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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)**

**(1) VERY SUBSTANTIAL DISPOSAL  
IN RELATION TO  
THE DISPOSAL OF 60% EQUITY INTEREST IN AND  
CORRESPONDING SHAREHOLDER'S LOAN DUE BY  
MORE STAR LIMITED;  
(2) POSSIBLE VERY SUBSTANTIAL ACQUISITION  
IN RELATION TO THE GRANT OF THE PUT OPTION  
RELATING TO THE EQUITY INTEREST IN  
MORE STAR LIMITED;  
(3) POSSIBLE VERY SUBSTANTIAL DISPOSAL  
IN RELATION TO THE GRANT OF THE CALL OPTION  
RELATING TO THE EQUITY INTEREST IN  
MORE STAR LIMITED;  
AND  
(4) RESUMPTION OF TRADING**

### **THE AGREEMENT**

The Board is pleased to announce that after trading hours of the Stock Exchange on 5 November 2013, the Vendor (a wholly-owned subsidiary of the Company) and the Purchaser entered into the Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares and the Sale Loan for an aggregate consideration of approximately HK\$789.2 million (subject to adjustment). The Sale Shares, being 6 shares of par value of US\$1 each in the issued share capital of the BVI Company, represent 60% of the entire issued share capital of the BVI Company. The Sale Loan represents 60% of the Vendor's Loan.

The BVI Company is an indirect wholly-owned subsidiary of the Company and the sole asset of the BVI Company is its investment in the Property Company. The Property Company is principally engaged in the business of property holding and its principal asset is the ownership of the Property, which is currently known as Rosedale Hotel Kowloon.

Based on the Consideration of HK\$789.2 million (assuming no adjustment is required) and the associated direct cost of the Disposal of approximately HK\$10.0 million, the net proceeds from the Disposal are estimated to be approximately HK\$779.2 million. Out of such net proceeds, approximately HK\$630.0 million has to be applied for repayment of the Bank Loan. The Group intends to apply the balance of approximately HK\$149.2 million for repayment of other borrowings and as general working capital of the Group.

## **MASTER LEASE**

Pursuant to the terms of the Agreement, Rosedale Kowloon, an indirect wholly-owned subsidiary of the Company, shall enter into the Master Lease with the Property Company upon Completion.

Under the Master Lease, Rosedale Kowloon shall lease the Property for hotel operation from the Property Company for a term of six (6) years commencing from (and including) the first date of the month immediately after Completion. The rent payable by Rosedale Kowloon to the Property Company shall comprise monthly base rent and turnover rent.

## **SHAREHOLDERS' AGREEMENT**

In conjunction with the Disposal, the Shareholders' Agreement will be entered into between the Vendor, the Purchaser and the BVI Company at Completion. The Shareholders' Agreement regulates the rights and obligations between the Vendor and the Purchaser in respect of the management and operation of the Disposal Group, details of which are set out in the paragraph headed "Shareholders' Agreement" below.

Under certain circumstances as further detailed under the paragraph headed "4. The Purchaser Put Option and the Purchaser Call Option" below, the Purchaser may either exercise (i) the Purchaser Put Option to require the Vendor to purchase all (and not part only) of the shares the Purchaser holds in the BVI Company and the total amount (which shall be all and not part only) of the shareholder's loans then owing by the Disposal Group to the Purchaser and its Affiliated Lenders; or (ii) the Purchaser Call Option to require the Vendor to sell to the Purchaser all (and not part only) of the shares the Vendor holds in the BVI Company and the total amount (which shall be all and not part only) of the shareholder's loans then owing by the Disposal Group to the Vendor and its Affiliated Lenders.

## **LISTING RULES IMPLICATIONS**

The Disposal constitutes a very substantial disposal for the Company under the Listing Rules. Given that the exercise of the Purchaser Put Option and the Purchaser Call Option are not at the Company's discretion, pursuant to Rule 14.74 of the Listing Rules, the grant of the Purchaser Put Option and the Purchaser Call Option under the Shareholders' Agreement will be classified as if they had been exercised. The exercise of the Purchaser Put Option by the Purchaser constitutes a possible very substantial acquisition for the Company whereas the exercise of the Purchaser Call Option by the Purchaser constitutes a possible very substantial disposal for the Company.

The Disposal and the grant of the Purchaser Put Option and the Purchaser Call Option 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 Purchaser Put Option and the Purchaser Call Option under the Shareholders' Agreement.

## **GENERAL**

A circular containing, amongst other things, 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 on or before 24 December 2013 so as to allow sufficient time for the preparation of the relevant information for the inclusion in the circular.

**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 Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:00 a.m. on Wednesday, 6 November 2013 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading of Shares with effect from 9:00 a.m. on Monday, 11 November 2013.

The Board is pleased to announce that after trading hours of the Stock Exchange on 5 November 2013, the Vendor (a wholly-owned subsidiary of the Company) and the Purchaser entered into the Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares and the Sale Loan for an aggregate consideration of approximately HK\$789.2 million (subject to adjustment). Set out below are the principal terms of the Agreement.

## **THE AGREEMENT**

### **Date:**

5 November 2013

### **Parties:**

- (a) Vendor: Eagle Spirit Holdings Limited, a wholly-owned subsidiary of the Company
- (b) Purchaser: Shaw Holdings Inc.

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.

### **Assets to be disposed of:**

The Sale Shares, being 6 shares of par value of US\$1 each in the issued share capital of the BVI Company, represent 60% of the entire issued share capital of the BVI Company. The Sale Loan represents 60% of the Vendor's Loan. As at the date of this announcement, the Vendor's Loan amounted to approximately HK\$198.2 million and the Sale Loan is therefore estimated to be approximately HK\$118.9 million (without taking into account the repayment of the Bank Loan by the Vendor upon Completion).

### **Consideration:**

The Consideration shall be determined in accordance with the following formula:

Consideration = HK\$768,000,000 + (Net Current Assets x 60%),

of which (a) the consideration for the Sale Loan shall be the face value thereof on a dollar for dollar basis; and (b) the consideration for the Sale Shares shall be the balance thereof.

The Consideration shall be paid by the Purchaser to the Vendor (or as the Vendor may direct in writing) in cash in the following manner:

- (i) a deposit in the amount of HK\$50 million (the “**Deposit**”) has been paid to the Vendor’s Solicitors upon the signing of the Agreement, which shall be released to the Vendor on fulfillment of the condition (a) as mentioned under the paragraph headed “Conditions precedent” below; and
- (ii) the remaining balance (the “**Balance**”) shall be paid upon Completion.

As agreed by the parties to the Agreement, part of the Balance shall be applied in repayment of the Bank Loan on Completion. The Bank Loan amounted to approximately HK\$630.0 million as at the date of this announcement.

As at 30 September 2013, the Disposal Group had an unaudited Net Current Assets of approximately HK\$35.3 million and on this basis, the Consideration is estimated to be approximately HK\$789.2 million.

The Consideration was arrived at after arm’s length negotiations between the Vendor and the Purchaser with reference to the preliminary valuation of the Property as at 30 September 2013 by an independent property valuer, the net asset value of the Disposal Group and the amount of the Vendor’s Loan.

#### **Adjustment to the Consideration:**

For the purpose of calculating the Consideration payable by the Purchaser on Completion, the Net Current Assets shall be based on figures in the Completion Accounts. Following Completion, the Vendor and the Purchaser shall jointly cause the Completion Accounts to be audited by the Auditors and the Net Current Assets on the Completion Date to be determined by the Auditors within two months after the Completion Date. If the amount of the Net Current Assets as so audited and determined by the Auditors is different from the amount of the Net Current Assets used in calculating the Consideration on Completion, the Consideration shall be recalculated based on the amount of the Net Current Assets audited and determined by the Auditors as aforesaid and any excess of the Consideration paid on Completion shall be returned to the Purchaser and any shortfall shall be paid by the Purchaser to the Vendor, in each case without interest and within 10 Business Days of the issue of the audited Completion Accounts by the Auditors.

**Conditions precedent:**

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

- (a) approval by the Shareholders (other than those, if any, who are required to abstain from voting under the Listing Rules or the applicable laws, rules and regulations) of the Agreement and the transactions contemplated thereunder at the SGM, in compliance with the requirements of the Listing Rules has been obtained and a certified true copy of the minutes of the SGM by a Director has been produced to the Purchaser;
- (b) the Purchaser being satisfied with the results of the due diligence review on the Disposal Group;
- (c) the Property Company having shown and proved good title to the Property;
- (d) each of the warranties given by the Vendor is true and accurate in all material respects and not misleading as at the date of the Agreement and shall remain true and accurate in all material respects and not misleading as at the Completion Date; and
- (e) there is no material adverse change in the financial position of the Disposal Group from 30 September 2013 up to and as at the Completion Date.

The Purchaser may at its absolute discretion at any time waive in writing any of the conditions precedent (other than condition (a)).

If any of the conditions precedent is not fulfilled or waived (as the case may be) on or before 5 March 2014, the rights and obligations of the parties under the Agreement shall automatically lapse and be of no further effect, and in such event, the Vendor shall within 3 Business Days thereafter refund or, as the case may be, forthwith procure the Vendor's Solicitors to refund to the Purchaser the Deposit together with interest at the savings rate of the Bank but without any costs or compensation, and after such return, neither party shall have any claim against each other save and except for any antecedent breach of any obligation of the other party thereunder.

**Completion:**

Completion shall take place on the seventh (7th) Business Day after the fulfillment or waiver (as the case may be) of the conditions precedent (a) to (c) above (and the conditions precedent (d) and (e) shall remain fulfilled on Completion unless waived by the Purchaser) or such other date as may be agreed between the Vendor and the Purchaser in writing.

If it shall be ascertained on or before Completion that the Property is affected by any notices or orders under the Lands Resumption Ordinance (Cap.124 of the Laws of Hong Kong) or the Mass Transit Railway (Land Resumption and Related Provisions) Ordinance (Cap.276 of the Laws of Hong Kong) or any other form of notice of similar nature affecting the Property, the Purchaser may by notice in writing to the Vendor rescind the Agreement and neither party shall have any claims against the other thereon and the Deposit shall be refunded to the Purchaser forthwith but without any interest, costs or compensation.

If at any time before Completion, either party shall be in material breach of the Agreement, or if the respective obligations of the parties under the Agreement are not complied with on the date originally scheduled for Completion (or such later date as may be agreed between the parties) by any party, in addition to and without prejudice to any other rights or remedies any innocent party may have, including without limitation, the innocent party's right to specific performance of the Agreement, the innocent party may by notice to the defaulting party elect to:

- (a) proceed to Completion as far as practicable (without limiting its rights and remedies under the Agreement); or
- (b) terminate the Agreement without prejudice to any of its rights and remedies in respect of such default and in such event:
  - (i) if the defaulting party is the Purchaser, the Deposit shall be forfeited by the Vendor;
  - (ii) if the defaulting party is the Vendor, the Deposit shall be returned to the Purchaser forthwith with interest at the savings rate of the Bank; and
  - (iii) the innocent party shall have a right to claim against the defaulting party for all losses and damages that the innocent party may suffer or suffered as a result of the breach of the Agreement on the part of the defaulting party.

## MASTER LEASE

Pursuant to the terms of the Agreement, Rosedale Kowloon, an indirect wholly-owned subsidiary of the Company, shall enter into the Master Lease with the Property Company upon Completion.

Under the Master Lease, Rosedale Kowloon shall lease the Property for hotel operation from the Property Company for a term of six (6) years commencing from (and including) the first date of the month immediately after Completion. The rent payable by Rosedale Kowloon to the Property Company shall comprise monthly base rent and turnover rent as follows:

(a) Monthly base rent represents the amount for each Year as set out below divided by 12:

(i)	First Year	–	HK\$64,000,000
(ii)	Second Year	–	HK\$67,200,000
(iii)	Third Year	–	HK\$70,400,000
(iv)	Fourth Year	–	HK\$73,600,000
(v)	Fifth Year	–	HK\$76,800,000
(vi)	Sixth Year	–	HK\$80,000,000

(b) For any Year during the term of the Master Lease, in the event the gross revenue (all revenue and income of any kind derived from operations at the Property) exceeds the threshold amount for such Year, Rosedale Kowloon shall also pay a turnover rent in an amount equal to 60% of the difference between the gross revenue and the threshold amount for such Year. For the avoidance of doubt, no turnover rent shall be payable for that Year if the gross revenue of a year is equal to or less than the threshold amount for such Year. Set out below is the threshold amount of each Year:

(i)	First Year	–	HK\$140,000,000
(ii)	Second Year	–	HK\$145,000,000
(iii)	Third Year	–	HK\$150,000,000
(iv)	Fourth Year	–	HK\$155,000,000
(v)	Fifth Year	–	HK\$160,000,000
(vi)	Sixth Year	–	HK\$165,000,000

The above rental is exclusive of, and Rosedale Kowloon shall be responsible for and shall pay, all assessments, duties, charges, impositions and outgoings of an annual or recurring nature assessed, incurred, imposed or charged on or in respect of the Property or upon the owner or occupier thereof by the government authority. The Property Company shall be responsible for all property tax, government rents and rates of the Property during the term of the Master Lease.



Rosedale Kowloon shall pay and maintain a security deposit equivalent to three (3) months of the applicable monthly base rent throughout the term of the Master Lease, any part of which may be in the form of a bank guarantee. In the event of any breach or non-observance or non-performance by Rosedale Kowloon of any essential term under the Master Lease, the Property Company is entitled to (a) elect to terminate the Master Lease and deduct from the security deposit and/or draw on the bank guarantees for the amount(s) of Loss sustained by Rosedale Kowloon as a result of the breach, non-observance or non-performance by Rosedale Kowloon; or (b) elect not to terminate the Master Lease, but deduct from the security deposit and/or draw on the bank guarantees the amount(s) of Loss sustained by Rosedale Kowloon as a result of the breach, non-observance or non-performance by Rosedale Kowloon, in each case in addition to any other rights and remedies it may have.

The Property Company shall grant to Rosedale Kowloon a new lease of the Property for another term of six years commencing on the expiry of the initial term if:

- (i) Rosedale Kowloon gives the Property Company written notice during the period commencing on the 4th anniversary of the Master Lease and ending on the 5th anniversary of the Master Lease that Rosedale Kowloon wants a lease of the Property for another term of six years;
- (ii) there is no default on the part of Rosedale Kowloon under the Master Lease which remains unremedied as at the date of the notice or on the expiry of the initial term; and
- (iii) Rosedale Kowloon and the Property Company reaches agreement on the terms of the new lease,

but if no agreement is reached within 6 months of Rosedale Kowloon giving the written notice, the written notice will be null and void.

The rental was determined between the Vendor and the Purchaser after arms' length negotiations having taken 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 the rental is fair and reasonable and is in the interests of the Company and Shareholders as a whole.

## SHAREHOLDERS' AGREEMENT

In conjunction with the Disposal, the Shareholders' Agreement will be entered into between the Vendor, the Purchaser and the BVI Company at Completion. The Shareholders' Agreement regulates the rights and obligations between the Vendor and the Purchaser in respect of the management and operation of the Disposal Group. The major provisions of the Shareholders' Agreement are set out below:

### 1. Financing

The BVI Shareholders have no obligation to provide further finance to the Disposal Group unless with the unanimous written consent of all BVI Shareholders. Where such consent has been obtained and a BVI Shareholder (the "**Loan Defaulter**") shall fail to within 14 Business Days advance (or procure an Affiliated Lender to advance) its portion of the shareholders' loans in relation to a call by the board of directors of the BVI Company for any amount required to be contributed under such unanimous consent, without prejudice to or affecting any other rights and remedies which the BVI Company and/or the other BVI Shareholder (the "**Non-Defaulter**") may have under the Shareholders' Agreement or otherwise, then the Non-Defaulter shall have the right, not an obligation, to advance (or procure an Affiliated Lender to advance) to the BVI Company the portion of the loan which should have been advanced by the Loan Defaulter (the "**Defaulted Portion**") or any part thereof, in which case in addition to the Loan Defaulter having to pay interest to the BVI Shareholder (or its Affiliated Lender) advancing the Defaulted Portion (the "**Advancing Shareholder**") on the Defaulted Portion so advanced by the Advancing Shareholder, if such default remains un-remedied for 6 months or more, the Advancing Shareholder may, if and so long as the same remains un-remedied, require the capitalisation of the part of the Defaulted Portion advanced to the BVI Company by the Advancing Shareholder such that the Loan Defaulter's shareholding in the BVI Company shall be diluted and reduced by a percentage calculated as follows:

$$A/B \times 100$$

Where

"A" is the amount of the Defaulted Portion advanced by the Advancing Shareholder

"B" is the Fair Value Per BVI Share x the number of shares of the BVI Company in issue x 90%

## 2. Appointment of directors

The board of directors of the BVI Company and the Property Company shall consist of up to five directors. The Purchaser shall have the right to nominate and appoint up to three directors and the Vendor shall have the right to nominate and appoint up to two directors.

## 3. Restriction on transfer of shares and shareholders' loan

Save and except (i) any transfer between the BVI Shareholders; or (ii) any transfer by a BVI Shareholder to a third party which is a wholly-owned subsidiary or holding company (whether immediate, intermediate or ultimate) of the transferor or a wholly-owned subsidiary of such holding company, no BVI Shareholder shall transfer, sell, mortgage, charge, assign or otherwise dispose of or encumber the whole or any part of its shareholding in the BVI Company or any shareholder's loan(s) due to it, or assign or otherwise purport to deal with the legal or beneficial interest therein or voting rights in respect of the shares of the BVI Company without the prior written consent of the other BVI Shareholder within the first 3 years of the date of the Shareholders' Agreement. Subject to the 3 years restriction, any transfer of shares of the BVI Company or the shareholder's loan by a BVI Shareholder will also be subject to right of first refusal of the other BVI Shareholder.

## 4. The Purchaser Put Option and the Purchaser Call Option

If a proposal is made by the Purchaser or a director nominated by it in relation to (a) the leasing or licensing of the Property as a whole to a party other than Rosedale Kowloon; or (b) the appointment of any party other than Rosedale Kowloon as operator or manager of the Property, on or after the expiration or earlier termination of the Master Lease, and such proposal is not approved by the Vendor within 30 Business Days of all the material terms thereof having been provided to the Vendor or the director(s) nominated by it, a deadlock (the "**Deadlock**") shall be deemed to have occurred and in such case for a period of 30 Business Days of the occurrence of the Deadlock (the "**Exit Period**"), the Purchaser shall be entitled to serve a notice (the "**Exit Notice**") on the Vendor either:

- (a) to require the Vendor to purchase all (and not part only) of the shares the Purchaser holds in the BVI Company and the total amount (which shall be all and not part only) of the shareholder's loans then owing by the Disposal Group to the Purchaser and its Affiliated Lenders (the "**Purchaser Put Option**"); or

- (b) to require the Vendor to sell to the Purchaser all (and not part only) of the shares the Vendor holds in the BVI Company and the total amount (which shall be all and not part only) of the shareholder's loans then owing by the Disposal Group to the Vendor and its Affiliated Lenders (the **"Purchaser Call Option"**),

each at the Valuation Price, provided that the obligation of the Vendor to sell or, as the case may be, purchase the shares and shareholder's loans referred to above shall be conditional on the same being approved by the shareholders of its ultimate holding company and which is a company listed on the Stock Exchange, if required, and compliance of the Listing Rules by the ultimate holding company, such that if the said conditions are not fulfilled within 90 days of the determination of the Valuation Price such Exit Notice shall be deemed void and of no further force and effect without any claim by any BVI Shareholders for such non-fulfilment.

If either no Exit Notice is served within the Exit Period or an Exit Notice has been served within the Exit Period but the conditions under the Purchaser Put Option and the Purchaser Call Option are not fulfilled within the period therein provided, and at the end of the relevant period the Deadlock persists, any BVI Shareholder may at anytime thereafter by written notice to the other BVI Shareholder request that the Property Company dispose of the Property to a third party with reference to the Valuation Price and thereafter the BVI Company be liquidated whereupon the BVI Shareholders shall jointly procure that the relevant resolutions be passed to wind-up the BVI Company as soon as practicable.

## **INFORMATION ON THE DISPOSAL GROUP**

The BVI Company is a company incorporated in the 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 Property Company.

The Property Company is a company incorporated under the laws of Hong Kong with limited liability. It is principally engaged in the business of property holding and its principal asset is the ownership of the Property. The Property is located at The Remaining Portion of Kowloon Inland Lot No. 11208, No.86 Tai Kok Tsui Road, Tai Kok Tsui, Kowloon, Hong Kong and currently known as Rosedale Hotel Kowloon. It is a 4-star rated hotel and has a gross floor area of approximately 10,300 square meters 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 as at 30 September 2013 is estimated to be approximately HK\$1,285 million.

According to the unaudited financial information of the Disposal Group, which was prepared under the Hong Kong Financial Reporting Standards, the Disposal Group recorded an unaudited net asset value of approximately HK\$21.5 million as at 30 September 2013. Set out below is the unaudited financial information of the Disposal Group prepared under the Hong Kong Financial Reporting Standards:

	<b>For the year ended</b>		<b>For the nine months ended</b>
	<b>31 December 2011</b>	<b>31 December 2012</b>	<b>30 September 2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Net (loss)/profit before taxation	(183)	12,275	10,089
Net (loss)/profit after taxation	(183)	12,275	10,089

## **FINANCIAL EFFECT OF THE DISPOSAL**

Following Completion, the Company will retain 40% equity interest in the BVI Company and the BVI Company will cease to be a subsidiary of the Company. Accordingly, the financial results of the Disposal Group will no longer be consolidated into the financial statements of the Company. Pursuant to the terms and conditions of the Master Lease, Rosedale Kowloon will lease back the Property and Rosedale Kowloon will continue to manage and operate the Property.

Based on the unaudited financial information of the Disposal Group as at 30 September 2013, the Group expects to recognise a gain of approximately HK\$455.6 million which is calculated with reference to (i) the estimated consideration of approximately HK\$789.2 million; (ii) carrying amount of 60% of the net assets of the Disposal Group of approximately HK\$509.8 million; (iii) the fair value gain on the remaining 40% equity interest in the Disposal Group retained by the Group of approximately HK\$186.3 million; and (iv) the estimated expenses of approximately HK\$10.0 million in connection with the Disposal. Shareholders should note that the actual gain or loss from the Disposal to be recorded by the Company will depend on the financial position of the Disposal Group as at the Completion Date.

## **PROPOSED USE OF PROCEEDS**

Based on the estimated Consideration of HK\$789.2 million (assuming no adjustment is required) and the associated direct cost of the Disposal of approximately HK\$10.0 million, the net proceeds from the Disposal are estimated to be approximately HK\$779.2 million. Out of such net proceeds, approximately HK\$630.0 million has to be applied for repayment of the Bank Loan. The Group intends to apply the balance of approximately HK\$149.2 million for repayment of other borrowings and as general working capital of the Group.

## **REASONS FOR THE DISPOSAL**

The Group is principally engaged in hotel operation and trading of securities.

The hotel operations of the Group comprise the operation of the four “Rosedale” branded 4-star rated hotels, the Times Plaza Hotel, Shenyang and the Luoyang Golden Gulf Hotel. As disclosed in the Company’s interim report of the Company for the six months ended 30 June 2013, the slower pace of economic growth of the PRC and signs of the retreat of hot money from Asia shall also give a hard time to the hospitality sector of which the performance depends heavily on the ups and downs of the world economic atmosphere. Facing this situation, the Group intended to continue to enhance its hotel chain and to explore further income streams so as to stay ahead of its competitors and to maximise the value for the Shareholders.

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 so as to strengthen its financial position, enhancing the Group’s capability to capture any future investment opportunities. At the same time, through the sale and lease back arrangement under the Agreement and the Master Lease, the Group could realise 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. Moreover, upon Completion, the Group will still hold 40% equity interest in the BVI Company, and thus it is able to enjoy the benefits (if any) from the future growth and success of the Disposal Group and the potential capital appreciation of the Property.

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 are in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

The Disposal constitutes a very substantial disposal for the Company under the Listing Rules. Given that the exercise of the Purchaser Put Option and the Purchaser Call Option are not at the Company's discretion, pursuant to Rule 14.74 of the Listing Rules, the grant of the Purchaser Put Option and the Purchaser Call Option under the Shareholders' Agreement will be classified as if they had been exercised. The exercise of the Purchaser Put Option by the Purchaser constitutes a possible very substantial acquisition for the Company whereas the exercise of the Purchaser Call Option by the Purchaser constitutes a possible very substantial disposal for the Company.

The Disposal and the grant of the Purchaser Put Option and the Purchaser Call Option 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 Purchaser Put Option and the Purchaser Call Option under the Shareholders' Agreement. As none of the Shareholders has a material interest in the Disposal, no Shareholders are required to abstain from voting at the SGM.

## **GENERAL**

A circular containing, amongst other things, 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 on or before 24 December 2013 so as to allow sufficient time for the preparation of the relevant information for the inclusion in the circular.

**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 Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:00 a.m. on Wednesday, 6 November 2013 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading of Shares with effect from 9:00 a.m. on Monday, 11 November 2013.

## **DEFINITION**

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

“Affiliated Lender”	in relation to a BVI Shareholder, any entity that is wholly-owned by the BVI Shareholder or the ultimate holding company of such BVI Shareholder
“Agreement”	the sale and purchase agreement dated 5 November 2013 entered into between the Vendor and the Purchaser in relation to the Disposal
“Auditors”	Deloitte Touche Tohmatsu or such other audit firm as the Vendor and the Purchaser may agree
“Bank”	The Hongkong and Shanghai Banking Corporation Limited
“Bank Loan”	all outstanding amount, including principal and interest, together with all charges and fees owing by the Property Company to the Bank
“Board”	the board of Directors



“Business Day”	any day (excluding Saturday, Sunday, public holidays and any day on which a tropical cyclone warning no.8 or above or a “black” rainstorm warning signal is hoisted at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks are generally open for business in Hong Kong
“BVI”	British Virgin Islands
“BVI Company”	More Star Limited, a company incorporated under the laws of BVI and is wholly-owned by the Vendor
“BVI Shareholder(s)”	shareholder(s) of the BVI Company
“Company”	Rosedale Hotel Holdings Limited, a company incorporated under the laws of Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (Stock code: 01189)
“Completion”	completion of the sale and purchase of the Sale Shares and the assignment of the Sale Loan pursuant to the terms of the Agreement
“Completion Accounts”	the unaudited consolidated proforma management accounts of the Disposal Group comprising a consolidated income statement for the period from 1 January 2013 to the Completion Date and a consolidated balance sheet as at the Completion Date
“Completion Date”	the date of Completion
“Consideration”	the aggregate consideration for the Sale Shares and the Sale Loan
“Director(s)”	the director(s) of the Company

“Disposal”	the disposal of the Sale Shares and the Sale Loan by the Vendor to the Purchaser pursuant to the terms and conditions of the Agreement
“Disposal Group”	the BVI Company and the Property Company
“Fair Value Per BVI Share”	the fair value of a share in the BVI Company as certified by an independent firm of public accountants agreed by the BVI Shareholders with reference to the Valuation Report and ignoring all shareholders’ loans other than any excess over the equity proportion of any BVI Shareholders
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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)
“Listing Rules”	the Rule Governing the Listing of Securities on the Stock Exchange
“Loss”	all damages, losses, liabilities, costs (including, without limitation, legal costs), charges, expenses, actions, proceedings, claims and demands
“Master Lease”	the lease to be entered into between the Property Company as lessor and Rosedale Kowloon as lessee on Completion
“Net Current Assets”	the aggregate of all current assets of the Disposal Group less all liabilities (excluding the Vendor’s Loan and the Bank Loan) of the Disposal Group

“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Property”	Rosedale Hotel Kowloon located at The Remaining Portion of 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 with limited liability and is wholly-owned by the BVI Company
“Purchaser”	Shaw Holdings Inc., a company incorporated in Nauru
“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”	being 60% of the Vendor’s Loan
“Sale Shares”	6 shares of par value of US\$1 each in the capital of the BVI Company held by the Vendor, represent 60% of the entire issued share capital of the BVI Company
“SGM”	the special general meeting of the Company to be convened to approve, among other things, the Agreement and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder of the Shares

“Shareholders’ Agreement”	the shareholders’ agreement to be entered into between the Vendor, the Purchaser and the BVI Company on Completion
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Valuation Price”	the Fair Value Per BVI Share times (i) the number of shares of the BVI Company to be sold and purchased plus (ii) if any portion of the shareholder’s loan over and above the proportion of shareholding in the BVI Company of the respective BVI Shareholder is owing to the selling BVI Shareholder and/or its Affiliated Lenders, an amount equivalent to the face value thereof and interest accrued thereon
“Valuation Report”	for the purpose of determining the Fair Value Per BVI Share, a joint valuation report on the then open market value of the Property prepared by two reputable valuers of international repute, one nominated by the Purchaser and the other by the Vendor
“Vendor”	Eagle Spirit Holdings Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
“Vendor’s Loan”	the entire amount of the shareholder’s loan due by the BVI Company to the Vendor as at the Completion Date
“Vendor’s Solicitors”	solicitors acting for the Vendor in the Disposal

“Year”	each period of 12 calendar months during the term of the Master Lease
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency in the United States of America
%	per cent.

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

Hong Kong, 10 November 2013

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