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DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

DIRECTORS

The Board consists of six Directors, including two executive Directors, one non-executive Director and three independent non-executive Directors. The following table sets forth information regarding members of the Board:

Name	Age	Position	Date of Appointment	Principal Responsibilities
Mr. Fong, Man Kelvin	49	Chairman and executive Director	23 February 2011	Responsible for the overall strategic planning and management of the Group
Mr. Wong, William	39	Chief executive officer and executive Director	23 February 2011	Responsible for investor relations and overseeing the corporate development of the Group
Mr. De Weyer, Daniel Ludovicus Joannes	55	Non-executive Director	22 June 2011	Member of the remuneration committee and nomination committee
Dr. Wong, Hak Kun Jerry	55	Independent non-executive Director	22 June 2011	Member of the audit committee, remuneration committee and nomination committee
Mr. Tam, Kwok Ming Banny	48	Independent non-executive Director	22 June 2011	Chairman of the audit committee, remuneration committee and nomination committee
Mr. Tsoi, Wing Sum	38	Independent non-executive Director	22 June 2011	Member of the audit committee, remuneration committee and nomination committee

Executive Directors

Mr. Fong, Man Kelvin (方文), aged 49, is the chairman of the Company. He was appointed as an executive Director on 23 February 2011. He is responsible for the daily operation of the Group and overall strategic planning and management of the Group. He is also actively involved in designing hotels (including both the leased-and-operated hotels and hotels under the hotel consultancy agreements) and developing the Group’s business. Mr. Fong obtained the degree of bachelor of arts in architecture from the University of Lincoln in the United Kingdom (formerly known as the Humberside College of Higher Education) in July 1985. In February 1989, Mr. Fong obtained the degree of master of science in architecture from the University College London in the United Kingdom. In January 1990, he completed the degree of master of business administration at the University of Sheffield in the United Kingdom. In July 1991, Mr. Fong obtained his postgraduate diploma in architecture from the University College London in the United Kingdom. In 2006, Mr. Fong set up the Welcome Inn Caitian and founded the Group’s business. Mr. Fong is one of the founding members and shareholders of China Learning

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Support Services Limited, a company which provides learning support programme for children with learning difficulties. Mr. Fong is the spouse of Ms. Wong Pit Lai Vera, the marketing manager of the Group.

Mr. Fong was a director and shareholder holding 50% equity interest of Architerior Limited (“**Architerior**”) (formerly known as Universal General Development Limited), an interior design company incorporated in Hong Kong on 28 March 1995. During Mr. Fong’s directorship with Architerior in April 2003, a winding-up petition was filed against Architerior for its failure to repay debts due to financial difficulties amid the burst of the internet bubble in 2000 and the outbreak of the severe acute respiratory syndrome in late 2002 which adversely impacted the general economy. As confirmed by the liquidators of Architerior, the winding-up procedure has been substantially completed and are expected to finalise within this year, and the Official Receiver has already closed his prosecution programme. There was no bankruptcy petition filed against Mr. Fong. Mr. Fong confirmed that there was no wrongful act, fraud or irregularities on his part in leading to the liquidation of Architerior.

Mr. Wong, William (黃樟漢) (formerly named “Mr. Wong, Hiu Fan William (黃曉帆)”), aged 39, is the chief executive officer of the Company. He was appointed as an executive Director on 23 February 2011. Mr. Wong joined the Group and was appointed as a director of Legend Strategy in May 2007. He is responsible for daily operation of the Group, investor relations and overseeing the corporate development of the Group. He also plays an important role in identifying strategic partners and developing the Group’s business. He obtained the bachelor of science in finance from the City University of Hong Kong in 1995. Mr. Wong served in the Hong Kong Police Force from July 1995 to March 2006 and was the Senior Inspector of Police when he left the Hong Kong Police Force in March 2006. Since 2009, Mr. Wong started a food and beverage business in relation to the provision of management and operation services for chain snack shops in Hong Kong. He is the sole shareholder of that company inducting food and beverage business. Mr. Wong participates in strategic decision making for the development of that company and periodically reviews the results of that company.

Non-executive Director

Mr. De Weyer, Daniel Ludovicus Joannes (戴偉仁), aged 55, was appointed as a non-executive Director on 22 June 2011. Mr. De Weyer obtained his diploma for the academic degree of licentiate in applied economics at the Universitaire Faculteiten Sint-Ignatius Antwerpen in July 1978. He also obtained the dealing certificate from International Capital Markets Association (formerly known as International Securities Market Association) foundation certificate in 1996. For the period from June 1981 to September 1988, Mr. De Weyer worked as an administrative employee in a bancassurance company which provides banking and insurance products in Belgium named KBC Global Services NV. For the period from October 1988 to March 1991, Mr. De Weyer worked as an education specialist in SWIFT Education EMEA, La Hulpe, Belgium. For the period from April 1991 to October 2000, he worked as a customer training manager in SWIFT Education Asia-Pacific.

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Since November 2000, Mr. De Weyer started to work in various positions in SWIFT Asia-Pacific including regional head of sales, market infrastructures and partner relations manager and senior relationship manager for key clients.

Independent non-executive Directors

Dr. Wong, Hak Kun Jerry (黃克勤), aged 55, was appointed as an independent non-executive Director on 22 June 2011. Dr. Wong obtained his master of business administration in international management from Royal Melbourne Institute of Technology in Australia in January 1997 and doctorate in business administration from the Bulacan State University in the Republic of the Philippines in November 2006. Dr. Wong also holds a bachelor’s degree in theology from the Alliance Bible Seminary in June 1978 and a master’s degree of Christian Ministry from the Alliance Bible Seminary in June 2005. He had been a clergy in the Christian and Missionary Alliance from July 1978 to May 2006. Dr. Wong has also been the chairman of Happy Tree Social Services since September 2003, a charity organisation, which aims at providing social services to the disadvantaged minorities over the world.

Mr. Tam, Kwok Ming Banny (譚國明), aged 48, was appointed as an independent non-executive Director on 22 June 2011. Mr. Tam was awarded the post-experience certificate in accountancy in 1993 from Hong Kong Polytechnic University (formerly known as Hong Kong Polytechnic). Mr. Tam is a practising certified public accountant in Hong Kong and an associate of the Association of Chartered Certified Accountants. Mr. Tam has over 13 years of experience in accounting and has been working in various positions including partner and practising director in various accounting firms during the period from September 1992 to July 2010. Since September 2010, Mr. Tam became the sole practitioner of YATA, a certified public accounting firm. Mr. Tam is an independent non-executive director of Inner Mongolia Yitai Coal Company Limited, a company listed on the Shanghai Stock Exchange.

Mr. Tsoi, Wing Sum (蔡榮森), aged 38, was appointed as an independent non-executive Director on 22 June 2011. Mr. Tsoi obtained his bachelor’s degree in Pharmacy from the University of the State of New York in 1996. He also obtained a master’s degree in Business Administration from the University of London in 2008. Since 2000, he joined AstraZeneca Hong Kong Limited, a multi-national pharmaceutical company and now serves as an associate sales manager.

Details of the Directors’ emoluments (whether covered by service contracts and letters of appointment or not), the basis of determining our Directors’ emoluments and the proposed length of service as stated in the service contracts are set out under the paragraph headed “Particulars of service contracts” in Appendix V to this document.

Save as disclosed in this document, each of the Directors confirms that he/she (i) did not hold any directorships in the last three years prior to the Latest Practicable Date in public companies the securities of which are listed on any securities market in Hong Kong or overseas; (ii) does not hold any other positions with the Company or other members of

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the Group and (iii) does not have any relationships with any Directors, senior management or substantial or Controlling Shareholders of the Company nor any interests in the Shares within the meaning of [●].

Save as disclosed in this document, there are no other matters concerning all the Directors’ appointment that need to be brought to the attention of the Shareholders and there are no other matters which shall be disclosed pursuant to [●].

SENIOR MANAGEMENT

Ms. He An Ying (何岸英), aged 42, is the administrative manager and human resources manager of the Group. Ms. He joined the Group in December 2005 and is responsible for overseeing the application of various licences required for the operation of the Group, liaising with the relevant government authorities for inspection, purchasing of materials for the operation of the Group’s hotels. Ms. He has worked in various positions within the Group, including the manager of the development department, and the manager of the administrative department in-charge of administration, procurement and development as well as assisting the marketing manager of the Group. Ms. He completed the ISO9001:2000 Internal Quality Auditor Course organised by 康達信管理顧問有限公司 (Kang Daxin Management Consulting Co., Ltd*) in August 2008. Prior to joining the Group, Ms. He was an administrative officer in 深圳春風畢打奧飲食娛樂有限公司 (Shenzhen Chun Feng Ole Better Amusement and Restaurant Co., Ltd*) between August 2003 and March 2005. Ms. He has over seven years of experience in administration and purchase.

Mr. Zhang Guo Xing (張國星), aged 32, is the finance manager of the Group. Mr. Zhang joined the Group in July 2007 and is responsible for overseeing the finance department of the Group. Prior to joining the Group, Mr. Zhang worked as an accountant in Chan, Wong, Chung Consultant Services (Shenzhen) Co., Ltd. from February 2001 to April 2003. He worked in Wah Heng Toys (Shenzhen) Co., Ltd. from May 2003 to September 2004 with his last position being an audit supervisor in the internal audit department. He has then worked as an auditor in Namtai Electronic (Shenzhen) Co., Ltd. from September 2004 to December 2004, and as a finance manager in 港粵國際遊艇有限公司 (Hong Kong and Guangdong International Yacht Co., Ltd.*) from January 2005 to July 2007. Mr. Zhang studied industrial management and obtained a bachelor’s degree in engineering from Hunan University in the PRC in September 2001. He also obtained a qualification certificate of Speciality and Technology in Accounting of intermediate level issued by 中華人民共和國人事部 (Ministry of Personnel*) in May 2004. He has over nine years of experience in accounting.

Ms. Li Yu Zhen (李玉珍), aged 48, is a senior district manager of the Group. Ms. Li joined the Group in January 2006 and is responsible for supervision of hotel operation, hotel room sales and customer relations. Ms. Li has worked in various positions within the Group, including hotel manager since August 2008 and district senior manager since April 2009. Ms. Li obtained several awards in the hotel industry, including the Advanced Worker Award (先進工作者), for her outstanding performance. Prior to joining the Group, Ms. Li worked in 深圳晶都企業有限公司 (Shenzhen Oriental Regent Enterprise Ltd*), a company

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engaged in hotel business in Shenzhen, from April 1988 to May 1996. Ms. Li then worked in 深圳國旅酒店有限公司 (Shenzhen CITS Hotel Co., Ltd*) from May 1996 to October 2005. Ms. Li has over 23 years of experience in hotel management operation.

Ms. Wong Pit Lai Vera (黃勺庭), aged 40, was appointed as the marketing manager of the Group in June 2011. Ms. Wong joined the Group since February 2011 as the director of Yuelai Inn. Ms. Wong obtained her bachelor degree in Clothing from Hong Kong Polytechnic University in 1992 and her master of science degree in Management (Business) from Hong Kong Polytechnic University in 2000. She worked in a garment company named New Kids Company Limited as office manager from 1992 to 1996. She then joined Architerior in 1996 as its marketing manager until 2001. Ms. Wong has been the presidential director of Nu Skin Enterprises Hong Kong, Inc. since 2003. She is the spouse of Mr. Fong.

COMPANY SECRETARY

Mr. Kam, Tik Lun (金迪倫), aged 35, was appointed as the company secretary of the Company on 14 March 2011. Mr. Kam is responsible for the company secretarial functions of the Group. Mr. Kam was admitted as a certified public accountant of the Hong Kong Institute of Certified Public Accountants in February 2009, a member of The Association of Chartered Certified Accountants in August 2008 and a member of The Canadian Institute of Mining, Metallurgy and Petroleum in June 2010. Mr. Kam obtained a bachelor’s degree in commerce from the Concordia University, Montreal, Quebec, Canada in October 2001, a postgraduate diploma in international corporate and financial law in July 2010 from the University of Wolverhampton in October 2010 and a master of laws in international corporate and financial law from the University of Wolverhampton in October 2010. For the period from December 2004 to December 2005, Mr. Kam worked as a financial analyst in IBM China/Hong Kong Limited. Mr. Kam then worked as a senior consultant in BMI Consultants Limited from December 2005 to February 2007. Since 2008, Mr. Kam has been serving as a director in ASK Consultants Limited. Mr. Kam is an independent non-executive director of China 3D Digital Entertainment Limited, a company listed on [●].

COMPLIANCE OFFICER

The compliance officer of the Company is Mr. Wong, William. Please refer to the subsection headed “Directors” under this section for the biography of Mr. Wong.

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EMPLOYEES

As at the Latest Practicable Date, the Group had 118 employees. The Directors are of the opinion that staff of the Group is one of the most valuable assets and has contributed to the success of the Group. As at the Latest Practicable Date, the employees of the Group were categorised as follows:

Functions	Number of employees
Hotel operations	100
Business development	5
Accounting and finance	7
Sales and marketing	3
Human resources	2
Company secretarial	1
	<u>118</u>

Leveraging on their experience and expertise on hotel operations, there are twelve persons in various business functions engaging in the provision of hotel consultancy services. The entire business development team is responsible for overseeing the various stages of provision of hotel consultancy services, including negotiating with prospective customers of hotel consultancy services, selecting potential hotel sites and negotiating with land/property owners, conducting market research and feasibility analysis, drafting operating procedures and quality manual, designing the hotel and selecting construction contractors. The business development team is led by Mr. Fong and Mr. Wong together with Ms. He, a designer, and an administrative assistant. Mr. Fong and Mr. Wong are mainly responsible for negotiating with potential hotel investors, site selection and negotiating with property/land owners. Mr. Fong, together with the designer are responsible for designing the hotel interiors. Ms. He is mainly responsible for negotiating with property/land owners, coordinating the feasibility analysis and the preparation of the operating procedures and quality manual. Please refer to the sub-sections headed “Directors” and “Senior Management” in this section for the biographies of Mr. Fong, Mr. Wong and Ms. He. Five hotel branch managers from the hotel operation team will assist in the drafting of the operating procedures and quality manual. Further, the finance manager from the accounting and finance team will assist in performing the financial feasibility analysis. A construction manager from the hotel operation team will assist in selecting the construction contractors.

Management holds daily briefing with individual employee to review his/her performance and also has regular monthly meetings with all employees to review their performance as a whole to ensure the Group’s quality of services remains up to the standard.

For the two years ended 31 December 2010, the Group incurred employee costs of HK\$3,482,436 and HK\$4,039,804, respectively, representing approximately 15.2% and approximately 17.0% of the Group’s operating costs, respectively.

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Training and development

The Group puts heavy weight on the training and development of its employees. The Group has implemented in-house training before commencement of operation of each hotel and also provided on-the-job training programmes to its employees in accordance with ISO 9001:2008 manual to ensure the maintenance of the quality of hotel services. Newcomers are normally given on-the-job training by experienced employee(s) to ensure that the newcomers are equipped with all necessary skills to perform their duties.

THE GROUP’S RELATIONSHIP WITH STAFF

The Directors believe that the Group maintains a good working relationship with its employees. As at the Latest Practicable Date, the Group had not experienced any significant turnover of middle to senior level staff nor any disruption to its business operations due to labour disputes.

EMPLOYEE BENEFITS

The Group participates in the retirement schemes as required under the relevant PRC laws and regulations. In addition, the Group maintains medical and work related insurance schemes for its employees. Apart from the foregoing, the Group also provides staff quarters or housing allowance to its employees.

As required by the PRC laws and regulations, the Group contributed approximately 11.7% to 19.4% of its employees’ basic salaries to the statutory pension fund during the Track Record Period. The Group’s contribution to the statutory pension fund are charged to the consolidated statements of comprehensive income as and when incurred. The Group also provides its employees with medical insurance, work-related injury insurance, maternity insurance, and unemployment insurance, each as required by PRC laws and regulations. For the two years ended 31 December 2010, the Group’s total expenses under the social insurance contribution were approximately HK\$602,553 and HK\$776,092, respectively.

The Group has received confirmation letters from the local governmental authorities indicating that the Group has made all requisite contribution to the aforesaid social insurance contribution in a timely manner according to local laws and regulations and there was no record of any non-compliance with the local regulations. Notwithstanding, during the Track Record Period, the Group has not fully paid and has not been required by the relevant local authorities to fully pay the social insurance contributions. The basis of the contribution paid deviated from the contribution calculated based on the PRC laws and regulations. The Group has therefore not fully paid and has not been required by the relevant local authorities to fully pay the social insurance contribution for some of the Group’s employees. Further details of the Group’s social insurance contribution are set out in the sub-section headed “Litigation and legal compliance” under the section headed “Business” of this document.

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REMUNERATION POLICY

The Directors and senior management receive compensation in the form of salaries, benefits in kind and discretionary bonuses with reference to salaries paid by comparable companies, time commitment and the performance of the Group. The Group also reimburses them for expenses which are necessarily and reasonably incurred for the provision of services to the Group or executing their functions in relation to the operations of the Group. The Group regularly reviews and determines the remuneration and compensation package of the Directors and senior management, by reference to, among other things, the respective responsibilities of the Directors and the senior management and the performance of the Group.

After [●], the Directors and senior management may also receive options to be granted under the Share Option Scheme.

BOARD COMMITTEES

Audit committee

The Company established an audit committee pursuant to a resolution of the Directors passed on 22 June 2011 with written terms of reference in compliance with [●]. The written terms of reference of the audit committee was adopted in compliance with [●]. The primary duties of the audit committee, among other things, are to make recommendation to the Board on the appointment, reappointment and removal of external auditor; review the financial statements; and oversee the financial reporting system and internal control procedures of the Company. At present, the audit committee of the Company consists of three members, namely Mr. Tam, Kwok Ming Banny, Dr. Wong, Hak Kun Jerry and Mr. Tsoi, Wing Sum. Mr. Tam, Kwok Ming Banny is the chairman of the audit committee.

Remuneration committee

The Company established a remuneration committee pursuant to a resolution of the Directors passed on 22 June 2011 with written terms of reference in compliance with [●]. The primary duties of the remuneration committee are to make recommendation to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group; review performance based remuneration, and ensure none of the Directors determine their own remuneration. The remuneration committee consists of five members, namely Mr. Tam, Kwok Ming Banny, Dr. Wong, Hak Kun Jerry, Mr. Tsoi, Wing Sum, Mr. Wong and Mr. De Weyer. Mr. Tam, Kwok Ming Banny is the chairman of the remuneration committee.

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Nomination committee

The Company established a nomination committee pursuant to a resolution of the Directors passed on 22 June 2011. Written terms of reference in compliance with [●] have been adopted. The primary function of the nomination committee is to make recommendations to the Board regarding appointment of Directors and candidates to fill vacancies on the Board. The nomination committee consists of five members, namely Mr. Tam, Kwok Ming Banny, Dr. Wong, Hak Kun Jerry, Mr. Tsoi, Wing Sum, Mr. Wong and Mr. De Weyer. Mr. Tam, Kwok Ming Banny is the chairman of the nomination committee.