
RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER

OUR CONTROLLING SHAREHOLDER

CEIL is our Controlling Shareholder as at the date of this Prospectus. It will remain our Controlling Shareholder immediately following the completion of the Capitalization Issue and the Global Offering.

CEIL was incorporated in Hong Kong and its shares are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 257) since 1975. The predecessor of CEIL was Newfoundland International Company Ltd, which has been listed on the Hong Kong Stock Exchange since 1975. In 1993, China Everbright Group acquired a controlling interest in Newfoundland International Company Ltd, and Newfoundland International Company Ltd was renamed as CEIL in the same year. CEIL Group is principally engaged in project investment, construction engineering, operation management, technology development and equipment manufacturing related to environmental protection and new energy projects, focusing on six main business segments: (1) envirotech, (2) environmental energy, (3) environmental water, (4) greentech, (5) equipment manufacturing and (6) international business. The envirotech segment mainly focuses on technological research and development. The environmental energy segment mainly focuses on municipal waste-to-energy projects and environmental protection industrial parks. The environmental water segment mainly focuses on waste water treatment projects and water environment management projects. In December 2014, China Everbright Water Holdings Limited, CEIL's then wholly-owned subsidiary, spun off its environmental water business into a water restoration company whose shares are listed on the Mainboard of SGX-ST via a reverse takeover, and it was renamed as China Everbright Water. The greentech segment, being the subject of the Spin-off from CEIL, is comprised of three sub-segments, i.e. the biomass business, the hazardous waste treatment business and the solar energy and wind power business. The equipment manufacturing segment focuses on equipment manufacturing, sales of equipment and provision of after sale services. The international business segment focuses on expansion of overseas environmental protection projects. Following the completion of the Spin-off, CEIL Group (excluding our Group and China Everbright Water and its subsidiaries) will continue to carry out its existing principal business of municipal waste-to-energy.

Since our incorporation, CEIL has been our indirect sole shareholder, holding all the issued share capital of our Company through China Everbright Green Holdings, an investment holding company. As at the Latest Practicable Date, CEIL was in turn held as to approximately 41.4% by China Everbright Group, its largest shareholder. Immediately following the completion of the Capitalization Issue and the Global Offering, we will continue to be a subsidiary of CEIL and CEIL will continue to consolidate our financial results into its accounts in accordance with HKFRS. It is expected that CEIL will remain as the largest shareholder of our Company, holding approximately 72% of the issued share capital of our Company through China Everbright Green Holdings immediately following the completion of the Capitalization Issue and the Global Offering (assuming that the Over-allotment Option is not exercised).

Our Directors believe that the business of the Remaining CEIL Group does not, either directly or indirectly, compete, and is not likely to compete, with our business.

Following the Listing, we will operate independently from CEIL in all essential respects.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDER

After considering the following factors, our Directors are of the view that we are capable of independently carrying on our business from our Controlling Shareholder after the Listing without unduly relying upon them.

Operational Independence

We do not rely on our Controlling Shareholder for our business development, staffing, administration, information technology, sales and marketing. Following the completion of the Spin-off, we will have our own departments specializing in these respective areas to operate separately and independently from our Controlling Shareholder. In particular, we will have our own capabilities, or will acquire relevant services, to perform all essential administrative functions such as finance, accounting, administration and human resources. In addition, we have employees who are responsible for our operations and human resources management.

We have independent access to suppliers and customers and an independent management team to handle our day-to-day operations. Our top 10 customers and suppliers for the Track Record Period were independent third parties, except for certain connected party equipment suppliers. For more details, see “Business — Our Suppliers”. Save as disclosed under “Business — Legal Compliance,” we are also in possession of all relevant licenses necessary to carry on and operate our principal businesses; we have sufficient operational capacity in terms of capital and employees to operate independently.

During the Track Record Period, we purchased equipment from CEIL at an aggregate consideration of HK\$67,467,000. We have access to other suppliers of such equipment, who are independent third parties. Upon Listing, if we decide to make further purchases of equipment from the Remaining CEIL Group or other connected persons, we will comply with the relevant Hong Kong Listing Rules requirements when making such purchases.

China Everbright Group has licensed certain of its trademarks to us through CE Hong Kong and CEIL for nominal licensing fees (the “**Trademark Licensing**”). For details of the licensing agreements, see “Business — Intellectual Property — Name and Trademark.” We believe that China Everbright Group has built significant brand recognition and a set of core values associated with the “Everbright” name, and therefore it is essential that China Everbright Group maintains control over the future development and registration of the marks “Everbright” and “中國光大” to ensure consistent use and maintenance of core values in a coordinated manner. For details of the licensed trademark, see “Appendix V — Statutory and General Information — B. Further Information about Our Business — 2. Our Material Intellectual Property Rights.” Our Directors are of the view that our independence and administrative capability should not be affected by the Trademark Licensing.

We have entered into certain tenancy agreements with the Remaining CEIL Group, pursuant to which the Remaining CEIL Group leases to us certain office premises. For details, see “Connected Transactions — Continuing Connected Transactions Exempt from the Independent Shareholders’ Approval Requirement — Transactions in relation to leases of office premises.”

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER

Except as disclosed above, our Directors are of the view that there is no operational dependence by us on our Controlling Shareholder.

Management Independence

Our Company and CEIL have separate boards of directors that function independently. The following table sets out the overlapping director of our Company and the Remaining CEIL Group immediately following the Listing:

<u>Our Company</u>	<u>Remaining CEIL Group</u>
CHEN Xiaoping <i>Non-executive Director and Chairman</i>	CHEN Xiaoping <i>Executive Director of CEIL</i>

Mr. Chen Xiaoping is our Non-executive Director. He has served as the chief executive officer and an executive director of CEIL since August 2001 and will continue to serve in such positions in CEIL immediately following the Listing. It is expected that Mr. Chen will not be involved in our day-to-day business operations as a Non-executive Director, and our Board believes that such arrangement will not affect the discharge of his duties and responsibilities to us and CEIL Group.

Except as disclosed above, none of our Directors will overlap with the board of CEIL. We will continue to function independently from the Remaining CEIL Group. Immediately following the Listing, there will be no overlapping senior management between us and the Remaining CEIL Group. Our Board is of the view that there is no overlapping management function between us and the Remaining CEIL Group, and we are capable of maintaining management independence.

We consider that our Board and senior management will function independently from our Controlling Shareholder because:

- each Director is aware of his fiduciary duties as director which require, among other things, that he acts for the benefit and in the best interest of our Company and our Shareholders as a whole, and does not allow any conflict between his duties as Director and his personal interests;
- the Independent Non-executive Directors have extensive experience in different areas and have been appointed in accordance with the requirements under the Hong Kong Listing Rules to ensure that the decisions of the Board are made only after due consideration of independent and impartial opinions;
- where our Board is considering a resolution in which CEIL is interested, the overlapping Directors between our Company and CEIL are required to abstain from voting on such resolution pursuant to our Articles, and in the event there is an equality of votes by the remaining Directors on such resolution, the chairman (who shall not be an overlapping Director) presiding at such Board meeting shall have a second or casting vote;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER

- we have established an internal control mechanism to identify related party transactions to ensure that our Shareholders or Directors with conflicting interests in a proposed transaction will abstain from voting on the relevant resolutions; and
- in order to allow the non-conflicted members of our Board to function properly with the necessary professional advice, we will engage third-party professional advisers to advise our Board when necessary, depending on the nature and significance of any proposed transactions to be entered into between us and our Directors or their respective associates.

Having considered the above factors, our Directors are satisfied that they are able to perform their roles as Directors independently and manage our business independently from our Controlling Shareholder after the Listing.

Financial Independence

We have an independent financial system and finance team responsible for our own treasury functions and we will make financial decisions based on our own business needs.

As at December 31, 2016, all outstanding loans between our Group and Remaining CEIL Group had been settled by way of capitalization. Further, all forms of financial assistance provided by the Remaining CEIL Group had been terminated or released. The Remaining CEIL Group will not provide any form of financial assistance to us upon Listing. Accordingly, it is expected that there will not be any outstanding indebtedness due from our Group to the Remaining CEIL Group upon Listing. On this basis, we will be financially independent from our Controlling Shareholder at the time of the Listing.

Our Directors believe that our Group will be able to obtain further financing such as bank loans, if necessary, upon market terms and conditions without relying on financial assistance or credit support from our Controlling Shareholder and its associates after the Listing.

For the above reasons, our Directors consider that there is no financial dependence on our Controlling Shareholder.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER

CLEAR DELINEATION OF BUSINESS

Principal basis for delineation

The table below sets out the principal basis for delineation between the biomass business of our Group and the municipal waste-to-energy business of the Remaining CEIL Group:

Key business and operation elements	Our Business				Remaining CEIL Group Business
	Biomass	Hazardous waste treatment	Solar energy	Wind power	Municipal waste-to-energy
Geographical location	Rural areas	Industrial zones	Cities and municipals	Remote areas	Large metropolitans and cities
Business model	Collection of agricultural waste and forestry residue at cost, and subsequent processing of such waste and receive power tariff and steam supply fees supplying energy generated from such waste	Collection of hazardous waste and receive waste treatment fees	Receive power tariff supplying energy generated from solar energy	Receive power tariff supplying energy generated from wind power	Collection of municipal waste and receive subsidies for such collection, and subsequent processing and incineration of such waste and receive power tariff supplying energy generated from such waste
Power generation	Yes	No	Yes	Yes	Yes
Suppliers of waste	Third party agents and local governments	Industrial companies and medical facilities	N/A	N/A	Local governments

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER

Key business and operation elements	Our Business				Remaining CEIL Group Business
	Biomass	Hazardous waste treatment	Solar energy	Wind power	Municipal waste-to-energy
Cost / fee model of waste supplies	Amount paid to third party agents for agricultural waste supplies as a result of commercial negotiation	With waste treatment fees received from industrial companies and medical facilities. Amount of treatment fees is determined with reference to government fee guidance	N/A	N/A	Subsidies received from local governments for processing household waste. Amount of subsidies received is standardized by government regulations
Electricity offtaker	Power Grid	N/A	Power Grid	Power Grid	Power Grid
Pricing arrangement for electricity generation	RMB0.75 per kilowatt-hour for electricity generated from agricultural waste and forestry residue RMB0.65 per kilowatt-hour for electricity generated from household waste	N/A	RMB1.00 – 3.00 per kilowatt-hour	RMB0.61 per kilowatt-hour	RMB0.65 per kilowatt-hour
Main waste treatment facilities	Water cooling vibrating grate furnace, power station boiler, turbine and generator	N/A	N/A	N/A	Mechanical grate furnace, waste heat recovery boiler, turbine and generator

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER

Key business and operation elements	Our Business				Remaining CEIL Group Business
	Biomass	Hazardous waste treatment	Solar energy	Wind power	Municipal waste-to-energy
Waste treatment technology	Using direct combustion technology to generate electricity or heat from the biomass raw materials without filtration process, subject to general flue gas treatment, slag and ash handling and wastewater treatment processes	N/A	N/A	N/A	Using waste incineration technology to generate electricity from municipal household waste, subject to filtration process and relatively more complicated flue gas treatment, slag and ash handling and wastewater treatment processes due to the toxic and harmful chemicals released in the process

Our biomass business and the municipal waste-to-energy projects of the Remaining CEIL Group, despite both being waste-to-energy businesses, are clearly delineated as demonstrated by the various differences in their respective business models as set out in the table above, in particular:

- (i) *Business model / focus:* we will need to purchase at market rates agricultural waste and forestry residue (and also waste from surrounding households) from local third party agents or individual farmers for our biomass business. This is different from the business model of the Remaining CEIL Group's waste-to-energy business, where municipal waste is delivered to the Remaining CEIL Group. In addition, the Remaining CEIL Group also receives subsidies (the amount of such subsidies is set out in government regulations) from local governments for processing such municipal waste;
- (ii) *Geographical location:* For reference, a minimum of roughly 300,000 hectares of agricultural land is needed to maintain the optimal operational level of even the smallest biomass plant of the Group. The Group will consider to invest and develop a biomass project in a certain area only where there is a sufficient quantity of agricultural waste to support the investment on a cost efficient basis. As such, our biomass business is located in rural areas within close proximity to the farms that generate a sufficient quantity of agricultural waste. In contrast, the Remaining CEIL Group's waste-to-energy business facilities are situated in urban areas and process primarily municipal waste. Therefore, the Group's biomass projects are mostly located in rural areas in the PRC, while the Remaining CEIL Group's waste-to-energy projects are located in urban areas. Except for five cities, including Suzhou, Changzhou, Nanjing, Zhenjiang and Suqian, where both the Group

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER

and the Remaining CEIL Group have operations, we and the Remaining CEIL Group operate in different geographical locations. For the years ended December 31, 2014, 2015 and 2016, the revenue of the Group contributed by these five cities amounted to HK\$151.6 million, HK\$309.9 million and HK\$279.4 million, representing 14.3%, 25.8% and 9.3% of the Group's revenue, respectively;

- (iii) *Customers:* except for one overlapping grid company customer between our Group and the Remaining CEIL Group, which is Jiangsu Province Electricity Company (江蘇省電力公司), we and the Remaining CEIL Group have separate customers. For the three years ended December 31, 2014, 2015 and 2016, the revenue of the Group contributed by this overlapping customer amounted to HK\$62.2 million, HK\$59.2 million and HK\$55.8 million, representing 5.9%, 4.9% and 1.9% of the Group's revenue, respectively. For the three years ended December 31, 2014, 2015 and 2016, the revenue of the Remaining CEIL Group contributed by this overlapping customer amounted to HK\$429.5 million, HK\$901.8 million and HK\$954.7 million, respectively; and
- (iv) *Waste collected:* most of the waste collected and processed by our biomass business during the Track Record Period was agricultural waste. The Remaining CEIL Group's waste-to-energy projects collect and process household waste. Based on the integrated biomass and waste-to-energy projects currently in our pipeline as at the Latest Practicable Date, upon the commencement of operations of those projects, we estimate that only approximately 19.1% of the total waste to be collected and processed for our biomass business in 2017 will be from households and only approximately 10.4% of the power generation capacity of our biomass business will be utilized for generating power from household waste. Given that the amount of the household waste to be processed by the biomass business will be insignificant when compared to the total waste to be processed in the biomass business and that the biomass business is only one of our several business lines, the processing of household waste will only comprise an insignificant portion of our business.

The municipal waste-to-energy business is a core business component of the Remaining CEIL Group's environmental energy segment. For the year ended December 31, 2016, the revenue of the Remaining CEIL Group and its waste-to-energy business amounted to HK\$13,971.2 million and HK\$7,905.1 million, respectively; the profits attributable to shareholders of the Remaining CEIL Group amounted to HK\$2,124.3 million, the reportable segment profit (EBITDA) of the Remaining CEIL Group amounted to HK\$4,031.1 million and the reportable segment profit (EBITDA) of the waste-to-energy business of the Remaining CEIL Group amounted to HK\$3,299.7 million, respectively. The municipal waste-to-energy business of the Remaining CEIL Group focuses on the processing of household waste collected in urban areas, while the Group's biomass energy business model focuses on the processing of agricultural waste collected in rural areas. The treatment of household and agricultural waste is not the same and requires different locations, facilities and technologies to operate. Based on the aforesaid reasons, the municipal waste-to-energy business retained by the Remaining CEIL Group belongs to a separate business segment from the biomass business within the CEIL Group, and was not injected into the Group. We do not intend to, and will not, operate any

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER

municipal waste-to-energy plant on a standalone basis and do not intend to compete with the Remaining CEIL Group. In addition, our Group's integrated biomass and waste-to-energy projects are and will continue to be located in rural areas of the PRC whilst the Remaining CEIL Group's municipal waste-to-energy projects are located in PRC cities and municipalities.

Furthermore, the international business segment of the Remaining CEIL Group is delineated from our business. The international business segment of CEIL has been set up recently for the purposes of expanding the Remaining CEIL Group's overseas business in respect of its existing business segments, namely, envirotech, environmental energy, environmental water and equipment manufacturing. The Group does not have any international business segment except a solar energy project located in Germany under its existing solar energy and wind power segment. Save as the Shenzhen DuPont Distributed Rooftop Solar Energy Project disclosed below which CEIL intended to transfer to the Group, the Remaining CEIL Group does not have any solar energy project.

No competition between the Group and the Remaining CEIL Group

Pursuant to applicable PRC laws and regulations, including the PRC Renewable Energy Law (中華人民共和國可再生能源法), grid companies in the PRC have mandatory obligations to purchase all the electricity generated from renewable energy sources that are within the coverage of their grids and to provide grid-connection services and related technical support. According to Rule 14 of the PRC Renewable Energy Law, China has implemented a system that requires the power grid companies to purchase all electricity generated from renewable sources. Grid companies should enter into grid connection agreements with renewable energy companies to purchase the entire electricity generated by the renewable energy companies within the coverage of their grids. Rule 29 of the PRC Renewable Energy Law further stipulates that any violation to Rule 14 of the PRC Renewable Energy Law, that is, any failure of the grid companies to completely purchase renewable energy as stipulated under the PRC Renewable Energy Law, will result in such grid company being liable for indemnifying the loss incurred by the renewable energy companies. The electricity regulatory authorities will order the grid company to rectify the violation within a certain time limit and will impose a fine on the grid company if it fails to rectify. For further details, see "Regulatory Overview."

As such, all the companies within our Group that carry out energy projects have entered into grid connection agreements with local grid companies, whereby grid companies have agreed to purchase all the electricity generated by the project companies.

In respect of the Remaining CEIL Group, the companies carrying out the energy projects have entered into grid connection agreements whereby the counterparties agreed to purchase the electricity generated in accordance with the on-grid plan formulated by the project companies from time to time.

Furthermore, according to the Trial Measures on Energy Saving and Power Generation Dispatch (節能發電調度辦法試行) issued by the General Office of the State Council of the PRC in August 2007, electricity generated from renewable energy sources enjoys a priority for dispatch over electricity generated from non-renewable energy sources (such as coal). If there is an over-supply of electricity, grid companies are required to fully acquire and dispatch the electricity generated from renewable

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER

energy sources before acquiring and dispatching electricity generated from non-renewable energy sources. For further details, see “Regulatory Overview.”

During the Track Record Period, the Company is not aware of any incident of grid congestion such that relevant grid companies failed to purchase all the electricity generated by the Group and/or the Remaining CEIL Group. All the grid connection agreements entered into have been adhered to by the relevant grid companies such that these companies have purchased all the electricity that was generated. Therefore, the Group and the Remaining CEIL Group have neither claimed, received nor waived any compensation from grid companies. The Group’s grid company customers had purchased all electricity generated by the Group during the Track Record Period.

There is no competition between the Remaining CEIL Group and our Group given that (1) our business and the business of the Remaining CEIL Group are clearly delineated and do not overlap, and (2) under current PRC government policy favoring power generation from environmentally friendly sources, grid companies are required to purchase all the electricity generated by renewable energy companies within the coverage of their grids. All electricity generated by the Group and the Remaining CEIL Group had been and will be purchased by grid companies according to the PRC Law and hence there will be no excess electricity generated by both groups and no competition between the two groups for the transmission of electricity.

Shenzhen DuPont Distributed Rooftop Solar Energy Project

In June 2010, CEIL entered into a cooperation agreement with its customer, DuPont Apollo (Shenzhen) Co., Ltd. (杜邦太陽能(深圳)有限公司) (“**DuPont Apollo**”), with respect to a distributed rooftop solar energy project. Under the cooperation agreement, CEIL is entitled to lump-sum annual payments for electricity from the customer for 25 years. This project has a power generation capacity of 1.30 MW. CEIL employs thin-film amorphous silicon cells technology for the solar energy generation system. The project had a total investment amount of approximately RMB27.9 million and commenced commercial operation in November 2010.

During each of the years ended December 31, 2014, 2015 and 2016, the revenue and profit generated by this project accounted for less than 0.5% and less than 1% of the CEIL Group’s total revenue and total profit for the respective periods. It is expected that the revenue and profit contribution of this project will decrease going forward due to depreciation of the facility.

This is a distributed power generation project whereby CEIL installed the facility on the rooftop of the customer, and the electricity is generated on site to be used by the customer directly without connecting to the power grids. The operating model of this project is different from that of our solar energy projects, which are operated under the BOO model and the electricity generated is dispatched to local grid companies.

CEIL had discussed with DuPont Apollo for transferring this project to our Group. However, despite repeated requests from CEIL, DuPont Apollo had not responded to such transfer request as of the Latest Practicable Date. It is CEIL’s intention that it will continue to discuss with DuPont Apollo regarding the transfer and should an agreement be reached with DuPont Apollo, CEIL will transfer the Shenzhen DuPont Distributed Rooftop Solar Energy Project to us in accordance with the Hong Kong

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER

Listing Rules requirements. CEIL has undertaken to us that it will first offer to transfer all its interests in this project to us once CEIL has obtained consent from DuPont Apollo. The transfer of interests will be offered to us on fair and reasonable terms by taking into consideration the valuation of the relevant project assets conducted by an independent valuer.

Due to the insignificant size of this project and also the difference in the operating model of this project and that of our solar energy projects, our Directors are of the view that there is a clear delineation between the core businesses of the Remaining CEIL Group and our Group and it is expected that there will be no competition between the core businesses of the two groups.

CORPORATE GOVERNANCE

We have adopted the Code and will comply with the code provisions in the Code. The Code sets forth principles of good corporate governance in relation to, among other matters, directors, chief executive officer, board composition, the appointment, re-election and removal of directors, their responsibilities and remuneration and communications with shareholders.

We are also required to comply with the Model Code for Securities Transactions by Directors of Listed Issuers set forth in Appendix 10 to the Hong Kong Listing Rules, which provides, among other matters, prohibitions on directors' dealings in securities and protection of minority shareholders' rights.

Our Directors are therefore satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between us and our Controlling Shareholder, and to protect minority Shareholders' rights after the Listing.

We are committed to the view that our Board should include a balanced composition of Executive and Non-executive Directors (including Independent Non-executive Directors) so that there is a strong independent element on our Board which can effectively exercise independent judgment. Our Independent Non-executive Directors, details of whom are set forth in the section entitled "Directors and Senior Management", individually and together possess the requisite knowledge and experience for our Board. All of our Independent Non-executive Directors are experienced and are committed to providing impartial and professional advice to protect the interest of our minority Shareholders.

In addition, our Company will implement the following corporate governance measures following the Spin-off:

- Any transaction made (or proposed to be made) between our Company and our connected persons will be required to comply with (i) Chapter 14A of the Hong Kong Listing Rules which include, but without limitation, where applicable, the announcement, reporting, circular and shareholders' approval requirements and (ii) those other conditions imposed by the Stock Exchange for the granting of waiver from strict compliance with the relevant requirements under the Hong Kong Listing Rules.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER

- If there is any conflict of interests in the operations of the Remaining CEIL Group and us, and in respect of any proposed contracts or arrangements entered into or to be entered into between the Remaining CEIL Group and us, any director of our Company and CEIL who is considered to be interested in the relevant matter will be required to disclose his interests to the respective boards of directors. In general, after the Listing, any Director who has a material interest in actual or potential connected transactions will be required under the Hong Kong Listing Rules and our Articles to abstain from voting in meetings of the Board in relation to such transactions. In these cases, our Independent Non-executive Directors will bring their independence to our Board's decision making process. They will also advise and vote on the transactions and can seek independent advice from external financial advisers if required. Our non-conflicted Executive Directors will also bring their extensive experience and expertise to our Board.
- Our Independent Non-executive Directors will disclose decisions (with basis) on matters in relation to or transactions with the Remaining CEIL Group reviewed in the interim and the annual reports of our Company or by way of announcement to be published in compliance with the disclosure requirements under the Hong Kong Listing Rules.

In light of the above measures to be implemented by our Board, both our Directors and the directors of CEIL confirm that their respective boards of directors will be able to function and operate independently and effectively in the best interest of the respective companies.

CONFIRMATION

Except as disclosed above, as of the Latest Practicable Date, apart from the business in which our Group is involved, our Controlling Shareholder was not engaged or did not have interest in any business which, directly or indirectly, competes or may compete with the businesses in which our Group is involved and which would require disclosure under Rule 8.10 of the Hong Kong Listing Rules. None of our Directors had an interest in any business which competes or is likely to compete, either directly or indirectly, with the business in which our Group is involved.