | Hong Kong | No business operations | Pending approval of deregistration |
| 3 Wing Tai Property Investments (Hong Kong) Limited 榮泰置業(香港)有限 公司 (“ Wing Tai Property ”) | Hong Kong | Investment holding | Continuing as an investment holding company |
| 4 Wisehead Holdings Limited | BVI | Investment holding | Continuing as an investment holding company |
| 5 Triple Success Investments Limited . . | Hong Kong | No business operations | Dormant |
| 6 Star Cottage Limited | BVI | No business operations | Dormant |
| 7 Vimanda Profits Limited | BVI | No business operations | Dormant |
| 8 Asone Asia Limited 正淳亞洲有限公司 (formerly known as Wing Lee Engineering (Asia) Limited 榮利工程(亞洲)有限公司) | Hong Kong | No business operation | Disposed of to an independent third party on 25 July 2024 |

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| Name of the company | Place of incorporation | Principal business | Current status |
|---|------------------------|-----------------------|---|
| 9 Sanying Property HK Limited 星盈置業香港有限公司 (formerly known as Wing Lee Property Investments (Hong Kong) Limited 榮利置業(香港)有限公司) . . | Hong Kong | No business operation | Disposed of to an independent third party on 25 July 2024 |
| 10 Chizun Investment International Limited 正淳投資國際有限公司 (formerly known as Wing Lee Investments (International) Limited 榮利投資(國際)有限公司 and Wing Lee Development Construction Holdings Limited 榮利營造控股有 限公司) ^(Note) | Hong Kong | No business operation | Disposed of to an independent third party on 25 July 2024 |

Note: To facilitate the registration of our Company as a non-Hong Kong company under Part 16 of the Companies Ordinance, Wing Lee Investments (International) Limited 榮利投資(國際)有限公司 changed its name to Wing Lee Development Construction Holdings Limited 榮利營造控股有限公司 on 11 April 2024 in order to reserve the name of our Company in Hong Kong. Upon the successful registration of our Company with the Registrar of Companies in Hong Kong as a non-Hong Kong company on 27 June 2024, Wing Lee Development Construction Holdings Limited 榮利營造控股有限公司 then changed its name to Chizun Investment International Limited 正淳投資國際有限公司 on 7 July 2024.

Wing Tai Property directly owns 100%, 50% and 100% of the issued share capital of Wisehead Holdings Limited, Sanyear Investments Limited and Star Cottage Limited, respectively, whereas the remaining 50% of the issued share capital of Sanyear Investments Limited is held by Star Cottage Limited. Wisehead Holdings Limited directly owns the entire issued share capital of Triple Success Investments Limited, and Star Cottage Limited directly owns the entire issued share capital of Vimanda Profits Limited. Please refer to the above table for the principal businesses of the above companies.

A request for a notice of no objection to a company being deregistered under section 88B of the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) has been filed by Wing Lee Energy Technology Limited with the Inland Revenue Department on 11 March 2024. As at the Latest Practicable Date, the process of the deregistration was still pending.

In order to streamline his shareholding and businesses, Mr. Yiu completed the disposal of Asone Asia Limited, Sanying Property HK Limited and Chizun Investment International Limited, which are currently dormant and do not compete with our Group’s businesses to Mr. Chen Xiong, an independent third party, on 25 July 2024.

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Mr. Chen Xiong is a businessman engaging in the construction and renovation industry and was a former business partner of Mr. Chan Chi Wai (“**Mr. CW Chan**”, being the brother-in-law of Mr. Yiu). Mr. Chen Xiong revealed his plan to develop his renovation business in Hong Kong to Mr. CW Chan in April 2024 and learned from Mr. CW Chan that three companies held by Mr. Yiu, namely Azone Asia Limited, Sanying Property HK Limited and Chizun Investment International Limited, did not have any active business and were available for sale. Considering that direct acquisition of companies that were readily available would be more convenient and time and cost-saving as compared with incorporating new companies, Mr. Chen Xiong decided to acquire the shares of the said three companies from Mr. Yiu. Since the above companies did not have any active business, the consideration for the acquisition of each of the above three companies was at a nominal amount of HK\$1 per share.

To the best knowledge of Mr. Yiu, none of the above companies, their directors, shareholders and/or senior management have been involved in any material non-compliant incidents, claims, litigation and/or legal proceedings (whether actual or threatened) since their establishment up to the present date.

Mr. Chan

| Name of company | Place of incorporation | Principal business | Current status |
|---|------------------------|--------------------|---|
| 1 Hang Lee Hong Kong Trading Limited (“ Hang Lee ”) 恒利香港貿易有限公司 . | Hong Kong | Jewellery trading | Deregistered on 2 August 2024 |
| 2 Success Alliance International Limited 集成國際有限公司 | Hong Kong | Investment holding | Continuing as an investment holding company |
| 3 Tai Shan Holdings Limited 泰山控股有限公司 | Hong Kong | Investment holding | Continuing as an investment holding company |

Success Alliance International Limited holds a vehicle with vehicle licence for both Hong Kong and the PRC. Tai Shan Holdings Limited holds a vehicle with vehicle licence for both Hong Kong and the PRC. Apart from that, none of them hold any companies. Mr. Chan confirmed that there were no non-compliances nor any material claim, litigation and/or legal proceedings against Success Alliance International Limited and Tai Shan Holdings Limited since their incorporation.

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Hang Lee filed an application for deregistration to the Registrar of Companies on 6 February 2024 and was deregistered on 2 August 2024. Mr. Chan confirmed that there were no non-compliances, claim, litigation and/or legal proceedings against Hang Lee since incorporation and prior to its deregistration.

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

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

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

RULE 8.10 OF THE LISTING RULES

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

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

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

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

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

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Management independence

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

- our Group’s strategies, management, operations and affairs are formulated, led, managed and/or supervised by our Board and not by any individual Director. All major and important corporate actions of our Group are and will be fully deliberated and determined by our Board collectively and objectively as a collective body;
- pursuant to the terms of the service contracts entered into between our Company and the executive Directors, every executive Director is required to devote substantially the whole of his/her time, attention and abilities during normal business hours and such additional hours as may reasonably be requisite to our Group;
- in the event that there is a potential conflict of interest in or arising out of any transaction to be considered and approved by our Board, the interested Director(s) shall abstain from voting at the relevant meeting of our Board considering and approving such transaction and shall not be counted towards the quorum of such Board meeting unless this is otherwise permitted under the Articles and/or the Listing Rules;
- we have three independent non-executive Directors, who are not associated with our Controlling Shareholders or their respective associates. Resolutions of our Board approving any matters in which any of the executive Directors has a potential conflict of interest and/or material interest will, only be considered and approved by the independent non-executive Directors (as under the provisions of the Articles and the Listing Rules, the executive Directors will then be prohibited from voting on the resolution(s) and will not be counted towards the quorum of the relevant Board meetings at which the relevant resolution(s) is/are approved). The independence of our Board’s decisions in respect of any matters in which any of our Group’s executive Directors has a potential conflict of interest and/or material interest is and can be ensured;
- our Group has established corporate governance procedures in safeguarding the interests of the shareholders and enhancing shareholders’ value. Each Director is fully aware of his/her fiduciary duty to our Group, and will abstain from voting on any matter where there is or may be a conflict of interest as required under and in accordance with the applicable Articles and the Listing Rules; and

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- our Board from time to time delegates certain functions to, and is assisted by its senior management in the implementation of the business plan and strategy as laid down by our Board. The day-to-day management and operations of our Group is operated independently from the influence of our Controlling Shareholders and their respective associates.

Operational independence

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

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

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

Financial independence

Our Group has established a financial system (including bank accounts) that operate independently. During the Track Record Period, certain of the banking facilities granted to our Group were secured by guarantees and collateral security provided by our Controlling Shareholders, certain of our Directors and their respective associates. As at the Latest Practicable Date, a total of 13 banking facilities of up to approximately HK\$25.8 million were guaranteed by the Controlling Shareholders, Directors and/or Mr. Yiu Fai either individually or as a group of guarantors (as the case may be). The above guarantees and collateral security will either be released upon [REDACTED] or will be replaced by corporate guarantees executed by our Company upon [REDACTED]. As such, upon [REDACTED], our Group will have independent access to third party financing without relying on any guarantee from our Controlling Shareholders, such Directors and their respective associates.

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

DEED OF NON-COMPETITION

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

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

- shall promptly notify our Company in writing and refer such Competing Business Opportunity to our Company for consideration and provide such information as reasonably required by our Company in order to enable us to come to an informed assessment of such Competing Business Opportunity; and
- shall not, and shall procure their associates (other than members of our Group) not to, invest or participate in any project or the Competing Business Opportunity unless such project or the Competing Business Opportunity has been rejected by our Company and in respect of such projects and Competing Business Opportunity, the principal terms on which our Controlling Shareholders or their respective associates shall invest or participate are no more favourable than those made available to our Company.

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Each of our Controlling Shareholders has further undertaken to our Company (for itself and for the benefit of its subsidiaries) that, with effect from the [REDACTED], they shall not and shall procure that none of their associate (except for any members of our Group) shall directly or indirectly:

- at any time induce or attempt to induce any director, manager or employee or consultant of any member of our Group to terminate his or her employment or consultancy (as applicable) with our Group, whether or not such act of that person would constitute a breach of that person's contract of employment or consultancy (as applicable);
- at any time employ any person who has been a director, manager, employee of or consultant to any member of our Group who is or may be likely to be in possession of any confidential information or trade secrets relating to the Restricted Business; or
- alone or jointly with any other person or as manager, advisor, consultant, employee or agent for or shareholder in any person, firm or company, in competition with any member of our Group, canvass, solicit or accept orders from or do business with any person with whom any member of our Group has done business or solicit or persuade any person who has dealt with our Group or is in the process of negotiating with our Group in relation to the Restricted Business to cease to deal with our Group or to reduce the amount of business which the person would normally do with our Group or seek to improve their terms of trade with any member of our Group.

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

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

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Our Controlling Shareholders represented and warranted that, as of the date of the Deed of Non-competition, none of them or any of the persons or companies in their control is currently interested or engaging, directly or indirectly, in (whether as a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) the Restricted Business through our Group or is otherwise engaged in any business which is in competition or material competition to those of our Group.

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

- they shall allow, and shall procure that the relevant associates (excluding members of our Group) to allow the independent non-executive Directors to review, at least on an annual basis, whether our Controlling Shareholders are in compliance with the Deed of Non-competition;
- they shall provide all information necessary for the annual review by the independent non-executive Directors and the enforcement of the Deed of Non-competition;
- our Company shall disclose decisions on matters reviewed by the independent non-executive Directors relating to the compliance and enforcement of the Deed of Non-competition either through the annual report, or by way of announcement to the public; and
- they shall provide our Company with a confirmation annually for inclusion by our Company in the annual report, in respect of their compliance with the terms of the Deed of Non-competition.

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

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

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- the day on which the relevant Controlling Shareholder beneficially owns or is interested in the entire issued share capital of our Company.

CORPORATE GOVERNANCE MEASURES

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

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

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