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## BUSINESS

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### OVERVIEW

We are a PRC real estate developer with a nationally recognized brand, “Sunshine 100 (陽光100).” We commenced our business in 1994, and were among the earliest PRC real estate developers to develop large-scale mixed-use business complexes, which are typically centered on office properties and supplemented by retail shops, hotels, apartments and ancillary facilities, in fast-growing second- and third-tier Chinese cities. We have also been developing multi-functional residential communities, which typically consist of a complementary mix of residential and commercial properties. We focus on second- and third-tier Chinese cities as we believe that they, benefiting from continuous urbanization in China, present a growth potential for property development that exceeds the national average.

Since 1994, we have selectively entered 16 cities in China, including nine second-tier cities that are regional economic centers (Tianjin, Chongqing, Wuhan, Changsha, Jinan, Nanning, Shenyang, Chengdu and Wuxi) and seven third-tier cities that are important high-growth cities in their respective provinces (Yantai, Dongying, Liuzhou, Guilin, Weifang, Dongguan (via an associated company) and Qingyuan). We typically select second- and third-tier cities with sizeable economies that we believe possess the potential for rapid future growth in the property sector. Most of the cities we have entered have a population of one million or above, a local GDP of RMB200 billion or above and annual total commodity property sales of three million sq.m. or above in terms of GFA. According to China Index Academy, there are approximately 67 second- and third-tier cities in China that meet these criteria, which presents a sizeable pool from which we may select cities to enter.

Through developing mixed-use business complexes that we expect will become local landmarks and form new urban centers and multi-functional residential communities in second- and third-tier Chinese cities, we endeavor to bring a cosmopolitan lifestyle to purchasers of our properties in these cities. We primarily market our mixed-use business complexes to the local affluent population and our multi-functional residential communities to the emerging middle class and white-collar professionals.

As of November 30, 2013, we had cumulatively completed development of 8.1 million sq.m. in total GFA. As of the same date, we had, in terms of GFA attributable to us in our 25 current projects, land reserves of 11.7 million sq.m., which included (i) completed and unsold properties and completed properties held for investment of approximately 1.2 million sq.m., (ii) properties under development of approximately 2.4 million sq.m. and (iii) properties held for future development of approximately 8.1 million sq.m., which included an aggregate planned GFA attributable to us of approximately 2.8 million sq.m. for which we had not obtained land use rights certificates. See “Risk Factors—Risks Relating to Our Business—Our business may be adversely affected if we fail to obtain, or if there is any material delay in obtaining, the relevant PRC governmental approvals for our property development projects” on page 39 of this prospectus. As of November 30, 2013, mixed-use business complexes and multi-functional residential communities accounted for 5.3 million sq.m. and 6.4 million sq.m., or 45.3% and 54.7%, respectively, of our total land reserves in terms of attributable GFA.

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We have received numerous awards in recognition of our brand reputation and high-quality properties:

- In 2012 and 2013, we were recognized as one of the “China Excellent Commercial Property Developers” in China by the China Real Estate Top 10 Research Group, sponsored by the Development Research Center of the PRC State Council, Tsinghua University and China Index Academy.
- From 2004 to 2011, we were recognized as one of the “Blue Chip Real Estate Enterprises in China” by the *Economic Observer* and other media outlets.
- From 2006 to 2011, we were recognized as one of the “Top 10 Most Valuable Real Estate Brands of China” by the China Real Estate Top 10 Research Group.
- From 2005 to 2012, we were recognized as one of the “Top 100 Real Estate Companies in China” by the China Real Estate Top 10 Research Group.

For the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2012 and 2013, we recorded revenue of RMB2,932.3 million, RMB2,939.6 million, RMB4,454.6 million, RMB2,212.5 million and RMB2,189.6 million, respectively, and profit for the year/period of RMB270.2 million, RMB60.8 million, RMB384.3 million, RMB22.5 million and RMB74.1 million, respectively. For these periods, mixed-use business complexes accounted for 45.3%, 39.1%, 21.0%, 10.2% and 12.8% of our total revenue, respectively, while multi-functional residential communities accounted for 51.4%, 56.9%, 75.0%, 84.0% and 79.6% of our total revenue, respectively. In terms of total contracted sales, we achieved RMB4,526.6 million, RMB3,475.3 million, RMB4,298.8 million, RMB2,850.2 million and RMB3,801.4 million, respectively, for the same periods.

Generally, our mixed-use business complexes command higher average selling prices and higher gross profit margins than our multi-functional residential communities. For the years ended December 31, 2010, 2011 and 2012 and for the nine months ended September 30, 2012 and 2013, the average selling prices (excluding car parks) of our mixed-use business complexes were RMB6,396.6 per sq.m., RMB9,107.9 per sq.m., RMB10,217.2 per sq.m., RMB9,969.0 per sq.m. and RMB11,633.9 per sq.m., with gross margins of 39.6%, 33.7%, 41.8%, 26.4% and 46.7%, respectively; the average selling prices (excluding car parks) of our multi-functional residential communities in 2010, 2011 and 2012 were RMB5,052.0 per sq.m., RMB5,661.2 per sq.m., RMB8,139.6 per sq.m., RMB7,640.7 per sq.m. and RMB7,308.6 per sq.m., with gross margins of 27.8%, 26.7%, 30.0%, 35.9% and 20.7%, respectively.

### OUR STRENGTHS

We believe that our market position is principally attributable to the following competitive strengths:

#### **Early focus on developing large-scale mixed-use business complexes in fast-growing second- and third-tier cities**

We were among the earliest PRC real estate developers to develop large-scale mixed-use business complexes in fast-growing second- and third-tier Chinese cities. We began to develop large-scale mixed-use

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business complexes as early as April 1995, when we commenced construction of Guangxi Vantone Air Garden (廣西萬通空中花園). We were recognized as one of the “China Excellent Commercial Property Developers (中國商業地產優秀企業)” in China by the China Real Estate Top 10 Research Group in 2012 and 2013. Due to our early focus and successful execution, we have achieved a leading market position in various cities. Our developments are typically located in prime locations and have become local landmarks in cities such as Chongqing, Nanning, Liuzhou, Weifang, Yantai and Guilin, according to China Index Academy. For instance:

- Chongqing Sunshine 100 International New Town is located on Nanbin Road in Nan’an District across from Chaotianmen Square (朝天門廣場) and at the scenic junction where the Jialing River joins the Yangtze River, and has become part of Chongqing’s new CBD.
- Nanning Sunshine 100 City Plaza is located on Minzu Avenue in Qingxiu District, which is a major commercial street in Nanning.
- Liuzhou Sunshine 100 City Plaza is adjacent to Liuzhou’s municipal government complex, city square, city park and television station.
- Weifang Sunshine 100 City Plaza is located on the first ring road of the CBD in Weifang, a coastal city in Shandong Province rich in history and culture. It is located near the city’s railway station and bus terminals.
- Yantai Sunshine 100 City Plaza is located in a prime location on Haigang Road in Zhifu District, which is a major commercial street in Yantai.
- Yangshuo Sunshine 100 West Street Square is located near the West Street and alongside the Li River (灕江) in Yangshuo Town, Guilin, a famous tourist destination in Guilin, Guangxi Zhuang Autonomous Region.

Distinguishable from commercial complexes by other developers that are centered on shopping centers, our mixed-use business complexes are designed with a focus on the needs of business users, typically featuring high-standard office properties, complemented by a branded hotel, life-style shopping avenues and supermarkets, and customized for different locations in different cities. We believe that our business complexes, as complemented by such business-focused structures and facilities, create enhanced value for users of these properties. This, we believe, in turn, enhances the value of adjacent high-end residential properties and boosts returns on our investment.

Through our mixed-use business complex developments, we aim to bring the international urban planning concept of the CBD, together with the associated lifestyle, to the affluent local population in second- and third-tier cities in China. We expect that our developments will become local landmarks and form new urban centers. We believe that we enjoy an early mover’s advantage and face relatively less competition in the cities, especially third-tier cities, that we have entered with respect to our mixed-use business complex developments, which we believe has contributed to our ability to acquire sizeable land for development at relatively low cost and generate relatively high profits as development premiums. We have built an experienced team to manage the mixed-use business complexes we develop. We have also established cooperative relationships with an international hotel manager and well-known regional retailers to occupy our

properties. We believe that our experienced management team and long-term partners improve the overall appeal of our mixed-use business complexes, attracting more visitors, especially mid-to-high-spending consumers, to our developments and thereby enhance the commercial value of these properties. We believe that the mixed-use business complexes we develop help stimulate economic development in their respective locations, which has helped us build relationships with the local governments and has indirectly helped us acquire land at relatively low cost. The average selling price of our mixed-use business complexes maintained strong growth during the Track Record Period, amounting to RMB6,396.6 per sq.m., RMB9,107.9 per sq.m., RMB10,217.2 per sq.m. and RMB11,633.9 per sq.m. (excluding car parks) for the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2013, respectively.

### **Proven business model in developing multi-functional residential communities with a complementary mix of residential and commercial properties**

We develop multi-functional residential communities, our other principal series of property developments, primarily in large and key second- and third-tier cities and have formulated a business model that we believe distinguishes us from our competitors by including the following features:

- Our multi-functional residential communities are primarily located in close suburbs of large and key cities, which we expect will become the core of new population centers. As China continues to urbanize and city centers continue to expand, the close suburbs we have selected for development typically fall within the expanding city limits over a period of time and become connected to convenient public transport and supported by the full range of urban infrastructure. For instance, Yuelu District (岳麓區), Changsha, where we acquired land in 2004 to develop Changsha Sunshine 100 International New Town, experienced significant growth since that time, with its population doubling from 2004 to 2012, according to district government records.
- In developing multi-functional residential communities, we aim to satisfy the consumption needs of our target customer groups and enable them to develop a cosmopolitan lifestyle. We therefore include a mix of commercial properties, including large retail spaces and other establishments with urban-life functionalities, to complement residential properties in such communities. Of the 11 multi-functional residential communities that we had completed or were under development as of December 31, 2012,<sup>(1)</sup> the ratio of commercial space to residential space in terms of GFA was 12.6%, which was much higher than that of neighboring developments,<sup>(2)</sup> according to China Index Academy. Notably, the ratio was over 30% for our Chengdu Sunshine 100 Mia Center. As such, our multi-functional residential communities provide support to the life and consumption needs of not just their residents, but residents in neighboring areas, thereby forming new urban population centers of their own.

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*Notes:*

- (1) Including Tianjin Sunshine 100 International New Town, Liuzhou Sunshine 100 Classical Era, Shenyang Sunshine 100 International New Town (Phase I and II), Shenyang Sunshine 100 Golf Mansion, Chengdu Sunshine 100 Mia Center, Wuxi Sunshine 100 International New Town, Changsha Sunshine 100 International New Town, Wuhan Sunshine 100 Lakeside Residence, Dongying Sunshine 100 City Garden, Qingyuan Mango Town and Guilin Lijiang Project.
- (2) Measured by China Index Academy against random samples from a pool of same-type properties located within a five-kilometer radius with 2012 contracted sales over 10,000 sq.m. in GFA, adjusted for varying costs of interior fitting and decoration.

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We believe that our distinctive business model in developing multi-functional residential communities helps enhance our pricing and our reputation. The average selling price of our multi-functional residential communities grew steadily during the Track Record Period, amounting to RMB5,052.0 per sq.m., RMB5,661.2 per sq.m. RMB8,139.6 per sq.m. and RMB7,308.6 per sq.m. (excluding car parks) for the years ended December 31, 2010, 2011, 2012 and the nine months ended September 30, 2013, respectively.

### **Wide recognition among target customers due to nationally recognized brand associated with a young and international image, innovative and fashionable architectural styles and clear customer positioning**

We focus on bringing a cosmopolitan lifestyle to the emerging middle class and white-collar professionals in China. We believe that we enjoy relatively high recognition and loyalty in China, especially among our target customers, due to our nationally recognized brand, Sunshine 100, which we believe is associated with a young and international image, innovative and fashionable architectural styles and clear customer positioning. For example, for the year ended December 31, 2012, 24% of our total contracted sales by property unit was with existing customers or new customers referred by existing customers. For combined total contracted sales in the four cities of Wuhan, Chengdu, Wuxi and Liuzhou only, the ratio was 30% for the same year.

We have received numerous awards in recognition of our brand reputation and high-quality properties:

- In 2012 and 2013, we were recognized as one of the “China Excellent Commercial Property Developers” in China by the China Real Estate Top 10 Research Group, sponsored by the Development Research Center of the PRC State Council, Tsinghua University and China Index Academy.
- We were recognized as one of the “Top 500 Most Valuable Brands of China” by World Brand Lab from 2004 to 2008 and from 2010 to 2011.
- From 2004 to 2011, we were recognized as one of the “Blue Chip Real Estate Enterprises in China” by the *Economic Observer* and other media outlets.
- From 2006 to 2011, we were recognized as one of the “Top 10 Most Valuable Real Estate Brands of China” by the China Real Estate Top 10 Research Group.
- From 2005 to 2012, we were recognized as one of the “Top 100 Real Estate Companies in China” by the China Real Estate Top 10 Research Group.

### **Nationwide, cross-regional presence with large-scale, mostly low-cost land reserves with development potential tailored to our property developments**

We believe that we have a nationwide, cross-regional presence and large-scale land reserves with development potential. As of November 30, 2013, we had total land reserves of approximately 11.7 million sq.m. of attributable GFA located in 15 cities, including approximately 7.2 million sq.m., or 61.8%, in second-tier cities and approximately 4.5 million sq.m., or 38.2%, in select third-tier cities. We believe that we benefit from our balanced regional presence as it helps reduce our reliance on any particular geographic region or type

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of city. We believe our strong reputation and solid track record have helped us secure development sites in high-growth locations, such as city centers, close suburbs and planned future city centers.

We pursue a focused land acquisition strategy, seeking only land that we believe has development potential for the two types of properties that we specialize in. The average cost of our land reserves under development or held for future development as of September 30, 2013 was RMB629 per sq.m. As we entered our target cities relatively early, and as we possess a well-recognized brand and exhibit proven execution capabilities, we have often been able to secure land at attractive prices, as local governments appreciate that our developments will help stimulate commercial activities in adjacent areas and accelerate urban development. The land parcels we acquire are often large in their respective neighborhoods, which has also contributed to our relatively low land acquisition costs as we benefit from scale and stronger bargaining power. In addition to acquisitions on our own, we also acquire land use rights through joint ventures with other developers.

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The following table sets forth, as an illustration, further details of our land reserves for projects with properties under development or held for future development as of December 31, 2012 by location as specified:

<u>Our Project</u>	<u>Total Planned GFA</u> (sq.m.)	<u>Total Land Acquisition Cost</u> (RMB in millions)	<u>Average Land Acquisition Cost<sup>(1)</sup></u> (RMB per sq.m.)	<u>Average Selling Price<sup>(2)</sup></u> (RMB per sq.m.)	<u>Average Neighboring Land Cost<sup>(3)</sup></u> (RMB per sq.m.)	<u>Average Neighboring Project Planned GFA<sup>(4)</sup></u> (sq.m.)
Shenyang Sunshine 100						
International New						
Town . . . . .	2,472,489	1,554	628	6,074	2,513	49,855
Shenyang Sunshine 100						
Golf Mansion . . . . .	269,765	215	798	7,796	1,029	203,644
Weifang Sunshine 100 City						
Plaza . . . . .	1,595,143	1,406	881	9,142	784	110,230
Dongying Sunshine 100						
City Garden . . . . .	523,201	256	490	4,809	699	103,945
Yantai Sunshine 100 City						
Plaza (Phase II) . . . . .	361,347	641	1,773	N/A <sup>(5)</sup>	1,044	69,023
Changsha Sunshine 100						
International New						
Town . . . . .	1,417,061	755	533	5,065	2,223	160,913
Chongqing Sunshine 100						
International New						
Town . . . . .	1,663,705	2,841	1,707	4,518	4,790	421,548
Wuxi Sunshine 100						
International New						
Town . . . . .	2,603,949	1,058	406	6,279	N/A <sup>(7)</sup>	N/A <sup>(7)</sup>
Chengdu Sunshine 100 Mia						
Center . . . . .	332,487	582	1,752	10,147	4,329	81,949
Chengdu Xin Sheng Yuan						
Project . . . . .	20,000	20	1,012	N/A <sup>(5)</sup>	2,507	69,275
Wuhan Sunshine 100						
Lakeside Residence . . . . .	846,549	313	370	7,591	2,052	136,220
Qingyuan Mango Town . . . . .	3,371,897	316	94	N/A <sup>(6)</sup>	N/A <sup>(7)</sup>	N/A <sup>(7)</sup>
Guilin Lijiang Project . . . . .	78,255	14	184	N/A <sup>(6)</sup>	N/A <sup>(7)</sup>	N/A <sup>(7)</sup>
Nanning Sunshine 100 City						
Plaza (Phase II) . . . . .	92,230	92	986	N/A <sup>(5)</sup>	N/A <sup>(7)</sup>	N/A <sup>(7)</sup>
Liuzhou Sunshine 100 City						
Plaza . . . . .	717,748	177	246	6,943	2,443	87,277

Source: CIA Report

*Notes:*

- (1) Calculated as total land acquisition cost divided by total GFA.
- (2) Calculated as the average selling price (excluding car parks) up to December 31, 2012.
- (3) Average cost of land parcels (i) within a 2-kilometer radius of our project land; (ii) sold through public bidding, auction or listing-for-sale between 2010 and 2012; (iii) for residential use (including those solely for residential use and those for mixed use including residential). Calculated by CIA based on land transaction data obtained from public information disclosed by respective local authorities.

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- (4) Based on the same land parcels identified according to the criteria set forth in note 3 above and calculated by CIA by dividing the total planned GFA on such land parcels by other developers by the number of projects.
- (5) The relevant project was held for future development.
- (6) The relevant project had not generated revenue.
- (7) Data not available.

### **Experienced, stable management team with vision and a strong focus on execution to ensure our long-term growth**

Our senior management has on average over 10 years of experience in the PRC real estate industry. Our founder and chairman, Mr. Yi Xiaodi, was one of the early leaders in the industry as it transformed itself in the early 1990s during China's transition to the market economy. Mr. Fan Xiaochong, our executive vice president who assists Mr. Yi in overseeing our day-to-day operations, also has almost 20 years' experience in the PRC real estate industry. Members of our senior management have diverse backgrounds, having worked in PRC real estate companies, international corporations and professional service firms. We believe that such diversity enriches our management's industry and business management experience and enhances its ability to execute business plans, which we believe contributes to our ability to develop property offerings demanded by consumers in the PRC real estate market and generate satisfactory returns on our investment. We put great emphasis on talent retention and team-building, and have established a systematic training and promotion mechanism for employees and regular training programs for members of management, with a conscious effort to internally produce senior executives for the future. As a result, our senior management team is relatively stable, having served us for an average of about 10 years.

### **Nationwide management platform, centralized sales and marketing team and long-term relationships with business partners, which enables us to execute multiple development projects across China**

We have more than 10 years of experience expanding throughout China, developing and managing properties in multiple regions nationwide. We have established a centralized, nationwide management platform, which we believe enables us to rapidly replicate our business models and effectively expand into new regions. Through this centralized management platform, our management team at the headquarters is able to closely monitor the status of our projects and promptly react to any change in the local markets. As a result, we have been able to rapidly replicate our property developments and deliver high-quality properties across 16 cities nationwide.

We engage a sales and marketing team that we centrally manage and deploy nationwide. As of the Latest Practicable Date, our sales and marketing team comprised 2,278 staff members. The team formulates sales strategies and coordinates marketing activities on a national basis, taking into consideration requests and recommendations from our project teams in different regions. We believe that a centralized sales and marketing team is important in ensuring high-quality customer service and consistency in the execution of sales plans. For instance, before we launched the pre-sale of Qingyuan Mango Town on May 12, 2013, we organized a sales team comprised of 95 sales personnel recruited locally in Qingyuan and 140 experienced sales personnel from nine other project companies. We provided professional training and preparation for two months to further strengthen the sales team's sales skills and knowledge of the project and the local property



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market. As a result, on our launch day, we attracted orders for 222 of the 228 units that were available for sale on that day, 209 of which were subsequently confirmed.

We have established long-term partnerships with well-known architects, construction contractors and investors to support our national expansion. We have collaborated with renowned international architecture firms, such as DCM, Tadao Ando and SHL, to help translate our architectural vision and philosophy into designs with our character. We have also cooperated with leading Chinese national or regional construction contractors, such as China State Construction Engineering Corporation. Furthermore, we have had substantial experience cooperating with large PRC enterprises, such as Yan Kuang, Tianjin Nongken Group and Guangxi Communications Investment Group Co., Ltd., which we believe enhances our ability to secure financing, project development and other opportunities. In addition, we believe the participation and support of affiliates of Warburg Pincus as a financial investor enhances the efficiency and transparency of our management, which we believe is beneficial to us in the long term.

### OUR STRATEGIES

We aim to become one of the largest and most profitable developers of large-scale mixed-use business complexes and multi-functional residential communities in second- and third-tier cities in China. To achieve this goal, we intend to implement the following strategies:

#### **Continue to develop mixed-use business complexes in central locations in second- and third-tier cities**

According to China Index Academy, China's urbanization is expected to continue at a rapid pace, which we believe will continue to present opportunities for property development in second- and third-tier Chinese cities. In particular, as the hitherto less-developed second- and third-tier Chinese cities rapidly expand, we believe there will be sustained demand for mixed-use properties in emerging CBDs in such cities. We intend to leverage our established position, first mover's advantage and brand recognition in second- and third-tier cities to continue to develop mixed-use business complexes as local landmarks. With our knowledge and experience accumulated from developing mixed-use business complexes, we believe we will be able to increase our market share in central locations in the second- and third-tier cities in which we already operate or that we have yet to enter. We believe that we will be able to selectively expand into second- and third-tier Chinese cities with great development potential and rapid economic growth on a nationwide basis.

#### **Continue to develop multi-functional residential communities in close suburbs of first- and large second-tier Chinese cities**

As urban areas continue to expand in China, we believe that close suburbs of first- and large second-tier Chinese cities will continue to present development opportunities for us. We believe that our multi-functional residential community developments better enable us to secure premiere pricing and maintain higher margins. Accordingly, we are committed to developing multi-functional residential communities with our own character to these suburbs and bringing a modern, convenient and cosmopolitan lifestyle to our customers through the complementary, commercially oriented supporting facilities we include in these developments.

**Maximize customer value and brand premium by enhancing our operational capabilities**

We intend to continue to sell, rather than hold, a relatively high proportion of the properties we develop to continuously increase revenue and profitability, as the selling premiums contribute significantly to our profitability. We plan to utilize our centralized management platform to offer our customers consistent service quality and leverage our experience in managing existing projects. We consider it important for purchasers of our commercial properties to be able to enjoy value in the properties. Therefore, we intend to continue to pursue our proven business model, which emphasizes the inclusion of large retail spaces in the mix of our properties, and intend to continue to develop such retail properties in the format of “commercial streets” where appropriate. We will strive to attract more well-known, high-quality hotel managers and retailers to occupy our properties, while beginning to develop our own retail brand. We believe that these measures will enhance our value to our customers as well as our brand awareness.

**Continue to strengthen corporate culture, emphasize innovation in property design and strengthen our “people first” management philosophy**

We intend to continue to strengthen our corporate culture, centered on a “people first” management philosophy, and continue to seek innovations in property design. By continuing to give project teams substantial discretion in project management, subject to our overall planning and supervision, we believe that we will continue to offer our customers the innovative properties they demand. In addition, by offering market standard compensation and operate incentive schemes, including cash and share bonuses and promotions, for our employees, we believe that we will continue to align our employees’ interests with ours and enhance their loyalty to the Company.

**Continue to pursue a prudent land acquisition strategy**

We intend to continue to pursue a prudent land acquisition strategy and focus on large parcels of land with reasonable pricing in cities and locations with growth potential, in order to keep land cost at an acceptable level with reference to the selling prices of our properties. According to China Index Academy, there are approximately 67 second- and third-tier cities in China which meet our standards of selection, representing a sizeable pool from which we may select sites for development. In particular, we intend to focus on suitable land in central locations in third-tier Chinese cities for developing mixed-use business complexes, and suburbs of second-tier Chinese cities that are planned to fall within city limits for developing multi-functional residential communities. We plan to increase the proportion of our land reserves planned for mixed-use business complexes to approximately 50% or higher within the next five years, compared to 45.2% as of November 30, 2013.

We believe that we will be able to replenish our large-scale, low-cost land reserves with development potential going forward as we continue to follow our land acquisition strategy based on thorough information-gathering, relationship-building with local governments and other partners and, above all, a rational philosophy. Firstly, we will continue to make prudent market analysis and reasonable business judgment based on professional advice from both internal teams and external consultants. Our planning and development department regularly monitors real estate developments in 20 key cities and tracks the local land supply policies and key transactions. We also have established long-term relationships with professional third-party

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consultants to keep us updated with the latest policy trends and market information. Secondly, in our target cities and areas, we will continue to actively communicate with the local authorities to build trust and establish working relationships as we demonstrate how our developments will be beneficial for the local communities. We will also continue to develop and maintain cooperative relationships with local partners, who may be smaller in size but often possess better understanding of local markets and hold land use rights in locations attractive to us, to potentially acquire land from them or acquire them for the land they hold. Thirdly, we will maintain our overriding principle of prudence and refrain from acquiring land for prices we consider inflated.

### **Continue to accelerate asset turnover and enhance profitability**

We intend to continue to accelerate asset and cash turnover in our two principal series of properties, particularly our multi-functional residential communities, through shorter development and sales cycles, in order to lower cost and improve profitability. In particular, we intend to continue to leverage our brand awareness to expedite sales and replicate successful past developments to shorten development cycles in general.

We plan to continue to use cash flow from multi-functional residential community developments to fund our development of mixed-use business complexes, which require more investment but generate higher returns for us.

## **OUR PROPERTY DEVELOPMENT PROJECTS**

### **Overview**

As of November 30, 2013, our portfolio of property development projects consisted of 25 projects under various stages of development in 15 cities across China, including Tianjin, Chongqing, Wuhan, Changsha, Nanning, Shenyang, Jinan, Chengdu, Wuxi, Yantai, Dongying, Liuzhou, Guilin, Weifang and Qingyuan. We divide our property developments into three categories: (i) completed properties; (ii) properties under development; and (iii) properties held for future development. As of November 30, 2013, we had cumulatively completed development of 8.1 million sq.m. in total GFA. As of the same date, we had, in terms of GFA attributable to us in our 25 current projects, land reserves of 11.7 million sq.m., which included (i) completed and unsold properties and completed properties held for investment of approximately 1.2 million sq.m., (ii) properties under development of approximately 2.4 million sq.m. and (iii) properties held for future development of approximately 8.1 million sq.m., which included an aggregate planned GFA attributable to us of approximately 2.8 million sq.m. for which we had not obtained land use rights certificates. See “Risk Factors—Risks Relating to Our Business—Our business may be adversely affected if we fail to obtain, or if there is any material delay in obtaining, the relevant PRC governmental approvals for our property development projects” on page 39 of this prospectus.

Our classification of properties reflects the basis on which we operate our business and may differ from classifications employed by other developers. Our classification of properties is not directly comparable with the classification of properties in the Property Valuation Report contained in Appendix IV to this prospectus or that in the Accountants’ Report of our Group contained in Appendix I to this prospectus. These classifications, however, share similarities in the treatment of properties that have been issued land use rights

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certificates. While we categorize properties with land use rights certificates in our properties under development, the Property Valuation Report contained in Appendix IV assigns a market value to such properties and the Accountants' Report of our Group contained in Appendix I includes them on our balance sheet as our assets under land use rights.

The table below sets forth our classification of properties and the corresponding classifications of properties in the Property Valuation Report and the Accountants' Report:

<u>This prospectus</u>	<u>Property Valuation Report</u>	<u>Accountants' Report</u>
<ul style="list-style-type: none"> <li>• Completed properties, comprising properties with certificates of completion (including completed properties that have been sold)</li> </ul>	<ul style="list-style-type: none"> <li>• Group I—Property interests held for investment</li> <li>• Group II—Property interests held for sale and occupation (excluding completed properties of which the titles have been transferred)</li> </ul>	<ul style="list-style-type: none"> <li>• Completed properties held for sale (excluding completed properties that have been sold)</li> <li>• Investment properties</li> </ul>
<ul style="list-style-type: none"> <li>• Properties under development, comprising properties for which we have obtained the land use rights certificates but not yet the certificates of completion</li> </ul>	<ul style="list-style-type: none"> <li>• Group III—Property interests held under development</li> <li>• Group I—Property interests held for investment</li> </ul>	<ul style="list-style-type: none"> <li>• Properties under development</li> <li>• Investment properties under construction</li> </ul>
<ul style="list-style-type: none"> <li>• Property held for future development, comprising properties for which we have not obtained the land use rights certificates, but have entered into the land grant contracts or the project company equity transfer agreements</li> </ul>	<ul style="list-style-type: none"> <li>• Group IV—Property interests held for future development</li> </ul>	<ul style="list-style-type: none"> <li>• Expenditure incurred for projects for which we have not yet obtained the land use rights certificates and which was recorded as prepayments, deposits and other receivables within our current assets</li> </ul>

The site area information in this prospectus is derived on the following basis:

- when we have received the land use rights certificates, the site area information in respect of the related projects refers to the site area information in such land use rights certificates; and
- before we have received the land use rights certificates, the site area information in respect of the related projects refers to the site area information in the relevant land grant contracts or the relevant government permits related to the projects excluding, however, the areas earmarked for public infrastructure such as roads and community recreation zones.

The GFA information in this prospectus is derived on the following basis:

- for completed projects, if we have obtained the record of acceptance examination upon project completion or the construction works planning permit, the completed GFA information in respect of these projects refers to the completed GFA in such record of acceptance examination upon project completion or construction works planning permit, or our internal record and estimates;

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- for projects under development, if we have obtained the construction works construction permit or the construction works planning permit, the GFA under development information in respect of these projects refer to the GFA in such permit, or, where such permits are not yet available, our internal record and estimate;
- if we have obtained the pre-sale permit for commodity property or construction works planning permit for the projects, the saleable GFA information refers to the saleable GFA in these permits;
- if we have not yet obtained the property ownership certificates but have obtained the construction permits, the total GFA information in respect of these projects refers to the total GFA in such construction permits;
- if we have not yet obtained the construction permits but have obtained the construction works planning permits for the projects, the total GFA information in respect of these projects refers to the total GFA in such construction works planning permits;
- if we have not yet obtained the construction works planning permits, but have received the land use rights certificates for the projects, the total GFA information in respect of these projects refers to the total GFA in such land use rights certificates; and
- if we have not obtained the land use rights certificates, but have signed the land grant contracts, the total GFA information in respect of these projects refers to the total GFA in such land grant contracts.

As our projects typically comprise multiple-phase developments on a rolling basis, one project may include different phases that are at various stages of completion, under development or held for future development.

The table below sets forth the details of our property development projects as of November 30, 2013:

Project	Location	Site Area (sq.m.)	Actual/Expected Completion Date	Completed			Under Development			Held for Future Development			Reference to Property Valuation Report (Property number)		
				GFA Completed <sup>(2)</sup> (sq.m.)	GFA Sold <sup>(3)</sup> (sq.m.)	Saleable GFA Remaining Unsold <sup>(3)(4)</sup> (sq.m.)	Reetable GFA Held for Investment <sup>(5)</sup> (sq.m.)	GFA Under Development <sup>(6)</sup> (sq.m.)	Saleable <sup>(6)/Rentable GFA<sup>(6)</sup> (sq.m.)</sup>	GFA Pre-sold <sup>(7)</sup> (sq.m.)	Planned GFA (sq.m.)	Land Use Rights Not Yet Obtained <sup>(8)</sup> (sq.m. in GFA)		Group's Attributable Interest (%)	Attributable Capital Value (RMB millions)
<b>I. Mix-used Business Complexes</b>															
1. Nanning Sunshine 100 City Plaza	Nanning	37,108 <sup>(8)</sup>	2015	122,419	88,258	16,919	6,732	—	—	92,230	—	—	100%	414.0	12,29,60
1.1 Phase I <sup>(1)</sup>			2005	122,419	88,258	16,919	6,732	—	—	—	—	—	—	—	—
1.2 Phase II			2015 <sup>(13)</sup>	—	—	—	—	—	—	92,230	—	—	—	—	—
2. Nanning Sunshine 100 Upper East Side International <sup>(1)</sup>	Nanning	36,737	2009	229,190	168,026	54,319	—	—	—	—	—	—	26% <sup>(9)</sup>	27.8	28
3. Yantone Air Garden <sup>(1)</sup>	Nanning	10,009	1997	36,465	9,116	2,751	22,791	—	—	—	—	—	100%	352.1	10,19
4. Yantai Sunshine 100 City Plaza	Yantai	54,925	2018	219,489	139,477	33,479	46,533	—	—	361,347	361,347	—	100% <sup>(10)</sup>	1,635.9	15,33,66
4.1 Phase I <sup>(1)</sup>			2009	219,489	139,477	33,479	46,533	—	—	—	—	—	—	—	—
4.2 Phase II			2018 <sup>(14)</sup>	—	—	—	—	—	—	361,347	361,347	—	—	—	—
5. Yangshuo Sunshine 100 West Street Square <sup>(1)</sup>	Yangshuo	10,760	2007	22,943	10,522	—	12,421	—	—	—	—	—	75% <sup>(10)</sup>	67.8	17
6. Liuzhou Sunshine 100 City Plaza	Liuzhou	125,383	2013	579,268	372,641	73,517	23,470	138,480	92,453	49,946	—	—	75% <sup>(11)</sup>	1,679.3	7,25,52
6.1 Phase I			2009	280,023	206,760	17,058	6,693	—	—	—	—	—	—	—	—
6.2 Phase II			2010	172,651	76,406	44,664	16,007	—	—	—	—	—	—	—	—
6.3 Phase III			2010	126,594	89,475	11,794	770	—	—	—	—	—	—	—	—
6.4 Phase IV			2013	—	—	—	—	138,480	92,453	49,946	—	—	—	—	—
7. Weifang Sunshine 100 City Plaza	Weifang	186,091	2018	—	—	—	—	175,729 <sup>(12)</sup>	180,920 <sup>(12)</sup>	85,374	1,419,414	1,262,961	100%	1,582.4 <sup>(17)</sup>	48.63
7.1 Phase I			2014	—	—	—	—	175,729 <sup>(12)</sup>	180,920 <sup>(12)</sup>	85,374	—	—	—	—	—
7.2 Phase II			2014	—	—	—	—	—	—	—	397,443	240,990	—	—	—
7.3 Phase III			2016	—	—	—	—	—	—	—	478,382	478,382	—	—	—
7.4 Phase IV			2016	—	—	—	—	—	—	—	360,155	360,155	—	—	—
7.5 Phase V			2018	—	—	—	—	—	—	—	183,434	183,434	—	—	—
8. Chongqing Sunshine 100 International New Town	Chongqing	328,307	2018	629,545	523,293	35,445	19,724	153,188	118,447	—	886,408	261,571	100% <sup>(11)</sup>	4,548.5 <sup>(17)</sup>	5,23,41,57
8.1 Phase I			2013	629,545	523,293	35,445	19,724	21,888	—	—	—	—	—	—	—
8.2 Phase II Area A, D, G and H			2018	—	—	—	—	131,300	118,447	—	624,837	—	—	—	—
8.3 Phase II Area B, C, E2, F and S			2018	—	—	—	—	—	—	—	—	261,571	—	—	—
9. Shenyang Sunshine 100 International New Town(Phase III)	Shenyang	666,667 <sup>(15)</sup>	2018 <sup>(16)</sup>	1,476,335	1,163,423	180,566	70,203	250,048	249,788	44,678	1,067,424	883,526	100%	745.0 <sup>(17)</sup>	37,53
10. Jinan Sunshine 100 International New Town	Jinan	648,876	2017	—	—	—	—	188,115	146,263	122,281	581,526	54,297	49%	1,585.2	16,18,34,51,67
<b>II. Multi-functional Residential Communities</b>															
11. Tianjin Sunshine 100 International New Town <sup>(1)</sup>	Tianjin	372,770	2012	987,620	714,509	203,095	17,543	—	—	—	—	—	86%	1,010.5	14,30
12. Nanning Sunshine 100 Mountainside Garden <sup>(1)</sup>	Nanning	78,481	2007	106,246	82,108	10,603	2,598	—	—	—	—	—	51% <sup>(10)</sup>	21.8	9,20
13. Nanning Sunshine 100 Australian Garden <sup>(1)</sup>	Nanning	37,573	2002	125,262	118,232	800	2,904	—	—	—	—	—	50% <sup>(10)</sup>	10.7	11,27
14. Nanning Sunshine 100 European Garden <sup>(1)</sup>	Nanning	20,647	2002	70,515	69,672	—	843	—	—	—	—	—	100%	4.4	13
15. Liuzhou Sunshine 100 Classical Era <sup>(1)</sup>	Liuzhou	123,829	2008	233,610	214,426	1,434	1,120	—	—	—	—	—	100%	14.8	8,26
16. Shenyang Sunshine 100 International New Town (Phase I and II)	Shenyang	666,667 <sup>(15)</sup>	2014	872,454	648,803	117,558	47,863	282,562	269,025	190,167	—	—	100%	2,240.7	1,2,21,37
16.1 Phase I			2007	384,932	312,292	55,608	—	—	—	—	—	—	—	—	—
16.2 Phase II			2014	487,522	336,511	61,950	47,863	282,562	269,025	190,167	—	—	—	—	—

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Project	Location	Site Area (sq.m.)	Actual/Expected Completion Date	Completed				Under Development				Held for Future Development			Reference to Property Valuation Report (Property number)	
				GFA Completed <sup>(2)</sup> (sq.m.)	GFA Sold <sup>(3)</sup> (sq.m.)	Saleable GFA Remaining Unsold <sup>(3)(4)</sup> (sq.m.)	Rentable GFA Held for Investment <sup>(5)</sup> (sq.m.)	GFA Under Development <sup>(5)</sup> (sq.m.)	Saleable/Rentable GFA <sup>(6)</sup> (sq.m.)	GFA Pre-sold <sup>(7)</sup> (sq.m.)	Planned GFA (sq.m.)	Land Use Rights Not Yet Obtained <sup>(8)</sup> (sq.m. in GFA)	Group's Attributable Interest (%)	Attributable Capital Value (RMB millions)		
17. Sheryang Sunshine 100 Golf Mansion	Shenyang	100,000	2015	—	—	—	—	136,515	133,399	25,760	133,250	—	—	51% <sup>(11)</sup>	429.4	38,54
17.1 Phase I			2013	—	—	—	—	130,865	127,749	25,760	—	—	—	—	—	—
17.2 Phase II & III			2015	—	—	—	—	5,650	5,650	—	133,250	—	—	—	—	—
18. Chengdu Sunshine 100 Mia Center	Chengdu	59,971	2015	189,697	128,589	53,304	—	143,977	135,374	—	—	—	—	100% <sup>(11)</sup>	1,883.2	35,40
18.1 Phase I			2013	189,697	128,589	53,304	—	—	—	—	—	—	—	—	—	—
18.2 Phase II			2015	—	—	—	—	143,977	135,374	—	—	—	—	—	—	—
19. Wuxi Sunshine 100 International New Town	Wuxi	1,235,308	2017	1,070,285	791,204	197,733	—	389,136	355,075	156,791	1,144,528	—	—	100% <sup>(11)</sup>	3,964.9	32,50,65
19.1 Phase I			2006	563,747	439,106	108,334	—	—	—	—	—	—	—	—	—	—
19.2 Phase II			2012	337,273	271,628	33,504	—	—	—	—	—	—	—	—	—	—
19.3 Phase III			2013	43,170	7,423	14,964	—	31,637	31,350	9,077	—	—	—	—	—	—
19.4 Phase IV			2015	126,095	73,046	40,931	—	357,499	323,725	147,714	70,565	—	—	—	—	—
19.5 Phase V			2017	—	—	—	—	—	—	—	66,816	—	—	—	—	—
19.6 Phase VI			2017	—	—	—	—	—	—	—	1,007,147	—	—	—	—	—
20. Changsha Sunshine 100 International New Town	Changsha	602,700	2016	726,369	600,011	96,524	—	320,581	298,097	190,788	370,111	—	—	100% <sup>(11)</sup>	2,536	22,36,55
20.1 Phase I			2006	235,659	188,405	42,735	—	—	—	—	—	—	—	—	—	—
20.2 Phase II			2007	338,614	271,240	49,497	—	—	—	—	—	—	—	—	—	—
20.3 Phase III			2014	152,096	140,365	4,291	—	320,581	298,097	190,788	—	—	—	—	—	—
20.4 Phase IV			2016	—	—	—	—	—	—	—	370,111	—	—	—	—	—
21. Wuhan Sunshine 100 Lakeside Residence	Wuhan	293,304	2016	205,780	175,735	14,935	—	203,745	203,335	88,639	437,023	—	—	100% <sup>(11)</sup>	1,447.0	31,49,64
21.1 Phase I			2012	102,545	98,438	4,079	—	—	—	—	—	—	—	—	—	—
21.2 Phase II			2014	—	—	—	—	101,490	101,848	55,083	—	—	—	—	—	—
21.3 Phase III			2013	103,236	77,298	10,856	—	—	—	—	—	—	—	—	—	—
21.4 Phase IV			2016	—	—	—	—	102,255	101,487	33,556	—	—	—	—	—	—
21.5 Phase V			2016	—	—	—	—	—	—	—	437,023	—	—	—	—	—
22. Dongying Sunshine 100 City Garden	Dongying	343,963	2016	228,457	182,413	35,755	2,225	147,629	126,010	85,466	147,116	—	—	100% <sup>(11)</sup>	967.3	6,24,43,58
22.1 Phase I			2009	136,756	125,891	2,905	2,225	—	—	—	—	—	—	—	—	—
22.2 Phase II			2014	91,702	56,522	32,850	—	71,240	67,556	55,074	—	—	—	—	—	—
22.3 Phase III			2016	—	—	—	—	76,389	58,455	30,392	147,116	—	—	—	—	—
23. Qingyuan Mango Town	Qingyuan	915,538	2018	—	—	—	—	254,832	249,952	83,465	3,117,065	—	—	55%	1,030.2	47.62
23.1 Phase I			2015	—	—	—	—	108,555	104,449	56,128	—	—	—	—	—	—
23.2 Phase II			2016	—	—	—	—	146,277	145,503	27,337	1,158,024	—	—	—	—	—
23.3 Phase III			2018	—	—	—	—	—	—	—	1,959,041	—	—	—	—	—
24. Guilin Lijiang Project	Guilin	62,137	2016	—	—	—	—	2,625	2,571	—	75,576	—	—	75%	23.2	46,61
25. Chengdu Xin Sheng Yuan Project	Chengdu	10,516	2015	—	—	—	—	—	—	—	20,000	—	—	100%	8.5	56
<b>Total</b>		<b>6,361,600</b>		<b>8,131,949</b>	<b>6,200,459</b>	<b>1,128,738</b>	<b>276,970</b>	<b>2,787,162</b>	<b>2,560,711</b>	<b>1,123,357</b>	<b>9,853,018</b>	<b>2,823,702</b>				
<b>Attributable GFA</b>		<b>5,383,532</b>		<b>6,806,136</b>	<b>5,187,771</b>	<b>944,099</b>	<b>227,013</b>	<b>2,474,381</b>	<b>2,284,516</b>	<b>998,325</b>	<b>8,069,574</b>	<b>2,796,011</b>			<b>28,230.6</b>	

Notes:

- (1) The saleable area in the project we planned to sell was substantially sold out.
- (2) Based on figures provided in the relevant record of acceptance examination upon project completion (竣工驗收合格證明), construction works planning permit (建設工程規劃許可證) by relevant government departments or our internal records and estimates. GFA completed may not equal the sum of “GFA Sold,” “Saleable GFA Remaining Unsold” and “Rentable GFA Held for Investment” as some areas, e.g., areas taken up by certain support facilities, are not saleable or rentable.
- (3) Based on our internal records and estimates.
- (4) Most of the saleable GFA remaining unsold is attributable to car parks which usually take much longer time to sell. Excluding car parks and a self-owned hotel, 97.3% of our saleable GFA had been sold.
- (5) Based on figures provided in the relevant construction works planning permit, construction works construction permit (建設工程施工許可證) by relevant government departments or our internal records and estimates. GFA Under Development may does not equal the sum of “Saleable/Rentable GFA” and “GFA Pre-sold” as “GFA Pre-sold” is part of “Saleable/Rentable GFA.”
- (6) Derived from the pre-sale permit for commodity property (預售許可證) or, where such permit is not yet available, construction works planning permit.
- (7) Derived from the pre-sale permit for commodity property or, where such permit is not yet available, our internal records and estimates.
- (8) The figure is the total site area of all phases of the Nanning Sunshine 100 City Plaza, which cannot be divided by phases.
- (9) The project was developed by Nanning Zhuangye, which is 51%-owned by Nanning Sunshine 100, which, in turn, is 51% owned by us, giving us an effective interest of 26%.
- (10) This project was developed by Guangxi Yantone, our wholly owned subsidiary, via a local branch in cooperation with a local partner, and we were entitled to our attributable interest by agreement with our partner. We have ceased to use this approach to jointly develop projects with business partners.
- (11) Some of our equity interest in this project was transferred to or pledged in favor of trust companies in relation to certain trust financing arrangements. See “Financial Information—Indebtedness—Loans and Borrowings” on page 329 of this prospectus.
- (12) The GFA under development figure, as per the relevant construction works planning permit, is smaller than the saleable GFA figure, as per the relevant pre-sale permit, primarily because the GFA relating to balconies was counted as half the full size by the relevant government authority.
- (13) The expected construction commencement date is December 2015.
- (14) The expected construction commencement date is May 1, 2014.
- (15) The figure is the total site area of all phases of Shenyang Sunshine 100 International New Town, which cannot be divided by phases.
- (16) The construction commencement date is September 6, 2013.
- (17) No value was given to the areas with respect to which the land use rights certificates had not been obtained. For the additional commercial value that would be assigned with such certificates obtained as a reference, please refer to the respective paragraph in the Property Valuation Report included in Appendix IV to this prospectus.



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## BUSINESS

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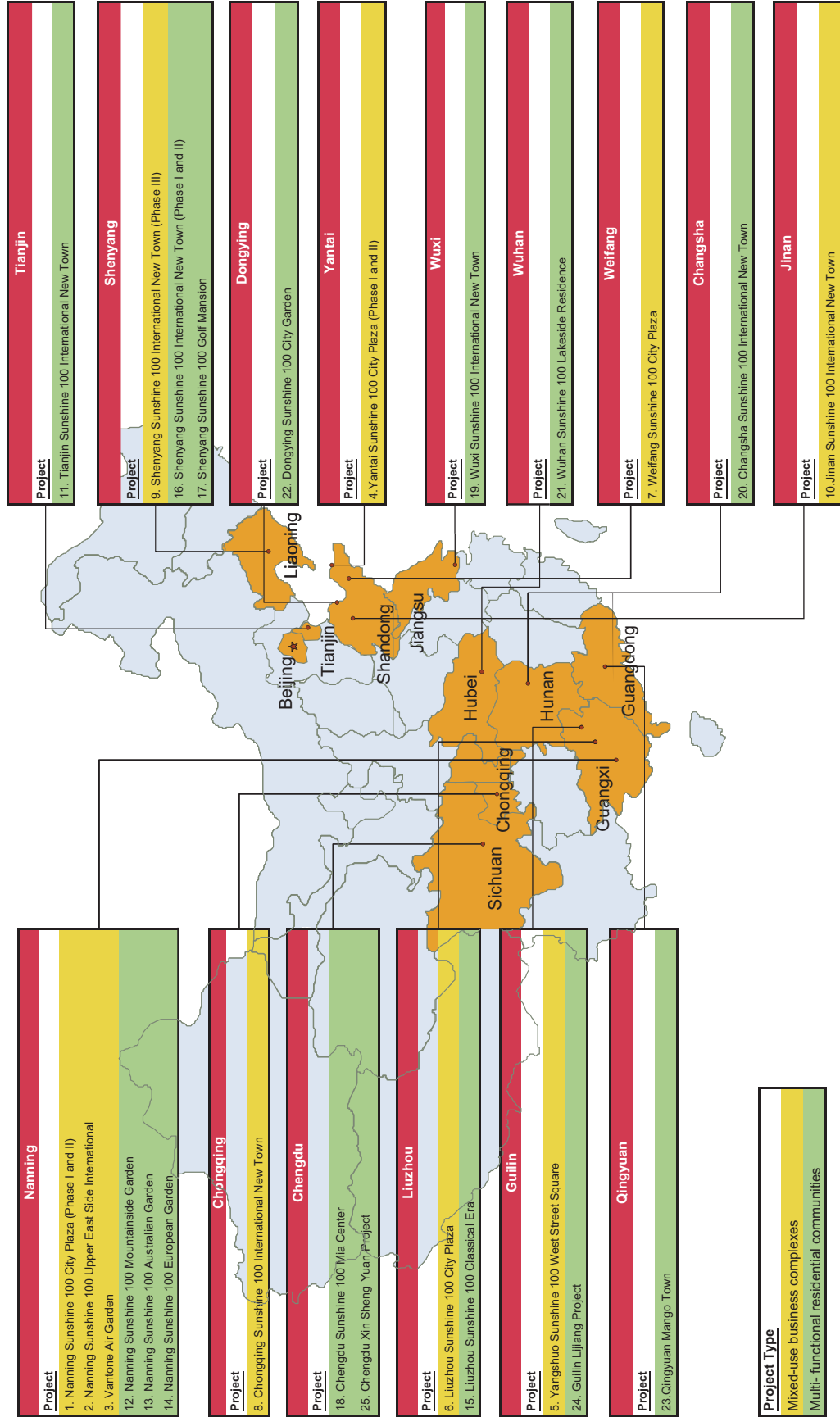
We classify our property developments into two series: mixed-use business complexes and multi-functional residential communities. We make the classification as an important internal guide to pursue different site selection, development planning and design and marketing positioning strategies for our two series of property developments. Most of our mixed-use business complexes are located in central locations in second- and third-tier Chinese cities, whereas most of our multifunctional residential communities are located in close suburbs of first- and second-tier Chinese cities. In both series of properties we develop, we include a mix of residential, retail, office, hotel and other properties. Most of our mixed-use business complexes have a non-residential component (retail, office or hotel) of more than 25% in GFA and include at least two of the three non-residential property types. By comparison, most of our multifunctional residential communities have a non-residential component of less than 10% in GFA and include no more than one of the three non-residential property types. We primarily market our mixed-use business complexes to the local affluent population and our multi-functional residential communities to the emerging middle class and white-collar professionals. We set out below certain key information relating to these property types in terms of GFA attributable to us as of November 30, 2013:

	<u>GFA completed</u> (sq.m.)	<u>GFA under development</u> (sq.m.)	<u>GFA held for future development</u> (sq.m.)
Mixed-use business complexes . . . . .	2,242,799	775,002	4,111,770
Residential . . . . .	1,448,678	429,477	1,864,892
Retail . . . . .	263,889	102,383	741,246
Office . . . . .	152,787	72,437	297,751
Hotel . . . . .	50,074	—	192,086
Car parks . . . . .	294,922	135,869	988,840
Others . . . . .	32,450	34,837	26,955
Multi-functional residential communities . . . . .	4,563,337	1,699,379	3,957,804
Residential . . . . .	3,456,365	1,150,792	2,477,730
Retail . . . . .	193,039	140,375	500,352
Office . . . . .	—	—	43,328
Hotel . . . . .	—	5,077	32,216
Car parks . . . . .	815,444	361,701	833,578
Others . . . . .	98,490	41,434	70,599
Total . . . . .	6,806,136	2,474,381	8,069,574
Residential . . . . .	4,905,043	1,580,268	4,342,623
Retail . . . . .	456,927	242,758	1,241,598
Office . . . . .	152,787	72,437	341,079
Hotel . . . . .	50,074	5,077	224,303
Car parks . . . . .	1,110,366	497,569	1,822,418
Others . . . . .	130,939	76,271	97,554

With respect to retail properties, we have created “commercial streets” in various projects, including both mixed-use business complexes and multifunctional residential communities. Under this format, we develop, as part of the larger developments, pedestrian streets or blocks lined with stand-alone retail shops, which we sell or lease to operators of various types of retail businesses. By clustering retail businesses into an open yet defined space, we believe that this format is beneficial to the value of the retail properties involved as it helps attract visits by and enhance the experience of consumers.

Description of Our Projects

The following map shows the geographic locations of our 25 property development projects and headquarters as of November 30, 2013:



### *I. Mixed-Use Business Complexes*

#### *1. Nanning Sunshine 100 City Plaza (南寧陽光100城市廣場)*



Nanning Sunshine 100 City Plaza is located in a prime location on Minzu Avenue in Qingxiu District, Nanning, the capital of the Guangxi Zhuang Autonomous Region. This project is a mixed-use business complex, featuring high-end retail and office space, hotels and residential buildings.

This project occupies a total site area of approximately 37,108 sq.m. For Phase I of this project, as of November 30, 2013, we had completed development of a total GFA of approximately 122,419 sq.m., of which we had sold a saleable GFA of approximately 88,258 sq.m., with a saleable GFA of approximately 16,919 sq.m. remaining unsold. Approximately 6,732 sq.m. were rentable GFA held for investment purposes.

As of November 30, 2013, Phase II of this project had an aggregate planned GFA of approximately 92,230 sq.m. The construction plan is under discussion. As of November 30, 2013, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were approximately RMB92 million. The estimated future development costs for this project were approximately RMB217 million. The total land premium for this project was approximately RMB90.9 million, of which approximately RMB54.0 million had been paid as of November 30, 2013.

We commenced construction for this project in August 2003. This project was developed by Guangxi Vantone.

2. *Nanning Sunshine 100 Upper East Side International* (南寧陽光100上東國際)



Nanning Sunshine 100 Upper East Side International is located on the main thoroughfare of Nanning, near the ASEAN (Association of Southeast Asian Nations) business district, which has a high concentration of business services, retail and other commercial projects. This project is a mixed-use business complex, featuring three 16- to 18-story residential buildings, a hotel, high-end office buildings and retail shops.

This project occupies a total site area of approximately 36,737 sq.m. As of November 30, 2013, we had completed development of a total GFA of approximately 229,190 sq.m., of which we had sold a saleable GFA of approximately 168,026 sq.m., with a saleable GFA of approximately 54,319 sq.m. remaining unsold.

We commenced construction for this project in October 2006 and completed construction in July 2009. Nanning Sunshine 100 Upper East Side International was developed by Nanning Zhuangye, which is 51%-owned by Nanning Sunshine 100, which, in turn, is 51% owned by us, giving us an effective interest of 26%.

3. *Vantone Air Garden* (萬通空中花園)

The Vantone Air Garden is located in a prime location on Renminxi Road, Nanning. It is adjacent to the ferry pier and located five minutes away from the railway station. This project is a mixed-use business complex, featuring residential buildings and retail shops.

This project occupies a total site area of approximately 10,009 sq.m. As of November 30, 2013, we had completed development of a total GFA of approximately 36,465 sq.m., of which we had sold a saleable GFA of approximately 9,116 sq.m., with a saleable GFA of approximately 2,751 sq.m. remaining unsold. Approximately 22,791 sq.m. were rentable GFA held for investment purposes.

We commenced construction for this project in April 1995 and completed construction in January 1997. This project was developed by Guangxi Vantone.

#### 4. *Yantai Sunshine 100 City Plaza* (煙臺陽光100城市廣場)



Yantai Sunshine 100 City Plaza is located in Zhifu District, Yantai, Shandong Province, near the Yantai Railway Station. This project is a mixed-use business complex, featuring ocean-view office buildings, residential buildings, retail shops, hotels and car parks.

Phase I of this project occupies a total site area of approximately 28,500 sq.m. As of November 30, 2013, we had completed development of a total GFA of approximately 219,489 sq.m., of which we had sold a saleable GFA of approximately 139,477 sq.m., with a saleable GFA of approximately 33,479 sq.m. remaining unsold. Approximately 46,533 sq.m. were rentable GFA held for investment.

Phase II of this project occupies a total site area of approximately 26,425 sq.m., with an aggregate planned GFA of approximately 361,347 sq.m. The construction plan is under discussion. As of November 30, 2013, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were approximately RMB341 million. The estimated future development costs for this project were approximately RMB2,102 million. The total land premium for this project was approximately RMB640.8 million, of which approximately RMB282.6 million had been paid as of November 30, 2013. According to the property valuation report, a total capital value of approximately RMB1,419.5 million is expected to be attributable to the project after obtaining the land use rights certificates.

We commenced construction for this project in May 2006. This project was developed by Yantai Yindu.

This project was recognized as Yantai's Most Influential Property in 2006-2007 (2006-2007 年度煙臺最具影響力大獎) by *Sina.com* and China Minsheng Bank and the 2007 Fashion Landmark Property in Shandong (2007年度齊魯地產風尚地標建築) by *Qilu Evening Post*.

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5. *Yangshuo Sunshine 100 West Street Square* (陽朔陽光100西街廣場)



Yangshuo Sunshine 100 West Street Square is located in a prime location of Yangshuo Town, a famous tourist destination in Guilin, Guangxi Zhuang Autonomous Region. This project is a commercial development, featuring resort hotels, bars, business centers and ancillary facilities.

This project occupies a total site area of approximately 10,760 sq.m. As of November 30, 2013, we had completed development of a total GFA of approximately 22,943 sq.m., of which we had sold a saleable GFA of approximately 10,522 sq.m., approximately 12,421 sq.m. were rentable GFA held for investment.

We commenced construction for this project in June 2004 and completed construction in December 2007. This project was developed by Guangxi Vantone, our wholly owned subsidiary, via a local branch in cooperation with a local partner, Nanning Meizhida, a connected person, and were entitled a 75% equity interest by agreement with our partner. The local partner and we agreed to bear investment costs, share profit and assume liabilities based on our respective share of equity interest. This project was constructed and promoted under our name while actually operated under co-management by representatives from both parties.

6. *Liuzhou Sunshine 100 City Plaza* (柳州陽光100城市廣場)



Liuzhou Sunshine 100 City Plaza is located in a prime location in Chengzhong District, Liuzhou, the second-largest city in the Guangxi Zhuang Autonomous Region and its industrial center. We are developing this project as a mixed-use business complex, which is expected to feature a hotel, high-end office buildings, shopping malls and residential buildings upon completion. The project, adjacent to the city government complex, city square, city park and the television station, is expected to become an integral part of the central business district of Liuzhou.

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This project occupies a total site area of approximately 125,383 sq.m., with an aggregate planned total GFA of 717,748 sq.m. including retail space of approximately 132,805 sq.m., hotel of approximately 27,756 sq.m., office buildings of approximately 186,267 sq.m. and residential space of approximately 283,157 sq.m. As of November 30, 2013, we had completed development of a total GFA of approximately 579,268 sq.m. We commenced pre-sale for this project in April 2007. As of November 30, 2013, the total GFA pre-sold and sold was 422,587 sq.m., and the total contracted sales amounted to RMB3,570.7 million. Details of this project as of November 30, 2013 were as follows:

<u>Completed/planned phases</u>	<u>Property type</u>	<u>Total saleable/rentable GFA (sq.m.)</u>	<u>Actual/planned construction period</u>
Phase I . . . . .	Office	17,810	February 2007 – June 2009
	Retail	33,332	
	Residential	149,246	
	Car parks	30,123	
Phase II . . . . .	Office	68,241	November 2007 – April 2010
	Retail	23,159	
	Hotel	27,756	
	Car parks	17,921	
Phase III . . . . .	Retail	4,840	April 2008 – January 2010
	Residential	74,715	
	Car parks	22,484	
Phase IV . . . . .	Office	40,325	September 2012 – October 2013
	Retail	34,894	
	Car parks	17,234	
	<u>Total</u>	562,081	

The total land premium for this project was approximately RMB176.5 million, all of which had been paid as of November 30, 2013.

As of November 30, 2013, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were approximately RMB602 million. The estimated future development costs for this project are approximately RMB98 million.

This project is being developed by Liuzhou Sunshine 100. As of November 30, 2013, a total capital value of RMB1,679.3 million was attributable to the project, as stated in the property valuation report contained in Appendix IV to this prospectus. All of the total capital value was attributable to our interest in the project.

This project was awarded the Real Estate Project with Best Architectural Style Award (最佳建築風格樓盤) in December 2007 by the Liuzhou Construction Committee and the Liuzhou Real Estate Expo Organizing Committee. It was also granted the Liuzhou Exemplary Real Estate Project Award (精品樓盤) in 2010 by the Liuzhou Real Estate Expo Organizing Committee, the Award of Most Anticipated Real Estate Project (最受期待樓盤獎) in 2010 in Liuzhou in December 2012 by the Liuzhou Real Estate Association and *Liuzhou Daily* and the Most Influential Brand Enterprise in 2012.



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### 7. Weifang Sunshine 100 City Plaza (濰坊陽光100城市廣場)

Weifang Sunshine 100 City Plaza is located on the first ring road of the central business district of Weifang, a coastal city in Shandong Province rich in history and culture. It is close to the city's railway station and bus terminals. We are developing this project as a mixed-use business complex, which is expected to feature two serviced apartment buildings, one office building, two commercial buildings and three residential buildings upon completion.

This project occupies a total site area of approximately 186,091 sq.m., with an aggregate planned total GFA of 1,595,143 sq.m. including retail space of approximately 304,906 sq.m., resort hotel and serviced apartments of approximately 31,570 sq.m., office buildings of approximately 237,740 sq.m. and residential space of approximately 562,405 sq.m. We commenced pre-sale for this project in May 2011. As of November 30, 2013, the total GFA pre-sold and sold was 85,374 sq.m., and the total contracted sales amounted to RMB756.5 million. Details of this project as of November 30, 2013 were as follows:

Completed/planned phases	Property type	Total saleable/ rentable GFA (sq.m.)	Actual/planned construction period
Phase I . . . . .	Office	23,342	January 2011 – February 2014
	Retail	40,723	
	Residential	88,593	
	Car parks	28,263	
Phase II . . . . .	Office	137,354	April 2014 – December 2014
	Retail	94,237	
	Hotel	31,570	
	Residential	45,523	
	Car parks	88,760	
Phase III . . . . .	Retail	75,388	August 2014 – March 2016
	Residential	182,994	
	Car parks	220,000	
Phase IV . . . . .	Office	73,860	June 2014 – October 2016
	Retail	87,312	
	Residential	115,483	
	Car parks	83,500	
Phase V . . . . .	Retail	10,056	May 2015 – March 2018
	Residential	135,378	
	Car parks	38,000	
	Total	1,600,336	

The total land premium for this project is expected to be approximately RMB1,405.6 million, of which approximately RMB329.1 million had been paid as of November 30, 2013.

As of November 30, 2013, the total development costs (including land acquisition costs, contraction costs and capitalized finance costs) incurred for this project were approximately RMB921 million. The estimated future development costs for this project are approximately RMB6,245 million.

This project is being developed by Weifang Sunshine 100. As of November 30, 2013, a total capital value of RMB1,582.4 million was attributable to the project, as stated in the property valuation report

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contained in Appendix IV to this prospectus. All of the total capital value was attributable to our interest in the project. According to the property valuation report, a total capital value of approximately RMB1,036.0 million is expected to be attributable to the project after obtaining the land use rights certificates.

This project was awarded the 2011 Weifang's Most Popular Landmark Property Project, the Weifang City Kuiwen District Small and Medium-sized Services Enterprises Venture Center, and the Key Property Project by Weifang City Kuiwen District government.

### 8. *Chongqing Sunshine 100 International New Town* (重慶陽光100國際新城)



Chongqing Sunshine 100 International New Town is located in a prime location on Nanbin Road in Nan'an District, Chongqing, a major city in southwestern China and one of the four municipalities directly under the control of the PRC central government. We are developing this project as a multi-functional residential community, which is expected to feature apartment buildings, retail shops and ancillary facilities upon completion.

This project occupies a total site area of approximately 328,307 sq.m., with an aggregate planned GFA of approximately 1,669,141 sq.m. including residential space of approximately 1,085,368 sq.m. and commercial space of approximately 158,238 sq.m. As of November 30, 2013, we had completed development of a total GFA of approximately 629,545 sq.m. We commenced pre-sale for this project in March 2006. As of November 30, 2013, the total GFA pre-sold and sold was 523,293 sq.m., and the total contracted sales amounted to RMB2,031.6 million. Details of this project as of November 30, 2013 were as follows:

Completed/planned phases	Property type	Total saleable/ rentable GFA (sq.m.)	Actual/planned construction period
Phase I . . . . .	Residential	522,503	January 2005 – August 2013
	Retail	22,012	
	Car parks	33,947	
Phase II . . . . .	Residential	511,684	April 2013 – September 2018
	Retail	128,238	
	Hotel	81,454	
	Car parks	256,606	
	Total	1,556,445	

The total land premium for this project was approximately RMB2,840.7 million, of which approximately RMB1,161.7 million had been paid as of November 30, 2013.

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As of November 30, 2013, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were approximately RMB1,363 million. The estimated future development costs for this project are approximately RMB7,667 million.

This project is being developed by Chongqing Yuneng 100. As of November 30, 2013, a total capital value of RMB4,548.5 million was attributable to the project, as stated in the property valuation report contained in Appendix IV to this prospectus. All of the total capital value was attributable to our interest in the project. According to the property valuation report, a total capital value of approximately RMB1,294.0 million is expected to be attributable to the project after obtaining the land use rights certificates.

We have not been able to commence or complete development of a portion of this project prior to the end of December 2003 and December 2007, respectively, as originally envisaged in the land grant contract, as the local government had re-zoned the use of, and had not completed the resettlement of existing residents on, this portion of the land. The contract further provides that the local land authority has the right to seize the land if we fail to complete the project for more than 180 days after the agreed completion date. We had entered into the land grant contract with the local government on April 7, 2003 and all land premiums had been paid as of December 8, 2005. See “Risk Factors—Risks Relating to Our Business—We may be subject to sanctions by the PRC government if we fail to comply with the terms of the land grant contracts” on page 48 of this prospectus. Our development plan with respect to this portion of land is pending further government action. Based on our current knowledge, and subject to any changes in the local government’s zoning plan, we expect to enter into the supplemental agreement with the local government by June 30, 2014. This estimate is based on our communication with the government authorities regarding the progress of the re-zoning (we understand the Bureau of Urban Planning in Chongqing, which is a provincial-level municipality directly administered by the PRC central government, has assembled an expert panel to review the details) and our experience how rapidly the next procedures will take place before a supplemental agreement could be signed. If the actual progress turns out slower than we expect, we will adjust the timing of our development plan as appropriate and do not believe any delay would have a material adverse effect on our results of operations.

We received a letter dated November 6, 2013 from the Chongqing Municipal State-Owned Land Resources and Housing Administrative Bureau (a provincial-level authority as Chongqing is a municipality directly administered by the PRC central government) which was the grantor in the land grant contract with respect to the land parcels in question. The letter confirmed that we had had no violations of laws and regulations on land uses, particularly those with regard to idle land. We had also obtained a confirmation letter dated September 10, 2013 with respect to the land parcels in question from the Chongqing Municipal State-Owned Land Resources and Housing Administrative Bureau, Nan’an District Branch, the land authority of the administrative district within which such land parcels are situated. The letter confirmed that we had not violated the laws or regulations with respect to such land parcels. Zhong Lun Law Firm, our PRC legal advisers, are of the view (i) that the Chongqing Municipal State-Owned Land Resources and Housing Administrative Bureau, as the grantor in the land grant contract with respect to, and as the municipality supervisory authority over, the land parcels in question, has the authority to provide an official assessment on compliance matters relating to such land parcels; and (ii) that the Chongqing Municipal State-Owned Land Resources and Housing Administrative Bureau, Nan’an District Branch, as a district authority, also has the

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authority to supervise and manage land within the district's administrative area, and, therefore, both authorities are qualified to issue the respective confirmation letters.

Our PRC legal advisers have also advised us that, in accordance with PRC administrative laws and regulations, an administrative authority at a higher level has a right to rectify actions of an administrative authority at a lower level, but only to the extent that such actions are inappropriate or illegal. Our PRC legal advisers have no reason to believe that the issuance of confirmation letter by the Chongqing Municipal State-Owned Land Resources and Housing Administrative Bureau is inappropriate or illegal, and therefore do not believe that a PRC land and resources authority at a higher level will invalidate the confirmation letter issued by the Chongqing Municipal State-Owned Land Resources and Housing Administrative Bureau.

As the delay in Chongqing Sunshine 100 International New Town was not caused by us, and Chongqing Municipal State-Owned Land Resources and Housing Administrative Bureau has confirmed that the Company has not violated laws or regulations with respect to the land parcel in question, therefore, our PRC legal advisers are of the view that, with respect to our delay in the Chongqing Sunshine 100 International New Town Project, the risk of land forfeiture or imposition of idle land fee is remote.

Based on the above, the Joint Sponsors are of the view that with respect to the Group's delay in the Chongqing Sunshine 100 International New Town Project, the risk of land forfeiture or imposition of idle land fee is remote.

This project was awarded a Top 100 Residential Property in China (中國住宅100強) in 2003.

9. *Shenyang Sunshine 100 International New Town (Phase III)* (瀋陽陽光100國際新城三期)

Shenyang Sunshine 100 International New Town (Phase III) is located in a prime location in Yuhong District, Shenyang, the capital and largest city of Liaoning Province. It is close to the Heping commercial center and provides its occupants with a riverside view of the Hunhe River. We are developing this project as a mixed-use business complex, which is expected to feature apartment buildings, recreational facilities, retail shops, hotels and ancillary facilities upon completion.

All phases of this project occupy a total site area of approximately 666,667 sq.m. Phase III has an aggregate planned GFA of approximately 1,317,472 sq.m. including residential space of approximately 732,020 sq.m. and retail space of approximately 242,608 sq.m. We expect to commence pre-sale of this project in September 2013. Details of this project as of November 30, 2013 were as follows:

<u>Completed/planned phases</u>	<u>Property type</u>	<u>Total saleable/ rentable GFA (sq.m.)</u>	<u>Actual/planned construction period</u>
Phase III . . . . .	Residential	723,675	September 2013 – September 2018
	Retail	250,093	
	Hotel	79,062	
	Car parks	263,782	
	Total	1,317,212	

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The total land premium for this project including Phase I and Phase II is expected to be approximately RMB1,553.8 million, of which approximately RMB1,075.3 million had been paid as of November 30, 2013.

As of November 30, 2013, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were approximately RMB794 million. The estimated future development costs for this project are approximately RMB4,870 million.

This project is being developed by Liaoning Sunshine 100. As of November 30, 2013, a total capital value of RMB745.0 million was attributable to the project, as stated in the property valuation report contained in Appendix IV to this prospectus. According to the property valuation report, a total capital value of approximately RMB1,093.0 million is expected to be attributable to the project after obtaining the land use rights certificates.

### 10. *Jinan Sunshine 100 International New Town* (濟南陽光100國際新城)



The Jinan Sunshine 100 International New Town is located in Jinan, the capital and the largest city of Shandong Province, adjacent to the Liuchangshan scenic area. We are developing this project as a multifunctional residential community, which is expected to feature apartment buildings, office buildings, retail shops and SOHO upon completion.

This project occupies a total site area of approximately 648,876 sq.m., with an aggregate planned GFA of approximately 2,245,976 sq.m. As of November 30, 2013, we had completed development of a total GFA of 1,476,335 sq.m. We commenced construction for this project in 2002. As of November 30, 2013, the total GFA sold was 1,163,423 sq.m., and the total contracted sales amounted to RMB6,078.7 million.

The total land premium for this project was approximately RMB1,392.5 million, of which approximately RMB1,187 million had been paid as of November 30, 2013.

As of November 30, 2013 the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were approximately RMB5,695.0 million. The estimated future development costs for this project are approximately RMB3,661.0 million.

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This project is being developed by Jinan Sunshine 100. As of November 30, 2013, a total capital value of RMB585.1 million was attributable to the project, as stated in the property valuation report contained in Appendix IV to this prospectus. All of the total capital value was attributable to our interest in the project.

This project was awarded the Urban Value Creation 2004 China Outstanding Real Estate Property (創造城市價值2004中國地產年度傑出樓盤) by sohu.com, www.focus.com (焦點房地產網) and China Real Estate Academy (中國不動產學院).

### **II. Multi-functional Residential Communities**

#### **11. Tianjin Sunshine 100 International New Town (天津陽光100國際新城)**



Tianjin Sunshine 100 International New Town is located in Nankai District, Tianjin, one of the four municipalities directly administered by the PRC central government. We developed this project as a multi-functional residential community, featuring apartment buildings and retail shops.

The project occupies a total site area of approximately 372,770 sq.m. As of November 30, 2013, we had completed development of a total GFA of approximately 987,620 sq.m., of which we had sold a saleable GFA of approximately 714,509 sq.m., with a saleable GFA of approximately 203,095 sq.m. remaining unsold. Approximately 17,543 sq.m. were rentable GFA held for investment.

We commenced construction for this project in June 2003 and completed construction in November 2012. This project was developed by Tianjin Sunshine 100.

This project was awarded the 2003 China Residential Innovation Exemplary Property Prize (中國住宅創新奪標示範樓盤獎) by the Ministry of Construction now called the MOHURD, and the 2005 Jingrui Residential Science and Technology Prize – Interior Renovation Golden Prize for Completed Residence (精銳住宅科學技術獎成品住宅室內裝修金獎) by the Residential Property Chamber of National Association of Industry and Commerce (全國工商聯住宅商會).

12. *Nanning Sunshine 100 Mountainside Garden* (南寧陽光100半山麗園)



Nanning Sunshine 100 Mountainside Garden is located in a prime location on Yinghua Road in Qingxiu District, Nanning. This project is a residential community, featuring apartment buildings, retail shops and ancillary facilities.

This project occupies a total site area of approximately 78,481 sq.m. As of November 30, 2013, we had completed development of a total GFA of approximately 106,246 sq.m., of which we had sold a saleable GFA of approximately 82,108 sq.m., with a saleable GFA of approximately 10,603 sq.m. remaining unsold. Approximately 2,598 sq.m. were rentable GFA held for investment purposes.

We commenced construction for this project in December 2002 and completed construction in August 2007. This project was developed by Guangxi Vantone, our wholly owned subsidiary, via a local branch in cooperation with a local partner, Nanning Meizhida, a connected person, and we were entitled a 51% of equity interest by agreement with our partner. The local partner and we agreed to bear investment costs, share profit and assume liabilities based on our respective share of equity interest. This project was constructed and promoted under our name while actually operated under co-management by representatives from both parties.

13. *Nanning Sunshine 100 Australian-style Garden* (南寧陽光100澳洲麗園)



Nanning Sunshine 100 Australian-style Garden is located in a prime location of Qingshan Road in Qingxiu District, Nanning, surrounded by Nanhu Park and Zhupai Creek. This project is a residential community, featuring apartment buildings and ancillary facilities.

This project occupies a total site area of approximately 37,573 sq.m. As of November 30, 2013, we had completed development of a total GFA of approximately 125,262 sq.m., of which we had sold a saleable GFA of approximately 118,232 sq.m., with saleable GFA of approximately 800 sq.m. remaining unsold. Approximately 2,904 sq.m. were rentable GFA held for investment purposes.

We commenced construction for this project in March 2000 and completed construction in October 2002. This project was developed by Guangxi Vantone, our wholly owned subsidiary, via a local branch in cooperation with a local partner, Nanning Oriental Garden Property Co., Ltd. (南寧東方園物業有限責任公司), a connected person, and we were entitled a 50% interest by agreement with our partner. The local partner and we agreed to share profit and assume liabilities based on our respective shares of interest. We made 100% of the initial capital investment on this project. This project was constructed and promoted under our name and management.



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14. *Nanning Sunshine 100 European-style Garden* (南寧陽光100歐景庭園)



Nanning Sunshine 100 European-style Garden is located on Minzu Avenue in Qingxiu District, Nanning. This project is a residential community, featuring apartment buildings and ancillary facilities.

This project occupies a total site area of approximately 20,647 sq.m. As of November 30, 2013, we had completed development of a total GFA of approximately 70,515 sq.m., of which we had sold a saleable GFA of approximately 69,672 sq.m. Approximately 843 sq.m. were rentable GFA held for investment purposes.

We commenced construction for this project in November 1999 and completed construction in January 2002. This project was developed by Guangxi Vantone.

This project was awarded the 2002 Top Prize for Residence Innovation (住宅創新奪標獎) by the Ministry of Construction, which is now called the MOHURD.

15. *Liuzhou Sunshine 100 Classical Era* (柳州陽光100經典時代)



Liuzhou Sunshine 100 Classical Era is located in a prime location in the High Technology Development District of Liuzhou, the second-largest city in the Guangxi Zhuang Autonomous Region and its industrial center. This project is a residential community, featuring high-end apartments, townhouses and retail shops.

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This project occupies a total site area of approximately 123,829 sq.m. As of November 30, 2013, we had completed development of a total GFA of approximately 233,610 sq.m., of which we had sold a saleable GFA of approximately 214,426 sq.m., with a saleable GFA of approximately 1,434 sq.m. remaining unsold. Approximately 1,120 sq.m. were rentable GFA held for investment purposes.

We commenced construction for this project in February 2001 and completed construction in January 2008. This project was developed by Guangxi Vantone, Liuzhou Branch.

16. *Shenyang Sunshine 100 International New Town (Phases I & II)* (瀋陽陽光100國際新城一期與二期)



Shenyang Sunshine 100 International New Town (Phases I & II) is located in a prime location in Yuhong District, Shenyang, the capital and largest city of Liaoning Province. It is close to the Heping commercial center and provides its occupants with a riverside view of the Hunhe River. We are developing this project as a multi-functional residential community, which is expected to feature apartment buildings, recreational facilities, retail shops, hotel and ancillary facilities upon completion.

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All phases of this project occupy a total site area of approximately 666,667 sq.m. Phases I and II have an aggregate planned GFA of approximately 1,155,017 sq.m. including residential space of approximately 813,593 sq.m. and retail space of approximately 91,521 sq.m. As of November 30, 2013, we had completed development of a total GFA of approximately 872,454 sq.m. We commenced pre-sale for this project in November 2005. As of November 30, 2013, the total GFA pre-sold and sold was 838,970 sq.m., and the total contracted sales amounted to RMB5,379.0 million. Details of this project as of November 30, 2013 were as follows:

<u>Completed/planned phases</u>	<u>Property type</u>	<u>Total saleable/ rentable GFA (sq.m.)</u>	<u>Actual/planned construction period</u>
Phase I . . . . .	Residential	281,395	November 2005 – September 2007
	Retail	7,160	
	Car parks	79,345	
Phase II . . . . .	Residential	511,166	November 2007 – November 2014
	Retail	82,162	
	Car parks	122,022	
	Total	1,083,250	

The total land premium for this project including Phase III is expected to be approximately RMB1,553.8 million, of which approximately RMB1,075.3 million had been paid as of November 30, 2013.

As of November 30, 2013, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were approximately RMB2,670 million. The estimated future development costs for this project are approximately RMB732 million.

This project is being developed by Liaoning Sunshine 100. As of November 30, 2013, a total capital value of RMB2,440.7 million was attributable to the project, as stated in the property valuation report contained in Appendix IV to this prospectus. All of the total capital value was attributable to our interest in the project.

This project has received numerous awards, including, among others, 2005 China Innovation Exemplary Property, 2005 Jingrui Residential Science and Technology Prize—Residence Planning and Design Prize, 2006 Asian Inhabit Environment Planning and Design Innovative Prize, the One of the Ten Star Properties award in 2007 by *Sina* and *Property Observation Magazine*, the Hua Ding Prize for the Most Influential and Credible Property (地產華鼎獎—最值信譽影響力樓盤) in November 2011 by the *Liao-shen Evening Post*, and 2012 Most Influential Property & Most Reputable Property in Shenyang (2012年度瀋陽樓市最具影響力品牌地產 & 瀋陽樓市口碑王) in January 2013 by Tencent Property.

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### 17. *Shenyang Sunshine 100 Golf Mansion* (瀋陽陽光100果嶺公館)



The Shenyang Sunshine 100 Golf Mansion is located in the central area of the Economic Development Zone of Shenyang, Liaoning Province, adjacent to the Shenyang Century Golf Club. We are developing this project as a multi-functional residential community, which is expected to feature apartment buildings, villas, office buildings and retail shops upon completion.

This project occupies a total site area of approximately 100,000 sq.m., with an aggregate planned GFA of approximately 269,765 sq.m. consisting of residential space of approximately 196,185 sq.m. and retail space of approximately 10,797 sq.m. We commenced pre-sale for this project in June 2011. As of November 30, 2013, the total GFA pre-sold was 25,760 sq.m., and the total contracted sales amounted to RMB1,852.0 million. Details of this project as of November 30, 2013 were as follows:

<u>Completed/planned phases</u>	<u>Property type</u>	<u>Total saleable/rentable GFA (sq.m.)</u>	<u>Actual/planned construction period</u>
Phase I . . . . .	Residential	83,072	June 2011 – December 2013
	Retail	10,669	
	Hotel	9,837	
	Car parks	24,171	
Phase II & III . . . . .	Residential	110,244	September 2013 – December 2015
	Car parks	28,656	
	Total	266,649	

The total land premium for this project was approximately RMB215.4 million, of which approximately RMB175.0 million had been paid as of November 30, 2013.

As of November 30, 2013, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were approximately RMB213 million. The estimated future development costs for this project are approximately RMB319 million.

This project is being developed by Yingda Weihua. As of November 30, 2013, a total capital value of RMB429.4 million was attributable to the project, as stated in the property valuation report contained in Appendix IV to this prospectus. All of the total capital value was attributable to our interest in the project.

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18. *Chengdu Sunshine 100 Mia Center* (成都陽光100米婭中心)



Chengdu Sunshine 100 Mia Center is located in the Chenghua District of Chengdu, the capital of Sichuan Province and one of the most important economic, transportation and communication centers in south-western China. The project consists of two parcels of land adjacent to Chengdu East Railway Station, a local transportation hub. We are developing this project as a multi-functional residential community, which is expected to feature apartment buildings, retail shops and car parks upon completion.

This project occupies a total site area of approximately 59,971 sq.m., with an aggregate planned GFA of approximately 333,674 sq.m. consisting of residential space of approximately 175,235 sq.m. and retail space of approximately 69,934 sq.m. As of November 30, 2013, we had completed development of a total GFA of approximately 189,697 sq.m. We commenced pre-sale for this project in September 2011. As of November 30, 2013, the total GFA pre-sold was nil, and the total contracted sales amounted to RMB1,249.3 million. Details of this project as of November 30, 2013 were as follows:

<u>Completed/planned phases</u>	<u>Property type</u>	<u>Total saleable/rentable GFA (sq.m.)</u>	<u>Actual/planned construction period</u>
Phase I . . . . .	Residential	111,654	August 2011 – October 2013
	Retail	29,259	
	Car parks	40,980	
Phase II . . . . .	Residential	62,723	September 2013 – December 2015
	Retail	39,457	
	Car parks	33,194	
	<u>Total</u>	317,267	

The total land premium for this project was approximately RMB582.5 million, of which approximately RMB581.7 million had been paid as of November 30, 2013.

As of November 30, 2013, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were approximately RMB1,522 million. The estimated future development costs for this project are approximately RMB962 million.

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## BUSINESS

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This project is being developed by Chengdu Sunshine 100. As of November 30, 2013, a total capital value of RMB1,883.2 million was attributable to the project, as stated in the property valuation report contained in Appendix IV to this prospectus. All of the total capital value was attributable to our interest in the project.

This project was awarded the Landmark Property Project in Chengdu (成都區域地標樓盤) in 2012.

19. *Wuxi Sunshine 100 International New Town* (無錫陽光100國際新城)



Wuxi Sunshine 100 International New Town is located in a prime location in Huishan District, Wuxi, an industrial and resort city in Jiangsu Province within close proximity to Shanghai. We are developing this project as a multi-functional residential community, which is expected to feature villas, apartments, office spaces, recreational facilities and ancillary facilities upon completion.

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This project occupies a total site area of approximately 1,235,308 sq.m., with an aggregate planned GFA of approximately 2,603,949 sq.m. consisting of residential space of approximately 1,612,778 sq.m. and retail space of approximately 296,553 sq.m. As of November 30, 2013, we had completed development of a total GFA of approximately 1,070,285 sq.m. We commenced pre-sale for this project in October 2005. As of November 30, 2013, the total GFA pre-sold and sold was 947,995 sq.m., and the total contracted sales amounted to RMB4,130.3 million. Details of this project as of November 30, 2013 were as follows:

<u>Completed/planned phases</u>	<u>Property type</u>	<u>Total saleable/rentable GFA (sq.m.)</u>	<u>Actual/planned construction period</u>
Phase I .....	Residential	442,324	April 2005 – October 2006
	Retail	9,238	
	Car parks	95,878	
Phase II .....	Residential	237,804	June 2009 – May 2012
	Retail	1,844	
	Car parks	65,485	
Phase III .....	Residential	32,623	January 2010 – December 2013
	Retail	8,882	
	Car parks	12,232	
Phase IV .....	Residential	336,095	May 2011 – December 2015
	Retail	18,887	
	Car parks	153,285	
Phase V .....	Retail	33,441	January 2014 – December 2017
	Car parks	33,375	
Phase VI .....	Residential	534,647	January 2014 – December 2017
	Retail	220,000	
	Car parks	223,500	
	<u>Total</u>	<u>2,459,541</u>	

The total land premium for this project is approximately RMB1,185.5 million and all of which had been paid as of November 30, 2013.

As of November 30, 2013, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were approximately RMB1,599 million. The estimated future development costs for this project was approximately RMB5,957 million.

This project is being developed by Wuxi Suyuan. As of November 30, 2013, a total capital value of RMB3,964.9 million was attributable to the project, as stated in the property valuation report contained in Appendix IV to this prospectus. All of the total capital value was attributable to our interest in the project.

This project was awarded the 2008 Jingrui Residential Science and Technology Prize—Residence Planning and Design Prize (精瑞住宅科學技術獎住宅區規劃設計獎) by the Residential Property Chamber of the National Association of Industry and Commerce (全國工商聯住宅商會) and the Beijing Jingrui Technology for Residential Properties Foundation (北京精瑞住宅科技基金會), the 2009 Habitat Business Award for Sustainable Urbanization (Special Contribution for Practice in China) (HBA中國範例卓越貢獻最佳獎) by the United Nations Human Settlement Program (聯合國人居署) and the Best Integrated Seller Project in Wuxi in 2010.

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### 20. Changsha Sunshine 100 International New Town (長沙陽光100國際新城)



Changsha Sunshine 100 International New Town is located in a prime location in Yuelu District, Changsha, the capital of Hunan Province and a city rich in history and culture. It is close to Yuelu Academy, one of the four most prestigious academies in ancient China, and has convenient access to major transportation networks. We are developing this project as a multi-functional residential community, which is expected to feature apartment buildings, office spaces, retail shops and ancillary facilities upon completion.

This project occupies a total site area of approximately 602,700 sq.m., with an aggregate planned GFA of approximately 1,417,061 sq.m. consisting of residential space of approximately 922,507 sq.m. and commercial space of approximately 127,211 sq.m. As of November 30, 2013, we had completed development of a total GFA of approximately 726,369 sq.m. We commenced pre-sale for this project in September 2004. As of November 30, 2013, the total GFA pre-sold and sold was 790,799 sq.m., and the total contracted sales amounted to RMB3,569.9 million. Details of this project as of November 30, 2013 were as follows:

<u>Completed/planned phases</u>	<u>Property type</u>	<u>Total saleable/rentable GFA (sq.m.)</u>	<u>Actual/planned construction period</u>
Phase I . . . . .	Residential	180,248	September 2004 – February 2006
	Retail	2,812	
	Car parks	48,081	
Phase II . . . . .	Residential	245,789	September 2005 – June 2007
	Retail	13,474	
	Car parks	61,475	
Phase III . . . . .	Residential	348,423	December 2007 – June 2014
	Retail	29,977	
	Car parks	47,112	
Phase IV . . . . .	Residential	151,538	March 2014 – December 2016
	Retail	80,659	
	Office	23,328	
	Hotel	11,664	
	Car parks	100,000	
	<u>Total</u>	1,361,819	



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The total land premium for this project was approximately RMB754.6 million, of which approximately RMB606.0 million had been paid as of November 30, 2013.

As of November 30, 2013, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were approximately RMB1,965 million. The estimated future development costs for this project are approximately RMB1,101 million.

This project is being developed by Hunan Sunshine 100. As of November 30, 2013, a total capital value of RMB2,536.0 million was attributable to the project, as stated in the property valuation report contained in Appendix IV to this prospectus. All of the total capital value was attributable to our interest in the project.

This project was awarded the 2004 Innovation Storm • China Community Planning Exemplary Residence Prize (創新風暴 • 中國社區規劃示範住宅) by the Ministry of Construction, which is now called the MOHURD, the 2004 Asian Habitat Environment Planning and Design Innovative Prize (亞洲人居環境規劃設計創意獎), and 2006 Changsha Championship in Terms of Sold Area and Sales Revenue (長沙市銷售面積和銷售金額雙料冠軍).

### 21. *Wuhan Sunshine 100 Lakeside Residence* (武漢陽光100大湖第)



Wuhan Sunshine 100 Lakeside Residence is located in Canglong Island Science and Technology Park in Jiangxia District, Wuhan, the capital of Hubei Province and a major transportation hub in China. Situated along the Tangxun Lake, this project enjoys a beautiful lake view. We are developing this project as a residential community, which is expected to feature villas, high-rise buildings and ancillary facilities upon completion.

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This project occupies a total site area of approximately 293,304 sq.m., with an aggregate planned GFA of approximately 846,549 sq.m. consisting of residential space of approximately 629,930 sq.m. and retail space of approximately 19,945 sq.m. As of November 30, 2013, we had completed development of a total GFA of approximately 205,780 sq.m. We commenced pre-sale for this project in June 2010. As of November 30, 2013, the total GFA pre-sold and sold was 264,374 sq.m., and the total contracted sales amounted to RMB2,022.0 million. Details of this project as of November 30, 2013 were as follows:

<u>Completed/planned phases</u>	<u>Property type</u>	<u>Total saleable/rentable GFA (sq.m.)</u>	<u>Actual/planned construction period</u>
Phase I . . . . .	Residential	70,872	April 2010 –
	Retail	4,752	March 2012
	Villa	26,893	
Phase II . . . . .	Residential	65,282	July 2011 –
	Villa	16,915	November 2014
	Car parks	19,651	
Phase III . . . . .	Residential	74,898	May 2011 –
	Car parks	13,256	August 2013
Phase IV . . . . .	Residential	71,797	May 2013 –
	Retail	15,169	August 2016
	Car parks	14,521	
Phase V . . . . .	Residential	273,175	January 2014 –
	Villa	30,000	December 2016
	Car parks	133,699	
	<u>Total</u>	830,879	

The total land premium for this project is expected to be approximately RMB313.4 million, of which approximately RMB299.8 million had been paid as of November 30, 2013.

As of November 30, 2013, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were approximately RMB744 million. The estimated future development costs for this project are approximately RMB2,545 million.

This project is being developed by Hubei Sunshine 100 Real Estate Development Co., Ltd. (湖北陽光一百房地產開發有限公司). As of November 30, 2013, a total capital value of RMB1,447.0 million was attributable to the project, as stated in the property valuation report contained in Appendix IV to this prospectus. All of the total capital value was attributable to our interest in the project.

This project was awarded the International Quality Luxury Residence in China (中國國際品質華宅獎) in 2012.

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### 22. Dongying Sunshine 100 City Garden (東營陽光100城市麗園)



Dongying Sunshine 100 City Garden is located in the planned central business district of Dongying, a coastal city in Shandong Province and home to China's second largest oilfield. We are developing this project as a residential community, which is expected to feature villas, high-rise apartments, garden-style houses and ancillary facilities upon completion.

This project occupies a total site area of approximately 343,963 sq.m., with an aggregate planned GFA of approximately 523,201 sq.m. consisting of residential space of approximately 445,433 sq.m. and retail space of approximately 26,169 sq.m. As of November 30, 2013, we had completed development of a total GFA of approximately 228,457 sq.m. We commenced pre-sale for this project in April 2007. As of November 30, 2013, the total GFA pre-sold and sold was 267,879 sq.m., and the total contracted sales amounted to RMB1,314.1 million. Details of this project as of November 30, 2013 were as follows:

Completed/planned phases	Property type	Total saleable/rentable GFA (sq.m.)	Actual/planned construction period
Phase I . . . . .	Residential	87,507	April 2007 – November 2009
	Villa	41,289	
	Other	2,224	
Phase II . . . . .	Residential	119,023	August 2009 – May 2014
	Retail	10,884	
	Villa	19,888	
	Car parks	7,132	
Phase III . . . . .	Residential	172,847	January 2013 – June 2016
	Retail	15,284	
	Car parks	17,440	
	<b>Total</b>	<b>493,519</b>	

The total land premium for this project was approximately RMB256.2 million, of which approximately RMB215.7 million had been paid as of November 30, 2013.

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As of November 30, 2013, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were approximately RMB894 million. The estimated future development costs for this project are approximately RMB716 million.

This project was developed by Dongying Shengxing. As of November 30, 2013, a total capital value of RMB967.3 million was attributable to the project, as stated in the property valuation report contained in Appendix IV to this prospectus. All of the total capital value was attributable to our interest in the project.

This project was awarded the 2007 City Value Creation China Famous Property (2007創造城市價值中國地產名盤) and 2010 Golden Prize of the Nation-wide Habitation Classic Construction Planning and Design Competition (2010全國人居經典建築規劃設計方案競賽環境金獎).

### 23. *Qingyuan Mango Town* (清遠芒果小鎮)

Qingyuan Mango Town is located in Qingyuan, Guangdong Province, which is the largest prefecture-level city in the province and is located thirty minutes away from the city of Guangzhou by light railway. We plan to develop this project as a multi-functional residential community, which is expected to feature apartment buildings, villas, office buildings and hotels upon completion.

This project occupies a total site area of approximately 915,538 sq.m., with an aggregate planned GFA of approximately 3,371,897 sq.m. consisting of residential space of approximately 2,444,458 sq.m. and commercial space of approximately 291,937 sq.m. We commenced pre-sale for this project in April 2013. Details of this project as of November 30, 2013 were as follows:

<u>Competed/planned phases</u>	<u>Property type</u>	<u>Total saleable/ rentable GFA</u>	<u>Actual/planned construction period</u>
Phase I . . . . .	Residential	70,785	February 2013 –
	Retail	10,093	January 2015
	Car parks	23,571	
Phase II . . . . .	Residential	926,123	August 2013 –
	Retail	90,981	October 2016
	Car parks	260,113	
Phase III . . . . .	Residential	1,446,797	May 2015 –
	Retail	190,842	November 2018
	Car parks	277,662	
	<u>Total</u>	3,296,967	

The total land premium for this project was approximately RMB316.0 million, all of which had been paid as of November 30, 2013.

As of November 30, 2013, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were RMB283 million. The estimated future development costs for this project were approximately RMB5,516 million.

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This project is being developed by Chang Jia. As of November 30, 2013, a total capital value of RMB1,030.2 million was attributable to the project, as stated in the property valuation report contained in Appendix IV to this prospectus. All of the total capital value was attributable to our interest in the project.

### 24. *Guilin Lijiang Project* (桂林灕江小鎮)

The Guilin Lijiang Project is located near the well-known scenic area of the Li River in Pingle County of Guilin, a city in Guangxi famous for its unique natural scenery.

This project occupies a total site area of approximately 62,137 sq.m., with an aggregate planned GFA of approximately 78,201 sq.m. consisting of residential space of approximately 50,798 sq.m.. We commenced pre-sale for this project in July 2012. Details of this project as of November 30, 2013 were as follows:

<u>Completed/planned phases</u>	<u>Property type</u>	<u>Total saleable/ rentable GFA (sq.m.)</u>	<u>Actual/planned construction period</u>
Phase I . . . . .	Residential	48,173	July 2012 – March 2016
	Hotel	<u>27,403</u>	
	Total	75,576	

The total land premium for this project was approximately RMB14.4 million, all of which had been paid as of November 30, 2013.

As of November 30, 2013, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were approximately RMB98 million. The estimated future development costs for this project are approximately RMB330 million.

This project is being developed by Guilin Pingle Sunshine 100. As of November 30, 2013, a total capital value of RMB23.2 million was attributable to the project, as stated in the property valuation report contained in Appendix IV to this prospectus. All of the total capital value was attributable to our interest in the project.

### 25. *Chengdu Xin Sheng Yuan Project* (成都鑫勝源項目)

The Chengdu Xin Sheng Yuan Project is located in Keyuannan Road, Chengdu, adjacent to the south third ring road. We plan to develop this project as a multifunctional residential community.

This project occupies a total site area of approximately 10,516 sq.m., with an aggregate planned GFA of approximately 20,000 sq.m. As of November 30, 2013, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were RMB24 million. The estimated future development costs for this project were approximately RMB56 million.

This project will be developed by Chengdu Xinshengyuan Real Estate Development Co., Ltd. (成都鑫勝源商貿有限公司). The total land premium for this project was approximately RMB20.2 million, all of which had been paid as of November 30, 2013.

We acquired the land parcels for the project from a previous holder in May 2007. The previous holder had entered into a land grant contract with the local government on June 5, 2003, our acquisition was approved

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by the Chengdu Municipal State-Owned Land and Resources Bureau on May 17, 2007 and all land premiums were paid as of May 8, 2007. We planned to commence development in June 2008, but have not been able to do so, as the local government has not completed re-zoning of the relevant land. We expect to enter into a supplement agreement with the local government specifying a new development commencement date after the re-zoning is completed. Based on our current knowledge, and subject to any changes in the local government's zoning plan, we expect to enter into the supplemental agreement with the local government by the end of 2014. This estimate is based on our communication with the government authorities regarding the progress of the re-zoning (we understand the district-level urban planning authority is preparing the re-zoning plan for review and approval by the city-level authority in Chengdu) and our experience how rapidly the next procedures will take place before a supplemental agreement could be signed. If the actual progress turns out slower than we expect, we will adjust the timing of our development plan as appropriate and do not believe any delay would have a material adverse effect on our results of operations. See "Risk Factors—Risks Relating to Our Business—We may be subject to sanctions by the PRC government if we fail to comply with the terms of the land grant contracts" on page 48 of this prospectus.

We received a letter dated October 24, 2013 from the Chengdu Municipal State-Owned Land Resources Bureau which was the grantor in the land grant contract with respect to the land parcels in question. The letter confirmed that the city re-zoning had not yet completed and accordingly construction on such land parcels had not commenced, and there were no violations of laws and regulations on our part. We had also obtained a confirmation letter dated September 13, 2013 from the Gaoxin Branch of Chengdu Municipal State-Owned Land Resources Bureau, the land authority of the administrative district within which such land parcels are situated, which confirmed that we had not violated laws or regulations with respect to such land parcels. Zhong Lun Law Firm, our PRC legal advisers, are of the view (i) that the Chengdu Municipal State-Owned Land Resources Bureau, as the grantor in the land grant contract with respect to, and as the city-level supervisory authority over, the land parcels in question, has the authority to provide an official assessment on compliance matters relating to such land parcels; and (ii) that the Gaoxin Branch of Chengdu Municipal State-Owned Land Resources Bureau, as a district-level authority, also has the authority to supervise and manage land within the district's administrative area, and, therefore, both authorities are qualified to issue the respective confirmation letters.

Our PRC legal advisers have also advised us that, in accordance with PRC administrative laws and regulations, an administrative authority at a higher level has a right to rectify actions of an administrative authority at a lower level, but only to the extent that such actions are inappropriate or illegal. Our PRC legal advisers have no reason to believe that the issuance of confirmation letter by the Chengdu Municipal State-Owned Land Resources Bureau is inappropriate or illegal, and therefore do not believe that a PRC land and resources authority at a higher level will invalidate the confirmation letter issued by the Chengdu Municipal State-Owned Land Resources Bureau. The Joint Sponsors, together with our PRC legal advisers, had a meeting with the Bureau of Land and Resources of Sichuan Province on December 6, 2013 to confirm the above.

As the delay in Chengdu Xin Sheng Yuan Project was not caused by us, and Chengdu Municipal State-Owned Land Resources Bureau has confirmed that the Company has not violated laws or regulations with respect to the land parcel in question, therefore, our PRC legal advisers are of the view that, with respect to our delay in the Chengdu Xin Sheng Yuan Project, the risk of land forfeiture or imposition of idle land fee is remote.

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Based on the above, the Joint Sponsors are of the view that with respect to the Group's delay in the Chengdu Xin Sheng Yuan Project, the risk of land forfeiture or imposition of idle land fee is remote.

### Projects Developed with Associated Companies

The following projects are being developed by companies in which we hold, directly or indirectly, less than a 50% equity interest. We have not included these projects in the total number of our property projects as of November 30, 2013, nor have we taken these projects into account when calculating the site area or GFA data included in this prospectus, unless otherwise specified.

1. *Liuzhou Yaobu Classic Town Project* (柳州窯埠古鎮項目)

The Liuzhou Yaobu Classic Town Project, located in Liuzhou, is a commercial development, featuring retail shops, hotels and residential buildings. This project is being developed by Liuzhou Sunshine Xinqiannian, a company in which we hold a 49% equity interest. This project occupies a total site area of approximately 86,405 sq.m., with an aggregate planned GFA of approximately 210,482 sq.m., including GFA under development of approximately 105,395 sq.m. and GFA held for future development of approximately 105,087 sq.m. Pre-sale of this project commenced in February 2013.

2. *Dongguan Songshan Project* (東莞松山會館)

The Dongguan Songshan Project, located in the western district of Dongguan Songshan Lake National High-tech Industrial Development Zone of Dongguan, Guangdong Province, is a mixed-use business complex with office buildings, R&D centers, exhibition halls, hotel, serviced apartments and residential buildings. This project is being developed by Dongguan City Qingyuan Incubator Co., Ltd. (東莞市清園孵化器有限公司), a company in which we hold 44.15% equity interest. This project occupies a total site area of approximately 135,663 sq.m., with an aggregate planned GFA of approximately 258,339 sq.m.

3. *Guilin Scape* (桂林麗園)

Guilin Scape, located in Guilin, is a residential community with hotel, residential buildings and art galleries. This project is being developed by Guilin Sunshine 100, a company in which we hold 30% equity interest. This project occupies a total site area of approximately 464,564 sq.m., with an aggregate planned GFA of approximately 239,059 sq.m.

4. *Chongqing Sunshine 100 City Plaza Project* (重慶陽光100城市廣場項目)

The Chongqing City Plaza Project, located in a prime location in Jiangbei District, Chongqing, adjacent to Jiefangbei business district, is a mixed-use business complex, featuring residential buildings, offices, retail shops and SOHO. This project is being developed by Chongqing Yuneng Wanyi, a company in which we hold a 30% equity interest. This project occupies a total site area of approximately 53,900 sq.m., with an aggregate planned GFA of approximately 357,880 sq.m.

**OUR PRIMARY LAND DEVELOPMENT PROJECTS**

PRC laws provide that all land in the PRC to be developed for commercial purposes, including that for business or residential property development purposes, must be granted through public tender, auction and listing-for-sale. In order to better position ourselves in acquiring land for future property development, we have adopted the approach of selectively undertaking primary land development projects with respect to sites that are attractive to us. Primary land development refers to the process of preparing land to conditions ready for public tender, auction and listing-for-sale, typically involving relocating existing business establishments and residents, demolishing existing buildings and other structures, clearing the site and installing basic infrastructure for future commercial property development. In a typical primary land development project, we enter into a framework agreement or a similar contractual relationship with the local government, pursuant to which we pay the local government agreed sums of funds associated with, and assist the local government in conducting, such preparation. We have not been required to conduct land resettlement operations directly in the primary land development projects we have undertaken, and do not expect to do so in the future, as since January 2011 PRC regulations only permit government authorities to conduct such operations. In return, after the land is ready and after public tender, auction and listing-for-sale, the local government pays all or a portion of the land premiums it receives to us if another developer acquires the land. We also have the option to participate in the public tender, auction and listing-for-sale ourselves, and there are mechanisms to offset compensation we are entitled to under the primary land development arrangement from the land premium due from us to the local government if we do acquire the relevant land use rights.

We believe this arrangement is mutually beneficial, as the local government receives funding from us to transform often dilapidated neighborhoods into commercially valuable land parcels and as we gain a foothold in a location we consider attractive, with flexible financial options. When a parcel of land we have developed on a primary basis is being offered for sale by the local land authorities, we will conduct a cost-and-return analysis and may choose to either (a) acquire the land use rights through open market bidding if our analysis shows greater appreciation potential in such land; or (b) share the profit with or receive compensation from local land authorities pursuant to the primary land development agreements if our analysis shows the cost is too high for us to achieve expected returns or if the land is sold to other developers at a price higher than our desired bidding price. The Directors believe that our primary land development projects, if consummated according to plan, will help us secure quality land reserves at relatively lower cost. The Directors acknowledge, however, that the primary development business is susceptible to various risks, as the development process may be long, the funding required may be high and there may be unforeseeable delays due to the government's inability to complete resettlement on schedule. See "Risk Factors—Risks Relating to Our Business—Our primary land development projects and some property development projects may be materially and adversely affected by difficulties in and costs associated with demolition and resettlement of existing businesses and residents" on page 32 of this prospectus. Therefore, our Directors intend to continue to consider selectively entering into primary land development arrangements as a component of our land acquisition and business expansion strategy.

As of the date of this prospectus, we have the following primary land development projects:

**Chengdu Primary Land Development Project (成都一級開發項目)**

In 2005 and 2007, we entered into a series of co-operation agreements with local government authorities of Chenghua District, Chengdu to conduct primary development of a parcel of land located in the district.



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Pursuant to these framework agreements, we are responsible for providing assistance to the local government in overall project design and planning, relocation and resettlement of incumbent residents and businesses, as well as clearance and delivery of land. It is agreed that if the land is sold at a premium greater than the cost we have incurred to prepare it and if we prevail at the auction, we will be entitled to deduct our incurred cost from the land premium to be paid; if, however, another developer prevails at the auction, the local government shall, within seven days it receives the land premium from the purchaser, pay the same to us, after deduction of an agreed fixed unit amount as the government's share of the profit from the land sale.

The project consists of four phases with a site area of approximately 244,361 sq.m., 59,967 sq.m., 14,667 and 109,334 sq.m., respectively. Phase I was completed and the underlying land was sold through a public auction to a third party in July 2007. The land premium was paid to the Chenghua district government in 2008, and it began to make payments to us pursuant to the framework agreements with us. We cumulatively received approximately RMB1,927.0 million from the Chenghua district government out of such land premium proceeds. A remaining portion we are entitled to, in the amount of RMB581.1 million, however, remained unpaid and stayed on our balance sheet as a past due trade receivable throughout the Track Record Period. See "Risk Factors—Risks Relating to Our Business—If we fail to collect our trade receivables, our financial condition and results of operations will be materially and adversely affected" on page 37 and "Financial Information—Certain Consolidated Balance Sheet Items—Trade and Other Receivables" on page 310 in this prospectus. Phase II was completed and the land was purchased by us through a public auction in June 2010, which we used to develop the Chengdu Sunshine 100 Mia Center. Phases III and IV are currently under primary development. We currently intend to participate in the public auctions for land parcels underlying Phases III and IV. If we are successful in the auctions, we plan to use the land parcels for expansions of our Chengdu Sunshine 100 Mia Center. As of November 30, 2013, we had incurred a total cost of RMB268.7 million on this project.

### **Guilin Primary Land Development Project (桂林一級開發項目)**

On March 25, 2010, we entered into an investment agreement (as supplemented) with the local government of Pingle County, Guilin to conduct primary development of a parcel of land with a site area of approximately 7,500,000 sq.m. located in the county. Pursuant to the agreements, we are responsible for providing assistance to the local government in overall project design and planning, relocation and resettlement of incumbent residents and businesses, as well as clearance and delivery of land. We will be reimbursed for the expenses we incur for land clearance and relocation and we are entitled to 80% of the profit realized by the local government on the land sale if we do not obtain the land use rights to the parcel of land through the bidding, auction or listing-for-sale process. To guarantee a minimum level of profit for us, it is also agreed that if the land premium at auction is lower than RMB150,000 per *mu* (approximately RMB225 per sq.m.), it will be deemed to be that amount for purposes of calculating our share of the profit.

This project is currently under primary development. We plan to participate in the public auctions for the land parcels once they come to the market. If we are successful in the auctions, we plan to use the land parcels for our Guilin Lijiang Project. As of November 30, 2013, we had incurred a total cost of RMB79.6 million on this project.

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### **Weifang Primary Land Development Project (濰坊一級開發項目)**

In January 2010, we entered into a project land primary development agreement and a project development framework agreement with the local government of Kuiwen District, Weifang to conduct primary development of a parcel of land with a site area of approximately 253,333 sq.m. located within the district and to jointly develop the Weifang Sunshine 100 City Plaza project on the land. Pursuant to the agreements, we are responsible for providing assistance to the local government in overall project design and planning, relocation and resettlement of incumbent residents and businesses, as well as clearance and delivery of land. We will be reimbursed for the expenses we incur for land clearance and relocation and we are entitled to 80% of the profit realized by the local government on the land sale if we do not obtain the land use rights to the parcel of land through the bidding, auction or listing-for-sale process.

This project is currently under primary development. We plan to participate in the public auctions for the land parcels once they come to the market. If we are successful in the auctions, we plan to use the land parcels for expansions of our Weifang Sunshine 100 City Plaza project. As of November 30, 2013, we had incurred a total cost of RMB31.9 million on this project.

#### *Primary Development Project in Initiation Stage*

### *Tianjin Baodi Project (天津寶坻項目)*

The Tianjin Baodi Project is located in the Baodi District of Tianjin, next to the Jin Ji Expressway, and occupies a total site area of approximately 520,003 sq.m. In July 2010, we entered into a framework agreement with a local government to conduct primary development of the land and potentially conduct property development on the land going forward. As of November 30, 2013, the primary development of the Tianjin Baodi Project had not commenced as the local government had not completed the relevant procedures for the primary development of the land.

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The following table sets forth salient terms of our agreements with local governments in connection with our primary land development projects:

Project	Date of Completion Stipulated in Contract	Actual/Expected Date of Completion	Actual/Estimated Budget (RMB in millions) <sup>(1)</sup>	Total Cost Incurred as of November 30, 2013 (RMB in millions) <sup>(1)</sup>	Actual/Potential Gain/Loss (RMB in millions)	Recovered Amount (RMB in millions)	Responsibility of Local Authorities	Our Responsibility
Chengdu Project (Phase I)	Not Specified	July 2007	839.1	839.1	1,903.4	1,927.0	Responsible for demolition, resettlement, land expropriation and negotiation and compensation distribution	To provide the fund needed, to assist the local government in overall project design and planning, relocation and resettlement of incumbent residents and businesses, as well as clearance and delivery of land
Chengdu Project (Phase II)	Not Specified	June 2010	198.7	198.7	158.1	356.7		
Chengdu Project (Phase III and Phase IV)	Not Specified	June 2015	278.7	268.7	N/A <sup>(2)</sup>	—		
Guilin Project	Within 10 years from the date when we obtain the first land use right	The total project shall be completed within 10 years	360.0	85.7	N/A <sup>(2)</sup>	—	Responsible for demolition, resettlement, land expropriation and negotiation and compensation distribution	To provide the fund needed, to assist the local government in overall project design and planning, relocation and resettlement of incumbent residents and businesses, as well as clearance and delivery of land
Weifang Project	December 31, 2016	December 2016	1,107.5	270.4	N/A <sup>(2)</sup>	—	To appoint, together with us, a demolition company to make the demolition and resettlement plan	To cooperate with the government to jointly appoint a demolition company to formulate relevant demolition, resettlement plan and working schedule; to provide the fund for demolition, resettlement and compensation based on the demolition progress; and to construct the public facilities

Notes:

(1) Based on our internal records and estimates.

(2) We are not entitled to a refund of funding provided to the local government and the associated costs incurred. The potential gains and losses for us depend on the land premium the relevant land parcels will achieve at public auction.

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We generally are not responsible for demolition and resettlement work in our primary development projects. Our primary obligation is to provide financial and/or other assistance to local authorities or their designated companies who are responsible for the land development. When we engage third-party contractors to conduct resettlement work, we select from licensed and reputable candidates, and have our legal advisers to review the relevant contracts to ensure their compliance with relevant laws and regulations. Zhong Lun Law Firm, our PRC legal advisers, are of the opinion that the commercial activities we have conducted in the primary land development projects pursuant to the relevant agreements with local PRC governments do not contravene any PRC laws, rules and regulations.

During the Track Record Period and up to the Latest Practicable Date, we had not have any material legal proceedings, claims or disputes with any local authorities, contractors or residents of relating to our primary land development projects.

### RECENT DEVELOPMENTS

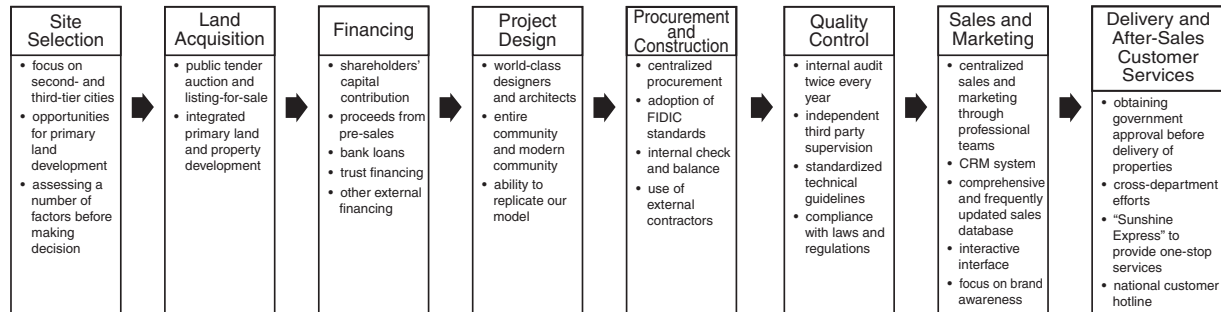
For the two months ended November 30, 2013, we recorded revenue of RMB801.0 million, gross profit of RMB222.4 million and a gross profit margin of 27.8%. During this period, we recorded revenue of RMB262.7 million from sales of our mixed-use business complexes and gross profit from this segment of RMB92.9 million, with a gross profit margin of 35.4%. During the same period, we recorded revenue of RMB499.7 million from sales of our multi-functional residential communities and gross profit from this segment of RMB86.4 million, with a gross profit margin of 17.3%, as all properties delivered in this period were residential, carrying relatively low gross profit margins, and as the relevant projects had relatively high financing costs. The financial information disclosed above is derived from the consolidated financial statements for the two months ended November 30, 2013, which are unaudited but have been reviewed by our reporting accountants in accordance with the Hong Kong Standards on Review Engagements 2410 “Review on Interim Financial Information Performed by the Independent Auditor of the Entity.”

For the three months ended December 31, 2013, we achieved total contracted sales of RMB1,552.3 million and delivered a GFA of 84,811 sq.m. with an average selling price of approximately RMB8,127 per sq.m. from sales of our mixed-use business complexes and a GFA of 326,614 sq.m. with an average selling price of approximately RMB8,927 per sq.m. from sales of our multi-functional residential communities. As we delivered a total GFA of 311,678 sq.m. in December 2013, much higher than the total GFA delivered in any other month in 2013, our revenue and net profit are expected to increase substantially in December 2013.

Since September 30, 2013 and up to January 31, 2014, we incurred approximately RMB827.6 million in land acquisition cost. Since September 30, 2013 and up to the Latest Practicable Date, we entered into three new trust financing arrangements, with a total principal amount of RMB907.0 million, and fully repaid two trust loan, with a principal amount of RMB610.0 million.

**PROPERTY DEVELOPMENT PROCESS**

The diagram below summarizes the major stages of our property development projects.



**Site Selection**

We place a strong emphasis on selecting suitable locations for our projects. We focus on second- and third-tier cities in China, which we believe will continue to benefit from China's urbanization and are well positioned to enjoy the fast economic growth in China in the near future. In particular, we intend to focus on suitable land in central locations in third-tier Chinese cities for developing mixed-use business complexes, and suburbs of second-tier Chinese cities that are planned to fall within city limits for developing multi-functional residential communities.

We assess the appreciation potential of land primarily through investigating and evaluating the economic and demographic conditions of a city. Our site selection process is led by our dedicated site selection team consisting of key members of our senior management. Our project development department is responsible for identifying a potential project, conducting market research and performing preliminary screening. In the case of a primary land development project, we may either receive an invitation to review a potential land for development from the local authorities or proactively seek investment opportunities. Thereafter, a detailed feasibility study will be submitted to the senior management at our headquarters.

We prudently carry out the site selection process in all projects with a strong focus on the quality rather than the size of the land. The factors we consider in assessing whether a site is suitable for development include, but are not limited to:

- prospects of the city's development;
- scale and price of the land;
- the potential for value appreciation;
- transportation infrastructure;
- the economic environment and the physical and geological characteristics of the site;
- historical features and natural resources;

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- local zoning regulations; and
- the central and local governments' industry policy and development strategies

### Land Acquisition

According to the “Regulations on the Granting of State-Owned Land Use Rights through Public Tender, Auction and Listing-for-Sale” 《招標拍賣掛牌出讓國有土地使用權規定》, which became effective on July 1, 2002 and amended by the Provisions on the Assignment of State-owned Construction Land Use Right through Competitive Bidding, Auction and Listing-for-Sale (招標拍賣掛牌出讓國有建設用地使用權規定) effective on November 1, 2007, all land to be developed for commercial purposes, including that for business or residential property development purposes, must be granted through public tender, auction and listing-for-bidding. In the case of a public tender, when determining which bidder will be granted such rights, the relevant authorities will make an assessment either based solely on tender prices or, alternatively, by reference to a matrix of parameters, including tender prices, credit record of the bidders and quality of the development proposals. On the other hand, where land use rights are granted through auction or listing-for-sale, the highest bidder normally wins. Grantees of land use rights may dispose of their land use rights through private sales, subject to the terms and conditions of the original land use rights granting contracts and the relevant PRC laws and regulations. To the extent permitted by law, we may acquire land use rights in the secondary market from third parties through negotiated transfers. We may also obtain such rights by acquiring equity interest in companies that hold the relevant land use rights.

### Financing

We rely on internally generated funding, including proceeds from pre-sale as well as bank borrowings, trust financings, financings from other financial institutions and capital contributions from shareholders, to finance our costs in association with our property development. Our policy is to finance our projects through internal resources to the extent practicable so as to reduce the level of external funding required.

### Project Design

We believe our brand name 陽光壹佰 (“Sunshine 100”) is often identified with our distinctive design features, which typically include bright colors on building façades, and the modern, innovative shapes of buildings and windows. We are committed to offering our customers a modern living environment and cosmopolitan lifestyle at affordable prices by adopting and commercializing innovative design concepts of world-class designers and architects, such as DCM, SHL and Tadao Ando, while controlling cost through integrated and standardized management. We put emphasis on design of the entire community, including the commercial areas such as car parks, shopping centers, hotels, retail shops, as well as the infrastructure, ancillary facilities, surrounding landscape and common areas, rather than focusing only on the residential buildings, to add further value to the properties we develop. We are the earliest proponents of a “modern communities” concept targeting urban white-collar and emerging middle-class customers in China and have been focusing on such concept and target customers since the establishment of “Sunshine 100” brand in 2000.

In addition, through our integrated and standardized management platform, we have been able to replicate our development model in different cities across China. Our architects at our headquarters study the characteristics of each site we seek to develop in order to lay out the master plan for such site. By so doing, we

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ensure consistent implementation of our design and enhance brand awareness in different projects. Coupled with a comprehensive array of amenities and facilities, our properties are highly popular among our target customers.

### **Procurement and Construction**

With respect to major types of raw materials, all of our project companies share the same procurement platform for the purpose of centralized monitoring and controlling our overall procurement costs, which primarily include cost of raw materials, transportation and logistics. We are one of the first PRC real estate developers to adopt international standards for consulting engineering industry published by the FIDIC, including, for example, standard conditions of construction contract and standard process of general planning. The adoption of FIDIC standards has enabled us to better control our procurement costs and risks.

Our primarily centralized procurement platform plays an important role in helping us achieve economies of scale. In addition, it has enabled us to establish stable and long-term relationships with our major suppliers and contractors who have provided us with quality services and materials on favorable commercial terms. We divide our procurement process into separate key stages undertaken by different departments to achieve internal check and balance. We select suppliers and contractors through an online bidding process to proactively control costs and enhance transparency logistics. We endeavor to maximize transparency in our procurement to gain efficiency and minimize chances for unethical practices. We have established bidding teams comprised of our management personnel and key technical persons of our construction management department and our cost management department at both the headquarters level and the project company level. We outsource all of our construction works to external contractors. Our engineering department assesses the work quality of external contractors and our procurement department prepares the tender documents.

We engage external contractors to carry out all of our construction works, including foundation digging, general construction, installation of equipment, as well as decoration and engineering work. We usually invite qualified construction companies to bid for a certain project through a tender process. We have established a selection process to choose our construction contractors in order to ensure compliance with our quality and workmanship standards. The selection procedure involves detailed due diligence work on the contractors during the bidding process before offering the construction contract to them. We typically take into account the contractor's professional qualifications, reputation in the industry, track record and technical abilities. We also carefully evaluate the suitability of each potential contractor and determine who are award the contract to. The contractors are required to comply with our quality control measures, such as the appointment of on-site project representatives to oversee the progress, quality and safety of the construction work, pre-examination of construction materials before they are used in the project and on-site inspections. Also, the contractors are subject to warranties stipulated in the relevant construction contracts in respect of the construction completion schedule. Under our standard construction contract, contractors are required to pay fines in the event of a delay and bear the costs of curing any construction defects. We make installment payments to our contractors in accordance with construction contracts. The percentage of installment payments varies from case to case. Upon completion of the project, the contractors will receive approximately 85% of the total payment. At closing and settlement, we will settle 95% to 97.5% of the total payment, and retain the remaining 2.5% to 5% as retention money. After we have acquired a land parcel, it generally takes us six to 12 months to conduct preparation work before the commencement of construction. Our property development cycle, which

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represents the period of time between our receipt of the certificate to commence construction works and our receipt of the certificate of completion with respect to each property development in our multi-phase, multi-property development projects, ranged between 13 and 32 months during the Track Record Period, depending on the type of the property and particular circumstances relating to the property.

Even though our construction contractors are responsible for procuring raw materials, notably steel and concrete, we typically engage in discussions with our construction contractors and adjust construction fees in accordance with material fluctuations in the market prices of such commodities, so that we effectively bear most of the risks associated with such commodity price movements. During the Track Record Period, construction fee adjustments arising from commodity price fluctuations had not had a material impact on our business and financial conditions.

For the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2013, purchases from our five largest suppliers accounted for approximately 52.6%, 20.0%, 18.0% and 22.3%, respectively, of our total purchases (including construction contractors), of which purchases from our largest supplier accounted for approximately 22.5%, 5.6%, 5.8% and 6.3%, respectively, of our total purchases (including construction contractors).

During the Track Record Period, all of our contractors were independent third parties. For the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2012 and 2013, the amount of construction expenses incurred was RMB2,223.6 million, RMB1,981.7 million, RMB2,129.7 million, RMB1,559.6 million and RMB1,926.1 million, respectively.

### **Quality Control**

We place significant emphasis on quality control in the management of our projects. The following are certain important measures or procedures we have adopted in furtherance of this goal:

- our headquarters conducts an internal audit at least once a year to identify potential issues and promote measures and initiatives that have proven to be successful in certain projects;
- we retain qualified independent third-party professional firms as well as the quality supervision units of the relevant local government authorities to oversee and supervise the overall construction of our projects;
- we compile various sets of standardized technical guidelines for construction management of each project; and
- we carry out quality control in accordance with the relevant laws, regulations, and other compulsory standards promulgated by the relevant PRC governmental authorities and other industry associations.

### **Sales and Marketing**

We conduct centralized and standardized sales and marketing through our dedicated professional team, which places a strong emphasis on promoting brand awareness. We manage sales and marketing at the



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headquarters level, dispatch sales managers across different cities on a nationwide basis. Our centralized marketing team formulates our nationwide marketing strategies and coordinates our promotion activities across the cities where we operate. As of the Latest Practicable Date, our sales and marketing team comprised 2,278 staff members. The majority of our sales and marketing staff have extensive industry experience and generally have a good understanding of the local real estate market in the cities where we operate. We set up a standardized compensation scale for sales staff in different project companies. We believe our standardized matrix management and competitive incentive scheme for the sales and marketing personnel enable us to rapidly and consistently replicate and implement our sales and marketing strategies across different cities where we operate.

We have established a management information system for sales and marketing purposes, which consists of the following three components:

- a “client relationship management” (“CRM”) system, which helps us to make business decisions in determining pricing, marketing strategies and customer preference;
- a comprehensive and frequently updated sales database, which collects customer feedback including problems encountered by our customers and the solutions that we provided, as well as instances of successful measures that we adopted. Such feedback serves as a useful future reference which enables us to improve our operational efficiency; and
- an interactive interface based on public network and internal communication channels such as emails and discussion boards, through which all sales and marketing offices and personnel are able to share information and trends of the markets on a timely basis.

We commence marketing efforts at an early stage of our property developments to enhance our existing and potential customers’ awareness of our brand, typically prior to commencement of the construction of a project. We pre-sell properties prior to completion of construction and use the sales proceeds to finance our project development. During the Track Record Period and up to the Latest Practicable Date, we had not pre-sold any properties before obtaining the relevant pre-sale permits or other necessary approvals.

The Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, the Group had been in material compliance with terms of agreements with purchasers of its properties and any rules and regulations relating to quality standard of properties, and there had been no sales misrepresentation from the Company and its sales staff or agents.

Our methods of sales promotion primarily include internet advertisements, print materials, indoor exhibition, outdoor advertising and proactive engagement with target customers. Most of our sales centers are designed by renowned international architects, as we pay particular attention to our customer’s experience and satisfaction.

For the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2013, our five largest customers accounted for 1.6%, 3.4%, 4.4% and 5.1%, respectively, of our total revenue, and our largest customer accounted for 0.4%, 1.2%, 1.6% and 2.7%, respectively, of our total revenue.

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### Payment Arrangements

Our customers may purchase our properties either by full payment of the contract price or obtaining mortgage financing from banks. In line with market practice, we have arrangements with various banks for providing mortgages to our customers. Generally, we also provide guarantees for our customers' mortgages. These guarantees are released upon the earlier of (i) the satisfaction of the mortgage by the customer who has purchased the property and (ii) the issuance of property ownership certificate within six months to one year after the purchase by the customer. As of December 31, 2010, 2011 and 2012 and September 30, 2013, the outstanding amount of our customers' mortgages guaranteed by us was RMB3,304.4 million, RMB2,962.6 million, RMB3,041.5 million and RMB4,149.1 million, respectively. See "Risk Factors—Risks Relating to Our Business—We guarantee the mortgages provided by financial institutions to our purchasers and, consequently, we are liable to the mortgages if our purchasers default."

### Delivery of Properties and After-sales Customer Service

We aim to deliver properties to our customers within the time frame prescribed in the sale and purchase contracts. Under the current PRC rules and regulations, we are required to obtain a "record of acceptance after examination upon project completion" (竣工驗收備案證明) prior to delivering properties to our customers.

Our customer service department is responsible for delivering properties to our customers. We have established procedures and division of responsibilities among different functional departments to ensure that they work closely together in carrying out instructions and in monitoring the progress of delivery. Our property management companies provide comprehensive pre-sale training to our staff responsible for direct liaison with customers for delivery. We stay in touch with our customers after delivery to obtain their feedback on future improvement of our products and services.

We have set up a number of after-sales service centers under the name of "Sunshine Express" to provide comprehensive "one-stop shop" services to our customers. Based on the CRM system, our Sunshine Express program enables us to receive customer feedback and provide prompt solutions to their concerns in a timely manner. We also appoint customer service representatives to provide individualized and consistent services to our customers. We have set up a national customer hotline. We conduct annual customer satisfaction surveys through independent third-party and professional firms.

### INVESTMENT PROPERTIES

In addition to developing and selling property projects, we also selectively hold investment properties for long-term returns in capital appreciation through increase in the value. As of November 30, 2013, our investment properties portfolio had a total GFA of approximately 222,387 sq.m., primarily including retail shops and commercial centers in Nanning Sunshine 100 Australian Garden, Nanning Sunshine 100 European Garden, Nanning Sunshine 100 City Plaza, Nanning Sunshine 100 Mountainside Garden, Liuzhou Sunshine 100 City Plaza, Liuzhou Sunshine 100 Classical Era, Vantone Air Garden, Tianjin Sunshine 100 International New Town, Yangshuo Sunshine 100 West Street Square and Yantai Sunshine 100 City Plaza, Chongqing Sunshine 100 International New Town, Jinan Sunshine 100 International New Town, Shenyang Sunshine 100

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International New Town and Dongying Sunshine 100 City Garden. Even though we expect to continue to sell, rather than hold, a majority of the properties we developed, we intend to carefully evaluate opportunities and prudently increase our investment properties as a proportion of our total project portfolio.

### PROPERTY MANAGEMENT

We place great emphasis on property management as we believe it enhances property value for our customers and improves our brand name. We predominantly provide property management services to our customers through our own property management companies. The services provided by our own management companies include security, property maintenance, gardening and other ancillary services. Our property management teams are typically involved in the early stage of property development and participate throughout the overall design planning stage to minimize future maintenance costs. We normally charge our customers management fees on a semi-annual basis.

We believe we have a strong property management team. We offer our team members attractive remuneration packages as well as frequent training to update them on the relevant skills and knowledge required in property management. In providing property management services, we are committed to providing all our property owners with comprehensive and considerate professional property management services.

As of the Latest Practicable Date, owners of all of our developments who had become entitled to elect their property management companies continued to choose our own property management subsidiaries to manage their properties. As of the Latest Practicable Date, we had not experienced any incident where the owners of our properties terminated the property management services of our property management companies.

### COMPETITION

Competition in the property markets in second- and third-tier cities in China has intensified over the past few years. We compete against large national and regional property developers and overseas developers in China, including property developments similar to ours, with commercial and residential properties integrated to varying degrees. Key competitive factors include the size and the geographic location of land reserves, the types of properties offered, brand recognition, price, and design and service quality.

As a national player, we believe we have a first mover's advantage in the second- and third-tier cities where we operate. As more real estate developers enter second- and third-tier cities, competition in these cities may further intensify. Some of our existing or potential competitors may have better track records and greater financial and other resources than us. However, we believe that given our creditworthiness, quality properties and services and accumulated experience with local culture and customer's needs, we are able to rise to the challenges in the PRC property market. For further information, see "Risk Factors—Risks Relating to Our Business—Increasing competition in the PRC, particularly from developers of properties similar to ours in the second- and third-tier cities where we operate, may adversely affect our business and financial condition" on page 43 of this prospectus.

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### INTELLECTUAL PROPERTY

We believe our brand 陽光壹佰 (“Sunshine 100”) is well known and widely recognized on a national level. We have built up our brand through consistent delivery of high quality services and products of various types. We will use all reasonable and proper measures to protect our proprietary rights with regard to intellectual property developed in the process of our business development. As of the Latest Practicable Date, we owned the following trademarks in the PRC: “阳光100,” “SS100,” “阳光100城市广场,” “阳光100国际公寓,” “阳光100俱乐部,” “阳光壹佰城市广场,” “阳光壹佰国际公寓,” “阳光壹佰国际新城,” “阳光100国际新城,” “阳光壹佰” and “阳光壹佰俱乐部.” We rely to a significant extent on our brand name, “Sunshine 100” (“陽光壹佰”), in marketing our properties but our business is otherwise not materially dependent on any intellectual property rights.

### INSURANCE

We maintain insurance as required by applicable PRC laws and regulations and as we consider appropriate for our business operations. We do not, however, maintain insurance against all risks associated with our operations, such as insuring our projects under development against damage and destruction by fire, flood, lightning, explosions or other hazards during construction periods or insuring our assets against certain natural disasters.

To help ensure construction quality and safety, we engage qualified professional firms as well as the quality supervision units of the relevant local government authorities to oversee the construction process and to help us prevent or minimize chances for construction accidents and personal injuries. Under the current PRC regulatory regime, property construction companies are responsible for quality and safety control during the construction period and are required to obtain accident insurance for construction workers carried out at construction sites. We deduct quality assurance reserve funds for the construction project from the construction payment to the property construction companies. Furthermore, under PRC law, construction companies bear primary civil liability relating to personal injuries, accidents and death arising out of their construction work, unless they can prove themselves not at fault. The owner of a construction property may also bear civil liability relating to the personal injuries and deaths, unless he can prove himself not at fault.

### ENVIRONMENTAL MATTERS

Property developers are subject to PRC national environmental laws and regulations as well as environmental regulations promulgated by the relevant local government authorities. See “Appendix V—Summary of Principal PRC Legal and Regulatory Provisions—Environmental Protection” on Page V-25 of this prospectus.

Each of our property development projects is required under PRC law to undergo environmental assessments. We must submit the relevant environmental impact study or report to environmental authorities before approval is granted for commencement of construction of our projects. To obtain such approval, an entity must have filed, during the phase of feasibility study of the construction project, an environmental report of the construction project, an environmental impact report and an environmental impact registration

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form (collectively, “EIE Documents”). All EIE Documents are subject to the approval of the authorized environmental protection administrations. If, following the approval of such environmental impact evaluation documentation, the nature, scale, location and applied production technique of the project undergo substantial changes or, for whatever reason, the construction project does not start within five years of the approval date of the EIE Documents, the construction entity must re-submit such EIE Documents for approval. The approval from the relevant government authorities specifies the standards applicable to the implementation of the construction works as regards air pollution, noise emissions and water and waste discharge and we enforce these conditions while the construction project is in progress. Such measures are required to be incorporated into the design, construction and operation of the general construction plan. Upon completion of each property development, the relevant government authorities also inspect the relevant construction site to ensure that applicable environmental standards have been complied with, and the resulting reports are then submitted together with other specified documents to the local construction administration authorities for their records.

As is true of property development generally, construction waste is produced from our projects. We have obtained approvals on all EIE Documents submitted in relation to our projects. Zhong Lun Law Firm, our PRC legal advisers, are of the opinion that our Group has fully complied with all the relevant environmental rules and regulations and that we have obtained all the required permits and environmental approvals for our project companies.

Specific measures taken by us to ensure our compliance with applicable environmental laws and regulations include conducting noise level tests, electro-magnetic radiation level tests and concrete fillers tests, inspecting the construction materials on site and removing materials which do not comply with environmental laws and regulations, conducting weekly sampling and additional sampling on site to ensure compliance and immediately requiring contractors to rectify any problems. For the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2013, we incurred RMB388,580, RMB309,400, RMB303,834 and RMB462,432, respectively, in cost of compliance with respect applicable environmental rules and regulations. On the assumption that there will not be material changes in the environmental protection rules and regulations, our annual main environmental protection expense will depend on the number of projects which are subject to the preparation of the assessment report on environmental impact with the cost to prepare an assessment report being approximately RMB100,000. Construction contractors are responsible for compliance with applicable environmental laws and regulations during the construction stage.

We encourage our contractors to use equipment and facilities and to adopt or develop new technologies which are more environmentally friendly.

### LABOR AND SAFETY

As of the Latest Practicable Date, save as disclosed in this prospectus, we have complied with the current PRC laws and regulations with respect to labor, health, safety, insurance, and accidents. According to the Labor Law of the PRC 《中華人民共和國勞動法》 and the Labor Contract Law of the PRC 《中華人民共和國勞動合同法》, labor contracts shall be concluded if labor relationships are to be established between our employees and members of our Group. We must provide wages which are no lower than local

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minimum wage standards to the employees from time to time. We are also required to provide our employees with labor safety and sanitation conditions that satisfy or meet State rules and standards and carry out regular health examinations of our employees engaged in hazardous occupations. Our directors confirmed that this law does not have any material impact on the Group's business and operations.

As required under the Regulation of Insurance for the Interim Regulations on Collection and Payment of Social Insurance Premiums 《社會保險費徵繳暫行條例》, the Regulations on Work-related Injury Insurances 《工傷保險條例》, the Regulations on Unemployment Insurance 《失業保險條例》 and the Trial Procedures for Childbirth Insurance for Enterprise Employees 《企業職工生育保險試行辦法》, we provide our employees in the PRC with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, injury insurance and medical insurance.

According to the Safety Production Law of the PRC 《中華人民共和國安全生產法》 enforced on November 1, 2002 and revised on August 27, 2009, entities that are engaged in production and business operation activities within the PRC shall observe all relevant laws, rules and regulations concerning production safety and establish and perfect the conditions and system of responsibility for production safety. It requires that entities shall maintain conditions for safe production as provided in the Production Safety Law and other relevant laws, administrative regulations, national standards and industrial standards. Any entity that is not sufficiently equipped to ensure safe production may not engage in production and business operation activities. It also requires entities to offer education and training programs to their employees regarding production safety. In addition, entities are required to provide labor protection equipment that meets the national or industrial standards to employees and to supervise and educate them to wear or use such equipment according to the prescribed rules.

Our human resources department is responsible for dealing with employees' safety and security matters. We are planning to further strengthen and improve our systems and management in respect of labor and safety in all respects in order to reduce potential future risks in this regard. Measures taken by us to comply with the abovementioned applicable laws and regulations include requiring the contractors to prepare a work safety implementation plan; requiring the contractors to comply with our onsite work safety requirements; paying for work safety related expenses; distributing work safety protection gear to workers; imposing a contractual obligation on the contractors to comply with work safety guidelines and consider related expenses; appointing experienced personnel to conduct weekly and additional work safety inspections and supervision; and ensuring the workers have the prerequisite qualifications for special construction work. Zhong Lun Law Firm, our PRC legal advisers, have confirmed that, during the Track Record Period, there was no material violation of currently applicable PRC labor and safety regulations nor were there any material employee safety issues involving our Group.

### EMPLOYEES AND STAFF

As of the Latest Practicable Date, we had a total of 3,658 our employees. There had been no complaints or claims from employees that materially affected our operations during the Track Record Period and up to the Latest Practicable Date.

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We have historically engaged contract sales and marketing staff for sales drives and marketing campaigns, often relating to pre-sale launches of new developments, in order to save unnecessary costs associated with maintaining a sales staff larger than we need when there are no new launches. As of the Latest Practicable Date, we had 1,894 contract sales and marketing staff provided to us by Guangxi Nanning Aomei Marketing Co., Ltd. (廣西南寧奧美行銷策劃有限公司), or Nanning Aomei, under separate written agreements between our subsidiaries and Nanning Aomei. Since such contract staff are supervised by our experienced managers, we do not have a reliance on them for our operations.

The typical terms of our current agreement with Nanning Aomei include the following:

- Our obligations primarily include:
  - Contributing the industrial injury insurance for the contract staff; and
  - Paying Nanning Aomei fees, including but not limited to remuneration, tax, fee and insurance of the contract staff, service management fee, tax and all the other fees of Nanning Aomei.
- Nanning Aomei's obligations primarily include:
  - Providing suitable staff that satisfy our requirement;
  - Providing safety, skills and ethical training to the contract staff;
  - Paying wages to the contract staff on a timely and sufficient basis; and
  - Arranging managers to provide on-site supervision of the contract staff at our request.

As advised by Zhong Lun Law Firm, our PRC legal advisers, our agreements with Nanning Aomei are permitted by applicable PRC laws.

A breakdown of our staff by function as of the Latest Practicable Date is set forth below:

<u>Function</u>	<u>Head count</u>
Management . . . . .	76
Finance . . . . .	146
Administration . . . . .	182
Sales and Marketing . . . . .	384
Engineering and Design . . . . .	341
Research and Development . . . . .	91
Cost Management . . . . .	111
Customer Service . . . . .	98
Property Management . . . . .	1,920
Others . . . . .	309
<b>Total employees</b> . . . . .	<b><u>3,658</u></b>
Contract sales staff . . . . .	1,894
<b>Total staff</b> . . . . .	<b><u><u>5,552</u></u></b>

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We believe that the successful implementation of our growth and business strategies relies on a team of experienced, motivated and well-trained managers and employees at all levels. We recruit our employees from Chinese universities and the public. We have implemented training programs for our employees to meet different job requirements and emphasize individual initiative and responsibility. We believe that these initiatives have contributed to increased employee productivity.

We enter into individual employment contracts with our employees to cover matters such as wages, benefits and grounds for termination. We generally formulate our employees' remuneration package to include a salary, bonus and various allowances. For the years ended December 31, 2010, 2011 and 2012 and nine months ended September 30, 2013, we incurred employee costs (including Directors) of approximately RMB240.2 million, RMB295.4 million, RMB307.7 million and RMB208.1 million, respectively, representing approximately 8.2%, 10.0%, 6.9% and 9.5% of our revenue during those periods. Our compensation programs are designed to remunerate our employees based on their performance, measured against other objective criteria we prescribe. In general, we determine employee salaries based on each employee's qualification, position and seniority. We have designed a periodical review system to assess the performance of our employees, which forms the basis of our determination on salary raise, bonus and promotion. As required by PRC regulations, we make contributions to mandatory social security funds for the benefit of our PRC employees that provide for pension insurance, medical insurance, unemployment insurance, employment injury insurance, maternity insurance and housing funds. The total amount of contributions we made for such employee pension schemes for the years ended December 31, 2010, 2011 and 2012 was approximately RMB64.4 million, RMB71.6 million and RMB79.5 million, respectively. However, as of September 30, 2013, we had not paid social insurance and housing funds of approximately RMB3.3 million for certain of our employees. See "Risk Factors—Risks relating to our business—We may be subject to additional payments of statutory employee benefits" on page 52 of this prospectus.

Our employees do not negotiate their terms of employment through any labor union or by way of collective bargaining agreements. As of the Latest Practicable Date, no labor dispute had occurred which materially and adversely affected or was likely to have an material and adverse effect on our operations.

### LEGAL PROCEEDINGS AND COMPLIANCE

#### Ongoing Legal Proceedings

We have been involved in legal proceedings or disputes in the ordinary course of business including claims primarily relating to disputes arising from lease agreements, land transfer agreements and share transfer agreements. The following summary sets forth a list of material legal proceedings in which we were involved as of the Latest Practicable Date.

#### *Dispute with Zhang Hongyi (張鴻翊)*

In September 2008, we initiated a suit in the First Intermediate People's Court of Beijing against Mr. Zhang Hongyi (張鴻翊) and Hunan Xingjia Properties Development Co., Ltd. (湖南興嘉置業發展有限公司), shareholders of Hunan Xingrong Investment Co., Ltd. (湖南興榮投資有限公司). We alleged that Mr. Zhang Hongyi defaulted under a share purchase agreement with us, under which we would have acquired certain equity interests in Hunan Xingrong Investment Co., Ltd. from him, and sought the restitution of purchase price



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paid together with interests, costs and losses in a total amount of RMB17.0 million. The court ruled in our favor in June 2011, and Mr. Zhang Hongyi appealed to the Higher People's Court of Beijing. The Beijing higher court subsequently decided to suspend the litigation since its resolution was dependent on the outcome of an ongoing suit in the Intermediate People's Court of Changsha between Mr. Zhang Hongyi and Hunan Xingjia Properties Development Co., Ltd., among others, with one of our subsidiaries joined as an interested third party. According to Civil Procedure Law of the PRC, a lawsuit shall be suspended if, among others, the outcome of the current case is dependent on the results of the trial of another case that has not yet been concluded. The proceedings shall resume after the causation of suspension is eliminated. The litigation between Mr. Zhang Hongyi and us, accordingly, will resume after the Changsha proceeding is decided. As of the Latest Practicable Date, the Changsha proceeding remained ongoing and the Beijing proceeding remained suspended.

### ***Dispute with Beijing Uni-Construction Group Co., Ltd. (北京住總集團有限責任公司)***

In December 2012 (as revised in March 2013), Beijing Uni-Construction Group Co., Ltd., or Beijing Uni-Construction Group, a construction contractor we engaged to conduct a portion of construction works for our Jinan Sunshine 100 International New Town project, requested an arbitration proceeding before the Jinan Arbitration Commission (濟南仲裁委員會) against Jinan Sunshine 100 in relation to additional incurred costs and delays in the project. Beijing Uni-Construction Group sought excess construction payments, costs and losses in a total amount of approximately RMB11.0 million, plus interest, and overdue construction deposits of approximately RMB0.3 million. We responded to the request and refuted all of Beijing Uni-Construction Group's claims. In March 2013, we made a counter-request to the Jinan Arbitration Commission against Beijing Uni-Construction Group, claiming that the construction delays by Beijing Uni-Construction Group with respect to the project constituted a default and seeking default fees of approximately RMB14.9 million. Both requests were accepted by the Jinan Arbitration Commission. On September 30, 2013, the Jinan Arbitration Commission issued its decisions and rejected both parties' requests. As a result, Beijing Uni-Construction Group cannot initiate any legal proceeding against us under the same disputed matter.

### **Complaint Letter by Mr. Liao Chimei**

In a complaint letter dated November 4, 2013 addressed to the Stock Exchange, Mr. Liao Chimei, one of the Original Shareholders and an ex-employee of our Group, alleged that his 6% ownership interest in the Company was "deprived" by the Controlling Shareholders as a result of the Reorganization and the proposed Listing. As of the Latest Practicable Date, the Controlling Shareholders and the Company had not received any legal writ from Mr. Liao arising from the Complaint. Based on legal advice and reasonable due diligence undertaken, the Directors and the Joint Sponsors believe that the allegations contained in the Complaint are untrue and unfounded.

Mr. Liao first joined the Group when he was appointed as general manager of Guangxi Vantone (Liuzhou branch) in January 2000. He was also appointed as general manager of Chongqing Yuneng 100, general manager of Hunan Sunshine 100 (Hunan project department), general manager of Tianjin Sunshine 100, general manager of Jinan Sunshine 100, general manager of the projects department in Nanning Sunshine 100 and deputy general manager and, later, vice president of Sunshine 100 Group during his time in the Group. Mr. Liao was subsequently appointed as the senior vice president of the Company in April 2010.

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Mr. Liao also held directorships in the Company since September 2007, and in Harvest Well, Joywise, Ming Fai as well as in Sunmode since September 2007.

Due to personal reasons, Mr. Liao voluntarily resigned as the senior vice president of the Company in June 2011, and as a director of the Company, Harvest Well, Joywise, Ming Fai and Sunmode in September 2011.

Mr. Liao first acquired a 0.858% indirect attributable equity interest in Guangxi Vantone in June 2004. This was subsequently increased to 6% in July 2007. After completion of the Reorganization, Mr. Liao continued to indirectly hold a 6% shareholding in the Company through his shareholding in Ming Fai and Harvest Well.

Mr. Yi Xiaodi, Mr. Fan Xiaochong, Ms. Fan Xiaohua and Mr. Liao entered into the 2010 Agreement, where the parties agreed to act in concert and in particular, the latter three parties agreed to vote unanimously with Mr. Yi on key matters in all shareholder and board meetings of all offshore and onshore companies of the Group. In addition, the Original Shareholders (other than Mr. Liao) have entered into the 2013 Agreement, where they have agreed to vote unanimously at board meetings of all offshore and onshore companies of the Group on key matters in relation to the operation and management of the Group.

In addition to the 2010 Agreement mentioned above, Mr. Liao agreed to and executed all other relevant documentation regarding the Reorganization. Other than not agreeing to (i) sign the 2013 Agreement; and (ii) participate in the setting up of family and other trusts as described in the section entitled “History, Reorganization and Group Structure” of this prospectus, there are no other issues or matters in relation to the Reorganization which Mr. Liao disagreed with the other Original Shareholders.

Mr. Liao did not specify in the Complaint the grounds on which he claims that his interest as a shareholder has been prejudiced. However, the Individual Controlling Shareholders confirmed that, (i) they have not received any request from Mr. Liao to transfer his shares in Ming Fai and/or Harvest Well; (ii) it has not at any time been disputed that Mr. Liao had immediately prior to the Reorganization and currently has a 6% indirect equity interest in the Company, which is held through Ming Fai, Harvest Well and Joywise; (iii) they have not done anything to deprive Mr. Liao’s ownership interest as a minority shareholder of Ming Fai and Harvest Well, and an indirect minority shareholder of the Company, nor did they ask Mr. Liao to transfer such ownership interest; and (iv) just like Mr. Liao, they are not direct shareholders of the Company either, and they also hold indirect equity interest in the Company through Ming Fai, Harvest Well and Joywise, therefore the shareholding structure is essentially same to all the Original Shareholders (including Mr. Liao), except that the Individual Controlling Shareholders decided to hold their shares in Ming Fai and Harvest Well through trusts but Mr. Liao elected not to do so.

As advised by our PRC legal advisers, Zhong Lun Law Firm, (a) all domestic steps of the Reorganization complied with applicable PRC laws and regulations and all necessary approvals and registrations have been obtained and completed; (b) since Mr. Liao currently does not directly hold the equity interests of the PRC domestic companies, any legal action regarding the shareholding interests in the BVI

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companies are not within the jurisdiction of the PRC courts; and (c) there is no ground for the 2010 Agreement to be declared invalid through court or arbitration proceedings under PRC laws and regulations.

As advised by our BVI legal advisers, Conyers Dill & Pearman and our Cayman legal advisers, Conyers Dill & Pearman (Cayman) Limited, (a) in relation to each of Ming Fai, Harvest Well, Joywise, Sunmode and the Company (together, the “Offshore Companies”), resolutions passed by them in connection with the Reorganization are legal and valid resolutions passed in accordance with the articles of association of the Offshore Companies, British Virgin Islands laws or Cayman Islands laws, as the case may be, and the execution, delivery and performance of the 2010 Agreement will not violate the memorandum and articles of association of each of the Offshore Companies or the laws of the British Virgin Islands or Cayman Islands. However, to the extent that any of the parties performs the 2010 Agreement as a director of any Offshore Company, he must have due regard to his fiduciary duties and act in the best interests of the Offshore Company concerned; and (b) in relation to Sunmode, it has the corporate power and authority to enter into the equity transfer agreement to acquire a 85.7% equity interest in Guangxi Vantone and make the additional capital contribution of approximately RMB316,690,700 to Guangxi Vantone to acquire a 12.3% equity interest therein, as referred to on page 105 of this Prospectus.

As advised by our special Hong Kong legal advisers, Clay Huen and Conrad Wan, both barristers-at-law in Hong Kong, (a) pursuant to section 28 of the Companies Ordinance, Mr. Liao is not entitled to seek relief from the Hong Kong courts under section 168A of the Companies Ordinance as he is not on the register of members of the Company; (b) even if Mr. Liao has standing to make such a claim under common law, his claim does not have any merit and is untenable for the following main reasons: (i) Mr. Liao was not unfairly prejudiced by the Individual Controlling Shareholders as a result of the Reorganization; (ii) there is no evidence of any breach of the common law duty to act with due care, skill and diligence by management of the Company; (iii) by refusing to sign the 2013 Agreement, Mr. Liao may already have breached the 2010 Agreement; and (iv) abuse of process, as pre-emptive provisions contained in the 2010 Agreement already provide alternative relief; (c) it is unlikely that the Hong Kong courts will accept jurisdiction, since the Hong Kong courts are likely to treat the British Virgin Islands courts as a better forum; and (d) even if Mr. Liao’s claim is successful, the most usual remedy to be granted by the Hong Kong courts is likely to be the “buy-out” option, which means that the Individual Controlling Shareholders have to purchase all the shares of Mr. Liao in Ming Fai and Harvest Well at market value. The Hong Kong courts are not likely to order Ming Fai or Harvest Well to repurchase the shares held by Mr. Liao, because the Hong Kong courts are reluctant to affect the commercial affairs of a company and detrimentally affect its creditors. Since Mr. Liao is not a direct shareholder of the Company, it is not possible for the Hong Kong courts to order the Company to repurchase Mr. Liao’s shares in Ming Fai and Harvest Well. If the Individual Controlling Shareholders are required by the Hong Kong courts to purchase all the shares held by Mr. Liao in Ming Fai and Harvest Well, their aggregate shareholding in such companies will be increased from 94% to 100%. Therefore, there will not be any effect on the Group’s shareholding structure, operations or assets.

Therefore, we do not believe Mr. Liao will be supported by the PRC, BVI, Cayman Islands and Hong Kong courts if he brings the Complaint to such respective court(s). Furthermore, any potential claim to be brought by Mr. Liao against the Controlling Shareholders and/or the Company is not expected to affect the shareholding structure of the Group or to have any effect on the operations or assets of the Company, since

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Mr. Liao only holds a 6% shareholding in each of Ming Fai and Harvest Well, and he does not have any direct shareholding in the Company.

Based on the above, the Directors are of the view that the allegations contained in the Complaint are not accurate and there is no material adverse financial, reputational or otherwise exposure of the Group if Mr. Liao brings the Complaint to court(s), therefore, (i) it is not necessary to take any action to eliminate or minimize any such exposure; and (ii) there is also no implications under the Complaint on the Directors' suitability, corporate governance and minority shareholder protection. In any event, the Controlling Shareholders, the Company and the Directors will continue to protect the interests of minority shareholders, including public shareholders after the Listing, by complying with the Company's Memorandum and Articles of Association, Cayman Companies Law and all other relevant laws and regulations, including the Listing Rules and other relevant Hong Kong securities legislation.

Notwithstanding the uncertainties arising from the Complaint, it is in the best interest of the Shareholders and the potential investors to list the Company's Shares because (i) all relevant information concerning the Complaint has been disclosed in this prospectus for potential investors' consideration; (ii) Mr. Liao's allegations in the Complaint Letter are not true; (iii) there is no evidence of any breach of law(s) or agreement(s) by the Group, its Directors or senior management in relation to Mr. Liao's indirect ownership interest in the Group; (iv) we do not believe Mr. Liao will be supported by the PRC, BVI, Cayman Islands and Hong Kong courts if he brings the Complaint to such respective court(s); and (v) the Listing will make the Group benefit from more external funding options and more transparent corporate governance structure, among other things.

Based on the above and in particular the advice of PRC, BVI, Cayman Islands and special Hong Kong advisers and other due diligence steps taken, the Joint Sponsors are not aware of any reason why the Company's ownership of its subsidiaries, joint ventures and associated companies may be legally challenged by Mr. Liao on the basis of the contents of the Complaint. The Joint Sponsors have reasonably satisfied themselves that the allegations in the Complaint are not accurate, and any claim which may be brought by Mr. Liao (on the basis of the contents of the Complaint) is without merit and the risk of any material adverse impact on the Group (whether financial, reputational or otherwise) is remote.

**Compliance with Laws and Regulations**

The table below sets out summaries of certain incidents of our historical non-compliance with applicable regulations during the Track Record Period. The Directors are of the view that these incidents of non-compliance, whether individually or collectively, will not have a material operational or financial impact on us.

No.	Non-compliance incident	Reason	Legal consequences, potential maximum penalties and provisions made	Cessation/Rectification date	Potential future impact on our operations and financial condition
1.	Some of our PRC subsidiaries (mostly property management companies) did not fully pay certain statutory employee benefits, with a total of RMB3.3 million in arrears as of September 30, 2013.	Our property management companies have relatively high employee turnover rates, and some employees preferred to be paid extra cash in lieu of our contributing to statutory funds for them.	According to Zhong Lun Law Firm, our PRC legal advisers, if the relevant employees bring a complaint before relevant government authorities or initiate labor arbitration proceedings, we may be required to pay the arrears amount (i.e., RMB3.3 million) in full and pay delay penalties of approximately RMB470,000 based on our estimate. Therefore, we have made provision of RMB3.77 million accordingly.	Since October 25, 2013, we have been in full compliance with employee benefit regulations.	None.
2.	During the Track Record Period, we made interest-free advances to various related and independent third parties. See “Financial Information—Certain Consolidated Balance Sheet Items—Certain Transactions with Impact on Balance Sheet Items” on page 318 of this prospectus.	We made these interest-free cash advances to related parties and third parties controlled by business acquaintances of our management because we also received interest-free cash advances from them. These transactions were meant to be <i>ad hoc</i> , honor-based favors to maintain good relationships with each other, and were made in the past when we did not have sophisticated internal controls. Our Directors confirmed that, other than these advances, we do not have any past or present business relationships with such independent third parties.	According to Zhong Lun Law Firm, our PRC legal advisers, our various cash advances to related and third parties breached PBOC’s regulation without inter-company lending confirm, however, that (i) all of such loans were interest-free from which we did not derive any income; (ii) all of the loans will be repaid in full by Listing; and (iii) we have not been subject to any sanctions by the PBOC for our involvement in these loan transactions. Based on these confirmations, Zhong Lun Law Firm, our PRC legal advisers, are of the view that, since we have not derived any interest income from the loan transactions, we would not be subject to fines by PBOC for these transactions in the past and chances are remote that we should be so fined in the future, and therefore our past involvement in these loan	We had terminated this practice as of October 18, 2013 and expect to settle all applicable balances by Listing. See “Financial Information—Certain Consolidated Balance Sheet Items—Certain Transactions with Impact on Balance Sheet Items” on page 318 of this prospectus.	None.

No.	Non-compliance incident	Reason	Legal consequences, potential maximum penalties and provisions made	Cessation/Rectification date	Potential future impact on our operations and financial condition
3.	<p>In December 2009 and March 2011, we commenced construction of certain portions of Wuxi Sunshine 100 International New Town project without having obtained the requisite construction permits. We also conducted construction without a construction works planning permit in November 2010. In addition, some of the fire-prevention equipment was not maintained to required conditions.</p> <p>Similarly, in May 2012 and 2013, we commenced construction of certain portions of Shenyang Sunshine 100 International New Town project without having obtained the requisite construction permits.</p> <p>In all such cases, we had obtained the underlying land use rights certificates when we commenced construction works.</p>	<p>In compliance with our borrowing agreements with commercial banks and trust companies, we did not use proceeds from bank loans and trust financings to provide cash advances to these related parties and third parties.</p> <p>We acquired Wuxi Suyuan, the project company for Wuxi Sunshine 100 International New Town, in 2008. We failed to adequately train employees of the acquired project company to follow our internal rules, and the supervisors at the project company decided to commence construction without having obtained a construction permit in order to expedite the development schedule in December 2009 and March 2011.</p> <p>Due to its extremely low outdoor temperature and inclement weather, property construction in Shenyang is often suspended during the winter months. In both cases when we commenced construction without a construction permit, our supervisors at the project company decided to do in an attempt to complete key portions of construction before the winter suspension began.</p>	<p>transactions will not have a material adverse effect on our business. Therefore, no provision shall be made for these interest-free advances.</p> <p>The relevant government authorities in Wuxi imposed fines of RMB25,000, RMB198,000, RMB1,559,580 and RMB40,000 on us for the four incidents of non-compliance. We paid the fines in full and subsequently obtained the requisite construction permits on April 26, 2010 and July 22, 2011.</p> <p>The relevant government authorities in Shenyang imposed fines of RMB55,642 and RMB30,000 on us for the incidents of our non-compliance. We paid the fines in full and subsequently obtained the requisite construction permits on June 13, 2012, October 16, 2012 and May 29, 2013.</p> <p>Accordingly, Zhong Lun Law Firm, our PRC legal advisers, are of the view that the non-compliance incidents have been rectified and there will be no material liability on our business going forward. Therefore, no more provision needs to be made for these incidents.</p>	<p>We have put in place internal rules as of October 25, 2013 and conducted regular inspections on practices of our project companies.</p>	<p>None.</p>

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No.	Non-compliance incident	Reason	Legal consequences, potential maximum penalties and provisions made	Cessation/Rectification date	Potential future impact on our operations and financial condition
		In all of the cases described above, we failed to identify and rectify the non-compliance incidents in a timely fashion due to lapses in our supervision from our headquarters to decisions adopted at the project company level. We accept full responsibility.			
4.	We had not paid our share of a RMB80 million unpaid registered capital for our 51%-owned Tianjin Lande 100 Real Estate Investment Co., Ltd., or Tianjin Lande, in the amount of RMB40.8 million. Consequently, Tianjin Lande did not conduct a mandatory annual enterprise inspection in 2012.	<p>We had set up this company with Tianjin Nongken Group on a 51%-49% basis to acquire land for development.</p> <p>The land acquisition plan did not materialize and this company had had no business operations. We had suggested to Tianjin Nongken Group to hold a special shareholders' meeting to deregister this company or reduce its registered capital to eliminate the need for additional capital contribution for both us and Tianjin Nongken Group, as such a meeting is required for those purposes.</p>	<p>According to Zhong Lun Law Firm, our PRC legal advisers, once we and Tianjin Lande hold a special shareholders' meeting to approve deregistration or reduction of its registered capital, we will be relieved of our obligation to contribute additional capital accordingly; if, however, a competent company registration authority makes a demand for the unpaid registered capital before such shareholders' meeting is held, we will be required to pay our share, which amounts to RMB40.8 million. Tianjin Lande 100 had not received any such demand. The Directors believe that it is not necessary to make any provision for this incident.</p>	We and Tianjin Nongken Group held a shareholders' meeting on December 25, 2013 and decided to deregister this company. As of the Latest Practicable Date, the winding up process had started.	Even if we were requested to pay up the RMB40.8 million in unpaid registered capital, this would not have a material adverse effect on our Group as a whole.

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No.	Non-compliance incident	Reason	Legal consequences, potential maximum penalties and provisions made	Cessation/Rectification date	Potential future impact on our operations and financial condition
5.	<p>Our PRC subsidiaries, Weikang (Qingyuan) Property Co., Ltd., Qingyuan Delun Property Co., Ltd., Jinglun Qingyuan Property Co., Ltd. and Qingyuan Weitai Property Co., Ltd., which together held a portion of land for future development as part of our Qingyuan Mango Town project, and Tianjin Lande did not conduct a mandatory annual enterprise inspection in 2012.</p>	<p>The registered capital of these subsidiaries had not been paid in full, and the relevant company registration authority expected us to have fully paid the registered capital prior to the annual inspection.</p> <p>For the four companies in Qingyuan, the deficiency was inherited from before our acquisition.</p> <p>For Tianjin Lande, the reason for the deficiency is set out above.</p>	<p>Pursuant to the Measures on Enterprise Annual Inspection 《企業年度檢驗辦法》, with respect to an enterprise that has failed to conduct the mandatory annual inspection, an enterprise registration authority may request it to conduct the inspection within a specified time and impose a fine between RMB10,000 and 100,000. The maximum amount for the potential fine is RMB0.5 million and the Company has made provision of RMB0.5 million accordingly.</p> <p>Our subsidiaries had applied for extension to comply with the inspection requirement, and the applications had been accepted.</p> <p>Zhong Lun Law Firm, our PRC legal advisers, are of the view that, if so requested by an enterprise registration authority, we will be obligated to conduct the inspection within a specified time and pay a fine.</p> <p>We had not received any such request as of the Latest Practicable Date.</p>	<p>For the four companies in Qingyuan, we have completed annual inspection materials on August 9, 2013.</p> <p>For Tianjin Lande, see item 4 above.</p>	<p>Even if we were requested to pay a fine in relation to these administrative breaches, it would not have a material adverse effect on our Group as a whole.</p>



No.	Non-compliance incident	Reason	Legal consequences, potential maximum penalties and provisions made	Cessation/ Rectification date	Potential future impact on our operations and financial condition
6.	<p>Contrary to sections 111 and 122 of the Companies Ordinance, in certain years, our Hong Kong subsidiaries, namely Victory Land Properties Limited, East Talent Properties Limited, Rich Hope Properties Limited, Top Leader Properties Limited, Gold Leader Properties Limited, and Victory Link Properties Limited (collectively, the “<b>Relevant Companies</b>” or each a “<b>Relevant Company</b>”), failed to (i) hold annual general meetings in accordance with the period specified in section II of the Hong Kong Companies Ordinance; and/ or (ii) lay their audited accounts (the “<b>Accounts</b>”) at their respective annual general meeting (the “<b>AGM</b>”) in accordance with the period specified in section 122 of the Hong Kong Companies Ordinance.</p> <p><u>Accounts of non-Compliance:</u></p> <p>(1) Victory Land Properties Limited (2008-2011)                      (2) East Talent Properties Limited (2008 and 2011)                      (3) Rich Hope Properties Limited (2008 and 2009)                      (4) Top Leader Properties Limited (2008, 2009 and 2011)                      (5) Gold Leader Properties Limited (2008 and 2009)                      (6) Victory Link Properties Limited (2008 and 2009)</p> <p><u>AGM of non-compliance:</u></p> <p>(1) East Talent Properties Limited (2012)</p>	<p>It was mainly due to the inadvertent omission of the then company secretary of each of the Relevant Companies.</p>	<p>The maximum penalties are a fine of HK\$300,000 and 12 months’ imprisonment for breach of section 122 of the Companies Ordinance, and a fine of HK\$50,000 for breach of section 111 of the Companies Ordinance. As all incidents of non-compliance contrary to sections 111 and 122 of the Companies Ordinance of the Relevant Companies have been fully rectified, the directors of the Relevant Companies will not be liable to any fines nor imprisonment.</p>	<p>With respect to the Relevant Companies, applications (the “<b>Applications</b>”) were made to the High Court of Hong Kong (the “<b>Court</b>”) for orders for the extensions of time for laying all the relevant Accounts of the Relevant Companies and for holding the annual general meeting of East Talent Properties Limited for the year 2012. Such orders were granted by the Court on January 7, 2014 (the “<b>Orders</b>”). Pursuant to the Orders, all incidents of non-compliance contrary to sections 111 and 122 of the Companies Ordinance of the Relevant Companies have been fully rectified.</p>	<p>No material adverse effect on our Group as a whole.</p>

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In view of the fact that (a) the non-compliance incidents were not due to the dishonesty of the Directors nor for illegitimate purpose; (b) since the time the non-compliance was identified and drawn to the attention of the Directors, the Directors have taken all necessary steps to rectify and/or terminate the non-compliance to the extent possible; and (c) the Directors have been keeping themselves abreast of the latest laws and regulations by attending the training as described in pages 214 and 215, the Joint Sponsors are of the view that the non-compliance issues will not have a material adverse impact on the Company and its Directors, do not cast doubt on the Directors' integrity and the Directors are suitable to act as directors under Rules 3.08 and 3.09 of the Listing Rules.

As disclosed above, the potential maximum arrears and penalties of all non-compliance incidents will be approximately RMB4,545,800. Such amount is equivalent to approximately 1.2% of our net profit for the year ended December 31, 2012 and would have no material adverse effect on our Group as a whole. The above maximum penalty does not include the penalty relating to the Company's unpaid registered capital for the Company's 51%-owned Tianjin Lande as, according to our PRC legal advisers, there would be no penalty when Tianjin Lande is deregistered.

Except as disclosed in this prospectus, we are not aware of any other material legal proceedings, claims or disputes currently existing or pending against us. We have made necessary provisions for the non-compliance incidents mentioned above. However, we cannot assure you that other material legal proceedings, claims or disputes will not arise in the future. See "Risk Factors—Risks Relating to Our Business—We may be involved in legal and other proceedings arising out of our operations from time to time and may face significant liabilities as a result" on page 51 of this prospectus. As of the Latest Practicable Date, except as disclosed in the prospectus, we had, in all material respects, complied with all the relevant and applicable PRC laws and regulations governing the business of property development and management and we had obtained all licenses, permits and certificates for the purpose of operating our business.

### **Internal Control Measures to Prevent Recurrence of Non-compliance**

The Company has engaged an internationally well-known consulting firm as the independent internal control consultant in April 2013. The independent internal control consultant reviewed the Company's internal control policies since May 2013. For the non-compliance issues, the independent internal control consultant has reviewed the Company's rectification measures and put forward recommendations. The Company has implemented those rectification measures and the independent internal control consultant has completed the follow-up review of the revised internal control policies and other related documents in July 2013.

We have adopted specific internal control measures to prevent any recurrence of the material non-compliance incidents occurred during the Track Record Period.

*Statutory employee benefits payment.* We have adopted internal rules requiring each property management company to strictly comply with employee benefit contribution regulations and pay full statutory employee benefits for all of its employees. Specifically, the finance department of each project company will conduct the following actions to implement such internal rules on a monthly basis: (i) compare the number of

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employees contributing to the relevant funds with the records from the human resources department prior to each contribution; and (ii) withhold the employees' contribution amount from their salary and contribute to the relevant funds directly. To monitor compliance, the Group's finance department will review the employment benefit contribution records as part of the internal control review and audit of our Group on a bi-annual basis.

*Interest-free advances to related and independent third parties.* The Company will comply with the disclosure and/or shareholders' approval requirements (if any) under the Listing Rules applicable to interest-free cash advances to related parties if they constitute connected transactions under the Listing Rules. Interest-free cash advances to related parties will need to be approved by the audit committee of the Company.

We have adopted a policy prohibiting providing advances directly to any independent third party or receiving advances directly from non-financial institutions. To implement this policy, all advance requests will originate from the finance departments of our project companies to the general managers of the project companies for review and approval; the general managers, in turn, will submit the requests to the Group level for further approval. We have designated staff members in the Group's finance department to review and approve all such advance requests from the project companies according to this policy on a bi-annual basis to ensure that the only permissible advances from non-financial institutions will be conducted in the form of entrust loans, which are permitted under PRC laws and regulations. To monitor compliance, the Group's finance department will also include the compliance with this policy as part of the annual internal control review and audit of our Group.

*Construction permits.* We have designated our operation supervision department (經營管理部) at the Group level to supervise project companies on a weekly basis and ensure that all required certificates, permits and other regulatory approvals have been obtained and all regulatory procedures have been completed before the commencement of development of its projects. To achieve this, all project companies are required to submit an internal commencement of construction works approval application to our operation supervision department via our internal electronic management platform, together with a copy of the relevant construction permit. Our operation supervision department and development department (工程部), which is the functional department overseeing and responsible for development activities of the Group, will not approve the application without having received a copy of the construction permit. To monitor compliance, compliance with this policy is included as an item in the annual, as well as unannounced, inspections by the Group's development department on the development activities of our project companies; it is also included as a factor in the performance assessment of the individual managers of our project companies, which is designed by the Group's operation supervision and human resources departments and conducted by the Group's development department. In addition, the operation supervision department will keep records of regulatory documents of our project companies and remind the project companies to have them renewed before expiry. Furthermore, our project companies will keep communication with relevant regulatory authorities to understand recent updates on the requirements of application or renewal of relevant certificates permits and approvals.

*Registered capital contribution and annual enterprise inspection.* We will engage and seek advice from our PRC legal advisers with respect to handling registered capital contribution and annual enterprise inspection matters going forward. The Group's administrative department (行政部) will designate personnel to monitor compliance of project companies on an ongoing basis and conduct such internal inspection every six months.

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*Breach of sections 111 and 122 of the Companies Ordinance.* To avoid further non-compliances, our Company has taken additional measures to improve our corporate governance and internal control to ensure full compliance with applicable rules and regulations. Upon identification of the non-compliances, our Group has taken steps to rectify the same where possible.

Our Directors will ensure our Hong Kong subsidiaries will adhere to sections 111 and 122 of the Companies Ordinance by designating our company secretaries to (i) monitor the regulatory requirements in respect of our Hong Kong subsidiaries, (ii) work closely with the external company secretary engaged by our Group, and (iii) keep abreast of the regulatory requirements under sections 111 and 122 of the Companies Ordinance and conduct such internal inspection on a yearly basis.

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### General Internal Control Measures Designed to Prevent Future Non-compliance

In addition to the non-compliance incidents mentioned above, the internal control consultant has also raised the below major findings:

- (i) The board of Directors and board committees have not been properly established in line with Appendix 14 of the Listing Rules “Corporate Governance Code and Corporate Governance Report”;
- (ii) The effective risk management functions and relevant policies of the Company have not been established; and
- (iii) The internal audit functions and relevant policies of the Company have not been set up.

To prevent the occurrence of any non-compliance of laws, rules and regulations in the future, we also adopted the following steps and measures to further enhance our corporate governance practices and the effectiveness of our internal control procedures:

- (i) we have appointed Mr. Fan Xiaochong, Mr. Jiang Qinyuan and Mr. Tang Jiachen to be the Company’s designated Director and senior management members, respectively, responsible for the proper implementation of the internal control measures and overseeing our compliance with relevant laws and regulations in the PRC and to liaise with the PRC legal advisers regarding compliance issues. Mr. Fan Xiaochong is mainly responsible for overall strategy to strengthen the internal control of the Group while Mr. Jiang Qinyuan and Mr. Tang Jiachen are mainly responsible for supervising the implementation of the internal control measures of the Group. Mr. Fan Xiaochong has approximately 20 years of management experience in large-scale real estate companies. Mr. Fan Xiaochong supervised the implementation of internal control measures and oversaw compliance with the relevant laws and regulations in the PRC, when he acted as the deputy general manager of Guangxi Vantone and the deputy general management of Beijing Yinxin. Mr. Jiang Qinyuan has approximately ten years of experience in management consulting. Mr. Jiang Qinyuan acts as the head of Operation Supervision Department of our Group and has been in charge of supervising overall operation of the Group since he joined our Group in 2010, and has therefore gained relevant supervisory experience in implementation of internal control measures and overseeing the Group’s compliance with the relevant laws and regulations in the PRC. Mr. Tang Jiachen has approximately 15 years of experience in accounting and served as the financial controller of Goodbaby International Holdings Limited (Stock Code: 1086.HK) from August 2004 to July 2011 and gained relevant supervisory experience in the implementation of internal control measures. Mr. Fan Xiaochong, as Director, will report to the Board concerning legal compliance and the implementation of internal control measures. Mr. Jiang Qinyuan, our vice president, also heads our Group’s operation supervision department, which, among its other functions, is charged with the execution of internal control measures. Mr. Tang Jiachen, our associate chief financial officer, is also responsible for the execution of internal control measures. Mr. Fan Xiaochong, Mr. Jiang Qinyuan and Mr. Tang Jiachen have the necessary knowledge and expertise to take up this role, details of which are set out in the section entitled “Directors and Senior Management” beginning on page 249 of this prospectus. One of our executive Directors,

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Mr. Fan Xiaochong, was appointed as a director of all of the Relevant Companies on January 26, 2012. In relation to non-compliance with sections 111 and 122 of the Companies Ordinance, Mr. Fan is only responsible as a director of (1) Victory Land Properties Limited, East Talent Properties Limited and Top Leader Properties Limited for failure to lay the audited accounts of such companies for the financial year ended December 31, 2011 at their respective annual general meetings; and (2) East Talent Properties Limited for failure to hold its annual general meeting for the year 2012. As all incidents of non-compliance contrary to sections 111 and 122 of the Companies Ordinance of the Relevant Companies have been rectified, the directors of the Relevant Companies will not be liable to any fines nor imprisonment. Our executive Directors consider that the competence and suitability of Mr. Fan Xiaochong in properly discharging his duties as a director of a listed issuer will not be adversely affected notwithstanding such non-compliances with sections 111 and 122 of the Companies Ordinance, since at the relevant time of committing such breaches, (i) The directors of the above companies, including Mr. Fan, had appointed company secretaries to handle corporate matters of such companies and relied on them to ensure compliance with the Companies Ordinance; the above companies were only investment holding companies with no business activities in Hong Kong. Accordingly, it is not uncommon for the directors of the above companies, to pay lesser attention to the affairs of such companies; (ii) such non-compliance incidents did not prejudice the interests of any creditor, customer or supplier of our Group. Except for such non-compliances with sections 111 and 122 of the Companies Ordinance which Mr. Fan Xiaochong is responsible for as mentioned above, Mr. Fan Xiaochong, Mr. Jiang Qinyuan and Mr. Tang Jiachen have not been personally involved in the Group's non-compliance incidents as set out on pages 204 to 208 of this Prospectus;

- (ii) We have formally appointed three independent non-executive Directors, and established Nomination Committee, Audit Committee and Remuneration Committee. We have adopted a new internal control manual and set of policies which covers corporate governance, operations, management, legal matters, finance and audit including "Nomination Committee Charter," "Audit Committee Charter," "Remuneration Committee Charter," "A1 Directors Training Agenda," "Internal Audit Charter," "Internal Audit Management," "Internal Audit Quality Control" and "Dismission Audit Policy," which provide the specific standards for our internal audit. Mr. Jiang Qinyuan supervises our operation supervision department and coordinates with our other functional departments at the Group level (particularly the finance, administrative and legal departments) to implement the internal control measure. Our operation supervision, finance, administrative and legal departments are headed by Ms. Dong Yanzhao, Mr. Sheng Chaogang, Mr. Xu Lianyi and Mr. He Jie, respectively. Mr. Jiang Qinyuan has approximately ten years of experience in management consulting. Mr. Jiang Qinyuan acts as the head of Operation Supervision Department of our Group and has been in charge of supervising overall operation of the Group since he joined our Group in 2010, and has therefore gained relevant supervisory experience in implementation of internal control measures. Ms. Dong Yanzhao has approximately 18 years of experience in accounting and auditing and obtained certificates of Chinese Certified Public Accountant and Fellowship of Chartered Certified Accountant. Ms. Dong Yanzhao gained relevant supervisory experience in the implementation of internal control measures when she served as the senior financial manager of U-Home Group Holdings Limited (formerly known as

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Jiwa Bio-Pharm Holdings Limited) (Stock Code: 2327.HK). Mr. Sheng Chaogang is the head of our development department and has more than ten years of management experience in the real estate industry. Mr. Sheng Chaogang has been supervising the operation of our development department since he joined the Group in 2006 and therefore gained relevant supervisory experience in the implementation of internal control measures. Mr. Xu Lianyi is the head of our financial department and has more than ten years of experience in auditing and accounting. Mr. Xu Lianyi has been supervising the operation of our financial department since he joined the Group in 2007 and therefore gained relevant supervisory experience in the implementation of internal control measures. Mr. He Jie is the head of our administrative and legal departments. Mr. He Jie has been supervising the operation of our administrative and legal departments since he joined the Group in 2004 and therefore gained relevant supervisory experience in the implementation of internal control measures. The Group also has an internal audit office, which conducts regular internal control review and audit of our Group and provides feedbacks to the operation supervision department on the implementation of the internal control measures. Ms. Zhu Ailin is the manager of our internal audit office and has approximately 20 years of experience in accounting and finance. Ms. Zhu Ailin has been supervising the operation of our internal audit office since 2009 and therefore gained relevant supervisory experience in the implementation of internal control measures. The operation supervision department, based upon its communication with other functional departments, its own monitoring and inspections and feedbacks from our internal audit office, will regularly formulate and implement amendments or supplements to our internal control regime;

- (iii) we seek to proactively identify any concerns and issues relating to potential non-compliance by providing training (organized by our administrative and legal department) to the management of all departmental levels regarding the need for preventive and self-check measures to ensure compliance with all applicable laws and regulations;
- (iv) we have established an email account and a telegraph hotline through which an employee can report potential non-compliance exposures, so that we could promptly detect problems and undertake corrective measures;
- (v) we have retained PRC legal advisers to review and advise on our regulatory compliance in respect of all relevant PRC laws and regulations, including changes to such laws and regulations, which may affect our business operations in the PRC;
- (vi) the two executive Directors, Mr. Yi Xiaodi, and Mr. Fan Xiaochong, as well as the senior management member (Mr. Jiang Qinyuan) have attended a three-hour training session conducted by a PRC law firm on the general PRC laws, regulations and duties applicable to real estate companies or business in the PRC;
- (vii) we have implemented internal guidelines and policies for approving, reporting and monitoring all financing transactions with proper segregation of duties;
- (viii) all of our Directors attended training sessions of around one hour conducted by our legal advisers as to Hong Kong laws to familiarize themselves with the board structure and functions as well as corporate governance structure of typical listed companies in Hong Kong and their roles, duties

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and obligations as directors of a listed company in Hong Kong. In particular, the training sessions covered general directors' duties under the common law and statutes such as the Companies Ordinance and SFO, as well as general on-going obligations and responsibilities of directors of a listed company pursuant to the Listing Rules and the Takeovers Code;

- (ix) the Directors have received and reviewed a detailed memorandum prepared by our legal advisers as to Hong Kong laws setting out general Listing Rules and Hong Kong company law requirements and obligations of the Directors after Listing;
- (x) we have engaged Haitong International Capital Limited as our compliance adviser to advise our Directors and management team on matters relating to the Listing Rules. The term of appointment of the compliance adviser shall commence on the Listing Date and end on the date of dispatch of our annual report in respect of its financial results for the first full financial year commencing after the Listing Date and such appointment shall be subject to extension by mutual agreement; and
- (xi) we will provide training to our employees to raise their awareness on the importance of internal control and legal compliance.

Senior officers of different departments of the Group are required to report to Mr. Fan Xiaochong, on a timely basis in relation to any problems or issues concerning compliance and internal control. In addition, Mr. Fan Xiaochong will meet with such officers on a regular basis (usually on a three-month interval) to review the effectiveness of the above internal control measures, and to ensure that the same have been properly implemented and that corrective actions will be taken promptly to rectify any deviation or deficiency identified during the review.