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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 2015**

The board of directors (the “Board”) of Rosedale Hotel Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) for the six months ended 30 June 2015 together with comparative figures for the corresponding period in 2014 as follows:

### **CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the six months ended 30 June 2015*

		<b>Six months ended</b>	
		<b>30.6.2015</b>	<b>30.6.2014</b>
	<i>NOTES</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
Turnover	3	<b>109,950</b>	184,659
Direct operating costs		<b>(65,451)</b>	(131,229)
Gross profit		<b>44,499</b>	53,430
Interest income	4	<b>57,918</b>	10,869
Other income, gains and losses		<b>133</b>	1,755
Distribution and selling expenses		<b>(878)</b>	(1,132)
Administrative expenses		<b>(78,839)</b>	(88,415)
Fair value change on investments held for trading		<b>496</b>	(167)
Finance costs		<b>(1,230)</b>	(7,428)
Gain on disposal of a subsidiary	7	<b>—</b>	459,286
Share of result of an associate		<b>—</b>	(2,463)
Share of result of a joint venture		<b>—</b>	954
Decrease in fair value of investment properties	11	<b>(14,416)</b>	(15,707)

		<b>Six months ended</b>	
		<b>30.6.2015</b>	<b>30.6.2014</b>
	<i>NOTES</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
Profit before taxation	5	<b>7,683</b>	410,982
Income tax expense	6	<b>(1,469)</b>	(1,885)
<b>Profit for the period</b>		<b>6,214</b>	409,097
<b>Other comprehensive income (expense)</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translation of financial statements of foreign operations		<b>334</b>	(17,854)
Share of exchange difference of an associate		–	(3,652)
Reclassification of translation reserve to profit or loss upon deregistration of subsidiaries		–	(1,370)
		<b>334</b>	(22,876)
<b>Total comprehensive income for the period</b>		<b>6,548</b>	386,221
<b>Profit for the period attributable to:</b>			
Owners of the Company		<b>5,005</b>	413,080
Non-controlling interests		<b>1,209</b>	(3,983)
		<b>6,214</b>	409,097
<b>Total comprehensive income for the period attributable to:</b>			
Owners of the Company		<b>5,392</b>	393,069
Non-controlling interests		<b>1,156</b>	(6,848)
		<b>6,548</b>	386,221
<b>EARNINGS PER SHARE</b>	9		
– Basic (HK\$)		<b>0.01</b>	0.63
– Diluted (HK\$)		<b>N/A</b>	N/A

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015

		At 30.6.2015 HK\$'000 (unaudited)	At 31.12.2014 HK\$'000 (audited)
	NOTES		
<b>Non-current assets</b>			
Property, plant and equipment	10	531,893	548,465
Investment properties	11	253,000	267,000
Available-for-sale investments		18,722	18,722
Loan notes receivable	12	180,105	435,281
Other assets		19,800	19,800
		<u>1,003,520</u>	<u>1,289,268</u>
<b>Current assets</b>			
Inventories		2,878	2,805
Trade and other receivables	13	731,111	407,675
Investments held for trading	14	31,845	317
Bank balances and cash		1,161,091	1,272,649
		<u>1,926,925</u>	<u>1,683,446</u>
<b>Current liabilities</b>			
Trade and other payables	15	176,488	86,517
Tax liabilities		77,301	79,037
Borrowings – amount due within one year	16	10,000	110,000
		<u>263,789</u>	<u>275,554</u>
<b>Net current assets</b>		<u>1,663,136</u>	<u>1,407,892</u>
<b>Total assets less current liabilities</b>		<u>2,666,656</u>	<u>2,697,160</u>

		At <b>30.6.2015</b> <b>HK\$'000</b> <b>(unaudited)</b>	At 31.12.2014 <b>HK\$'000</b> (audited)
	<i>NOTE</i>		
<b>Non-current liabilities</b>			
Borrowings – amount due after one year	<i>16</i>	–	150,000
Deferred taxation		<b>56,018</b>	57,089
		<hr/> <b>56,018</b> <hr/>	<hr/> 207,089 <hr/>
<b>Net assets</b>		<hr/> <b>2,610,638</b> <hr/>	<hr/> 2,490,071 <hr/>
<b>Capital and reserves</b>			
Share capital		<b>7,892</b>	6,577
Reserves		<b>2,380,055</b>	2,261,959
		<hr/>	<hr/>
Equity attributable to owners of the Company		<b>2,387,947</b>	2,268,536
Non-controlling interests		<b>222,691</b>	221,535
		<hr/>	<hr/>
<b>Total equity</b>		<hr/> <b>2,610,638</b> <hr/>	<hr/> 2,490,071 <hr/>

## 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 34 (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”).

### 2. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2015 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2014.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 19	Defined benefit plans: Employee contributions
Amendments to HKFRSs	Annual improvements to HKFRSs 2010-2012 cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011-2013 cycle

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

### 3. SEGMENT INFORMATION

Segment information reported internally 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 operations and securities trading. The information reported to the Group's chief operating decision maker (the "CODM") (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:

**For the six months ended 30 June 2015 (unaudited)**

	<b>Hotel operations HK\$'000</b>	<b>Securities trading HK\$'000</b>	<b>Consolidated HK\$'000</b>
<b>Segment turnover</b>			
External sales	<b>109,950</b>	<b>–</b>	<b>109,950</b>
<b>Results</b>			
Segment results	<b>(19,059)</b>	<b>490</b>	<b>(18,569)</b>
Interest income			<b>57,918</b>
Finance costs			<b>(1,230)</b>
Central administrative costs and other unallocated expenses			<b>(16,020)</b>
Decrease in fair value of investment properties			<b>(14,416)</b>
Profit before taxation			<b>7,683</b>

**For the six months ended 30 June 2014 (unaudited)**

	Hotel operations <i>HK\$'000</i>	Securities trading <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>Segment turnover</b>			
External sales	184,659	–	184,659
<b>Results</b>			
Segment results	(8,878)	(172)	(9,050)
Interest income			4,802
Finance costs			(7,428)
Gain on disposal of a subsidiary			459,286
Share of result of an associate			(2,463)
Share of result of a joint venture			954
Other unallocated income			6,067
Central administrative costs and other unallocated expenses			(25,479)
Decrease in fair value of investment properties			(15,707)
Profit before taxation			410,982

Segment result represents the (loss) profit incurred by each segment without allocation of central administrative costs and other unallocated expenses, other unallocated income, interest income, finance costs, share of result of an associate, share of result of a joint venture, gain on disposal of a subsidiary and decrease in fair value of investment properties. This is the measure reported to the Group's CODM for the purposes of resource allocation and performance assessment.

**4. INTEREST INCOME**

	<b>Six months ended</b>	
	<b>30.6.2015</b>	<b>30.6.2014</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Interest income on:		
Bank deposits and others	957	4,802
Effective interest on loan notes ( <i>note 12</i> )	26,761	–
Reversal of effective interest recognised upon initial recognition for the early repayment portion ( <i>note 12</i> )	30,200	–
Amount due from a joint venture	–	6,067
	<b>57,918</b>	<b>10,869</b>

## 5. PROFIT BEFORE TAXATION

	Six months ended	
	30.6.2015	30.6.2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	17,152	26,117
Loss on disposal of property, plant and equipment	–	41
Minimum lease payments in respect of rented premises	18,099	50,049
and after crediting:		
Bank and other interest income	57,918	10,869
Gain on disposal of property, plant and equipment	8	–
	<u>          </u>	<u>          </u>

## 6. INCOME TAX EXPENSE

	Six months ended	
	30.6.2015	30.6.2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Income tax expense comprises:		
Current tax:		
PRC Enterprise Income Tax	(2,540)	(3,073)
Deferred tax:		
Current period	1,071	1,188
	<u>          </u>	<u>          </u>
Income tax expense	<u>(1,469)</u>	<u>(1,885)</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 tax 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.



## 7. GAIN ON DISPOSAL OF A SUBSIDIARY

### (a) For the six months ended 30 June 2014 (unaudited)

On 5 November 2013, the Company's wholly-owned subsidiary, Eagle Spirit Holdings Limited ("Eagle Spirit") and an independent third party (the 'Purchaser') entered into a conditional disposal agreement pursuant to which Eagle Spirit agreed to (a) dispose to the Purchaser of 60% of the entire equity interest in and 60% of shareholder's loan due from More Star Limited ("More Star"), a then wholly-owned subsidiary of Eagle Spirit, which acts as an investment holding company and its subsidiary, Fortress State International Limited ("Fortress State"), is principally engaged in the business of holding of a hotel property known as "Rosedale Hotel Kowloon", which is located at No. 86 Tai Kok Tsui Road, Tai Kok Tsui, Kowloon, Hong Kong (the "Property"); (b) procure the Company's indirect wholly-owned subsidiary, Rosedale Hotel Kowloon Limited ('Rosedale Kowloon'), to enter into a lease with Fortress State to lease the Property for its hotel operation for a term of six years ("Master Lease"); (c) grant to the Purchaser a put option relating to the acquisition from Eagle Spirit of all the 60% equity interest in and corresponding shareholder's loan due from More Star (the "Purchaser Put Option") which is exercisable only in the event of a deadlock; and (d) grant to the Purchaser a call option relating to the disposal to the Purchaser of its remaining 40% equity interest in and corresponding shareholder's loan due from More Star (the "Purchaser Call Option") which is exercisable only in the event of a deadlock, for a total cash consideration of approximately HK\$762,893,000.

The Purchaser shall be entitled to exercise the Purchaser Put Option or 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 to be entered into with Rosedale Kowloon and such proposal is not approved by Eagle Spirit (the occurrence of a deadlock).

The transaction was completed on 14 March 2014.

	<i>HK\$'000</i>
<b>Cash consideration received</b>	<b>762,893</b>

### Analysis of assets and liabilities over which control was lost:

	<i>HK\$'000</i>
Property, plant and equipment	810,140
Bank balances and cash	50
Trade and other receivables	49
Shareholder's loan ( <i>Note</i> )	(763,125)
Trade and other payables	(8,611)
	<hr/>
Net assets disposed of	38,503

*Note:* The shareholder's loan includes the amount due from immediate shareholder before disposal and the repayment of bank borrowing.

**Gain on disposal of a subsidiary:**

	<i>HK\$'000</i>
Cash consideration received	762,893
Net assets disposed of	(38,503)
Sale of 60% of shareholder's loan	(457,875)
Initial recognition at fair value of 40% interest in More Star as an interest in a joint venture ( <i>Note</i> )	<u>192,771</u>
Gain on disposal of 60% equity interest in More Star	<u><u>459,286</u></u>

*Note:* The recognition of the Group's retained interest of 40% in More Star was initially measured at its fair value, which was determined with reference to the estimated consideration amount for the disposal of the 40% interest in More Star as agreed between the Group and the potential buyer soon after the date of loss of control of More Star.

**Net cash inflow arising on disposal:**

	<i>HK\$'000</i>
Cash consideration received	762,893
Less: Bank balances and cash disposed of	<u>(50)</u>
	<u><u>762,843</u></u>

**8. DIVIDEND**

The directors of the Company have resolved not to declare an interim dividend for the six months ended 30 June 2015 (for the six months ended 30 June 2014: Nil).

For the six months ended 30 June 2014, the directors of the Company declared a special dividend of HK\$0.10 per share (the "Special Dividend") on 12 May 2014 to the shareholders of the Company whose names appear on the register of members of the Company at the close of business on a date before the completion date of disposal of Eagle Spirit and its subsidiaries or the completion date of disposal of Makerston Limited ("Makerston") and its subsidiaries (details of the transactions were disclosed in the Company's announcement on 23 April 2014), whichever is earlier. The Group distributed the Special Dividend on 19 December 2014 to the shareholders of the Company whose names appeared on the register of members of the Company on 4 December 2014.

## 9. EARNINGS PER SHARE

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

	<b>Six months ended</b>	
	<b>30.6.2015</b>	<b>30.6.2014</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Earnings for the purpose of basic earnings per share		
Earnings for the period attributable to owners of the Company	<b>5,005</b>	<b>413,080</b>
	<b>Number of shares</b>	
Number of ordinary shares in issue during the period for the purpose of basic earnings per share for the period	<b>673,668,435</b>	<b>657,675,872</b>

There were no potential ordinary shares outstanding during the six months ended 30 June 2015 and 2014.

## 10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK\$533,000 (for the six months ended 30 June 2014: HK\$534,000) on acquisition of property, plant and equipment of which approximately HK\$124,000 (for the six months ended 30 June 2014: HK\$38,000) was in relation to leasehold improvement for hotel properties.

Besides, the directors of the Company have also reviewed the recoverability of the carrying amount of the Group's certain hotel properties with reference to their fair values at 30 June 2015, which have been arrived at on the basis of a valuation carried out on that date by Asset Appraisal Limited, an independent qualified professional valuer not connected with the Group and a member of the Hong Kong Institute of Surveyors with appropriate qualifications and recent experiences in the valuation of similar properties in relevant locations. The valuation was arrived at the comparison method based on market observable transactions of similar properties and adjusted to reflect the conditions and locations of the subject properties. No impairment loss was recognised in relation to the impairment testing carried out for the certain hotel properties of the Group as their fair values determined in this manner were estimated to be higher than their carrying amounts.

## 11. MOVEMENTS IN INVESTMENT PROPERTIES

The fair value of investment properties in the PRC at 30 June 2015 has been arrived at on the basis of a valuation carried out on that date by Norton Appraisals Limited, an independent qualified professional valuer not connected with the Group and a member of the Hong Kong Institute of Surveyors with appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation was arrived at using the comparison method based on market observable transactions of similar properties and adjusted to reflect the conditions and location of the subject properties. The resulting decrease in fair value of investment properties of approximately HK\$14,416,000 (decrease for the six months ended 30 June 2014: HK\$15,707,000) has been recognised in profit or loss.

## 12. LOAN NOTES RECEIVABLE

Following the completion of the disposals of the entire equity interest in and shareholder's loan due from Eagle Spirit and Makerston on 15 December 2014, the Group received the loan notes with principal amount of HK\$500,000,000 issued by ITC Properties Group Limited ("ITCP") as part of the total consideration. The loan notes bear coupon interest at 5% per annum (payable semi-annually in arrears), and with maturity period of 2 years on 14 December 2016. At initial recognition, the fair value of the loan notes were determined based on the valuation report issued by an independent professional valuers, which was measured at the present value of contractual future cash flows discounted at the effective interest rate of 12.9% per annum, taking into account the credit standing of ITCP and the remaining time to maturity. Pursuant to the terms of the loan notes, ITCP has an option to early redeem the loan notes at par plus accrued outstanding interest. Based on the valuation report performed by the independent professional valuers and in the opinion of the Directors, the fair value of such early redemption option was insignificant.

On 23 June 2015, ITCP redeemed part of the loan notes with principal amount of HK\$300,000,000 at par and settled the accrued interests accordingly. Hence, the relevant imputed interest of HK\$30,200,000 recognised upon initial recognition for the period from the date of redemption to the maturity date of such redeemed loan notes was reversed.

The movement of the loan notes receivable for the six months ended 30 June 2015 is set out below:

	<i>HK\$'000</i>
At 31 December 2014 (audited)	435,281
Effective interest recognised in profit or loss	26,761
Reversal of effective interest recognised upon initial recognition for the early repayment portion	30,200
Coupon interest received	(12,137)
Early repayment	(300,000)
	<hr/>
At 30 June 2015 (unaudited)	180,105
	<hr/> <hr/>

### 13. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade receivables of approximately HK\$5,472,000 (31 December 2014: HK\$4,680,000). The following is an analysis of trade receivables by age, presented based on invoice date which approximate the revenue recognition date.

	At <b>30.6.2015</b> <i>HK\$'000</i> (unaudited)	At 31.12.2014 <i>HK\$'000</i> (audited)
0 – 30 days	4,758	3,928
31 – 60 days	244	443
61 – 90 days	429	174
Over 90 days	41	135
	<u>5,472</u>	<u>4,680</u>

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

On 31 December 2014, the Company and two independent third parties (the “Third Parties”) entered into agreements, pursuant to which the Company agreed to provide a short term interest-free advance of HK\$75 million (the “Advance”) to the Third Parties for lending to a target group in order to facilitate an acquisition of the entire equity interest in a PRC Company which is an entity established under the laws of the PRC and is principally engaged in property leasing and management, and owns a parcel of land in Zhuhai, the PRC. The Advance shall be repaid on the date which is three months from the date of the Advance. The repayment date of the Advance was further extended to 30 September 2015. Further details of the Advance are disclosed in the Company’s announcements dated 31 December 2014, 31 March 2015 and 30 June 2015. Included in other receivables are remaining amount of approximately HK\$600,000,000 (31 December 2014: Nil) in securities brokers for trading securities in Hong Kong. Besides, included in the other receivables balances at 30 June 2015 were prepaid rentals, utilities and other deposits to certain independent third parties in total of HK\$4,555,000 in relation to hotels operating in the PRC (31 December 2014: HK\$3,222,000) and a prepaid consultancy service fee of HK\$11,096,000 (31 December 2014: Nil).

### 14. INVESTMENTS HELD FOR TRADING

	At <b>30.6.2015</b> <i>HK\$'000</i> (unaudited)	At 31.12.2014 <i>HK\$'000</i> (audited)
Listed securities		
Equity securities listed in Hong Kong	<u>31,845</u>	<u>317</u>

The fair value as based on the quoted price of the respective securities in active markets.

At 30 June 2015 and 31 December 2014, no investments held for trading have been pledged security.

## 15. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of approximately HK\$6,680,000 (31 December 2014: HK\$7,210,000), the following is an analysis of trade payables by age, presented based on invoice date.

	At 30.6.2015 HK\$'000 (unaudited)	At 31.12.2014 HK\$'000 (audited)
0 – 30 days	2,679	3,826
31 – 60 days	2,151	1,652
61 – 90 days	723	983
Over 90 days	1,127	749
	<hr/>	<hr/>
	6,680	7,210
	<hr/>	<hr/>

Included in other payables at 30 June 2015 are balances as follows:

- (a) Deposits received of approximately HK\$9,634,000 (31 December 2014: HK\$11,311,000) from shop tenants in the hotel properties.
- (b) Accrual for direct operating and administrative expenses amounting to approximately HK\$36,846,000 (31 December 2014: HK\$33,259,000) that are expected to be settled within one year.
- (c) Advance receipt from customers of approximately HK\$4,026,000 as at 31 December 2014. There was no such balance as at 30 June 2015.
- (d) As at 30 June 2015, other payables included balances payable to a securities broker of HK\$31,032,000 for acquisition of investments held for trading. There was no such balance as at 31 December 2014.

## 16. BORROWINGS

As at 31 December 2014, included in other borrowings were balance of HK\$250,000,000 with a company which is a strategic business partner of the Company, of which the amount was fully repaid during the current interim period.

The borrowings carry interest rate at 2.5% over the Hong Kong Interbank Offered Rate and are repayable in instalment over a period of 5 years.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **REVIEW OF OPERATIONS**

During the current interim period, turnover of the Group attained HK\$109.9 million, represented a decrease of 40.5% as compared to HK\$184.7 million for the corresponding period in 2014. The results of the Group for the six months ended 30 June 2015 was a profit of HK\$6.2 million (2014: profit of HK\$409.1 million) which was mainly attributable to gross profit of HK\$44.5 million (2014: gross profit of HK\$53.4 million); administrative expenses of HK\$78.8 million (2014: HK\$88.4 million); finance costs of HK\$1.2 million (2014: HK\$7.4 million); decrease in fair value of investment properties of HK\$14.4 million (2014: HK\$15.7 million) and interest income of HK\$57.9 million (2014: HK\$10.9 million).

### **SEGMENT RESULTS**

#### **Hotel Operations**

The hotel operations of the Group comprise the operations of “Rosedale” branded 4-star rated hotels located in Hong Kong, Guangzhou and Shenyang and Luoyang Golden Gulf Hotel. Turnover decreased by 40.5% to HK\$109.9 million for the six months ended 30 June 2015 (2014: HK\$184.7 million) consequent to the completion of the disposal of the equity interests in Rosedale Kowloon in 2014. Segment loss for the reporting period was HK\$19.0 million (2014: loss of HK\$8.9 million).

#### **Securities Trading**

Gain from securities trading for the six months ended 30 June 2015 was HK\$0.5 million (2014: loss of HK\$0.2 million).

### **MATERIAL ACQUISITIONS AND DISPOSALS**

On 31 December 2014, the Company entered into a framework agreement (“Framework Agreement”) with two independent third parties (the “Vendors”) in relation to the possible acquisition of 51% equity interests in a company owned by the Vendors (the “Possible Acquisition”). Pursuant to the Framework Agreement, among other things, (i) an exclusivity period of three months after the date of the Framework Agreement was granted to the Company; and (ii) the Company and the Vendors shall enter into a agreement for a short term interest free advance of HK\$75 million (the “Advance”) to facilitate the Vendors to the acquisition of the entire entity interest in a PRC registered company (the “PRC Company”) from all its existing shareholders. The PRC Company owns a parcel of land in Zhuhai, the PRC with a site area of 19,152.69 square metres. The PRC Company also owns a hotel property on the aforesaid land known as Zhuhai Lizhou Holiday Hotel. Subsequently, supplemental framework agreements and extension

letters were signed to further extend the exclusivity period and the repayment date of the Advance to 30 September 2015. Further details of the Possible Acquisition are disclosed in the Company's announcements dated 31 December 2014, 31 March 2015 and 30 June 2015. No formal agreement has been entered into between the Company and the Vendors up to the date of this announcement.

Subsequent to the reporting period, on 2 July 2015, the Company and an independent third party (the "JV Partner") entered into a memorandum of understanding (the "MOU"), relating to the possible investment in a hotel located in Canada (the "Possible Investment"). The Company paid an refundable earnest money of approximately HK\$172.9 million to the JV Partner. The expiry date of the MOU was 31 July 2015. On 31 July 2015, the Company and the JV Partner further entered into a letter of extension in relation to the extension of the expiry date of the MOU to 31 August 2015. Further details of the Possible Investment are disclosed in the Company's announcements dated 2 July 2015 and 31 July 2015. As at the date of this announcement, the Possible Investment has not yet been completed.

## LIQUIDITY AND FINANCIAL RESOURCES

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

	At <b>30.6.2015</b> <i>HK\$ million</i>	At 31.12.2014 <i>HK\$ million</i>
Borrowings – amount due within one year	<b>10</b>	110
Borrowings – amount due after one year	–	150
	<u><b>10</b></u>	<u>260</u>

All borrowings bear floating interest rates. During the current reporting period, the Group repaid borrowings of HK\$250 million.

The gearing ratio as at 30 June 2015, expressed as a percentage of total borrowings to equity attributable to owners of the Company, was approximately 0.4% (at 31 December 2014: 11.5%).

## PLEDGE OF ASSETS

The Group did not have any assets pledged for credit facilities as at each of 30 June 2015 and 31 December 2014.



## **CONTINGENT LIABILITIES**

The Group did not have any significant contingent liabilities as at each of 30 June 2015 and 31 December 2014.

## **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 2015, 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 2015, the Group had 672 employees of which 540 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**

The period to date performance for global markets were rather flattish, as the Greek debt woes and Federal funds rate normalisation further kept investors staying risk-averse, especially during the past quarter. For the outlook period, major uncertainties are expected to emerge regarding the future direction of monetary policy in advanced economies and geopolitical conflicts. On one hand, the world economy is undergoing deep adjustment; while on the other hand, China's economic development is entering the "new normal". As the Chinese Government accelerates the rollout of policy to stabilise growth, promote reform, adjust structure and improve people's livelihood, the Chinese economy is expected to maintain stable growth. However, with the continuous tensed political environment and the voice from the community to reduce the number of PRC individual visitors to Hong Kong, the Group is still cautiously optimistic on the business in the upcoming months.

As such, the management will take a judicious approach in managing the Group's investments portfolio. In order to toughen the Group's capital base, the Company had conducted the share placement during the past period and raised in aggregate net proceeds of approximately HK\$114 million. Nevertheless, the Group will position the new capital raised to revisit its business strategy and composition of its hotel portfolio with the view to magnify shareholders' wealth.

## **INTERIM DIVIDEND**

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2015 (for the six months ended 30 June 2014: Nil).

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2015.

## **REVIEW OF INTERIM FINANCIAL INFORMATION**

The Audit Committee of the Company has reviewed with the management and the Company's auditor, Messrs. Deloitte Touche Tohmatsu, the accounting principles and practices adopted by the Group and the unaudited condensed consolidated financial statements for the six months ended 30 June 2015.

## **CORPORATE GOVERNANCE**

In the opinion of the Board, the Company has complied with the code provisions as set out in the Corporate Government Code (the "Code") contained in Appendix 14 to the Listing Rules during the six months ended 30 June 2015, except for the following deviations:

### **Code Provision A.4.1**

Under Code Provision A.4.1 of the Code, non-executive directors should be appointed for a specific term, subject to re-election. The current independent non-executive directors of the Company were not appointed for a specific term. However, they 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 Code.

### **Code Provision E.1.2**

Under Code Provision E.1.2 of the Code, the chairman of the board should attend the annual general meeting. The Chairman of the Board, Dr. Yap, Allan, was unable to attend the annual general meeting held on 28 May 2015 (the “2015 AGM”) as he had other business engagement. Ms. Chan Ling, Eva, the Managing Director, attended and took the chair of the 2015 AGM in accordance with Bye-Law 68 of the Bye-Laws of the Company and answered questions from the shareholders of the Company.

By Order of the Board  
**Rosedale Hotel Holdings Limited**  
**Yap, Allan**  
*Chairman*

Hong Kong, 27 August 2015

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

*Executive Directors:*

Dr. Yap, Allan (*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