

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

Immediately following completion of the Capitalisation Issue and the Share Offer, Mr. Leung and Dr. Ho will through Join Together and BVI Holdco control more than 30% of our issued share capital, irrespective of whether the Offer Size Adjustment Option is exercised partially or fully, or at all. For the purpose of the Listing Rules, Mr. Leung, Dr. Ho, Join Together and BVI Holdco are our Controlling Shareholders. Each of Mr. Leung, Dr. Ho, Join Together and BVI Holdco confirms that he/it does not hold or conduct any business which competes, or is likely to compete, either directly or indirectly, with our business. Mr. Leung has confirmed to our Company that he has not given and will not give directions or instructions in relation to the corporate affairs of our Group to our executive Directors.

Interests of Mr. Leung

Within our Group and our holding companies, Mr. Leung is a 70% shareholder of Join Together, which in turn owns a 70% interest in BVI Holdco, a 75% shareholder of our Company upon completion of the Share Offer and the Capitalisation Issue. Mr. Leung is a director of Join Together and BVI Holdco and subsidiaries of our Company including One Million, Sunley, Sunnic and Full Gain.

Outside our Group and our holding companies, Mr. Leung owns 50% shareholding interest in and is a director of Billion Vantage Industrial Limited (“**Billion Vantage**”), a company incorporated in Hong Kong whose principal asset is a motor vehicle used by Mr. Leung and his family. Apart from owning the aforesaid motor vehicle, Billion Vantage does not conduct any other business activities. Save for the above, Mr. Leung did not have any directorship/employment/interests in any business/entities outside our Group as at the Latest Practicable Date.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS AND THEIR RESPECTIVE ASSOCIATES

In the opinion of our Directors, our Group is capable of carrying on our businesses independently of, and does not place undue reliance on, the Controlling Shareholders, their respective associates or any other parties, taking into account the following factors:

(i) Financial independence

Our Group has an independent financial system and makes financial decisions according to our Group’s own business needs. We have sufficient capital to operate our business independently, and have adequate internal resources and a strong credit profile to support our daily operations. For the two years ended 31 March 2012, our Group has relied principally on cash generated from operations, bank borrowings and finance lease to carry on its business and this is expected to continue after the Listing.

As at Latest Practicable Date, the trade related and non-trade related amounts due to or from our Controlling Shareholders, or companies controlled by him/it had been fully settled and all guarantees provided to us by the Controlling Shareholders and their associates will be released on or before the Listing Date.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

(ii) Operational independence

We have established our own organisational structure comprised individual departments, each with specific areas of responsibilities. Our Group has not shared its operational resources, such as suppliers, customers, marketing, sales and general administration resources with the Controlling Shareholders and/or their associates. No services, premises and facilities will be provided by the Controlling Shareholders and/or their associates to our Group. As we have independent contractors capable of carrying out site formation and foundation construction works, our Group is able to operate independently from the Controlling Shareholders after the Listing.

(iii) Independence of management

Our management and operational decisions are made by the Board and our team of senior management. The Board comprises three executive Directors, one non-executive Director and three independent non-executive Directors. Mr. Leung, Dr. Ho, Mr. Cheng, Mr. Ho and Mr. Tsui are also directors of BVI Holdco, a Controlling Shareholder and solely an investment vehicle of Mr. Leung, Dr. Ho, Mr. Cheng, Mr. Tsui and Mr. Wong in holding the Shares. Save as disclosed above, none of our Directors or senior management serves any executive or management role in BVI Holdco.

Each of our Directors is aware of his fiduciary duties as a Director which require, among other things, that he acts for the benefit and in the best interests of our Company and does not allow any conflict between his duties as a Director and his personal interest. 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 associates, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum.

Having considered the above factors, our Directors are satisfied that they are able to perform their roles in our Company independently, and our Directors are of the view that our Group is capable of managing its business independently from our Controlling Shareholders and their respective associates after the Listing.

CORPORATE GOVERNANCE MEASURES

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

- (i) the Articles provide that except for a few exceptions set out in Note 1 to Appendix 3 of the Listing Rules (in relation to paragraph 4(1) of the same appendix only), a Director shall absent himself from participating in Board meetings (nor shall he be counted in the quorum) and voting on any resolution of the Board approving any contract or arrangement or other proposal in which he or any of his associates is materially interested unless a majority of the independent non-executive Directors expressly require him to attend;
- (ii) our independent non-executive Directors will review on an annual basis the compliance with the Deed of Non-competition (as defined below) by the Covenantors (as defined below);

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

- (iii) the Covenantors (as defined below) undertake to provide all information requested by our Company which is necessary for the annual review by the independent non-executive Directors and the enforcement of the Deed of Non-competition (as defined below);
- (iv) we will disclose in the “corporate governance report” section of our subsequent annual reports on how the Deed of Non-competition (as defined below) has been complied with;
- (v) we will disclose decisions on matters reviewed by our independent non-executive Directors relating to the compliance of the Deed of Non-competition (as defined below) by the Covenantors (as defined below) in our subsequent annual reports; and
- (vi) the Covenantors (as defined below) will make an annual statement on compliance with the Deed of Non-competition (as defined below) in our subsequent annual reports.

Further, any transaction that is proposed between our Group and the Covenantors 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.

With the measures set out above, the Directors believe that the interest of the Shareholders will be protected.

COMPETING INTEREST

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

NON-COMPETITION UNDERTAKING

In order to avoid any possible future competition between our Group and each of Mr. Leung, Dr. Ho, Join Together and BVI Holdco (the “**Covenantors**”), the Covenantors have executed a deed of non-competition on 11 September 2012 in favour of us (for ourselves and for the benefit of each member of our Group) (the “**Deed of Non-competition**”). Pursuant to the Deed of Non-competition, during the period that the Deed of Non-competition remains effective, each of the Covenantors irrevocably and unconditionally undertakes with us (for ourselves and for the benefit of each member of our Group) that he/it shall not, and shall procure his/its associates (other than members of our Group) not to, directly or indirectly engage, participate or hold any right or interest in or render any services to or otherwise be involved in any business in competition with or likely to be in competition with the existing business activity of any member of our Group.

Where business opportunities which may compete with the business of our Group arise, the relevant Covenantor(s) shall, and shall procure his/its associates to, give us notice in writing and we shall have a right of first refusal to take up such business opportunities. We shall only exercise the right of first refusal upon the approval of all the independent non-executive Directors (who do not have any interest in such proposed transactions). The relevant Covenantor(s) and the other conflicting Director(s) (if any) shall abstain from participating in and voting at and shall not be counted as quorum at all

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

meetings of the Board where there is a conflict of interests or potential conflict of interests including but not limited to the relevant meeting of the independent non-executive Directors for considering whether or not to exercise the right of first refusal.

Our Board will establish a committee comprising all the independent non-executive Directors which will be delegated with the authority to review on an annual basis the above undertakings from the Covenantors. The Covenantors also undertake to provide all information necessary for the enforcement of the Deed of Non-competition as requested by the committee from time to time.

The undertakings mentioned above are conditional upon the fulfilment of the conditions stated in the paragraph headed “Conditions of the Share Offer” under the section headed “Structure of the Share Offer” in this prospectus. If any of such conditions is not fulfilled on or before the date falling 30 days after the date of this prospectus, the Deed of Non-competition shall become null and void and cease to have any effect whatsoever and no party shall have any claim against the others under the Deed of Non-competition.

The Deed of Non-competition shall terminate on the earliest of the date on which (i) a Covenantor, whether individually or taken together with his/its associate, ceases to hold in aggregate 30 per cent. or more of the entire issued share capital of our Company or otherwise ceases to be a controlling shareholder (as defined under the Listing Rules from time to time) of our Company; or (ii) the Shares shall cease to be listed and traded on the Stock Exchange (except for temporary suspension of trading of the Shares on the Stock Exchange due to any reason).