

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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As at the Latest Practicable Date, FEC, through its wholly-owned subsidiary, Ample Bonus, held an indirect interest of 90% in our Company. Immediately upon completion of the [REDACTED] and the [REDACTED] (assuming the [REDACTED] under the [REDACTED] are fully taken up by [REDACTED] and the [REDACTED] is not exercised), (i) our Company will be owned as to approximately [REDACTED] by Ample Bonus; and (ii) Ample Bonus will continue to be wholly-owned by FEC.

As at the Latest Practicable Date, FEC was directly held as to approximately 0.98% by Tan Sri Dato' David CHIU, as to approximately 52.40% by Sumptuous Assets Limited (a direct wholly-owned subsidiary of Far East Organization (International) Limited, which in turn was directly wholly-owned by Tan Sri Dato' David CHIU), as to approximately 0.001% by Modest Secretarial Services Limited (which was directly wholly-owned by Tan Sri Dato' David CHIU) and as to approximately 0.74% by Mrs. Nancy CHIU NG (the spouse of Tan Sri Dato' David CHIU). As a result, Ample Bonus, FEC, Tan Sri Dato' David CHIU, Sumptuous Assets Limited, Modest Secretarial Services Limited, Far East Organization (International) Limited and Mrs. Nancy CHIU NG constitute a group of our Controlling Shareholders.

FEC is an exempted company with limited liability incorporated in the Cayman Islands and its shares are listed on the Main Board of the Stock Exchange (stock code: 35). Ample Bonus, Sumptuous Assets Limited, Modest Secretarial Services Limited and Far East Organization (International) Limited are investment holding companies.

BUSINESS DELINEATION BETWEEN OUR GROUP AND THE REMAINING FEC GROUP

We are principally engaged in the Land Based Gaming Business and the German and Austrian Hotel Business and are developing the Online Gaming Business. Prior to the [REDACTED], the FEC Group (together with our Group) is principally engaged in (i) property development; (ii) hotel operations and management (comprising the German and Austrian Hotel Business and the hotels of the Remaining FEC Group); (iii) gaming and related operations (i.e. the Land Based Gaming Business); (iv) car park operations and facilities management; (v) property investment; (vi) securities and financial product investments; and (vii) provision of mortgage services.

After the [REDACTED], gaming and related operations (which is currently one of the FEC Group's core business segments) will cease to be classified as a core business segment of the Remaining FEC Group, as the Remaining FEC Group will no longer have any interest in gaming operations other than its shareholding in Palasino Group and its minority interest (less than 5%) and joint venture interest in certain gaming business in Australia (as detailed below). The Remaining FEC Group will continue to focus on its remaining core business segments, namely, property development, hotel operations and management, car park operations and facilities management, property investment, securities and financial product investments, and provision of mortgage services. FEC Group will continue to consolidate the financial results of our Group based on the accounting standard in place.

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In March 2018, the FEC Group entered into a strategic alliance agreement with The Star Entertainment Group Limited ("**The Star**") and Chow Tai Fook group and as at Latest Practicable Date, held an approximately 2.81% equity stake in The Star, one of the two major casino operators in Australia which has a dominant position in Sydney, the Gold Coast and Brisbane. The Destination Brisbane Consortium ("**DBC**"), a joint venture between the FEC Group, The Star and Chow Tai Fook Enterprises Limited, entered into development agreements with the Queensland State, Australia for the delivery of the Queen's Wharf Project located in Brisbane. The Queen's Wharf Project envisages two residential towers, a commercial tower, three world-class hotels, high-end food and commercial outlets and a casino in Brisbane's prime waterfront district. It is currently expected that the casino operations at Queen's Wharf, Brisbane will commence in 2024. The FEC Group does not consolidate the financials of The Star or the DBC in its financial statements.

In respect of its hotel operations, the FEC Group currently owns and operates its hotel portfolio under the Dorsett brand (with the exception of the Ritz-Carlton hotels in Perth and Melbourne), with a focus on the three to four-star hotel segment. As at the Latest Practicable Date, excluding the hotels of our Group, the FEC Group owned a total of 35 hotels (8 of which were under development), including the wholly-owned Dorsett group, the Ritz Carlton properties in Australia and Dao by Dorsett AMTD in Singapore, spreading over Mainland China, Hong Kong, Malaysia, Singapore, Australia and the United Kingdom. The Ritz Carlton properties in Australia are luxury 5-star hotels that were developed by FEC and managed by an external hotel manager. As at the Latest Practicable Date, the FEC Group also managed 3 other hotels in Malaysia.

On the basis of the differences set out below, we consider that apart from their interest in our Company, our Controlling Shareholders do not currently control a business similar to the principal business of our Group that competes or is likely to compete, either directly or indirectly, with our Group's business:

- in terms of the gaming operations, the Land Based Gaming Business forms our core business. On the other hand, the FEC Group does not consolidate the results of the DBC (in which it has a joint venture interest) or the results of The Star (in which it has a less than 5% minority interest) into its accounts. In addition, the casino operations of our Group are located only in the Czech Republic, whereas the casino operations of the DBC and The Star are located only in Australia (and to our Company's knowledge as at the Latest Practicable Date, neither the DBC nor The Star has any expansion plans outside of Australia or any online gaming presence). Accordingly, there are distinct differences in terms of business focus and no direct or material competition between the two; and
- in terms of the hotel operations, the Remaining FEC Group's operations in the hospitality sector do not extend to the Czech Republic, Germany and Austria, where our Group's hotels are located, and the two are therefore entirely geographically distinct. As at the Latest Practicable Date, out of the 35 hotels owned by the Remaining FEC Group, only 4 hotels (2 of which were under development) were located in Europe (specifically, the United Kingdom). To

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our Company's knowledge as at the Latest Practicable Date, there is no present intention for the Remaining FEC Group to expand into the locations of our hotel business (i.e., the Czech Republic, Germany and Austria), and if any conflict of interest should arise, the respective boards of FEC and our Company are expected to adopt decision making which takes into account the corporate governance expectations set out in "Corporate Governance Measures" in this section. In any event, given that the Remaining FEC Group has no hospitality or gaming operations in the Czech Republic, Germany and Austria at all, and no present intention to expand into these locations, we do not foresee any potential conflict of interest.

In addition, all of the hotels of the Remaining FEC Group (with the exception of the Ritz Carlton properties in Australia) are operated under FEC's Dorsett brand, whereas the hotels of our Group (which were acquired by the FEC Group in 2018 along with the Czech casinos as part of the Merger) remain operated under the Trans World brand. The hotels of our Group have, since before the Merger, been managed and operated by an operating team that is separate from and not involved in the hotel operations of the Remaining FEC Group.

The hotels operated by the Remaining FEC Group and the hotels operated by our Group also target different markets. For example, the hotel portfolio of the Remaining FEC Group comprises mainly hotels located in major cosmopolitan cities (i.e. Hong Kong, Shanghai, Chengdu, Wuhan, Singapore, London, Melbourne, Perth and Kuala Lumpur) that are typically nestled in or within a short distance from prime city centre locations, whereas the hotel portfolio of our Group comprises mainly regional hotels that are located some distance from major cities. In particular, (i) *Palasino Savannah Resort* is located in Znojmo, which is outside of Vienna; (ii) *Hotel Columbus* is located in Seligenstadt, which is outside of Frankfurt; (iii) *Hotel Auefeld* is located in Hann, which is outside of Kassell; and (iv) *Hotel Kranichhöhe* is located in Much, which is outside of Cologne.

The hotels of our Group also tend to have fewer rooms than those of the Remaining FEC Group. With the exception of *Hotel Donauwelle*, the hotels of our Group all have fewer than 120 rooms. By contrast, the hotels of the Remaining FEC Group typically have no fewer than 150 rooms (with a majority of them having over 200 rooms). Given their central location and size, the hotels of the Remaining FEC Group tend to attract international business and leisure travellers that are looking for short stays, and accordingly their marketing strategies are aimed at targeting this demographic. On the other hand, due to their regional location and smaller room offerings, the hotels of our Group are catered to a more local/regional clientele and do not tend to attract an international clientele looking to stay in major cities. The facilities and marketing strategies of these hotels are therefore also geared towards attracting local and regional travellers. For example, these hotels tend to offer facilities that complement their countryside setting (such as wellness and fitness facilities) and have meeting rooms and conferencing facilities that allow them to host corporate events/conferences/team-building events.

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In respect of the sole hotel which is part of the Land Based Gaming Business, namely the *Palasino Savannah Resort*, it is integral to supporting the operations of *Palasino Excalibur City* to which it is connected and its business and operation are designed to function in alignment with the casino's operations and to bolster and increase the casino's business. By contrast, the hotels operated by the Remaining FEC Group are focused on the wider scope of hotel operations and as mentioned above, have an entirely separate target customer base.

On the basis of the above, we consider that: (a) apart from their interest in our Company, our Controlling Shareholders do not currently control a business similar to the principal business of our Group that competes or is likely to compete, either directly or indirectly, with our Group's business; (b) our business is clearly delineated from that of the Remaining FEC Group; and (c) together with the reasons set out below in this section, we are sufficiently independent from and do not rely on the Remaining FEC Group.

INDEPENDENCE FROM THE REMAINING FEC GROUP

Our Board is satisfied, on the basis of the following matters, that our Company can operate independently of the Remaining FEC Group after the [REDACTED].

(a) Independence of boards and management

Our business is managed and conducted by our Board and senior management. Our Board comprises one executive Director, two non-executive Directors and three independent non-executive Directors.

The following table shows the details of the directorships of our Company upon [REDACTED] and that of FEC as at the Latest Practicable Date:

Name of directors	Our Company	FEC
Tan Sri Dato' David CHIU (丹斯里拿督邱達昌)	Non-executive Director	Executive Director
Mr. Cheong Thard HOONG (孔祥達)	Non-executive Director	Executive Director
Mr. Dennis CHIU (邱達成)	None	Executive Director
Mr. Craig Grenfell WILLIAMS	None	Executive Director
Ms. Wing Kwan Winnie CHIU (邱詠筠)	None	Executive Director
Ms. Jennifer Wendy CHIU (邱詠賢)	None	Executive Director
Mr. Kwong Siu LAM (林廣兆)	None	Independent non-executive Director

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Name of directors	Our Company	FEC
Mr. Wai Hon Ambrose LAM (林懷漢)	None	Independent non-executive Director
Mr. Lai Him Abraham SHEK (石禮謙)	None	Independent non-executive Director
Mr. Wai Hung Boswell CHEUNG (張偉雄)	None	Chief financial officer and company secretary
Mr. Pavel MARŠÍK	Executive Director	None
Dr. Ngai Wing LIU (廖毅榮)	Independent non-executive Director	None
Mr. Kam Choi Rox LAM (林錦才)	Independent non-executive Director	None
Ms. Sin Kiu NG (吳先僑)	Independent non-executive Director	None

Our Directors believe that our Board and our senior management are capable of operating our business and managing all actual or potential conflicts of interest independently of the Remaining FEC Group for the following reasons:

- except for our non-executive Directors, Tan Sri Dato' David CHIU and Mr. Cheong Thard HOONG, there will not be any overlap between the Remaining FEC Group and our Company in terms of directors and senior management. Tan Sri Dato' David CHIU and Mr. Cheong Thard HOONG are executive directors of FEC. See "Directors and Senior Management" in this document for more details on their roles within FEC. Each of Tan Sri Dato' David CHIU and Mr. Cheong Thard HOONG will not be participating in the day-to-day management of our Group after the [REDACTED] and each will abstain from voting on any relevant board resolution of our Company in which FEC has a conflict of interest;
- the executive Director and the members of our senior management are responsible for the day-to-day management of our business and none of them holds any directorships and/or other roles within the Remaining FEC Group. Our Company will have a team of full-time senior management and employees who operate independently from the Remaining FEC Group;

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- all of our independent non-executive Directors are professionals with requisite knowledge and experience in different industries. See the section headed "Directors and Senior Management" in this document for more details. Our independent non-executive Directors are appointed in accordance with the requirements under the Listing Rules to ensure that the decisions of our Board are made only after due consideration of independent and impartial opinions. None of our independent non-executive Directors are directors of FEC or otherwise connected with FEC in any manner that may affect their independent judgement or independence as required under the Listing Rules; and
- each Director is aware of his/her fiduciary duties as a director which require, among others, that he/she acts for the benefit and in the interest of our Company and does not allow any conflict between his/her duties as a Director and any personal interests. Further, our Company will have in place such corporate governance measures as set out below such that they would only be involved in our 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 our Group.

Based on the above, our Directors believe that our business is managed independently of the Remaining FEC Group.

(b) Financial independence

We believe our Group will be financially independent from the Remaining FEC Group after the [REDACTED] for the following reasons:

- we have established our own finance and accounting department with independent teams of staff separate from the Remaining FEC Group, and are responsible for our own financial management, accounting, reporting, treasury and internal control functions;
- we make financial decisions independently according to our own funding needs;
- we have established our own independent audit system, accounting system and financial management system;
- we are capable of obtaining financing from independent financial institutions on a standalone basis without guarantee or other financial assistance from the Remaining FEC Group, if necessary or desirable; and
- upon the [REDACTED], there will be no outstanding inter-company loans or guarantees or other forms of financial assistance which were provided by the Remaining FEC Group to or for the benefit of our Group.

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(c) Operational independence

We hold all material licences and own all relevant intellectual properties necessary to carry on our business and have sufficient capital, facilities, equipment and employees to operate our business independently of the Remaining FEC Group. Our access to, and relationship with, our customers and suppliers are independent of the Remaining FEC Group, and we have an independent management team that operates our business.

The FEC Group provides us with administrative support services, including office administration, secretarial, legal and staff training services. In addition, we rent an office space from the FEC Group. See the section headed "Connected Transactions" in this document for further details of and reasons for entering into these transactions. We are of the view that we do not and will not significantly rely on the FEC Group as a result of FEC Group's provision of these services considering (i) the nature of the administrative support services being capable of being provided by independent third parties, if necessary, and (ii) there is clear division of the area occupied by our Group in the office building of the FEC Group which will not materially affect our operational independence.

We have also established our own accounting and internal audit departments which operate independently from the FEC Group and adopted a set of internal control procedures to maintain effective and independent operation of our business.

Based on the above, our Directors believe that we are able to operate independently of the Remaining FEC Group.

CORPORATE GOVERNANCE MEASURES

Our Directors recognise the importance of good corporate governance in protecting our Shareholders' interests. The following will also be adopted as part of our Company's governance upon [REDACTED]:

- as part of our preparation for the [REDACTED], we have adopted our Articles to comply with the Listing Rules. In particular, unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his close associates has a material interest nor shall such Director be counted in the quorum present at the meeting;
- where a Shareholders' meeting is to be held for considering proposed transactions in which the Controlling Shareholders or any of their associates have a material interest, the Controlling Shareholders will not vote on the resolutions;
- under the Articles, where any member is, under the Listing Rules, required to abstain from voting on or restricted to voting only for or only against any particular resolution proposed at a Shareholders' meeting, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted;

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- a Director with material interests shall make full disclosure in respect of matters that may have actual or potential conflict with any of our interest and abstain from the Board meetings on matters in which such Director or his/her associates have a material interest, unless the attendance or participation of such Director at such meeting of the Board is specifically requested by a majority of the independent non-executive Directors;
- our Company has established internal control mechanisms to identify connected transactions, and we will comply with the applicable Listing Rules if we enter into connected transactions with our Controlling Shareholders or any of their associates after [REDACTED];
- where our Directors reasonably request the advice of independent professionals, such as financial advisers, the appointment of such independent professionals will be made at our Company's expenses;
- we have appointed Altus Capital Limited as our compliance adviser for the period prescribed by the Listing Rules to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as the Listing Rules, including various requirements relating to corporate governance;
- as required by the Listing Rules, our independent non-executive Directors will review any continuing connected transaction annually and confirm in our annual report that such transactions have been entered into in our ordinary and usual course of business, are either on normal commercial terms or on terms no less favourable to us than those available to or from independent third parties and on terms that are fair and reasonable and in the interests of our Shareholders as a whole;
- the independent non-executive Directors will review, on an annual basis, whether there is any conflict of interests between our Group and our Controlling Shareholders (the "Annual Review") and provide impartial and professional advice to protect the interests of our minority Shareholders;
- our Controlling Shareholders will provide all information necessary as required by the independent non-executive Directors for the Annual Review; and
- our Company will disclose decisions (with basis) on matters reviewed by the independent non-executive Directors either in its annual report or by way of announcements.