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## RELATIONSHIPS WITH THE CONTROLLING SHAREHOLDERS

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### INDEPENDENCE OF OUR GROUP FROM THE CONTROLLING SHAREHOLDERS

The Controlling Shareholders, being Mr. Chan, Tiger Crown, Mr. Li, Ms. Li and Scenemay Holdings, are regarded as a group of controlling shareholders acting in concert to exercise their voting right in our Company and they together will be interested in a total of 40.46% of the issued share capital of our Company upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

#### **Management independence**

We have our own management team with substantial experience and expertise in the fitting-out industry independent from the Controlling Shareholders or their respective associates.

The principal business of each of Tiger Crown and Scenemay Holdings is investment holding while each of Mr. Chan, Mr. Li and Ms. Li does not have any other business or investment which is competing with our business. Mr. Li is a director of a charitable organisation, Tung Wah Group of Hospitals (2006/2010) and the chief executive of Macau Jockey Club. Ms. Li is a council member to the board of a charitable organisation, Sowers Action. Mr. Li is the brother of Ms. Li.

Our Directors are satisfied that we can manage our business independently of the Controlling Shareholders and their respective subsidiaries particularly with respect to the following factors:

#### *(a) Board structure*

The Board comprises eight Directors, among them three are independent non-executive Directors who are either well-educated, having extensive experience in different areas or professionals and appointed pursuant to the requirements under the Listing Rules to ensure that the decisions of the Board are made only after due consideration of independent and impartial opinions.

Our Directors believe that the presence of the Directors from different background provides a balance of opinion. Furthermore, the Board acts collectively by majority decisions in accordance with the Articles of Association and the laws, and no single Director is supposed to have any decision-making unless authorised by the Board.

#### *(b) Disclosure of interest*

According to the Articles of Association, if any Director is in any way, directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with our Company (“**Interested Director**”), he will declare the nature of his interest to the Board at his earliest convenience.

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In addition, such Interested Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving such contract or arrangement or other proposal in which he or any of his associates is to his knowledge materially interested except in certain circumstances as set out in the Articles as summarised in paragraph 2(a)(v) in Appendix V to this prospectus.

However, for good corporate governance practice, an Interested Director shall absent himself from any board meeting, or the relevant part of the meeting, at which matter(s) in which he has a material interest is (are) discussed, unless he is specifically requested to attend or to remain in the meeting by the Directors who have no interest in such matter(s).

*(c) Participation in board meeting and voting therein*

According to the Articles of Association, each Director is entitled to one vote in meetings of the Board and a simple majority is required to approve any business considered therein.

*(d) Participation in general meeting and voting therein*

The Articles of Association do not impose any restriction on Shareholders to attend general meetings of our Company nor to vote on any resolution proposed therein; however where our Company has knowledge that any Shareholder, under the Listing Rules, is required to abstain from voting on any particular resolution of our Company or restricted to voting only for or only against any particular resolution of our Company, any votes cast by or on behalf of such Shareholder in contravention of such requirement or restriction shall not be counted.

Any transaction between our Group and the Controlling Shareholders shall be governed by Chapter 14A of the Listing Rules, which provides that certain categories of connected transactions shall be subject to independent Shareholders' approval.

Tiger Crown and Scenemay Holdings, as Shareholders, have the right to attend any general meeting of our Company through their respective authorised representative. However, they shall not vote on any resolution proposed at a general meeting in approving any contract or arrangement or other proposal in which any of them, Mr. Chan, Mr. Li and/or Ms. Li has any material interest when independent Shareholders' approval is required under Chapter 14A of the Listing Rules.

### **Operational independence**

Although the Controlling Shareholders will retain a controlling interest in our Company after the Listing, the Board of Directors has full rights to make all decisions on, and to carry out, our own business operations independently. Although Mr. Chan, being one of the Controlling Shareholders of our Company, is an executive Director, our Company has our own management team, of which most members are independent of the Controlling Shareholders, have served our Company or its subsidiaries for a substantial period of time and have substantial experience in the industry in which our Company is engaged.

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Waldo Hotel Limited, a company in which Mr. Chan's father has an indirect and minority interest and Ms. Li has a controlling interest, directly and indirectly, has engaged our Group to provide fitting-out works for a hotel it owns which is due to be completed in December 2009. Please refer to the section headed "Connected transactions – Provision of fitting-out works to Waldo Hotel Limited" in this prospectus for the revenue expected to be derived from such fitting-out works.

Giant World Corporation Limited, a company in which Mr. Chan has a 25% indirect shareholding interest, has also engaged a member of our Group to provide construction works for a golf driving range located at Tseung Kwan O. The revenue expected to be derived from such construction works amounts to approximately HK\$46,060,000.

Given the revenue of our Group attributable to the above companies, being only two of the customers of our Group, is relatively small and our Group is engaged by them on a project-by-project basis during our ordinary course of business, our Directors consider that our Group's operational independence will not be affected by either of them.

Save for certain services provided to Waldo Hotel Limited and Giant World Corporation Limited mentioned above, we operate independently from the Controlling Shareholders and their respective associates as (a) we have established our business independent of that of the Controlling Shareholders; and (b) the business nature of each of the Controlling Shareholders is distinct from that of our Group. We have independent access to our customers and suppliers and can use our own intellectual properties without relying on any third party and develop technology independently of any third party and do not place undue reliance on any third party in relation to the use or development of technology.

Having considered the above, our Directors are satisfied that our business is delineated from the business or investment of the Controlling Shareholders and there is no competition between the parties. As such, our Directors and the Sponsor are satisfied that we can operate independently of the Controlling Shareholders and their respective associates.

### **Financial independence**

We have our own accounting and finance department and independent financial system and makes financial decisions according to our own business need. Our Directors confirm that as at the Latest Practicable Date, we were not indebted to any of the Controlling Shareholders. As at 30 June 2009, being the latest practicable date for the purpose of the indebtedness statement prior to the printing of this prospectus, we had total bank borrowings of approximately HK\$32,250,000, which were secured by certain trade receivables of the Group and personal guarantees given by certain Directors, including Mr. Chan, a Controlling Shareholder. It is expected that the guarantees will be released and will be replaced by guarantees from our Company upon the Listing. Therefore, there is no financial dependence on the Controlling Shareholders or any of their respective associates.

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### DEED OF NON-COMPETITION

For the purpose of the Listing, each of the Controlling Shareholders, Mr Leung, Mr. Ng and Mr. Wong (collectively, the “**Covenantors**”) has entered into the Deed of Non-competition in favour of our Company (for its own and on behalf of all members of the Group), pursuant to which each of the Covenantors, irrevocably and unconditionally, undertakes with us that with effect from the Listing Date and for as long as the Shares remain so listed on the Stock Exchange and it, individually or collectively with any other Covenantor(s), is, directly or indirectly, interested in 30% or more of the Shares in issue, or is otherwise regarded as a controlling shareholder (as defined under the Listing Rules from time to time) of our Company, each of the Covenantors shall not, and shall procure that none of its associates (for the purpose of the Deed of Non-competition, shall have the meaning as defined under Rule 1.01 of the Listing Rules, but excluding our Group) shall:–

- (a) directly or indirectly (other than through our Group) 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 our existing business activity and any business activities undertaken by us from time to time (the “**Restricted Business**”) save for the holding of not more than 5% shareholding interests (individually or any of the Covenantors with their associates collectively) in any listed company in Hong Kong; and
- (b) take any direct or indirect action which constitutes an interference with or a disruption to the Restricted Business including, but not limited to, solicitation of our customers, suppliers or staff.

In addition, each of the Covenantors, irrevocably and unconditionally, undertakes that if any new business opportunity relating to any of our products and/or services (the “**Business Opportunity**”) is made available to it or any company or entity (other than a company within our Group) in which a Covenantor is, or with any other Covenantors together are, directly or indirectly interested so as to exercise more than 50% of the voting power at general meetings, or to control the composition of a majority of the board of its directors or its decision making body (a “**Controlled Company**”), it will direct or procure the relevant Controlled Company to direct such Business Opportunity to us together with such required information to enable us to evaluate the merits of the Business Opportunity. The relevant Covenantor shall provide, or procure the relevant Controlled Company to provide, us with all such assistance to secure the Business Opportunity as our Company or the relevant member of our Group may reasonably require.

None of the Covenantors and their relevant Controlled Companies shall pursue the Business Opportunity unless we decide not to pursue the Business Opportunity. Any decision of our Company as to whether to pursue the Business Opportunity shall have to be approved by our independent non-executive Directors. For the avoidance of doubt, we shall not be required to pay any fees to any of the Covenantors and/or their relevant Controlled Companies in relation to the direction of Business Opportunity.

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Each of the Covenantors further, irrevocably and unconditionally, undertakes that it will provide to us all information necessary for the enforcement of the above non-competition undertakings.

Each of the Covenantors also represents and warrants that neither it nor any of its Controlled Companies is currently carrying on or engaging in, directly or indirectly, any business that competes or may compete with us.

The Deed of Non-competition also provides that:

- (i) the Covenantors shall provide all information necessary for the annual review by our independent non-executive Directors and the enforcement of the Deed of Non-competition;
- (ii) the Covenantors shall make declaration(s) on compliance with the Deed of Non-competition in accordance with the requirements under Appendix 14 (Code of Corporate Governance) and Appendix 23 (Corporate Governance Report) of the Listing Rules; and
- (iii) the Covenantors shall abstain from voting at any general meeting of our Company if there is any actual or potential conflict of interests.

Our independent non-executive Directors will review, at least on an annual basis, the compliance with the Deed of Non-competition by the Covenantors and their respective Controlled Companies, the options, pre-emptive rights or first rights of refusal (if any) provided by the Covenantors and their respective Controlling Companies on their existing or future competing businesses. As and when appropriate, our Company will disclose decisions on matters reviewed by our independent non-executive Directors relating to the compliance and enforcement of the undertaking (for example, the exercise of options or first rights of refusal) either through the annual report, or by way of announcements to the public.

The Deed of Non-competition will cease to have effect on a Covenantor on the earliest of the date on which such Covenantor, individually or collectively with any other Covenantor(s) ceases to be interested, directly or indirectly, in 30% or more of the Shares in issue, or otherwise ceases to be regarded as a controlling shareholder (as that term is defined from time to time under the Listing Rules) of our Company or the Shares cease to be listed on the Stock Exchange.