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DORSETT

HOSPITALITY INTERNATIONAL

帝盛酒店集團

Dorsett Hospitality International Limited

帝盛酒店集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2266)

Executive Directors:

Ms. CHIU, Wing Kwan Winnie (*President*)
Mr. LAI, Wai Keung

Non-executive Directors:

Tan Sri Dato' CHIU, David (*Chairman*)
Mr. HOONG, Cheong Thard
Mr. CHAN, Chi Hing

Independent Non-executive Directors:

Mr. SHEK, Lai Him Abraham, *G.B.S., J.P.*
Mr. TO, Peter
Dr. LIU, Ngai Wing
Mr. ANGELINI, Giovanni

Registered office:

P.O. Box 309
Ugland House
Grand Cayman
KY1-1104
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*Principal place of business
in Hong Kong:*

6th Floor, Unicorn Trade Centre
127-131 Des Voeux Road Central
Central
Hong Kong

29 September 2014

To the Shareholders

Dear Sir or Madam,

**SCRIP DIVIDEND SCHEME IN RELATION TO
THE FINAL DIVIDEND FOR THE YEAR ENDED
31 MARCH 2014**

INTRODUCTION

On 25 June 2014, it was announced that the board of directors (the "Board") of Dorsett Hospitality International Limited (the "Company") has recommended a final dividend of HK5 cents

per ordinary share of HK\$0.10 each (the “Share”) for the year ended 31 March 2014 (the “Final Dividend”) to shareholders of the Company (the “Shareholders”) whose names appeared on the register of members of the Company on 18 September 2014 (the “Record Date”) in the form of new fully paid Shares (the “Scrip Shares”) with the Shareholders being given the option to receive cash in lieu of all or part of their scrip dividend entitlements (the “Scrip Dividend Scheme”). At the annual general meeting of the Company held on 28 August 2014, the Final Dividend was approved by the Shareholders.

The purpose of this circular is to set out the procedures which apply in relation to the Scrip Dividend Scheme and the action which should be taken by the Shareholders in relation thereto.

PARTICULARS OF THE SCRIP DIVIDEND SCHEME

Pursuant to the Scrip Dividend Scheme, the Shareholders have the following choices in respect of the Final Dividend:

- (a) allotment of the Scrip Shares credited as fully paid Shares and having an aggregate market value (as defined below) equal to, save for adjustment for fractions, the total amount of the Final Dividend which such Shareholder could elect to receive in cash; or
- (b) cash of HK5 cents for each Share held on the Record Date; or
- (c) partly in form of the Scrip Shares and partly in cash.

The number of the Scrip Shares to be allotted to the Shareholders pursuant to the Scrip Dividend Scheme was calculated by reference to the market value of HK\$1.48 per Share which was the average of the closing prices per Share as quoted on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) for the five consecutive trading days up to and including 18 September 2014 (the “Average Closing Price”). Accordingly, the number of the Scrip Shares which the Shareholders are entitled to receive in respect of the existing Shares registered under their names as at the Record Date will be calculated as follows:

$$\begin{array}{rcccl} & & \text{Number of existing Shares} & & \text{HK\$0.05} \\ & & \text{held on the Record Date or} & & \text{(Final Dividend per Share)} \\ \text{Number of the Scrip Shares} & & \text{number of Shares elected for} & \times & \hline \text{that Shareholders are entitled} & = & \text{the Scrip Shares (as} & & \text{HK\$1.48} \\ \text{to receive} & & \text{applicable)} & & \text{(Average Closing Price)} \end{array}$$

The register of members of the Company was closed from Tuesday, 16 September 2014 to Thursday, 18 September 2014, both days inclusive, for the purpose of determining Shareholders who are entitled to receive the Final Dividend.

The last day and time on which transfers were accepted for registration for participation in the Scrip Dividend Scheme was Monday, 15 September 2014 at 4:30 p.m. The number of the Scrip Shares to be issued to each Shareholder will be rounded down to the nearest whole number. Fractional entitlements to the Scrip Shares in respect of alternatives (a) and (c) above will be disregarded and the benefit thereof will accrue to the Company. The Scrip Shares to be issued pursuant to the Scrip Dividend Scheme will rank pari passu in all respects with the existing Shares except that they will not be entitled to the Final Dividend.

Scrip Shares issued to the Shareholders pursuant to an election to receive some or all of their Final Dividend in Scrip Shares may be allocated in odd lots (of fewer than a board lot of 1,000 Shares). No special dealing arrangements will be put in place by the Company to facilitate the trading or disposal of the Scrip Shares issued in odd lots. Shareholders should be aware that odd lots usually trade at a discount to the price of board lots.

Based on 2,097,983,352 Shares in issue on the Record Date, if all the Shareholders choose to receive Scrip Shares instead of cash in respect of the Final Dividend, the Company will issue approximately 70,877,815 Scrip Shares, an increase of approximately 3.38% of the existing issued share capital of the Company.

ADVANTAGES OF THE SCRIP DIVIDEND SCHEME

The Scrip Dividend Scheme will give the Shareholders the opportunity to increase their investment in the Company at the market value without incurring brokerage fees, stamp duty and related dealing costs. The Scrip Dividend Scheme will also be to the advantage of the Company because, to the extent that the Shareholders do not elect to receive cash in lieu of the Scrip Shares, such cash as would otherwise have been paid to the Shareholders will be retained for use by the Company.

EFFECT OF THE SCRIP DIVIDEND SCHEME

The Shareholders should note that the Scrip Shares to be issued pursuant to the Scrip Dividend Scheme may give rise to discloseable requirements under the provisions of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). The Shareholders, who are in any doubt as to whether these provisions would affect them as a result of their election of receiving the Final Dividend in the form of Scrip Shares, or as to their taxation position, are recommended to seek their own professional advice.

FORM OF ELECTION

A form of election in relation to the Scrip Dividend Scheme (the “Form of Election”) is enclosed for use by the Shareholders who wish to receive the Final Dividend wholly in cash or partly in cash and partly in the form of the Scrip Shares, or to make a permanent election to receive cash in lieu of any future dividend in scrip form.

The Form of Election shall not be sent to the Shareholders who have earlier made a permanent election for all future dividends. A written notice should be sent to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited (the "Branch Registrar") (whose contact details are set out below) if such Shareholders wish to change or revoke their permanent election so made.

If you elect to receive the Final Dividend wholly in the form of the Scrip Shares, you do not need to take any action.

If you elect to receive the Final Dividend wholly in cash, or partly in cash and partly in the form of the Scrip Shares, you should complete, sign, date and return the enclosed Form of Election in accordance with the instructions printed thereon.

If you complete the Form of Election but do not specify the number of Shares in respect of which you wish to receive cash under the Scrip Dividend Scheme, or if you elect to receive cash in respect of a greater number of Shares than your registered shareholding on the Record Date, in either case, you will be deemed to have exercised your election to receive cash in respect of all the Shares of which you were then registered as the holder on the Record Date.

The Shareholders who elect to receive the Final Dividend wholly in cash may also elect to receive all future dividends entitled by them in cash by completing Box D on the Form of Election. Such election may be revoked at any time by giving five business days' written notice to the Branch Registrar. The Form of Election will not in the future be sent to the Shareholders who have made such election unless they notify the Branch Registrar of their wish to revoke such election.

If you have earlier made a permanent election to receive all future dividends entitled by you in cash, unless and until you had cancelled such election by a written notice to the Branch Registrar, you will continue to receive all dividends in cash for all the Shares for the time being registered in your name, without the need to complete any Form of Election in the future for such election.

If you have earlier made a permanent election to receive cash in respect of all future dividends entitled by you but now wish to receive your dividends wholly in the form of the Scrip Shares or partly in form of the Scrip Shares and partly in cash, you are required to cancel your permanent election by a written notice to the Branch Registrar.

The Form of Election should be completed in accordance with the instructions printed thereon and returned to the Branch Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Thursday, 16 October 2014. Failure to complete and return the Form of Election in accordance with the instructions printed thereon will result in the relevant Shareholder's Final Dividend being paid wholly in the form of the Scrip Shares. No acknowledgement of receipt of the Form of Election will be issued.

If there is a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning (either one of the warnings is referred to as the “Warning”), the above deadline for submission of the Forms of Election will be changed as follows:

- (a) If the Warning is in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Thursday, 16 October 2014, the deadline for submission of the Forms of Election will be 5:00 p.m. on Thursday, 16 October 2014.**
- (b) If the Warning is in force in Hong Kong at any local time between 12:00 noon and 4:30 p.m. on Thursday, 16 October 2014, the deadline for submission of the Forms of Election will be rescheduled to 4:30 p.m. on the next business day which does not have any Warning in force at any time between 9:00 a.m. and 4:30 p.m.**

SHAREHOLDERS RESIDING OUTSIDE HONG KONG

None of this circular or the Form of Election will be registered in Hong Kong or in any other jurisdiction.

No person receiving a copy of this circular or a Form of Election in any jurisdiction outside Hong Kong may treat the same as offering a right to elect to receive the Scrip Shares unless such offer could lawfully be made to such person without the Company being required to comply with any governmental or regulatory procedures or any similar formalities. It is the responsibilities of any person residing outside Hong Kong who wishes to receive the Scrip Shares under the Scrip Dividend Scheme to comply with the laws of the relevant jurisdiction(s), including the obtaining of any governmental or other consents and compliance with all other formalities. It is also the responsibilities of any person who receives the Scrip Shares in lieu of a cash dividend to comply with any restrictions on the transfer or sale of the Shares which may apply outside Hong Kong.

Whether it is to your advantage to receive the Scrip Shares or cash, in whole or in part, shall depend on your own individual circumstances, and the decision in this regard and all effects resulting therefrom are the responsibility of each Shareholder. Shareholders who are trustees are recommended to take professional advice as to whether the choice of the Scrip Shares is within their powers and as to its effect having regard to the terms of the relevant trust instrument. According to the register of members of the Company as at the Record Date, the Company is not aware of any Shareholder whose registered address is outside Hong Kong.

LISTING AND DEALINGS

The issue of the Scrip Shares pursuant to the Scrip Dividend Scheme is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Scrip Shares to be allotted and issued pursuant to the Scrip Dividend Scheme. The Company will make the said listing application to the Stock Exchange. If the condition above is not satisfied, the Scrip Dividend Scheme will not become effective and the Form of Election will be void. The Final Dividend will then be paid wholly in cash.

It is expected that the relevant dividend warrants and share certificates will be sent by ordinary post to the Shareholders at their risks on or about 31 October 2014. Dealing of the Scrip Shares on the Stock Exchange is expected to commence on Monday, 3 November 2014.

Subject to the granting of the listing of, and permission to deal in, the Scrip Shares to be allotted and issued pursuant to the Scrip Dividend Scheme on the Stock Exchange, such Scrip Shares will be accepted as eligible securities by Hong Kong Securities Clearing Company Limited for deposit, clearance and settlement in the Central Clearing and Settlement System (“CCASS”). All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Dealing in the Scrip Shares may be settled through CCASS and you should seek the advice of your stockbroker or other professional adviser for details of these settlement arrangements and how such settlement arrangements will affect your rights and interests.

The Shares and the 6 per cent. bonds due 2018 of the Company are listed and dealt on the Stock Exchange. No other equity or debt securities of the Company are listed or dealt on any other stock exchange nor listing or permission to deal on any other stock exchange is being or proposed to be sought.

Yours faithfully,
For and on behalf of the Board of
Dorsett Hospitality International Limited
CHIU Wing Kwan Winnie
President and Executive Director