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Kosmopolito Hotels International Limited

麗悦酒店集團有限公司

(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 2010

The Board of Directors 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 2010 as follows:

Operational Highlights						
Region	For the three months ended					
	RevPAR (HK\$)		Occupancy (%)		Average Room Rate (HK\$)	
	31.12.2010	y-o-y%	31.12.2010	y-o-y%	31.12.2010	y-o-y%
Hong Kong*	885.43	28%	94%	3%	937.36	25%
Malaysia	341.37	14%	75%	4%	453.89	10%
China [#]	289.97	89%	44%	-25%	659.83	153%
Group Wide	617.44	25%	81%	-1%	761.23	26%
Region	For the nine months ended					
	RevPAR (HK\$)		Occupancy (%)		Average Room Rate (HK\$)	
	31.12.2010	y-o-y%	31.12.2010	y-o-y%	31.12.2010	y-o-y%
Hong Kong*	720.63	37%	91%	12%	793.64	22%
Malaysia	340.11	15%	74%	7%	460.85	8%
China [#]	309.76	136%	50%	-4%	619.52	145%
Group Wide	526.63	29%	79%	6%	666.62	22%

* Includes Cosmo Kowloon Hotel which opened in July 2010.

[#] Includes Yue @ Century Park Shanghai which opened in February 2010.

The Group's operational performance continued to achieve strong growth, with its revenue per available room ("RevPAR") for the quarter ended 31 December 2010 improving across all the regions, cumulating to an overall year-on-year rise of 25%. During the period, many of the Group's Hong Kong hotels achieved unprecedented RevPAR with a same estate RevPAR growth of 42.5% over the same period last financial year (41.7% when over the nine months period). The Group's China hotels had a year-on-year drop of 25% in occupancy due to a combination of the post World Expo effect, on-going refurbishment at Wuhan Cosmopolitan Hotel and Yue @ Century Park Shanghai's strategy of driving rates.

The seven owned and under development hotels are largely progressing as planned, with the next two hotels on schedule to open in the first quarter of financial year 2012 to bring the Group's total operating estate to 17 hotels.

As part of its capital churning strategy, the Group entered into a Sales & Purchase Agreement on 1 December 2010 with an independent third party to sell its interest in the hotel "The Mercer by Kosmopolito" for an aggregate consideration of HK\$290 million minus the mortgage loan of the project and subject to adjustments. The sale will be completed when "The Mercer by Kosmopolito" opens in the first quarter of financial year 2012 at which time the Group is expected to realise the value it has created with the property and record a gain of approximately HK\$90 million. The monetarised capital will be redeployed when the Company identifies value accretive acquisition opportunities in strategic locations.

In its continued pursuit of the asset-light and cost-effective nature of the hotel management business, the Group simultaneously entered into a management contract for "The Mercer by Kosmopolito" pursuant to which the Group shall provide hotel management services to the "The Mercer by Kosmopolito" upon the completion of the sale of the hotel.

The Group also entered into its second Letter of Intent to manage third party hotels, this time for a 234-room resort hotel that is already in operation in Guangxi Province, People's Republic of China. The Company expects to execute the Management Contract shortly and will take over the operation of the resort hotel before the end of financial year 2011.

During the quarter, the Company achieved good progress with its implementation of its branding strategy to refresh and streamline its brands to better appeal to its target market segments and to serve as a platform for its expansion into the hotel management business. Having launched the "Boutique Series by Kosmopolito" to the trade and the media on 17 November 2010, the Company is progressing as planned with the launch of the "Silka Hotel" brand by rebranding the Group's four value segment hotels as "Silka Hotels" in the first quarter of financial year 2012.

The Company remains cautiously optimistic that the improved consumer sentiment in the region and strong rebound in visitor arrivals and tourism spend, as well as the substantial experience of its management and employees will bolster the operational performance of the Group's hotels and the Company's performance.

The Board wishes to remind investors and/or shareholders that the above operational update for the quarter and nine months ended 31 December 2010 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 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
MOK Kwai Pui Bill
President & Executive Director

Hong Kong, 14 February 2011

As at the date of this announcement, the executive Directors are Mr. MOK, Kwai Pui Bill, Mr. CHU, Chee Seng, Mr. LAI, Wai Keung and Ms. CHIU, Wing Kwan Winnie. The non-executive Directors are Tan Sri Dato' CHIU, David, Mr. IP, Hoi Wah Edmond, Mr. HOONG, Cheong Thard and Mr. CHAN, Chi Hing. The independent non-executive Directors are Mr. SHEK, Lai Him Abraham, Mr. TO, Peter and Dr. LIU, Ngai Wing.