

RELATIONSHIP WITH WELL SPREAD

Well Spread, an energy saving consultancy services provider, is one of our Consultancy Services customer. During the Track Record Period, Our Group also has other business relationship with the associates of Well Spread.

1. RELATIONSHIP WITH WELL SPREAD AND ITS ASSOCIATES

Business relationship with Well Spread

Well Spread has been in business relationship with our Group since October 2010 as one of our Consultancy Services customer. For the two years ended 31 March 2013 and 2014, Well Spread has been our Group's largest customer and the sole customer for our Consultancy Services. For further information of our provision of Consultancy Services to Well Spread, please refer to the sections headed "Business – Business model – Consultancy Service" in this [REDACTED].

Well Spread is wholly owned by Mr. James Lam, an Independent Third Party. As advised by Well Spread, it is an energy saving consultancy services provider.

Business relationship between Mr. Alastair Lam and Mr. James Lam

(i) Establishment of Synergy Resources and China JA Resources

After Mr. James Lam commenced business dealings with our Group through Well Spread in October 2010, our Core Shareholder, Mr. Alastair Lam and Mr. James Lam started a private business venture between them in the fourth quarter of 2011 through Synergy Resources Asia Limited ("**Synergy Resources**") and the investment through Synergy Resources in China JingAn Resources Group Co. Limited ("**China JA Resources**"). As confirmed by Mr. Alastair Lam, he has no business relationship with Mr. James Lam or any of his associates prior to October 2010; and his business venture with Mr. James Lam through Synergy Resources was for the purposes of investment into the trading of commodities business sector.

Mr. Alastair Lam, our Core Shareholder, and Mr. James Lam were the ultimate shareholders and directors of Synergy Resources, which was an investment holding company held jointly by Mr. Alastair Lam and Mr. James Lam for their then private investment purposes. Synergy Resources was then, in turn, a 40% shareholder of China JA Resources, while the remaining 60% interest in such company was then held by China Jingan. Both Synergy Resources and China JA Resources were not members of our Group but were only the then private investments of Mr. Alastair Lam and Mr. James Lam. As confirmed by Mr. Alastair Lam, prior to the disposal of Synergy Resources and China JA Resources, those companies carried on commodity trading businesses, which were different from our Group's business; and there was no business relationship between our Group and Synergy Resources and China JA Resources since the establishment of such companies and up to their disposals.

(ii) The disposal by Mr. Alastair Lam of his interests in Synergy Resources and China JA Resources

Mr. Alastair Lam ceased to have any direct or indirect interest in and ceased to be a director of Synergy Resources since October 2013 after the disposal of his entire interest in such company to Mr. Fok Yin Pong ("**Mr. Fok**"), who is one of the shareholders of SCM (BVI). As confirmed by Mr. Alastair Lam, he disposed of his interests in Synergy Resources because he considered there was no major development on the business of Synergy Resources and also intended to devote more of his time and resources to his other investments and businesses. As confirmed by Mr. Fok, other than being a minority shareholder of SCM (BVI) as set out above, he has no other relationship with any of our Group, the directors and the shareholders of the members of our Group and their respective associates, and is an Independent Third Party for the purpose of the GEM [REDACTED] Rules.

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As confirmed by Mr. Alastair Lam, there was no intention on his behalf to initiate or explore any other business cooperation with Mr. James Lam or any of his associates, other than the existing business relationship between our Group and Well Spread.

2. RELATIONSHIP WITH JINGAN SYNERGY AND ITS ASSOCIATES

(i) The establishment of Synergy (China) and Jingan Synergy

In 2012 or then about, it was one of our business strategies to expand our leasing services into the PRC market through a subsidiary of our Group. On 6 June 2012, Synergy (China), a then wholly-owned subsidiary of our Group, was set up for the purposes of investing into the PRC market. After arm's length negotiation, Synergy (China), China Jingan and Topgal agreed to form an equity joint venture in the PRC for carrying out our energy saving business in the PRC. On 5 February 2013, Synergy (China) entered into the EJV Agreement with China Jingan and Topgal for establishing Jingan Synergy, a then subsidiary of our Group established in the PRC on 23 September 2013. Pursuant to the EJV Agreement, the equity interest of Jingan Synergy was held as to 72% by our Group, 20% by China Jingan and 8% by Topgal.

Topgal is owned as to 100% by Mrs. Angela Lam, who is the spouse of Mr. James Lam, the sole shareholder of Well Spread. China Jingan is a state-controlled enterprise established in the PRC. It was then intended that the principal business of Jingan Synergy to be the provision of energy saving solutions in the PRC.

As advised by our Company's PRC legal adviser, although Jingan Synergy has obtained its certificate of approval for establishment of enterprises with foreign investment in the PRC and its business licence in September 2013, the joint venture partners of Jingan Synergy (i.e. our Group, China Jingan and Topgal) were required to pay up their respective portion of the registered capital of Jingan Synergy in accordance with the requirements of the articles of Jingan Synergy and the applicable PRC laws and regulations.

In accordance with Jingan Synergy's articles, the joint venture partners are required to pay up the registered capital of Jingan Synergy (being HK\$60.89 million in total) by instalments, the first instalment (being 15% thereof) is required to be paid within three months from the date of issue of business licence, and the remaining 85% to be paid within two years from the date of issue of the business licence.

(ii) Disposal of interests in Synergy (China) and discontinuation of the business joint venture in Jingan Synergy

After the establishment of Jingan Synergy, our Group revisited our development strategies, and as a result of further discussions among the joint venture partners of Jingan Synergy, it was then agreed by the parties to the said joint venture that it would be most appropriate for the parties not to proceed with their business joint venture of Jingan Synergy for the time being and that the parties could explore other ways of business cooperation going forward. As confirmed by our Directors, as the joint venture partners have agreed not to proceed with the business joint venture, it was then also agreed that they would not pay up the registered capital of Jingan Synergy.

In view of the change in plan of the joint venture parties not to proceed with the joint venture, our Directors then considered the two companies, namely Jingan Synergy and Synergy (China) (i.e. the company which held interests in Jingan Synergy) were no longer useful to our Group and hence there was an intention on our part to dispose of such companies. As confirmed by Mr. Alastair Lam, he then considered as Synergy (China) has already been formed, he could keep such company as a shelf-company for his other business purposes in future. Accordingly, at the request of Mr. Alastair Lam, our Group transferred our entire interest in Synergy (China) at nominal consideration to Mr. Alastair Lam on 10 March 2014. After the disposal, our Group ceased to have any interest in Synergy (China) and Jingan Synergy.

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3. CURRENT BUSINESS RELATIONSHIP WITH WELL SPREAD AND ITS ASSOCIATES

Following our Group's disposal of interests in Synergy (China), the discontinuation of joint venture in Jingan Synergy, and the disposal by Mr. Alastair Lam of his interests in Synergy Resources and China JA Resources, Well Spread, its beneficial owner (i.e. Mr. James Lam) and their respective associates (namely Mrs. Angela Lam, Topgal, Synergy Resources and China JA Resources) ceased to have any relationship with our Group or our Core Shareholder, Mr. Alastair Lam, except Well Spread being one of our Consultancy Services customers.

Our Directors also confirm that, to the best of their knowledge, apart from the CS Contracts and the business relationships set out above, neither our Group nor our Directors have any family or business relationship with Well Spread, Mr. James Lam and/or his spouse, Mrs. Angela Lam whether as family, relatives, or associates of relatives.