

Haichang Holdings Ltd.
海昌控股有限公司
(the “Company”)

INDEPENDENT BOARD COMMITTEE – TERMS OF REFERENCE

Constitution

1. The Independent Board Committee (the “Committee”) was established by the board of directors (the “Board”) of the Company on February 23, 2014.

Membership

2. The Committee members shall consist of not less than three members, and all members should be the independent non-executive directors of the Company. Quorum for a meeting shall not be less than two members.
3. The company secretary of the Company or such person appointed by the Committee shall act as the secretary of the Committee.

Duties

4. The primary duty of the Committee is to perform its obligations under the Deed of Non-Competition entered into by Qu Naijie, Haichang Group Limited (collectively the “Controlling Shareholders”) and the Company on February 23, 2014.

4.1 Undertakings in relation to the development of properties

- (a) When the Controlling Shareholders, in accordance with the Deed of Non-Competition, refer to the Company and its subsidiaries (the “Group”) any opportunity to develop, operate, participate and/or otherwise hold any right or interest in any business relating to any properties (the “New Opportunity”), the Committee shall consider the New Opportunity in accordance with the terms of the Deed of Non-Competition.
- (b) If the Committee considers that the pursuit of the New Opportunity would be in the best interests of the Group, the Committee shall consent to the pursuit of the New Opportunity by the Group.
- (c) If the Committee is of the view that the pursuit of the New Opportunity by the Controlling Shareholders will not constitute potential competition with the

business of the Group or pursuit of the New Opportunity is not in the interests of our Group, the Committee shall consent to the pursuit of the New Opportunity by the Controlling Shareholders and it shall have the power to impose conditions and restrictions on the development of the properties by the Controlling Shareholders in order to prevent any form of potential competition.

- (d) The Committee shall disclose the consideration factors and its conclusion in relation to the New Opportunity in the annual report or interim report of the Company.

4.2 Undertakings in relation to the Sale Schedules of Residential Properties

- (a) According to the Deed of Non- Competition, in any city or region where the Group has developed any serviced apartment projects for sale, the Controlling Shareholders, their subsidiaries or associates shall, in the event that they have plans to launch the sale of any residential projects in the same city or region (the “Sale of Residential Properties”), notify the Group the detailed sale terms and all relevant information in writing and the Committee shall have the right to veto the Sale of Residential Properties if it considers that the Sale of Residential Properties would compete against the sale schedule of any projects of the Group.
- (b) If the Group decides to launch its sale of serviced apartment projects in the relevant city or region, the Group shall notify the Controlling Shareholders in writing and the Controlling Shareholders or their subsidiaries or associates can only launch the Sale of Residential Properties after a time gap of six months (the “Time Gap”) from the date on which the Group launches its sale of serviced apartment projects in the same city or region.
- (c) If the Committee is of the view that a longer period of time is necessary for the Group to complete the sale of a significant portion of its serviced apartments before the Controlling Shareholders or their subsidiaries or associates launch the Sale of Residential Properties, the Committee shall have the power to extend the Time Gap.
- (d) The Committee shall disclose the consideration and its conclusion in relation to the above in the annual report or interim report of the Company.

4.3 Option To Purchase And/Or Operate And Manage Excluded Business

- (a) If the Committee considers that the properties developed, operated or owned by the Controlling Shareholders or their subsidiaries or associates (the “Excluded

Business”) or any part of their new businesses will constitute competition against the Group, the Group shall be entitled to (1) an option to purchase any equity interests, assets or other interests which forms part of such business and/or (2) an exclusive right to operate and manage such business.

- (b) The Committee shall review, consider and decide whether the Group should exercise the option to purchase and/or operate and manage the Excluded Business or the new business.
- (c) If the Committee decides to exercise the option, it shall have the power to impose conditions and/or restrictions in order to ensure that the exercise of the option is in line with the Group’s business strategy and business model.
- (d) The Committee shall disclose the consideration and its conclusion to exercise or not to exercise the above rights in the annual report or interim report of the Company.

4.4 Corporate Governance Functions

- (a) For corporate governance, the Committee shall, on an annual basis:
 - (i) review the compliance with and enforcement of the Deed of Non-Competition by the Controlling Shareholders. The Committee shall disclose the results of its review in the annual report of the Company or by way of announcement to the public; and
 - (ii) review all of its decisions made pursuant the Deed of Non-Competition in such year. The Committee shall disclose its decisions and the basis for them in the annual report of the Company or by way of announcement to the public.

Meetings

- 5 The Committee may invite any other person to attend its meeting (including senior management of the Company, internal and external auditors, lawyers or consultants) if it considers necessary.
- 6 The Committee shall meet at least three times per annum.

Authority

- 7 The Committee shall have access to such information and advice, whether from sources within or outside the Group, as it deems necessary.
- 8 The Committee shall have rights to seek such opinions from legal or other professional consultants as it considers necessary.

Reporting Procedures

- 9 The Committee secretary shall circulate the minutes of meetings of the Committee to all members of the Board.