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Rosedale Hotel Holdings Limited

珀麗酒店控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1189)

**VERY SUBSTANTIAL DISPOSAL
IN RELATION TO THE DISPOSAL OF
THE ENTIRE EQUITY INTEREST IN AND
SHAREHOLDER'S LOAN DUE FROM
MORE STAR LIMITED WHICH INVOLVES
A DISCLOSEABLE TRANSACTION IN RELATION TO
THE ISSUE OF CONSIDERATION UNITS IN A STAPLED GROUP
TO BE LISTED ON
THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED AND
A VERY SUBSTANTIAL ACQUISITION
IN RELATION TO THE GRANTING OF THE PUT OPTION
RELATING TO THE EQUITY INTEREST IN AND
SHAREHOLDER'S LOAN OF MORE STAR LIMITED;
AND
RESUMPTION OF TRADING**

THE DISPOSAL

On 1 February 2012, the Vendor, a wholly-owned subsidiary of the Company, entered into the Agreement with the Purchaser for the disposal of the Sale Share, being the entire equity interest in the BVI Company which indirectly owns the Property, and the Sale Loan for a total consideration of approximately HK\$1,317,708,000 (subject to adjustment). Of the total consideration, 95% will be settled by way of payment in cash, while the remaining 5% will be settled by the Purchaser by way of issue of the Consideration Units to the Vendor (or its related entity as approved by the Purchaser). The Consideration Units represent interest in the stapled group comprising the REIT and BT admitted for trading on the Main Board of the SGX-ST under the initial public offering of the Units which is in contemplation. Please refer to the paragraph headed "Information on the Purchaser and its affiliates" in this announcement below for further information on the stapled group.

The BVI Company is a company incorporated in BVI with limited liability and an indirect wholly-owned subsidiary of the Company. The sole asset of the BVI Company is its investment in the entire issued share capital of the Property Company which sole asset is the Property. The Property is the building currently named the “Rosedale Hotel Kowloon” under construction on Kowloon Inland Lot No. 11208 located at No. 86 Tai Kok Tsui Road, Tai Kok Tsui, Kowloon, Hong Kong.

MASTER LEASE

It is a term of the Agreement that Rosedale Kowloon, a wholly-owned subsidiary of the Company, shall enter into the Master Lease upon the later of (i) issuance of the Certificate of Compliance; and (ii) Completion.

Under the Master Lease, Rosedale Kowloon shall lease the Property for hotel operation from the Property Company for a term commencing from the date of signing until six (6) years after the date of Completion at the following rent:

- (i) 1st Year – HK\$58,500,000.00;
- (ii) 2nd Year – HK\$61,425,000.00;
- (iii) 3rd Year – HK\$64,496,250.00;
- (iv) 4th Year – HK\$66,431,137.50;
- (v) 5th Year – HK\$68,424,071.63;
- (vi) 6th Year – HK\$70,476,793.78,

all exclusive of rates, government rent, property tax and other outgoings of an annual or recurring nature imposed by any government authority on the Property or the occupier or the owner thereof, all of which shall also be borne by Rosedale Kowloon.

PUT OPTION

Under the Agreement, the Vendor also granted to the Purchaser a Put Option pursuant to which, under certain circumstances as further detailed in this announcement under the paragraph headed “Put Option” below, after Completion, the Purchaser may require the Vendor to purchase back all of the issued shares of the BVI Company and all shareholder’s loan due by the BVI Company to the Purchaser at the Option Consideration equal to the (i) total consideration of the Sale Share and the Sale Loan; and (ii) any amount injected into the Disposal Group after Completion.

IMPLICATION OF THE LISTING RULES

As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceed 75%, the Disposal constitutes a very substantial disposal for the Company under the Listing Rules. In addition, as the Consideration Units to be issued as part of the settlement of the Consideration are expected to be classified as available-for-sale financial assets in the accounts of the Company upon Completion and the applicable percentage ratios under Rule 14.07 of the Listing Rules is less than 25%, the issue of the Consideration Units constitutes a discloseable transaction for the Company under the Listing Rules. Pursuant to Rule 14.74 of the Listing Rules, as the exercise of the Put Option is not at the Vendor's discretion, the Put Option will be classified as if the Put Option had been exercised on the grant of the Put Option. As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the exercise of the Put Option exceed 100%, the exercise of the Put Option by the Purchaser constitutes a very substantial acquisition for the Company.

The Agreement and the transactions contemplated thereunder are therefore subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules. A SGM will be convened by the Company to consider and approve, if thought fit, the Agreement and the transactions contemplated thereunder (including the Disposal, the grant of the Put Option and the acquisition upon the exercise thereof). As no Shareholder has a material interest in the Agreement, no Shareholder is required to abstain from voting on the Agreement at the SGM. Asia Will Limited, the substantial shareholder of the Company holding approximately 29% of the issued share capital of the Company, has undertaken to vote in favour of the resolution(s) at the SGM to approve the Agreement and the transactions contemplated thereunder.

GENERAL

A circular containing, amongst other things, further details of the Agreement, the accountants' report on the Disposal Group, the unaudited pro forma financial information of the Group, the valuation report on the Property and the notice of the SGM will be despatched to the Shareholders. As the Company expects that it requires more time to prepare and finalise certain information to be included in the circular, the despatch date of the circular is expected to be on or before 21 March 2012.

As the Disposal is conditional upon fulfillment of certain conditions, the Disposal may or may not proceed. Shareholders and potential investors are advised to exercise caution in dealing in the Shares.

RESUMPTION OF TRADING

Trading of the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:00 a.m. on Thursday, 2 February 2012 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading of the Shares with effect from 9:00 a.m. on Tuesday, 14 February 2012.

Reference is made to the announcement of the Company dated 18 October 2011 in relation to the entering into by the Company of the memorandum of understanding regarding, among other things, the Disposal. On 1 February 2012, the Agreement in relation to, among other things, the Disposal was entered into by the relevant parties and details of which are set out in this announcement below.

THE AGREEMENT

Date: 1 February 2012

Parties:

- (a) Vendor: Eagle Spirit Holdings Limited, a wholly-owned subsidiary of the Company.
- (b) Purchaser: Ascendas Hospitality Holdings Pte Ltd
- (c) Guarantor: The Company, which has agreed to guarantee the obligations of the Vendor under the Agreement.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are Independent Third Parties. The Purchaser is principally engaged in investment holding. Further details of the Purchaser and its affiliates are set out in the section headed "Information on the Purchaser and its affiliates" below. The Company has not been involved in any previous transaction with the Purchaser and its ultimate beneficial owner(s) in the previous 12 months which would otherwise require aggregation with the Disposal pursuant to Rule 14.22 of the Listing Rules.

Assets to be disposed:

- (a) the Sale Share, being one (1) fully paid up share of US\$1 par value in the capital of the BVI Company beneficially and legally owned by the Vendor, representing the entire issued share capital of the BVI Company; and
- (b) the Sale Loan, being the shareholder's loans due by the BVI Company to the Vendor as at the date of Completion but shall not in any event exceed HK\$1,000 million. As at the date of the Agreement, the principal amount of the Sale Loan was approximately HK\$227.9 million.

Consideration:

The aggregate Consideration for the Sale Share and the Sale Loan is approximately HK\$1,317,708,000 (subject to adjustment), of which (a) the consideration for the Sale Share shall be the aggregate of the agreed value of the Property of HK\$1,314,625,000 and the net asset value of the Disposal Group (other than the Property and the Sale Loan) estimated at HK\$3,083,000 (subject to adjustment) less the consideration for the Sale Loan; and (b) the consideration for the Sale Loan shall be the face value of the shareholder's loan due by the BVI Company to the Vendor on Completion.

The Consideration shall be paid by the Purchaser on Completion in the following manner:

- (a) as to 95% by way of payment in cash ("**Cash Consideration**"), HK\$65,731,250 ("**Escrow Money**") of which shall be paid to the Escrow Agent as escrow money; and
- (b) as to the remaining 5% by way of issue of the Consideration Units to the Vendor (or its related entity as approved by the Purchaser).

The Escrow Money shall be released to the Vendor on the later of:

- (a) the date of Completion; and
- (b) five (5) business days after the Master Lease has been executed by Rosedale Kowloon and the Hotel Licence has been issued to the Property Company.

Adjustment to the Consideration:

The estimated net asset value of the Disposal Group of HK\$3,083,000 shall be adjusted on Completion based on the final asset value of the Disposal Group (being (i) the amount of assets of the Disposal Group other than the Property on Completion less (ii) the amount of all liabilities of the Disposal Group on Completion other than the Sale Loan). If the final net asset value is less than the estimated net asset value, the consideration for the Sale Share shall be reduced (on a dollar for dollar basis) by an amount equal to the shortfall. If the final net asset value exceeds the estimated net asset value, the Purchaser shall pay to the Vendor an amount equal to such excess as additional consideration. As at 31 December 2011, the Disposal Group had an unaudited net deficit of approximately HK\$837,920.

For the avoidance of doubt, any adjustment to the Consideration as referred to in the preceding paragraph shall be settled in cash and will not affect the portion of the Consideration which shall be settled by the issue of the Consideration Units to the Vendor.

The Consideration was arrived at after arm's length negotiations between the Vendor and the Purchaser and with reference to the preliminary valuation of the Property in existing state as at 31 December 2011 of HK\$1,100 million taking into account the further costs to be expended to complete the Property as a fully operational hotel as assessed by an independent property valuer, Asset Appraisal Limited, using the comparison method by making comparison based on prices realized or market prices of comparable properties, the net asset value of the Disposal Group and the amount of the Sale Loan.

Under the Agreement, the Vendor has undertaken not to dispose of, encumber or otherwise deal with, or enter into any agreement to conditionally or unconditionally dispose of, encumber or otherwise deal with, any Consideration Units or the effective interest thereof, for a period of one year commencing from the date of Completion. It is expected that the Consideration Units would be classified as available-for sale financial assets of the Company. For further details of the Units, please refer to the paragraph headed “Information on the Purchaser and its affiliates” below.

Conditions precedent to Completion:

Completion is conditional upon fulfilment or, as the case may be, waiver of the following conditions:

- (a) satisfactory due diligence to be carried out by the Purchaser on the Property and the Disposal Group;
- (b) the issue of the Certificate of Compliance or the obtaining of a report on the Property by the Purchaser from its technical consultant certifying the due completion of all building, construction, formation, drainage and other works required under the Government Lease;
- (c) the successful completion of the initial public offering of the Units in the stapled group, and the authorisation by the Monetary Authority of Singapore of the REIT with a properties portfolio including the Property as a collective investment scheme under the Securities and Futures Act, Chapter 289 of Singapore and the registration of the BT under the Business Trusts Act, Chapter 31A of Singapore, not having been revoked (other than the condition that the purchase of the Sale Share and the Sale Loan pursuant to the Agreement be completed);
- (d) the delivery to the Purchaser of evidence reasonably satisfactory to the Purchaser that the existing securities in favour of The Hongkong and Shanghai Banking Corporation Limited in respect of the loan in the principal sum of HK\$405 million granted by it to the Property Company have been or will be, on or at Completion, fully released and discharged;

- (e) there being no compulsory acquisition or resumption of the Property or any part of it, and no notice of such intended compulsory acquisition or resumption has been given, by the government or other competent authority prior to Completion;
- (f) there being no material damage to the Property and no material breach of the warranties of the Vendor which, in the sole opinion of the Purchaser, will have a material adverse effect on the financial condition, prospects, earnings, business, undertaking or assets of the REIT, any members of the Disposal Group or on the Property;
- (g) the entering into an agreement by the Vendor, the Purchaser and the Escrow Agent in relation to the holding and release of the Escrow Money;
- (h) a certificate from the Purchaser's technical consultant confirming compliance of the technical and fit out specifications for the Property;
- (i) the Property Company having vacant possession of the Property subject to the presence of the general contractor to carry out any remaining works in accordance with the Construction Contracts;
- (j) the passing of the ordinary resolution(s) by the shareholders of the Company (other than those who are required to abstain from voting under the Listing Rules, if any) at a special general meeting of the Company approving the entering into of the Agreement by the Vendor and the Company and the transactions contemplated thereunder and under the relevant transaction documents and compliance of any other Listing Rules requirements in relation thereto by no later than 10 April 2012 (or such later date as the Purchaser at its absolute discretion may agree);
- (k) all licences, authorisations, orders, grants, confirmations, consents, permissions, registrations and other approvals necessary for the Purchaser or in respect of the Purchaser's proposed acquisition of the Sale Share having been obtained from third parties (including governmental or official authorities, courts or other regulatory bodies) on terms reasonably satisfactory to the Purchaser and such licences, authorisations, orders, grants, confirmations, consents, permissions, registrations and other approvals remaining in full force and effect;

- (l) no statute, regulation or decision which would prohibit, restrict or materially delay or adversely affect the sale and purchase of the Sale Share or the operation of the Disposal Group or the operation of the Property having been proposed, enacted or taken by any governmental or official authority;
- (m) the delivery to the Purchaser of evidence reasonably satisfactory to the Purchaser by no later than 10 April 2012 (or such later date as the Purchaser at its absolute discretion may agree) that the Property Company has rectified any discrepancy in boundary of Kowloon Inland Lot No. 11208;
- (n) the delivery to the Purchaser within 14 days from the date of the Agreement (i) an acceptance letter duly signed by the Property Company in relation to the certain bonus gross floor area for the building or buildings to be erected on the Land; and (ii) a copy of the receipted demand notes for premium and administrative fee payable in relation to such consent;
- (o) the delivery to the Purchaser certified copy of a written confirmation or approval from the Lands Department regarding “design and disposition” and “height” clauses under the Government Lease for the building plans submitted to the Lands Department before the date of the Agreement by no later than 10 April 2012 (or such later date as the Purchaser at its absolute discretion may agree);
- (p) the delivery to the Purchaser of (i) evidence reasonably satisfactory to the Purchaser that all premium in respect of the insurances to be taken out by the Property Company have been fully paid and all such policies are in full force and effect; and (ii) copies of all such policies; and
- (q) the despatch of the circular relating to and issue of a notice convening the general meeting of the Company referred to in paragraph (j) above by no later than the latest date required under the Company’s constitutional document to call such general meeting.

If the conditions above are not satisfied or waived by the Purchaser (except condition (j) which shall not be waived) on or before 30 June 2012 (or such other date as the parties to the Agreement may agree), the Agreement shall lapse and shall be of no further effect.

Completion:

Subject to the fulfilment or, as the case may be, waiver of the above conditions, Completion shall take place on a date to be specified in a written notice from the Purchaser to the Vendor at least seven clear days before such date (or at such later date as may be agreed between the parties to the Agreement). Given the condition in item (c) above, Completion has to take place simultaneously with fulfilment of such condition and therefore the latest date for Completion (i.e. assuming fulfilment of all the above conditions) shall be 30 June 2012 (or such other date as the parties to the Agreement may agree).

In the event that the Purchaser or the Vendor fails to complete the Agreement in accordance with the terms and conditions thereof, the non-defaulting party shall be entitled (in addition to and without limiting all other rights or remedies available to it including the right to claim damages) by written notice to the other to elect to terminate the Agreement.

Purchaser's other rights of termination:

The Purchaser may elect to terminate the Agreement if any of the following shall occur before Completion in which event the parties of the Agreement shall be released from all further obligations under the Agreement and the Vendor shall not have any claims against the Purchaser by reason thereof:

- (a) if, at any time prior to Completion, the Monetary Authority of Singapore and/or the SGX-ST requires or requests the Option Long Stop Date (as defined in the paragraph headed "Put Option" below) to be changed to a date earlier than 1 January 2013 but the parties to the Agreement cannot agree on such change;
- (b) if there is any outstanding notice or requirement (issued by any governmental body, authority or department) or any pending or threatened proceeding or governmental action to modify the zoning, classification of or the present user of the Property or any part thereof before Completion;

- (c) if any event shall occur which adversely affects or is likely to affect adversely to a material degree the financial position or turnover or profitability or operations of the Disposal Group and in the opinion of the Purchaser, this will have a material adverse effect on the financial condition, prospects, earnings, business, undertaking or assets of the REIT, any members of the Disposal Group or on the Property;
- (d) if the condition precedent to Completion under paragraph (j) above is not satisfied before the date of getting the in-principle eligibility-to-list approval from the SGX-ST; or
- (e) if, on or before Completion, the government or other competent authority shall acquire or give notice of acquisition or resumption or intended acquisition or resumption of the Property or any part thereof.

Other material terms in relation to the Property

- (a) The Vendor shall procure (for the period before Completion) the Property Company to construct and fit out the Property in accordance with the technical and fit out specifications set out in the Construction Contracts with all due expedition. If the Property has not been constructed and fitted out as aforesaid before Completion, the Vendor shall after Completion at its cost and expense procure the relevant contractor(s) and/or other person to carry out and complete the technical and fit out specifications in accordance with and up to the standard as specified in the Construction Contracts.
- (b) The Vendor shall at the cost of the Property Company (for the period before Completion) and at the cost and expense of the Vendor (for the period after Completion) promptly complete all building, drainage, water-proofing and fire safety works and all other works as may be required by the relevant governmental departments or agencies to process the application by the Property Company of the Hotel Licence and to obtain the Hotel Licence on usual terms and conditions as may be imposed by the Office of the Licensing Authority of Hong Kong and/or the Secretary for Home Affairs of Hong Kong as soon as practicable. If the Hotel Licence is not obtained prior to Completion, the Vendor shall, and shall procure that Rosedale Kowloon will, take such actions and do such things to obtain the Hotel Licence at the Vendor's or Rosedale Kowloon's cost and expense as soon as practicable after Completion, including but not limited to undertaking remedial or additional work.

- (c) The Vendor shall at the cost of the Property Company (for the period before Completion) and at the cost and expense of the Vendor (for the period after Completion) promptly carry out all building, construction, formation, drainage and other works required under the Government Lease in order to obtain the Certificate of Compliance and obtain the Certificate of Compliance as soon as practicable. If the Certificate of Compliance is not obtained prior to Completion, the Vendor shall, and shall procure that the Rosedale Kowloon will, take such actions and do such things to obtain the Certificate of Compliance at the Vendor's cost and expense as soon as practicable after Completion, including but not limited to undertaking remedial or additional work.
- (d) If, at any time prior to Completion, the Property (and/or the fixtures already incorporated therein) is materially damaged:
 - (i) the Purchaser may elect to terminate the Agreement and if it so elects it shall not have any claim on account of such damage or termination unless such damage was attributable to the gross negligence or a willful act on the part of the Vendor, the Guarantor, members of the Disposal Group or any of their respective employees and agents unless (in the case of an act by an employee or agent) such act was without the authorization of the Vendor, the Guarantor, the BVI Company or the Property Company (as the case may be).
 - (ii) which is not attributable to the gross negligence or a willful act on the part of the Vendor, the Guarantor, members of the Disposal Group or any of their respective employees and agents unless (in the case of an act by an employee or agent) such act was without the authorization of the Vendor, the Guarantor, the BVI Company or the Property Company (as the case may be), the Vendor may elect by notice in writing to the Purchaser to terminate the Agreement and if the Vendor so elects the Purchaser shall not have any claim on account of such damage or termination.

If, at any time prior to Completion, the Property (and/or the fixtures already incorporated therein) or any part of it is damaged, but not materially damaged, then neither the Purchaser nor the Vendor may, on that account, rescind the Agreement but the Vendor shall procure the repair of such damage as soon as practicable with funds from proceeds of insurance taken out by or for the benefit of the Property Company. If such insurance proceeds are not available or are insufficient, the Vendor shall be obliged to fund any shortfall only if (i) such damage was attributable to the gross negligence or a willful act on the part of the Vendor, members of the Disposal Group or any of their respective employees and agents unless (in the case of an act by an employee or agent) such act was without the authorization of the Vendor, the Guarantor, the BVI Company or the Property Company (as the case may be), or (ii) any of the insurances taken out by or for the benefit of the Property Company are not in full force and effect up to the date of Completion, or due to the existence or occurrence of any event or circumstance occurring on or before Completion any of such insurances are or may be voidable or unenforceable or the insurers may become entitled to decline to pay all or part of any claim thereunder. After Completion the Purchaser shall procure that the Property Company will take such act and sign such document as appropriate to make submission of, pursue and/or otherwise assist in the relevant insurance claim at the Vendor's reasonable direction.

For the purpose of the matters in paragraph (d) above "materially damaged" means that there is damage to the Property and/or the fixtures therein which, as certified by an independent expert jointly appointed by the Vendor and the Purchaser, will (i) entail repair, reinstatement and/or replacement costs of more than HK\$131,462,500 in aggregate; and/or (ii) assuming appropriate and reasonable resources being expended for such purpose, entail repair, reinstatement and/or replacement works taking more than four months.

- (e) The Vendor and the Guarantor shall on Completion undertake to indemnify the Purchaser (for itself and on behalf of the members of the Disposal Group) any liability for taxation in respect of profit resulting from any sale or deemed sale of the Property or the shares of the members of the Disposal Group, provided that the maximum amount of any claim will be the liability for taxation calculated assuming the sale proceeds are an amount equivalent to the agreed value of the Property under the Disposal, and except to the extent (i) the Property and/or the investment held by the BVI Company in the Property Company is reclassified as a trading asset in any audited accounts of the Property Company/BVI Company submitted to the Hong Kong taxation authority after the date of Completion, unless the reclassification is (a) required by any change in international financing accounting standards, (b) deemed to arise or occur by reason of the Purchaser's/the BVI Company's/the Property Company's sale of or putting up the Property for sale, or (c) the presence, the exercise or the completion of the Put Option, even though the Purchaser, the BVI Company and the Property Company have not changed their intention to hold the Property/investment in the Property Company as investment; and/or (ii) any liability for taxation aforesaid is payable to any taxation authority in any jurisdiction other than Hong Kong and BVI in so far as the same is caused by the Purchaser and/or the REIT, the trustee on behalf of the REIT and/or any act on the part of the Purchaser and/or any of the members of the Disposal Group after the date of Completion.

Put Option:

The Vendor also granted to the Purchaser an option (“**Put Option**”) pursuant to which the Purchaser may require the Vendor to purchase all of the Option Interest, which the Purchaser may exercise if:

- (a) the Certificate of Compliance is not issued or the Master Lease is not entered by Rosedale Kowloon before 1 January 2013 (or such other date as the parties to the Agreement may agree in writing) (“**Option Long Stop Date**”); or
- (b) the Hotel Licence in favour of the Property Company is not issued before the Option Long Stop Date.

The consideration for the sale and purchase of the Option Interest (“**Option Consideration**”) upon the exercise of the Put Option payable by the Vendor shall be the aggregate of (i) the total consideration of the Sale Share and the Sale Loan; and (ii) any amount injected into the Disposal Group at or at any time after Completion with the written consent of the Vendor whether by way of equity, debt or otherwise, by the Purchaser, the REIT or their affiliates. If the Purchaser exercises the Put Option, the Escrow Money shall be returned and released to the Purchaser in part payment of the Option Consideration and the Vendor shall pay the balance of the Option Consideration to the Purchaser, and completion of the sale and purchase of the Option Interest shall take place no earlier than 45 days after the date of the exercise notice and no later than (6) months after the Option Long Stop Date.

The Option Consideration was arrived at after arms’ length negotiation between the Vendor and the Purchaser and determined with reference to (i) the principal amount of the Consideration payable by the Purchaser upon Completion; and (ii) the amount of capital which the Purchaser may inject into the Disposal Group after Completion with the consent of the Vendor, which the Directors consider are fair and reasonable and in the interests of the Company and Shareholders as a whole.

In the event that the Purchaser exercises the Put Option, the Company intends to fund the Option Consideration by internal resources (including the unutilised portion of the net cash proceeds from the Disposal) of the Group and/or by bank borrowings.

Master Lease:

It is a term of the Agreement that Rosedale Kowloon, a wholly-owned subsidiary of the Company, shall enter into the Master Lease upon the later of (i) issuance of the Certificate of Compliance; and (ii) Completion.

Under the Master Lease, Rosedale Kowloon shall lease the Property for hotel operation from the Property Company for a term commencing from the date of signing until six (6) years after the date of Completion at the following rent:

- (i) 1st Year – HK\$58,500,000.00;
- (ii) 2nd Year – HK\$61,425,000.00;
- (iii) 3rd Year – HK\$64,496,250.00;
- (iv) 4th Year – HK\$66,431,137.50;
- (v) 5th Year – HK\$68,424,071.63;
- (vi) 6th Year – HK\$70,476,793.78,

all exclusive of rates, government rent, property tax and other outgoings of an annual or recurring nature imposed by any government authority on the Property or the occupier or the owner thereof, all of which shall also be borne by Rosedale Kowloon.

Rosedale Kowloon shall pay a security deposit equivalent to 12 months' rent, 3 months' of which shall be in cash and the balance may be in the form of bank guarantees. If there shall be any breach of essential term on the part of Rosedale Kowloon under the Master Lease within the first 3 years of the term, if the Property Company elects to terminate the Master Lease it is also entitled to forfeit the whole of the security amount (and draw on the bank guarantee for the full amount) in addition to any other rights and remedies it may have. If a breach of essential term by Rosedale Kowloon shall occur after the first 3 years of the term, the Property Company is also entitled to elect to terminate the Master Lease and deduct its loss from the security deposit.

It is also a term of the Master Lease that the Company shall provide a corporate guarantee in favour of the Property Company to guarantee Rosedale Kowloon's obligations under the Master Lease.

The rental was determined between the Vendor and the Purchaser after arms' length negotiations having taking into account the expected return of the operation of the Property during the period of the Master Lease, the location of the Property and the potential growth of the hotel business in Hong Kong. The Directors consider that the rental is fair and reasonable and is in the interests of the Company and Shareholders as a whole.

The term of the Master Lease can be renewed for another term of six years commencing on the expiry of the initial term if and only if Rosedale Kowloon and the Property Company can reach an agreement on the terms (including the rental payment) of the new lease.

Maintenance Deed and Delayed Payment:

Pursuant to the Agreement, in the event the Master Lease is not entered into by Rosedale Kowloon by the date of Completion:

- (1) Rosedale Kowloon will enter into the Maintenance Deed with the Property Company and the Company will execute a corporate guarantee in favour of the Property Company to guarantee the obligation of Rosedale Kowloon under the Maintenance Deed; and
- (2) during the period from (and including) Completion up to (but excluding) the date the Master Lease is entered into by Rosedale Kowloon, the Vendor will make payments to the Purchaser in amounts equivalent to the amount of rent that would have been payable by Rosedale Kowloon under the Master Lease as if the Master Lease commenced on Completion.

Under the Maintenance Deed, Rosedale Kowloon shall keep the Property and its fixtures and fittings in proper repair and working order and carry out the required works for the issue of the Certificate of Compliance. All rates, government rent, property tax and other outgoings of an annual or recurring nature imposed by any government authority on the Property or the occupier or the owner thereof payable during the period of the Maintenance Deed shall also be borne and paid by Rosedale Kowloon. The Maintenance Deed will be terminated when the Master Lease comes into effect.

Rosedale Kowloon shall pay to the Property Company a security deposit equivalent to 3 months' rent under the Master Lease as security for its obligations under the Maintenance Deed, which amount shall on commencement of the Master Lease be transferred to and applied in payment of the cash portion of the security deposit payable by Rosedale Kowloon under the Master Lease.

INFORMATION ON THE DISPOSAL GROUP

The BVI Company is a company incorporated in BVI with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this announcement. The sole asset of BVI Company is its investment in the entire issued share capital of the Property Company.

The Property Company is a company incorporated under the laws of Hong Kong. It is principally engaged in the business of property holding. The sole asset of the Property Company is the ownership in the Property. The Property is currently named Rosedale Hotel Kowloon which is constructed on Kowloon Inland Lot No. 11208 located at No. 86 Tai Kok Tsui Road, Tai Kok Tsui, Kowloon, Hong Kong which is intended to be constructed as a four-star hotel and has a gross floor area of approximately 10,300 sq.m. with 435 guest rooms (including 6 suites). Based on the preliminary assessment of Asset Appraisal Limited, an independent property valuer, the market value of the Property in existing state as at 31 December 2011 taking into account the further costs to be expended to complete the Property as a fully operational hotel is estimated at approximately HK\$1,100 million. As at the date of this announcement, construction of the building was completed and occupation permit of the Property has been obtained, the internal fitting-out and decoration works of the Property are currently in progress and is expected to be completed by the end of April 2012. In addition, it is expected that the Hotel Licence would be obtained in mid 2012.

The table below sets out the unaudited financial information of the Disposal Group for the two years ended 31 December 2011:

	For the year ended 31 December	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net loss before taxation	183	397
Net loss after taxation	183	397

As at 31 December 2011, the Disposal Group recorded unaudited net deficit of approximately HK\$837,920. The above financial information was prepared using the Hong Kong Financial Reporting Standards.

INFORMATION ON THE PURCHASER AND ITS AFFILIATES

The Purchaser is a company incorporated in Singapore with limited liabilities. The Purchaser intends to constitute a stapled trust which will be a stapled group comprising the REIT and BT, and will be listed on the Main Board of the SGX-ST. The REIT will be a unit trust constituted in Singapore pursuant to a trust deed to be entered into between Ascendas Hospitality Fund Management Pte. Ltd as the manager and the trustee of the REIT. The BT will be constituted in Singapore pursuant to a trust deed to be entered into by Ascendas Hospitality Trust Management Pte. Ltd. as trustee-manager and will be registered as a business trust under the Business Trusts Act, Chapter 31A of Singapore. One unit in the REIT will be stapled to one unit in the BT as a stapled security under the terms of a stapling deed to be entered into between the manager of the REIT, the trustee of the REIT and the trustee-manager of the BT, and will not be traded on the SGX-ST separately.

As advised by the Purchaser, it is the current intention that the stapled trust would primarily invest, directly or indirectly, in a diversified portfolio of income-producing real estate used predominantly for hospitality purposes, located across Asia and Australia including the Property, as well as real estate-related assets in connection with the foregoing. As at the date of this announcement, documentary preparations (including submissions to the regulatory authorities) are ongoing in relation to a potential establishment of the stapled trust and the listing of stapled trust on the SGX-ST.

As the asset portfolio and structure of the stapled trust are still under construction and have yet to be determined, financial information of the stapled trust is not available as at the date of this announcement. For financial information of the BVI Company and information on the Property which will form part of the portfolio of the stapled trust, please refer to the paragraph headed “Information on the Disposal Group” above.

FINANCIAL EFFECTS OF THE DISPOSAL

Upon Completion, the Disposal Group will cease to be subsidiaries of the Company and its financial results will no longer be consolidated into the financial statements of the Company. Pursuant to the terms and conditions of the Master Lease, the Group will lease back the Property and the Group will continue to manage and operate the Property. In addition, the Consideration Units are expected to be classified as available-for-sale financial assets in the accounts of the Company upon Completion.

As a result of the Disposal, the Group is expected to recognise a gain of approximately HK\$474.6 million which is calculated with reference to the Consideration net of estimated direct expenses, the unaudited consolidated net asset value of the Disposal Group as at 31 December 2011, the amount of the Sale Loan at Completion, and additional construction and fitting out costs to be incurred before and after Completion. Shareholders should note that the exact amount of gain/loss of the Disposal to the Group would be calculated based on net asset value as at the date of the Completion and is subject to audit and therefore may be different from the amount mentioned above.

PROPOSED USE OF PROCEEDS

Based on the total Consideration of approximately HK\$1,317.71 million (assuming there is no adjustment to the Consideration) and the associated estimated direct cost of the Disposal of approximately HK\$21.2 million, the estimated net proceeds from the Disposal is approximately HK\$1,296.5 million. Net of Consideration Units to be issued of approximately HK\$65.9 million, the net cash proceeds available to the Group after repayment of a loan from The Hongkong and Shanghai Banking Corporation Limited to the Property Company in a principal amount of HK\$405 million is estimated to be approximately HK\$825.6 million. The Group intends to apply the net cash proceeds as to approximately HK\$200 million for repayment of bank and other borrowings and settlement of further construction and fitting-out costs; approximately HK\$80.3 million for security deposits and as Escrow Money; approximately HK\$300 million to expand its Rosedale branded hotels and budget hotel business; and as to approximately HK\$245.3 million for the Group's general working capital purposes. As at the date of this announcement, the Company has not identified any acquisition target. In light of the Put Option granted to the Purchaser as described under the paragraph headed "Put Option" in the section headed "the Agreement", the Company does not intend to enter into any formal acquisition agreement prior to the Option Long Stop Date if such acquisition would affect its ability to fulfil the payment obligation under the Put Option.

REASONS FOR THE ENTERING INTO THE AGREEMENT

The Company is an investment holding company and its subsidiaries are principally engaged in the business of hotel and leisure services and trading of securities.

As at the date of this announcement, the Group's four-star rated Rosedale hotel chain comprises four self-owned hotels located in the PRC, a leased hotel located in Hong Kong and the Property under construction. In addition, the Group is currently managing a chain of leased-operated budget hotels branded "Square Inn" located in the mainland mainly in decent cities and sightseeing locations including Guangzhou, Wuyishan, and Beijing. As disclosed in the Company's interim report for the six months ended 30 June 2011, the Group intended to concentrate to procure and to operate quality leased-and-operated hotels in the PRC and would continue to lay resources to strengthen its branding and position in the hotel and leisure market and to explore further quality investment opportunities to enhance shareholders' wealth.

The Directors are of the view that the Disposal would allow the Group to generate a satisfactory return on its investment in the Property and the proceeds receivable from the Disposal would provide the necessary financial resources for the Group to repay its borrowings when they fall due, capture sizeable investment opportunities and implement its expansion strategy in its hotel and leisure business and for its business operation. At the same time, through the sale and lease back arrangement under the Agreement and the Master Lease, the Group could realize its investment on favorable terms without interrupting its current hotel business portfolio and retain the Property as part of the Group's Rosedale chain of hotels so as to maintain its presence in the hotel industry in Hong Kong. The Directors also consider that the lease arrangement is in line with its mode of operation of Rosedale on the Park located in Causeway Bay, Hong Kong and the "Square Inn" budget hotel chain in the PRC.

Having considered the above, the Directors are of the view that the terms of the Agreement and the Master Lease are fair and reasonable and the Disposal and the Master Lease is in the interests of the Company and the Shareholders as a whole.

IMPLICATION OF THE LISTING RULES

As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceed 75%, the Disposal constitutes a very substantial disposal for the Company under the Listing Rules. In addition, as the Consideration Units to be issued as part of the settlement of the Consideration are expected to be classified as available-for-sale financial assets in the accounts of the Company upon Completion and the applicable percentage ratios under Rule 14.07 of the Listing Rules is less than 25%, the issue of the Consideration Units constitutes a discloseable transaction for the Company under the Listing Rules. Pursuant to Rule 14.74 of the Listing Rules, as the exercise of the Put Option is not at the Vendor's discretion, the Put Option will be classified as if the Put Option had been exercised on the grant of the Put Option. As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the exercise of the Put Option exceed 100%, the exercise of the Put Option by the Purchaser constitutes a very substantial acquisition for the Company.

The Agreement and the transactions contemplated thereunder are therefore subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules. A SGM will be convened by the Company to consider and approve, if thought fit, the Agreement and the transactions contemplated thereunder (including the Disposal, the grant of the Put Option and the acquisition upon the exercise thereof). As no Shareholder has a material interest in the Agreement, no Shareholder is required to abstain from voting on the Agreement at the SGM. Asia Will Limited, the substantial shareholder of the Company holding approximately 29% of the issued share capital of the Company, has undertaken to vote in favour of the resolution(s) at the SGM to approve the Agreement and the transactions contemplated thereunder.

GENERAL

A circular containing, amongst other things, further details of the Agreement, the accountants' report on the Disposal Group, the unaudited pro forma financial information of the Group, the valuation report on the Property and the notice of the SGM will be despatched to the Shareholders. As the Company expects that it requires more time to prepare and finalise certain information to be included in the circular, the despatch date of the circular is expected to be on or before 21 March 2012.

As the Disposal is conditional upon fulfillment of certain conditions, the Disposal may or may not proceed. Shareholders and potential investors are advised to exercise caution in dealing in the Shares.

RESUMPTION OF TRADING

Trading of the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:00 a.m. on Thursday, 2 February 2012 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading of the Shares with effect from 9:00 a.m. on Tuesday, 14 February 2012.

DEFINITIONS

“Agreement”	the sale and purchase agreement dated 1 February 2012 entered into between the Vendor, the Purchaser and the Company in relation to the Disposal
“Board”	the board of Directors
“BT”	means the “Ascendas Hospitality Business Trust”, a business trust to be established under the trust deed to be made by Ascendas Hospitality Trust Management Pte. Ltd. as trustee-manager, as amended, varied or supplemented from time to time
“BVI Company”	More Star Limited, a company incorporated under the laws of BVI and is wholly owned by the Vendor as at the date of this announcement

“Certificate of Compliance”	a certificate issued or to be issued by the Director of Lands confirming that the positive conditions under the Government Lease have been complied with, subject to the usual qualification that such certificate of compliance is given without prejudice to all or any rights of the Government of Hong Kong, whether under the Government Lease or otherwise, in respect of any breach or failure to observe any of the conditions under the Government Lease which may exist at the date of the certificate of compliance or which may occur thereafter
“Company”	Rosedale Hotel Holdings Limited, a company incorporated under the laws of Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange
“Completion”	Completion of the sale and purchase of the Sale Share and Sale Loan under the Agreement
“Consideration”	the aggregate consideration for the Sale Share and the Sale Loan
“Consideration Units”	such number of new Units to be issued to the Vendor (or its related entity as approved by the Purchaser) as settlement for 5% of the Consideration at the same issue price per Unit under the initial public offering and international offering of the Units, rounded down to the nearest whole number
“Construction Contracts”	the main construction contract and the approved construction drawings in respect of the construction, design and building of the Property
“Directors”	the directors of the Company

“Disposal”	the disposal of the Sale Share and the Sale Loan by the Vendor to the Purchaser pursuant to the terms and conditions of the Agreement
“Disposal Group”	collectively, the BVI Company and the Property Company
“Escrow Agent”	Standard Chartered Bank or The Hongkong and Shanghai Banking Corporation Limited, as selected by the Purchaser and notified to the Vendor prior to Completion
“Government Lease”	the Conditions of Exchange No. 20129
“Independent Third Party(ies)”	party(ies) which is/are independent of and not connected with the Company and its connected persons (as defined under the Listing Rules)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hotel Licence”	the licence in respect of operating the Property as a hotel issued or to be issued pursuant to and under the Hotel and Guesthouse Accommodation Ordinance (Chapter 349 of the laws of Hong Kong)
“Group”	the Company and its subsidiaries
“Land”	Kowloon Inland Lot No. 11208
“Lands Department”	Lands Department of the Hong Kong SAR Government
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maintenance Deed”	the deed between the Property Company and Rosedale Kowloon as operator relating to the maintenance of the Property

“Master Lease”	the lease to be entered into between (i) the Property Company as lessor; and (ii) Rosedale Kowloon as lessee upon the issue of the Certificate of Compliance
“Option Interest”	(i) all the issued shares of the BVI Company as at completion of the Put Option; and (ii) all shareholder’s loans due by the BVI Company to the Purchaser as at completion of the Put Option
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Property”	Rosedale Hotel Kowloon located at Kowloon Inland Lot No. 11208, No. 86 Tai Kok Tsui Road, Tai Kok Tsui, Kowloon, Hong Kong
“Property Company”	Fortress State International Limited, a company incorporated under the laws of Hong Kong and is wholly owned by the BVI Company
“Purchaser”	Ascendas Hospitality Holdings Pte Ltd, a company incorporated in Singapore
“REIT”	means “Ascendas Hospitality Real Estate Investment Trust”, a unit trust to be established under the laws of Singapore pursuant to the trust deed to be made by Ascendas Hospitality Fund Management Pte. Ltd as the manager and the trustee of the unit trust, as amended, varied or supplemented from time to time

“Rosedale Kowloon”	Rosedale Hotel Kowloon Limited, a company incorporated under the laws of Hong Kong and an indirect wholly-owned subsidiary of the Company
“Sale Loan”	the entire amount of the shareholder’s loan due by the BVI Company to the Vendor as at Completion
“Sale Share”	the 1 share of US\$1 each in the capital of the BVI Company held by the Vendor, representing the entire issued share capital of the BVI Company as at the date of this announcement and as at Completion
“SGM”	the special general meeting of the Company to be held to approve the Agreement and the transactions contemplated thereunder
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Shareholder(s)”	holder of the ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Units”	means an undivided interest in the stapled group comprising the REIT and the BT, to be admitted for trading on the Main Board of the SGX-ST
“Vendor”	Eagle Spirit Holdings Limited, a wholly-owned subsidiary of the Company

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“sq.m.” square meters

By Order of the Board
Rosedale Hotel Holdings Limited
Cheung Hon Kit
Chairman

Hong Kong, 13 February 2012

As at the date of this announcement, the Board comprises:

Executive Directors:

Mr. Cheung Hon Kit (*Chairman*)

Ms. Chan Ling, Eva (*Managing Director*)

Mr. Chan Pak Cheung, Natalis

Independent non-executive Directors:

Mr. Kwok Ka Lap, Alva

Mr. Poon Kwok Hing, Albert

Mr. Sin Chi Fai