

## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS AND THE SCARBOROUGH GROUP

### RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

#### *Overview*

Immediately after completion of the Global Offering and the Capitalization Issue, Chance Again will own approximately 63.10% of the issued share capital of our Company (assuming that the Over-allotment Option is not exercised and taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Pre-IPO Options and any options which may be granted under the Share Option Scheme). Chance Again is held as to 100% by BVI Co. The entire issued share capital of BVI Co is wholly-owned by HSBC International Trustee as the trustee of the Wong Family Trust. The Wong Family Trust is a discretionary family trust established by Mr. Wong, the beneficiaries of which include Mr. Wong's family members. Mr. Wong is the settlor of the Wong Family Trust. Hence, Mr. Wong and Chance Again will be our Controlling Shareholders. For details of Mr. Wong, Chance Again and the Wong Family Trust, please see the information set out in the sections headed "Directors, Senior Management and Employees — Directors — Executive Directors — Mr. Wong Chun Hong" and "History, Reorganization and Corporate Structure — Reorganization — Establishment of the Wong Family Trust" respectively in this prospectus.

Apart from the companies of our Group, Mr. Wong and Chance Again own a number of other companies. None of Chance Again, any of its subsidiaries or any of the other companies controlled by Mr. Wong (other than our Group) are engaged in any property development and property management businesses in the PRC that compete or may compete with our Group. Such companies are either investment holding companies or non-operating companies with no business activity as at the Latest Practicable Date. In preparation for Listing, all the businesses relating to property development and property management in the PRC held by our Controlling Shareholders were injected into our Group.

As confirmed by Mr. Wong, our Controlling Shareholders currently do not have any interest in any business apart from our Group's business which competes or may compete, directly or indirectly, with the business of our Group.

#### *Rainbow*

As at the Latest Practicable Date, Mr. Wong controlled the exercise of 22.75% of the voting power at the general meetings of Rainbow, a sino-foreign joint venture company established in the PRC in 1984. Rainbow Group is one of the largest retail chains in the PRC with 43 department stores cum supermarkets (three are franchised) as at December 31, 2010 and had a turnover of approximately RMB10.2 billion for the year ended December 31, 2010.

The business nature of Rainbow is different from ours. Rainbow is principally engaged in the retail business which includes operating supermarkets and department stores through which its main source of income is the direct sale of various merchandise such as food, household items, fashion and electrical appliances, and rental income from concessionaire counters. On the other hand, we are a real estate property developer, specializing in the development and operation of urban mixed-use communities and the development and sale of upscale residential properties, and our main source of income is from the sale and leasing out of properties to tenants such as hypermarkets, boutiques, cinema operators, game centers and catering businesses, which we developed and constructed ourselves. Our Group does not intend to engage in the business carried out by Rainbow. Further, to the best knowledge of our Directors, the

## **RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS AND THE SCARBOROUGH GROUP**

current intention of Rainbow to engage in any construction projects shall be for its own use which is different from our main line of business as mentioned above. As such, our Directors consider that the business of Rainbow does not compete with ours.

Mr. Wong's non-controlling interest in Rainbow is held for investment purposes, while a majority interest is owned and controlled by an Independent Third Party. Given that it is not part of our current strategy to acquire a non-controlling interest in the retail business, and Mr. Wong has no statutory control over Rainbow or the composition of its board of directors, Mr. Wong has not transferred his interest in Rainbow to us.

We have developed and maintained a strong strategic relationship with the Rainbow Group in the PRC. We entered into a strategic partnership memorandum with Rainbow on September 17, 2010, pursuant to which we can, at our sole discretion, (1) invite Rainbow to lease properties developed or to be developed by us through entering into long-term tenancy agreements; and (2) negotiate with Rainbow on a priority basis on any potential sale of commercial properties and urban mixed-use communities developed by us. In October 2010, we entered into a non-binding letter of intent with Rainbow contemplating Rainbow's potential cooperation with us to construct a shopping centre in Shenzhen New City Plaza. Save as disclosed above and as at the Latest Practicable Date, we had not yet entered into any transaction pursuant to the strategic partnership memorandum with Rainbow. On November 16, 2010, we entered into a tenancy agreement with the Rainbow Group, pursuant to which our Group as landlord agreed to lease various retail units at Chengdu Landmark upon its completion to the Rainbow Group for the purpose of developing the Rainbow Department Store. The GFA of the leased premises is approximately 30,500 sq.m. The subject lease is for a term of 20 years and the total amount of rent is approximately RMB433.7 million (comprised of approximately RMB397.1 million in rent and approximately RMB36.6 million in management fees) to be paid on a monthly basis.

Our Directors consider that we may benefit from our strategic partnership with the Rainbow Group as our Group will have the opportunity to obtain advice from a retailer's perspective so as to facilitate the planning of our Group's commercial property projects.

### ***Provision of the Original TSI Guarantee to our Group***

In March 2009, Changzhou Top Spring was granted the Changzhou Loan in the amount of not more than RMB300 million by a financial institution for a term commencing on April 15, 2009 and ending on April 14, 2011. The Changzhou Loan was secured by, among others, the Original TSI Guarantee. Original TSI is a company in which Chance Again has a controlling interest. As at the Latest Practicable Date, the Changzhou Loan remained outstanding and is expected to subsist after Listing, and the Original TSI Guarantee will remain in place after Listing and is expected to be released in or about April 2011 when the Changzhou Loan matures.

Please see the section headed "Connected Transactions — Provision of financial assistance to our Group" in this prospectus.

## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS AND THE SCARBOROUGH GROUP

Notwithstanding the Original TSI Guarantee, our Group is able to operate financially independently of Original TSI on the following grounds:

- as at January 31, 2011, being the latest practicable date for the indebtedness statement, our Group was able to secure 27 loans from various independent financial institutions in an aggregate principal amount of approximately RMB6.8 billion. Save for the Changzhou Loan, all other loan facilities were secured by charges over the assets of our Group or corporate guarantees provided by members of our Group. We have a strong record of fund-raising on a stand-alone basis and have been able to secure loan facilities on our own without guarantee or other financial support from Original TSI;
- as at the Latest Practicable Date, approximately RMB300 million of the Changzhou Loan remained outstanding, which represented only approximately 5.9% and 4.4% of the total bank borrowings available to our Group as at September 30, 2010 and as at January 31, 2011 being the latest practicable date for the indebtedness statement, respectively, and only approximately 21.8% of the total audited net current assets of our Group as at September 30, 2010;
- as at January 31, 2011, being the latest practicable date for the indebtedness statement, there was an aggregate amount of approximately RMB1.1 billion of unused credit facilities. Coupled with our strong liquidity position with cash and cash equivalent of approximately HK\$2.9 billion as at September 30, 2010, our Directors consider that we have sufficient cash flow to service our capital commitment and business needs;
- our Group has received a written confirmation from another bank for a loan of RMB900 million which will be used to repay the Changzhou Loan in full;
- according to the Changzhou Loan agreement and to the best knowledge of our Directors, the funds lent to Changzhou Top Spring were raised by the lender and a bank pursuant to a 單一資金信托合同 (single trust fund agreement\*) (the “Trust Agreement”). In order to release the Original TSI Guarantee, Original TSI would need to obtain approval from the lender. In addition, since the subject funds were raised by the lender and the bank under the Trust Agreement, the lender should also obtain approval from the bank. Due to the aforesaid two steps, it is expected that the procedure involved for an early release of the guarantee provided by Original TSI would take a longer time than a guarantee in support of an ordinary loan agreement, and is expected to take approximately three to six months. As the Changzhou Loan will mature in April 2011, our Directors believe that by the time Original TSI has completed all requisite procedures for an early release of the guarantee, the Changzhou Loan is likely to have matured or would be close to maturity. As such, and in light of the relatively small amount involved in the Changzhou Loan as compared with the total bank borrowing of our Group, our Directors consider that undergoing the procedure for an early release of the Original TSI Guarantee would be unduly burdensome and commercially unnecessary for our Group;
- upon maturity of the Changzhou Loan in April 2011, we intend to obtain new funding (as necessary) without recourse to Original TSI or any of our Controlling Shareholders; and
- in addition, we did not experience any difficulties in renewing our borrowings that had a material adverse effect on our Group during the Track Record Period. Up to the Latest Practicable Date, we did not default on any debt service obligations and were not aware of any existing circumstances which may render us unable to service or renew such indebtedness.

## **RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS AND THE SCARBOROUGH GROUP**

Based on the above and the previous financing history, business and financial profile, our Directors are satisfied that our Group is well-placed to finance our business operations from the debt markets without recourse to Original TSI or any of our Controlling Shareholders as and when such financing is in our best interests to do so.

### ***Independence from our Controlling Shareholders***

Our Directors believe that our Group is capable of carrying on our business independently of our Controlling Shareholders and their associates after the Listing Date for the following reasons:

- (a) we have our own independent access to supplies of raw materials, our own independent operation capabilities, as well as our own independent sales and marketing functions;
- (b) save as disclosed in the paragraph headed “Provision of the Original TSI Guarantee to our Group” above, all loans and guarantees given by our Controlling Shareholders will be released on or before the Listing Date and we are financially independent from our Controlling Shareholders;
- (c) there is no competing business between any of our Controlling Shareholders and our Group and Mr. Wong has entered into a deed of non-competition in favour of our Company. For details, please see the paragraph headed “Non-competition undertakings from Mr. Wong” below; and
- (d) Chance Again, the corporate Controlling Shareholder of our Company, is only a holding company and does not carry on any operating businesses.

### ***Non-competition Undertakings from Mr. Wong***

On December 2, 2010, Mr. Wong entered into a deed of non-competition with our Company pursuant to which he represents, warrants and undertakes to our Company (for itself and for the benefit of the other members of our Group), among other things, that other than through our Group:

- (a) as at the date of the deed of non-competition, neither he nor any of his associate(s) is currently interested, involved or engaged, or is likely to be interested, involved or engaged, directly or indirectly, in (whether as a shareholder, director, partner, agent, officer, consultant or otherwise and whether for profit, reward or otherwise) in any business which is or is about to be engaged in any business which competes or is likely to compete directly or indirectly with our Group’s business including, without limitation, the development and sale of upscale residential properties and the development and operation of retail properties and urban mixed-use communities as more particularly described or contemplated in this prospectus and businesses ancillary to any of the foregoing, in each case, in the PRC and any other country or jurisdiction in which any member of our Group may from time to time carry on the business mentioned above (“Restricted Activities”);
- (b) he shall not and shall procure his associate(s) not to, either on his/its own account or in conjunction with or on behalf of any person, firm or company, directly or indirectly be interested or involved or engaged in or acquire or hold any right or interest (in each case whether as a shareholder, director, partner, agent, officer, consultant or otherwise and whether for profit, reward or otherwise) in any business which is or is about to be engaged in any business which competes or is likely to compete directly or indirectly with the Restricted Activities;

<p style="text-align: center;"><b>RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS AND THE SCARBOROUGH GROUP</b></p>
--

- (c) in the event that he or his associate(s) is given/identifies any opportunities to engage in a business that is in competition with the Restricted Activities, he will and will procure his associate(s) to, as soon as practicable inform our Company of such opportunity and provide such information as is available to him/it in respect of such opportunity to our Company. Our Company has a right within one month thereafter to take up the opportunity and in the event that our Company decides to take up the opportunity, he will and will procure his associate(s) to use his/its best endeavours to assist our Group to obtain such opportunity; in the event that we decline such opportunity or fail to respond within the stipulated period, he or his associate(s) may take up such opportunity provided that the terms upon which he or his associate(s) takes up such opportunity shall be no more favourable to him/it than those offered to our Group; and
- (d) he will not and will procure his associate(s) not to (i) solicit business in which our Group is involved or engaged or has submitted a bid, tender or offer to participate in from a person, firm, company, incorporation, partnership or organization which is a customer or a potential customer of our Group; and (ii) on behalf of himself or any other person, firm or company solicit or endeavour to cause any employee, former employee of any member of our Group to work for any other person, firm or company engaging in a business which will or may compete directly or indirectly with the Restricted Activities.

The non-competition undertakings given by Mr. Wong will not apply in respect of the holding of or interests in shares or other securities in any company which conducts or is engaged in any Restricted Activities, provided that, (i) such shares or securities are listed on any stock exchange and the total number of the shares or securities held by Mr. Wong and his associate(s) or in which they are together interested does not amount to more than 5% of the issued shares or securities of that class of the company in question, or if such shares or securities are not listed on a stock exchange and the total number of the shares or securities held by Mr. Wong and his associate(s) or in which they are together interested does not amount to more than 30% of the issued shares or securities of that class of the company in question; (ii) Mr. Wong and his associate(s), whether acting singly or jointly, are not entitled to appoint a majority of the directors of that company; and (iii) at all times there is a holder of such shares or securities holding (together, where appropriate, with its associate(s)) a larger percentage of the shares or securities of the company in question than Mr. Wong and his associate(s) together hold.

The deed of non-competition entered into by Mr. Wong and the rights and obligations thereunder are subject to and conditional upon the fulfillment of the conditions as specified in the section headed “Structure and Conditions of the Global Offering — Conditions of the Global Offering” in this prospectus.

There are in place corporate governance measures to ensure the compliance and enforcement with the non-competition undertakings given by Mr. Wong, details of which are set out in the paragraph headed “Corporate Governance Measures” below.

## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS AND THE SCARBOROUGH GROUP

### RELATIONSHIP WITH THE SCARBOROUGH GROUP

#### *Overview*

Our Group's relationship with the Scarborough Group dates back to 2003, when Dr. McCabe, the founder and chairman of the Scarborough Group, first cooperated with our Founder and Chairman, Mr. Wong, in the development of Changzhou Landmark by providing funding to the project by way of subscription of loan notes.

In December 2005, Scarborough Holdings and TSGHL (a company indirectly wholly-owned by Mr. Wong) formed a 50-50 joint venture company, SIL. Over the years, TSGHL and the Scarborough Group contributed to SIL and transferred their respective interests in the investment holding companies which held certain sites and projects.

In July 2007, we completed the development of Hangzhou Landmark with the Scarborough Group.

In June 2008, Original TSI, which held a 50% interest in SIL, acquired, through a wholly-owned subsidiary, the remaining 50% in SIL from the Scarborough Group. The Scarborough Group converted its entire interest in the issued share capital in SIL plus certain shareholder loans provided by it to SIL and its subsidiaries into a 15% stake in Original TSI. At completion of such transactions, Original TSI was owned by Chance Again (a company then wholly-owned by Mr. Wong), Sheffield United Realty and Scarborough Holdings as to 85%, 4.44% and 10.56%, respectively. Since then, Dr. McCabe, founder and chairman of the Scarborough Group, became a board member of Original TSI.

Although the daily management and development work with regard to the projects on which we have cooperated with the Scarborough Group have been carried out by our management team under the supervision of Mr. Wong, the participation of the Scarborough Group provided us with many advantages. Among other things, the Scarborough Group's experience in the global real estate market has enhanced our existing project management know-how by bringing in new professional parties with expertise. The Scarborough Group's international network connections have also assisted our Group by introducing us to potential overseas investors. Furthermore, our Directors believe that our Group's strategic relationship with the Scarborough Group will enable us to leverage on the Scarborough Group's international reputation to open up further project development opportunities.

For further details of the above transactions, please see the section headed "History, Reorganization and Corporate Structure" in this prospectus.

In preparation for Listing, we underwent the Reorganization to rationalize our corporate structure, details of which are set out in the section headed "History, Reorganization and Corporate Structure" in this prospectus. After the completion of our Reorganization and upon completion of the Global Offering and the Capitalization Issue, the Scarborough Group, through Sheffield United Realty, will be interested in approximately 11.25% of our Shares (assuming that the Over-allotment Option is not exercised and taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Pre-IPO Options and any options which may be granted under the Share Option Scheme).

## **RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS AND THE SCARBOROUGH GROUP**

### *Background of the Scarborough Group*

The Scarborough Group is a global real estate and leisure activities group based in the UK and founded by Dr. McCabe in 1980. It is wholly-owned by the McCabe Family.

The Scarborough Group has real estate interests in the UK, Europe, the Far East, Canada, India and Australia, held either directly or via investment in real estate entities. These real estate interests include investment in, and development of, commercial and residential property, and the operation of serviced offices and residential apartments.

The Scarborough Group's interests in leisure activities include majority interests in Sheffield United plc (Sheffield, England) and Ferencvarosi Torna Club (Budapest, Hungary), and a non-controlling interest in Chengdu Blades F.C. (Chengdu, the PRC). It also has affiliations with football clubs in Australia, Brazil, Ivory Coast, Belgium, Poland and Spain.

For the background of Dr. McCabe, please see the section headed "Directors, Senior Management and Employees — Directors — Non-executive Director — Dr. McCabe Kevin Charles" in this prospectus.

### *The Scarborough Group's business in China*

The Scarborough Group conducts its property business in China mainly through two of its wholly-owned subsidiaries, Scarborough Holdings and Sheffield United Realty. Established in 2003, Scarborough Holdings is a subsidiary of Scarborough UK focusing on property trading and investment, operation of serviced offices together with joint venture development projects in China, which, as at the Latest Practicable Date, is a football park project. Sheffield United Realty was established in the Netherlands as an investment holding company. As at the Latest Practicable Date, apart from its 15% interest in our Group, the Scarborough Group does not have interest in any property development business in China.

In December 2003, the Scarborough Group commenced investment in our Changzhou Landmark project. In December 2005, Scarborough Holdings and TSGHL co-operated as 50-50 joint venture partners in SIL in the development of shopping mall in Hangzhou. Ever since the Scarborough Group's entrance into China, the Scarborough Group has chosen our Group as its principal platform for property development and Dr. McCabe confirmed that this partnership is expected to continue in the long term.

Apart from property development projects with our Group, the Scarborough Group has interests in property investments in Shenzhen and Hong Kong, as well as interests in the football business in the PRC.

The Scarborough Group also has a 15% investment interest in a leisure project, the Chengdu Football Park, through its 15% equity interest in a PRC company. The Chengdu Football Park project relates to the construction and operation of a football park, which consists of football pitches, training grounds, small retail shops and other ancillary facilities for leasing to professional football teams and the general public.

In addition to property investment and development activities, the Scarborough Group also operated serviced offices under the brand name of "Forsyth" ("Forsyth Business Center(s)"). As a member of the Scarborough Group and founded in 1991, Forsyth Business Centers plc operates a growing network of serviced offices in key regional centers across the UK under the "Forsyth" brand name. The Scarborough Group opened its first Forsyth Business Center in Shenzhen in September 2004, and subsequently opened another Forsyth Business Center in Hong Kong in April 2007.

## **RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS AND THE SCARBOROUGH GROUP**

At present, the Scarborough Group has no intention of injecting any of its property interests or other interests in China into our Group. As confirmed by Dr. McCabe, as at the Latest Practicable Date, save as disclosed above and except for its equity interest in our Group, the Scarborough Group has no interest in any property development project in China.

We consider that our sale of and investment in properties in the PRC are different from the Scarborough Group's property trading and investment in the PRC. We are principally engaged in the sale and leasing of residential or retail units that we developed ourselves, starting from acquisition of land or equity interests in companies holding the land, to construction of buildings on the land. On the other hand, the Scarborough Group's trading and property investments in the PRC focus on the acquisition, sale or leasing of properties, which are primarily located on prime office areas, and are developed by third parties, but not by the Scarborough Group. As at the Latest Practicable Date, we are not engaged in the operation of any serviced offices. On such basis, our Directors are of the view that the Scarborough Group's businesses are not in competition with, but may be construed as businesses that may potentially compete with our Group's businesses. Our Directors are also of the view that the extent of such potential competition with our Group will not have a material impact on our business as a whole.

### ***Representatives of the Scarborough Group on our Board***

The Scarborough Group has appointed Dr. McCabe as a non-executive Director and Ms. Qian Tham as an alternate Director to Dr. McCabe. Dr. McCabe and Ms. Qian Tham are representatives from the Scarborough Group and are not involved in the day-to-day management of our business.

### ***Strategic Co-operation with the Scarborough Group***

We have developed and maintained a strong strategic relationship with the Scarborough Group.

We have been co-developing property projects with the Scarborough Group. For further details of our projects co-developed with the Scarborough Group, please see the paragraph headed "Relationship with the Scarborough Group — Overview" in this section.

In addition to co-developing property projects with the Scarborough Group, we have developed other forms of strategic co-operation with the Scarborough Group. Original TSI entered into a strategic co-operation agreement ("Forsyth Strategic Co-operation Agreement") with Forsyth Far East Limited ("Forsyth Far East"), a member of the Scarborough Group on September 1, 2008, pursuant to which the parties have established a strategic co-operative relationship with regard to the development of certain office buildings in China by Original TSI (or its affiliates) for the operation of business centers, to be managed by Forsyth Far East or its affiliates under the brand name "Forsyth". In light of the Reorganization, the parties entered into a novation agreement with our Company on November 30, 2009, pursuant to which the rights and obligations of Original TSI under the Forsyth Strategic Co-operation Agreement have been novated to our Company with effect from the completion of the Reorganization.

## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS AND THE SCARBOROUGH GROUP

With a view to further developing and maintaining our strategic relationship with the Scarborough Group, our Company entered into a strategic co-operation agreement (“Strategic Co-operation Agreement”) with Scarborough UK on December 28, 2009, pursuant to which, the parties have agreed that for so long as Scarborough UK, Dr. McCabe and/or their respective Affiliated Company(ies) together are beneficially interested in, whether directly or indirectly, 8% or more of the issued ordinary share capital of our Company:

- (a) our Company will be the flagship vehicle of the Scarborough Group for all its residential development and retail and urban mixed-use communities development and operation opportunities in the PRC (“PRC Real Estate Opportunities”). For the avoidance of doubt, the holding of or interests in completed properties for rental or resale purposes in the PRC by the Scarborough Group is not subject to the restriction thereunder;
- (b) Scarborough UK shall not, and shall procure that its Affiliated Company(ies) will not, either on its own account or on behalf of any person, firm or company, directly or indirectly be interested or involved or engaged in or acquire or hold any right or interest (in each case whether as a shareholder, director, partner, agent, officer, consultant or otherwise and whether for profit, reward or otherwise) in any business which is or is about to be engaged in any business which competes or is likely to compete with our Group’s business in the PRC as more particularly described or contemplated in this prospectus (“Scarborough Restricted Activities”);
- (c) in the event that Scarborough UK or any of its Affiliated Company(ies) is given/identifies any PRC Real Estate Opportunities and has entered into any agreement, arrangement or understanding, whether binding or not, it will and will procure its Affiliated Company(ies) to, as soon as practicable inform our Company of such opportunity and provide to our Company such information as is available to it in respect of such opportunity. Our Company has a right within one month thereafter to take up the opportunity by itself or through another member of our Group and in the event that our Company decides to take up the opportunity, Scarborough UK will and will procure its Affiliated Company(ies) to use its best endeavours to assist our Group to obtain such opportunity; in the event that our Company declines such opportunity or fails to respond within the stipulated period, Scarborough UK or its Affiliated Company(ies) may take up such opportunity provided that the terms upon which it takes up such opportunity shall be no more favourable than those offered to our Company; and
- (d) in the event that Scarborough UK or any of its Affiliated Company(ies) has acquired/identified any site or property in the PRC for the development of business center to be managed by Scarborough UK or any of its Affiliated Company(ies), it will and will procure its Affiliated Company(ies) to, as soon as practicable inform our Company of the opportunity to co-operate with Scarborough UK and/or its Affiliated Company(ies) in such project and provide to our Company such information as is available to it in respect of such opportunity. Our Company has a right within one month thereafter to take up the opportunity by itself or through another member of our Group and in the event that our Company decides to take up the opportunity, Scarborough UK will and will procure its Affiliated Company(ies) to use its best endeavours to assist our Group to obtain the site or property, and in the event that our Group has obtained such site or property, Scarborough UK or its Affiliated Company(ies) shall co-operate with our Group in the development and management of such business centres. In the event that our Company declines such opportunity offered by Scarborough UK or any of its Affiliated Company(ies) or fails to respond within the stipulated

## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS AND THE SCARBOROUGH GROUP

period, Scarborough UK or its Affiliated Company(ies) may offer such opportunity to any third party provided that the terms upon which it offers such opportunity shall be no more favourable than those offered to our Company.

Paragraphs (a) and (b) above do not apply in respect of the holding of or interests in shares or other securities in any company which conducts or is engaged in any Scarborough Restricted Activities, provided that:

- (a) such shares or securities are listed on a stock exchange and the total number of the shares or securities held by Scarborough UK and its Affiliated Company(ies) or in which they are together interested does not amount to more than 8% of the issued shares or securities of that class of the company in question, or if such shares or securities are not listed on a stock exchange and the business activities of the company involves sports and leisure activities including but not limited to football related business, and the total number of the shares or securities held by Scarborough UK and its Affiliated Company(ies) or in which they are together interested does not amount to more than 50% of the issued shares or securities of that class of the company in question;
- (b) Scarborough UK and its Affiliated Company(ies), whether acting singly or jointly, are not entitled to appoint a majority of the directors of that company; and
- (c) at all times there is a holder of such shares or securities holding (together, where appropriate, with its Affiliated Company(ies)) a larger percentage of the shares or securities of the company in question than Scarborough UK and its Affiliated Company(ies) together hold.

The Strategic Co-operation Agreement and the rights and obligations thereunder are subject to and conditional upon the fulfillment of the conditions as specified in the section headed “Structure and Conditions of the Global Offering — Conditions of the Global Offering” in this prospectus.

### ***Independence from the Scarborough Group***

Our Directors believe that our Group is capable of carrying on our business independently of the Scarborough Group and its associates after the Listing Date for the following reasons:

- (a) the Scarborough Group is only a strategic investor in our Group and Dr. McCabe, a non-executive Director appointed as its representative, and Ms. Qian Tham, an alternate Director to Dr. McCabe, are not involved in the day-to-day management of our business, their appointments are not codified in our Articles and Dr. McCabe is subject to rotation as stipulated in our Articles in the same way as our other Directors;
- (b) we have our own independent access to suppliers or raw materials, independent operation capabilities, as well as independent sales and marketing functions;
- (c) the Scarborough Group and its associates have not, as at the Latest Practicable Date, provided loans or guarantees to us. We are therefore financially independent from the Scarborough Group; and

<p style="text-align: center;"><b>RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS AND THE SCARBOROUGH GROUP</b></p>
--

- (d) save for the Licence Agreement in respect of our right to use certain office premises of the Scarborough Group in Hong Kong, there are no connected transactions between the Scarborough Group and our Group. For details of such connected transactions, please see the section headed “Connected Transactions — Licensing of properties to our Company” in this prospectus. Our Directors (including the independent non-executive Directors) believe that there will be no difficulty for our Group to find alternative office premises on similar terms and conditions if necessary. We may also consider entering into other connected transactions with members of the Scarborough Group in the future. Should we do so, we will fully comply with the relevant requirements of the Listing Rules.

## **DIRECTORS**

The following table sets out the directorship or interests currently held by our Directors in certain companies which may be construed as in competition, directly or indirectly, with the business of our Group:

<b>Name of our Director/ Alternate Director</b>	<b>Interest/directorship held</b>
Dr. McCabe	Directorship held and interest in the business of the Scarborough Group
Ms. Tham Qian	A member of the senior management team of the Scarborough Group

For reasons set forth above in the paragraph headed “Relationship with the Scarborough Group” above, our Directors are of the view that the Scarborough Group’s business is not in competition with, but may be construed as business that may potentially compete with, our Group’s business. Our Directors are also of the view that the extent of such potential competition with our Group will not have a material adverse impact on our business as a whole.

Save as disclosed above, each of our Directors does not have any interest in any business apart from our Group’s business which competes or may compete, directly or indirectly, with the business of our Group under Rule 8.10(2) of the Listing Rules.

## **CORPORATE GOVERNANCE MEASURES**

Our Directors believe that there are adequate corporate governance measures in place to ensure compliance by Mr. Wong of his non-competition undertakings set out in the paragraph headed “Relationship with our Controlling Shareholders — Non-competition Undertakings from Mr. Wong” above, and to manage any potential conflict of interests arising from the business of our Controlling Shareholders and the Scarborough Group and to safeguard the interests of the Shareholders, including:

- (a) our independent non-executive Directors will review, on an annual basis, the compliance with the undertakings by Mr. Wong under his non-competition undertakings;

<p style="text-align: center;"><b>RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS AND THE SCARBOROUGH GROUP</b></p>
--

- (b) Mr. Wong will provide all information requested by our Company which is necessary for the annual review by our independent non-executive Directors of his compliance with his non-competition undertakings such as: (i) information on business opportunities including project names, amount of investment and the geographical location which may be identified by him or any of his associate(s); and (ii) information on any property developments conducted by him or any of his associate(s) during the year or a negative confirmation, as appropriate;
- (c) our Company will disclose decisions on matters reviewed by our independent non-executive Directors relating to (i) compliance and enforcement of Mr. Wong's non-competition undertakings; (ii) the exercise of the pre-emption rights where a business opportunity is referred to our Group; and/or (iii) any decision on the enforcement of breaches of his non-competition undertakings either through the annual reports of our Company, or by way of announcement to the public;
- (d) Mr. Wong will make an annual declaration on compliance with his non-competition undertakings in the annual report of our Company and ensure that the disclosure of details of his compliance with and the enforcement of his non-competition undertakings is consistent with the principles of voluntary disclosure in the Corporate Governance Report contained in Appendix 23 to the Listing Rules;
- (e) Mr. Wong will abstain from voting in any meeting of the shareholders and/or the Board where there is any actual or potential conflicting interest;
- (f) we believe that our Board has a balanced composition of executive Directors, non-executive Directors and independent non-executive Directors so that there is a strong element on the Board that can effectively exercise independent judgment. With expertise in different professional fields, our Directors believe that our independent non-executive Directors have the necessary caliber and expertise to form and exercise independent judgment in the event that conflicts of interest between our Group, our Controlling Shareholders and the Scarborough Group arise;
- (g) in the event that potential conflicts of interest may materialize, i.e. where a Director has an interest in a company that will enter into an agreement with our Group, our Director(s) with an interest in the relevant transaction(s) will not be present at the relevant Board meeting, and will be excluded from the Board deliberation and abstain from voting and will not be counted towards quorum in respect of the relevant resolution(s) at such Board meeting;
- (h) in the event that potential conflicts of interest may materialize, our Controlling Shareholders and the Scarborough Group (as the case may be) will abstain from voting in the Shareholders' meeting of our Company with respect to the relevant resolution(s); and
- (i) our Group is administratively independent from our Controlling Shareholders and the Scarborough Group as we have our own company secretary, authorized representatives and administrative personnel.