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[For immediate release]



## **Kosmopolito Hotels Announces Proposed Listing on Main Board of SEHK**

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**Global Offering of 540,000,000 Shares at between HK\$2.04 and HK\$2.75 per Share to Raise up to HK\$1,485 Million**

### **Investment Highlights**

- A fast-growing hotel group which expects to increase its hotel rooms owned or managed from 3,889 rooms to 6,695 rooms by the end of 2013
- High operational efficiency with average EBITDA margin of 45% for the three years ended 31 March 2008, 2009 and 2010
- Able to deliver strong returns and create value accretion from hotel portfolio with revaluation surplus of HK\$4,987 million
- Operating performance rebounded in the second half of the year ended 31 March 2010
- Well-positioned to tap the asset light hotel management business

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(Hong Kong, 27 September 2010) — **Kosmopolito Hotels International Limited** (“Kosmopolito Hotels” or the “Company”), a fast-growing developer, owner and operator of value to upscale and boutique hotels in Asia, today announced the details of its proposed listing on the Main Board of The Stock Exchange of Hong Kong Limited (“SEHK”).

Of the 540,000,000 shares for Global Offering (subject to adjustment and over-allotment option), 90% will be for international placing and preferential offering and the remaining 10% will be offered to the public in Hong Kong. The indicative price range is between HK\$2.04 and HK\$2.75 per share. Assuming the Over-allotment Option is not exercised, the total issue size is estimated at between approximately HK\$1,102 million and HK\$1,485 million.

The Company has secured Chow Tai Fook Nominee Limited as a cornerstone investor which has agreed to subscribe for the number of shares equal to the maximum number of shares that may be purchased with HK\$100.0 million (“investor shares”) at the final Offer Price. Assuming a mid-point Offer Price of HK\$2.40 and that the Over-allotment Option is not exercised, the investor shares represent approximately 7.7% of the Offer Shares, or approximately 2.1% of the enlarged issued share capital of the Company immediately following the completion of the Global Offering.

The public offer will begin on 28 September 2010 (Tuesday) and end at noon on 4 October 2010 (Monday). The final Offer Price and allotment results will be announced on 8 October 2010 (Friday). Dealing in the shares of Kosmopolito Hotels is expected to commence on the Main Board of SEHK on 11 October 2010 (Monday) under the stock code 2266. Shares will be traded in board lots of 1,000 shares.

Credit Suisse (Hong Kong) Limited, Morgan Stanley Asia Limited and The Royal Bank of Scotland N.V., Hong Kong Branch are the Joint Global Coordinators, Joint Bookrunners, Joint Lead Managers and Joint Sponsors of the listing.

**Tan Sri Dato’ CHIU, David, Chairman of Kosmopolito Hotels**, said, “Over the past decade, Kosmopolito Hotels has been growing fast through its proven acquisition, redevelopment and conversion strategy. In view of the absence of ‘Asian grown’ hotel brand names of quality and scale, our aim is to become one of the most respected Asian hotel companies, renowned for delivering shareholder returns above industry averages – driven by our strong operating performance and growing hotel management pipeline. We believe the proposed listing in Hong Kong will help to support our growth as well as achieve our goals.”

*A fast-growing hotel group with strong pipeline to support future growth*

Kosmopolito Hotels is a fast-growing hotel group with a portfolio of diversified products comprising value, mid-scale, upscale and boutique hotels in Asia. Commenced operations in 1998 with only one hotel consisting of 320 rooms, the Company has since expanded its hotel room portfolio more than ten-fold to currently owning and operating a total of eight hotels in Hong Kong, five hotels in Malaysia and two hotels in China with a combined total of approximately 3,889 rooms. To support future growth, the Company has seven hotels, in which four in Hong Kong, two in China and one in Singapore, in various stages of planning or development, which are expected to increase its owned or managed hotel rooms to 6,695 rooms by 2013. By then, Kosmopolito Hotels will become one of the largest hotel operators in Hong Kong based on number of rooms, according to HVS.

*High operational efficiency and EBITDA margin*

Hotels under Kosmopolito Hotels boast high operational efficiency. The returns that the Company is able to generate from its hotels, as measured by EBITDA margin, achieved 45% on average for the three years ended 31 March 2008, 2009 and 2010, among the highest across the listed companies in the hotel industry in its principal market of Hong Kong. Its Hong Kong hotels also enjoy a high gross operating profit (GOP) margin of 54.2% to 61.2% for the three years ended 31 March 2010, which is above the Hong Kong market average. Furthermore, the Company manages to maintain a relatively low total staff-to-room ratio at no more than 0.55 for the three years ended 31 March 2010.

*Strong track record of value creation with developer mindset*

The revaluation surplus up to 30 June 2010 of the hotel portfolio of HK\$4,987 million is a strong testimony of management's capability to deliver strong returns from its hotel portfolio and create value accretion. For example, the capital value of Lan Kwai Fong Hotel @ Kau U Fong was HK\$797 million based on the valuation report as at 30 June 2010, an increase of 257% compared with the acquisition and development cost of approximately HK\$223 million. We are also able to adopt a flexible approach to new site acquisition (i.e. greenfield, conversion as well as rebranding and upgrading). Such strategy has helped reduce project lead time and start-up costs.

**Mr. Bill MOK, President of Kosmopolito Hotels**, added, "Looking forward, we will continue to identify sites and acquisition opportunities in strategic locations that provide us with substantial opportunities for value accretion, strong financial returns and brand enhancement. We will put particular focus to strengthen our hotel business in China and speed up our expansion in the hotel management business. To start with, we have entered into a legally binding letter of intent to manage a third-party hotel, under our 'Hotel Kosmopolito' brand in Huangshi, Hubei Province with approximately 400 rooms. We are confident that this asset-light business model will provide us with a steady source of income, as well as the opportunity to greatly enhance our brand awareness and the size of our hotel operations."

**Offering Structure**

Number of Offer Shares	540,000,000 Offer Shares (subject to adjustment and the Over-allotment Option)
Number of Hong Kong Offer Shares	54,000,000 new Shares (subject to adjustment)
Number of Reserved Shares under the Preferential Offering	28,626,000 new Shares (subject to re-allocation)
Number of International Placing Shares	457,374,000 Shares <ul style="list-style-type: none"> <li>♦ 187,374,000 new Shares</li> <li>♦ 270,000,000 Sale Shares</li> </ul> (subject to adjustment, re-allocation and the Over-allotment Option)
Over-allotment Option	81,000,000 Shares, representing 15% of initial number of total Offer Shares
Offer Price Range	HK\$2.04 – HK\$2.75 per Offer Share
Total Issue Size <sup>#</sup>	HK\$1,102 million - HK\$1,485 million
Market Capitalization	HK\$4,080 million – HK\$5,500 million
Unaudited pro forma adjusted net tangible assets per Share (after adjustment for Capitalization Issue)	HK\$1.28 – HK\$1.37
Stock Code	2266

<sup>#</sup> Before the exercise of the Over-allotment Option

## Use of Net Proceeds

Assuming the Over-allotment Option is not exercised and based on the Offer Price of HK\$2.40 per Offer Share (being the mid-point of the Offer Price range), the net proceeds payable to the Company are estimated at approximately HK\$604 million and will be used for:

	Approximately
• Identifying hotel sites and other hotel or project acquisition opportunities in Hong Kong, China, Singapore and other regions of the Asia Pacific	80%
• Expansion into the hotel management business, which will incorporate the Company's rebranding exercise	20%

## Dividend Policy

Kosmopolito Hotels currently intends to distribute to shareholders approximately 30% of any distributable profit (excluding net fair value gains or losses on investment properties) for the financial year ending 31 March 2011.

## Operating Performance

	For the three months ended 30 June					
	Revenue per Available Room (HK\$)			Occupancy Rate		
	2009	2010	Change	2009	2010	Change
Hong Kong	449	<b>644</b>	+43.4%	72.1%	<b>89.0%</b>	+16.9 pts
China	116	<b>340</b>	+193.1%	47.8%	<b>58.6%</b>	+10.8 pts
Malaysia	292	<b>336</b>	+15.1%	67.1%	<b>76.1%</b>	+9.0 pts
Total	365	<b>482</b>	+32.1%	68.8%	<b>79.6%</b>	+10.8 pts

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## About Kosmopolito Hotels International Limited

Kosmopolito Hotels International Limited is a wholly-owned subsidiary of Far East Consortium International Limited (stock code: 35). It is a fast-growing developer, owner and operator of value to upscale and boutique hotels in Asia with a strong presence in Hong Kong and Malaysia and a primary focus on expansion in China. The business of Kosmopolito comprises hotel investment, operation, management and development.

For further information, please visit: [www.kosmohotels.com](http://www.kosmohotels.com)

### Enquiries:

#### **Strategic Financial Relations Limited**

Iris Lee	+852 2864 4829	<a href="mailto:iris.lee@sprg.com.hk">iris.lee@sprg.com.hk</a>
Mandy Go	+852 2864 4812	<a href="mailto:mandy.go@sprg.com.hk">mandy.go@sprg.com.hk</a>
Angelus Lau	+852 2864 4805	<a href="mailto:angelus.lau@sprg.com.hk">angelus.lau@sprg.com.hk</a>
Cornia Chui	+852 2864 4853	<a href="mailto:cornia.chui@sprg.com.hk">cornia.chui@sprg.com.hk</a>
Fax:	+852 2527 1196 / 2804 2789	
	<a href="http://www.sprg.com.hk">www.sprg.com.hk</a>	

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