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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)

INTERIM RESULTS **FOR THE SIX MONTHS ENDED 30 JUNE 2012**

The board of directors (the “Board”) of Rosedale Hotel Holdings Limited (the “Company”) announces the unaudited results of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) for the six months ended 30 June 2012 together with comparative figures for the corresponding period in 2011 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012

		Six months ended	
		30.6.2012	30.6.2011
	<i>NOTES</i>	HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Turnover	3	181,437	178,226
Direct operating costs		(137,444)	(156,860)
Gross profit		43,993	21,366
Other gains and losses		(20,814)	(8,628)
Distribution and selling expenses		(2,316)	(1,821)
Administrative expenses		(94,594)	(92,234)
Fair value loss on investments held for trading		(530)	(1,911)
Finance costs		(6,470)	(19,418)
Fair value loss on derivative financial instrument		(300)	(2,080)
Gain on disposal of available-for-sale investment		17,037	–
Impairment loss recognised in respect of property, plant and equipment	8	(30,383)	(9,980)
Impairment loss recognised in respect of other intangible assets	8	(14,617)	–
Share of result of an associate		(2,100)	–
Loss on disposal of subsidiaries		–	(549)
Increase (decrease) in fair value of investment properties	8	203	(2,272)

		Six months ended	
		30.6.2012	30.6.2011
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
		<i>NOTES</i>	
Loss before taxation	4	(110,891)	(117,527)
Taxation charge	5	<u>(3,445)</u>	<u>(818)</u>
Loss for the period		<u>(114,336)</u>	<u>(118,345)</u>
Other comprehensive (expenses) income			
Exchange difference arising on translation of financial statements of foreign operations		<u>(1,995)</u>	<u>33,306</u>
Total comprehensive expenses for the period		<u>(116,331)</u>	<u>(85,039)</u>
Loss for the period attributable to:			
Owners of the Company		(111,019)	(111,344)
Non-controlling interests		<u>(3,317)</u>	<u>(7,001)</u>
		<u>(114,336)</u>	<u>(118,345)</u>
Total comprehensive expenses for the period attributable to:			
Owners of the Company		(113,014)	(82,078)
Non-controlling interests		<u>(3,317)</u>	<u>(2,961)</u>
		<u>(116,331)</u>	<u>(85,039)</u>
		HK\$	HK\$
LOSS PER SHARE	7		
– Basic		<u>(0.17)</u>	<u>(0.17)</u>
– Diluted		<u>N/A</u>	<u>(0.17)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2012

	NOTES	At 30.6.2012 HK\$'000 (unaudited)	At 31.12.2011 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	8	2,204,318	2,137,518
Investment properties	8	311,000	271,400
Interest in an associate		4	4
Interest in a jointly controlled entity		17,050	17,050
Available-for-sale investments		63,877	63,877
Other intangible assets	8	22,882	39,018
Other assets		43,232	32,861
Amount due from an associate		31,896	33,996
Club debentures, at cost less impairment		520	520
Restricted bank balances		11,861	14,933
		<u>2,706,640</u>	<u>2,611,177</u>
Current assets			
Inventories		5,785	6,088
Amount due from an investee		–	12,300
Available-for-sale investment		–	56,259
Trade and other receivables	9	58,729	64,220
Investments held for trading		15,212	15,682
Restricted bank balances		2,153	–
Bank balances and cash		209,920	353,202
		<u>291,799</u>	<u>507,751</u>
Assets classified as held for sale		<u>–</u>	<u>32,727</u>
		<u>291,799</u>	<u>540,478</u>
Current liabilities			
Trade and other payables	10	184,635	131,886
Loan from a related company		–	14,569
Tax liabilities		13,967	14,138
Amount due to a related company		–	100
Borrowings – amount due within one year		478,046	483,880
Amount due to a non-controlling shareholder of a subsidiary		9,157	9,157
Derivative financial instrument		3,158	2,858
		<u>688,963</u>	<u>656,588</u>

	At 30.6.2012 <i>HK\$'000</i> (unaudited)	At 31.12.2011 <i>HK\$'000</i> (audited)
Net current liabilities	<u>(397,164)</u>	<u>(116,110)</u>
Total assets less current liabilities	<u>2,309,476</u>	<u>2,495,067</u>
Non-current liabilities		
Borrowings – amount due after one year	215,593	222,963
Deferred taxation	<u>177,968</u>	<u>177,858</u>
	<u>393,561</u>	<u>400,821</u>
Net assets	<u>1,915,915</u>	<u>2,094,246</u>
Capital and reserves		
Share capital	6,577	6,577
Reserves	<u>1,722,762</u>	<u>1,848,382</u>
Equity attributable to owners of the Company	1,729,339	1,854,959
Non-controlling interests	<u>186,576</u>	<u>239,287</u>
Total equity	<u>1,915,915</u>	<u>2,094,246</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

In preparing the condensed consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity and going concern of the Company and its subsidiaries (collectively referred to as the “Group”) in view of the fact that the Group’s current liabilities exceeded its current assets by approximately HK\$397,164,000 as at 30 June 2012 and recorded recurring losses of approximately HK\$114,336,000 for the six months period then ended. The directors of the Company are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due for the foreseeable future, after taking into consideration that (i) the existing bank facilities can be renewed on similar terms and conditions as the market value of the hotel properties and hotel properties in construction is higher than the existing available banking facilities; (ii) there are other assets available to pledge for obtaining further banking facilities; and (iii) there were undrawn borrowing facilities of approximately HK\$5,325,000 at the end of the reporting period.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties, investments held for trading and derivative financial instrument which are measured at fair values, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2012 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2011.

In the current interim period, the Group has applied, for the first time, certain amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are mandatorily effective for the current interim period.

The application of the amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

Segment information reported externally was analysed on the basis of the types of services provided and activities carried out by the Group's operating divisions. The Group is currently organised into two operating divisions – hotel and leisure services, and securities trading. The information reported to the Group's chief operating decision maker (i.e. Executive Directors) for the purposes of resource allocation and assessment of performance is focused on these operating divisions. However, limited securities trading activities are noted for both periods.

The following is an analysis of the Group's revenue and results by reportable and operating segments for the period under review:

Six months ended 30 June 2012 (unaudited)

	Hotel and leisure services <i>HK\$'000</i>	Securities trading <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment turnover			
External sales	<u>181,437</u>	<u>–</u>	<u>181,437</u>
Results			
Amount excluding impairment loss recognised in respect of other intangible assets and property, plant and equipment	(39,119)	(535)	(39,654)
Impairment loss recognised in respect of other intangible assets and property, plant and equipment	<u>(45,000)</u>	<u>–</u>	<u>(45,000)</u>
Segment results	<u>(84,119)</u>	<u>(535)</u>	(84,654)
Interest income			78
Finance costs			(6,470)
Fair value loss on derivative financial instrument			(300)
Share of result of an associate			(2,100)
Central administrative costs and other unallocated expenses			(17,648)
Increase in fair value of investment properties			<u>203</u>
Loss before taxation			<u>(110,891)</u>

Six months ended 30 June 2011 (unaudited)

	Hotel and leisure services <i>HK\$'000</i>	Securities trading <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment turnover			
External sales	<u>178,226</u>	<u>–</u>	<u>178,226</u>
Results			
Amount excluding impairment loss recognised in respect of property, plant and equipment	(62,049)	(1,916)	(63,965)
Impairment loss recognised in respect of property, plant and equipment	<u>(9,980)</u>	<u>–</u>	<u>(9,980)</u>
Segment results	<u>(72,029)</u>	<u>(1,916)</u>	(73,945)
Interest income			87
Finance costs			(19,418)
Central administrative costs and other unallocated expenses			(19,350)
Fair value loss on derivative financial instrument			(2,080)
Loss on disposal of subsidiaries			(549)
Decrease in fair value of investment properties			<u>(2,272)</u>
Loss before taxation			<u>(117,527)</u>

Segment result represents the profit earned or loss incurred by each segment without allocation of central administrative costs and other unallocated expenses, interest income, finance costs, share of result of an associate, loss on disposal of subsidiaries, changes in fair value of investment properties and the derivative financial instrument. This is the measure reported to the Group's chief operating decision maker for the purposes of resource allocation and performance assessment.

4. LOSS BEFORE TAXATION

	Six months ended	
	30.6.2012	30.6.2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Loss before taxation has been arrived at after charging:		
Amortisation of other intangible assets	1,519	2,931
Depreciation of property, plant and equipment	40,308	52,729
Loss on disposal of property, plant and equipment (included in other gains and losses)	19,573	4,533
Minimum lease payments in respect of rented premises	40,312	45,218
and after crediting:		
Interest income	<u>78</u>	<u>87</u>

5. TAXATION CHARGE

	Six months ended	
	30.6.2012	30.6.2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Taxation charge comprises:		
Current tax:		
Hong Kong	–	–
Other jurisdiction	3,335	2,618
Deferred tax:		
Current period	<u>110</u>	<u>(1,800)</u>
Taxation charge	<u>3,445</u>	<u>818</u>

Hong Kong Profits Tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used is 16.5% for both periods under review.

People's Republic of China ("PRC") enterprise income tax is calculated at the applicable rates in accordance with the relevant laws and regulations in the PRC. Taxation arising in other jurisdiction is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

6. DIVIDEND

No dividends were paid, declared or proposed during the interim period. The directors have determined that no dividend will be paid in respect of the interim period.

7. LOSS PER SHARE

The calculation of the basic loss per share attributable to the owners of the Company is based on the following data:

	Six months ended	
	30.6.2012	30.6.2011
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the purpose of basic (basic and diluted for 30.06.2011)		
loss per share for the six months ended 30 June 2012		
Loss for the period attributable to owners of the Company	(111,019)	(111,344)
	=====	=====
	Number of shares	
Number of ordinary shares in issue during the period		
for the purpose of basic (basic and diluted for 30.06.2011)		
loss per share for the six months ended 30 June 2012	657,675,872	657,675,872
	=====	=====

There were no potential ordinary shares outstanding during the six months ended 30 June 2012.

The computation of diluted loss per share for the six months ended 30 June 2011 has not assumed the conversion of the Company's convertible notes outstanding during that period since their conversion would result in a decrease in loss per share.

8. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT, OTHER INTANGIBLE ASSETS AND INVESTMENT PROPERTIES

During the period, the Group spent approximately HK\$144,062,000 (for the six months ended 30.6.2011: HK\$292,713,000) on acquisition of property, plant and equipment of which approximately HK\$109,644,000 was in relation to hotel properties under construction (for the six months ended 30.6.2011: HK\$270,650,000) in Hong Kong.

In addition, due to the unsatisfactory results of some of the budget hotels in the Group's hotel operations, the Group has disposed of certain leasehold improvements and furniture and fixtures relating to those budget hotels' operations during the period to certain independent third parties. The carrying amount of these assets disposed of were approximately HK\$42,968,000 with cash proceeds of approximately HK\$15,800,000, resulting in a loss on disposal of approximately HK\$27,168,000.

In view that some of the budget hotels are making recurring losses, and are projected to incur losses in future periods, and with the weakening Chinese economy, the directors have reviewed the recoverability of the carrying amounts of the Group's leasehold improvements in respect of hotel properties under operating leases amounting to HK\$55,716,000 (for the six months ended 30.6.2011: HK\$183,730,000) and the related operating rights amounting to HK\$20,784,000 (for the six months ended 30.06.2011: HK\$31,318,000) at the end of the reporting period. The recoverable amounts of the assets and liabilities of the cash generating units ("CGUs") which are represented by each of the budget hotels have been determined on the basis of the value in use of each of the CGUs. The discount rate in measuring the amounts of value in use was 12%. The directors determined that the carrying amounts of certain of the budget hotel CGUs exceeded their recoverable amounts. Accordingly, an impairment loss of approximately HK\$30,383,000 (for the six months ended 30.6.2011: HK\$9,980,000) has been recognised in respect of leasehold improvements and approximately HK\$14,617,000 (for the six months ended 30.6.2011: HK\$ nil) in respect of operating rights of the CGUs.

The fair value of investment properties at 30 June 2012 has been arrived at on the basis of a valuation carried out on that date by Norton Appraisals Limited ("Norton Appraisals"), an independent qualified professional valuer not connected with the Group. Norton Appraisals is a member of the Hong Kong Institute of Surveyors, and has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation was arrived at using the direct comparison approach and also taking into consideration of the outstanding renovation costs of the investment property at date of valuation. The resulting increase in fair value of investment properties of approximately HK\$203,000 (for the six months ended 30.6.2011: HK\$2,272,000) has been recognised in profit or loss.

9. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade receivables of approximately HK\$15,292,000 (at 31.12.2011: HK\$10,805,000) and the aged analysis of the trade receivables (net of impairment) based on invoice date, at the end of the reporting period is as follows:

	At 30.6.2012 <i>HK\$'000</i> (unaudited)	At 31.12.2011 <i>HK\$'000</i> (audited)
0 – 30 days	9,727	6,983
31 – 60 days	3,385	2,244
61 – 90 days	1,358	816
Over 90 days	822	762
	<u>15,292</u>	<u>10,805</u>

The Group allows an average credit period of 0 to 30 days to its trade customers.

10. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of approximately HK\$8,796,000 (at 31.12.2011: HK\$10,287,000) and the aged analysis of the trade payables based on invoice date at the end of the reporting period is as follows:

	At 30.6.2012 <i>HK\$'000</i> (unaudited)	At 31.12.2011 <i>HK\$'000</i> (audited)
0 – 30 days	3,956	5,083
31 – 60 days	2,135	2,863
61 – 90 days	1,519	1,427
Over 90 days	<u>1,186</u>	<u>914</u>
	<u>8,796</u>	<u>10,287</u>

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

The Group attained a turnover of HK\$181.4 million for the six months ended 30 June 2012, represented a small increase of 1.8% as compared to HK\$178.2 million for the corresponding period of 2011. The results of the Group for the six months ended 30 June 2012 was a loss of HK\$114.3 million (2011: HK\$118.3 million) which was mainly attributable to gross profit of HK\$44 million (2011: HK\$21.4 million); administrative expenses of HK\$94.6 million (2011: HK\$92.2 million); finance costs of HK\$6.5 million (2011: HK\$19.4 million); gain on disposal of available-for-sale investment of HK\$17 million (2011: HK\$nil); impairment losses recognised in respect of property, plant and equipment and other intangible assets of HK\$30.4 million (2011: HK\$10 million) and HK\$14.6 million (2011: HK\$nil) respectively arising from certain under-performed hotel lease contracts.

SEGMENT RESULTS

Hotel and Leisure Services

The hotel and leisure business of the Group comprises the three “Rosedale” branded 4-star rated hotels, the Times Plaza Hotel, Shenyang, the Luoyang Golden Gulf Hotel and the Square Inn budget hotel chain.

Turnover increased slightly by 1.8% to HK\$181.4 million for the six months ended 30 June 2012 (2011: HK\$178.2 million). Segment loss for the reporting period was HK\$84.1 million (2011: HK\$72 million). Consequent to the worse than expected PRC economy, the demand for hotel accommodation was not as good as expected during traditional golden week and the Spring trade fair in Guangzhou. Accordingly, the directors have reviewed the recoverability of the carrying amount of the Group’s leasehold improvements in respect of hotel properties and related intangible assets by comparing with the anticipated discounted cash flow. The directors determined that impairment losses of HK\$30.4 million (2011: HK\$10 million) and HK\$14.6 million (2011: HK\$nil) respectively have to be recognised in respect of its leasehold improvements and other intangible assets in arriving at the segment results for the six months ended 30 June 2012.

Securities Trading

Loss from securities trading for the six months ended 30 June 2012 was HK\$0.5 million (2011: HK\$1.9 million).

MATERIAL ACQUISITIONS AND DISPOSALS

On 13 January 2012, the Group entered into a conditional sale and purchase agreement with an independent third party (the “Vendor”). Pursuant to the agreement, the Vendor agreed to sell and the Group agreed to purchase 14,000,000 ordinary shares of US\$0.02 each in the capital of Apex Quality Group Limited (“Apex”), representing approximately 5.05% of the issued share capital of Apex at a total cash consideration of HK\$62,000,000. Following completion, the Company’s equity interest in Apex was increased to approximately 88.2% and Apex remains as an indirect non wholly-owned subsidiary of the Company. The said agreement was completed in January 2012.

On 2 February 2012, the Company entered into a conditional agreement with C-Travel International Limited (“C-Travel”) and pursuant to which the Company conditionally agreed to sell and C-Travel conditionally agreed to purchase the remaining 10% equity interest in the issued share capital of HKWOT (BVI) Limited, at a consideration of US\$9.44 million (equivalent to approximately HK\$73.6 million). The consideration was paid by C-Travel as to US\$9.18 million (equivalent to approximately HK\$71.6 million) by way of cash at completion and as to the balance of US\$0.26 million (equivalent to approximately HK\$2 million) by way of cash on the first anniversary of the completion date. The said agreement was completed in February 2012.

On 1 February 2012, Eagle Spirit Holdings Limited (“Eagle Spirit”), a wholly-owned subsidiary of the Company, entered into a conditional share sale agreement (the “Agreement”) with an independent third party (the “Purchaser”), amongst other things, for the disposal of the entire equity interest (the “Sale Share”) in and the shareholder’s loan (the “Sale Loan”) to More Star Limited (“More Star”) for a total consideration of approximately HK\$1,317,708,000 (subject to adjustment). Of the total consideration, 95% would be settled by way of payment in cash, while the remaining 5% would be settled by the Purchaser by way of issue of the consideration units to Eagle Spirit (or its related entity as approved by the Purchaser). The consideration units represented interest in the stapled group comprising the Ascendas Hospitality Real Estate Investment Trust and Ascendas Hospitality Business Trust admitted for trading on the Main Board of the Singapore Exchange Securities Trading Limited under the initial public offering of the units which was then in contemplation. More Star is a wholly-owned subsidiary of Eagle Spirit. The sole asset of the More Star is its investment in the entire issued share capital of the Fortress State International Limited (“Fortress State”) and of which the sole asset is the building named as the “Rosedale Hotel Kowloon” (the “Property”) was then under construction on Kowloon Inland Lot No. 11208 located at No. 86 Tai Kok Tsui Road, Tai Kok Tsui, Kowloon, Hong Kong. It was a term of the Agreement that Rosedale Hotel Kowloon Limited, a wholly-owned subsidiary of Eagle Spirit, shall enter into a master lease upon the later of (i) issuance of the Certificate of Compliance; and (ii) completion of Agreement. Under the master lease, Rosedale Hotel Kowloon Limited shall lease the Property for hotel operation from Fortress State for a term commencing from the date of signing until six (6) years after the date of completion. Under the Agreement, Eagle Spirit also granted to the Purchaser a put option pursuant to which, under certain circumstances after completion, the Purchaser may require Eagle Spirit to purchase back all of the issued shares of More Star and all shareholder’s loan due by More Star to the Purchaser at the consideration equal to the (i) total consideration of the Sale Share and the Sale Loan; and (ii) any amount injected into the More Star and Fortress State after completion. The disposal of the Sale Share and the Sale Loan constituted a very substantial disposal whereas the exercise of the put option by the Purchaser constituted a very substantial acquisition for the Company under the Listing Rules. The Agreement and the transactions contemplated thereunder were therefore subject to the shareholders’ approval requirements under the Listing Rules. The Agreement and the transactions contemplated thereunder were approved by the shareholders of the Company at the special general meeting convened in April 2012. On 29 June 2012, the Purchaser informed the Company that the condition precedent to Completion in relation to the initial public offering of the Units in the stapled group would not be satisfied on or before 30 June 2012. Accordingly, the Agreement lapsed on 30 June 2012 and was of no further effect and no party shall have any claim against other party(ies) by reason thereof.

LIQUIDITY AND FINANCIAL RESOURCES

At the end of the reporting period, the Group's total borrowings were as follows:

	At 30.06.2012 <i>HK\$ million</i> (unaudited)	At 31.12.2011 <i>HK\$ million</i> (audited)
Loan from a related company	–	14.6
Borrowings – amount due within one year	478.0	483.9
Borrowings – amount due after one year	215.6	223.0
	<u>693.6</u>	<u>721.5</u>

Borrowings of approximately HK\$8.1 million bears interest at a fixed rate of 10% per annum. All other borrowings bear floating interest rates.

The gearing ratio as at 30 June 2012, expressed as a percentage of total borrowings to equity attributable to owners of the Company, was 40.1% (at 31 December 2011: 38.9%).

PLEDGE OF ASSETS

At 30 June 2012, certain assets of the Group at net book value of HK\$1,448.2 million (at 31 December 2011: HK\$1,337 million) were pledged to banks and financial institutions for credit facilities.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2012 (as at 31 December 2011: Nil)

FOREIGN CURRENCY EXPOSURE

The majority of the Group's assets and liabilities and business transactions were denominated in Hong Kong dollars and Renminbi. During the six months ended 30 June 2012, the Group has not entered into any hedging arrangements. However the management will continue to monitor closely its foreign currency exposure and requirements and to arrange for hedging facilities when necessary.

EMPLOYEES

At 30 June 2012, the Group had 1,218 employees of which 960 employees were stationed in the PRC. Competitive remuneration packages are structured to commensurate with the responsibilities, qualifications, experience and performance of individual employee. The Group also provides training programs, provident fund scheme and medical insurance for its employees.

PROSPECTS

Following the lapse of the agreement for the disposal of the entire equity interest in and the shareholder's loan to More Star, the Company commenced the soft operation of its newly erected Rosedale Hotel Kowloon in July 2012. Following the opening of this new four-star hotel, the Company expects that both the bottomline and the market share of Group shall be strengthened in the coming years.

The budget hotel market is under keen competition in the PRC. The Group shall continue to refine its strategy by focusing on running quality leased-and-operated budget hotels at prime locations in Guangdong Province and popular tourists spots like Wuyishan of the Fujian Province.

In the coming years, the Group shall continue to lay resources to strengthen its branding and position in the market and to explore further quality investment opportunities to enhance shareholders' wealth.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2012 (for the six months ended 30 June 2011: Nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2012.

AUDIT COMMITTEE

The Audit Committee of the Company (the "Audit Committee") has reviewed with the management and the Company's auditor the accounting principles and practices adopted by the Group and discussed auditing and financial reporting matters including a review of the condensed consolidated financial statements for the six months ended 30 June 2012 on the basis that such review does not in itself constitute an audit. The Audit Committee currently comprises three independent non-executive directors, namely Mr. Poon Kwok Hing, Albert, Mr. Kwok Ka Lap, Alva, and Mr. Sin Chi Fai.

CORPORATE GOVERNANCE

On 1 April 2012, the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules (the “Former Code”) was amended and renamed as the Corporate Governance Code (the “New Code”). In the opinion of the Board, the Company had complied with the code provisions as set out in the Former Code during the period from 1 January 2012 to 31 March 2012 as well as those in the New Code during the period from 1 April 2012 to 30 June 2012, except for the following deviation:–

Code provision A.4.1

Under code provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election. The current independent non-executive directors of the Company are not appointed for a specific term. However, all directors (including executive and independent non-executive directors) of the Company are subject to retirement by rotation and re-election at the annual general meeting in accordance with Bye-Law 99 of the Bye-Laws of the Company. As such, the Board considers that this is no less exacting than that in the Former Code and the New Code.

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

Hong Kong, 28 August 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