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遠東發展有限公司
Far East Consortium International Limited



**POSSIBLE PRIVATISATION OF DORSETT BY THE OFFEROR
BY WAY OF A SCHEME OF ARRANGEMENT**

(Hong Kong, 28 May 2015) Far East Consortium International Limited (“FEC”, SEHK stock code: 35) and Dorsett Hospitality International Limited (“Dorsett”, SEHK stock code: 2266) jointly announced that on 20 May 2015, the board of directors (“Board”) of FEC requested the Board of Dorsett to put forward a proposal (the “Proposal”) to the holders (the “Scheme Shareholders”) of Scheme Shares (as defined below) regarding the possible privatisation of Dorsett by Willow Bliss Limited (the “Offeror”), a wholly-owned subsidiary of FEC, by way of a scheme of arrangement (the “Scheme”).

PRINCIPAL TERMS OF THE PROPOSAL

Under the Proposal, the Scheme Shares will be cancelled in exchange for the payment by the Offeror to each Scheme Shareholder of the cancellation consideration (the “Cancellation Consideration”) to be satisfied by (i) a cash consideration of HK\$0.72; and (ii) 0.28125 new FEC Shares (as defined below) to be issued (“FEC Consideration Share”) for each Scheme Share.

Based on the closing price of HK\$3.84 per ordinary share in the capital of FEC (“FEC Share”) as quoted on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on the last trading day of Dorsett Shares (as defined below) and FEC Shares before the issuance of the joint announcement (“Last Trading Day”), the value of the Cancellation Consideration is equivalent to HK\$1.80, which represents a premium of approximately 32.4% over the closing price of HK\$1.36 per ordinary share in the capital of Dorsett (“Dorsett Share”) as quoted on the Stock Exchange on the Last Trading Day; or a premium of approximately 41.7% over the average closing price of approximately HK\$1.27 per Dorsett Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day.

The implementation of the Proposal and the Scheme is subject to certain conditions being fulfilled or waived, as applicable. For more details, please refer to the full joint announcement issued by FEC, Dorsett and the Offeror on 27 May 2015.

REASONS FOR AND EXPECTED BENEFITS OF THE PROPOSAL

The Board of FEC considers that the implementation of the Proposal is beneficial to the respective shareholders of FEC and Dorsett.

For Dorsett

In the past two years, the share price of Dorsett has traded at a level below the original listing price, with a relatively low level of liquidity. Dorsett has not raised any external equity funding since its listing and the directors of FEC believe that the share price has not reflected the value and fundamentals of Dorsett. The successful implementation of the Proposal would provide the independent Dorsett shareholders the opportunity to exit their shareholdings at a consideration that represents a considerable premium to the traded market price of Dorsett. Through the share exchange mechanism under the Proposal, the independent Dorsett shareholders shall retain an equity exposure to and participate in the ownership in FEC, which has a broader business portfolio including, upon successful implementation of the Proposal, the wholly-owned interest in Dorsett.

For FEC

FEC is currently the controlling shareholder of Dorsett. The Board of FEC believes that the Proposal should enhance value for shareholders through the elimination of the holding company discount in connection with the existing tiered shareholding structure as Dorsett would become a wholly-owned subsidiary of FEC following the successful implementation of the Proposal. In addition, the combined group would be in a better position to exploit the potential business opportunities that are currently restricted by or subject to the mutual non-competitive undertakings and the connected transactions relationships established at the time of Dorsett's listing. There will also be cost savings achievable through the elimination of certain overlapped corporate functions. In addition, FEC would be able to utilise the combined liquidity resources of the enlarged group more effectively for the benefit of all shareholders of FEC. Successful implementation of the Proposal would also broaden the shareholder base of FEC and is expected to add trading liquidity to its shares.

The Board of FEC accordingly considers that the Proposal would be in the interests of FEC and its shareholders as it will simplify the group structure and create more flexibility to manage Dorsett's business in a more efficient manner.

SHAREHOLDING STRUCTURE OF DORSETT AND FEC

As at 27 May 2015, there are 2,100,626,650 Dorsett Shares in issue, and FEC held 1,553,879,650 Dorsett Shares representing approximately 73.97% of the issued share capital of Dorsett. The Scheme Shareholders are interested in 546,747,000 Dorsett Shares (other than those held by the Offeror and FEC), representing approximately 26.03% of the issued share capital of Dorsett (the "Scheme Shares").

As at 27 May 2015, there are 1,913,736,798 FEC Shares in issue. Based on the issue price of FEC Consideration Shares of HK\$3.84 and assuming that no outstanding, vested and unvested, share

option, each relating to one Dorsett Share, (“Dorsett Options”) are exercised before the date on which the Scheme becomes effective (the “Effective Date”), 153,772,593 FEC Consideration Shares will be issued pursuant to the Scheme, representing approximately 8.04% of the share capital of FEC as at 27 May 2015, and approximately 7.44% of the enlarged share capital of FEC upon completion of the Proposal.

FINANCIAL RESOURCES

The amount of cash required to implement the Proposal (before taking into account the offer to be made by or on behalf of the Offeror to the holders of Dorsett Options (the “Rule 13 Offer”) in respect of Dorsett Options), on the assumption that no Dorsett Options are exercised before the Effective Date, would be approximately HK\$394 million.

The Offeror intends to finance the cash required for the Proposal and the Rule 13 Offer from internal financial resources.

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About Far East Consortium International Limited

FEC is the ultimate holding company of Dorsett. Its predecessor was a Hong Kong company incorporated on 18 August 1972 under the name of Far East Consortium Limited and was listed on the Stock Exchange in September 1972 (with the stock code: 35). FEC was subsequently re-domiciled from Hong Kong to Cayman Islands on 3 April 1990.

The principal activities of the FEC Group comprise property development and investment, hotel operation and management, car park operation and treasury management, with operations in Hong Kong, the PRC, Australia, Malaysia, Singapore, the United Kingdom and New Zealand.

As mentioned in FEC's interim results for the six months ended 30 September 2014, FEC has a significant pipeline of residential projects which are located in Hong Kong, the PRC, Australia, Malaysia and the United Kingdom. FEC has also announced the planned mixed-use development in Melbourne and Perth that will include a possible hotel component. In late 2014, FEC signed a consortium bid agreement with Chow Tai Fook Enterprises Limited and Echo Entertainment Group Limited to bid for the development of an entertainment precinct and integrated resort in Brisbane with approximately 9.4 hectares of site area. As at 27 May 2015, the consortium has been short-listed as one of the two final proponents for the project.

About Dorsett Hospitality International Limited

Dorsett is a public limited company incorporated as an exempted company with limited liability in the Cayman Islands. The shares of Dorsett have been listed on the Main Board of the Stock Exchange since 11 October 2010 with the stock code 2266.

The principal business activities of Dorsett and its subsidiaries ("Dorsett Group") comprise hotel development, ownership and operation. Dorsett Group's hotel portfolio comprises 20 owned operating hotels in Hong Kong, Malaysia, the PRC, Singapore and the United Kingdom as at 27 May 2015. Dorsett Group also has five hotels under development as at 27 May 2015.

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