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Rosedale Hotel Holdings Limited

珀麗酒店控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1189)

**MEMORANDUM OF UNDERSTANDING
IN RELATION TO
THE PROPOSED DISPOSAL OF INTEREST IN AND
LEASE BACK OF ROSEDALE HOTEL KOWLOON
AND
RESUMPTION OF TRADING**

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

After trading hours on 17 October 2011, Ascendas and the Company entered into the Memorandum of Understanding involving (i) the proposed disposal by the Group to the Proposed Purchaser of the entire issued share capital of More Star which indirectly owns the Hotel (which is currently under construction) and the repayment of all shareholder's loans due by More Star; and (ii) the proposed lease back of the Hotel by the Group upon completion of such disposal for the Group's operation and management for an initial term of six years, renewable for a further term of six years on terms to be mutually agreed.

The Memorandum of Understanding does not oblige either party to proceed with the Proposed Transaction and is not legally binding except for certain obligations such as due diligence, exclusivity and confidentiality. The terms of the Proposed Transaction are still subject to further discussion and negotiation between the parties concerned.

The Proposed Transaction, if materializes, may constitute notifiable transactions for the Company under the Listing Rules. Further announcement(s) in relation to the Proposed Transaction will be made by the Company as and when appropriate in accordance with the Listing Rules. **The Board would like to emphasize that no legally binding agreement in relation to the Proposed Transaction has been entered into by the Company as at the date of this announcement. As the Proposed Transaction may or may not materialize, Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended with effect from 9:00 a.m. on 18 October 2011 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the shares of the Company with effect from 9:00 a.m. on 19 October 2011.

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

THE MEMORANDUM OF UNDERSTANDING

Date : 17 October 2011 (after trading hours)

Parties : (1) Ascendas; and
(2) the Company.

As disclosed in the Memorandum of Understanding, Ascendas intends to constitute a stapled trust which will invest primarily in hospitality assets (the “**Trust**”). It is proposed that the Trust or an entity nominated by the Trust will be the purchaser (the “**Proposed Purchaser**”) under the Proposed Transaction.

To the best of the Directors’ knowledge, information and belief and having made all reasonable enquires, Ascendas is a company incorporated in Singapore with limited liability and Ascendas, the Trust and their ultimate beneficial owners are Independent Third Parties.

Proposed Transaction

The Proposed Transaction is contemplated to comprise (i) the proposed disposal of the Sale Share, being the entire issued share capital of More Star which indirectly owns the Hotel, which is currently under construction, by the Group to the Proposed Purchaser, and as part of the acquisition of the Sale Share, the Proposed Purchaser will repay or cause to repay the Sale Loan, being the amount of all shareholder's loans due by More Star on completion of the proposed disposal of the Sale Share; and (ii) the proposed lease back of the Hotel by the Group upon completion of the disposal of the Sale Share for the Group's operation and management for an initial term of six years, which may be renewed a further term of six years on terms to be mutually agreed between the Trust and the lessee.

Subject to the determination of the acquisition structure by Ascendas, the proposed disposal of the Sale Share may be effected by the granting of a call option (the "**Call Option**") by the relevant member of the Group to the Trust to purchase the Sale Share while the Trust will grant a put option (the "**Put Option**") to the relevant member of the Group to dispose of the Sale Share, or the entering into of a share purchase agreement between the parties.

It is contemplated under the Memorandum of Understanding that the Company will in the Definitive Agreements undertake (i) to use its reasonable endeavours to obtain the occupation permit for the Hotel as soon as practicable by 31 December 2011; and (ii) to take reasonable steps to procure the hotel license in respect of the Hotel by no later than 30 June 2013 (or such earlier date as the Monetary Authority of Singapore or the Singapore Exchange Securities Trading Limited may require), and that the Company will grant a put option to the Proposed Purchaser at a nominal value such that if the Company fails to procure the hotel licence by the time aforesaid the Proposed Purchaser shall be entitled (but not obliged) to exercise the put option within three months from then to sell the Hotel back to the Company at the Total Consideration (as defined below).

Consideration of the Proposed Disposal

Based on the current indicative value of the Hotel, the indicated purchase price for the Sale Share together with the amount of the Sale Loan to be repaid (the “**Total Consideration**”) will be approximately HK\$1,314,625,000, which is subject to (i) satisfactory due diligence being completed by Ascendas; (ii) valuation to be commissioned by the Trust on the Hotel; and (iii) the acquisition structure being determined by Ascendas. It is contemplated under the Memorandum of Understanding that 95% of the total consideration shall be satisfied in cash and the remaining balance of 5% shall be satisfied in the form of stapled securities of the Trust (the “**Vendor Units**”).

Ascendas disclosed in the Memorandum of Understanding that it is intended that the Trust will effect an initial public offering of its stapled securities and be listed on Singapore Exchange Securities Trading Limited. As further disclosed in the paragraph headed “Conditions precedent” below, completion of the Proposed Disposal is conditional upon, among other things, the completion of the initial public offering of the Trust’s stapled securities. The Total Consideration shall be paid to the Company (through its relevant related company) on the date of listing of the Trust, save for 5% of the cash portion of which will be retained and held in an escrow account until the hotel licence has been issued to Fortress State in respect of the Hotel.

It is contemplated that the Vendor Units shall be valued at such pricing and terms no less preferential than that offered to any other strategic investors of the stapled securities under the proposed initial public offering and save for the condition that the stapled securities shall be held by the Company during the period commencing from the date of issuance of the Vendor Units until the date falling one year after the listing date of the Trust.

Rental payable under the Proposed Lease

Based on the indicative current value of the Hotel, the annual rental payable for the lease of the Hotel during the first year of the lease term shall be approximately 4.4% of the Total Consideration, subject to annual increment.

Due diligence

As soon as practicable upon the execution of the Memorandum of Understanding, the Company will grant to Ascendas, the Trust and other relevant parties (including agents, financiers, professional advisers and consultants) the right to conduct due diligence investigations in respect of the Hotel, More Star and Fortress State within a period of six weeks from the date of the Memorandum of Understanding, which period shall be automatically extended by two weeks (the “**Exclusivity Period**”) if the Definitive Agreements are not entered into or the due diligence investigations are not completed during the initial six-week period. The parties agree to enter into exclusive negotiations with each other on the terms of the Definitive Agreements during the Exclusivity Period.

Conditions precedent

It is contemplated that completion of the Proposed Transaction will be conditional upon the satisfaction of certain conditions which will include the following:

- (i) the completion and satisfaction of Ascendas and the Proposed Purchaser with the results of their due diligence investigations on all matters (including financial, legal, commercial, property and operational matters) in connection with the Proposed Transaction including good marketable title of Fortress State to the Hotel;
- (ii) all relevant corporate, governmental, regulatory, shareholders’ and other third party approvals being approved for all matters necessary to give full effect to the Proposed Transaction (including without limitation, the obtaining of the occupation permit in respect of the Hotel); and
- (iii) the successful completion of the initial public offering of the stapled securities of the Trust.

Subject to the above conditions precedents and the terms and conditions of the Definitive Agreements, Ascendas and the Company are targeting to complete the Proposed Transaction by 31 March 2012.

Termination

The Memorandum of Understanding shall automatically terminate (i) if no Definitive Agreements have been entered into between the relevant parties within the Exclusivity Period; or (ii) on the date of execution of the Definitive Agreements by the relevant parties, whichever is earlier.

BACKGROUND INFORMATION ON MORE STAR

More Star is a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company. The sole asset of More Star is its investment in the entire issued share capital of Fortress State which sole asset is the ownership in the Hotel under construction. The Hotel is located at 86 Tai Kok Tsui Road, Tai Kok Tsui, Kowloon, with a site area of 845.5 square metres and, upon completion of construction, a gross floor area of approximately 10,300.08 square metres.

GENERAL

The Memorandum of Understanding does not oblige either party to enter into the Proposed Transaction and is not legally binding except for certain obligations such as due diligence, exclusivity and confidentiality. The terms of the Proposed Transaction are still subject to further discussion and negotiation between the parties concerned and the execution of the Definitive Agreements.

The Proposed Transaction (including the Proposed Disposal and the subscription of the stapled securities of the Trust for the purpose of settlement of 5% of the total consideration), if materializes, may constitute notifiable transactions of the Company under the Listing Rules. Further announcement(s) in relation to the Proposed Transaction will be made by the Company as and when appropriate in accordance with the Listing Rules. **The Board would like to emphasize that no legally binding agreement in relation to the Proposed Transaction has been entered into by the Company as at the date of this announcement. As the Proposed Transaction may or may not materialize, Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES OF THE COMPANY

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended with effect from 9:00 a.m. on 18 October 2011 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of the trading in the shares of the Company with effect from 9:00 a.m. on 19 October 2011.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms have the meanings as set out below:–

“Ascendas”	Ascendas Land International Pte. Ltd., a company incorporated in Singapore with limited liability
“associates”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Company”	Rosedale Hotel Holdings Limited, a company incorporated under the laws of Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1189)
“Definitive Agreements”	the formal sale and purchase agreement or the formal put and call option agreement to be entered into between the Proposed Purchaser and the Company and the relevant member of the Group in relation to the proposed disposal of the Sale Share and repayment of the Sale Loan and the lease back of the Hotel and any other agreements to be entered into between the relevant parties to effect the Proposed Transaction
“Directors”	directors of the Company

“Fortress State”	Fortress State International Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of More Star
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hotel”	Rosedale Hotel Kowloon, which is a property under construction and is located at 86 Tai Kok Tsui Road, Tai Kok Tsui, Kowloon, with a site area of 845.5 square metres and upon completion of construction, a gross floor area of approximately 10,300.08 square metres
“Independent Third Party(ies)”	third party(ies) who is/are independent of and not connected with the Company and any of the directors, chief executive, substantial shareholders of the Company or any of its subsidiaries or any of their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum of Understanding”	the memorandum of understanding dated 17 October 2011 entered into between Ascendas and the Company in relation to the Proposed Transaction
“More Star”	More Star Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, Macau and Taiwan
“Proposed Disposal”	the proposed disposal of the Sale Share by the Company to the Proposed Purchaser and as part of disposal, the repayment of the Sale Loan by the Proposed Purchaser

“Proposed Lease”	the proposed lease to be entered into between a member of the Group and Fortress State upon completion of the Proposed Disposal for the lease of Hotel for the Group’s operation and management
“Proposed Transaction”	the Proposed Disposal and the Proposed Lease
“Sale Loan”	all shareholders loan due by More Star to its shareholder on completion of the proposed disposal of the Sale Share
“Sale Share”	the entire issued share capital of More Star
“Shareholder(s)”	holder(s) of the ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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

Hong Kong, 18 October 2011

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

Executive Directors:

Mr. Cheung Hon Kit (*Chairman*)
Ms. Chan Ling, Eva (*Managing Director*)
Mr. Chan Pak Cheung, Natalis

Independent non-executive Directors:

Mr. Kwok Ka Lap, Alva
Mr. Poon Kwok Hing, Albert
Mr. Sin Chi Fai