
RELATIONSHIP WITH CORE SHAREHOLDERS

INDEPENDENT FROM CORE SHAREHOLDERS

Upon completion of the Reorganisation but prior to completion of the [REDACTED], our Core Shareholders, Mr. Mansfield Wong, Mr. Arthur Lam and Mr. Alastair Lam, will hold approximately 12.0%, 11.4% and 8.6% respectively of the issued share capital of our Company and upon completion of the [REDACTED], Mr. Mansfield Wong, Mr. Arthur Lam and Mr. Alastair Lam will hold approximately [REDACTED], [REDACTED] respectively of the issued share capital of our Company. As of the Latest Practicable Date, apart from the shareholding interests in our Group, Mr. Mansfield Wong, Mr. Arthur Lam and Mr. Alastair Lam does not have other shareholding interests in any company which may have competing interest with our Group. None of our Core Shareholders, Directors or their respective close associates has any business or interest (other than that of our Group) which compete or may compete with our business, or has or may have any conflict of interests with our Group.

Management independence and operational independence

Although our Company's Core Shareholders will retain a substantial interest in our Company after the [REDACTED], our Company has full rights to make all decisions on, and to carry out its business operations independently. Furthermore, our Company has sufficient capital, equipment, facilities and employees to operate the business independent of the Core Shareholders.

The Board of our Company consists of six Directors, comprising two executive Directors, one non-executive Director and three independent non-executive Directors. Our Company's management and operational decisions are made by our Group's executive Directors and senior management, who are experienced in managing the business of our Group. Mr. Alastair Lam, our non-executive Director, will not participate in the daily management of our Group, but will only contribute to the overall corporate strategies and management directions of our Group. The three independent non-executive Directors will also bring independent judgment to the decision-making process of the Board.

Among the Board members, Mr. Mansfield Wong, Mr. Arthur Lam and Mr. Alastair Lam collectively are the Core Shareholders and Mr. Arthur Lam is a cousin of Mr. Alastair Lam. However, each of the Directors is aware of his fiduciary duties as a director of the Company which require, among other things, that he acts for the benefit and in the best interests of the 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 the Group and the Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant board meetings of the Company in respect of such transactions and shall not be counted in the quorum.

The Directors currently do not expect that there will be other business transactions between our Company and the Core Shareholder following the [REDACTED].

Based on the reasons above, the Directors are of the view that our Company is independent from the Core Shareholder so far as management and business operations of our Company are concerned.

Administrative independence

Our Group has its own capabilities and personnel to perform all essential administrative functions including financial and accounting management, and general business management. Save that Mr. Mansfield Wong, Mr. Arthur Lam and Mr. Alastair Lam are our Core Shareholders and Mr. Arthur Lam is a cousin of Mr. Alastair Lam, the company secretary and senior management staff are independent of the Core Shareholders.

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Financial Independence

Our Group has its own financial system and makes financial decisions according to its own business needs. As at the Latest Practicable Date, save for amounts due to Mpplication for services provided to the Group under an exempt continuing connected transaction, all the guarantees provided by the Core Shareholders for securing banking facilities to our Group had been released, and all amounts due to or from our Core Shareholders (if any) had been settled. After completion of the [REDACTED], there will be no financing from our Shareholders or their associates and our Directors are of the opinion that taking into account of our Group's internal resources, banking facilities and the estimated net proceeds from the [REDACTED], our Group will have sufficient working capital for its requirements for at least the next twelve months from the date of publication of this [REDACTED]. Our Directors believe that our Group will be able to obtain its own third party financing after the [REDACTED] without support or assistance from our Shareholders or their respective close associates. Therefore, there is no financial dependence of our Group on our Shareholders or any of their respective close associates.

NON-COMPETITION UNDERTAKINGS GIVEN BY CORE SHAREHOLDERS IN THEIR CAPACITY AS DIRECTORS

Each of Mr. Mansfield Wong and Mr. Arthur Lam in relation to his acting as an executive Director [has entered] into a service contract with the Company ("**ED Service Contract**") and Mr. Alastair Lam [has entered] into a letter of appointment in relation to his acting as a non-executive Director ("**NED Appointment Letter**"). Each of them has in his ED Service Contract or, as the case may be, his NED Appointment Letter, irrevocably undertaken and covenanted with our Company that during his employment and for a period of twelve months after termination of his employment, he shall not, directly or indirectly, either on his own account or in conjunction with or on behalf of or for any other person, and shall procure that his close associates and entities or companies controlled by him or his close associates (other than any member of our Group) not to:

- (a) carry on, participate, engage or be engaged or concerned or interested in Hong Kong or elsewhere in which any member of the Group operates or has operated any part of the business of provision of energy saving solutions services relating to lighting and trading and leasing of lighting services and provision of consultancy services in assisting and enabling service recipients to establish energy saving solution business in their markets and any other business from time to time conducted, carried on or contemplated to be carried on by any member of the Group or the Group as a whole (the "**Business**") from time to time, whether directly or indirectly, in any business which is in competition with or similar to the Business;
- (b) be a partner, director, consultant, agent in, of or to or take up employment with any person, firm, company or organisation engaged in Hong Kong or elsewhere in which any member of the Group operates or has operated any part of the Business from time to time, whether directly or indirectly (but this restriction shall not operate so as to prohibit an employment, none of the duties of which relate to the Business) or assist any such person, firm, company or organisation with technical, commercial or professional advice in relation to the Business;
- (c) either on his own account or for any person, firm, company or organisation solicit or entice or endeavor to solicit or entice away from any company within the Group any director, manager or employee of any company in the Group or any person who was such director, manager or employee during the six (6) months preceding the expiry of the termination of the Employment whether or not such person would commit any breach of his contract of employment by reason of leaving the service of the relevant company in the Group;
- (d) employ any person who has at any time during the currency of the Employment been a director, manager or employee of or consultant to any company in the Group and who by reason of such employment is or may be likely to be in possession of confidential information; and

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- (e) either on his own account or for any person, firm, company or organisation directly or indirectly solicit or persuade or endeavour to solicit or to persuade any person, firm, company or organisation (which at any time during the currency of the Employment has dealt with the Company or any other company in the Group or which on the termination of the Employment is in the process of negotiating with the Company or any such company in the Group in relation to the Business) not to deal with any member of the Group or to cease to deal with any member of the Group or to reduce the amount of business which such person, firm, company or organisation would normally do with any member of the Group or to seek to improve their terms of trade with any member of the Group ("**Director's Non-Competition Undertaking**").

The ED Service Contracts and the NED Appointment Letter will become effective [REDACTED] any further agreement regarding the appointment of Mr. Mansfield Wong, Mr. Arthur Lam and Mr. Alastair Lam as a director of the Company or a member of the senior management of the Group, whether in place of or supplemental to his ED Service Contract or as the case may be, the NED Appointment Letter, shall contain the above Director's Non-Competition Undertaking.

MEASURES TO BE TAKEN BY OUR COMPANY TO ENSURE COMPLIANCE WITH NON-COMPETITION UNDERTAKING

In order to properly manage any potential or actual conflict of interests between our Group and Mr. Mansfield Wong, Mr. Arthur Lam and Mr. Alastair Lam as Core Shareholders and Director in relation to compliance and enforcement of their Non-Competition Undertaking, our Company will adopt the following corporate governance measures:

- (i) the independent non-executive Directors shall review, at least on an annual basis, compliance and enforcement of the terms of the Director's Non-Competition Undertaking given by Mr. Mansfield Wong, Mr. Arthur Lam and Mr. Alastair Lam;
- (ii) our Company will disclose any decisions on matters reviewed by the independent non-executive Directors relating to compliance and enforcement of the Non-Competition Undertaking either through our Company's annual report or by way of announcement;
- (iii) our Company will disclose in the corporate governance report of its annual report on how the terms of the Non-Competition Undertaking have been complied with and enforced; and
- (iv) in the event that any of the Directors and/or their respective close associates has material interest in any matter to be deliberated by the Board in relation to compliance and enforcement of the Non-Competition Undertaking, he/she may not vote on the resolutions of the Board approving the matter and shall not be counted towards the quorum for the voting pursuant to the applicable provisions in our Articles of Association.

The Directors consider that the above corporate governance measures are sufficient to manage any potential conflict of interests between the Mr. Mansfield Wong, Mr. Arthur Lam and Mr. Alastair Lam as Core Shareholders in relation to their employment as Directors.