
RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

Upon completion of the Reorganisation but prior to completion of the [REDACTED], our Controlling Shareholders, Mr. Mansfield Wong (through his wholly owned company Abundance), Mr. Arthur Lam and Mr. Alastair Lam, will hold approximately 11.4%, 8.5% and 12.0% respectively of the issued share capital of our Company and upon completion of the [REDACTED], Mr. Mansfield Wong (through his wholly owned company, Abundance), Mr. Arthur Lam and Mr. Alastair Lam will hold approximately [REDACTED]%, [REDACTED]% and [REDACTED]% respectively of the issued share capital of our Company.

Whilst our Controlling Shareholders have not entered into any concert parties agreement in relation to their interests in our Group, in all board meetings of our Company and its subsidiaries held during the Track Record Period and up to the Latest Practicable Date, all of Mr. Mansfield Wong, Mr. Arthur Lam and Mr. Alastair Lam, where present, have voted in a unanimous manner on any proposed resolution in respect of the management, development and operations of our Group. Given the above, our Controlling Shareholders have acted in concert throughout the Track Record Period and up to the Latest Practicable Date and are deemed to be our Controlling Shareholders. Our Controlling Shareholders together were entitled to exercise or control the exercise of approximately [REDACTED]% of the issued share capital of our Company immediately prior to completion of the [REDACTED] and will together be entitled to exercise or control the exercise of approximately [REDACTED]% of the issued share capital of our Company immediately upon completion of the [REDACTED] (without taking into account any Shares which may be issued and allotted pursuant to the exercise of options that may be granted under the Share Option Scheme).

INDEPENDENT FROM CONTROLLING SHAREHOLDERS

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 Controlling 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 Controlling 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 our Controlling 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 are our Controlling Shareholders acting in concert together with Abundance 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 our Company 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.

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Save as set out under the section headed "Connected Transactions" in this [REDACTED], the Directors currently do not expect that there will be other business transactions between our Company and the Controlling Shareholders following the [REDACTED].

Based on the reasons above, the Directors are of the view that our Company is independent from the Controlling Shareholders 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 Controlling Shareholders and Mr. Arthur Lam is a cousin of Mr. Alastair Lam, the company secretary and senior management staff are independent of the Controlling Shareholders.

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 our Group under an exempt continuing connected transaction, all the guarantees provided by the Controlling Shareholders for securing banking facilities to our Group had been released, and all amounts due to or from our Controlling Shareholders (if any) had been settled. After completion of the [REDACTED], there will be no financing from our Shareholders or their close associates and our Directors are of the opinion that taking into account of our Group's internal resources, banking facilities and the estimated [REDACTED] 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 [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 CONTROLLING 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 our Group operates or has operated any part of the business of provision of energy saving solutions services relating to trading of lighting products, provision of consultancy services in assisting service recipients to provide energy saving services in their markets and leasing of lighting products and any other business from time to time conducted, carried on or contemplated to be carried on by any member of our Group or our 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;

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- (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 our 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 our Group any director, manager or employee of any company in our Group or any person who was such director, manager or employee during the six (6) months preceding the expiry of the termination of his 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 our Group;
- (d) employ any person who has at any time during the currency of his employment been a director, manager or employee of or consultant to any company in our Group and who by reason of such employment is or may be likely to be in possession of confidential information; and
- (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 his employment has dealt with our Company or any other company in our Group or which on the termination of his employment is in the process of negotiating with our Company or any such company in our Group in relation to the Business) not to deal with any member of our Group or to cease to deal with any member of our Group or to reduce the amount of business which such person, firm, company or organisation would normally do with any member of our Group or to seek to improve their terms of trade with any member of our Group ("**Director's Non-Competition Undertaking**").

The ED Service Contracts and the NED Appointment Letter will become effective on the [REDACTED] and 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 our 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 Controlling Shareholders and Directors in relation to compliance and enforcement of the Director's 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 Director's 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 Director's Non-Competition Undertaking have been complied with and enforced; and

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- (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 Director's 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 Controlling Shareholders in relation to their employment as Directors.