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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)**

### **Continuing Connected Transaction - Tenancy Agreement**

On 31 August 2012, the Tenant, a wholly-owned subsidiary of the Company, and the Landlord, a wholly-owned subsidiary of FECIL, entered into the Tenancy Agreement pursuant to which the Landlord agreed to let the Premises to the Tenant for a term of three years commencing from 1 September 2012 and expiring on 31 August 2015.

FECIL is the controlling shareholder of the Company and is interested in approximately 73.25% of the issued shares of the Company. The Landlord is therefore an associate (as defined in the Listing Rules) of FECIL and a connected person of the Company under the Listing Rules. The Transaction constitutes continuing connected transaction for the Company under Rule 14A.14 of the Listing Rules.

As one of the 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 Agreement exceeds 0.1% but is less than 5%, the Transaction is only subject to reporting, announcement and annual review requirements and is exempt from independent shareholders' approval requirement under the Listing Rules.

#### **Transaction**

The Board announces that on 31 August 2012, the Tenant and the Landlord entered into the Tenancy Agreement pursuant to which the Landlord agreed to let the Premises to the Tenant.

## **Principal terms of the Tenancy Agreement**

Date	31 August 2012
Landlord:	Annick Investment Limited, a wholly-owned subsidiary of FECIL
Tenant:	Kosmopolito Hotels International Services Limited, a wholly-owned subsidiary of the Company
Premises:	The entire 20th Floor, Far East Consortium Building, No. 121 Des Voeux Road Central, 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
Annual Caps:	HK\$1,252,440 for the financial year ending 31 March 2013 (taking into account the rent free period) HK\$2,504,880 for the financial year ending 31 March 2014 HK\$2,504,880 for the financial year ending 31 March 2015 HK\$1,043,700 for the financial year ending 31 March 2016

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

## **Reasons for and benefits of entering into the Tenancy agreement**

The Company has been recruiting new staff to cater for the expansion of the business of the Group. Taking into account the operational needs of the Company, the suitable size of the Premises, its close proximity to the Company's headquarters and the reasonable rental terms agreed, the Directors consider it appropriate to rent the Premises as corporate office to house the Company's additional workforce and ancillary facilities.

The terms of the Tenancy Agreement were entered into after arm's length negotiations between the parties by reference to the market rentals of business premises of similar size and location. The Directors (including all the independent non-executive Directors) consider that the terms of the Tenancy Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The non-executive Directors, namely Tan Sri Dato' CHIU, David (the chief executive officer, an executive director and the Chairman of FECIL), Mr. HOONG, Cheong Thard (the managing director of FECIL) and Mr. CHAN, Chi Hing (the chief operating officer of FECIL) abstained from voting on the relevant board resolutions approving the Tenancy Agreement and the Transaction in the meeting of the Board.

### **IMPLICATIONS UNDER THE LISTING RULES**

FECIL is the controlling shareholder of the Company and is interested in approximately 73.25% of the issued shares of the Company. The Landlord is therefore an associate (as defined in the Listing Rules) of FECIL and a connected person of the Company under the Listing Rules. The Transaction constitutes continuing connected transaction for the Company under Rule 14A.14 of the Listing Rules.

As one of the 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 Agreement exceeds 0.1% but is less than 5%, the Transaction is only subject to reporting, announcement and the annual review requirements and is exempt from independent shareholders' approval requirement under the Listing Rules.

### **GENERAL**

The Company is an investment holding company. The principal activities of the Group comprise developing, owning and operating value, mid-scale, upscale and boutique hotels, and property investment, development and trading. The Tenant is a hotel management company.

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

## DEFINITIONS

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

“Annual Caps”	the maximum annual rental payable by the Tenant to the Landlord under the Tenancy Agreement
“Board”	the board of Directors
“Company”	Kosmopolito Hotels International Limited (麗悅酒店集團有限公司), a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the main board of the Stock Exchange
“connected person”	has the meaning ascribed thereto in the Listing Rule
“Directors”	the directors of the Company
“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
“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
“Premises”	the entire 20th Floor, Far East Consortium Building, No. 121 Des Voeux Road Central, Central, Hong Kong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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 Premises to the Tenant for a term of three years commencing from 1 September 2012 and expiring on 31 August 2015.

“Tenant”	Kosmopolito Hotels International Services Limited, a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of the Company
“Transaction”	the tenancy under the Tenancy Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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

Hong Kong, 31 August 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 and Mr. CHAN, Chi Hing. The independent non-executive Directors of the Company are Mr. SHEK, Lai Him Abraham, 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 two texts, the English text of this announcement shall prevail over the Chinese text.*