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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 Transaction - Tenancy Agreements

On 30 June 2015, the Tenant, a wholly-owned subsidiary of the Company, and the Landlord, a wholly-owned subsidiary of FECIL, entered into the New 18/F Tenancy Agreement pursuant to which the Landlord agreed to let the Expanded Premises to the Tenant for a term of two years commencing from 1 July 2015 and expiring on 30 June 2017.

Furthermore, on 30 June 2015, the Tenant and the Landlord entered into the Renewal 20/F Tenancy Agreement to renew the Existing 20/F Tenancy Agreement for a term of two years commencing from 1 September 2015 and expiring on 31 August 2017.

The Landlord is a connected person of the Company under the Listing Rules by virtue of its being a wholly-owned subsidiary of FECIL, which in turn is the controlling shareholder of the Company holding approximately 73.97% of the issued shares of the Company. The Transactions constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the aggregate applicable percentage ratios (as defined in the Listing Rules) in respect of the maximum annual rental payable by the Tenant to the Landlord under the Tenancy Agreements exceeds 0.1% but is less than 5%, the Transactions are subject to reporting, announcement and annual review requirements and are exempt from independent shareholders' approval requirement under the Listing Rules.

Background

Reference is made to the announcement of the Company dated 31 August 2012 in respect of the Existing 20/F Tenancy Agreement which had constituted a continuing connected transaction for the Company under the Listing Rules. The Existing 20/F Tenancy Agreement shall expire on 31 August 2015. In view of the expiration of the Existing 20/F Tenancy Agreement, on 30 June 2015, the Tenant entered into the Renewal 20/F Tenancy Agreement to renew the Existing 20/F Tenancy Agreement with the Landlord for a term of two years commencing from 1 September 2015 and expiring on 31 August 2017.

Furthermore, the Board would like to announce that on 30 June 2015, the Tenant and the Landlord entered into the New 18/F Tenancy Agreement pursuant to which the Landlord agreed to let the Expanded Premises to the Tenant. The additional office space will be used as the new principal place of business of the Group in Hong Kong. Announcement in relation to the change of principal place of business of the Company in Hong Kong has also been published on 30 June 2015.

Principal terms of the Existing 20/F Tenancy Agreement

Date:	31 August 2012
Landlord:	Annick Investment Limited, a wholly-owned subsidiary of FECIL
Tenant:	Dorsett Hospitality International Services Limited, a wholly-owned subsidiary of the Company
Existing Premises:	The entire 20th Floor, Far East Consortium Building, No. 121 Des Voeux Road Central, Hong Kong with a gross floor area of approximately 5,964 sq.ft.
Term:	Three years commencing from 1 September 2012 to 31 August 2015 (both days inclusive)
Rental:	HK\$208,740 per month (inclusive of rates, government rent, management fee and air-conditioning charges but exclusive of all Tenant's other outgoings) to be payable per calendar month in advance
Rent free period:	One month

Principal terms of the Renewal 20/F Tenancy Agreement

Date:	30 June 2015
Landlord:	Annick Investment Limited, a wholly-owned subsidiary of FECIL
Tenant:	Dorsett Hospitality International Services Limited, a wholly-owned subsidiary of the Company
Existing Premises:	The entire 20th Floor, Far East Consortium Building, No. 121 Des Voeux Road Central, Hong Kong with a gross floor area of approximately 5,964 sq.ft.
Term:	Two years commencing from 1 September 2015 to 31 August 2017 (both days inclusive)
Rental:	HK\$226,632 per month (inclusive of rates, government rent, management fee and air-conditioning charges but exclusive of all Tenant's other outgoings) to be payable per calendar month in advance

Principal terms of the New 18/F Tenancy Agreement

Date:	30 June 2015
Landlord:	Annick Investment Limited, a wholly-owned subsidiary of FECIL
Tenant:	Dorsett Hospitality International Services Limited, a wholly-owned subsidiary of the Company
Expanded Premises:	The entire 18th Floor, Far East Consortium Building, No. 121 Des Voeux Road Central, Hong Kong with a gross floor area of approximately 5,857 sq.ft.
Term:	Two years commencing from 1 July 2015 to 30 June 2017 (both days inclusive)
Rental:	HK\$222,566 per month (inclusive of rates, government rent, management fee and air-conditioning charges but exclusive of all Tenant's other outgoings) to be payable per calendar month in advance
Rent free period:	One month

Aggregate Annual Caps of the Tenancy Agreements

The Aggregate Annual Caps of the Tenancy Agreements based on the total annual amount payable under the Existing 20/F Tenancy Agreement, the Renewal 20/F Tenancy Agreement and the New 18/F Tenancy Agreement for each of the years ending 31 March 2016, 31 March 2017 and 31 March 2018 will be as follows:-

	Year ending		
	31 March 2016 HK\$	31 March 2017 HK\$	31 March 2018 HK\$
Existing 20/F Tenancy Agreement	1,100,000	—	—
Renewal 20/F Tenancy Agreement	1,670,000	2,800,000	1,190,000
New 18/F Tenancy Agreement	<u>1,870,000</u>	<u>2,850,000</u>	<u>700,000</u>
	<u>4,640,000</u>	<u>5,650,000</u>	<u>1,890,000</u>

The above Annual Caps are calculated with reference to the maximum annual amount payable for the Transactions based on the monthly rental (inclusive of rates, government rent, management fee and air-conditioning charges but exclusive of all Tenant's other outgoings) and other charges.

Reasons for and benefits of entering into the Tenancy Agreements

Since August 2012, the Company, through its wholly-owned subsidiary, has been leasing the Existing Premises from the Landlord as one of the offices of the Group in Hong Kong. The Existing 20/F Tenancy Agreement will expire on 31 August 2015. The Company considers it to be commercially necessary and beneficial to renew the Existing 20/F Tenancy Agreement for the lease of the Existing Premises in view of the prime location of the Existing Premises and to avoid any relocation costs and disruption of operation.

As for the New 18/F Tenancy Agreement, taking into account the operational needs of the Company, the suitable size and the fair market rent of the Expanded Premises, the Directors consider it appropriate to rent the Expanded Premises as the new principal place of business of the Group in Hong Kong in light of it being in the same building as the Existing Premises and to house the Company's current workforce and ancillary facilities from its existing place of business at 6/F, Unicorn Trade Centre, 127-131 Des Voeux Road Central, Hong Kong. Notice regarding the change of principal place of business of the Company in Hong Kong has also been announced on 30 June 2015.

The terms of the Tenancy Agreements are negotiated on an arm's length basis between the Tenant and the Landlord with reference to the market rentals of office premises of similar size and location. The Directors (including all the independent non-executive Directors) consider that the terms of the Tenancy Agreements are on normal commercial terms and are fair and reasonable and in the interest of the Company and its shareholders as a whole.

The non-executive Directors of the Company, namely Tan Sri Dato' CHIU, David, Mr. HOONG, Cheong Thard and Mr. CHAN, Chi Hing, who are also the executive directors of FECIL are deemed connected persons pursuant to the Listing Rules and they have abstained from voting on the relevant Board resolutions approving the Tenancy Agreements and the Transactions.

Implications under the Listing Rules

The Landlord is a connected person of the Company under the Listing Rules by virtue of its being a wholly-owned subsidiary of FECIL, which in turn is the controlling shareholder of the Company holding approximately 73.97% of the issued shares of the Company. The Transactions constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the aggregate applicable percentage ratios (as defined in the Listing Rules) in respect of the maximum annual rental payable by the Tenant to the Landlord under the Tenancy Agreements exceeds 0.1% but is less than 5%, the Transactions are subject to reporting, announcement and annual review requirements and are exempt from independent shareholders' approval requirement under the Listing Rules.

General

The Company is an investment holding company. The principal activities of the Group are hotel operation and management, property investment, property development and property trading. The Tenant is a hotel management company and a wholly owned subsidiary of the Company.

FECIL is an investment holding company. The principal activities of the FECIL Group comprise property development and investment, hotel operation and management, car park operation, and treasury management. The Landlord is a property investment company and a wholly owned subsidiary of FECIL.

Definitions

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“Annual Caps”	the maximum annual amount payable in respect of the Tenancy Agreements
“Board”	the board of Directors
“Company”	Dorsett Hospitality International Limited (帝盛酒店集團有限公司), a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 2266)
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Directors”	the directors of the Company
“Existing 20/F Tenancy Agreement”	the tenancy agreement dated 31 August 2012 entered into between the Tenant and the Landlord pursuant to which the Landlord agreed to let the Existing Premises to the Tenant for a term of three years commencing from 1 September 2012 and expiring on 31 August 2015
“Existing Premises”	the entire 20th Floor, Far East Consortium Building, No. 121 Des Voeux Road Central, Hong Kong
“Expanded Premises”	the entire 18th Floor, Far East Consortium Building, No. 121 Des Voeux Road Central, Hong Kong
“FECIL”	Far East Consortium International Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 35)
“FECIL Group”	FECIL and its subsidiaries
“Group”	the Company and its subsidiaries
“Landlord”	Annick Investment Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of FECIL
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“New 18/F Tenancy Agreement”	the tenancy agreement dated 30 June 2015 entered into between the Tenant and the Landlord pursuant to which the Landlord agreed to let the Expanded Premises to the Tenant for a term of two years commencing from 1 July 2015 and expiring on 30 June 2017
“Renewal 20/F Tenancy Agreement”	the tenancy agreement entered into between the Tenant and the Landlord on 30 June 2015 pursuant to which the Landlord agreed to renew the Existing Premises to the Tenant for a term of two years commencing from 1 September 2015 and expiring on 31 August 2017
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreements”	the New 18/F Tenancy Agreement, the Existing 20/F Tenancy Agreement and the Renewal 20/F Tenancy Agreement
“Tenant”	Dorsett Hospitality International Services Limited, a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of the Company
“Transactions”	the transactions under the Tenancy Agreements
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

By Order of the Board
Dorsett Hospitality International Limited
WONG, Kang Yean Clarence
Chief Financial Officer and Company Secretary

Hong Kong, 30 June 2015

As at the date of this announcement, the executive directors of the Company are Ms. CHIU, Wing Kwan Winnie and Mr. LAI, Wai Keung. The non-executive directors of the Company are Tan Sri Dato' CHIU, David, Mr. HOONG, Cheong Thard and Mr. CHAN, Chi Hing. The independent non-executive directors of the Company 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 translated into Chinese. In the event of any inconsistency between the two texts, the English text of this announcement shall prevail.