

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Immediately upon the Listing, the Controlling Shareholders, comprising FEC and Ample Bonus, will together be entitled to control the exercise of voting rights of 73% of the Shares eligible to vote in a general meeting of the Company (assuming the Over-allotment Option and the options which may be granted under the Share Option Scheme are not exercised).

Save as disclosed above, there is no other person who will, immediately following completion of the Global Offering (without taking into account any Shares which fall to be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme), be directly or indirectly interested in 30% or more of the Shares then in issue.

INDEPENDENCE FROM THE CONTROLLING SHAREHOLDERS

The Board is satisfied, on the basis of the following matters, that our Company can operate independently of the FEC Group after the Listing.

(a) Financial independence

Upon Listing, the Company will have its own independent internal control and accounting systems, accounting and finance department, treasury function for cash receipts and payments and access to third party financing, save for the loan to Dorsett Regency Hotel (M) which will continue to be guaranteed by Tan Sri Dato' David Chiu (邱達昌).

We entered into various loan agreements with a number of financial institutions where certain of our subsidiaries and the Company or FEC are or have been guarantors of these loans. The Syndicated Loan is, prior to Listing, guaranteed by FEC and also, prior to Listing, secured by a charge given by Ample Bonus over its shares in the Company. In addition, Tan Sri Dato' David Chiu (邱達昌) has provided a personal guarantee for a loan provided to Dorsett Regency Hotel (M). Pursuant to the relevant clauses of such loan agreements and their related guarantees, the Reorganisation may constitute a default of some of the loan agreements unless written consents from the financial institutions involved have been obtained. As at the Latest Practicable Date, we have obtained written consents as required from the relevant financial institutions.

Pursuant to the terms of the Amended Syndicated Loan, the relevant financial institutions have also agreed to the release of FEC as guarantor and to discharge the share charge given by Ample Bonus under the relevant loan agreements immediately prior to Listing. The loan to Dorsett Regency Hotel (M) will continue to be guaranteed by Tan Sri Dato' David Chiu (邱達昌) Such guarantee was not released as the financial institutions did not agree to releasing Tan Sri Dato' David Chiu (邱達昌) from his personal commitment under the loan to Dorsett Regency Hotel (M). The Directors are of the view that the continuity of this personal guarantee from Tan Sri Dato' David Chiu (邱達昌) does not affect the Company's financial independence as the outstanding principal amount of this loan as at 31 July 2010 was approximately MYR15.1 million (about HK\$37.8 million), representing approximately 1% of our total bank debt of HK\$3,630.4 million as at 31 July 2010.

The loan to Dorsett Regency Hotel (M) will expire on March 2015. In order to eliminate reliance on Tan Sri Dato' David Chiu's (邱達昌) guarantee, such loan will not be refinanced or extended and is intended to be repaid upon maturity. In addition, after Listing, the Company does not intend to enter into any loans that would require guarantees from Tan Sri Dato' David Chiu (邱達昌).

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS AND DIRECTORS

The following sets out the reasons why we believe we are financially independent:–

- (a) we have been able to negotiate the Amended Syndicated Loan and release of other third party guarantees for our other bank loans. The Company has, by entering into the Amended Syndicated Loan, demonstrated that it is able to obtain from a number of independent financial institutions equivalent finance facilities, on a stand-alone basis, given the release of the guarantee given by FEC on Listing. In addition, as of 31 July 2010, we have HK\$880.0 million of unutilised bank loans in place, in the event we are required to repay the HK\$37.8 million loan to Dorsett Regency Hotel (M); and
- (b) The Company's business operations are in relatively mature and developed markets.

(b) Independence of boards and management

FEC and our Company have boards of directors that function independently of each other.

The following table shows the details of the directorships or management of our Company upon Listing and that of FEC as at the Latest Practicable Date:

Name of directors	Our Company	FEC
CHIU, Deacon Te Ken (邱德根).....	None	Executive Director
CHIU, David (邱達昌).....	Non-executive Director	Executive Director
CHIU, Dennis (邱達成).....	None	Executive Director
WILLIAMS, Craig Grenfell.....	None	Executive Director
CHIU, Ching Lan Ju (邱裘錦蘭).....	None	Non-executive Director
CHIU, Daniel Tat Jung (邱達強).....	None	Non-executive Director
JIANG, Jian Yin (江劍吟).....	None	Independent non-executive Director
CHAN, Kwok Wai (陳國偉).....	None	Independent non-executive Director
WONG, Peter Man Kong (王敏剛).....	None	Independent non-executive Director
MOK, Kwai Pui Bill (莫貴標).....	Executive Director	Company secretary
CHU, Chee Seng (朱志成).....	Executive Director	None
LAI, Wai Keung (賴偉強).....	Executive Director	None
CHIU, Wing Kwan Winnie (邱詠筠)...	Executive Director	None
IP, Hoi Wah Edmond (葉海華).....	Non-executive Director	None
HOONG, Cheong Thard (孔祥達).....	Non-executive Director	Managing Director
CHAN, Chi Hing (陳志興).....	Non-executive Director	Chief Operating Officer
SHEK, Lai Him Abraham (石禮謙).....	Independent non-executive Director	None
TO, Peter (杜彼得).....	Independent non-executive Director	None
LIU, Ngai Wing (廖毅榮).....	Independent non-executive Director	None

Our Company will maintain a sufficient level of independence of directorship and management from FEC and will have a team of full-time senior management and employees who operate independently from FEC.

The majority of the directors of the Company will have no role in and are independent of FEC. Tan Sri Dato' David Chiu (邱達昌), Mr. Hoong Cheong Thard (孔祥達) and Mr. Chan Chi Hing (陳志興), are our non-executive Directors. Tan Sri Dato' David Chiu (邱達昌) and Mr. Hoong Cheong Thard (孔祥達), an executive director and the managing director of FEC, respectively, are responsible for the overall strategic and business development of the FEC Group. Mr. Chan Chi Hing (陳志興), the chief

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operating officer of FEC, is responsible for the overall business development and the day to day operations of the FEC Group. Each of the above non-executive Directors will not be participating in the day-to-day management of the Group after Listing and each will abstain from voting on any relevant board resolution of the Company in which FEC has a conflict of interest.

Although they are non-executive Directors who are not involved in the day-to-day activities of the Group, the Board may from time to time leverage on Tan Sri Dato' David Chiu (邱達昌) and Mr. Chan Chi Hing's (陳志興) extensive expertise in the hotel management, operations and development business, as well as Tan Sri Dato' David Chiu (邱達昌) and Mr. Hoong Cheong Thard (孔祥達) capital markets and hotel experience. While they are non-executive Directors, they will continue to maintain their pre-existing operational roles in FEC. Despite the above overlapping roles between the two companies, there is no issue of concern over the non-executive Directors' duties of care and loyalty towards the Company. The overlapping management members of FEC will not be participating in the day-to-day management of the Group after the Listing and each of them will abstain from voting on any relevant board resolution of the Company in which the relevant overlapping Director has a conflict of interest. Further, the Company will have in place such corporate governance measures as set out below such that they would only be involved in the Group's business when there is no conflict and hence there should not be any concern over their duties of care and loyalty in cases where they do participate in the management of the Group.

Our president and executive Director, Mr. Mok, Kwai Pui Bill (莫貴標) is currently the chief financial officer of the FEC Group. It is proposed that Mr. Mok, Kwai Pui Bill (莫貴標) will relinquish his position as chief financial officer of the FEC Group prior to completion of the Listing but will continue to remain as the company secretary of FEC until a suitable replacement is found. During such period of time, Mr. Mok, Kwai Pui Bill (莫貴標) will be the company secretary for both FEC and the Company.

Save as disclosed above, there will be no overlap of senior management between the FEC Group and the Company.

During the Track Record Period, no remuneration was paid to any of the Directors by the Company. The total remuneration received by Tan Sri Dato' David Chiu (邱達昌) from the FEC Group during the Track Record Period was approximately HK\$2.59 million, HK\$2.58 million and HK\$3.75 million, respectively.

The remuneration policy of the Directors and senior management after Listing are set out in the section headed "Directors and Senior Management — Compensation of Directors" of this prospectus.

Our non-executive Directors, Tan Sri Dato' David Chiu (邱達昌), Mr. Hoong Cheong Thard (孔祥達) and Mr. Chan Chi Hing (陳志興) will continue to be on FEC Group's payroll after Listing. The remaining non-executive Directors and the senior management will not be on the FEC Group's payroll after Listing.

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The following will also be adopted as part of our Company's governance upon Listing:–

- (a) independent non-executive directors' review – the independent non-executive Directors (i) will review such options, pre-emptive rights, rights of first refusal or joint venture opportunities with the FEC Group or Tan Sri Dato' David Chiu (邱達昌), as the case may be, where there is a Permitted Mixed Development; (ii) consider the exercise or non-exercise of the right of first refusal based on the terms and information provided to them and (iii) may engage professional advisers at our Company's cost for advice on matters relating to the above. Unless invited by a majority of the independent non-executive Directors, the executive and non-executive Directors shall absent themselves from such meetings to consider these issues. The parameters used by the independent non-executive Directors in considering the exercise or non-exercise of the right of first refusal include (i) whether the relevant terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) whether the proposals fit into the Company's business profile, the market conditions and commercial considerations at the time of decision;
- (b) increased transparency – FEC will undertake in the Deed of Non-Competition Undertaking, amongst other things, (i) to provide all information necessary for our Company (including the independent non-executive Directors) and our Group's reporting accountants to monitor and review such potential conflicts of interest in respect of any property development including hotel and other mixed use sites including the right of first refusal and any referral of business opportunity; and (ii) to make an annual declaration on compliance with the Deed of Non-Competition Undertaking in our Company's annual report; and
- (c) public disclosure of decisions – our Company will, in its annual report, report on board meetings convened to discuss potential conflicts in respect of any property development including hotel and other mixed use sites including the disclosure of (i) the decisions of the independent non-executive Directors' to pursue or decline any opportunity to engage in projects with FEC with bases like location and whether the proposed project is consistent with the Group's profile and subject to there not being commercial sensitivities or confidentiality, the price and estimated returns specific to the opportunity; and (ii) the result of their review of compliance by FEC and Tan Sri Dato' CHIU David (邱達昌), as the case may be, with the Deed of Non-Competition Undertaking.

The management structure of our Company will include an audit committee, a remuneration committee, a nomination committee and a business development committee to promote a higher level of corporate governance and address any potential conflict of interests between our Company and FEC.

The Articles require Directors to declare the nature of his interest at the meeting of the Board, either specifically or by way of a general notice stating that, by reason of the facts specified in the notice, he is to be regarded as interested in any contracts of a specified description which may be made by the Company. The Articles also provide that a Director who is so interested shall not be entitled to vote (or be counted in the quorum for the resolution) in respect of any board resolution in respect of any contract or arrangement or any other proposal in which the Director or any of his associates has any material interest, except in certain prescribed circumstances, details of which are set out in the section headed "Summary of the Constitution of the Company and Cayman Islands Law — Summary of the Constitution of the Company" in Appendix V to this prospectus and effectively, by abstaining from voting, an interested Director would not participate in a decision in circumstances where he has a potential conflict.

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The majority of independent non-executive Directors may expressly request the executive and non-executive Directors to attend the relevant board meeting for the purposes of assisting the independent non-executive Directors to make an informed decision, although the presence of such executive and non-executive Directors will not constitute part of the quorum or their entitlement to vote in such board resolutions.

(c) Clear delineation of business

Prior to the Listing, the FEC Group (together with the Group) is principally engaged in (i) property development and investment (including hotel development and redevelopment); (ii) hotel investment, operation, management and development; and (iii) car park investment and management. After the Listing, there will be a clear delineation of business between the FEC Group and the Group:-

- (i) the FEC Group will focus on property development and investment, and car park investment and management. The FEC Group will not engage in the Restricted Activity as described below. If there is a mixed development project (i.e. comprising both residential and commercial development) with a hotel portion, the Group will develop or redevelop, as the case may be, the hotel portion and the Group will undertake the hotel investment, operation, management and development. The FEC Group will be permitted to undertake mixed development projects (i.e. comprising both residential and commercial development) where there is no hotel development. If there is a change in use so that part of a mixed development project includes a hotel, the FEC Group could develop the hotel but the Group will be given a right of first refusal to manage the hotel on terms no less favourable than that offered to third parties. The FEC Group shall not operate and manage hotels itself; and
- (ii) our Group will focus on hotel investment, operation, management and development save for any Permitted Mixed Development which, in this prospectus is defined as the "Restricted Activity".

In addition, for so long as Tan Sri Dato' CHIU David (邱達昌) and his associates, directly or indirectly, whether individually or taken together, remain our Controlling Shareholders, he will not and procure that his associates shall not, engage in any Restricted Activity in the Asia Pacific region including Australia, Hong Kong, PRC, Malaysia and Singapore other than:-

- (i) Japan, where Tan Sri Dato' CHIU David (邱達昌) has interests in a listed company in Japan, namely Tokai Kanko Co., Ltd. The Group has no current intention to develop its hotel business in Japan or outside the Asia Pacific region. In addition, Tokai Kanko Co., Ltd currently operates Japanese style hotels, memorial parks (i.e. cemetery) in Japan and Malaysia and engages in leasing of domestic real estate development in Japan. This combination of businesses is not in line with the Group's focus on hotels only; and
- (ii) Permitted Mixed Developments. In this respect, ongoing development by one of his associates, Malaysia Land Properties Sdn. Bhd. in Malaysia, namely Plaza Damas 3 and Cheras Central, will not be transferred into the Group and mixed development projects (i.e. comprising both residential and commercial development) where there is no hotel development. If there is a change in use so that part of a mixed development project includes a hotel, Tan Sri Dato' David Chiu (邱達昌) and his associates could develop the hotel but the Group will be given a right of first refusal to manage the hotel on terms no less favourable than that offered to third parties. Tan Sri Dato' CHIU David (邱達昌) and his associates shall not operate and manage hotels themselves.

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Details of the hotel components of Plaza Damas 3 and Cheras Central are set out as follows:

Name of Development	Location	Rooms	Hotel portion GFA (sq. ft.)	Percentage of total GFA of development	Percentage of total GFA of the Company in Malaysia
Plaza Damas 3	Sri Hartamas, Kuala Lumpur	857 units, 27 storey hotel-cum-service apartments	approximately 120,000	approximately 9%	approximately 5.3%
Cheras Central	Cheras, Kuala Lumpur	still in planning stage	approximately 162,200	approximately 15%	approximately 7.1%

We have been informed that it is not practicable to carve out the sites proposed for the hotel development in Plaza Damas 3 and Cheras Central until completion of the development or project. As advised by our Malaysian legal advisors, the normal practice in Malaysia is that an application for subdivision of the initial title, called the Master Title, is usually done midway through the project but the issue of the subdivided title would only take place after the completion of the development or project as it is only then that a final survey will be done by the surveyors to determine the final built up areas or common areas. We have been informed that the relevant hotels, which are expected to be completed in about three years time, may be 4 or 5 star hotels but no formal decision has been made at this time.

Maytower Hotel and Dorsett Regency Hotel Kuala Lumpur are located within walking distance to Kuala Lumpur's city centre, whereas Plaza Damas 3 and Cheras Central are located more than 5 km from Kuala Lumpur's city centre. As a result, we believe that our hotels in Kuala Lumpur will cater more towards business travelers, due to our proximity to downtown Kuala Lumpur, as compared to Plaza Damas 3 and Cheras Central.

In the Asia Pacific region including but not limited to Australia, Hong Kong, PRC, Malaysia and Singapore, Tan Sri Dato' David Chiu (邱達昌) and his associates are restricted, directly or indirectly, from engaging or having any interest in any hotel investment, operation, management and development (excluding a Permitted Mixed Development). As such, Tan Sri Dato' David Chiu (邱達昌) is generally prevented from having any interest in a hotel management entity other than through the Group.

In the event that there is a Permitted Mixed Development, the first right of refusal to manage any hotel component would be offered to the Group. If the Company, after due consideration, determines that the proposed terms of the hotel management contract are not in the best interests of the Company and its Shareholders, then Tan Sri Dato' David Chiu (邱達昌) would be permitted to offer the hotel management rights to another party on terms no more favorable than those offered to the Company. Even if no other party were to express any interest in those management rights, Tan Sri Dato' David Chiu (邱達昌) would, under the terms of the Deed of Non-Competition Undertaking, not be permitted to manage the hotel himself or through his associates.

If Tan Sri Dato' David Chiu (邱達昌) or our Controlling Shareholders (or the relevant associates) decide to sell a completed hotel in a Permitted Mixed Development, any member of our Group shall be granted a right of first refusal to purchase such hotel on terms no less favourable than those offered to third parties.

(d) Non-competition***FEC's Undertakings***

Under the Deed of Non-Competition Undertaking, FEC (for and on behalf of itself and the FEC Group for the purpose of FEC's undertaking) has undertaken and covenanted with our Company (for itself and on behalf of the Group) that for so long as they and/or their respective associates, directly or indirectly, whether individually or taken together, remain our Controlling Shareholders, each of them will not, and will procure his associates not to:

- (i) directly or indirectly, whether as principal or agent, solely or jointly with other natural person, legal entity, enterprise or otherwise (including but not limited to the case whether as a shareholder, partner, agent, employee or otherwise and whether for profit, reward or otherwise) engage, have an interest in and/or be involved in any business in any form or manner that is, directly or indirectly, in competition with or is likely to be in competition with any Restricted Activity;
- (ii) directly or indirectly, solicit, interfere with or entice away from any member of the Group, any natural person, legal entity, enterprise or otherwise who, to any of Tan Sri Dato' David Chiu's (邱達昌) and FEC's knowledge, as at the date of the Deed of Non-Competition Undertaking and from time to time thereafter, is or has been or will after the date of the Deed of Non-Competition Undertaking be, a customer, supplier, distributor or management, technical staff or employee (of managerial grade or more) of any member of the Group; and
- (iii) exploit its knowledge or information obtained from the Group to compete, directly or indirectly, with the Restricted Activity.

Tan Sri Dato' David Chiu's (邱達昌) Undertakings

Under the Deed of Non-Competition Undertaking, Tan Sri Dato' David Chiu (邱達昌) has undertaken and covenanted with our Company that for so long as he and/or his respective associates, directly or indirectly, whether individually or taken together, remain our Controlling Shareholder, he shall not, and shall procure to the extent it is within his power or control to procure, that his associates shall not:

- (i) directly or indirectly, whether as principal or agent, solely or jointly with other natural person, legal entity, enterprise or otherwise (including but not limited to the case whether as a shareholder, partner, agent, employee or otherwise and whether for profit, reward or otherwise) engage, have an interest in and/or be involved in any business in any form or manner that is, directly or indirectly, in competition with or is likely to be in competition with any Restricted Activity in the Asia Pacific region including but not limited to Australia, Hong Kong, PRC, Malaysia and Singapore but excluding Japan;

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- (ii) directly or indirectly, solicit, interfere with or entice away from any member of the Group, any natural person, legal entity, enterprise or otherwise who, to any of Tan Sri Dato' David Chiu's (邱達昌) and FEC's knowledge, as at the date of the Deed of Non-competition Undertaking and from time to time thereafter, is or has been or will after the date of the Deed of Non-competition Undertaking be, a customer, supplier, distributor or management, technical staff or employee (of managerial grade or more) of any member of the Group; and
- (iii) exploit his knowledge or information obtained from the Group to compete, directly or indirectly, with the Restricted Activity in the Asia Pacific region including but not limited to Australia, Hong Kong, PRC, Malaysia and Singapore but excluding Japan.

For the avoidance of doubt, where the interests of FEC or Tan Sri Dato' David Chiu (邱達昌) and their respective associates in any entity is 50% or less or is in a listed company where he is required to abstain from voting pursuant to the listing rules of that jurisdiction, his procurement obligation is to exercise such voting power which he has and where he is able to do so subject to applicable laws, rules and regulations, and procure his associates to exercise such voting power as they may have and which they are able to do so, in order to effect the terms of the Deed of Non-Competition Undertaking.

As the Group has no current intention to develop its hotel business in Japan or outside the Asia Pacific region because after initial assessment, Japan presents a different operating environment and it may be costly for us to expand into Japan, and given Tan Sri Dato' David Chiu's (邱達昌) interests in two Japanese-style hotels in Japan through his shareholding interests in Tokai Kanko Co., Ltd., Tan Sri Dato' David Chiu's (邱達昌) undertaking only covers the Restricted Activity in the Asia Pacific region (excluding Japan) instead of a wider scope. Further details of Tokai Kanko Co., Ltd. is disclosed under the sub-section headed "— Independence from the Controlling Shareholder — (e) Directors' (excluding independent non-executive directors) interests in business which competes with or are likely to compete with our Group's business" in this section.

Such undertakings by both FEC and Tan Sri Dato' David Chiu (邱達昌) are conditional upon the Listing and:

- (i) any interests in the shares of any member of our Group, are permitted; or
- (ii) the hotel development business in cases where there is a Permitted Mixed Development and any member of our Group has been first offered to manage the hotel upon completion on terms no less favourable than those offered to third parties or discussed such opportunities with our Group, are permitted;
- (iii) provided that where Tan Sri Dato' David Chiu (邱達昌) or our Controlling Shareholders (or the relevant associates) decide to sell a completed hotel contemplated by paragraph (ii) above, any member of our Group shall be granted a right of first refusal to purchase such hotel on terms no less favourable than those offered to third parties;

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- (iv) where the Group wishes to develop a mixed development project which includes, other than a hotel, a residential portion and decides to appoint an independent third party developer for any residential portion, the Group will accord similar rights of first refusal to the FEC Group to develop a residential portion, if any, on terms no less favourable than those offered to third parties; and
- (v) Tan Sri Dato' David Chiu (邱達昌) or our Controlling Shareholders and their respective associates may hold shares or other securities of a listed company engaged in the Restricted Activity where our relevant Controlling Shareholder (and their respective associates) individually or collectively held less than 10% of the issued share capital of such listed company, and provided that Tan Sri Dato' David Chiu (邱達昌) and our relevant Controlling Shareholder (and their respective associates), whether acting singly or jointly, are not entitled to appoint a majority of the directors of such listed company and that at all times there is a holder of such shareholding (together, where appropriate, with his/its respective associates) a larger percentage of the shares in such listed company than Tan Sri Dato' David Chiu (邱達昌), our relevant Controlling Shareholder and his/its respective associates collectively hold.

Such undertakings will lapse or terminate in respect of any covenantor upon the earlier of (i) Tan Sri Dato' David Chiu (邱達昌), FEC or Ample Bonus, as the case may be, ceasing to beneficially own and/or control 30% or more of the voting rights at a general meeting of our Company or (ii) the Shares are no longer listed on the Main Board of the Stock Exchange.

(e) Directors' (excluding independent non-executive Directors) interests in business which competes with or are likely to compete with our Group's business

As at the Latest Practicable Date, our Non-executive Directors, Tan Sri Dato' David Chiu (邱達昌) and Mr. Hoong Cheong Thard (孔祥達) and our executive Director, Ms. Chiu Wing Kwan Winnie (邱詠筠) were interested in the following companies and businesses which competes, or are likely to compete, either directly or indirectly, with our Group's business.

A. Property Investment and Development

The following companies are principally engaged in property investment and development but may include hotel and serviced residences which may compete, or is likely to compete, either directly or indirectly with our Group's business.

1. Malaysia Land Properties Sdn. Bhd. ("Mayland")

Mayland is a company incorporated in Malaysia with limited liability on 24 February 1995 and is controlled by Tan Sri Dato' David Chiu (邱達昌). Tan Sri Dato' David Chiu (邱達昌) and Ms. Wing Kwan Winnie Chiu (邱詠筠) are the chief executive officer and the director of Mayland, respectively. Mayland is an unlisted property developer with more than 10 existing mixed development projects in Kuala Lumpur and Johor Bahru, Malaysia, including Plaza Damas 3, a mixed development with shop-office units and service apartment units over 5.97 acres; and Cheras Central, a property development including a 660,000 square feet shopping and leisure complex in Cheras, Kuala Lumpur, Malaysia.

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Details of the hotel components of Plaza Damas 3 and Cheras Central are set out as follows:

Name of Development	Location	Rooms	Hotel portion GFA (sq. ft.)	Percentage of total GFA of development	Percentage of total GFA of the Company in Malaysia
Plaza Damas 3	Sri Hartamas, Kuala Lumpur	857 units, 27 storey hotel-cum-service apartments	approximately 120,000	approximately 9%	approximately 5.3%
Cheras Central	Cheras, Kuala Lumpur	still in planning stage	approximately 162,200	approximately 15%	approximately 7.1%

We have been informed that it is not practicable to carve out the sites proposed for the hotel development in Plaza Damas 3 and Cheras Central until completion of the development or project. As advised by our Malaysian legal advisors, the normal practice in Malaysia is that an application for subdivision of the initial title, called the Master Title, is usually done midway through the project but the issue of the subdivided title would only take place after the completion of the development or project as it is only then that a final survey will be done by the surveyors to determine the final built up areas or common areas.

Save as these two developments which may have a hotel component, Mayland's current ongoing property development projects involve residential and commercial properties. As at 30 June 2010, Mayland had around 54 employees including management. As at the Latest Practicable Date, its board structure was as follows:

Name	Position
Tan Sri Dato' David Chiu (邱達昌)	chief executive officer
Tan Sri Dato' Dr. Mohamed Yusof bin Hashim	director
Ms. CHIU, Wing Kwan Winnie (邱詠筠)	director
Mr. Low Gay Teck	director
Mr. Yeo Chun Sing	director

2. *Far East Hotels and Entertainment Limited*

Far East Hotels and Entertainment Limited is a company established in Hong Kong with limited liability on 20 October 1978 and as at the Latest Practicable Date is directly owned by Tan Sri Dato' David Chiu (邱達昌) as to approximately 0.64%. The substantial shareholders of Far East Hotels and Entertainment Limited are Mr. Deacon Te Ken Chiu (邱德根) and Mr. Derek Chiu (邱達偉) owning 24.83% and 18.58% of the company, respectively. Tan Sri Dato' David Chiu (邱達昌) is also a non-executive director of Far East Hotels and Entertainment Limited and Mr. Chan Chi Hing (陳志興) is the alternate director to Mr. Deacon Te Ken Chiu (邱德根). Far East Hotels and Entertainment Limited is a listed company on the Main Board of the Stock Exchange. For the year ended 31 March 2010, based on the published accountants' report of Far East Hotels and Entertainment Limited, the company's revenue and profit after tax were approximately HK\$26.9 million (approximately 4.4% of our Total Revenue for the same period) and HK\$8.7 million (approximately 19.0% of our profit after tax for the same period), respectively and as at the Latest Practicable Date, had a market capitalisation of approximately HK\$132.0 million. Far East Hotels and Entertainment Limited is an investment company and provides corporate management services to its subsidiaries. Its portfolio of properties includes residential properties in Hong Kong, the 66 room Cheung Chau Warwick Hotel in Hong Kong and the 95 room 3 star hotel Beijing Warwick Suite Hotel in PRC. The revenue attributable to Cheung Chau Warwick Hotel in Hong Kong was HK\$15.9 million (2.6% of our Total Revenue in the same period) for the year ended 31 March 2010 and that attributable to hotel operations and property letting in the PRC (including Beijing Warwick Suite Hotel) was HK\$10.7 million (1.7% of our Total Revenue in the same period) for the same period.

As at 30 June 2010, Far East Hotels and Entertainment Limited had around 100 employees including management. As at the Latest Practicable Date, its board structure was as follows:

Name	Position
CHIU Deacon Te Ken (邱德根)	chairman
	executive director
CHIU Derek (邱達偉)	managing director
	chief executive
	executive director
CHIU Desmond (邱達文)	deputy managing director
	executive director
CHIU Margaret (邱美琪)	executive director
CHIU Ju Ching Lan (邱裘錦蘭)	non-executive director
CHIU Tat Sang Dick (邱達生)	non-executive director
CHIU David (邱達昌)	non-executive director
CHIU Dennis (邱達成)	non-executive director
CHIU Duncan (邱達根)	non-executive director
CHOY Wai Shek Raymond (蔡偉石)	independent non-executive director
IP Shing Hing (葉成慶)	independent non-executive director
NG Wing Hang Patrick (吳永鏗)	independent non-executive director
CHAN Chi Hing (陳志興)	alternate director to Deacon Te Ken Chiu (邱德根)

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS AND DIRECTORS

The Directors are of the view that the exclusion of the above property investments and development companies that are likely to compete, either directly, or indirectly, from the Group's business because:

- (a) these companies mainly develop residential, retail and commercial properties as opposed to hotel properties;
- (b) the two hotels currently operated by the listed company, Far East Hotels and Entertainment Limited, (i) a resort style hotel in Cheung Chau, Hong Kong and (ii) an apartment style hotel in Beijing, PRC, are not in line with the design-led value to upscale and boutique hotels operated by our Group; and
- (c) other than Tan Sri Dato' David Chiu's (邱達昌) common directorship as a non-executive director in both Far East Hotels and Entertainment Limited and our Group, and Mr. Chan Chi Hing's position as an alternate director in Far East Hotels and Entertainment Limited, the operations and management of both companies are independent and our Group currently has no intention in acquiring either of the hotels mentioned in paragraph (b) above. In our view, any potential conflict of interest that may arise on the part of Tan Sri Dato' David Chiu (邱達昌) as a result of his directorship of the Company and Far East Hotels and Entertainment Limited can be managed through Tan Sri Dato' David Chiu agreeing to absent himself from any board meetings of and abstain from resolutions to be passed by the board of Far East Hotels and Entertainment Limited concerning hotel project and related matters. Tan Sri Dato' David Chiu (邱達昌) has agreed that at any board meeting of Far East Hotels and Entertainment Limited which is convened to discuss hotel projects or related matters, he will absent himself from such meetings or if the meetings have items on the agenda at which he is permitted to attend, he will abstain from voting on any board resolutions of Far East Hotels and Entertainment Limited on hotel project and related matters.

B. Hotel Operations and Management

The following companies are principally engaged in hotel operations and management and are likely to compete, either directly or indirectly, with our Group's business.

1. Tokai Kanko Co., Ltd.

Tokai Kanko Co., Ltd. is a company with limited liability incorporated in Japan on 23 March 1948 and is owned by Tan Sri Dato' David Chiu (邱達昌) through Far East Global Asia Limited as to approximately 58.4% as at the Latest Practicable Date. As at 30 June 2010, an aggregate of approximately 6.15% is owned by various investors including but not limited to Société Générale Bank and Trust Singapore and Japan Securities and Finance Company Limited (日本証券金融株式會社). Tan Sri Dato' David Chiu (邱達昌) is also the chairman of the board of directors and Mr. Hoong Cheng Thard (孔祥達) is the president and director of Tokai Kanko Co., Ltd. Tokai Kanko Co., Ltd. is a company listed on the first section of the Tokyo Stock Exchange. For the year ended 31 December 2009, based on the published annual securities report of Tokai Kanko Co., Ltd., the company's revenue and loss after tax are approximately JPY1,142 million (equivalent to approximately HK\$103.5 million) and JPY25.0 million (equivalent to approximately HK\$2.3 million), respectively. As at the Latest Practicable Date, Tokai Kanko Co., Ltd. had a market capitalisation of JPY4,926.2 million (equivalent to approximately HK\$446.3 million). The principal business of Tokai Kanko Co., Ltd. is the

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS AND DIRECTORS

operation of two Japanese-style spa resort hotels targeting local families and couples under the names Imaiso (今井莊) which has 53 rooms and Nanzanso (南山莊) which has 33 rooms in Shizuoka Prefecture, Japan, memorial parks (i.e. cemetery) in Japan and Malaysia and the leasing of domestic real estate development in Japan. As at 30 June 2010, Tokai Kanko Co., Ltd. had around 86 employees including management. As at the Latest Practicable Date, its board structure was as follows:

Name	Position
Tan Sri Dato' David Chiu (邱達昌)	chairman of the board, director
Hoong Cheong Thard (孔祥達)	president, director
Sataro Shishido	executive director
Dennis Chiu (邱達成)	director
Craig Williams	director
Aya Aso (淺生亞也)	director

2. *RC Hotel and Resort JV Holdings (BVI) Company Limited*

RC Hotel and Resort JV Holdings (BVI) Company Limited is a company incorporated in the BVI with limited liability on 17 December 2007 and, as at the Latest Practicable Date, was owned as to approximately 10% by Tan Sri Dato's David Chiu (邱達昌). RC Hotel and Resort JV Holdings (BVI) Company Limited is an unlisted company and its principal business is the development and operation of Ritz-Carlton Reserve Maldives, a resort expected to have 90 villas which is expected to be completed in mid 2013.

The Directors are of the view that the exclusion of the above hotel operations and management companies that are likely to compete, either directly, or indirectly, from the Group's business because:

- (a) the geographical location of the hotels, i.e. Japan and Maldives are not locations where our Group currently intends to expand into after Listing as the Group is generally focusing its efforts on expansion of its business operations in China and other regions of the Asia Pacific; and
- (b) the hotels operated by the companies included Japanese spa resort hotels, five-star luxury hotels that are not in-line with the design-led value to upscale and boutique hotels operated by our Group.

CONFIRMATION

Save as disclosed above, neither the Controlling Shareholders nor any of the executive and non-executive Directors was, as at the Latest Practicable Date, interested in any business, other than that of our Group, which competes or is likely to compete, either directly or indirectly, with our Group's business and which requires disclosure pursuant to Rule 8.10 of the Listing Rules.