

### HISTORY, DEVELOPMENT & REORGANISATION

#### Key Corporate and Business Development Milestones

The following events are the key corporate and business development milestones of our Group:

- |      |  |
|------|--|
| 1972 | The predecessor of FEC became a listed company on the Stock Exchange. FEC is our Controlling Shareholder with subsidiaries primarily engaged in property development and investment, hotel investment and operations and car park operations.  |
| 1998 | Our first hotel in Malaysia, Dorsett Regency Hotel Kuala Lumpur in Kuala Lumpur, commenced operations.   |
| 2000 | The FEC Group further expanded its hotel operations by acquiring control of the operations of two hotels in Hong Kong, namely Dorsett Garden Hotel (formerly known as the Pearl Garden Hotel) and Dorsett Seaview Hotel <sup>1</sup> (formerly known as the Pearl Seaview Hotel). Dorsett Garden Hotel was subsequently disposed of in 2005. |
| 2002 | Construction works for Dorsett Kowloon Hotel in Tai Kok Tsui, Hong Kong commenced.   |
| 2004 | Central Park Hotel in Sheung Wan, Hong Kong and Cosmopolitan Hotel in Wan Chai, Hong Kong both underwent refurbishment works. Construction works for Lan Kwai Fong Hotel @ Kau U Fong in Central, Hong Kong also commenced.  |
| 2005 | Construction works for Dorsett Kowloon Hotel and the refurbishment works for Central Park Hotel were completed and both hotels commenced operations. Cosmopolitan Hotel and Cosmo Hotel also commenced operations.   |
| 2006 | Lan Kwai Fong Hotel @ Kau U Fong and Dorsett Far East Hotel in Tsuen Wan, Hong Kong commenced operations.  |

---

Note:

<sup>1</sup> We acquired the property as a distressed asset by purchasing the debt of a previous owner in 2000 and subsequently converted our interest in the debt to equity in January 2007.

---

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

---

- 2007            The Company was established.
- Lan Kwai Fong Hotel @ Kau U Fong was awarded “The Best Boutique Hotel in Asia” by Travel Weekly.
- We acquired our first hotel in China, Wuhan Cosmopolitan Hotel.
- In Malaysia, the Company acquired Grand Dorsett Subang Hotel (formerly known as Sheraton Subang) and Grand Dorsett Labuan Hotel.
- 2008            Wuhan Cosmopolitan Hotel commenced operations.
- In Malaysia, Dorsett Johor Hotel in Johor Bahru and Maytower Hotel in Kuala Lumpur commenced operations.
- In Hong Kong, Central Park Hotel was a finalist of “Hong Kong’s Leading Boutique Hotel” by World Travel Awards. Lan Kwai Fong Hotel @ Kau U Fong was awarded “Hong Kong’s Leading Boutique Hotel” by World Travel Awards.
- Grand Dorsett Subang Hotel was awarded the “Industry Excellence Award 2008” by the International Trade and Industry Malaysia.
- 2009            Construction works for The Mercer by Kosmopolito in Sheung Wan, Hong Kong and Dorsett Regency Kwun Tong, Hong Kong in Kwun Tong, Hong Kong commenced. Both hotels are scheduled to commence operations in 2011.
- In Hong Kong, Cosmopolitan Hotel was named one of the few “Comfortable Hotels in Hong Kong” by the “Michelin Hong Kong & Macau Guide 2009” and was appointed as one of the hotel hosts of the 2009 East Asian Games. Lan Kwai Fong Hotel @ Kau U Fong was awarded “Asia’s Leading Boutique Hotel” by World Travel Awards, the “Hong Kong Business’s High-Flyer Award” in the boutique hotel category and “The Best Designed & Boutique Hotel of China” by China Hotel Starlight Awards.
- In Malaysia, Dorsett Johor Hotel was awarded the “Johor Tourism Award – Gem’s Award” by the Johor Ministry of Tourism.
- We acquired the site for our first Singapore hotel, Dorsett Regency “On New Bridge”, Singapore.

---

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

---

2010 Construction works for Cosmo Kowloon Hotel in Tai Kok Tsui, Hong Kong were completed and the hotel commenced operations.

Construction works for Dorsett Regency Kennedy Town, Hong Kong in Kennedy Town, Hong Kong was nearly completed and the hotel is expected to open in 2011. Construction works for Dorsett Regency Kwai Chung, Hong Kong in Kwai Chung, Hong Kong is in progress and the hotel is expected to commence operations in 2012.

In China, Yue Shanghai Hotel commenced operations.

Hotel Kosmopolito City Centre, Chengdu, in Chengdu, PRC commenced refurbishment and is scheduled to be completed in 2010. Another hotel in China, the Dorsett Regency CBD, Zhongshan in Zhongshan, PRC, is scheduled to open in 2011.

In Singapore, the planning of Dorsett Regency "On New Bridge", Singapore, a proposed hotel and residential development, commenced and the hotel is expected to commence operations in 2013.

We entered into the hotel management agreement business by signing our first letter of intent with an independent third-party to operate a hotel with a total of approximately 400 rooms in Huangshi, Hubei Province, which we expect to operate under our "Hotel Kosmopolito" brand, which is expected to commence operations in 2013. Our PRC legal advisor has advised us that the letter of intent is legally binding.

In Hong Kong, Cosmopolitan Hotel was named as one of the few "Comfortable Hotels in Hong Kong" by the "Michelin Hong Kong & Macau Guide 2010".

As at the Latest Practicable Date, the Group owned and operated eight hotels in Hong Kong, two hotels in the PRC and five hotels in Malaysia. The Group also owned and was developing or planning four hotels in Hong Kong, two hotels in PRC and one hotel in Singapore.

### **OUR COMPANY**

We were incorporated in the Cayman Islands on 23 January 2007 under the Companies Law under the name Hong Kong Hotel REIT Holdings Limited. We subsequently changed our name to Dorsett International Group Limited on 3 November 2009 and later to Kosmopolito Hotels International Limited on 17 February 2010.

### **REORGANISATION**

In anticipation of the Listing, our Group underwent a reorganisation to consolidate the hotel development and management businesses of the FEC Group from the FEC Group into our Group in preparation for the Listing. As a result, our Company became the holding company of our Group and the following events took place:

- (a) On 23 January 2007, our Company was duly incorporated in the Cayman Islands with an authorised share capital of US\$50,000 divided into 50,000 shares of par value of US\$1.00 each. One Share of which was issued fully-paid and transferred by the subscriber to Ample Bonus.

---

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

---

- (b) On 25 January 2010, 100% of the shareholding interest in Dorsett Hotels & Resorts International was transferred to the Company by FECL for a cash consideration of HK\$2.00 based on the par value of the transferred shares funded by internal resources of our Group.
- (c) On 25 January 2010, 100% of the shareholding interest in Kosmopolito Hotels International Services was transferred to the Company by Amphion Investment Limited and FECL for a cash consideration of HK\$2.00 based on the par value of the transferred shares funded by internal resources of our Group.
- (d) On 5 May 2010, 100% of the shareholding interest in Excel Chinese was transferred to Havena, a subsidiary of our Company, by FECL for a cash consideration of HK\$1.00 based on the par value of the transferred share funded by internal resources of our Group.
- (e) On 28 May 2010, 100% of the shareholding interest in Hong Kong (SAR) Hotel was transferred to Havena, a subsidiary of our Company, by FECL for a cash consideration of HK\$10,000 based on the par value of the transferred shares funded by internal resources of our Group.
- (f) On 22 June 2010, Ching Chu (Shanghai) transferred its 48% equity interests in Shanghai Ching Chu Trading out of the Group to Shanghai Chingchu Property Development, a subsidiary of FEC which owns the remaining 52% equity interests of Shanghai Ching Chu Trading, for a cash consideration of RMB240,000 based on the value of the share capital of RMB500,000 of which 48% was contributed by Ching Chu (Shanghai) funded by internal financial resources of the FEC Group.
- (g) On 26 August 2010, 100% of the shareholding interest in Esmart Management was transferred to Havena, a subsidiary of our Company, by FECL and Kosmopolito Hotels International Services for a cash consideration of HK\$2.00 based on the par value of the transferred shares funded by internal resources of our Group.
- (h) On 26 August 2010, 100% of the shareholding interest in Panley was transferred to Havena, a subsidiary of our Company, by FECL for a cash consideration of HK\$1.00 based on the par value of the transferred share funded by internal resources of our Group.
- (i) On 27 August 2010, 100% of the shareholding interest in Ruby Way was transferred to Havena, a subsidiary of our Company, by FECL for a cash consideration of HK\$2.00 based on the par value of the transferred shares funded by internal resources of our Group.
- (j) On 30 August 2010, 100% of the shareholding interests in Tang Hotel was transferred by FECL through Madison Lighters & Watches Company Limited to Tang Hotel Investments, a subsidiary of our Company for a cash consideration of S\$1.00 based on the issue price of the transferred shares funded by internal resources of our Group.
- (k) On 13 September 2010, 100% of the shareholding interest in Everkent Development was transferred to Havena, a subsidiary of our Company, by FECL for a cash consideration of HK\$2.00 based on the par value of the transferred shares funded by internal resources of our Group.

---

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

---

- (l) On 14 September 2010, 100% of the shareholding interest in Giovanna Holdings was transferred to FECL, by our Company for a cash consideration of US\$1.00 based on the par value of the transferred share funded by internal resources of the FEC Group.
- (m) On 17 September 2010, 100% of the shareholding interests in Havena was transferred by FECL to the Company for a cash consideration of US\$1.00 based on the par value of the transferred share funded by internal resources of our Group.
- (n) On 17 September 2010, 100% of the shareholding interest in Jade River Profits was transferred by FECL to the Company for a cash consideration of US\$2.00 based on the par value of the transferred shares funded by internal resources of our Group.
- (o) On 17 September 2010, 100% of the shareholding interests in Rosicky was transferred by FECL to the Company for a cash consideration of US\$1.00 based on the par value of the transferred share funded by internal resources of our Group.
- (p) On 17 September 2010, 100% of the shareholding interest in Wonder China was transferred by FECL to the Company for a cash consideration of US\$1.00 based on the par value of the transferred share funded by internal resources of our Group.
- (q) On 17 September 2010, 100% of the shareholding interest in Full Benefit was transferred by FECL to the Company for a cash consideration of US\$1.00 based on the par value of the transferred share funded by internal resources of our Group.
- (r) On 17 September 2010, 100% of the shareholding interests in Dorsett Regency Hotel (M) was transferred by FEC through FEC Development (M) to the Company for a cash consideration of RM5,000,000 based on the par value of the transferred shares funded by internal resources of our Group.
- (s) On 17 September 2010, 100% of the shareholding interests in Tang Hotel Investments was transferred by FECL through Madison Lighters & Watches Company Limited to the Company for a cash consideration of S\$2.00 based on the issue price of the transferred shares funded by internal resources of our Group. Such transfer has been approved by the Singapore Urban Redevelopment Authority subject to certain conditions.

As part of the Reorganisation, the Capitalisation Issue of 1,730,000,000 shares allotted and issued, credited as fully paid-up, to FEC in settlement of HK\$1,859.8 million representing a net amount due from our Company to the FEC Group as at 31 March 2010. The Capitalisation Issue is conditional on the Global Offering becoming unconditional and will be effected simultaneously with the issue of the Offer Shares.

### **PROPOSED SPIN-OFF OF THE GROUP FROM FEC**

FEC has concluded that the Group's business has grown to a size which merits a separate listing and that such listing will be beneficial to the Group for the following reasons:

- (a) it provides flexibility and a separate fund raising platform for the Group in raising future funds from the capital markets to support its growth as well as acquisitions;
- (b) it essentially separates the business of property development from the business of hotel investment, operation, management and development. Such segregation enables investors and financiers to appraise the strategies, functional exposure, risks and returns of the hotel investment, operation, management and development business separately and may attract new investors who are seeking investment opportunities in a group with specialised expertise and a business focus in the hotel industry in China and other regions of the Asia Pacific. Investors will have the choice to invest in either one or both of the business models;
- (c) it will enable the management teams of the FEC Group and the Group to focus on the respective core business of the two groups, thereby enhancing efficiency in their respective decision-making processes and responsiveness to market changes;
- (d) FEC intends to maintain a more than 50% equity interest in the Company. Accordingly, FEC will continue to benefit from any potential upside in the hotel investment, operation, management and development business to be owned by the Group through consolidation of financial results generated by the Group; and
- (e) as a listed company, the Company will be able to offer an equity based incentive program (such as a share option scheme or share award scheme) to its employees that correlates directly to the performance of the hotel investment, operation, management and development business. The Company would therefore be in a better position to motivate its employees with incentive programs that are closely aligned with the objective of value creation for the Shareholders.

### **FURTHER INFORMATION OF OUR SUBSIDIARIES**

The principal business nature of each of our Group's subsidiaries is set out in the section headed "Definitions — Companies within our Group" in this prospectus.

Details of the subsidiaries which have undergone changes in their respective share capitals during the two years immediately prior to the date of this prospectus are set out in the section headed "Statutory and General Information — A. Further Information About Us — 5. Changes in share capital of subsidiaries" in Appendix VI to this prospectus. In particular, Ching Chu (Shanghai) obtained approval from Shanghai Municipal Commission of Commerce on 7 August 2009 to increase its registered capital by US\$11 million from US\$5 million to US\$16 million but the capital failed to be paid in time. Ching Chu (Shanghai) did not make the relevant contribution at the time as the FEC Group decided that it would be in the interests of the Group to delay making the required capital contribution and hence applied for a further extension. Ching Chu (Shanghai) applied for and has obtained the approval from Shanghai Municipal Commission of Commerce on 9 July 2010, according to which, the shareholder of Ching Chu (Shanghai) shall pay 20% of the increased capital as the first installment (i.e. US\$2.2 million) before filing the resolutions and the remaining 80% (i.e. US\$8.8 million) shall be paid within 2 years from the issuance date of the renewed business licence. Our PRC legal advisors have advised that the Shanghai Municipal Commission of Commerce is the proper authority in PRC to grant the extension, and this extension is final and conclusive. As at the Latest Practicable Date, the Company has paid approximately 34.5% of the increased capital as the first installment (US\$3,800,010) and is in the process of renewing the business licence. The Company's PRC legal advisors have also advised that, upon obtaining the renewed business licence, the likelihood of the relevant PRC authorities imposing penalties on Ching Chu (Shanghai) for its failure to pay the increased capital contribution and to file the respective resolutions in time is remote.

During the Track Record Period, no director or senior manager of the Group has resigned except for Tengku Ahmad Faizal Mohamed, the resident manager of Dorsett Johor Hotel from 28 March 2008 to 12 June 2010 who resigned and joined another resort hotel in Johor Bahru, Malaysia. The Directors confirm that there are no personal conflicts and/or any disagreements between the Group and the resigned general manager.

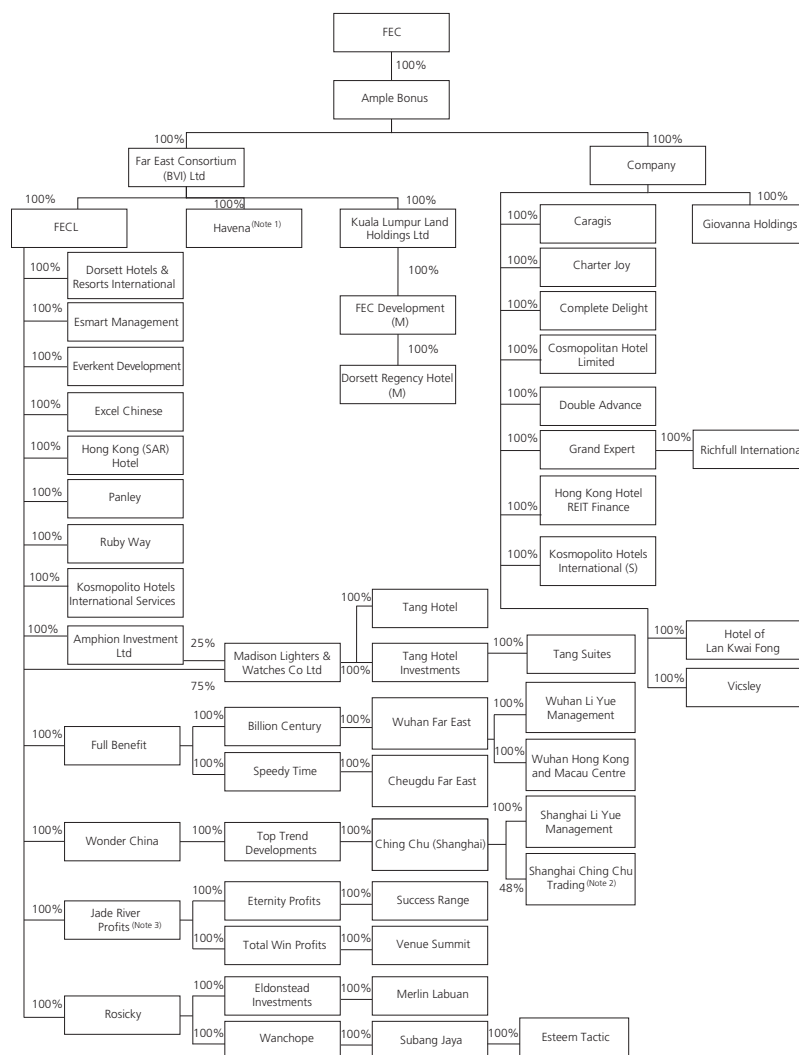
# HISTORY, REORGANISATION AND CORPORATE STRUCTURE

## CORPORATE STRUCTURE

### Corporate Structure Immediately Prior to the Reorganisation

The following chart sets forth the corporate structure of our Group, immediately prior to the Reorganisation:

**Group Chart immediately before Reorganisation**



#### Notes:

- 1 Prior to the Reorganisation, Havena was 100% wholly owned by Far East Consortium (BVI) Limited. Far East Consortium (BVI) Limited transferred its interests in Havena to FECL on 7 April 2010.
- 2 Prior to the Reorganisation the remaining 52% equity interests of Shanghai Ching Chu Trading was owned by Shanghai Chingchu Property Development.
- 3 Jade River Profits was acquired by FEC from Tan Sri Dato' David Chiu (邱達昌), one of our non-executive Directors and chairman of the Board, on 1 October 2008 (the "Jade River Acquisition"). The consideration of HK\$331.4 million was agreed to between the parties based on arm's length negotiations and the provisional valuations prepared by the independent valuer engaged by FEC to value the properties to be acquired in the Jade River Acquisition. The properties acquired in the Jade River Acquisition are currently being operated by our Group as the Maytower Hotel and the Dorsett Johor Hotel. The acquisition was accounted for and reflected in the Group's financial statements as an addition to property, plant and equipment.

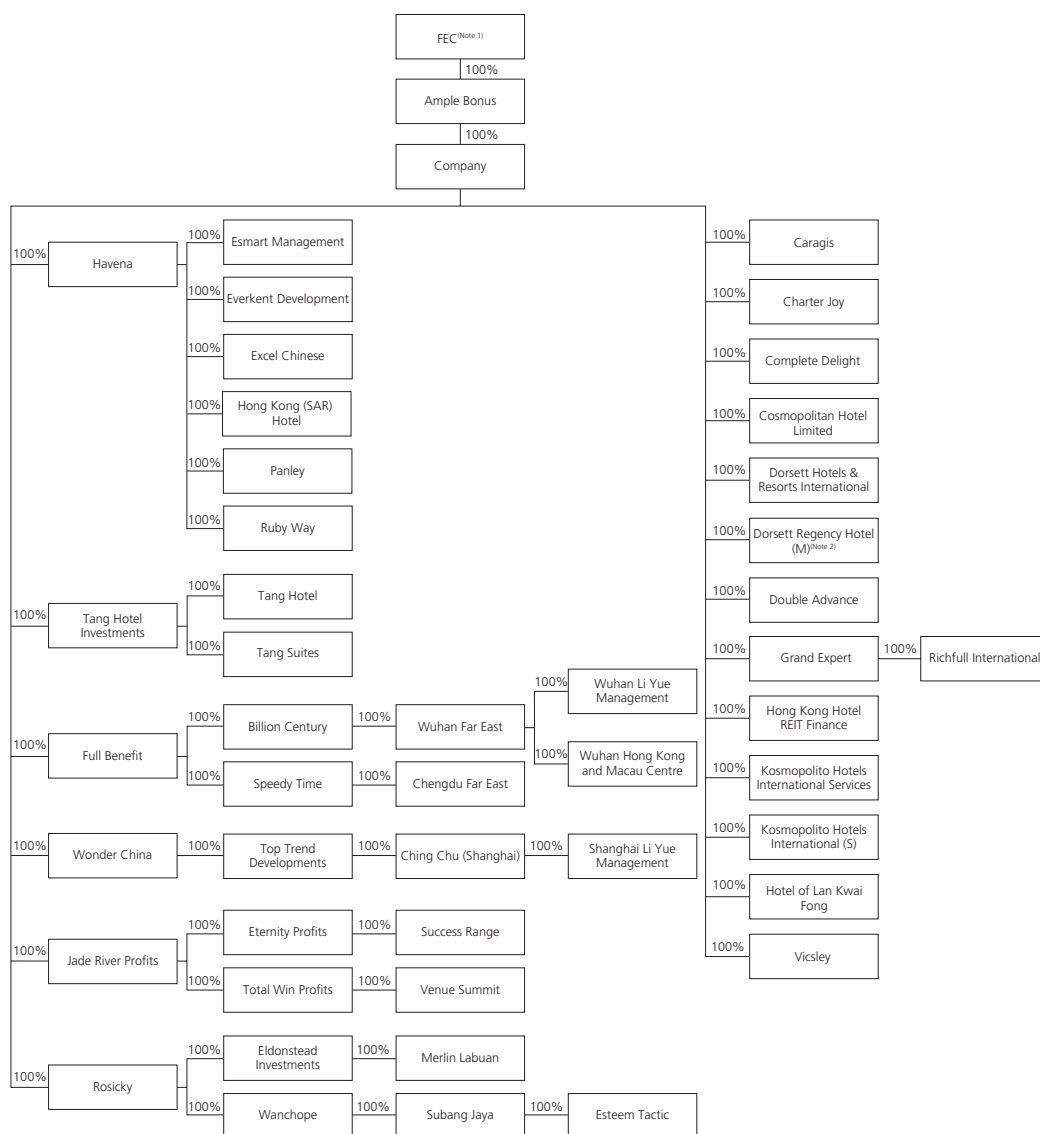


# HISTORY, REORGANISATION AND CORPORATE STRUCTURE

## Corporate Structure Immediately Prior to the Global Offering

The following chart sets forth the corporate structure of our Group, after the Reorganisation and immediately before the Global Offering:

### Group Chart after Reorganisation and immediately before the Global Offering



#### Notes:

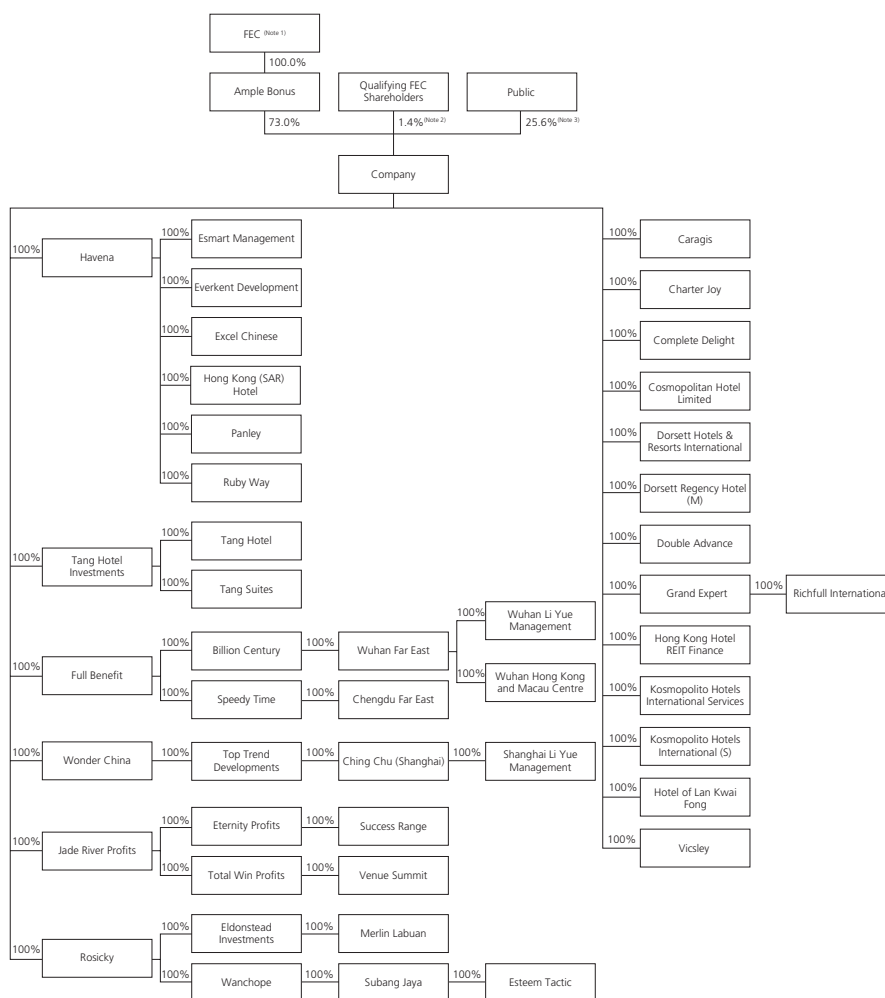
- As at the Latest Practicable Date, the substantial shareholders of FEC include Tan Sri Dato' David Chiu (邱達昌) and details of his interests in FEC are disclosed in the section headed "Statutory and General Information — C. Further Information About Directors and Substantial Shareholders — 4. Interests and/or short positions of our Directors in our Shares, underlying shares or debentures of our Company and our associated corporations — Long positions in the shares of our associated corporations (as defined in the SFO)" in Appendix VI to this prospectus.
- As at the Latest Practicable Date, the agreement for the sale and purchase of shares in Dorsett Regency Hotel (M) from FEC Development (M) to the Company has been duly signed. Upon the stamping of the form of transfer of securities or a waiver or exemption to the payment of the stamp duty being obtained, the Company's interest in Dorsett Regency Hotel (M) will be registered.

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

### Corporate Structure Upon Completion of the Global Offering

Immediately following the Global Offering, there will be no change to our interests in the companies comprising our Group. The following chart sets forth the corporate structure of our Group immediately following completion of the Capitalisation Issue and Global Offering but excluding Shares which may be sold by the Selling Shareholder or issued by the Company pursuant to the exercise of the Over-allotment Option or options granted under the Share Option Scheme:

**Group Chart immediately after the Capitalisation Issue and Global Offering**



**Notes:**

- 1 As at the Latest Practicable Date, the substantial shareholders of FEC include Tan Sri Dato' David Chiu (邱達昌) and details of his interests in FEC are disclosed in the section headed "Statutory and General Information — C. Further Information About Directors and Substantial Shareholders — 4. Interests and/or short positions of our Directors in our Shares, underlying shares or debentures of our Company and our associated corporations — Long positions in the shares of our associated corporations (as defined in the SFO)" in Appendix VI to this prospectus.
- 2 The percentage of Shares held by Qualifying FEC Shareholders is based on the assumption that all Reserved Shares offered under the Preferential Offering have been fully subscribed for by the Qualifying FEC Shareholders.
- 3 The 25.6% interest held by public Shareholders comprises the 12.8% interest to be issued pursuant to the Global Offering, the 12.8% interest offered for sale by the Selling Shareholder under the International Offering. As our Company expects to offer Shares of at least 27% taking into account the Reserved Shares offered under the Preferential Offering, the public float will be at least 25% and our Company will be able to comply with Rule 8.08 of the Listing Rules.