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Dorsett Hospitality International Limited

帝盛酒店集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Website : <http://www.dorsett.com>

(Stock Code: 2266)

**CONTINUING CONNECTED TRANSACTIONS
HOTEL MANAGEMENT CONTRACTS**

The Board is pleased to announce that on 26 November 2013, Subang Jaya, an indirect wholly-owned subsidiary of the Company has entered into Transactions in the form of hotel management contracts with (i) Mayland Century, (ii) Mayland Avenue, (iii) Mayland Universal and (iv) Fortune Plus to manage the hotels owned by the respective parties in Malaysia.

Fortune Plus is an indirect wholly-owned subsidiary of FECIL, the controlling shareholder of the Company and each of (i) Mayland Century, (ii) Mayland Avenue and (iii) Mayland Universal is an Associate of Tan Sri Dato' CHIU, David, the non-executive Director and Chairman of the Company and the controlling shareholder of FECIL. Hence, each of these entities is deemed to be a Connected Person of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.25 of the Listing Rules, for the purpose of calculating the applicable percentage ratios, the Transactions are aggregated as they are of similar nature and are entered into with parties connected or associated with one another. Given that the aggregate estimated Annual Cap of Fees receivable by the Group from the Transactions represents more than 0.1% and more than HK\$1.0 million but less than 5% of the applicable percentage ratios of the Company, the Transactions are subject to reporting, announcement and annual review requirements but exempt from independent shareholders' approval under Chapter 14A of the Listing Rules.

A. Transactions

Pursuant to the Deed of Non-competition Undertaking, FECIL and Tan Sri Dato' CHIU, David together with their respective Associates have respectively offered to the Company first rights of refusal to manage certain hotels in Malaysia. The independent non-executive Directors, after considering the terms and conditions of the hotel management contracts which were arrived at after arms' length negotiations between Subang Jaya and the respective parties, have decided to accept such first rights of refusal.

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Major terms and conditions of the hotel management contracts are set out as follows:

Hotel management contract with Mayland Century

Date:	26 November 2013
Parties:	(i) Subang Jaya, an indirect wholly-owned subsidiary of the Company (ii) Mayland Century, an Associate of Tan Sri Dato' CHIU, David
Term:	Three years commencing from the date of the hotel opening and ending on its third anniversary. Subang Jaya has the right to renew the hotel management contract for another consecutive three years provided that the entire term of the hotel management contract as renewed shall not be more than 15 years. The Company will comply with the relevant requirements under the Listing Rules if the hotel management contract is renewed.
Hotel Address:	Lot 38023, Batu 6, Jalan Cheras, Mukim Petaling Jaya, Kuala Lumpur, Malaysia
Target Opening Date:	28 February 2014

Mayland Century is the owner and developer of the Cheras Central project in Cheras, Kuala Lumpur, Malaysia. This is a mixed development project comprises a shopping mall and a hotel. Development of this hotel is specifically exempted by the Deed of Non-competition Undertaking as a permitted mixed development. Mayland Century can develop the hotel but shall offer to the Company a first right of refusal to manage the hotel.

The hotel management contract was entered into for Subang Jaya to manage about 319 hotel rooms owned by Mayland Century located at Lot 38023, Batu 6, Jalan Cheras, Mukim Petaling Jaya, Kuala Lumpur, Malaysia. The hotel is expected to be branded and operated as a Dorsett Cheras, Kuala Lumpur hotel.

Hotel management contract with Mayland Avenue

Date: 26 November 2013

Parties: (i) Subang Jaya, an indirect wholly-owned subsidiary of the Company
(ii) Mayland Avenue, an Associate of Tan Sri Dato' CHIU, David

Term: Three years commencing from the date of the hotel opening and ending on its third anniversary. Subang Jaya has the right to renew the hotel management contract for another consecutive three years provided that the entire term of the hotel management contract as renewed shall not be more than 15 years. The Company will comply with the relevant requirements under the Listing Rules if the hotel management contract is renewed.

Hotel Address: No. 1 Jalan Tun Abdul Razak, Presint 3, 62100 Putrajaya, Malaysia

Target Opening Date: 31 October 2014

Mayland Avenue commenced the mixed development project which originally comprised retail and office buildings in Putrajaya, Malaysia in the year 2012. Mayland Avenue subsequently received an approval for the change of development plan to include a hotel. The change of use of a building for conversion into hotel is exempted by the Deed of Non-competition Undertaking but Mayland Avenue shall offer to the Company a first right of refusal to manage the hotel.

The hotel management contract was entered into for Subang Jaya to manage about 218 hotel rooms owned by Mayland Avenue located at No. 1 Jalan Tun Abdul Razak, Presint 3, 62100 Putrajaya, Malaysia. The hotel is expected to be branded and operated as a Dorsett Putrajaya hotel.

Hotel management contract with Mayland Universal

Date: 26 November 2013

Parties: (i) Subang Jaya, an indirect wholly-owned subsidiary of the Company

(ii) Mayland Universal, an Associate of Tan Sri Dato' CHIU, David

Term: Three years commencing from the date of the hotel opening and ending on its third anniversary. Subang Jaya has the right to renew the hotel management contract for another consecutive three years provided that the entire term of the hotel management contract as renewed shall not be more than 15 years. The Company will comply with the relevant requirements under the Listing Rules if the hotel management contract is renewed.

Hotel Address: Lot 48624, Sri Hartamas, Mukim Kuala Lumpur, Bandaraya Kuala Lumpur, Wilayah Persekutuan, Malaysia

Target Opening Date: 31 October 2015

Mayland Universal is the owner and developer of the Plaza Damas 3 project in Sri Hartamas, Kuala Lumpur, Malaysia. This is a mixed development project comprises apartments and a hotel. Development of this hotel is specifically exempted by the Deed of Non-competition Undertaking as a permitted mixed development. Mayland Universal can develop the hotel but shall offer to the Company a first right of refusal to manage the hotel.

The hotel management contract was entered into for Subang Jaya to manage up to 371 hotel rooms owned by Mayland Universal located at Lot 48624, Sri Hartamas, Mukim Kuala Lumpur, Bandaraya Kuala Lumpur, Wilayah Persekutuan, Malaysia. The hotel is expected to be branded and operated as a Dorsett Hartamas, Kuala Lumpur hotel.

Hotel management contract with Fortune Plus

Date:	26 November 2013
Parties:	(i) Subang Jaya, an indirect wholly-owned subsidiary of the Company (ii) Fortune Plus, an indirect wholly-owned subsidiary of FECIL
Term:	Three years commencing from the date of the hotel opening and ending on its third anniversary. Subang Jaya has the right to renew the hotel management contract for another consecutive three years provided that the entire term of the hotel management contract as renewed shall not be more than 15 years. The Company will comply with the relevant requirements under the Listing Rules if the hotel management contract is renewed.
Hotel Address:	Jalan Jati, Off Jalan Imbi, 55100, Kuala Lumpur, Malaysia
Target Opening Date:	31 December 2015

Fortune Plus is converting a serviced apartment building previously known as Sri Jati Service Apartments in Kuala Lumpur, the capital city of Malaysia, to a boutique hotel. The change of use of a building for conversion into hotel is exempted by the Deed of Non-competition Undertaking but Fortune Plus shall offer to the Company a first right of refusal to manage the hotel.

The hotel management contract was entered into for Subang Jaya to manage 154 hotel rooms owned by Fortune Plus located at Jalan Jati, Off Jalan Imbi, 55100, Kuala Lumpur, Malaysia. The hotel is expected to be operated as a d. collection hotel.

Fees

The annual Fees receivable by Subang Jaya pursuant to the terms and conditions of the hotel management contracts comprise:

- Base management fees - 1.5% on the annual adjusted gross revenues of the hotels
- Incentive fees - 6% on the annual gross operating profit of the hotels

B. Annual Caps

Pursuant to the terms and conditions of the hotel management contracts, after taking into account of the target opening date, market conditions, possible inflation and reasonable buffer, the Board expects the annual aggregate Fees for each of the following financial years will not exceed the following respective Annual Caps:

Financial year ending

	Mayland Century	Mayland Avenue	Mayland Universal	Fortune Plus	Annual Caps (HK\$)
31 March 2014	200,000	—	—	—	200,000
31 March 2015	800,000	600,000	—	—	1,400,000
31 March 2016	1,300,000	1,200,000	900,000	300,000	3,700,000
31 March 2017 ^{Note}	1,500,000	1,500,000	1,500,000	1,000,000	5,500,000

Note: For the entire financial year assuming the renewal of the hotel management contracts with Subang Jaya

C. Reasons for and benefits of the hotel management contracts

The Group is principally engaged in the ownership, operation and management of mid to upscale hotels. In line with the Group's strategy to expand the management model of its business operation and to create a stable management income stream, the entering into of the hotel management contracts is beneficial to and in the ordinary and usual course of business of the Group. The Directors (including all the independent non-executive Directors) consider that the hotel management contracts are on normal commercial terms, which are fair and reasonable and in the interests of the Company and its shareholders as a whole.

D. Information on the Group and Subang Jaya

The Group is principally engaged in the ownership, operation and management of mid to upscale hotels. The principal activities of Subang Jaya are the provision of hotel management and consultancy services.

E. Information on (i) Mayland Century, (ii) Mayland Avenue, (iii) Mayland Universal and (iv) Fortune Plus

Fortune Plus is an indirect wholly-owned subsidiary of FECIL with principal activities in property investment. Each of (i) Mayland Century, (ii) Mayland Avenue and (iii) Mayland Universal is an Associate of Tan Sri Dato' CHIU, David with principal activities in property development and investment.

F. Listing Rules Implications

Fortune Plus is an indirect wholly-owned subsidiary of FECIL, the controlling shareholder of the Company and each of (i) Mayland Century, (ii) Mayland Avenue and (iii) Mayland Universal is an Associate of Tan Sri Dato' CHIU, David, the non-executive Director and Chairman of the Company and the controlling shareholder of FECIL. Hence, each of these entities is deemed to be a Connected Person of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.25 of the Listing Rules, for the purpose of calculating the applicable percentage ratios, the Transactions are aggregated as they are of similar nature and are entered into with parties connected or associated with one another. Given that the aggregate estimated Annual Cap of Fees receivable by the Group from the Transactions represents more than 0.1% and more than HK\$1.0 million but less than 5% of the applicable percentage ratios of the Company, the Transactions are subject to reporting, announcement and annual review requirements but exempt from independent shareholders' approval under Chapter 14A of the Listing Rules.

Save that Tan Sri Dato' CHIU, David, Mr. HOONG, Cheong Thard and Mr. CHAN, Chi Hing, non-executive Directors, are also executive directors of FECIL, none of the Directors has any material interest in the Transactions. Tan Sri Dato' CHIU, David, Mr. HOONG, Cheong Thard and Mr. CHAN, Chi Hing are required to abstain, or have abstained, from voting on the board resolutions for approving the Transactions. Pursuant to the relevant provisions of the Deed of Non-competition Undertaking, Ms. CHIU, Wing Kwan Winnie and Mr. LAI Wai Keung, executive Directors, will abstain, or have also abstained, from voting on the board resolutions for approving the Transactions.

The Company will comply with its continuing obligations under Rules 14A.37 to Rules 14A.41 of the Listing Rules and will re-comply with the relevant Listing Rules if the Annual Caps are exceeded, when the management contract(s) is/are renewed and/or when there is a material change to its terms.

Details of the hotel management contracts and the actual amount of the annual Fees will be disclosed in the future annual reports and financial statements of the Company in accordance with the Listing Rules.

DEFINITIONS

In this announcement, the following terms have the same meanings as set out below:

“Annual Cap(s)”	the expected maximum annual aggregate amount(s) of the Fees for a specific financial year(s);
“Associate(s)”	has the meaning ascribed to it in the Listing Rule;
“Board”	the board of Directors;
“Chairman”	chairman of the Board;
“Company”	Dorsett Hospitality International Limited, a company incorporated in the Cayman Islands, and the shares of which are listed on the Main Board of the Stock Exchange;
“Connected Person(s)”	has the meaning ascribed to it in the Listing Rules;
“Deed of Non-competition Undertaking”	a deed dated 10 September 2010 entered into between FECIL, Tan Sri Dato’ CHIU, David and the Company whereby FECIL and Tan Sri Dato’ CHIU, David agreed, inter alia, to grant the first right of refusal for the Company to manage its hotel properties and undertook not to compete either directly or indirectly with the hotel business of the Group;
“Directors”	the directors of the Company;
“FECIL”	Far East Consortium International Limited, a company incorporated in the Cayman Islands, the controlling shareholder of the Company and a public limited liability company, the shares of which are listed on the Main Board of the Stock Exchange;
“Fees”	The annual income receivable by Subang Jaya pursuant to the terms and conditions of the hotel management contracts;
“Fortune Plus”	Fortune Plus (M) Sdn Bhd, a company incorporated in Malaysia and a wholly-owned subsidiary of FECIL;

“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mayland Avenue”	Mayland Avenue Sdn Bhd, a company incorporated in Malaysia and an Associate of Tan Sri Dato’ CHIU, David;
“Mayland Century”	Mayland Century Sdn Bhd, a company incorporated in Malaysia and an Associate of Tan Sri Dato’ CHIU, David;
“Mayland Universal”	Mayland Universal Sdn Bhd, a company incorporated in Malaysia and an Associate of Tan Sri Dato’ CHIU, David;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subang Jaya”	Subang Jaya Hotel Development Sdn_Bhd, a company incorporated in Malaysia and a wholly-owned subsidiary of the Company;
“subsidiary”	has the same meaning ascribed to it in the Listing Rules; and
“Transactions”	hotel management contracts dated 26 November 2013 entered into between Subang Jaya and Fortune Plus, Mayland Century, Mayland Avenue and Mayland Universal.

By Order of the Board
Dorsett Hospitality International Limited
CHIU, Wing Kwan Winnie
President and Executive Director

Hong Kong, 26 November 2013

As at the date of this announcement, the executive Directors are Ms. CHIU, Wing Kwan Winnie and Mr. LAI, Wai Keung. The non-executive Directors are Tan Sri Dato’ CHIU, David, Mr. HOONG, Cheong Thard and Mr. CHAN, Chi Hing. The independent non-executive Directors are Mr. SHEK, Lai Him Abraham, G.B.S., J.P., Mr. TO, Peter, Dr. LIU, Ngai Wing and Mr. ANGELINI, Giovanni.

This announcement was originally prepared in English and was subsequently translated into Chinese. In the event of any inconsistency between the English text and Chinese text, the English text shall prevail.