
RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

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In addition to being interested in shares in the Company, our Individual Controlling Shareholders also beneficially own equity interest in certain other companies. The following discussion sets forth relationships between our Individual Controlling Shareholders and such other companies.

Delineation of Business

Each of our Individual Controlling Shareholders and our Directors have confirmed that none of them has any direct or indirect interest in any businesses or companies that are engaged in any business activities that compete or may compete with our business activities in accordance with Rule 8.10 of the Listing Rules. Our Individual Controlling Shareholders and our Directors have interests in other related business, details of which are as follows:

Guangxi Wanyi

Guangxi Wanyi is a limited liability company established in the PRC on April 24, 2000 and is controlled by two of the Individual Controlling Shareholders, namely, 45% by Mr. Li Mingqiang and 25% by Mr. Tian Feng.

Guangxi Wanyi provides property management services for properties that are not developed by the Group mainly in six cities in Guangxi including Nanning, Liuzhou, Qinzhou, Beihai, Fangchenggang and Baise. These properties include residential properties, office buildings of companies and local government, school building and stadium. In 2010, 2011 and 2012 and for the nine months ended September 30, 2013, the revenue of Guangxi Wanyi was RMB81.1 million, RMB85.7 million, RMB103.3 million and RMB67.8 million, respectively. In 2010, the net profit of Guangxi Wanyi was RMB1.9 million and in 2011 and 2012 and for the nine months ended September 30, 2013, the net loss of Guangxi Wanyi was RMB2.2 million, RMB2.1 million and RMB5.5 million, respectively. The net asset value of Guangxi Wanyi as at the end of the three years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2013 were approximately RMB7.7 million, RMB5.5 million, RMB3.4 million and RMB8.5 million, respectively and its total liabilities as at the same dates were approximately RMB38.5 million, RMB41.5 million, RMB49.1 million and RMB44 million, respectively.

We are of the view that the business carried on by Guangxi Wanyi does not compete or is unlikely to compete, either directly or indirectly, with our business given the difference in the business orientation between Guangxi Wanyi and our Group. The property management companies within our Group offer support to our property development business by providing ancillary property management services, hence, the properties managed by our property management companies are those properties developed by our Group, whereas the properties managed by Guangxi Wanyi are properties that are not developed by our Group. As such, there is a clear delineation between the respective businesses of our Group and Guangxi Wanyi. Since the scope of business of Guangxi Wanyi is different from that of the property management companies within our Group, we have decided not to include Guangxi Wanyi in our Group.

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Save for Mr. Li Mingqiang being the executive director of Guangxi Wanyi, who is one of our Controlling Shareholders, the directors and senior management of Guangxi Wanyi are independent of and different from, and are not connected with the Directors and senior management of our Group or their respective associates. The business operation of our Group is entirely independent from the business operation of Guangxi Wanyi. Our Group's financial structure is also independent from Guangxi Wanyi. As of the Latest Practicable Date, the loans provided to or from and balance due to and from Guangxi Wanyi were nil.

As the management, operation and financial structure of our Group are independent from those of Guangxi Wanyi, save for Mr. Li Mingqiang, being the executive director of Guangxi Wanyi, who is one of our Controlling Shareholders, we believe that our Group is capable of carrying on its business independently of and at arm's-length with Guangxi Wanyi.

Shenyang Zhendi Property Co., Ltd. (瀋陽真迪物業有限公司)

Shenyang Zhendi Property Co., Ltd. (瀋陽真迪物業有限公司) is a limited liability company established in the PRC on March 12, 2007 and is controlled by our Individual Controlling Shareholders.

Shenyang Zhendi Property Co., Ltd. is an inactive company and has not been involved in any business since the date of its establishment. It is under the process of deregistration. The net asset value of Shenyang Zhendi Property Co., Ltd. as at the end of the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2013 were approximately RMB35.4 million, RMB35.4 million, RMB35.4 million and RMB35.4 million, respectively, and its total liabilities as at the same dates were nil, nil, nil and nil, respectively.



We are of the view that Shenyang Zhendi Property Co., Ltd. does not compete or is unlikely to compete, either directly or indirectly, with our business because it has not commenced any business since its incorporation. We have decided not to include Shenyang Zhendi Property Co., Ltd. in our Group because it is an inactive company.

Beijing Yinxin

Beijing Yinxin is a limited liability company established in the PRC on October 21, 1999 and was owned as to 49% by the Original Shareholders indirectly through Guangxi New Vantone and Yangpu Guangsheng and as to the remaining 51% by Yan Kuang, an independent third party at the date of incorporation. Beijing Yinxin was not injected into the Group due to the disagreement between (1) Guangxi New Vantone and Yangpu Guangsheng, and (2) Beijing Yinxin's controlling shareholder, Yan Kuang, which is a state-owned company established in the PRC. Under the Company Law of the PRC and the constitutional documents of Beijing Yinxin, Yan Kuang has a pre-emptive right if Guangxi New Vantone and Yangpu Guangsheng wish to sell their equity interest in Beijing Yinxin to a third party. Guangxi New Vantone and Yangpu Guangsheng have not been able to reach agreement with Yan Kuang as to the terms upon which Yan Kuang would be willing to waive its pre-emptive right, in order for them to sell their 49% equity interest in Beijing Yinxin to the Group.

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Beijing Yinxin was mainly engaged in property development business in Beijing, the PRC, and it commenced the development of Beijing Sunshine 100 International Apartment in 2000 and completed it in September 2003 for both commercial and residential use. Beijing Sunshine 100 International Apartment occupies a total site area of approximately 33,098.6 sq.m. with an aggregate GFA of approximately 158,974 sq.m., out of which approximately 24,100 sq.m. (i.e. only approximately 15% of the aggregate GFA of the whole development) remain unsold and are held for investment by Beijing Yinxin. Beijing Yinxin currently leases an aggregate GFA of 2,171.37 sq.m and 13 individual car parks to the Company. Since the completion of this project, Beijing Yinxin has not engaged in any other property development projects in the PRC. The Company understands that Beijing Yinxin has no intention to develop other properties and it will continue to lease carpark and commercial units it owns to other parties in the future. In 2010, 2011 and 2012 and for the nine months ended September 30, 2013, the revenue of Beijing Yinxin was RMB25.6 million, RMB23.2 million, RMB25.8 million and RMB12.1 million, respectively, and the net profit was RMB8.1 million, RMB5.2 million, RMB4.6 million and RMB8.2 million, respectively. The net asset value of Beijing Yinxin for the years ended December 31, 2010, 2011, 2012 and the nine months ended September 30, 2013 were approximately RMB114.0 million, RMB98.2 million, RMB102.7 million and RMB110.8 million, respectively, and its total liabilities as at the same dates were approximately RMB100.3 million, RMB103.1 million, RMB7.5 million and RMB67.7 million, respectively.

The Group has not granted to Beijing Yinxin the right to use the Company's trademark . Beijing Yinxin obtained the approval from Beijing Office of Place Name (北京市地名辦公室) in March 2000 and Beijing Municipal Public Security Bureau in April 2003 to use "Beijing Sunshine 100 International Apartment" as the name of a geographical location and as part of the official address name of this project. To the knowledge of the Company, Beijing Yinxin does not use any trademarks of the Group in any of its current commercial activities. However, Beijing Yinxin, same as other buyers of properties in this project, is entitled to use "Beijing Sunshine 100 International Apartment" as the name of a geographical location when leasing the properties it owns which are units within "Beijing Sunshine 100 International Apartment." According to the PRC Trademark Law and its implementation rules, use of trademarks shall refer to the use of trademarks on goods, the packaging or containers of goods and the transaction documents of goods, or the use of trademarks for advertising, exhibition and other commercial activities for the purpose of identifying the source of goods. In addition, the holder of the exclusive right to use a registered trademark shall have no right to prohibit others from properly using the names of geographical locations as contained in the registered trademark. Based on the above, the Company's PRC legal adviser is of the view that the PRC Trademark Law permits the use of "Beijing Sunshine 100 International Apartment" as the name of a geographical location and Beijing Yinxin properly uses "Beijing Sunshine 100 International Apartment" as the name of a geographical location and this does not constitute the usage or infringement of the Company's trademark  as defined under the PRC Trademark Law.

The Directors are of the view that the business carried on by Beijing Yinxin does not compete or is unlikely to compete, either directly or indirectly, with our business because Beijing Yinxin was primarily being set up as a project company for the development of Beijing Sunshine 100 International Apartment and such project has been completed in 2003. Since then, Beijing Yinxin has not and currently has no intention to carry on any other property development business in the PRC after the completion of the Beijing Sunshine 100 International Apartment. On the basis of the Directors' view, the Joint Sponsors' reasonable due diligence and

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taking into account the measures adopted by the Company to manage the competition, the Joint Sponsors are of the view that Beijing Yinxin does not compete with the Group in any material respect. In addition, in order to avoid any possible competition issue in the future, Sunshine 100 Group has entered into a call option agreement with Guangxi New Vantone and Yangpu Guangsheng, both of which are controlled by the Original Shareholders, in which Guangxi New Vantone and Yangpu Guangsheng have granted to Sunshine 100 Group an exclusive irrevocable option to acquire all or part of the equity interest held by Guangxi New Vantone and Yangpu Guangsheng in Beijing Yinxin, which is further described in the section headed “Call Option Agreement” below.

Save for Mr. Yi Xiaodi and Mr. Fan Xiaochong being directors of Beijing Yinxin who are currently not involved in the day-to-day management of Beijing Yinxin which is mainly managed by the directors appointed by Yan Kuang, the directors and senior management of Beijing Yinxin are independent of and different from, and are not connected with the Directors and senior management of our Group or their respective associates. The business operation of our Group is entirely independent from the business operation of Beijing Yinxin. Our Group’s financial structure is also independent from Beijing Yinxin. As of December 31, 2010, 2011 and 2012 and September 30, 2013, the net outstanding balance of our amount due to Beijing Yinxin was RMB115.1 million, RMB90.1 million, RMB92.1 million and RMB25.9 million, respectively. We expect to fully settle the balance before Listing.

As the management, operation and financial structure of our Group are independent from those of Beijing Yinxin, save for Mr. Yi Xiaodi and Mr. Fan Xiaochong being directors of Beijing Yinxin, we believe that our Group is capable of carrying on its business independently of and at an arm’s-length with Beijing Yinxin.

CALL OPTION AGREEMENT

Option to Acquire

Yangpu Guangsheng and Guangxi New Vantone, both of which are owned as to 100% by our Original Shareholders, and Sunshine 100 Group have entered into a call option agreement dated February 17, 2014, pursuant to which Yangpu Guangsheng and Guangxi New Vantone granted to Sunshine 100 Group an exclusive and irrevocable option (the “Yinxin Call Option”), at the sole and absolute discretion of Sunshine 100 Group, to acquire all or part of the equity interest held by Yangpu Guangsheng and Guangxi New Vantone in Beijing Yinxin at a price equal to the then fair value of such equity interest in Beijing Yinxin to be determined by an independent financial adviser to be appointed by Sunshine 100 Group, subject to obtaining the necessary waiver of pre-emptive right from Yan Kuang, governmental approvals, board approvals and shareholders’ approvals (as required under the Listing Rules, if applicable).

In addition, the following additional corporate measures will be adopted by our Company to protect the minority Shareholders’ rights:

1. decision for the exercise or non-exercise of the Yinxin Call Option shall be determined by our independent non-executive Directors only;
2. our independent non-executive Directors will review biannually whether to exercise the Yinxin Call Option or not;

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3. Yangpu Guangsheng undertakes to provide all information requested by the Company which is necessary for the biannual review by the independent non-executive Directors and the enforcement of the Yinxin Call Option Agreement;
4. our independent non-executive Directors are empowered to engage professional advisers at our cost for advice on matters relating to the Yinxin Call Option; and
5. our Company will disclose in our interim and annual reports, and by way of announcement (if necessary) after Listing on the decision, with basis, of our independent non-executive Directors to pursue or decline the exercise of the Yinxin Call Option.

As at the date of this prospectus, the Directors have not exercised and currently have no plan to exercise the Yinxin Call Option. The Yinxin Call Option will be exercised in the best commercial interests of public Shareholders and will be determined by our independent non-executive Directors upon taking appropriate professional advice as above-mentioned, and having considered, as a minimum, (i) our Company's management resources, (ii) Beijing Yinxin's competitive strengths and business prospects, and (iii) Beijing Yinxin's financial position. If the Yinxin Call Option will be exercised in the future, the acquisition will be financed through our internal resources or through obtaining external financings, or a combination of both, depending on the financial position of our Group at the relevant time.

Independent Business Operations

Our Company holds the relevant licenses that are material to our business operations and has its own sources of contractors and suppliers, and we have such operation capacity of our own whether in terms of capital, equipment or employees, or customers and suppliers, which allow us to operate our businesses independently.

None of the Directors and our Controlling Shareholders has any interest in a business which competes or is likely to compete, whether directly or indirectly with our Company's business.

Financial Independence

We have an independent financial system and make financial decisions according to our own business needs. During the Track Record Period, there were amounts of approximately nil, RMB0.5 million, RMB2.5 million and RMB49 million due to us from Beijing Yinxin, and personal guarantees provided by Mr. Yi Xiaodi, one of our Controlling Shareholders for our benefit. See "Financial Information—Certain Transactions with Impact on Balance Sheet Items" of this prospectus.

As of the Latest Practicable Date, there are no loans or guarantees provided by us or owed by us to the Controlling Shareholders or their associates. The personal guarantees provided by Mr. Yi Xiaodi have been released before Listing. Therefore, there is no financial dependence on the Controlling Shareholders or their associates.

Management Independence

The Board currently comprises two executive Directors, two non-executive Directors and three independent non-executive Directors. The day-to-day management of our Company is delegated to a team of

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executive Directors and senior management, who are responsible for the management and the decision-making process of our Company. Members of the Board and members of the senior management of our Company were listed in the section entitled “Directors and Senior Management” of this prospectus.

Each of our Directors is aware of his/her fiduciary duties as a Director which require, among other things, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his duties as a Director and his/her personal interest. In the event there are conflicts of interests for approving a proposed transaction due to the dual positions of our Director acting as director of our Company and another company, pursuant to the relevant provisions of the Articles, our Director shall disclose the nature of his interest at the board meeting at which the transaction is first considered. Provided that such interest does not amount to a material interest, the director concerned can vote and be counted in the quorum on the resolution approving the transaction.

Our Directors are satisfied that we are capable of carrying on our business independently from any of our Controlling Shareholders and their respective associates (other than our Group) after our Company is listed on the Stock Exchange.

NON-COMPETITION UNDERTAKING FROM THE CONTROLLING SHAREHOLDERS

Each of our Controlling Shareholders has, under the Deed of Non-Competition, undertaken and covenanted with our Company that for so long as they and/or their respective associates, directly or indirectly, whether individually or taken together, remain our Controlling Shareholders, each of them will not, and will procure his associates not to directly or indirectly, (including through any controlled company, associate, body corporate, partnership, joint venture or other contractual arrangement) carry on, engage, invest, participate or otherwise be interested in the property development business in the PRC (the “Restricted Business”). Such undertaking is conditional upon Listing.

Such undertaking will lapse or terminate upon the earlier of (i) our Controlling Shareholders and their associates cease to hold, whether directly or indirectly any of our Shares; and (ii) the Shares are no longer listed on the Main Board of the Stock Exchange.

The Deed of Non-Competition also provides that:

- our independent non-executive Directors shall review, at least on an annual basis, the compliance with the Deed of Non-Competition by our Controlling Shareholders;
- each of our Controlling Shareholders has undertaken to us that it/he/she will, and will procure its/his/her associates to use its/his/her best endeavors to provide all information necessary for the annual review by the independent non-executive Directors for the enforcement of the Deed of Non-Competition;
- we will disclose the review by the independent non-executive Directors on the compliance with, and the enforcement of, the Deed of Non-Competition in our annual report or by way of announcement to the public in compliance with the requirements of the Listing Rules; and

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- each of our Controlling Shareholders will make an annual declaration in our annual report on the compliance with the Deed of Non-Competition in accordance with the principle of voluntary disclosure in the corporate governance report.