
RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

OVERVIEW

Our Company was converted and established as a joint stock limited liability company from our predecessor Shenzhen Dynagreen Environmental Engineering Company Limited (深圳綠色動力環境工程有限公司) on April 23, 2012 under the PRC Company Law. BSAM is one of the promoters of our Company. Upon our conversion into a joint stock limited liability company, our Company had a total of 700,000,000 issued Shares, with a nominal value of RMB1.00 each. BSAM directly owns 73.54% of our share capital while indirectly owning 3.55% of our issued share capital through its wholly-owned subsidiary, BSAM (HK), and 2.99% of our issued share capital through its subsidiary, Beijing Venture Capital, respectively, which are two of the other promoters of our Company. BSAM, BSAM (HK) and Beijing Venture Capital will continue to be our Controlling Shareholders after completion of the Global Offering. As at the Latest Practicable Date, BSAM held approximately 63.31% of shareholding interest in Capinfo Co. Ltd., a company listed on the Hong Kong Stock Exchange, which does not compete, directly or indirectly, with our Core Business (as defined below). Other than its shareholding interest in Capinfo Co. Ltd., BSAM did not hold any material interest in other listed companies as at the Latest Practicable Date.

We underwent the Reorganization in 2012. For details of the Reorganization, see “History, Reorganization and Corporate Structure — The Reorganization”.

DELINEATION OF BUSINESS AND COMPETITION

BSAM is a large-scale state-owned investment company authorized by the Beijing municipal government to engage in capital investment, the registered capital of which was RMB5 billion as at the Latest Practicable Date. Its predecessor was Beijing State-Owned Assets Operation Company, which was founded in 1992, and was subsequently transformed by the Beijing municipal government into a company wholly owned by the state in April 2001 in accordance with the modern enterprise system and entrusted to operate and manage state-owned assets in Beijing. As the implementer and operator of major projects in Beijing, BSAM focuses its business operations in four major fields:

- financial and modern services;
- technology, modern manufacturing and new energies;
- urban functionality development and environmental protection; and
- culture and creativity, tourism and sports.

We are the operating platform for the urban functionality development and environmental protection businesses within the BSAM Group. Our core business includes the investment, technical consulting, construction, operation and maintenance of WTE plants in the PRC treating municipal solid waste using waste incineration technology (“**Core Business**”). We provide three main services, namely project operation, project

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

construction and technical consulting. BSAM and our Company confirm that the BSAM Group is not currently operating any business that competes with our Core Business, and they will not compete, directly or indirectly with our Core Business. Following completion of the Global Offering, neither BSAM nor any of its non-listed subsidiaries will engage in any other new business that competes, or is likely to compete, directly or indirectly with our Core Business.

DIRECTORS' COMPETING INTERESTS

Other than certain directorships and/or other senior management positions held by some of our Directors in the BSAM Group as further discussed below, our Directors have confirmed that none of them is interested in any business which competes, or is likely to compete directly or indirectly with our Core Business as of the Latest Practicable Date.

NON-COMPETITION AGREEMENT AND UNDERTAKINGS

Non-Competition

We entered into the Non-Competition Agreement with BSAM on December 23, 2013, under which BSAM has agreed not to and will procure its subsidiaries (other than listed subsidiaries of BSAM) not to compete with us in our Core Business and has granted us options for new business opportunities, the call option and preemptive rights. In addition, if requested by the Hong Kong Stock Exchange or other regulatory authorities, BSAM will use its best endeavors to procure its associated companies and joint ventures (if any) to comply with the Non-Competition Agreement. See below for further details.

BSAM and/or its subsidiaries did not in any form engage in any business which competes with our Core Business. BSAM will comply with its relevant obligations under the Non-Competition Agreement and will also procure its subsidiaries to comply with their relevant obligations under the Non-Competition Agreement.

BSAM owns 100% equity interest in Jiangmen Company through its wholly-owned subsidiary Beijing Guo Tong Assets Management Co. Ltd., the wholly-owned subsidiary. The business scope of Jiangmen Company is limited to Jiangmen, Guangdong Province. Its major business is to incinerate medical waste from medical institutions in Jiangmen, Guangdong Province. Pursuant to the "Jiangmen Medical Waste Treatment Centre Concession Contract" (江門市醫療垃圾處理中心特許經營合同), the concession granted under the agreement to Jiangmen Company expired on March 28, 2014 and after the expiration of such concession period, Jiangmen Company has transferred the BOT project to the government and terminated the above-mentioned business as stated in the contract.

BSAM has further irrevocably undertaken in the Non-Competition Agreement that during the term of the Non-Competition Agreement, it will not, alone or with any other person, in any way, directly or indirectly, engage in, participate in, assist or support a third party to engage in or participate in any business that competes, or is likely to compete, directly or indirectly with our Core Business and will procure its subsidiaries (other than

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

listed subsidiaries of BSAM) to comply with such non-competition undertakings. In addition, if requested by the Hong Kong Stock Exchange or other regulatory authorities, BSAM will use its best endeavors to procure its associated companies and joint ventures (if any) to comply with the Non-competition Agreement.

The foregoing restrictions do not apply to (1) the purchase by BSAM, its subsidiaries, joint ventures or associated enterprises for investment purpose of not more than 10% equity interest in other listed companies whose business competes or is likely to compete with our Core Business; or (2) the holding by BSAM, its subsidiaries, joint ventures or associated enterprises of not more than 10% equity interest in other companies whose business competes or is likely to compete with our Core Business, as a result of a debt restructuring of such companies (collectively referred to as “Investment Companies” for scenarios (1) and (2)). For the avoidance of doubt, the exceptions aforementioned do not apply to such Investment Companies which BSAM, its subsidiaries, joint ventures or associated enterprises are able to control their respective board of directors notwithstanding the fact that not more than 10% of the equity interests of such Investment Companies are being held by BSAM, its subsidiaries, joint ventures or associated enterprises.

Options for New Business Opportunities

BSAM has undertaken in the Non-Competition Agreement that:

- (1) during the term of the Non-Competition Agreement, if BSAM becomes aware of any new business opportunity which competes, or is likely to compete, directly or indirectly with our Core Business (“**New Business Opportunity**”), BSAM shall notify us in writing as soon as reasonably practicable (but in any event not later than 30 days after it became aware of such New Business Opportunity) and provide to us all information which is reasonably necessary for us to consider whether or not to take up such New Business Opportunity (“**Offer Notice**”). We are entitled to decide whether or not to take up such business opportunity in writing within 30 days from receiving the Offer Notice, subject to compliance with applicable laws, regulations and the Hong Kong Listing Rules; and
- (2) BSAM undertakes that it will procure its subsidiaries to offer to us any New Business Opportunity pursuant to paragraph (1) above.

If our Company decides not to take up the New Business Opportunity for any reason or fails to respond within 30 days upon receipt of the Offer Notice, BSAM or any of its subsidiaries (other than BSAM’s listed subsidiaries) may take up such New Business Opportunity on its own.

Our independent non-executive Directors will be responsible for reviewing, considering and deciding whether or not to take up any such New Business Opportunity.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Call Option and Pre-emptive Right

In relation to any New Business Opportunity referred to us by BSAM under the Non-Competition Agreement which competes, or is likely to compete, directly or indirectly with our Core Business, if our Company decides not to take up such New Business Opportunity, BSAM or any of its subsidiaries (other than BSAM's listed subsidiaries) may subsequently take up such New Business Opportunity on its own.

In respect of the aforesaid matters, BSAM has undertaken to grant our Company a call option, pursuant to which our Company may exercise the same at any time during the term of the Non-Competition Agreement, subject to applicable laws, to acquire on one or more occasions any equity interest, asset or other interest in respect of the new business of BSAM as described above by way of, including but not limited to investment, joint venture, agency lease or subcontract. However, if any third party has any pre-emptive rights in accordance with applicable laws and/or any pre-existing legal documents such as articles of association and shareholders' agreement and is about to exercise such right, our option to acquire shall be sub-ordinated to such pre-emptive rights. In this case, BSAM will use its best endeavors to procure the third party to waive its pre-emptive rights.

BSAM undertakes that it shall also procure its subsidiaries to comply with the above provisions to grant us a call option.

The consideration payable for the acquisition of such new business described above shall be determined with reference to the valuation by a third party valuer jointly selected by BSAM and our Company and in accordance with the methods and procedures as required by applicable laws and regulations after negotiation between the parties.

BSAM has also undertaken that, during the term of the Non-Competition Agreement, if it intends to transfer, sell, lease, license or otherwise transfer or permit to use the interests of Jiangmen Company and/or the above mentioned New Business Opportunities to a third party, it shall notify our Company by a written notice (the "**Transfer Notice**") in advance. The Transfer Notice shall state the terms of the transfer, sale, lease or license and any information which our Company may reasonably require to make a decision. Our Company shall comply with applicable laws and regulations and reply in writing to BSAM within 30 days upon receipt of the Transfer Notice. BSAM shall not inform any third party about its intention to transfer, sell, lease or license such business until receipt of a written reply from our Company. If our Company decides not to exercise the pre-emptive rights or if our Company fails to respond within the agreed period, or if our Company does not accept the conditions as set out in the Transfer Notice and issues to BSAM a written notice stating acceptable conditions which, however, are not acceptable to BSAM after negotiation with our Company, they are entitled to transfer, sell, lease or license the interest to a third party pursuant to the terms stipulated in the Transfer Notice. However, under such situation, the conditions for the right to transfer, sell, lease, license of the interest of Jiangmen Company and/or the New Business Opportunities offered by BSAM to third parties shall not be more favorable than the ones offered in the Transfer Notice. Otherwise, BSAM should issue Transfer Notice to our Company again and consult our Company whether to exercise the pre-emptive right. However, if the third parties have the pre-emptive right under the same conditions pursuant to the relevant laws and/or the regulations of any

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

prior legal documents, such as articles of association and shareholders' agreement and decide to exercise the right, the pre-emptive right of the third parties shall prevail over the pre-emptive right of our Company. Under such situation however, BSAM shall use its best endeavors to procure the third parties to give up its statutory pre-emptive right.

BSAM undertakes that it will procure its subsidiaries to grant us the above pre-emptive rights of the interest of Jiangmen Company and/or New Business Opportunities according to the above provisions.

Our independent non-executive Directors will be responsible for reviewing, considering and deciding whether or not to exercise the call option and/or pre-emptive right.

Further Undertakings from BSAM

BSAM has further undertaken that:

- (1) it will actively improve, reorganize and properly manage the interest of Jiangmen Company and/or will engage in any New Business Opportunities in compliance with the Non-Competition Agreement with a view to procuring our Company to exercise the call option and/or pre-emptive right under the Non-Competition Agreement when appropriate;
- (2) BSAM understands that our Company may publicly disclose information on the exercise of the right and/or pre-emptive right under the Non-Competition Agreement from time to time pursuant to the relevant laws or pursuant to the Hong Kong Listing Rules or other regulatory requirements, including disclosing whether our Company has exercised the call option and/or pre-emptive right in our announcements and/or annual reports. BSAM has agreed to make necessary disclosures pursuant to the above;
- (3) upon the request of our independent non-executive Directors, it shall provide all information necessary for their review of the compliance with and the implementation of the Non-Competition Agreement by BSAM and its subsidiaries (other than BSAM's listed subsidiaries);
- (4) it agrees to our Company disclosing decisions made by our independent non-executive Directors on the compliance with and implementation of the Non-Competition Agreement in our annual reports and/or announcements; and
- (5) it provides a statement annually on compliance with the terms of the Non-Competition Agreement to our Company and our independent non-executive Directors so as to make relevant disclosure in our annual reports.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Our Company will also adopt the following procedures to ensure that the undertakings under the Non-Competition Agreement are observed:

- (1) our independent non-executive Directors will report in our annual reports (a) their findings on the compliance with the Non-Competition Agreement by BSAM; and (b) any decision made by our independent non-executive Directors in respect of the call options and pre-emptive rights granted to us and the bases for such decisions; and
- (2) our Directors are of the view that our independent non-executive Directors have sufficient experience in assessing whether or not to take up the New Business Opportunity, exercise the options for acquisitions or exercise the pre-emptive rights. If our independent non-executive Directors consider that approval by the independent Shareholders in respect of such opportunities is required, they may appoint an independent financial advisor or other professionals to advise, at the expense of our Company, on whether or not to exercise the call option or the pre-emptive right under the Non-Competition Agreement.

Termination

The Non-Competition Agreement will become effective and remain in full force until the occurrence of the following events (whichever is earlier):

- (1) BSAM and its subsidiaries, directly and/or indirectly, holding in aggregate less than 30% of the total issued share capital of our Company; or
- (2) our Company ceases to be listed on the Hong Kong Stock Exchange (other than any half or suspension in trading of the Shares for any reason).

In view of (a) the undertakings by BSAM that it will give priority to supporting the development of our Core Business, (b) the legally binding obligations of BSAM under the Non-Competition Agreement and the options for the New Business Opportunities, the call options and the pre-emptive rights granted to our Company thereunder, and (c) the information-sharing and other mechanisms in place as described above to monitor the compliance with the Non-Competition Agreement by BSAM, each of our Directors (including the independent non-executive Directors) is of the view that our Company has taken all appropriate and practicable steps to ensure the compliance by BSAM with its obligations under the Non-Competition Agreement.

INDEPENDENCE FROM BSAM

Having considered the following factors, we believe that we can conduct our business independently from BSAM and its subsidiaries and associates.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Operational Independence

We possess sufficient capital, property, equipment, technology and human resources to operate our business independently, and hold qualifications that are necessary for all our current business operations. In addition, we possess the legal title to all patents which are material to our business as currently conducted and we are entitled to license on a non-exclusive basis such intellectual property rights to other third parties.

We have conducted our business independently, and therefore all of the administrative and general functions (including finance and treasury) required for the operation of our business are in place and are independent of the administrative and general functions of BSAM.

We have our own organization structure with independent departments and business and administrative units, each with specific areas of responsibility.

During the Track Record Period, we did not provide any goods or services to the BSAM Group.

Financial Independence

We have established our own finance department with a team of independent financial staff, who are responsible for financial control, accounting, reporting, group credit and internal control functions of our Company which is independent from BSAM. We can make financial decisions independently and BSAM does not intervene with our use of funds. We have also established an independent audit system, a standardized financial and accounting system and a complete financial management system. In addition, we maintain bank accounts with banks independently and BSAM does not share any bank accounts with us. We have made independent tax registration in accordance with applicable laws, and paid tax independently pursuant to applicable PRC tax laws and regulations, rather than on a combined basis with BSAM or other enterprises under its control.

Our Company entered into a term loan facility agreement with the Asian Development Bank (“**ADB**”) on April 12, 2013, pursuant to which, our Company will borrow up to the RMB equivalent of US\$100,000,000 made available by ADB (“**ADB Loan**”). The purpose of the ADB Loan is to finance waste to energy projects in the PRC owned and developed by subsidiaries of our Company. The ADB Loan is guaranteed pursuant to a corporate guarantee granted by BSAM, a Controlling Shareholder, in favor of ADB (“**BSAM Guarantee**”). BSAM therefore entered into a guarantee agreement with ADB on the same day. Please refer to “Connected Transactions-Non-Recurrent Transactions — (2) Guarantee provided by BSAM” for the aggregate amount of guarantee provided by BSAM in relation to the ADB Loan. No other security has been given by our Company or other company to secure the ADB Loan.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

The ADB Loan facility agreement is the first international loan facility entered into by our Company. The benefits to our Group from entering into the ADB Loan facility agreement (including benefits compared to entering into domestic loan arrangements as an alternative) include the following:

1. ADB Loan facility is structured on a portfolio approach to support multiple project companies of our Company, which can minimize transaction costs and ensure funding to cope with our Company's project development. Domestic lenders often finance each project company on a standalone basis and cannot offer similar structure as provided under the ADB Loan facility which provides more flexibility to the borrowers. Under the ADB Loan facility, availability period, grace period and tenor are relatively longer than the periods provided by domestic commercial banks. ADB Loan funds can be used as equity in our Company's project companies whereas domestic lenders are restricted under PRC regulations from financing equity in the project companies. At the time the ADB Loan facility agreement was entered into, the interest rate determined in accordance therewith was considered favorably compared to interest rates offered by domestic banks under domestic loan facilities.
2. In addition to the loans, ADB will provide technical assistance to our Company to consummate its corporate governance system towards international best practice since well-defined, transparent, effective, and efficient corporate governance is a prerequisite for our Company's future growth. The cost of the technical assistance was estimated to be US\$500,000.
3. Our Company believes that working with ADB will increase our standing and creditworthiness because of ADB's special status as multilateral development bank. We also believe that this together with our improved corporate governance developed under the technical assistance package referred to above will assist our Company in the future to obtain financing from other international institutions and develop its business domestically and internationally.

The ADB Loan facility agreement includes customary positive and negative loan covenants applicable to our Company and, in respect of certain of the covenants, its subsidiaries. For example, the ADB Loan facility agreement includes financial covenants on the borrower as well as restrictions on creation of security over assets, disposal of assets, financial indebtedness, merger, change in business including in investment in projects unrelated to waste to energy projects. The ADB Loan facility agreement also includes customary payment, breach of representation and covenants, insolvency, cross default and change of business events of default. As at April 30, 2014, the total outstanding loan amount under the ADB loan facility is RMB205,000,000, which was utilized for the financing of the Zhangqiu project and the unutilized loan commitment is RMB417,990,000. Our Company will consider the terms of the domestic loans available when financing is required for a project company and if the interest rates offered at the relevant time and the other terms of domestic loans are more favorable than the interest rate determined in accordance with the ADB Loan facility agreement and the other terms thereunder, our Company would consider taking out loans from domestic banks. Therefore, our Company would only consider to drawdown from the ADB Loan for any new projects if the terms of domestic loans at the relevant time (particularly the interest rates offered) are less favorable than the ADB Loan, which the Directors believe to be in the best interest of our Company and the Shareholders as a whole.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

As at the Latest Practicable Date, we are not aware of ADB having made any claim against BSAM pursuant to the guarantee provided by BSAM. According to the terms of the guarantee, the guarantee provided by BSAM in favor of ADB will be released after repayment of the ADB Loan in full.

We do not intend to release the BSAM Guarantee before Listing because, as advised by ADB, it is standard practice for ADB to require credit enhancement for its loans which may include parent guarantees for some of them. Generally, all companies or institutions cooperating with ADB will comply with this requirement. In addition, the terms and conditions of the ADB Loan are normal commercial terms and were entered into on arm's length basis. If we request to release the BSAM Guarantee, it will take us a long time to negotiate with ADB and we cannot guarantee better conditions can be obtained. We believe our request for release of the BSAM Guarantee would be commercially impracticable, time consuming, unduly burdensome and costly and most importantly could adversely affect our reputation in the market.

We have sufficient capital to operate our business independently, and we are capable of obtaining financing from third parties without relying on any guarantee or security provided by BSAM or other connected persons. In particular, we have obtained 13 credit facilities from independent commercial banks in an aggregate amount of RMB2,033,510,000 without any assistance, guarantee or security from BSAM as at December 31, 2013, see "Financial Information — Liquidity and Capital Resources." In addition, in 2013 and 2014, we received 4 letters of intent with 3 independent commercial banks for the project finance of Huizhou Company, Anshun Company, Jurong Company and Jixian Company. The aggregate amount of the loans represented by such letters of intent is approximately RMB1.2 billion and none of such letters of intent requires the provision of any assistance, guarantee or security by any of our Controlling Shareholders. Our Company expects that we will be able to obtain the relevant loans in connection with such letters of intent once the conditions contained therein have been fulfilled. In addition to the said letters of intent, our Company has been informed by an independent commercial bank that the project finance for the project to be developed by Anshun Company, which will commence soon, has been approved in principle by the relevant independent commercial bank. The approved loan amount is RMB265 million and it is expected that the bank's written confirmation of such approval will be obtained in due course.

Furthermore, we have established long-term relationships with relevant PRC commercial banks from which we are able to obtain banking facilities on competitive terms to fund our business operations and expansions. In particular, our Company has signed a strategic cooperation agreement with Bank of Communications ("**BOCOM**") on April 22, 2014, pursuant to which BOCOM has in principle agreed to provide a number of financial services to our Company and its subsidiaries, including the provision of credit facilities in the aggregate amount of RMB2 billion for a term of three years, subject to compliance with relevant laws and regulations, national credit policy and final approval of BOCOM. Similar to the ADB Loan which is structured to support multiple projects of our Company, the RMB2 billion credit limit granted under the BOCOM strategic cooperation agreement is intended for meeting the financial needs for project construction and daily operation of our Company, its subsidiaries and companies controlled or held by our Company as well. It has been specified in the said strategic cooperation agreement that the credit facilities will not require any guarantee from our Shareholders. Furthermore, BOCOM has agreed in the agreement to provide favorable interest rates, discount rate and exchange rates and waiver or reduction in bank charges. The signing of such agreement signifies our Company's standalone credit worthiness and ability to independently negotiate and obtain financing from independent commercial banks.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Taking into account (i) as advised by ADB, it is standard practice for ADB to require credit enhancement for its loans which may include parent guarantees for some of them, and (ii) our ability to independently obtain credit facilities from independent commercial banks without parent guarantees, the Directors are of the view that the parent guarantees provided by BSAM during the Track Record Period would not affect our financial independence from BSAM.

Management Independence

Our Board consists of nine Directors. Five of them have not held any directorship or senior management position in any members of the BSAM Group, including Mr. QIAO Dewei (喬德衛), our executive Director, who does not hold any directorship or senior management position in the BSAM Group and will have sufficient time and energy to manage our day-to-day operation. The other four Directors holding positions in BSAM and its subsidiaries are our non-executive Directors. They are not involved in the day-to-day management of our Company, but are primarily responsible for making decisions on important matters such as formulation of our corporate and business strategies as members of the Board.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Set out below is a table summarizing the positions held by our Directors, and their positions with the BSAM Group:

<u>Name of Director</u>	<u>Position in our Company</u>	<u>Directorship/senior management positions in BSAM and its subsidiaries as at Latest Practicable Date</u>
ZHI Jun (直軍)	Chairman and Non-executive Director	President of BSAM and Chairman of Beijing Science Park Development (Group) Co., Ltd. (北京科技園建設(集團)股份有限公司)
GUO Yanbin (郭彥彬)	Deputy Chairman and Non-executive Director	Chairman of BSAM (HK)
SUN Jing (孫婧)	Non-executive Director	Chairman of Beijing SMEs Credits Re-guarantee Co., Ltd. (北京中小企業信用再擔保有限公司), Chairman of Beijing Venture Capital, Director of BSAM (HK), Chairman of Beijing State-owned Assets Financial Leasing Co., Ltd. (北京國資融資租賃股份有限公司) and Director of Beijing Airlines Company Limited (北京航空有限責任公司)
LIU Shuguang (劉曙光)	Non-executive Director	None
YAO Ji (姚冀)	Non-executive Director	Director of Beijing Science Park Development (Group) Co., Ltd. (北京科技園建設(集團)股份有限公司) and Director of BSAM (HK)
QIAO Dewei (喬德衛)	Executive Director and General Manager	None
LAI Desheng (賴德勝)	Independent Non-executive Director	None
CHEN Xin (陳鑫)	Independent Non-executive Director	None
KWAN Kai Cheong (關啟昌)	Independent Non-executive Director	None

Save as disclosed above, none of our Directors or members of the senior management holds any directorship or senior management position in the BSAM Group. Our Company and the BSAM Group are managed by different management teams. Therefore, there are sufficient non-overlapping Directors who are independent and have relevant experience to ensure the proper functioning of the Board.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

We believe that the Directors and members of the senior management are able to perform their roles in our Company independently and that our Company is capable of managing our business independently from the BSAM Group for the following reasons:

- (a) the decision-making mechanism of the Board as set out in the Articles of Association includes provisions to avoid conflicts of interest by providing, among other things, that in the event of a conflict of interest, such as consideration of resolutions in relation to transactions with the BSAM Group, the Directors holding positions with the BSAM Group will abstain from voting and will not be counted towards the quorum of the relevant meeting;
- (b) furthermore, when considering connected transactions, only our independent non-executive Directors will review the relevant transactions and our independent non-executive Directors will be entitled to engage professional advisors at our Company's cost for advice on matters relating to any potential conflict of interest arising out of any connected transactions;
- (c) the Directors holding positions with the BSAM Group are our non-executive Directors. They are not involved in the day-to-day management of our Company, but are primarily responsible for making decisions on important matters such as formulation of our general development strategy and corporate operation strategy as members of the Board. The day-to-day operation of our Company is managed by our executive Director and senior management team who have extensive experience. They have been our full-time employees for a substantial period of time and are all independent from the BSAM Group;
- (d) none of our Directors or members of the senior management have any shareholding interest in the BSAM Group;
- (e) our Board comprises nine Directors and three of them are independent non-executive Directors which represents one-third of the Board; and
- (f) each of our Directors is aware of his fiduciary duties as a Director, which require, among other things, that he or she acts in the best interests of our Shareholders as a whole.

On the basis of the above, the Directors are of the view that our Company has its own management team and that it is capable of maintaining independence from its parent Group.