
WAIVERS AND EXEMPTION FROM STRICT COMPLIANCE WITH THE LISTING RULES AND THE COMPANIES ORDINANCE

The Company has sought the following waivers and exemption from strict compliance with the Listing Rules and the Companies Ordinance from the Stock Exchange and the SFC.

Waiver from strict compliance with Rule 8.12 of the Listing Rules relating to management presence in Hong Kong

According to Rule 8.12 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong and in normal circumstances, at least two of the issuer's executive Directors must be ordinarily resident in Hong Kong.

Our core business and operations are substantially based in the PRC. It would be practically difficult and commercially unnecessary for us to relocate our executive Directors to Hong Kong. Therefore, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from compliance with Rule 8.12 of the Listing Rules on the following conditions:

- (1) we will appoint two authorized representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange and ensure that the Group complies with the Listing Rules at all times. The two authorized representatives to be appointed are Mr. Yi Xiaodi, our chairman and Mr. Ngai Wai Fung, our company secretary. Mr. Ngai holds a valid Hong Kong permanent identity card, while Mr. Yi Xiaodi can apply for valid travel documents to visit Hong Kong for business purposes. Both of them will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and email. Each of the two authorized representatives will be authorized to communicate on our behalf with the Stock Exchange. The Company has been registered as a non-Hong Kong company under Part XI of the Companies Ordinance, and Mr. Ngai Wai Fung has been authorized to accept service of legal process and notices in Hong Kong on behalf of the Company;
- (2) each of all our authorized representatives has means to contact all of our Directors (including our independent non-executive Directors) and of the senior management team promptly at all times as and when the Stock Exchange wishes to contact the Directors for any matters. To enhance communication between the Stock Exchange, the authorized representatives and our Directors, we will implement a policy that (a) each Director will have to provide his/her mobile telephone number, office phone number, fax number and email address to the authorized representatives; (b) in the event that a Director expects to travel, he/she will endeavor to provide the telephone number of the place of his/her accommodation to the authorized representatives or maintain an open line of communication via his/her mobile telephone; and (c) all our Directors and authorized representatives will provide their respective mobile telephone numbers, office telephone numbers, fax numbers and email addresses to the Stock Exchange;
- (3) our Directors who are not ordinarily resident in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange within a reasonable period of time, when required;

WAIVERS AND EXEMPTION FROM STRICT COMPLIANCE WITH THE LISTING RULES AND THE COMPANIES ORDINANCE

- (4) we have appointed Haitong International Capital Limited as compliance adviser, pursuant to Rule 3A.19 of the Listing Rules, which will have access at all times to the authorized representatives, our Directors and the senior management of our Company, and will act as an additional channel of communication between the Stock Exchange and us for the period commencing on the Listing Date and ending on the date on which we distribute our annual report for the first full year after the Listing Date in accordance with Rule 13.46 of the Listing Rules. The contact person of the said compliance adviser will be fully available to answer enquiries from the Stock Exchange; and
- (5) meetings between the Stock Exchange and our Directors could be arranged through the authorized representatives or the compliance adviser, or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange as soon as practicable in respect of any change in the authorized representatives and/or the compliance adviser in accordance with the Listing Rules.

Waiver from strict Compliance with Chapter 14A of the Listing Rules

Our Group has entered into certain transactions which would constitute continuing connected transactions and connected transactions that are subject to the reporting, announcement and/or independent shareholders' approval requirements under the Listing Rules after the Listing. Further particulars about such transactions together with the application for a waiver from strict compliance with the relevant requirements under Chapter 14A of the Listing Rules are set out in the section entitled "Connected Transactions" in this prospectus.

Waiver from strict compliance with Rules 4.04(2) and 4.04(4)(a) of the Listing Rules

Pursuant to Rule 4.04(2) and Rule 4.04(4)(a) of the Listing Rules, our accountants' report must include the results of any subsidiary acquired since September 30, 2013.

On January 14, 2014, Sunmode entered into an agreement to acquire the entire shareholding interest in Riverside (the "**Acquisition**") from Riverside Holdings A and Riverside Holdings B for a consideration being the aggregate of US\$26,137,087 and the US dollar equivalent of RMB100,000,000. The Acquisition was completed on the same date.

We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 4.04(2) and Rule 4.04(4)(a) of the Listing Rules on the following grounds:

- (a) **Immateriality**—The Acquisition is immaterial to the Group. The relevant percentage ratios, as defined under Rule 14.07 of the Listing Rules, in respect of the Acquisition are approximately as follows:

Assets ratio: approximately 1.7%

Profit ratio: 0%

Revenue ratio: 0%

Consideration ratio: approximately 4.1%

WAIVERS AND EXEMPTION FROM STRICT COMPLIANCE WITH THE LISTING RULES AND THE COMPANIES ORDINANCE

Accordingly, the Acquisition will not constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules (requiring a 5% threshold). Further, the Acquisition will not be significant enough to require the Company to prepare pro-forma accounts under Rule 4.28 of the Listing Rules. The Company therefore considers that the Acquisition is immaterial and does not expect it to have any material effect on its business, financial conditions and operations.

- (b) **Alternative disclosure in this prospectus**—The Accountants’ Report of the Group in Appendix I to this prospectus already includes the financial information of Liaoning Sunshine 100 as consolidated into the Group’s accounts during the Track Record Period. This prospectus also contains detailed disclosure of Shenyang Sunshine 100 International New Town, the property project developed by Liaoning Sunshine 100. See “Financial Information—Acquisition of Riverside” on page 353 of this prospectus for additional information in connection with the Acquisition.

Waiver and exemption from strict compliance with Rule 4.04(1) of the Listing Rules and paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies Ordinance

Rule 4.04(1) of the Listing Rules requires that the accountants’ report to be included in a prospectus must include the consolidated results of the listing applicant in respect of each of the three financial years immediately preceding the issue of the prospectus or such shorter period as may be acceptable to the Stock Exchange.

Section 342(1) of the Companies Ordinance requires all prospectuses to include an accountants’ report which contains the matters specified in the Third Schedule to the Companies Ordinance.

Paragraph 27 of Part I of the Third Schedule to the Companies Ordinance requires that a prospectus must include a statement as to the gross trading income or sales turnover (as may be appropriate) of the listing applicant during each of the three financial years immediately preceding the issue of the prospectus, including an explanation of the method used for the computation of such income or turnover and a reasonable breakdown between the more important trading activities.

Paragraph 31 of Part II of the Third Schedule to the Companies Ordinance requires that a prospectus must include a report by the auditors of the company setting out the consolidated results of the listing applicant in respect of each of the three financial years immediately preceding the issue of the prospectus.

Guidance letter HKEx-GL25-11 stipulates that “where an applicant issues its prospectus within two months after the latest year end”, the existing conditions for granting a waiver from strict compliance with Rule 4.04(1) of the Listing Rules are as follows:

- (i) the applicant must list on the Stock Exchange within three months after the latest year end;
- (ii) the applicant must obtain a certificate of exemption from the SFC on compliance with the Companies Ordinance requirements;
- (iii) a profit estimate for the latest financial year (which must comply with Rules 11.17 to 11.19 of the Listing Rules) must be included in the prospectus or the applicant must provide justification why a profit estimate cannot be included in the prospectus; and

WAIVERS AND EXEMPTION FROM STRICT COMPLIANCE WITH THE LISTING RULES AND THE COMPANIES ORDINANCE

- (iv) there must be a directors' statement in the prospectus that there is no material adverse change to its financial and trading positions or prospect with specific reference to the trading results from the end of the stub period to the latest financial year end.

The accountants' report for the three years ended December 31, 2012 and the nine months ended September 30, 2013 is set out in Appendix I to this prospectus.

Based on Guidance Letter HKEx-GL25-11, an application has been made to the SFC for a certificate of exemption from strict compliance with paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies Ordinance and to the Stock Exchange for a waiver from strict compliance with Rule 4.04(1) of the Listing Rules, respectively in relation to the inclusion of the accountant's report for the full financial year ended December 31, 2013 in this prospectus on the following grounds:

- our Directors and the Joint Sponsors consider that after performing sufficient due diligence work, there has been no material adverse change in the financial and trading positions or prospects of our Group since September 30, 2013 up to the date of issue of this prospectus and that there is no event which would materially affect the information contained in the Accountants' Report of the Group (as set out in Appendix I to this prospectus);
- in view of the reasons above, our Directors and the Joint Sponsors consider that all information that is reasonably necessary for the potential investors to make an informed assessment of the activities or financial position of our Group has been included in this prospectus;
- our Directors believe that the exemption from strict compliance with paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies Ordinance and waiver from strict compliance with Rule 4.04 of the Listing Rules will not prejudice the interests of the investing public;
- our Company shall be listed on the Stock Exchange within 3 months after December 31, 2013, being the latest financial year end of our Company;
- if the financial information is required to be audited up to December 31, 2013, it would be unduly burdensome to our Company, as our Company and the reporting accountants would have to undertake a considerable amount of work to prepare, update and finalize the accountant's report to cover such additional period within a short period of time. It would not be possible for the audited results for the year ended December 31, 2013 to be finalized within less than 3 months after the year end. If the full year results for 2013 are to be included, there will be a significant delay in the listing timetable;
- this prospectus contains a statement from our Directors that there has been no material adverse change to the financial and trading positions or prospects of our Group since September 30, 2013 (being the date of which the latest audited consolidated financial statements of our Group were made up) and up to December 31, 2013; and
- our Company shall publish its annual results and annual report within the time prescribed under Rules 13.49(1) and 13.46(1) of the Listing Rules, respectively.

WAIVERS AND EXEMPTION FROM STRICT COMPLIANCE WITH THE LISTING RULES AND THE COMPANIES ORDINANCE

In accordance with Guidance Letter HKEx-GL25-11, an estimate of the consolidated profit of our Group for the year ended December 31, 2013 has been included in this prospectus. The investing public would thus be given some guidance as to our Company's financial performance for the year ended December 31, 2013.

A certificate of exemption has been granted by the SFC under section 342A of the Companies Ordinance on the conditions that (i) the particulars of the exemption be set forth in this prospectus; and (ii) this prospectus be issued on or before February 27, 2014.

The Stock Exchange has granted us a waiver from strict compliance with Rule 4.04(1) of the Listing Rules on the condition that (i) this prospectus be issued by February 27, 2014 and the Listing shall take place by March 31, 2014; (ii) we have obtained a certificate of exemption from the SFC from similar requirements under paragraphs 27 and 31 of the Third Schedule to the Companies Ordinance; (iii) the inclusion of a profit estimate for the year ended December 31, 2013 which complies with Rules 11.17 to 11.19 of the Listing Rules and a Directors' statement that there is no material adverse change to our financial and trading positions or prospects since September 30, 2013 up to the date of this prospectus.

Our Directors and the Joint Sponsors have confirmed that they have ensured that sufficient due diligence has been performed and that up to the date of this prospectus there has been no material adverse change in our financial or trading position since September 30, 2013 (being the date to which the latest consolidated financial statements of our Group were made up) and there has been no event since September 30, 2013 which would materially affect the information shown in the Accountants' Report of the Group (as set out in Appendix I to this prospectus).