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 2010

The board of directors (the "Board") of Rosedale Hotel Holdings Limited (the "Company") is pleased to announce the unaudited results of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the six months ended 30 June 2010 together with comparative figures for the corresponding period in 2009 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2010

		Six months ended	
	NOTES	**30.6.2010** ***HK$'000*** **(unaudited)**	30.6.2009 *HK$'000* (unaudited) (restated)
Continuing operations			
Turnover	*3*	**137,365**	118,402
Direct operating costs		**(115,746)**	(74,956)
Gross profit		**21,619**	43,446
Other income		**3,420**	4,506
Distribution and selling expenses		**(1,522)**	(2,186)
Administrative expenses		**(118,676)**	(87,879)
Increase (decrease) in fair value of investments held for trading		**888**	(4,959)
Finance costs		**(35,120)**	(38,390)
Impairment loss recognised in respect of property, plant and equipment		**(3,104)**	–
Impairment loss recognised in respect of other intangible assets		**(14,000)**	–
Gain on disposal of a subsidiary		**759**	–
Loss on disposal of associates		**(2,642)**	–
(Decrease) increase in fair value of investment properties		**(34,000)**	31,236
Share of results of associates		**–**	(26,962)
Loss on disposal of available-for-sale investments		**–**	(39,370)
Impairment loss recognised in respect of available-for-sale investments		**–**	(4,965)

	NOTES	Six months ended 30.6.2010 HK$'000 (unaudited)	30.6.2009 HK$'000 (unaudited) (restated)
Loss before taxation	*4*	**(182,378)**	(125,523)
Taxation credit (charge)	*5*	**3,877**	(159)
Loss for the period from continuing operations		**(178,501)**	(125,682)
Discontinued operations	*6*		
Profit (loss) for the period from discontinued operations		**703,915**	(7,971)
Profit (loss) for the period		**525,414**	(133,653)
Other comprehensive income			
Exchange difference arising on translation of financial statements of foreign operations		**322**	1,336
Reclassification adjustment of exchange difference reversal on disposal of subsidiaries		**(1,354)**	–
Total comprehensive income (expenses) for the period		**524,382**	(132,317)
Profit (loss) for the period attributable to:			
Owners of the Company		**577,983**	(115,146)
Non-controlling interests		**(52,569)**	(18,507)
		525,414	(133,653)
Total comprehensive income (expenses) for the period attributable to:			
Owners of the Company		**577,040**	(113,810)
Non-controlling interests		**(52,658)**	(18,507)
		524,382	(132,317)
		HK$	HK$
EARNINGS (LOSS) PER SHARE	*8*		
From continuing and discontinued operations – Basic and diluted		**1.06**	(0.25)
From continuing operations – Basic and diluted		**(0.23)**	(0.24)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2010

	NOTES	At 30.6.2010 HK$'000 (unaudited)	At 31.12.2009 HK$'000 (audited) (restated)
Non-current assets			
Property, plant and equipment	*9*	**1,832,971**	2,092,343
Investment properties	*9*	**233,633**	257,683
Interests in associates		**4**	3,045
Interest in a jointly controlled entity		**4,840**	6,426
Available-for-sale investments		**172,487**	116,229
Other intangible assets		**79,153**	304,388
Investment payments and other assets		**63,597**	127,721
Amounts due from associates		**55,117**	–
Amount due from an investee		**14,386**	–
Loan to a jointly controlled entity		**–**	11,252
Club debenture, at cost		**541**	541
		2,456,729	2,919,628
Current assets			
Inventories		**5,294**	6,452
Amounts due from related companies		**7,997**	36,610
Amounts due from associates		**–**	24,489
Amount due from a jointly controlled entity		**–**	1,086
Trade and other receivables	*10*	**103,451**	309,157
Loan receivables		**–**	4,545
Investments held for trading		**979**	5,239
Tax recoverable		**–**	3
Pledged bank deposits		**–**	12,115
Trading cash balances		**–**	182
Bank balances and cash		**1,009,351**	344,486
		1,127,072	744,364
Assets classified as held for sale		**19,901**	42,020
		1,146,973	786,384
Current liabilities			
Trade and other payables	*11*	**255,518**	631,703
Provision for loss contingencies		**–**	4,639
Loans from related companies		**15,000**	119,881
Amounts due to associates		**–**	9,543
Tax liabilities		**18,848**	18,728
Amounts due to related companies		**41,423**	65,019
Obligations under finance leases – amount due within one year		**–**	291
Borrowings – amount due within one year		**51,784**	10,000
Convertible notes		**658,756**	–
Amounts due to non-controlling shareholders of subsidiaries		**8,520**	120,876
		1,049,849	980,680

	NOTES	At 30.6.2010 HK$'000 (unaudited)	At 31.12.2009 HK$'000 (audited) (restated)
Net current assets (liabilities)		**97,124**	(194,296)
Total assets less current liabilities		**2,553,853**	2,725,332
Non-current liabilities			
Obligations under finance leases			
– amount due after one year		**–**	217
Borrowings – amount due after one year		**–**	41,784
Convertible notes		**–**	635,766
Deferred taxation		**168,332**	172,597
		168,332	850,364
Net assets		**2,385,521**	1,874,968
Capital and reserves			
Share capital		**5,460**	109,199
Reserves		**2,061,915**	1,394,197
Equity attributable to owners of the Company		**2,067,375**	1,503,396
Non-controlling interests		**318,146**	371,572
Total equity		**2,385,521**	1,874,968

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

The condensed consolidated financial statements have been prepared in accordance 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") and with Hong Kong Accounting Standard ("HKAS") 34, "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Pursuant to a special resolution passed at a special general meeting held on 19 April 2010, the change of the English name of the Company from Wing On Travel (Holdings) Limited to Rosedale Hotel Holdings Limited and the adoption of 珀麗酒店控股有限公司 as the secondary name of the Company was duly passed. The change of name of the Company became effective on 27 May 2010.

2. Principal accounting policies

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair value, as appropriate.

The accounting policies adopted are consistent with those set out in the Group's consolidated annual financial statements for the year ended 31 December 2009, except for the adoption of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA which are effective to the Group for accounting periods beginning on or after 1 January 2010. The adoption of the new and revised HKFRSs has no material impact on the Group's results and financial position for the current or prior periods except for the adoption of HKAS 17 (Amendment) Leases.

HKAS 27 (Revised 2008) Consolidated and Separate Financial Statements

The application of HKAS 27 (Revised 2008) has resulted in changes in the Group's accounting policies regarding decreases in ownership interests in subsidiaries of the Group. In prior years, in the absence of specific requirements in HKFRSs, increases in interests in an entity that is already an entity controlled by the Group is accounted for as equity transaction. The carrying amounts of the controlling interests and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any differences between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid is recognised directly in equity as other reserve. The impact of decreases in interests in subsidiaries that did not involve loss of control (being the difference between the consideration received and the carrying amount of the share of net assets disposed of) was recognised in profit or loss. Under HKAS 27 (Revised 2008), all increases or decreases in such interests are dealt with in equity, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised Standard requires that the Group derecognises all assets, liabilities and non-controlling interests at their carrying amount. Any retained interest in the former subsidiary is recognised at its fair value at the date the control is lost. A gain or loss on loss of control is recognised in profit or loss. Had the previous accounting policy been applied, the fair value gain of this retained interest in the former subsidiary at the date of the control is lost is recognised in equity.

Amendment to HKAS 17 Leases

As part of Improvements to HKFRSs issued in 2009, HKAS 17 Leases has been amended in relation to the classification of leasehold land. Before the amendment to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the condensed consolidated statement of financial position. The amendment to HKAS 17 has removed such a requirement. The amendment requires that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

In accordance with the transitional provisions set out in the amendment to HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1 January 2010 based on information that existed at the inception of the leases. Leasehold land that qualifies for finance lease classification has been reclassified from prepaid lease payment to property, plant, and equipment retrospectively.

This resulted in a reclassification of prepaid lease payments with previous carrying amount of HK$159,654,000 as at 1 January 2009 to property, plant and equipment that are measured at cost model with no impact to the condensed consolidation statement of comprehensive income.

The effect of change in accounting policy described above on the condensed consolidated statement of financial position as at 31 December 2009 is as follows:

	As at 31 December 2009 (originally stated)	**Adjustments**	**As at 31 December 2009 (restated)**
	HK$'000	*HK$'000*	*HK$'000*
Property, plant and equipment	1,938,324	154,019	2,092,343
Prepaid lease payments – non-current	148,384	(148,384)	–
Prepaid lease payments – current	5,635	(5,635)	–
Total effects on net assets	2,092,343	–	2,092,343

The effect of change in accounting policy described above on the condensed consolidated statement of financial position as at 1 January 2009 is as follows:

	As at 1 January 2009 (originally stated)	**Adjustments**	**As at 1 January 2009 (restated)**
	HK$'000	*HK$'000*	*HK$'000*
Property, plant and equipment	2,679,888	159,654	2,839,542
Prepaid lease payments – non-current	154,019	(154,019)	–
Prepaid lease payments – current	5,635	(5,635)	–
Total effects on net assets	2,839,542	–	2,839,542

The Group has not early applied new and revised standards, amendments or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that, except for HKFRS 9 Financial Instruments, the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

HKFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

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 division. 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.

In prior periods, the Group was also involved in travel and related services and luxury train services, which were reported as separate segments under HKFRS 8 Operating Segments. The operations in travel and related services and luxury train services were discontinued with effect from 27 May 2010 and 3 May 2010, respectively, upon divestment of the respective subsidiary and assets. The comparative figures have been re-presented to disclose the continuing operations for the period ended 30 June 2009.

The following is an analysis of the Group's revenue and results, for each of the operating segments from continuing operations, for the period under review:

Six months ended 30 June 2010 (unaudited)

Continuing operations

	Hotel and leisure services *HK$'000*	**Securities trading** *HK$'000*	**Consolidated** *HK$'000*
Segment turnover			
External sales	137,365	–	137,365
Results			
Segment results	(83,660)	876	(82,784)
Interest income			373
Finance costs			(35,120)
Central administrative costs and other unallocated expenses			(28,964)
Gain on disposal of a subsidiary			759
Loss on disposal of associates			(2,642)
Decrease in fair value of investment properties			(34,000)
Loss before taxation			(182,378)

Six months ended 30 June 2009 (unaudited)

Continuing operations

	Hotel and leisure services *HK$'000*	Securities trading *HK$'000*	Consolidated *HK$'000*
Segment turnover			
External sales	118,402	–	118,402
Results			
Segment results	(18,279)	(4,969)	(23,248)
Interest income			4,116
Finance costs			(38,390)
Loss on disposal of available-for-sale investments			(39,370)
Impairment loss recognised in respect of available-for-sale investments			(4,965)
Share of results of associates			(26,962)
Central administrative costs and other unallocated expenses			(27,940)
Increase in fair value of investment properties			31,236
Loss before taxation			(125,523)

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, impairment loss recognised in respect of available-for-sale investments, loss on disposal of available-for-sale investments, share of results of associates, (decrease) increase in fair value of investment properties, and gain (loss) on disposal of subsidiaries and associates. 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	
	30.6.2010	30.6.2009
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Continuing operations		
Loss before taxation has been arrived at after charging:		
Amortisation of other intangible assets	**5,523**	2,376
Depreciation of property, plant and equipment	**35,754**	33,062
and after crediting:		
Interest income	**373**	4,116

5. Taxation credit (charge)

	Six months ended	
	30.6.2010	30.6.2009
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Continuing operations		
Taxation credit (charge) comprises:		
Current tax:		
Hong Kong	**–**	–
Other jurisdiction	**(388)**	(451)
Deferred tax:		
Current period	**4,265**	292
Taxation credit (expense) relating to continuing operations	**3,877**	(159)

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. Discontinued operations

On 3 February 2010, the Group entered into a sale agreement to dispose of its 90% equity interest in HKWOT (BVI) Limited ("HKWOT"), which carried out all of the Group's travel and related services operations for a consideration of approximately HK$684,000,000, subject to the pre and post-completion adjustments. The purpose of the disposal is to realise the gain generated from the goodwill of the travel and related services of the Group and to generate cash flows for the expansion of the Group's other businesses. The disposal was completed on 27 May 2010, on which date the Group passed the control of HKWOT to C-Travel International Limited (the "Purchaser"). The Group has retained the remaining 10% interest in HKWOT as an available-for-sale investment and carried at deemed cost less impairment, if any.

In addition, the Group had pledged its 10% interest in HKWOT to the Purchaser for a period of three years from the date of charge to secure for, among others, post-completion adjustments and any claims or other losses in respect of any breach of warranties as set out in the sale agreement. The Group also has restriction on transfer of its 10% interest in HKWOT, in which the Group shall not sell, transfer or dispose of its interest in HKWOT without the prior written consent from the Purchaser.

On 13 March 2010, the Group entered into a termination agreement to terminate the rolling stock purchase agreement ("RSPA") with the contractor of the Group's luxury trains under construction at a consideration of US$35,694,022 (equivalent to approximately HK$277,700,000). The termination of the RSPA became effective on 3 May 2010, on which date the Group's operation in the luxury trains services was discontinued, all obligations of the parties under the RSPA has been terminated and the luxury trains under construction was passed to the contractor. The purpose of the termination is to generate cash flows to settle the debts related to the luxury trains services.

The profit (loss) from the discontinued operations for the relevant periods is analysed as follows:

	Travel and related services	**Luxury train services**	**Total discontinued operations**	**Discontinued operations**
	1.1.2010 to 27.5.2010	1.1.2010 to 3.5.2010	1.1.2010 to 30.6.2010	1.1.2009 to 30.6.2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit of travel and related services	40,740	–	40,740	9,743
Gain on disposal of travel and related services	716,936	–	716,936	–
Loss of luxury train services	–	(34,674)	(34,674)	(17,714)
Loss on termination of luxury train services	–	(19,087)	(19,087)	–
	757,676	(53,761)	703,915	(7,971)

The loss on termination of luxury trains services was approximately HK$19,087,000 which included gain arising on termination of the RSPA of HK$159,785,000 and impairment loss recognised on railway intangibles of HK$178,872,000.

The results of the travel and related services, and luxury train services operations for the relevant periods were as follows:

	Travel and related services 1.1.2010 to 27.5.2010 *HK$'000* (unaudited)	**Luxury train services** 1.1.2010 to 3.5.2010 *HK$'000* (unaudited)	**Total discontinued operations** 1.1.2010 to 30.6.2010 *HK$'000* (unaudited)	**Travel and related services** 1.1.2009 to 30.6.2009 *HK$'000* (unaudited)	**Luxury train services** 1.1.2009 to 30.6.2009 *HK$'000* (unaudited)	**Total discontinued operations** 1.1.2009 to 30.6.2009 *HK$'000* (unaudited)
Turnover	750,487	–	750,487	764,839	–	764,839
Cost of sales	(644,641)	–	(644,641)	(677,639)	–	(677,639)
Investment income	2	–	2	33	341	374
Other income	718	–	718	1,680	11	1,691
Selling expenses	(10,535)	–	(10,535)	(12,179)	–	(12,179)
Administrative expenses	(50,486)	(12,485)	(62,971)	(58,135)	(14,013)	(72,148)
Finance costs	(149)	(4,398)	(4,547)	(9,258)	(978)	(10,236)
Impairment loss recognised in respect of amount due from a jointly controlled entity	–	(16,175)	(16,175)	–	–	–
Share of results of associates	(396)	–	(396)	402	–	402
Share of results of a jointly controlled entity	–	(1,616)	(1,616)	–	(3,075)	(3,075)
Profit (loss) before tax	45,000	(34,674)	10,326	9,743	(17,714)	(7,971)
Income tax expense	(4,260)	–	(4,260)	–	–	–
Profit (loss) for the period	40,740	(34,674)	6,066	9,743	(17,714)	(7,971)

Profit (loss) for the period from discontinued operation including the following:

	Travel and related services 1.1.2010 to 27.5.2010 *HK$'000* (unaudited)	Luxury train services 1.1.2010 to 3.5.2010 *HK$'000* (unaudited)	Total discontinued operations 1.1.2010 to 30.6.2010 *HK$'000* (unaudited)	Travel and related services 1.1.2009 to 30.6.2009 *HK$'000* (unaudited)	Luxury train services 1.1.2009 to 30.6.2009 *HK$'000* (unaudited)	Total discontinued operations 1.1.2009 to 30.6.2009 *HK$'000* (unaudited)
Depreciation and amortisation	1,731	53	1,784	2,996	98	3,094
Loss on disposal of property, plant and equipment	(4)	–	(4)	(300)	–	(300)

7. Dividend

No dividends were paid, declared or proposed by the Company for the six months ended 30 June 2010. The directors resolved that a special dividend of HK$0.10 per share (2009: Nil) will be paid to the shareholders of the Company whose names appear in the Register of Members on 17 September 2010.

8. Earnings (loss) per share

The calculation of the basic and diluted earnings (loss) per share attributable to the owners of the Company is based on the following data:

From continuing and discontinued operations

	Six months ended 30.6.2010 ***HK$'000*** **(unaudited)**	Six months ended 30.6.2009 *HK$'000* (unaudited)
Earnings (loss) for the purposes of basic and diluted earnings (loss) per share		
Earnings (loss) for the period attributable to owners of the Company	**577,983**	(115,146)

	Number of shares	Number of shares
Weighted average number of ordinary shares for the purposes of basic and diluted earnings (loss) per share	**546,007,049**	455,992,222

The calculation of diluted earnings (loss) per share from continuing operations for the period ended 30 June 2010 and 2009 has not assumed the conversion of the Company's convertible notes as these potential ordinary shares are anti-dilutive during the respective period.

The number of ordinary shares for the six months ended 30 June 2009 for the purpose of basic and diluted earnings (loss) per share has been adjusted for the share consolidation on 2 February 2010.

From continuing operations

The calculation of basic and diluted earnings (loss) per share from continuing operations attributable to the owners of the Company is based on the following data:

	Six months ended	
	30.6.2010	30.6.2009
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit (loss) for the period attributable to the owners of the Company	**577,983**	(115,146)
Less: Profit (loss) for the period from discontinued operations	**703,915**	(7,971)
Loss for the purposes of basic and diluted loss per share from continuing operations	**(125,932)**	(107,175)

The denominators used are the same as those detailed above for both basic and diluted earnings (loss) per share.

From discontinued operation

Basic and diluted earnings per share from discontinued operations is HK$1.29 per share (for the six months ended 30.6.2009: loss of HK$0.02 per share), based on the profit for the period from the discontinued operations of HK$703,915,000 (for the six months ended 30.6.2009: loss of HK$7,971,000) and the denominators detailed above for both basic and diluted earnings (loss) per share.

9. Movements in property, plant and equipment and investment properties

During the period, the Group spent approximately HK$162,655,000 (for the six months ended 30.6.2009: HK$21,994,000) on acquisition of property, plant and equipment.

The fair value of the Group's investment properties were determined by Asset Appraisal Limited, independent qualified professional valuers not connected with the Group at 30 June 2010. Asset Appraisal Limited 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 by reference to market evidence of transaction prices for similar properties. The resulting decrease in fair value of investment properties of HK$34,000,000 (for the six months ended 30.6.2009: increase in fair value of HK$31,236,000) has been recognised in the profit and loss.

10. Trade and other receivables

Included in trade and other receivables are trade receivables of approximately HK$17,604,000 (at 31.12.2009: HK$25,288,000) and the aged analysis of the trade receivables (net of impairment) at the end of the reporting period is as follows:

	At 30.6.2010 ***HK$'000*** **(unaudited)**	At 31.12.2009 *HK$'000* (audited)
0 – 30 days	**7,880**	12,946
31 – 60 days	**1,604**	5,115
61 – 90 days	**1,280**	1,446
Over 90 days	**6,840**	5,781
	17,604	25,288

The Group allows a credit period of 0 to 30 days to customers.

11. Trade and other payables

Included in trade and other payables are trade payables of approximately HK$10,672,000 (at 31.12.2009: HK$194,355,000) and the aged analysis of the trade payables at the end of the reporting period is as follows:

	At 30.6.2010	At 31.12.2009
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 – 30 days	**3,489**	84,347
31 – 60 days	**2,482**	40,938
61 – 90 days	**1,285**	35,058
Over 90 days	**3,416**	34,012
	10,672	194,355

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

The Hong Kong economy expanded distinctly in the second quarter of 2010, with further improvements on both the domestic and external fronts, thereby consolidating the broadly-based economic recovery that started since the second quarter of last year.

The results of the Group for the six months ended 30 June 2010 were significantly improved caused mainly by the substantial gain on disposal of its 90% equity interest in HKWOT (BVI) Limited. The Group attained a turnover of HK$137.4 million from its continuing operations for the six months ended 30 June 2010, represented an increase of 16% as compared to the HK$118.4 million for the six months ended 30 June 2009. Gross profit for the period was HK$21.6 million (for the six months ended 30 June 2009: HK$43.4 million). The decrease was mainly caused by the lease rental paid on the lease of Rosedale on the Park commencing from September 2009. Loss for the period was HK$178.5 million (for the six months ended 30 June 2009: HK$125.7 million) resulted from after charging administration expenses of HK$118.7 million (for the six months ended 30 June 2009: HK$87.9 million), finance costs of HK$35.1 million (for the six months ended 30 June 2009: HK$38.4 million), impairment loss recognised in respect of intangible assets arising from certain under-performed hotel lease contracts acquired in previous years of HK$14 million (for the six months ended 30 June 2009: nil) and decrease in fair value of investment properties of HK$34 million (for the six months ended 30 June 2009: increase of HK$31.2 million) determined based on the valuation report prepared by an independent professional valuer. The increase in administration expenses was mainly attributable to the expenses incurred in the acquisition of certain budget hotel leases, amortisation of intangible assets on hotel leases and increased staff costs paid during the period under review as compared with the same period last year.

Following the disposal of the 90% interest of the travel business and the termination of the Rolling Stock Purchase Agreement dated 30 April 2007, as amended ("RSPA"), during the first half of the year, the Group's travel and related services segment and luxury train services segment were being grouped as discontinued operations. The results arising from these discontinued operations for the six months ended 30 June 2010 were profit in aggregate of approximately HK$703.9 million (for the six months ended 30 June 2009: loss of HK$8 million).

SEGMENT RESULTS

Continuing operations

Hotel and Leisure Services

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 comprise the hotel and leisure business of the Group.

Turnover increased by 16% to HK$137.4 million for the six months ended 30 June 2010 (for the six months ended 30 June 2009: HK$118.4 million) due to the rebound of the western and the PRC economy and coupled with the contribution by the Group's expanding Square Inn budget hotel chain. The segment resulted a loss of HK$83.7 million versus a loss of HK$18.3 million for the six months ended 30 June 2009. This increase in loss was mainly attributable to the lease rental paid on the lease of Rosedale on the Park commencing from September 2009, impairment loss recognised in respect of certain under-performed operating lease contracts, expenses on the acquisition of certain budget hotel leases and increased staff costs paid during the period under review as compared with the same period last year.

Securities Trading

Gain from securities trading for the six months ended 30 June 2010 was HK$0.9 million (for the six months ended 30 June 2009: a loss of HK$5 million).

Discontinued operations

Travel and Related Services

During the period, the Company disposed of 90% interest of its travel business. As a result, the segment was grouped as a discontinued operation. The gain from this segment for the period was HK$757.7 million (for the six months ended 30 June 2009: a gain of HK$9.7 million) that comprises the gain on disposal of 90% equity interest in HKWOT (BVI) Limited of HK$716.9 million and the operating results of the travel services segment up to the date of disposal of approximately HK$40.7 million.

Luxury Train Services

The agreement for the termination of RSPA was effective on 3 May 2010. Accordingly, the Tangula luxury train business of the Group was classified as a discontinued operation. Loss for this segment for the period up to the date of completion was HK$53.8 million came from the gain arising on termination of the RSPA of HK$159.8 million, impairment of intangible assets of HK$178.9 million and the segment results up to the date of completion of HK$34.7 million. Loss for the six months ended 30 June 2009 was HK$17.7 million.

MATERIAL ACQUISITIONS AND DISPOSAL

On 3 February 2010, the Company entered into a conditional agreement (the "Disposal Agreement") with C-Travel International Limited (the "Purchaser") pursuant to which the Company conditionally agreed to sell and the Purchaser conditionally agreed to purchase 90% interest in HKWOT (BVI) Limited, a then wholly-owned subsidiary of the Company, at a consideration of US$88 million (equivalent to approximately HK$684 million) (subject to adjustment) to be satisfied by way of cash at completion. The Disposal Agreement was completed on 27 May 2010 and HKWOT (BVI) Limited ceased to be a subsidiary of the Company since then.

On 5 February 2010, Ocean Growth Enterprises Limited ("Ocean Growth"), an indirect wholly-owned subsidiary of the Company, entered into a subscription agreement with ITC Golf & Leisure Group Limited ("ITC Golf"), Guizhou Hong Neng Investment Company Limited and Business Action Holdings Limited ("Business Action") in relation to, among other things, the subscription of 450 new shares in Business Action by Ocean Growth at an aggregate price of US$450. Pursuant to the shareholders' agreement signed at completion, Ocean Growth was required to advance HK$52.2 million to Business Action. Business Action is principally engaged in the development and management of the project, which comprises a sport recreational, marina and tour facilities at the bayou of River Ning Yuan situated at about 40 kilometers from Sanya City, Hainan Province, the PRC. The subscription agreement was completed upon signing and Business Action became an associate of the Group since then.

On 13 March 2010, RailPartners, Inc. ("RPI"), an indirect 72% owned subsidiary of the Company, entered into a termination agreement ("Termination Agreement") to terminate the RSPA with Bombardier Sifang (Qingdao) Transportation Ltd. ("BST"). Once the termination of the RSPA becomes effective in accordance with the terms of the Termination Agreement, all obligations of the parties under the RSPA will terminate, the luxury trains commissioned by RPI under the RSPA would belong to BST and BST would have paid US$35,694,022 (less certain expenses of BST and the escrow agent fees) into an escrow account. The monies in the escrow account were to be applied in and towards the payment of the debts of RPI. The Termination Agreement became effective on 3 May 2010.

LIQUIDITY AND FINANCIAL RESOURCES

On 8 December 2009, the Company announced its intention to put forward a proposal to the shareholders of the Company to effect a capital reorganisation which involves: (i) the consolidation of every 20 issued existing shares of HK$0.01 each into 1 issued consolidated share of HK$0.20 each; (ii) the reduction of issued share capital whereby the par value of each issued consolidated share will be reduced from HK$0.20 to HK$0.01 by cancelling HK$0.19 of the paid-up capital on each issued consolidated share; (iii) the transfer of the credit arising from the capital reduction to the contributed surplus account of the Company; and (iv) the application of the contributed surplus account of the Company to offset part of the amount of the accumulated losses as permitted by the laws of Bermuda and the Bye-Laws. The capital reorganisation was approved by the shareholders of the Company at the special general meeting held on 1 February 2010 and became effective on 2 February 2010.

On 3 December 2009, the Company and Emperor Securities Limited, as underwriter, entered into an underwriting agreement to raise not less than approximately HK$409 million but not more than approximately HK$549 million, before expenses, by way of the rights issue of not less than 2,729,961,230 rights shares and not more than 3,657,929,510 rights shares at the subscription price of HK$0.15 per rights share on the basis of five (5) rights shares for every one (1) adjusted share held on the record date and payable in full on acceptance. The rights issue is fully underwritten by the underwriter. The rights issue was approved by the independent shareholders of the Company at the special general meeting held on 1 February 2010. On 2 March 2010, the Company and the Underwriter entered into a termination agreement whereby both parties mutually agreed to terminate the underwriting agreement (as varied and supplemented) with immediate effect. As a result, the rights issue lapsed automatically.

On 3 December 2009, the Company and Emperor Securities Limited, as the placing agent, entered into a placing agreement pursuant to which the placing agent agreed to place, on a best effort basis over a period from (and excluding) the date of the satisfaction of the conditions precedent to the placing agreement to (and including) the date falling on the 120th trading day thereafter, the convertible bonds up to an aggregate principal amount of HK$300 million upon the capital reorganisation becoming effective. Pursuant to the placing agreement, the convertible bonds would be placed by the placing agent in up to 6 separate tranches of HK$50 million each or an integral multiple thereof. The convertible bonds carry the right to convert into conversion shares at the conversion price of HK$0.18 per conversion share (subject to adjustments). Assuming the conversion rights attaching to the convertible bonds are exercised in full at the conversion price, up to 1,666,666,666 conversion shares would fall to be issued to the bondholders. The placing of convertible bonds was approved by shareholders of the Company at the special general meeting held on 1 February 2010. A cancellation agreement was entered into between the Company and the placing agent on 3 February 2010 to cancel the placing of the Convertible Bonds with effect from 3 February 2010.

On 8 December 2009, the Board announced that the Company would make a repurchase offer to repurchase (subject to fulfillment of certain conditions precedent) the Notes due in June 2011 of the Company at a price payable in cash equal to 80% of the outstanding principal amount of the Notes tendered on acceptance of the repurchase offer. The repurchase offer was approved by the independent shareholders of the Company at the special general meeting held on 1 February 2010. On 2 March 2010, the repurchase offer was lapsed since certain conditions precedent had not been fulfilled.

On 23 June 2010, the Company announced that it proposed to make a repurchase offer (subject to the fulfilment of certain conditions precedent) to repurchase the Notes due in June 2011 of the Company. Subject to the terms of the repurchase offer, noteholders can elect to receive offer consideration money equal to 88% of the outstanding principal amount of the Notes tendered on acceptance of the repurchase offer or offer consideration shares at HK$0.6 per Share, or a combination of both, as consideration for their Notes on their acceptances of the repurchase offer. On the closing date of the repurchase offer, valid acceptances in respect of the Notes in an aggregate principal amount of HK$329,200,000 (representing approximately 51.44% of the aggregate principal amount of all Notes outstanding) were received, in respect of which the Company will (subject to the fulfilment of certain conditions precedent to the repurchase offer) (i) pay an aggregate of HK$230,736,352 as the offer consideration money; and (ii) allot and issue an aggregate of 111,666,000 offer consideration shares to the accepting noteholders. The repurchase offer constitutes a connected transaction of the Company and has to be approved by the independent shareholders of the Company at the special general meeting to be held on 1 September 2010.

At balance sheet date, the Group's total borrowings were as follows:

	As at 30.06.2010 ***HK$ million***	As at 31.12.2009 *HK$ million*
Loan from related companies	**15.0**	119.9
Borrowings – amount due within one year	**51.8**	10.0
Borrowings – amount due after one year	**–**	41.8
Convertible notes	**658.8**	635.8
	725.6	807.5

The convertible notes issued in June 2006, due in June 2011, bear interest at a fixed rate of 2% per annum and a loan from related company bears interest at a fixed rate of 10% per annum. All other borrowings bear floating interest rates.

The gearing ratio as at 30 June 2010, expressed as a percentage of total borrowings to equity attributable to owners of the Company, was 35% (at 31 December 2009: 53.7%).

PLEDGE OF ASSETS

At 30 June 2010, certain assets of the Group at net book value of HK$255.7 million (at 31 December 2009: HK$266.7 million) were pledged to banks and financial institutions for credit facilities.

At 30 June 2010, the Group's 10% interest in HKWOT (BVI) Limited was pledged to C-Travel International Limited (the "Purchaser") for the purposes of accounting for the payment, discharge and performance of all present and future obligations and liabilities (whether actual or contingent) of the Company to the Purchaser arising under or in respect of (i) any breach of warranties; (ii) any breach of protective covenants or post completion adjustment under the Disposal Agreement; (iii) the deed of indemnity dated 27 May 2010; (iv) the share charge dated 27 May 2010; and (v) any claims or other losses arising under or in connection with any of items (i) to (iv) above (inclusive) (including, without limitation, damages in respect of any such claims as determined by a court or arbitration of competent jurisdiction or amounts the subject of a settlement or otherwise agreed in writing between the Company and the Purchaser for a period ending on the date falling three years from 27 May 2010. The carrying value of the Group's 10% interest in HKWOT (BVI) Limited as at 30 June 2010 was approximately HK$56.3 million.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2010.

FOREIGN CURRENCY EXPOSURE

The majority of the Group's assets and liabilities and business transactions were denominated in Hong Kong dollars, US dollars and Renminbi. As at balance sheet date, the Group did not have 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 2010, the Group has 1,913 employees of which 1,710 employees were stationed in the PRC. Competitive remuneration packages are structured to commensurate with the responsibilities, qualifications, experience and performance of individual employees. The Group also provided training programs, provident fund scheme and medical insurance for its employees.

PROSPECTS

The Group shall focus its resources on the operation of its hotel and leisure business following the completion of the disposal of the 90% interest in HKWOT (BVI) Limited in May 2010 and the Termination Agreement to terminate the RSPA in May 2010.

Following the relieve of the impact of the financial tsunami and the gradual recovery of the world economy, China, being the locomotive of the worldwide economic rebound, regain the international focus. The Shanghai World Expo opened in May 2010 and the upcoming Guangzhou Asian Game once again brings the PRC to the front stage of the world. The Group's hotel and leisure business operated under the four-star rated Rosedale hotels and the Square Inn budget hotel chain shall be largely benefited.

Rosedale Hotels

While the PRC hotel industry experienced a double digit decline in 2009, it is generally perceived that the occupancy rate shall improve significantly in 2010 while the strong domestic demand continues. The Group's four-star rated Rosedale hotels comprise four owned hotels located in the PRC, a leased hotel located in Hong Kong and a hotel under construction located in Tai Kok Tsui, Hong Kong. Currently, a total of 1,584 guest rooms are under the management of the Group's Rosedale hotel chain. It is expected that approximately 480 guest rooms will be added to the portfolio following the completion of the Tai Kok Tsui development in 2011 so that the four-star business hotel network of the Group shall be further strengthened in order to provide a comprehensive service to its valuable customers.

Square Inn Budget Hotels

Up to the balance sheet date, the Group has contracted in total of 49 leased-and-operated budget hotels and operated a self-owned hotel that comprised in aggregate of approximately 3,200 hotel guest rooms. These budget hotels are located in Guangdong, Fujian, Henan, Sichuan, Shaanxi and Macau. The Group is actively soliciting opportunities to acquire and/or to lease further budget hotels throughout the mainland to enlarge its portfolio so as to grasp the tremendous business opportunities arising from the blooming market and get a place in the flourishing PRC budget hotel industry. In the coming year, the Group shall strive to develop "Square Inn" into a preferred brand for both leisure and business travellers aiming at a comfort, tidy and warm accommodation of different style under the same brand.

The Company shall continue to explore further quality investment opportunities to enhance shareholders' wealth.

DIVIDENDS

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2010 but to declare a special dividend of HK$0.10 per share to the shareholders of the Company whose names appear on the Register of Members of the Company on 17 September 2010.

It is expected that the payment of the special dividend will be made on or about 18 October 2010.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 15 September 2010 to 17 September 2010, both days inclusive, during which period no transfer of shares will be registered.

In order to qualify for the special dividend, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 14 September 2010.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the six months ended 30 June 2010.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed with the management and the Company's auditor the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including a review of the unaudited interim financial report for the six months ended 30 June 2010 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.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules during the six months ended 30 June 2010 except for the following deviations: –

Code provision A.2.1

Under code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company does not at present have any officer with the title of "chief executive officer" ("CEO") but instead the duties of a CEO were performed by Ms. Chan Ling, Eva, the Managing Director of the Company in the same capacity as the CEO of the Company.

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 non-executive) of the Company are subject to retirement by rotation at the annual general meeting in accordance with Bye-Law 99 of the Bye-Laws of the Company. As such, the Company considers that this is no less exacting than that in the Code.

Code provision E.1.2

Under code provision E.1.2, the chairman of the board should attend the annual general meeting. The Chairman of the Board, Mr. Cheung Hon Kit, was unable to attend the annual general meeting held on 28 April 2010 as he had other important business engagement. However, Ms. Chan Ling, Eva, the Managing Director, present at the annual general meeting, took the chair of that meeting in accordance with Bye-Law 68 of the Bye-Laws of the Company.

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

Hong Kong, 27 August 2010

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

Executive Directors:
Mr. Cheung Hon Kit *(Chairman)*
Ms. Chan Ling, Eva *(Managing Director)*
Dr. Yap, Allan
Mr. Chan Pak Cheung, Natalis

Independent Non-Executive Directors:
Mr. Kwok Ka Lap, Alva
Mr. Poon Kwok Hing, Albert
Mr. Sin Chi Fai