
RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

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Following the completion of the Global Offering (but not taking into account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option and the exercise of options which may be granted under the Share Option Scheme), Boom Win will be interested in 74.25% of the issued share capital of our Company. Boom Win is held by Shu Cecheng and Shu Cewan 60% and 40% respectively. Accordingly, Boom Win, Shu Cecheng and Shu Cewan will remain as the Controlling Shareholders of our Company after the Listing.

Non-competition undertaking

On May 18, 2013, each of our Controlling Shareholders has entered into a deed of non-competition in favor of our Company (for itself and on behalf of all members of the Group), pursuant to which he has undertaken, subject to and except as mentioned in this prospectus, that he would not, and would procure that none of his/its associates (other than any member of our Group) will directly or indirectly, engage in any business which competes or is likely to compete directly or indirectly with our Group's business as described in this prospectus in the PRC or any other places in which our Group carries on business (the "**Restricted Activity**").

The aforesaid undertakings do not apply with respect to an investment or interest in units or shares of, inter alia, any company which engages in any Restricted Activity where such investment or interest does not exceed 5% of the outstanding voting shares of the relevant company, provided that such investment or interest does not grant such Controlling Shareholder and/or his/its associates (other than any member of our Group) any right to control the composition of the board of directors or managers of such a company nor any right to participate, directly or indirectly, in the management of such company. The non-competition undertakings and the rights and obligations thereunder are subject to and conditional upon the Global Offering becoming unconditional as specified under the section headed "Structure of the Global Offering".

The obligations of the Controlling Shareholders under the deed of non-competition will remain in effect until:

- (i) the date on which the Shares cease to be listed on the Stock Exchange; or
- (ii) the relevant Controlling Shareholder and/or his/its associates (other than any member of our Group) cease to hold or otherwise be interested in, whether directly or indirectly, 30% or more of the voting rights of our Company,

whichever occurs first.

Independence of management, financing and operation

Having considered the following factors, our Directors are of the view that our Group is able to be operationally and financially independent from our Controlling Shareholders and their associates:

Management independence

Our Board comprises five executive Directors and three independent non-executive Directors. We consider that our Board will function independently from our controlling shareholders for the following reasons:

- (i) each Director is aware of his fiduciary duties as a Director of the Company which requires, among other things, that he acts for the benefit and in the best interests of the Company and does not allow any conflict between his duties as a Director and his personal interest;

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- (ii) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant board meetings of the Company in respect of such transactions; and
- (iii) our Board comprises eight Directors, and three of them are independent non-executive Directors, which represents one-third of the members of the Board. Such composition is in line with the requirement under Rule 3.10A of the Listing Rules.

Financial independence

Our Group has an independent financial system and makes financial decisions according to its own business needs. As at December 31, 2012, a total of RMB232.1 million was due from our Group to our Controlling Shareholders and the companies controlled by our Controlling Shareholders which had been fully settled as of the Latest Practicable Date. Our Directors believe we are capable of obtaining financing from third parties without reliance on the Controlling Shareholders after the Global Offering.

Operational Independence

Our Group has an independent work force to carry out the development of property projects and does not share its operation team with the Controlling Shareholders' businesses outside our Group. During the Track Record Period, we did not enter into any transactions with our connected persons which will constitute non-exempt continuing connected transactions within the meaning of the Listing Rules. We will comply with the requirements of the Listing Rules should we conduct any connected transactions with our connected parties in the future. Other related party transactions relating to our Group, in all material respects, are disclosed in Note 34 of the Accountants' Report. Our Directors confirm that these related party transactions were conducted in the ordinary course of business and on fair and reasonable normal commercial terms.

CORPORATE GOVERNANCE MEASURES

Our Controlling Shareholders have confirmed that they fully comprehend their obligations to act in the best interests of our Company and our Shareholders as a whole. To avoid potential conflicts of interest, we have adopted a system of corporate governance with the following principal components:

- (i) our Articles provide that, except in certain limited circumstances, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his associates have a material interest, nor shall such Director be counted in the quorum present at the meeting. As such, our Controlling Shareholders shall not vote or be counted in the quorum in respect of any proposals involving the Controlling Shareholders or any of their affiliates;
- (ii) we are committed to the principle that our Board should include a balanced composition of executive and independent non-executive Directors. We believe our independent non-executive Directors are of sufficient caliber, are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial, external opinion to protect the interests of our public shareholders. Details of our independent non-executive Directors are set out in the section headed "Directors, Senior Management and Employees";
- (iii) we have appointed OCTAL Capital Limited as our compliance advisor, which is expected to provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors' duties and internal controls;

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- (iv) we intend to ensure that any transaction that is proposed between us and connected persons will comply with Chapter 14A of the Listing Rules including, where applicable, the announcement, reporting and independent shareholders' approval requirements of those rules; and
- (v) in addition, if our independent non-executive Directors consider it necessary or desirable, they may also engage professional advisors (including an independent financial advisor) at the cost of our company to advise them on matters relating to any non-competition agreement or on any business opportunities which may be referred to us by our Controlling Shareholders.