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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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### OVERVIEW

Immediately following completion of the Share Subdivision and the Global Offering (assuming the Over-allotment Option and the Offer Size Adjustment Option are not exercised), CAIGA Hong Kong will directly hold approximately 85.0% of the total issued share capital of our Company. The entire issued share capital of CAIGA Hong Kong is held by CAIGA, which is owned as to approximately 73.39% by AVIC. Therefore, AVIC, CAIGA and CAIGA Hong Kong are considered as a group of Controlling Shareholders of our Company under the Listing Rules.

### BACKGROUND OF OUR CONTROLLING SHAREHOLDERS

#### Our Controlling Shareholders

AVIC was established by the SASAC in November 2008 in the PRC as the designated aerospace and defense focused entity with integrated domestic resources to enhance China's competitiveness in the global aviation market. With a number of listed companies under its control, AVIC's business spans across segments including defense, transport aircraft, helicopter, avionics systems, general aviation, aviation research and testing, aviation supply chain, automotive parts, assets management, finance and engineering and construction.

CAIGA is owned as to approximately 73.39% by AVIC, and is principally engaged in the research and development, operation and service of general aviation, designing and manufacturing of aviation parts and accessories. CAIGA Group (excluding our Group) has various types of aircraft products including aircraft for commercial purpose, light sport aircraft, trainer aircraft, amphibious aircraft, multifunctional aircraft and special purpose aircraft.

CAIGA Hong Kong is an investment holding company wholly-owned by CAIGA.

#### Relationship between AVIC and other shareholders of CAIGA

Notwithstanding the fact that the interests of AVIC, Guangdong Utrust Investment Holding Co., Ltd.\* (廣東粵財投資控股有限公司, “**Guangdong Utrust**”) Guangdong Hengjian Investment Holding Co., Ltd.\* (廣東恆健投資控股有限公司, “**Guangdong Hengjian**”) and Zhuhai Gree Aviation Investment Co., Ltd.\* (珠海格力航空投資有限公司, “**Gree Aviation Investment**”) are held through CAIGA, we do not consider Guangdong Utrust, Guangdong Hengjian and Gree

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Aviation Investment (collectively, the “CAIGA Minority Shareholders”) as a group of Controlling Shareholders pursuant to presumption set out in chapter 1.1C of the Guide for New Listing Applicants issued by the Stock Exchange based on the following reasons:

- (i) **AVIC as the sole founding shareholder of CAIGA:** CAIGA was founded by AVIC as its sole shareholder in February 2009 in Beijing. As elaborated in “— Background of our Controlling Shareholders — Our Controlling Shareholders”, CAIGA has substantive business and operations outside from its holding of its interest in the Company. Among 14 direct subsidiaries established by AVIC focusing on different industry sectors, CAIGA is the only direct subsidiary under AVIC which focuses on the general aviation business. As AVIC’s strategic move to proactively integrate into regional economy, the headquarters of CAIGA was relocated from Beijing to Zhuhai, Guangdong Province in June 2009. CAIGA received further financial investments from the CAIGA Minority Shareholders between 2009 to 2010 which reflected regional cooperation between the local government in the Guangdong Province and the SASAC. As such, CAIGA is not an SPV but a company with substantive business and operations outside of its interest in the Company, and the financial investments made by the CAIGA Minority Shareholders in CAIGA was for the purpose of investing in CAIGA’s own business and not related to the Company;
  
- (ii) **The CAIGA Minority Shareholders as passive financial investors of CAIGA:** The CAIGA Minority Shareholders are financial investors with a passive role and no involvement in CAIGA’s day-to-day operations and management. As opposed to AVIC whose business spans across various aviation and related segments, Guangdong Utrust, Guangdong Hengjian and Gree Aviation Investment were established as investment holding entities. Despite each being a state-owned enterprise, each of AVIC and the CAIGA Minority Shareholders is majority owned and controlled by different state-owned institutions, with separate and independent reporting line. Therefore, they should not be presumed to be acting in concert with each other prima facie because of such state-owned status.

Among the nine directors on CAIGA’s board of directors, five directors are appointed by AVIC, three directors are separately appointed by each of the CAIGA Minority Shareholders and one director is appointed by CAIGA’s employees. To the best knowledge of the Company and as confirmed by the CAIGA Minority Shareholders, (a) directors appointed by the CAIGA Minority Shareholders are not involved in the day-to-day operations and management of CAIGA, and (b) there has been no understanding or arrangement (formal or otherwise) that the directors appointed by the CAIGA Minority Shareholders will vote in any coordinated manner at CAIGA’s board meetings. Each of the CAIGA Minority Shareholders does not have any right to appoint

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or nominate any director in any member of the Group. Guangdong Hengjian was granted the right to nominate a vice general manager, whose appointment is subject to the approval by CAIGA's board of directors. To the best knowledge of the Company and as confirmed by Guangdong Hengjian, (a) the vice general manager nomination was made by Guangdong Hengjian considering the candidate's experiences and background and (b) such vice general manager does not specifically represent the interest of Guangdong Hengjian. After the approval by CAIGA's board of directors of the candidate recommended by Guangdong Hengjian and CAIGA's internal human resources procedures of his onboarding, such vice general manager becomes an employee of CAIGA and he directly reports to the general manager of CAIGA. Such vice general manager is supervised by the board of directors of CAIGA and accountable to the shareholders of CAIGA as a whole. Each of Guangdong Utrust and Gree Aviation Investment does not have any right to nominate or appoint any senior management member of CAIGA;

- (iii) **Independent exercise of voting rights by AVIC and each of the CAIGA Minority Shareholders:** Each of AVIC and the CAIGA Minority Shareholders has confirmed that (a) there has not been in existence any formal or informal arrangement or agreement among AVIC and the CAIGA Minority Shareholders on the management of CAIGA or the Group and the exercise of their voting rights on shareholders' resolutions involving the management of CAIGA or the Group or their shareholders' rights, (b) no consensus building process has been adopted to arrive at a voting or business decision among AVIC and the CAIGA Minority Shareholders, (c) they have exercised and will continue to exercise their voting rights at CAIGA's general meetings independently from one another, and (d) AVIC does not give and the CAIGA Minority Shareholders do not seek any voting instruction at CAIGA's general meetings;
- (iv) **No consolidation of management and control:** To the best knowledge of the Company, AVIC and the CAIGA Minority Shareholders never consolidated their management and control, nor acted as an integrated unit. Since the CAIGA Minority Shareholders became shareholders of CAIGA, there has not been any overlapping directors and senior management between AVIC and the CAIGA Minority Shareholders; and
- (v) **No acting-in-concert relationship:** As confirmed by AVIC and each of the CAIGA Minority Shareholders, there are no circumstances where AVIC and the CAIGA Minority Shareholders would fall within any presumption of "acting in concert" pursuant to the Takeovers Code.

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### BUSINESS DELINEATION AND COMPETITION

We are a pioneer and a global market leader in the personal aviation industry, according to Frost & Sullivan. We design, develop, manufacture, and sell single-engine piston and jet aircraft, delivering a comfortable, convenient, and premium aviation experience that is the “pinnacle of innovation, quality and safety.” We currently offer two aircraft product lines: (i) the SR2X Series, our single-engine piston aircraft primarily for retail customers which is comprised of three models: the SR20, the SR22 and the SR22T with specialized configurations for fleet and other specific applications; and (ii) the Vision Jet, our single-engine jet aircraft primarily for retail customers and to a lesser extent charter operational use. Through Cirrus Services, our customer-centric business unit, we also provide lifestyle-based solutions for flight training, aircraft maintenance and management and financing for individual aircraft owners and operators with a wide range of flight needs. For further details of our business, please refer to the section headed “Business” in this Prospectus.

General aviation refers to all aviation other than military and scheduled commercial airlines, which is the largest aviation market in the world. General aviation encompasses both personal and professional aviation. Personal aviation refers to the non-commercial operation of fixed-wing general aviation aircraft, including activities such as owner-flown and flight instruction. The main types of aircraft used in personal aviation include piston engine aircraft and turbine aircraft. Turbine aircraft include turboprop aircraft and jet. Professional aviation involves a range of activities, including corporate services, charter services, agricultural operations, fire protection, disaster relief and environmental conservation.

We consider that there is clear delineation of our principal business from the business of our Controlling Shareholders, as our products and the products of our Controlling Shareholders are for different uses with correspondingly different target customers. We operate in the personal aviation market, which is a subset of the general aviation market, according to Frost & Sullivan. According to Frost & Sullivan, personal aviation primarily targets individual customers such as private owners, trainers and individual flying enthusiasts, whereas other categories of general aviation generally have a wider range of target customers such as government agencies, medical service providers and energy companies. CAIGA Group (excluding our Group) acts as the sole platform under AVIC that focuses on the research and development, manufacturing and operation of general aircraft, whereas our Group focuses on the research and development and manufacturing of personal aircraft within general aircraft under CAIGA Group. CAIGA Group (excluding our Group) has various types of aircraft products including aircraft for commercial purpose, light sport aircraft, trainer aircraft, amphibious aircraft, multifunctional aircraft and special purpose aircraft, which are primarily used for specific functions including agricultural and forestry operations, fire protection, disaster relief, short distance transportation, weather modification and atmospheric

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monitoring, and are mainly targeted at customers including industrial and agricultural operators that are institutions. On the other hand, our products are personal aircraft that are primarily targeted at retail customers.

There is no overlap between the products and services of our Group and our Controlling Shareholders. As our products and the products of our Controlling Shareholders are for different uses, the corresponding services provided by our Group and our Controlling Shareholders, which are primarily services for aircraft sold, are different. To the best knowledge of our Company and our Controlling Shareholders, there was no overlapping customer between our Group and our Controlling Shareholders during the Track Record Period.

Among the extensive product portfolio of our Controlling Shareholders (excluding our Group) for the general aviation business, the AG100 trainer aircraft (for which we provide aircraft development support) is the only product that has potential similarities with our products to a certain extent, according to Frost & Sullivan. Nonetheless, AG100 does not compete, and is not likely to compete, directly or indirectly, with our products. There is clear geographic delineation between the AG100 aircraft of our Controlling Shareholders and our SR10 aircraft. Upon commercialization in January 2024, AG100 aircraft are manufactured by AG Zhejiang in the PRC and sold in the PRC market. We have the right, but not the obligation, to manufacture and sell SR10. If we decide to do so, SR10 will be manufactured by our Group in the U.S. and sold in the North America, South America, Europe, Australia, and South Africa markets. For all other countries or markets other than the aforementioned territories, AG Zhejiang and our Group will decide the respective responsibility on a case-by-case basis. Neither AG Zhejiang or our Group is permitted to sell AG100 or SR10 in the other party's responsible market(s) without the other party's written consent. The AG100 aircraft had received its type certificate and production certificate from the CAAC in November 2023 and December 2023, respectively. The AG100/SR10 Program (as defined below) had been completed following our submission of a project close-out report to AG Zhejiang in May 2024. See “— AG100” for details.

Our Controlling Shareholders confirmed that, as of the Latest Practicable Date, they did not have any product which competes or is likely to compete, directly or indirectly, with our products.

### ***AG100***

AG Zhejiang, which is a wholly-owned subsidiary of CAIGA and principally engaged in the design, research and development, manufacturing, sales, technology development, technology consulting, technology services of civil aircraft, and sales of general mechanical equipment and electronic equipment. AG Zhejiang has been in collaboration with our Group to develop a light-weight general aviation training aircraft with one configuration but two type certificates (the “**AG100/SR10 Program**”). We are responsible for providing program management, administrative

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support, supplier management, design, development, certification, and test support for the AG100/SR10 Program. The trainer aircraft developed by AG Zhejiang and certified by CAAC for the PRC market is named AG100, while the trainer aircraft developed by us and to be certified by FAA for our responsible markets is named SR10. For details of the AG100/SR10 Program, please refer to the section headed “Connected Transactions — Non-Exempt Connected Transactions that are subject to Reporting, Annual Review and Announcement Requirements — 1. Connected Transactions relating to the AG100/SR10 Program — One-off AG100/SR10 aircraft development transaction — Aircraft Development Program Agreement” in this Prospectus. AG100 or SR10 is smaller in size and of lower specifications as compared to our other aircraft and its price will be substantially lower than that of our other aircraft. The AG100 aircraft had received its type certificate and production certificate from the CAAC in November 2023 and December 2023, respectively. The SR10 aircraft had received its FAA type certificate in November 2022 and Cirrus Design had received FAA authorization to produce the aircraft under its production certificate in April 2024. The AG100/SR10 Program had been completed following our submission of a project close-out report to AG Zhejiang in May 2024.

Upon commercialization in January 2024, AG100 aircraft are manufactured by AG Zhejiang in the PRC and sold in the PRC market. We have the right, but not the obligation, to manufacture and sell SR10. If we decide to do so, SR10 will be manufactured by our Group in the U.S. and sold in the North America, South America, Europe, Australia, and South Africa markets. For all other countries or markets other than the aforementioned territories, AG Zhejiang and our Group will decide the respective responsibility on a case-by-case basis. Neither AG Zhejiang or our Group is permitted to sell AG100 or SR10 in the other party’s responsible market(s) without the other party’s written consent. In light of such clear geographic delineation, there is no competition between AG100 and SR10. Further, while we will continue to expand our production capacity and formulate our production plan to make the best use of our production capacity, our present intention is to focus our manufacturing capacity on our other products which are of higher prices and profitability.

Our Controlling Shareholders have no present intention to inject AG100 into our Group prior to or in the near future after the Listing, and our Controlling Shareholders will continue to assess such injection in the future based on their overall strategic planning. If our Company is aware of any change in our Controlling Shareholders’ intention in this regard, our Company will make an announcement in accordance with Rule 8.10(1)(a)(iv) of the Listing Rules. The injection of AG100 into our Group in the future, if any, will be subject to compliance with the relevant requirements of the Listing Rules, including without limitation Rule 8.10(1)(b) and Chapter 14A of the Listing Rules.

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Based on the foregoing, our Directors are of the view that the business of our Controlling Shareholders are clearly delineated from our principal business and thus there is no competition between the business of our Group and that of our Controlling Shareholders. Our Controlling Shareholders further confirmed that, as of the Latest Practicable Date, they do not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our current businesses, and requires disclosure under Rule 8.10 of the Listing Rules.

Furthermore, our Controlling Shareholders executed a non-competition undertaking in favor of our Company on June 24, 2024, pursuant to which they undertook that they would not, and would procure their subsidiaries (other than members of our Group) not to, directly or indirectly, engage in any principal business activity that competes or is likely to compete with our principal business. For details, see “— Non-Competition Undertaking” below.

### INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors are satisfied, on the basis of the following factors, that our Group is capable of carrying on our business independently of our Controlling Shareholders and their respective close associates after the Listing.

#### Management Independence

Our business is managed and conducted by our Board and senior management. Upon the Listing, our Board will consist of nine Directors comprising two executive Directors, four non-executive Directors and three independent non-executive Directors. For more information, see “Directors and Senior Management.”

Save as disclosed below and the section headed “Directors and Senior Management” in this Prospectus, none of our Directors or members of our senior management holds any directorship or senior management position in any of the companies in which our Controlling Shareholders are interested in other than those within our Group:

<u>Name</u>	<u>Position with our Company</u>	<u>Position(s) held with our Controlling Shareholders or their close associates</u>
Mr. Lei YANG (楊雷) . . .	Non-executive Director and Chairman of the Board of Directors	Chairman of the board of directors of CAIGA

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Name	Position with our Company	Position(s) held with our Controlling Shareholders or their close associates
Mr. Hui WANG (王暉) . . .	Executive Director and vice Chairman of the Board of Directors	Senior Specialist (高級專務) of CAIGA
Mr. Qingchun SONG (宋慶春) . . . . .	Non-executive Director	Director and general manager (總經理) of Zhejiang General Aircraft Brumby Aircraft Manufacturing Co., Ltd.* (浙江通飛野馬飛機製造有限責任公司)  Chairman of the board of directors of Hebei General Aircraft NextGen Flight Vehicle Co., Ltd.* (河北通飛未來飛行器有限公司, formerly known as Zhuhai General Aircraft NextGen Flight Vehicle Co., Ltd.* (珠海通飛未來飛行器有限公司))
Mr. Liang LIU (劉亮) . . .	Non-executive Director	Minister (部長) of financial operation department of CAIGA  Executive director of CAIGA Hong Kong
Mr. Yihui LI (李屹暉) . . .	Non-executive Director	Project general manager (項目總師) of CAIGA  Chairman of the board of directors of Zhejiang General Aircraft Brumby Aircraft Manufacturing Co., Ltd.* (浙江通飛野馬飛機製造有限責任公司)  Director of Cessna-AVIC Aircraft (Zhuhai) Co., Ltd.* (珠海中航賽斯納飛機有限公司)  Director of Cessna-AVIC Aircraft (Shijiazhuang) Co., Ltd.* (石家莊中航賽斯納飛機有限公司)  Director of Harbin Tongfei Aviation Technology Development Co. Ltd.* (哈爾濱通用飛機工業有限責任公司)



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Notwithstanding the overlapping Directors mentioned above, we believe that our Directors and senior management are able to perform their roles in our Company independently and our Company is capable of managing its business independently from our Controlling Shareholders and their respective close associates for the following reasons:

- (i) Mr. Hui WANG (王暉), as one of our executive Directors, devotes substantially all his time to discharge his duties of his positions at our Group. Other than his positions held in our Group, he is not involved in the day-to-day operations of the entities as mentioned above;
- (ii) Mr. Lei YANG (楊雷), Mr. Qingchun SONG (宋慶春), Mr. Liang LIU (劉亮) and Mr. Yihui LI (李屹暉) are our non-executive Directors and do not participate in the day-to-day management and operations of our business. Although they are not involved in the daily operation and business decision making process of our Group, they would keep up to date with our business affairs and assist in supervising and scrutinizing our business performance to fulfill their obligation as a Director through providing professional advice and attending business update meetings;
- (iii) Mr. Zean Hoffmeister Vang NIELSEN, one of our executive Directors and our chief executive officer, does not hold any position nor equity interest in our Controlling Shareholders or their close associates (excluding members of our Group). Together with the rest of our senior management team, he is responsible for our day-to-day management and operations;
- (iv) our daily management and operations are carried out by our senior management team (including Mr. Zean Hoffmeister Vang NIELSEN), who do not hold any position in our Controlling Shareholders or their close associates (excluding members of our Group) and are independent and have the adequate relevant experience to ensure the normal operation of the day-to-day business and management of our Group;
- (v) as of the Latest Practicable Date, none of our Directors or members of our senior management team held any equity interest in our Controlling Shareholders or their close associates (excluding members of our Group);
- (vi) each of our Directors is aware of his/her 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 his personal interest to interfere with our Company's best interests;

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- (vii) 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 close associates, the interested Director(s) shall abstain from voting on any resolutions of our Board of Directors approving any contract, arrangement or any other proposal in which he or any of his close associates has a material interest and shall not be counted in the quorum present at the relevant meeting of the Board of Directors meeting;
  
- (viii) we have appointed three independent non-executive Directors, comprising one-third of our Board of Directors, to provide a balance of the number of our Board of Directors and with a view to ensuring the decisions of our Board of Directors are made only after due consideration of independent and impartial opinions and promoting the interests of our Company and our Shareholders as a whole. We believe our independent non-executive Directors individually and collectively possess the requisite knowledge and experience to provide professional and experienced advice to our Company. Our Directors are of the view that our independent non-executive Directors are able to bring impartial and sound judgment to the decision-making process of our Board and protect the interests of our Company and our Shareholders as a whole; and
  
- (xi) we have adopted corporate governance measures and sufficient and effective control mechanisms to manage conflicts of interest, if any, between our Group and our Controlling Shareholders, which would support our independent management. Please see “— Corporate Governance Measures” in this section for further details.

Based on the above, our Directors are of the view that our Board of Directors, together with our senior management team, are able to perform their managerial roles in our Group independently from our Controlling Shareholders and their respective close associates.

### **Operational Independence**

Our Group is operationally independent of our Controlling Shareholders and their respective close associates. We can make decisions and carry out our own business operations independently. We have sufficient capital, facilities, technology and employees to operate our business independently. We hold or enjoy the benefits of all relevant licenses and intellectual properties necessary to operate our business. We own or have the right to use all the operational facilities relating to our business. We have our own organizational structure made up of individual functional departments, each with specific areas of responsibilities. We have not shared any operational resources such as sales and marketing, risk management and general administration resources with our Controlling Shareholders or their respective close associates. We have also established a set of internal control procedures to facilitate the effective operation of our business. We independently manage and have independent access to our customers and suppliers.

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During the Track Record Period, we conducted certain transactions with the close associates of our Controlling Shareholders which are expected to continue after the Listing and will constitute continuing connected transactions of our Company under the Listing Rules. See “Connected Transactions” for more details. Such transactions are entered into in the ordinary and usual course of our business and our Directors confirm that the terms of such transactions are determined at arm’s length negotiations and are no less favorable to our Company than terms offered by independent third parties. Our Directors believe that the continuing connected transactions between our Company and the close associates of our Controlling Shareholders do not indicate any undue reliance by our Company on our Controlling Shareholders and are beneficial to our Company and our Shareholders as a whole.

Based on the above, our Directors are of the view that we are able to operate independently of our Controlling Shareholders and their respective close associates.

### **Financial Independence**

Our Group has an independent financial system and makes financial decisions according to our own business needs. We have our own internal control and accounting systems and finance department to perform independent treasury function on cash receipts and payments, independent accounting and reporting functions and independent internal control function. Neither our Controlling Shareholders nor their respective close associates intervene with our use of funds. We have adequate internal resources and credit profile to support our daily operations, and we are capable of obtaining financing from independent third parties without relying on any guarantee or security provided by our Controlling Shareholders or their respective close associates. As of the Latest Practicable Date, we did not have any outstanding borrowing or guarantee from our Controlling Shareholders or any of their respective close associates.

Based on the above, our Directors are of the view that we are able to maintain financial independence from our Controlling Shareholders and their respective close associates.

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### NON-COMPETITION UNDERTAKING

Our Controlling Shareholders executed a non-competition undertaking in favor of our Company on June 24, 2024 (the “**Non-Competition Undertaking**”) which is effective in the Relevant Period (as defined below). Pursuant to the Non-Competition Undertaking, the Controlling Shareholders have confirmed that, as of the date of the Non-Competition Undertaking, the principal businesses of the Controlling Shareholders and their respective subsidiaries (other than members of our Group) do not compete and are not likely to compete with our principal business of the design, development, manufacturing and sales of two aircraft product lines: the (i) SR2X Series and (ii) Vision Jet (“**our Principal Business Activity**”). The Controlling Shareholders have also made unconditional and irrevocable covenants to our Company that during the Relevant Period (as defined below), the Controlling Shareholders will not and will procure that their subsidiaries (other than members of our Group) will not:

- (i) solely or jointly with a third party, engage or participate, either directly or indirectly, in any business or activity (whether as a director or shareholder (other than as director or shareholder of our Group), partner, agent or otherwise, and whether for profit, reward or interest otherwise) of any form (including but not limited to investment, merger, acquisition, joint venture, cooperation, partnership, contracting or leasing operation, purchase of shares of listed companies or equity participation) which competes or is likely to compete with our Principal Business Activity; and
- (ii) either directly or indirectly, hold any interest or obtain any control in any other form (whether as a director or shareholder (other than being a director or shareholder of our Group), partner, agent or otherwise, and whether for profit, reward or interest otherwise) in any operating entity, institution or economic organization which competes or is likely to compete with our Principal Business Activity.

The above restrictions are not applicable to circumstances where the shareholding interest held by the Controlling Shareholders and/or their respective subsidiaries (other than members of our Group) as financial investments is less than 10% of the relevant class of issued share capital of such company or 10% of the total share capital of such company, and none of the Controlling Shareholders and/or their subsidiaries (other than members of our Group) has the right to appoint a majority of the directors of such company and are not directly or indirectly involved in the management or daily operation of such company.

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### Options for New Opportunity

Pursuant to the Non-Competition Undertaking, each of the Controlling Shareholders undertakes that, during the Relevant Period (as defined below), if any of the Controlling Shareholders or their respective subsidiaries (other than members of our Group) (the “Offeror”) is granted or offered or has identified any business investment or business opportunity that competes or is likely to compete, either directly or indirectly, with our Principal Business Activity (the “New Opportunity”), then, subject to the satisfaction of the relevant regulations of the State-owned Assets Supervision and Administration and to the extent practicable, such Controlling Shareholder will, and will procure its subsidiaries (other than members of our Group) to, first refer the New Opportunity to us in the following manner as soon as practicable: (i) such Controlling Shareholder will, and will procure its subsidiaries (other than members of our Group) to, refer or procure referrals of the New Opportunity to us, and shall give written notice to us of any New Opportunity containing all information reasonably necessary (including but not limited to the nature and details of the costs of investment or acquisition of the New Opportunity) (the “Offer Notice”) for us to consider (a) whether the New Opportunity competes with our Principal Business Activity; and (b) whether utilizing the New Opportunity is in the interests of our Group; and only if (a) the Offeror has received notice from us of our rejection of the New Opportunity, or (b) the Offeror has not received notice from us within 10 business days (for the purpose of the Non-Competition Undertaking, a “business day” means a day on which the Stock Exchange generally conducts securities trading business in Hong Kong) from the date on which we receive the Offer Notice, then the Offeror has the right to take advantage of the New Opportunity. We will comply with the requirements under the Listing Rules (as applicable) when deciding whether to exercise our option for any New Opportunity.

If there is any material change in the terms and conditions of the New Opportunity pursued by the Offeror, the Offeror will refer the revised New Opportunity to us in the manner set out above. Each of the Controlling Shareholders undertakes to procure its subsidiaries (other than members of our Group) to offer our Group with options for any New Opportunity in accordance with the requirements as stated above.

### Right of First Refusal

Where the Controlling Shareholders and/or their respective subsidiaries (other than members of our Group) have, pursuant to “— Options for New Opportunity” above, acquired any business and intend to make a transfer of such business, the Controlling Shareholders will, or procure their respective subsidiaries (other than members of our Group) to, provide us with a right of first refusal (the “**Right of First Refusal**”) to acquire such business or such investment or such interest in the same circumstances, subject to the satisfaction of the relevant regulations of the State-owned Assets Supervision and Administration. If we decide not to exercise the Right of First Refusal or

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fail to respond in writing within 10 business days of receipt of the Offer Notice, then the Controlling Shareholders may, or may procure their respective subsidiaries (other than members of our Group) to, offer to sell such business to other third parties on terms no better than those offered to our Group. We will comply with the provisions under the Listing Rules (as applicable) when deciding on whether to exercise our Right of First Refusal. Each of the Controlling Shareholders undertakes that it will procure its subsidiaries (other than members of our Group) to grant our Group with Right of First Refusal in accordance with the Non-Competition Undertaking.

### **Further Undertaking from the Controlling Shareholders**

Each of the Controlling Shareholders further confirms and agrees that our Company may be required to disclose information relevant to the Non-Competition Undertaking, the New Opportunity or the Right of First Refusal in accordance with the relevant laws, regulations, the Listing Rules and the rules of the Hong Kong securities regulatory authorities, including but not limited to the compliance of our Controlling Shareholders with the Non-Competition Undertaking in our announcements, annual and/or interim reports. We will make the relevant disclosures to the extent reasonably necessary to comply with any such requirements.

We have adopted the following measures to ensure that the undertakings under the Non-Competition Undertaking are observed and/or to manage any direct or indirect competition between the businesses of our Controlling Shareholders (including their respective subsidiaries other than members of our Group) and our Group in the future:

- (i) we will provide the independent non-executive Directors with notices on offering or transferring the New Opportunity or Right of First Refusal provided by the Controlling Shareholders (as the case may be), within seven days upon receipt of such notices;
- (ii) the independent non-executive Directors will report in our annual reports (a) the results of their review on the Controlling Shareholders' compliance with the Non-Competition Undertaking and (b) any decisions on our Company's options for New Opportunity and Right of First Refusal and basis for the decisions;
- (iii) our Directors consider that the independent non-executive Directors have sufficient experience in assessing whether or not to take up the New Opportunity or exercise the Right of First Refusal. Under appropriate or necessary circumstances, our independent non-executive Directors may appoint financial advisors or experts to provide advice on whether the options or Right of First Refusal under the Non-Competition Undertaking shall be exercised and any fees incurred as a result of such shall be borne by us; and

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- (iv) in the event that we intend to develop any new business, or pursue any business opportunity in the future which would result in competition or likely result in competition, either direct or indirect, with the businesses of our Controlling Shareholders and their respective subsidiaries (other than members of our Group), we will discuss with our Controlling Shareholders to evaluate and adopt measures to delineate our respective businesses and resolve any such competition issues in compliance with Rule 8.10 of the Listing Rules.

The Non-Competition Undertaking will take effect from the date of this undertaking until the occurrence of one of the following events, whichever is earlier, (the “Relevant Period”):

- (i) when each of the Controlling Shareholders and its subsidiaries (other than members of our Group), individually or taken as a whole, ceases to be the Controlling Shareholders or controlling beneficial owners of our Company; or
- (ii) our Shares cease to be listed on the Stock Exchange except for suspension of trading of our Shares due to any reasons.

In view of (i) the Controlling Shareholders’ undertaking that they will support the development of our business on a priority basis; (ii) the legally binding obligations of the Controlling Shareholders under the Non-Competition Undertaking and the options for New Opportunity and the Right of First Refusal granted to us thereunder; and (iii) the mechanisms in place as described above to monitor the compliance with the Non-Competition Undertaking by the Controlling Shareholders, our Directors are of the view that our Company has taken all appropriate and practicable measures to ensure that each of the Controlling Shareholders will comply with its obligations under the Non-Competition Undertaking.

## CORPORATE GOVERNANCE MEASURES

We have adopted the following corporate governance measures to manage any potential conflicts of interest and to further safeguard the interests of our minority Shareholders:

- our Company has appointed independent non-executive Directors to ensure the effective exercise of independent judgments on the decision-making process of our Board of Directors and provide independent advice to our Shareholders;
- our independent non-executive Directors will review, on an annual basis, the compliance by our Controlling Shareholders of their undertakings under the Non-Competition Undertaking;

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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- our Controlling Shareholders will provide all information requested by our Company which is necessary for the performance of the Non-Competition Undertaking, including an annual review by the independent non-executive Directors;
- our Company will disclose decisions on matters reviewed by the independent non-executive Directors relating to the compliance and enforcement of the Non-Competition Undertaking in our annual reports or by way of announcement to the public in compliance with the requirements of the Listing Rules;
- our Controlling Shareholders will provide an annual confirmation that they are in compliance with their undertakings under the Non-Competition Undertaking for disclosure in our annual report;
- we are committed that our Board of Directors shall have a sufficiently balanced composition of executive Directors, non-executive Directors and independent non-executive Directors that can facilitate the exercise of independent judgment. We believe that the independent non-executive Directors have the necessary expertise to form and exercise independent judgment in the event of any conflict of interest between our Company and our Controlling Shareholders;
- the independent non-executive Directors will be able to seek independent professional advice from external parties in appropriate circumstances at our Company's cost in respect of matters relating to the Non-Competition Undertaking;
- any proposed transaction between us and connected persons will be subject to Chapter 14A of the Listing Rules including, where applicable, the announcement, reporting and independent Shareholders' approval requirements of such rules;
- in the event of any potential conflict of interests, our Director(s) with an interest in the relevant transaction(s) shall abstain from voting at the relevant Board of Directors meeting and shall not be counted towards the quorum in respect of the relevant resolution(s) at such meeting;
- in the event of any potential conflict of interests at the Shareholders' level, our Controlling Shareholders shall abstain from voting at the Shareholders' meeting of our Company with respect to the relevant resolutions; and
- we have appointed Altus Capital Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules, including but not limited to various requirements relating to Directors' duties and corporate governance.