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Kosmopolito Hotels International Limited

麗悅酒店集團有限公司

(Incorporated in the Cayman Islands with limited liability)

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

(Stock Code: 2266)

Unaudited Operational Update for the Third Quarter Results to 31 December 2011

The Board of Directors (the “Board”) of Kosmopolito Hotels International Limited (the “Company”) announces the unaudited operational update of the Company and its subsidiaries (the “Group”) for the quarter and the nine months ended 31 December 2011 as follows:

Owned and Managed Hotels Operational Highlights						
For the three months ended						
Region	RevPAR (HK\$)		Occupancy (%)		Average Room Rate (HK\$)	
	31.12.2011	y-o-y%	31.12.2011	y-o-y%	31.12.2011	y-o-y%
Owned						
Hong Kong *	1,124.37	27%	97%	3%	1,154.51	23%
Malaysia	384.15	13%	79%	5%	486.13	7%
China	<u>309.43</u>	<u>7%</u>	<u>58%</u>	<u>31%</u>	<u>535.67</u>	<u>-19%</u>
Total	<u>753.18</u>	<u>22%</u>	<u>85%</u>	<u>5%</u>	<u>883.55</u>	<u>16%</u>
Managed						
Hong Kong **	<u>1,148.39</u>	<u>N/A</u>	<u>97%</u>	<u>N/A</u>	<u>1,182.75</u>	<u>N/A</u>
	<u>1,148.39</u>	<u>N/A</u>	<u>97%</u>	<u>N/A</u>	<u>1,182.75</u>	<u>N/A</u>
Group Wide	<u>775.46</u>	<u>26%</u>	<u>85%</u>	<u>5%</u>	<u>907.98</u>	<u>19%</u>

For the nine months ended						
<u>Region</u>	RevPAR (HK\$)		Occupancy (%)		Average Room Rate (HK\$)	
	31.12.2011	y-o-y%	31.12.2011	y-o-y%	31.12.2011	y-o-y%
Owned						
Hong Kong *	919.87	28%	96%	5%	960.45	21%
Malaysia	375.16	10%	75%	2%	498.16	8%
China	299.55	-3%	53%	6%	565.82	-9%
Total	647.75	23%	83%	5%	781.90	17%
Managed						
Hong Kong **	932.52	N/A	95%	N/A	981.92	N/A
	932.52	N/A	95%	N/A	981.92	N/A
Group Wide	659.52	25%	83%	5%	797.88	20%
* Includes Cosmo Hotel Mongkok and Dorsett Regency Hotel, Hong Kong which opened in July 2010 and June 2011 respectively and two months results of Central Park Hotel but excludes The Mercer by Kosmopolito.						
** Includes The Mercer by Kosmopolito with management contract commencing from April 2011 and one month result of Central Park Hotel with management contract commencing from December 2011.						

The operational performance of the 15 owned hotels and 2 managed hotels continued to achieve outstanding growth for the quarter ended 31 December 2011, with revenue per available room (“RevPAR”) attaining an average increase of 26% over the same period last year to reach HK\$775.46. Especially worth mentioning is the performance for the three months ended on 31 December 2011 of the eight hotels owned by the Group in Hong Kong, which recorded a RevPAR growth of 27% on the back of a 23% jump in average room rate and a 3% rise in occupancy rate on a year-over-year basis. Malaysia has also exhibited growth in both average room rate and occupancy contributed to the overall RevPAR growth of 13% to HK\$384.15 for the quarter. In China, while the Group continued to experience challenge in room rate recovery, however, the occupancy rate maintained a remarkable rebound and has increased 31% compared to the same period over the prior financial year. The RevPAR in China has grown by 7% compared to the same period over the prior financial year to HK\$309.43.

On 11 October 2011, Subang Jaya Hotel Development Sdn Bhd (“Subang Jaya”), a wholly-owned subsidiary of the Company, entered into a joint venture agreement (the “JV Agreement”) with Mayland Valiant Sdn Bhd (“Mayland Valiant”) whereby Subang Jaya and Mayland Valiant will jointly develop a parcel of land on the outskirts of the Grand Dorsett Subang Hotel in Malaysia into hotel suite apartments

(approximately 1,989 units) in two 17-storey high apartment blocks, with a car park providing approximately 1,329 parking spaces. The JV Agreement and all transactions contemplated therein have been approved by independent shareholders of the Company at the extraordinary general meeting held on 31 October 2011. Details in relation to the JV Agreement were disclosed in the announcement and the circular published by the Company dated 11 October 2011 and 14 October 2011 respectively.

As part of the Group's capital redeployment strategy, the Group completed the disposal of the 142-room Central Park Hotel in Sheung Wan, Hong Kong for a consideration of HK\$515 million on 30 November 2011 and realized a gain of approximately HK\$370 million.

On 21 December 2011, the Group entered into a sale and purchase agreement in relation to the acquisition of Capital Fortune Investment Limited ("Capital Fortune"). Capital Fortune owns 25% equity interest of a joint venture company which in turn is the owner of 頤明園度假村 (Yiming Yuan Resort), a property (the "Property") located at Zhuji, Zhejiang Province, the PRC. The Property, when completed, will comprise a 5-storey hotel and a 2-storey clubhouse with a total gross floor area of approximately 36,905.18 square metres erected on a parcel of land with a total site area of approximately 60,736.10 square metres. It is expected that upon completion of the interior decoration work, the resort hotel will commence operation in the fourth quarter of 2012. With close proximity to major cities such as Shanghai and Hangzhou, the increasing tourism activities in the Zhejiang region is anticipated to bring long-term accretive growth to the hotel owner. The Group is currently in the process of negotiating a hotel management contract with the joint venture partner to operate the hotel once it commences operation. Details in relation to the acquisition of Capital Fortune were disclosed in the announcement published by the Company dated 21 December 2011.

The Company maintains a cautiously optimistic outlook of the industry, the operational performance of its hotels and the Company's performance in the midst of lingering global economic instability and holds firm to its belief that such times of uncertainty can also present opportunities.

The Board wishes to remind investors and/or shareholders of the Company that the above operational update for the quarter and nine months ended 31 December 2011 are based on the Group's internal records and unaudited management accounts which have not been reviewed or audited by auditors. Differences may arise between such data and the information disclosed in subsequent audited financial statements. Investors and/or shareholders of the Company are cautioned not to unduly rely on such data and are advised to exercise caution when dealing in the shares of the Company.

This announcement is a voluntary information disclosure.

By order of the Board of
Kosmopolito Hotels International Limited
CHIU, Wing Kwan Winnie
President and Executive Director

Hong Kong, 17 January 2012

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, Mr. CHAN, Chi Hing and Mr. MOK, Kwai Pui Bill. The independent non-executive directors of the Company are Mr. SHEK, Lai Him Abraham, Mr. TO, Peter and Dr. LIU, Ngai Wing.

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