Rosedale Hotel Holdings Limited
珀麗酒店控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1189)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2010

The board of directors (the "Board") of Rosedale Hotel Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 31 December 2010 together with comparative figures for the corresponding period in 2009 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010

	NOTES	**2010** ***HK$'000***	2009 *HK$'000* *(restated)*
Continuing operations			
Turnover	*5*	**309,339**	257,989
Direct operating costs		**(274,591)**	(182,469)
Gross profit		**34,748**	75,520
Investment income and gains		**679**	3,333
Other income		**59,929**	994
Distribution and selling expenses		**(3,366)**	(5,388)
Administrative expenses		**(228,413)**	(223,869)
Finance costs	*7*	**(56,517)**	(104,743)
Impairment loss recognised in respect of other intangible assets		**(27,735)**	(20,000)
Impairment loss recognised in respect of property, plant and equipment	*13*	**(32,474)**	(71,978)
Impairment loss in respect of interest in associates		**–**	(2,497)
Increase in fair value of investments held for trading		**3,317**	1,918
Gain on disposal of subsidiaries		**565**	179,167
Gain on disposal of associates		**5,390**	–
Amortisation of intangible assets		**(9,357)**	(5,382)
Change in fair value of investment properties	*14*	**(34,000)**	31,236
Share of results of associates		**–**	(27,986)

	NOTES	2010 HK$'000	2009 HK$'000 (restated)
Loss on disposal of available-for-sale investments		–	(39,370)
Impairment loss recognised in respect of available-for-sale investments		**(3,638)**	(4,965)
Impairment loss recognised in respect of amounts due from associates		–	(17,160)
Loss before taxation	*8*	**(290,872)**	(231,170)
Taxation credit (expense)	*9*	**4,061**	(1,778)
Loss for the year from continuing operations		**(286,811)**	(232,948)
Discontinued operations			
Profit (loss) for the year from discontinued operations	*10*	**699,724**	(114,241)
Profit (loss) for the year		**412,913**	(347,189)
Other comprehensive income			
Exchange difference arising on translation of financial statements of foreign operations		**60,516**	2,717
Total comprehensive income (expense) for the year		**473,429**	(344,472)
Profit (loss) for the year attributable to:			
Owners of the Company			
– Loss for the year from continuing operations		**(269,041)**	(255,497)
– Profit (loss) for the year from discontinued operations		**737,487**	(102,314)
Profit (loss) for the year attributable to owners of the Company		**468,446**	(357,811)
Non-controlling interests			
– (Loss) profit for the year from continuing operations		**(17,770)**	22,549
– Loss for the year from discontinued operations		**(37,763)**	(11,927)
(Loss) profit for the year attributable to non-controlling interests		**(55,533)**	10,622
Total comprehensive income (expense) attributable to:			
Owners of the Company		**519,232**	(355,376)
Non-controlling interests		**(45,803)**	10,904
		473,429	(344,472)
		HK$	*HK$*
Earnings (loss) per share			
From continuing and discontinued operations			
– Basic and diluted	*12*	**0.81**	(0.73)
From continuing operations			
– Basic and diluted	*12*	**(0.47)**	(0.52)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2010

	NOTES	**31.12.2010** **HK$'000**	31.12.2009 HK$'000 (restated)	1.1.2009 HK$'000 (restated)
Non-current assets				
Property, plant and equipment	*13*	**1,910,198**	2,092,343	2,839,542
Investment properties	*14*	**294,493**	257,683	217,777
Interests in associates		**4**	3,045	2,737
Interest in a jointly controlled entity		**–**	6,426	9,069
Available-for-sale investments		**120,136**	116,229	162,984
Other intangible assets		**61,558**	304,388	263,191
Investment payments and other assets		**43,116**	127,721	109,066
Loan to a jointly controlled entity		**–**	11,252	–
Amounts due from associates		**41,085**	–	–
Amount due from an investee		**17,216**	–	–
Club debentures, at cost less impairment		**520**	541	713
		2,488,326	2,919,628	3,605,079
Current assets				
Inventories		**5,874**	6,452	7,559
Amounts due from related companies		**2,583**	36,610	36,419
Amounts due from associates		**5**	24,489	140,374
Amount due from a jointly controlled entity		**–**	1,086	–
Trade and other receivables	*15*	**65,589**	309,157	266,689
Loan receivable		**–**	4,545	37,744
Loan to related companies		**–**	–	8,757
Investments held for trading		**19,011**	5,239	10,190
Tax recoverable		**–**	3	5
Pledged bank deposits		**–**	12,115	12,063
Trading cash balances		**–**	182	238
Bank balances and cash		**387,519**	344,486	498,609
		480,581	744,364	1,018,647
Assets classified as held for sale		**54,362**	42,020	–
		534,943	786,384	1,018,647

	NOTES	31.12.2010 HK$'000	31.12.2009 HK$'000 (restated)	1.1.2009 HK$'000 (restated)
Current liabilities				
Trade and other payables	16	**101,930**	631,703	611,095
Provision for loss contingencies		**–**	4,639	17,000
Loans from related companies		**15,500**	119,881	188,981
Amounts due to associates		**–**	9,543	10,075
Tax liabilities		**14,694**	18,728	16,273
Amounts due to related companies		**51,876**	65,019	51,627
Amount due to a jointly controlled entity		**–**	–	920
Obligations under finance leases – amount due within one year		**–**	291	284
Borrowings – amount due within one year		**56,037**	51,784	473,571
Promissory note		**–**	–	70,000
Convertible notes		**330,842**	–	–
Amounts due to non-controlling shareholders of subsidiaries		**8,726**	120,876	105,167
		579,605	1,022,464	1,544,993
Liabilities directly associated with assets classified as held for sale		**1,734**	–	–
		581,339	1,022,464	1,544,993
Net current liabilities		**(46,396)**	(236,080)	(526,346)
Total assets less current liabilities		**2,441,930**	2,683,548	3,078,733
Non-current liabilities				
Obligations under finance leases – amount due after one year		**–**	217	499
Convertible notes		**–**	635,766	593,235
Deferred taxation		**172,779**	172,597	233,484
		172,779	808,580	827,218
Net assets		**2,269,151**	1,874,968	2,251,515
Capital and reserves				
Share capital		**6,577**	109,199	91,199
Reserves		**1,998,980**	1,394,197	1,745,145
Equity attributable to owners of the Company		**2,005,557**	1,503,396	1,836,344
Non-controlling interests		**263,594**	371,572	415,171
Total equity		**2,269,151**	1,874,968	2,251,515

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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.

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

The Company is an investment holding company. Its principal subsidiaries are engaged in the business of hotel operation and trading of securities. In prior years, its principal subsidiaries were also involved in travel and other related services and luxury trains services which were discontinued with effect from 27 May 2010 and 3 May 2010, respectively.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity and going concern of the Company and its subsidiaries (collectively referred to as the "Group") in light of the Group's current liabilities exceeded its current assets by approximately HK$46,396,000 as at 31 December 2010. The directors of the Company are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due for the foreseeable future, after taking into consideration that there are available borrowing facilities and that there are assets available to pledge for obtaining further banking facilities.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and revised standards and interpretations applied in the current year

In the current year, the Group has applied the following new and revised Standards and Interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (as revised in 2008)	Business Combinations
HKAS 27 (as revised in 2008)	Consolidated and Separate Financial Statements
HKAS 39 (Amendments)	Eligible Hedged Items
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners
HK – Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Except as described below, the application of the new and revised HKFRSs in the current year has no material effect on the amounts reported in these consolidated financial statements and disclosures set out in these consolidated financial statements.

HKAS 27 (as revised in 2008) Consolidated and Separate Financial Statement

The application of HKAS 27 (as revised in 2008) has resulted in changes in the Group's accounting policies for changes in ownership interests in subsidiaries of the Group.

When control of subsidiary is lost as a result of a transaction, event or other circumstance, the revised Standard requires the Group to derecognise all assets, liabilities and non-controlling interests at their carrying amounts and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

These changes have been applied prospectively from 1 January 2010 in accordance with the relevant transitional provisions.

The application of the revised Standard has affected the accounting for the Group's disposal of 90% of its interest in HKWOT (BVI) Limited in the current year. The change in policy has resulted in the difference of fair value of the retained interest and the carrying amount attributable to the retained interest, amounting to approximately HK$56,258,000, being included in the gain on disposal. Accordingly, the change in accounting policy has resulted in increase in the profit for the year of approximately HK$56,258,000. Before the adoption of HKAS 27 (as revised in 2008), the carrying amount of the retained interest is nil as HKWOT (BVI) Limited had net liability value at the date of transaction.

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 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.

This resulted in a reclassification of prepaid lease payments with previous carrying amount of approximately 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 consolidated statement of comprehensive income.

Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ("HK Int 5") clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time ("repayment on demand clause") should be classified by the borrower as current liabilities. The Group has applied HK Int 5 for the first time in the current year. HK Int 5 requires retrospective application.

In order to comply with the requirements set out in HK Int 5, the Group has changed its accounting policy on classification of term loans with a repayment on demand clause. In the past, the classification of such term loans were determined based on the agreed scheduled repayment dates set out in the loan agreements. Under HK Int 5, term loans with a repayment on demand clause are classified as current liabilities.

As a result, bank loans that contain a repayment on demand clause with the aggregate carrying amounts of approximately HK$41,784,000 and HK$61,670,000 have been reclassified from non-current liabilities to current liabilities as at 31 December 2009 and 1 January 2009 respectively. The application of HK Int 5 has no impact on the reported profit or loss for the current and prior years and the consolidated statement of financial position as at 31 December 2010.

Such term loans have been presented in the earliest time band in the maturity analysis for financial liabilities.

The effect of changes in accounting policies described above on the 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)	–
Borrowings – amount due within one year	(10,000)	(41,784)	(51,784)
Borrowings – amount due after one year	(41,784)	41,784	–
Total effects on net assets	2,040,559	–	2,040,559

The effect of changes in accounting policies described above on the 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)	–
Borrowings – amount due within one year	(411,901)	(61,670)	(473,571)
Borrowings – amount due after one year	(61,670)	61,670	–
Total effects on net assets	2,365,971	–	2,365,971

In the current year, the change in accounting policy has affected the accounting for disposal of interest in subsidiaries as follows:

Consolidated statement of comprehensive income

For the year ended 31 December 2010

	HK$'000
Increase in profit for the year arising from the fair value of the retained interest on disposal of interest in subsidiaries	56,258

The effect of the above change in accounting policy on the Group's basic and diluted earnings per share for the current year is as follows:

Impact on basic and diluted earnings per share

	HK$
Basic and diluted earnings per share before adjustment	0.71
Adjustment arising from change in accounting policy in relation to the fair value of the retained interest on disposal of interest in subsidiaries	0.10
Reported basic and diluted earnings per share after adjustment	0.81

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[1]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[3]
HKFRS 9	Financial Instruments[4]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[5]
HKAS 24 (as revised in 2009)	Related Party Disclosures[6]
HKAS 32 (Amendments)	Classification of Rights Issues[7]
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[6]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]

[1] *Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.*
[2] *Effective for annual periods beginning on or after 1 July 2010.*
[3] *Effective for annual periods beginning on or after 1 July 2011.*
[4] *Effective for annual periods beginning on or after 1 January 2013.*
[5] *Effective for annual periods beginning on or after 1 January 2012.*
[6] *Effective for annual periods beginning on or after 1 January 2011.*
[7] *Effective for annual periods beginning on or after 1 February 2010.*

HKFRS 9 *Financial Instruments* (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 *Financial Instruments* (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

- Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

- In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 9 will be adopted in the Group's consolidated financial statements for financial year ending 31 December 2013 and that the application of the new Standard might affect the classification and measurement of the Groups' financial assets. At 31 December 2010, no financial liability has been designated as at fair value through profit and loss, the application of HKFRS 9 will affect the measurement of such financial liability if designation is made in the future.

The amendments to HKAS 12 titled Deferred Tax: Recovery of Underlying Assets mainly deal with the measurement of deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 Investment Property. Based on the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model, the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances. The directors anticipate that the application of the amendments to HKAS 12 may have a significant impact on deferred tax recognised for investment properties that are measured using the fair value model. The directors are still in the process of assessing the impact of the amendments to the Group.

The directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material effect on amounts reported in these consolidated financial statements and disclosures set out in these consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and financial instruments held for trading that are measured at fair values.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Prior to 1 January 2010, losses applicable to the non-controlling interests in excess of the non-controlling interests in the subsidiary's equity were allocated against the interests of the Group except to the extent that the non-controlling interests had a binding obligation and were able to make an additional investment to cover the losses.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity as other reserves and attributed to owners of the Company.

From 1 January 2010 onwards, when the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Hotel revenue from rooms and other ancillary services are recognised when the services are rendered.

Revenue from sales of goods is recognised when goods are delivered and title has been passed.

Interest income from a financial asset is recognised where it is probable that the economic benefit will flow to the Group and the amount of revenue can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

Revenue from travel and other travel related services is recognised when the services are rendered.

Intangible assets

Intangible assets acquired separately and with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Impairment losses on tangible and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

5. TURNOVER

Turnover represents the fair value of the consideration received or receivable from outside customers, net of discounts and sales related taxes during the year. An analysis of the Group's turnover from continuing operations is as follows:

	2010	2009
	HK$'000	*HK$'000*
Continuing operations		
Hotel and leisure services	**309,339**	257,989

6. SEGMENT INFORMATION

Information reported to the Executive Directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of business activities that the segment carried out.

Specifically, the Group's operating segments under HKFRS 8 are as follows:

1. Hotel and leisure services
2. Securities trading

In prior year, the Group was also involved in travel and related services and luxury trains services, which were reported as separate segments under HKFRS 8 Operating Segments. The operations in travel and related services and luxury trains 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 year ended 31 December 2009.

Segment revenues and results

The following is an analysis of the Group's revenue and results from continuing operations by operating segment.

For the year ended 31 December 2010

Continuing operation

	Hotel and leisure services *HK$'000*	Securities trading *HK$'000*	Consolidated *HK$'000*
Turnover	309,339	–	309,339
Results			
Amount excluding impairment loss recognised in respect of other intangible assets, and property, and equipment	(165,026)	3,311	(161,715)
Impairment loss recognised in respect of other intangible assets and property, plant and equipment	(60,209)	–	(60,209)
Segment (loss) profit	(225,235)	3,311	(221,924)
Investment income			679
Gain arising from repurchase and extinguishment of convertible notes			55,452
Gain on disposal of subsidiaries			565
Gain on disposal of associates			5,390
Decrease in fair value of investment properties			(34,000)
Impairment loss recognised in respect of available-for-sale investments			(3,638)
Central administrative costs and unallocated corporate expenses			(36,879)
Finance costs			(56,517)
Loss before taxation (continuing operations)			(290,872)

For the year ended 31 December 2009

Continuing operations

	Hotel and leisure services *HK$'000*	Securities trading *HK$'000*	Elimination *HK$'000*	Consolidated *HK$'000*
Turnover				
External sales	257,989	–	–	257,989
Inter-segment sales	2,031	–	(2,031)	–
Total	260,020	–	(2,031)	257,989
Results				
Amount excluding impairment loss recognised in respect of other intangible assets, and property, and equipment	(92,814)	1,918	–	(90,896)
Impairment loss recognised in respect of other intangible assets and property, plant and equipment	(91,978)	–	–	(91,978)
Segment (loss) profit	(184,792)	1,918	–	(182,874)
Investment income				3,333
Gain on disposal of subsidiaries				179,167
Increase in fair value of investment properties				31,236
Loss on disposal of available-for-sale investments				(39,370)
Impairment loss recognised in respect of available-for-sale investments				(4,965)
Impairment loss recognised in respect of interests in associates				(2,497)
Central administrative costs and unallocated corporate expenses				(82,471)
Finance costs				(104,743)
Share of results of associates				(27,986)
Loss before taxation (continuing operations)				(231,170)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4. Segment profit (loss) represents the profit earn by/loss from each segment without allocation of central administrative costs, directors' salaries, gain arising from repurchase and extinguishment of convertible notes, share of results of associates, investment income, finance costs, gain on disposal of subsidiaries and associates, impairment loss recognised in respect of available-for-sale investments, impairment loss in respect of interests in associates, change in fair value of investment properties and loss on disposal of available-for-sale investments.

Inter-segment sales are charged at prevailing market price.

7. FINANCE COSTS

	2010	2009
	HK$'000	*HK$'000*
Continuing operations		
Interest on borrowings wholly repayable within five years	**6,892**	39,665
Finance charge upon renegotiation of advances from non-controlling shareholders of subsidiaries	**–**	14,606
Loan facilities fee	**849**	614
Effective interest on convertible notes	**49,513**	55,331
Interest on promissory note	**–**	521
Total finance costs	**57,254**	110,737
Less: amounts capitalised	**(737)**	(5,994)
	56,517	104,743

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 8.2% (2009: 12.6%) per annum to expenditure on qualifying assets.

8. LOSS BEFORE TAXATION

	2010	2009
	HK$'000	*HK$'000*
Loss before taxation has been arrived at after charging (crediting):		
Continuing operations		
Depreciation of property, plant and equipment	**84,001**	66,475
Amortisation of other intangible assets	**9,357**	5,382
Total depreciation and amortisation	**93,358**	71,857
Allowance for bad and doubtful debts	**–**	872
Auditor's remuneration	**3,937**	2,384
Cost of inventories recognised as expenses	**36,574**	34,596
(Gain) loss on disposal of property, plant and equipment	**(4,075)**	20
Impairment loss recognised on club debentures	**21**	172
Minimum lease payments paid in respect of rented premises and equipment	**10,834**	26,532
Staff costs	**64,770**	94,467
and after crediting:		
Gross rental income from hotel properties less direct operating expense of approximately HK$800,000 (2009: HK$842,000)	**18,294**	17,593

9. TAXATION CREDIT (EXPENSE)

	2010	2009
	HK$'000	*HK$'000*
Continuing operations		
Current tax:		
Hong Kong	–	–
Other jurisdictions	**(1,597)**	(4,875)
	(1,597)	(4,875)
Underprovision in prior years	**(73)**	(290)
Deferred tax		
Current year	**5,731**	3,387
Taxation credit (expenses)	**4,061**	(1,778)
Taxation for the year	**4,061**	(1,778)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the Group's PRC subsidiaries is 25% from 1 January 2008 onwards.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

10. 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 of 90% equity interest in HKWOT (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 (i.e. 27 May 2010) 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. 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. Proceeds of approximately HK$277,931,000 (equivalents to US$35,663,000) would be received upon the termination and was settled during the year. In addition, a payable on construction cost of approximately HK$233,909,000 was waived with the agreement with the contractor. The purpose of the termination is to generate cash flows to settle the debts related to the luxury trains services.

Due to the disposal of travel and related services operations and the discontinuance of luxury trains services during the year ended 31 December 2010, the comparative figures have been re-presented to reclassify the travel and related services and luxury trains services operations as discontinued operations for the year ended 31 December 2009.

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

	Travel and related services 1.1.2010 to 27.5.2010 *HK$'000*	**Luxury trains services 1.1.2010 to 3.5.2010** *HK$'000*	**Total discontinued operations 1.1.2010 to 31.12.2010** *HK$'000*	**Travel and related services 1.1.2009 to 31.12.2009** *HK$'000*	**Luxury trains services 1.1.2009 to 31.12.2009** *HK$'000*	**Total discontinued operations 1.1.2009 to 31.12.2009** *HK$'000*
Profit of travel and related services	40,740	–	40,740	42,631	–	42,631
Gain on disposal of travel and related services	716,936	–	716,936	–	–	–
Loss of luxury trains services	–	(39,244)	(39,244)	–	(156,872)	(156,872)
Loss on termination of luxury trains services	–	(18,708)	(18,708)	–	–	–
	757,676	(57,952)	699,724	42,631	(156,872)	(114,241)

The loss on termination of luxury trains services was approximately HK$18,708,000 which included gain arising on termination of the RSPA of approximately HK$160,164,000 and impairment loss recognised on railway intangibles of approximately HK$178,872,000. The gain arising on termination of RSPA of approximately HK$160,164,000 was resulted from the difference between the proceeds from disposal of approximately HK$277,931,000, waived payables of approximately HK$233,909,000 and the net book value of the assets being disposed of approximately HK$351,676,000.

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

	Travel and related services 1.1.2010 to 27.5.2010 *HK$'000*	Luxury trains services 1.1.2010 to 3.5.2010 *HK$'000*	Total discontinued operations 1.1.2010 to 31.12.2010 *HK$'000*	Travel and related services 1.1.2009 to 31.12.2009 *HK$'000*	Luxury trains services 1.1.2009 to 31.12.2009 *HK$'000*	Total discontinued operations 1.1.2009 to 31.12.2009 *HK$'000*
Turnover	750,487	–	750,487	1,702,075	–	1,702,075
Cost of sales	(644,641)	–	(644,641)	(1,517,186)	–	(1,517,186)
Investment income	2	–	2	772	707	1,479
Other income	718	–	718	1,454	10	1,464
Selling expenses	(10,535)	–	(10,535)	(28,088)	(4)	(28,092)
Administrative expenses	(50,486)	(11,906)	(62,392)	(115,297)	(35,132)	(150,429)
Finance costs	(149)	(4,452)	(4,601)	(825)	(7,411)	(8,236)
Impairment loss recognised in other intangible assets	–	–	–	–	(36,790)	(36,790)
Impairment loss recognised in respect of property, plant and equipment	–	–	–	–	(72,210)	(72,210)
Impairment loss recognised in interest in a jointly controlled entity	–	(4,712)	(4,712)	–	–	–
Impairment loss recognised in respect of amount due from a jointly controlled entity	–	(16,469)	(16,469)	–	–	–
Share of results of associates	(396)	–	(396)	–	–	–
Share of results of a jointly controlled entity	–	(1,705)	(1,705)	–	(6,042)	(6,042)
Profit (loss) before tax	45,000	(39,244)	5,756	42,905	(156,872)	(113,967)
Taxation expense	(4,260)	–	(4,260)	(274)	–	(274)
Profit (loss) for the period/year	40,740	(39,244)	1,496	42,631	(156,872)	(114,241)

11. DIVIDENDS

	2010 *HK$'000*	2009 *HK$'000*
Dividends recognised as distribution during the year:		
Ordinary shares:		
2010 special – HK$0.10 per share (2009: nil)	**54,601**	–

The directors of the Company do not recommend the payment of a final dividend for the year ended 31 December 2010 (2009: nil).

12. EARNINGS (LOSS) PER SHARE

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

From continuing and discontinued operations

	2010	2009
	HK$'000	*HK$'000*
Earning (loss) attributable to owners of the Company for the purposes of basic and diluted earnings (loss) per share	**468,446**	(357,811)

	Number of shares	
	2010	2009
Weighted average number of ordinary shares for the purposes of basic and diluted earnings (loss) per share	**576,601,952**	492,978,536

The calculation of diluted earnings (loss) per share for the years ended 31 December 2010 and 2009 has not assumed the conversion of the Company's convertible notes and the exercise of the warrants as these potential ordinary shares are anti-dilutive during the respective year.

The number of ordinary shares for the year ended 31 December 2009 for the purposes 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 loss per share from continuing operations attributable to the owners of the Company is based on the following data:

	2010	2009
	HK$'000	*HK$'000*
Profit (loss) for the period attributable to the owners of the Company	**468,446**	(357,811)
Less: Profit (loss) for the year from discontinued operations	**737,487**	(102,314)
Loss for the purposes of basic and diluted loss per share from continuing operations	**(269,041)**	(255,497)

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$1.28 per share (for the year ended 31 December 2009: basic and diluted loss per share of HK$0.21), based on the profit for the period from discontinued operations of approximately HK$737,487,000 (for the year ended 31 December 2009: loss of approximately HK$102,314,000) and the denominators detailed above for both basic and diluted earnings (loss) per share.

13. PROPERTY, PLANT AND EQUIPMENT

The directors have reviewed the recoverability of the carrying amounts of the Group's hotel properties at the end of the reporting period. The recoverable amount is estimated based on the recent market prices of comparable properties with similar size, character and location and the directors determined that the carrying amounts of certain hotel properties exceeded their recoverable amounts. Accordingly, an impairment loss of approximately HK$2,472,000 (2009: HK$15,000,000) has been recognised in respect of the Group's hotel properties.

The directors have reviewed the recoverability of the carrying amounts of the Group's leasehold improvements in respect of hotel properties at the end of the reporting period. The recoverable amounts of the relevant assets have been determined on the basis of their value in use. The discount rates in measuring the amounts of value in use were 16.2%. The directors determined that the carrying amounts of the leasehold improvements exceeded their recoverable amounts. Accordingly, an impairment loss of approximately HK$30,002,000 (2009: nil) has been recognised in respect of these leasehold improvements.

The directors have reviewed the recoverability of the carrying amounts of the Group's construction in progress of its hotel operations at the end of the reporting period. The recoverable amount is estimated based on the recent market price of similar properties on an open market value under existing use basis, and the directors determined that the carrying amounts of certain construction in progress in 2009 exceeded their recoverable amounts. Accordingly, an impairment loss of approximately HK$56,978,000 (2010: nil) has been recognised in respect of the Group's construction in progress.

14. INVESTMENT PROPERTIES

The Group's investment properties are situated on medium-term land use right in the PRC.

The fair value at 31 December 2010 has been arrived at on the basis of a valuation carried out on that date by Asset Appraisal Limited ("Asset Appraisal") and Norton Appraisals Limited ("Norton Appraisals"), independent qualified professional valuers not connected with the Group. Asset Appraisal and Norton Appraisals are members of the Hong Kong Institute of Surveyors, and have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation was arrived at using the capitalisation of the net income approach and a combination of depreciated replacement cost approach and direct comparison approach.

15. TRADE AND OTHER RECEIVABLES

	2010	2009
	HK$'000	*HK$'000*
Trade receivables	**25,281**	27,923
Less: allowance for doubtful debts	**(2,577)**	(2,635)
	22,704	25,288
Other receivables	**42,885**	283,869
Trade and other receivables	**65,589**	309,157

The Group allows credit period of 0 to 30 days to customers. The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period.

	2010	2009
	HK$'000	*HK$'000*
0 – 30 days	**7,704**	12,946
31 – 60 days	**1,915**	5,115
61 – 90 days	**1,685**	1,446
Over 90 days	**11,400**	5,781
	22,704	25,288

16. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of approximately HK$11,151,000 (2009: HK$194,355,000) and the aged analysis of the trade payables at the end of the reporting period is as follows:

	2010	2009
	HK$'000	*HK$'000*
0 – 30 days	**5,300**	84,347
31 – 60 days	**2,474**	40,938
61 – 90 days	**701**	35,058
Over 90 days	**2,676**	34,012
	11,151	194,355

MANAGEMENT DISCUSSION AND ANALYSIS

The results of the Group for the year ended 31 December 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$309.3 million from its continuing operations for the year ended 31 December 2010, represented an increase of 19.9% as compared to the HK$258.0 million for the year ended 31 December 2009. Gross profit for the year was HK$34.7 million (2009: HK$75.5 million). The decrease was mainly caused by the lease rental paid on the lease of Rosedale on the Park commencing from September 2009 and the costs of and depreciation charge on budget hotels leases acquired. Loss for the year from continuing operations was HK$286.8 million (2009: HK$232.9 million) resulted from after charging administration expenses of HK$228.4 million (2009: HK$223.9 million), finance costs of HK$56.5 million (2009: HK$104.7 million), impairment loss recognised in respect of intangible assets arising from certain under-performed hotel lease contracts of HK$27.7 million (2009: HK$20.0 million), decrease in fair value of investment properties of HK$34.0 million (2009: increase of HK$31.2 million) determined based on the valuation report prepared by independent professional valuers and impairment loss recognised in respect of certain leasehold properties and hotel properties in the PRC of HK$32.5 million (2009: HK$72.0 million). Profit for the year was HK$412.9 million (2009: loss of HK$347.2 million).

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 trains services segment were being grouped as discontinued operations. The results arising from these discontinued operations for the year ended 31 December 2010 were profits in aggregate of approximately HK$699.7 million (2009: loss of HK$114.2 million).

CONTINUING OPERATIONS

Hotel and Leisure Services

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

Turnover increased by 19.9% to HK$309.3 million for the year ended 31 December 2010 (2009: HK$258.0 million) resulted from the rising PRC economy and coupled with the contribution by the Group’s expanding Square Inn budget hotel chain. The segment resulted a loss of HK$225.2 million (2009: HK$184.8 million). 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 year under review as compared with last year.

Securities Trading

Gain from securities trading for the year ended 31 December 2010 was HK$3.3 million (2009: HK$1.9 million).

DISCONTINUED OPERATIONS

Travel and Related Services

During the year, 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 year was HK$757.7 million (2009: a gain of HK$42.6 million) that comprised 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$40.8 million.

Luxury Trains Services

The agreement for the termination of RSPA was effective on 3 May 2010. Accordingly, the Tangula luxury trains business of the Group was classified as a discontinued operation. Loss for this segment for the year up to the date of completion was HK$58.0 million. Loss for the year ended 31 December 2009 was HK$156.9 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 the 90% interest in the issued share capital of HKWOT (BVI) Limited, a then wholly-owned subsidiary of the Company, at a consideration of US$88.0 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 is required to advance HK$52.2 million to Business Action within 30 days after the date of the shareholders' agreement. 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 aforesaid 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"). The Termination Agreement became effective on 3 May 2010. All obligations of the parties under the RSPA were then terminated, the luxury trains commissioned by RPI under the RSPA belonged to BST and BST had 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 applied in and towards the payment of the debts of RPI.

On 13 October 2010, Fast Choice Investments Limited, an indirect wholly-owned subsidiary of the Company, executed the bought and sold notes, instrument of transfer and a deed of assignment to effect the sale and transfer of its 20% equity interest in Winner World Group Limited, and assignment of the shareholder's loan to the purchaser, an independent third party, at a total consideration of HK$26,435,677. The transaction was completed during the year.

On 19 November 2010, the Group entered into an agreement with an independent third party, pursuant to which the Group has agreed to purchase 7.2% equity interest in Apex Quality Group Limited ("Apex Quality") at a consideration of HK$70,000,000. Upon Completion, the Company's equity interest in Apex Quality increased from 75.9% to 83.1% and Apex Quality remains as an indirect non wholly-owned subsidiary of the Company. The transaction was completed in December 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 23 June 2010, the Company announced that it proposed to make the repurchase offer (subject to the fulfillment of certain conditions precedent) to repurchase all of the outstanding convertible notes due in June 2011 (the "Notes"). 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. 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 election was made to receive (i) offer consideration money in respect of HK$262,200,400 principal amount of the Notes; and (ii) offer consideration shares in respect of HK$66,999,600 principal amount of the Notes. The repurchase offer was completed on 22 September 2010 and the Company had (i) paid an aggregate of HK$230,736,352 as the offer consideration money; and (ii) allotted and issued an aggregate of 111,666,000 offer consideration shares to the accepting noteholders.

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

	2010	2009
	HK$ million	*HK$ million*
Loan from related companies	**15.5**	119.9
Borrowings – amount due within one year	**56.0**	51.8
Convertible notes	**330.8**	635.8
	402.3	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 a related company bears interest at a fixed rate of 10% per annum. All other borrowings bear floating interest rates.

The gearing ratio as at 31 December 2010, expressed as a percentage of total borrowings to equity attributable to owners of the Company, was 20.1% (at 31 December 2009: 53.7%).

PLEDGE OF ASSETS

At 31 December 2010, certain assets of the Group at net book value of HK$310.9 million (at 31 December 2009: HK$266.7 million) were pledged to banks for credit facilities.

At 31 December 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 amount of the Group's 10% interest in HKWOT (BVI) Limited as at 31 December 2010 was approximately HK$56.3 million.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 December 2010.

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 year ended 31 December 2010, the Group have 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 31 December 2010, the Group has approximately 2,300 employees of approximately which 2,098 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 provided training programs, provident fund scheme and medical insurance for its employees.

PROSPECTS

The 11 March earthquake happened at the east coast of Honshu, Japan, followed by the tsunami and the radiation leakage at Fukushima Daiichi damaged the economy of Japan, the third largest economy of the world. It is not sure yet the consequential effects on the world's economy but observers commented that China, as the world factory, would be impacted to a certain extent consequent to shortage of parts supplies in the car-making and semi-conducting industries. Notwithstanding that the China's importance in the international stage shall become more prominent.

In 2011, the Group shall continue to focus its resources on expanding 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 of the RSPA in May 2010.

Rosedale Hotels

While the PRC hotel industry experienced a double digit decline in 2009, the occupancy rate improved significantly in 2010 and the strong domestic demand continued. The Group's four-star rated Rosedale hotel chain comprises four self-owned hotels located in the PRC, a leased hotel located in Hong Kong and a hotel under construction located in Tai Kok Tsui, Hong Kong. Currently, a total of approximately 1,600 guest rooms are under the management of the Group's Rosedale hotel chain. It is expected that approximately 435 guest rooms will be added to the portfolio following the completion of the Tai Kok Tsui development project by the end of 2011 so that the four-star business hotel network of the Group shall be further enhanced for providing a comprehensive service to its valuable customers.

Square Inn Budget Hotels

The Group is currently managing more than 70 leased-and-operated budget hotels branded "Square Inn" in the mainland including Guangzhou, Wuyishan, Beijing, Jinan and Tianjin. The Group is actively soliciting opportunities to acquire and/or to lease further budget hotels in 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 the preferred selection for both leisure and business travelers aiming at a comfort and tidy experience of accommodation.

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

FINAL DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 December 2010 (2009: 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 year ended 31 December 2010.

REVIEW OF ACCOUNTS

The audit committee of the Company has reviewed with the management and the Company's auditor the annual results of the Group for the year ended 31 December 2010 including the accounting principles and practices adopted by the Group.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the year ended 31 December 2010 except for the following deviations:–

Code Provision A.1.1

Under code provision A.1.1, the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. During the year, two regular board meetings and six irregular board meetings were held. In addition, nine board resolutions in writing were signed by all directors of the Company.

Although the board meetings held during the year were not convened on a quarterly basis, the Board considered that sufficient meetings have been held as business operations were under the management and the supervision of the executive directors of the Company. In addition, the Board has established the audit committee and remuneration committee to oversee particular aspects of the Company's affairs.

Code Provision A.4.1

Under code provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election. The current independent non-executive directors of the Company are not appointed for a specific term. However, all directors (including executive and independent non-executive directors) of the Company are subject to retirement by rotation 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 of the Company held on 28 April 2010 (the "2010 AGM") as he had other important business engagement. Nevertheless, Ms. Chan Ling, Eva, the Managing Director of the Company, attended and took the chair of the 2010 AGM in accordance with Bye-Law 68 of the Bye-Laws of the Company and answered questions from the shareholders of the Company.

ANNUAL GENERAL MEETING

The 2011 annual general meeting of the Company (the "2011 AGM") will be held on 25 May 2011. For details, please refer to the notice of 2011 AGM which will be published in due course.

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

Hong Kong, 25 March 2011

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