
RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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Immediately following the completion of the Capitalization Issue and Global Offering, Mr. Sun (through Sunac International) will control more than 30% of our issued share capital, irrespective of whether the Over-allotment Option is exercised partially or fully, or at all. Mr. Sun and Sunac International are our Controlling Shareholders. Sunac International is an investment holding company, and its only asset is its interest in our Company. Mr. Sun, through his wholly owned companies, is holding a minority interest (being approximately 5.26%) in Sunco Property Holdings Company Limited (“Sunco A”) which, together with its subsidiaries (the “Sunco A Group”), are engaged in property development business in the PRC. The Sunco A Group is currently managed and operated by Road King Infrastructure Company Ltd. (whose shares are listed on the Stock Exchange), which, together with other Independent Third Parties, holds a 94.74% interest in Sunco A. Mr. Sun, who remains a minority shareholder, has minimal shareholder’s rights and is not involved in the management of the Sunco A Group. Mr. Sun is not entitled to any representation on the board of Sunco A or any of its subsidiaries. Neither is Mr. Sun able to exert any influence on the management of the Sunco A Group. Based on the foregoing, the Company does not believe that Mr. Sun’s passive role as a minority shareholder of Sunco A could reasonably be expected to have any conflict with his controlling ownership of and ability to manage our Company. In addition, given that his minority interest cannot afford the Group any rights or powers to exert control or influence over the operation and management of the Sunco A Group, it does not appear to be in the Company’s interest to have such minority interest injected into the Group. Neither is it expected that any significant synergy with the Group’s current business operation would be created from injecting such minority interest into Sunco A. Save as disclosed above in this prospectus, neither Sunac International nor Mr. Sun has interest in, or conducts, any business which competes, or is likely to compete, either directly or indirectly, with our business. To the best of our knowledge and as confirmed by our Controlling Shareholders, save as disclosed in “Directors, Senior Management and Employees – Directors – Executive Directors – Mr. SUN Hongbin,” there are no material incidences of non-compliance, litigation, claims, penalties or liabilities involving our Controlling Shareholders.

NON-COMPETITION UNDERTAKING

Mr. Sun and Sunac International (the “Covenantors”) entered into a non-competition deed (the “Deed”) dated December 1, 2009 in favor of our Company, pursuant to which each of the Covenantors undertook to our Company (for its own and on behalf of all members of the Group) that he or it may not, and shall use his or its best endeavors to procure that his or its associates will not, directly or indirectly, hold any interest, or be engaged or otherwise involved, whether for profit, reward or otherwise, in any business (the “Restricted Activity”) which is in competition with, or is likely to be in competition with, the business carried on by our Company from time to time (the “Business”) whether as a shareholder, director, officer, partner, agent, lender, employee, consultant or otherwise, or take any action which interferes with or disrupts, or may interfere with or disrupt, the Business, including, but not limited to, solicitation of any of the customers, suppliers or employees of any member of our Group provided that there shall be no restriction on any of the Covenantors and/or his or its associates holding not more than a 5.26% interest in Sunac A or any other shares or securities in any company which conducts or is engaged in any Restricted Activity (the “Subject Company”) if such shares or securities are

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listed on a stock exchange and the total number of shares held by the Covenantors and/or his or its associates in aggregate does not exceed 5% of the issued share capital of the Subject Company and:

- (i) there is a holder (together, where appropriate, with its associates) holding a larger shareholding in the Subject Company than the aggregate shareholding held by the relevant Covenantors and/or his or its associates at all times; and
- (ii) the total number of the relevant Covenantors' representatives on the board of directors of the Subject Company is not significantly disproportionate in relation to his or its shareholding in the Subject Company.

The Covenantors further undertake:

- (a) not to appoint directly or indirectly any executive director in the Subject Company; and
- (b) that if he, it, and/or his or its associates receive any business investment or other business opportunities in relation to Business ("Business Opportunity"), each shall refer such Business Opportunities to our Company first on a timely basis and shall give written notice to our Company of the Business Opportunity within seven days identifying the target company (if relevant) and the nature of the Business Opportunity, the investment or acquisition costs and detailing all information reasonably necessary for our Company to consider whether to pursue the Business Opportunity ("Offer Notice").

Our Company shall seek approval from the Board or Board committee, in either case, comprising, among others, independent non-executive Directors who do not have a material interest in the matter of consideration ("Independent Board"), as to whether to pursue or decline the Business Opportunity and will inform the Covenantors accordingly. Any Director who has an actual or potential material interest in the Business Opportunity shall abstain from attending (unless their attendance is specifically requested by the remaining non-interested Directors) and voting at, and shall not count towards quorum for, any meeting or part of a meeting convened to consider any Business Opportunity. The Independent Board shall consider the financial impact of pursuing the Business Opportunity offered and if appropriate, it may appoint independent financial advisors to assist in the decision-making process in relation to such Business Opportunity. If there is any material change in the nature, terms or conditions of such Business Opportunity pursued by the relevant Covenantors, each shall refer such Business Opportunity as so revised to the Company in the manner as if it were a new Business Opportunity.

If our Company declines to pursue the Business Opportunity or fails to notify the Covenantors of our decision, the Covenantors shall be entitled to but shall not be obliged to pursue the Business Opportunity.

The undertakings mentioned above are conditional upon the conditions stated in the paragraph headed "Conditions of the Hong Kong Public Offering" under the section headed "Structure and Conditions of the Global Offering" in this prospectus being fulfilled. If any of such conditions is not fulfilled on or before the date falling 30 days after the date of this prospectus, the Deed shall become null and void and cease to have any effect whatsoever and no party shall have any claim against the other under the Deed.

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The Deed shall terminate on the earliest of the date on which (i) the Covenantors and/or his or its associates shall cease to hold in aggregate 30 per cent. or more of the entire issued share capital of our Company or otherwise cease to be our Controlling Shareholder; or (ii) the Shares shall cease to be listed and traded on the Stock Exchange (except for temporary suspension of trading of the Shares on the Stock Exchange due to any reason).

Our independent non-executive Directors will review, on an annual basis, the compliance by the Covenantors with their non-competition undertakings and, in particular, the right of first refusal in relation to the Business Opportunity as provided under the Deed. In this connection, the Covenantors shall provide all necessary information, including without limitation, details of any proposed investment constituting the Business Opportunity, to the independent non-executive Directors for their review, and the independent non-executive Directors shall be entitled to seek independent professional advice at the expense of our Company.

Each Covenantor has undertaken to provide all information necessary for (i) the annual review by the independent non-executive Directors in respect of his or its compliance with the Deed; and (ii) the enforcement of the Deed. Each Covenantor shall make an annual declaration and disclosure in compliance with the Deed in the annual report of our Company. The declaration and disclosure on how the Deed is complied with and enforced shall be consistent with the principles of making voluntary disclosures in the Corporate Governance Report of our Company to be issued in accordance with Appendix 23 of the Listing Rules.

Our Company will disclose decisions on matters reviewed by our independent non-executive Directors relating to the compliance and enforcement of the Deed (if any) in our annual report or by way of announcements to the public.

Please refer to the section headed "Underwriting" in this prospectus for more details on the lock-up arrangements restricting the sale or disposal of Shares by certain Shareholders.