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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)

**DISCLOSABLE TRANSACTION
IN RELATION TO
THE DISPOSAL OF 10% INTEREST IN THE ISSUED SHARE
CAPITAL OF HKWOT (BVI) LIMITED**

The Board announces that on 2 February 2012, the Company entered into the Disposal Agreement with the Purchaser pursuant to which the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares, representing 10% of the issued share capital of HKWOT, at a consideration of US\$9.44 million (equivalent to approximately HK\$73.6 million). The Consideration shall be paid by the Purchaser as to US\$9.18 million (equivalent to approximately HK\$71.6 million) by way of cash at Completion and as to the balance of US\$0.26 million (equivalent to approximately HK\$2 million) by way of cash on the first anniversary of the Completion Date.

As the applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the Disposal exceed(s) 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

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THE DISPOSAL AGREEMENT

Date

2 February 2012

Parties

Vendor: the Company

Purchaser: C-Travel International Limited, a company incorporated under the laws of the Cayman Islands with limited liability. According to the Purchaser, it is principally engaged in travel services.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Group and its connected persons of the Group. As at the date of the Disposal Agreement, the Purchaser is interested in 90% of the issued share capital of HKWOT.

Assets to be disposed of

The Sale Shares, representing 10% of the issued share capital of HKWOT.

For further details on HKWOT and the Disposal Group, please refer to the paragraphs headed "Information on the Disposal Group" below.

Consideration

The Consideration of US\$9.44 million (equivalent to approximately HK\$73.6 million) will be paid by the Purchaser as to US\$9.18 million (equivalent to approximately HK\$71.6 million) by way of cash at Completion and as to the balance of US\$0.26 million (equivalent to approximately HK\$2 million) by way of cash on the first anniversary of the Completion Date.

The Consideration was determined after arm's length negotiations between the Purchaser and the Company, after taking into consideration the unaudited consolidated net liabilities of the Disposal Group as at 31 December 2011 of approximately HK\$95.2 million, the unaudited net consolidated net profit of the Disposal Group of approximately HK\$42.9 million for the year ended 31 December 2011 and the unclear Southeast-Asian and European markets. The Directors consider that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion is conditional upon the satisfaction or waiver of the following conditions:

- (a) the passing by the Shareholders who are permitted to vote at a general meeting of the Company of a resolution to approve the sale of the Sale Shares in accordance with the requirements of the Listing Rules, if so required;
- (b) all Authorisations which are required for the entering into or the performance of obligations under the Disposal Agreement by the parties thereto having been obtained and all filings with any authorities and other relevant third parties which are required for the entering into and the implementation of the Disposal Agreement having been made and such Authorisations (if any) remaining in full force and effect and there being no statement, notification or intimation of an intention to revoke or not to renew the same having been recorded. Without limiting the generality of the foregoing, such Authorisations include the consent in writing from the Registrar of Travel Agents to the Transaction having been obtained in accordance with the Travel Agents Ordinance (Chapter 218 of the Laws of Hong Kong);

- (c) no order or judgment (whether temporary, preliminary or permanent) of any authority having been issued or made prior to Completion, and no legal or regulatory requirements remain to be satisfied, which has the effect of making unlawful or otherwise prohibiting or restricting the transfer of the Sale Shares to the Purchaser, or any transaction contemplated by the Disposal Agreement;
- (d) there having been no breach in any material respect by the Company of any of its obligations under the Prior Transaction Documents, other than as disclosed in the Disposal Agreement; and
- (e) there having been no breach of the Warranties (and no fact, event or circumstance having occurred which would make the Warranties untrue or inaccurate in any respect when repeated at Completion).

Since the transactions contemplated under the Disposal Agreement constitute only a discloseable transaction under Chapter 14 of the Listing Rules and no Shareholders' approval is required, condition (a) is considered satisfied. The Purchaser may waive any of the conditions above (other than the conditions in (a) or (b)) at any time by written notice to the Company.

In the event the above conditions are not satisfied or waived (as the case may be) on or before 30 April 2012, the Disposal Agreement shall cease and determine and the parties thereto shall not have any obligations and liabilities thereunder.

Completion

Completion shall take place on the Completion Date, being the date that is no later than the fifth Business Day after the last in time of the conditions precedent (except such conditions precedent which are expressed to be satisfied on or as at the Completion Date, but subject to the satisfaction or waiver of such conditions precedent) is satisfied or waived in accordance with the Disposal Agreement or such other date as the Company and the Purchaser may agree in writing.

INFORMATION ON THE DISPOSAL GROUP

HKWOT is an investment holding company and its subsidiaries are principally engaged in the provision of package tours, travel and other related services. Set out below is the consolidated financial information of the Disposal Group for each of the three years ended 31 December 2011 which was prepared in accordance with Hong Kong Financial Reporting Standards:

	For the year ended 31 December 2009 (HK\$'000) Unaudited	For the year ended 31 December 2010 (HK\$'000) Unaudited	For the year ended 31 December 2011 (HK\$'000) Unaudited
Net liabilities	306,183	138,061	95,249
Profit before taxation	42,838	63,562	51,291
Profit after taxation	42,564	56,217	42,923

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company is an investment holding company and its subsidiaries are principally engaged in the business of hotel and leisure services and trading of securities.

As stated in the interim report for the six months ended 30 June 2011, the Group is cautiously optimistic about the prospects of its business by focusing continuously on the strong PRC market and that the Group shall concentrate to procure and to operate quality leased-and-operated hotels in the PRC. In light of the aforesaid, the Directors consider the Disposal would allow the Group to focus its resources on its hotel and leisure services segment which the Directors believe to have better prospects.

The Company estimates that the net proceeds from the Disposal are approximately HK\$73.1 million. The net proceeds will be used for general working capital of the Group and funding of any potential investments available to the Group in future. The estimated gain on the Disposal shall be approximately HK\$16.6 million after taking into account the Consideration of approximately HK\$73.6 million and the estimated expenses in connection with the Disposal of approximately HK\$0.5 million.

In view of the above, the Directors are of the opinion that the terms of the Disposal Agreement are fair and reasonable and the Disposal is on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

GENERAL

As the applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the Disposal exceed(s) 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Authorisation”	any license, permit, consent, authorisation, permission, clearance, warrant, confirmation, certificate or approval of any authority or any other person
“Board”	the board of Directors
“Company”	Rosedale Hotel Holdings Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the main board of the Stock Exchange (stock code: 1189)
“Completion”	completion of the Disposal
“Completion Date”	the date of Completion, being the date that is no later than the fifth Business Day after the last in time of the conditions precedent (except such conditions precedent which are expressed to be satisfied on or as at the Completion Date, but subject to the satisfaction or waiver of such conditions precedent) is satisfied or waived in accordance with the Disposal Agreement or such other date as the Company and the Purchaser may agree in writing but in any event, no later than the Long Stop Date

“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the aggregate consideration payable by the Purchaser for the Sale Shares
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares by the Company to the Purchaser pursuant to the terms and conditions of the Disposal Agreement
“Disposal Agreement”	a conditional agreement entered into between the Company and the Purchaser on 2 February 2012 in connection with the sale and purchase of the Sale Shares
“Disposal Group”	HKWOT and its subsidiaries
“Group”	the Company and its subsidiaries
“HKWOT”	HKWOT (BVI) Limited, a company incorporated in the British Virgin Islands with limited liability
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 April 2012
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC
“Purchaser”	C-Travel International Limited, a company incorporated under the laws of the Cayman Islands, with limited liability

“Prior Disposal Agreement”	the sale and purchase agreement dated 3 February 2010 entered into among the Company, the Purchaser and Ctrip.com International, Ltd.
“Prior Transaction Documents”	the Prior Disposal Agreement, the deed of indemnity dated 27 May 2010 entered into between the Company and the Purchaser, the shareholders’ agreement dated 27 May 2010 entered into among the Company, the Purchaser, Ctrip.com International, Ltd. and HKWOT (which shall be terminated upon Completion), the share charge dated 27 May 2010 entered into between the Company and the Purchaser (which shall be terminated upon Completion) and the assignment of trade marks dated 27 May 2010 entered into between the Company and the Purchaser in relation to the sale and purchase of 90% of the issued share capital of HKWOT
“Sale Shares”	10 ordinary shares of US\$1.00 each in the issued share capital of HKWOT, representing 10% of the issued share capital of HKWOT at Completion
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the issued share capital of the Company from time to time
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it under the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Transaction”	the acquisition by the Purchaser of the Sale Shares pursuant to the terms and conditions of the Disposal Agreement

“Warranties”	the representations and warranties made by the Company pursuant to the Disposal Agreement
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

By Order of the Board
Rosedale Hotel Holdings Limited
Chan Ling, Eva
Managing Director

Hong Kong, 2 February 2012

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

For the purpose of illustration only, amounts denominated in US\$ have been translated into HK\$ at the rate of US\$1 = HK\$7.7966. Such translation should not be construed as a representation that the amounts quoted could have been or could be or will be converted at the stated rate or at any other rates at all.