

NON-COMPETITION UNDERTAKING

On 25 June 2011, the Company (for themselves and as trustee for and on behalf of its subsidiaries and associated companies) entered into the Deed of Non-competition Undertaking with Mr. Fong (the “**Covenantor**”). Pursuant to the Deed of Non-competition Undertaking, the Covenantor irrevocably and unconditionally covenants and undertakes with the Company (for itself and as trustee for and on behalf of each of its subsidiaries and associated companies) that, during the period from the Listing Date and up to the date on which the Covenantor and/or his associates cease to beneficially own (i) more than 30% of the issued share capital of the Company or (ii) any interests in the direct or indirect corporate shareholders of the Company which in turn beneficially own more than 30% of the issued share capital of the Company, the Covenantor shall not, and shall procure that none of his associates shall, directly or indirectly, establish, invest, involve in, manage, operate or otherwise hold any right or interest, directly or indirectly, in the business of operating and entering into consultancy and management agreements in respect of hotels in the PRC, and such other business conducted or carried on by the Group from time to time (the “**Restricted Business**”) within the PRC and such other places as the Group may conduct or carry on business from time to time.

Notwithstanding aforesaid, the non-competition undertaking as set out above shall not prevent the Covenantor and his associates from (i) holding the Shares or other securities issued by the Company or any member of the Group; and (ii) acquiring a direct or indirect shareholding interest of not more than 5% in a company listed on a recognised stock exchange approved by the Board anywhere in the world and engaged in any Restricted Business.

CONTROLLING SHAREHOLDERS

As at the date of this prospectus, Mr. Fong is the registered holder of 99,759,466 Shares, representing approximately 55.4% of the total issued share capital of the Company immediately after completion of the Placing but without taking into account any Shares which may be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme. Please refer to the section headed “History and corporate structure” of this prospectus for further details.

INDEPENDENCE FROM THE CONTROLLING SHAREHOLDERS

The Directors believe that the Group is capable of carrying on its business independently of the Controlling Shareholder and his associates after the Listing Date for the following reasons:

Management independence

The management and investment decisions are made by the Board in a collective manner and the Board comprises two executive Directors, one non-executive Director and three independent non-executive Directors. The Group has established the (i) audit

committee, (ii) remuneration committee; and (iii) nomination committee. Each committee consists of a majority of independent non-executive Directors to monitor the operation of the Group.

Operational independence

The Group has established a set of organisational structure made up of individual departments, each with specific areas of responsibilities. The Group has independent access to suppliers and customers for the business.

Customers of the Group

For each of the two years ended 31 December 2010, the Group's five largest customers in aggregate accounted for approximately 3.0% and approximately 29.6% of the Group's revenue respectively. None of the Directors, their respective associates, or any Shareholder who, to the knowledge of the Directors, owns more than 5% of the issued capital of the Company, has any interest in any of the Group's five largest customers during the Track Record Period. The Group has its own access to its customers independently.

Procurement of daily hotels supplies

For each of the two years ended 31 December 2010, the Group's five largest suppliers in aggregate accounted for approximately 91.0% and approximately 98.3% of the Group's operating costs respectively. None of the Directors, their respective associates, or any Shareholder who, to the knowledge of the Directors, owns more than 5% of the issued share capital of the Company, has any interest in any of the Group's five largest suppliers during the Track Record Period. The Group has its own access to its suppliers independently.

Financial independence

The Group has independent financial and accounting systems and the Group makes financial decisions according to the Group's own business needs. The Directors are of the view that the Group does not rely on advances from its ultimate Shareholder and related parties for its business operations. As such, the Directors consider that the Group can operate independently from the Controlling Shareholder from the financial perspective.

In view of the above facts, the Group is considered independent from the Controlling Shareholder in terms of management, financial and operations in all material aspects.

CORPORATE GOVERNANCE MEASURES

The Company will adopt the following measures to manage the conflict of interests arising from the competing business and to safeguard the interests of the Shareholders:

- (i) the independent non-executive Directors will review, on an annual basis, the compliance with the non-competition undertaking by the Controlling Shareholder under the Deed of Non-competition Undertaking;
- (ii) the Controlling Shareholder undertakes to provide all information requested by the Company which is necessary for the annual review by the independent non-executive Directors and the enforcement of the Deed of Non-competition Undertaking;
- (iii) the Company will disclose decisions on matters reviewed by the independent non-executive Directors relating to compliance and enforcement of the non-competition undertaking of the Controlling Shareholder under the Deed of Non-competition Undertaking in the annual reports of the Company; and
- (iv) the Controlling Shareholder will make an annual declaration on compliance with his undertaking under the Deed of Non-competition Undertaking in the annual reports of the Company.