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 2011

The board of directors (the "Board") of Rosedale Hotel Holdings Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 31 December 2011 together with comparative figures for the corresponding period in 2010 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	NOTES	**2011** *HK$'000*	2010 *HK$'000*
Continuing operations			
Turnover	*5*	**391,023**	309,339
Direct operating costs		**(330,710)**	(283,948)
Gross profit		**60,313**	25,391
Interest income		**164**	679
Other income and gains		**1,877**	59,929
Distribution and selling expenses		**(4,570)**	(3,366)
Administrative expenses		**(183,091)**	(230,783)
Finance costs	*7*	**(23,895)**	(56,517)
Impairment loss recognised in respect of amount due from an investee		**(6,383)**	–
Impairment loss recognised in respect of other intangible assets		**(10,094)**	(27,735)
Impairment loss recognised in respect of property, plant and equipment	*12*	**(31,150)**	(32,474)
(Decrease) increase in fair value of investments held for trading		**(9,540)**	3,317
Gain on disposal of subsidiaries		**9,487**	565
(Loss) gain on disposal of associates		**(9)**	5,390
(Loss) gain on disposal of property, plant and equipment		**(24,591)**	4,075
Change in fair value of investment properties	*13*	**13,543**	(34,000)
Share of result of an associate		**(7,089)**	–
Share of result of a jointly controlled entity		**–**	(1,705)
Impairment loss recognised in respect of available-for-sale investments		**–**	(3,638)
Fair value loss on derivative financial instrument		**(2,858)**	–

	NOTES	2011 HK$'000	2010 HK$'000
Loss before taxation	8	**(217,886)**	(290,872)
Taxation (expense) credit	9	**(1,445)**	4,061
Loss for the year from continuing operations		**(219,331)**	(286,811)
Discontinued operations			
Profit for the year from discontinued operations		**–**	699,724
(Loss) profit for the year		**(219,331)**	412,913
Other comprehensive (expense) income			
Exchange difference arising on translation of financial statements of foreign operations		**60,146**	60,516
Release of translation reserve upon disposal of subsidiaries		**(1,105)**	–
		59,041	60,516
Total comprehensive (expense) income for the year		**(160,290)**	473,429
Loss for the year attributable to:			
Owners of the Company			
– Loss for the year from continuing operations		**(206,643)**	(269,041)
– Profit for the year from discontinued operations		**–**	737,487
(Loss) profit for the year attributable to owners of the Company		**(206,643)**	468,446
Non-controlling interests			
– Loss for the year from continuing operations		**(12,688)**	(17,770)
– Loss for the year from discontinued operations		**–**	(37,763)
Loss for the year attributable to non-controlling interests		**(12,688)**	(55,533)
Total comprehensive (expense) income attributable to:			
Owners of the Company		**(153,674)**	519,232
Non-controlling interests		**(6,616)**	(45,803)
		(160,290)	473,429
		HK$	HK$
(Loss) earnings per share			
From continuing and discontinued operations			
– Basic and diluted	11	**(0.31)**	0.81
From continuing operations			
– Basic and diluted	11	**(0.31)**	(0.47)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2011

	NOTES	**31.12.2011** **HK$'000**	31.12.2010 HK$'000 (restated)	1.1.2010 HK$'000 (restated)
Non-current assets				
Property, plant and equipment	*12*	**2,137,518**	1,910,198	2,092,343
Investment properties	*13*	**271,400**	294,493	257,683
Interests in associates		**4**	4	3,045
Interests in jointly controlled entities		**17,050**	–	6,426
Available-for-sale investments		**63,877**	120,136	116,229
Other intangible assets		**39,018**	61,558	304,388
Loan to a jointly controlled entity		**–**	–	11,252
Amounts due from associates		**33,996**	41,085	–
Amounts due from an investee		**–**	17,216	–
Pledged bank deposits		**14,933**	–	–
Club debenture, at cost less impairment		**520**	520	541
Other assets		**32,861**	43,116	127,721
		2,611,177	2,488,326	2,919,628
Current assets				
Inventories		**6,088**	5,874	6,452
Amounts due from related companies		**–**	–	629
Amounts due from associates		**–**	5	24,489
Amount due from a jointly controlled entity		**–**	–	1,086
Amount due from an investee		**12,300**	–	–
Available-for-sale investments		**56,259**	–	–
Trade and other receivables	*14*	**64,220**	68,172	345,138
Loan receivable		**–**	–	4,545
Investments held for trading		**15,682**	19,011	5,239
Tax recoverable		**–**	–	3
Pledged bank deposits		**–**	–	12,115
Trading cash balances		**–**	–	182
Bank balances and cash		**353,202**	387,519	344,486
		507,751	480,581	744,364
Assets classified as held for sale		**32,727**	54,362	42,020
		540,478	534,943	786,384

	NOTE	31.12.2011 HK$'000	31.12.2010 HK$'000 (restated)	1.1.2010 HK$'000 (restated)
Current liabilities				
Trade and other payables	15	**131,886**	153,806	694,160
Provision for loss contingencies		**–**	–	4,639
Loans from a related company		**14,569**	10,000	18,000
Amounts due to associates		**–**	–	9,543
Tax liabilities		**14,138**	14,694	18,728
Amount due to a related company		**100**	–	2,562
Obligations under finance leases – amount due within one year		**–**	–	291
Borrowings – amount due within one year		**483,880**	61,537	153,665
Convertible notes		**–**	330,842	–
Amounts due to non-controlling shareholders of subsidiaries		**9,157**	8,726	120,876
Derivative financial instrument		**2,858**	–	–
		656,588	579,605	1,022,464
Liabilities directly associated with assets classified as held for sale		**–**	1,734	–
		656,588	581,339	1,022,464
Net current liabilities		**(116,110)**	(46,396)	(236,080)
Total assets less current liabilities		**2,495,067**	2,441,930	2,683,548
Non-current liabilities				
Obligations under finance leases – amount due after one year		**–**	–	217
Borrowings – amount due after one year		**222,963**	–	–
Convertible notes		**–**	–	635,766
Deferred taxation		**177,858**	172,779	172,597
		400,821	172,779	808,580
Net assets		**2,094,246**	2,269,151	1,874,968
Capital and reserves				
Share capital		**6,577**	6,577	109,199
Reserves		**1,848,382**	1,998,980	1,394,197
Equity attributable to owners of the Company		**1,854,959**	2,005,557	1,503,396
Non-controlling interests		**239,287**	263,594	371,572
Total equity		**2,094,246**	2,269,151	1,874,968

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"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information of the annual report.

The Company is an investment holding company. Its principal subsidiaries are engaged in the business of hotel operation and trading of securities. In prior year, the Company terminated its travel and other related services and luxury trains services.

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

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 view of the fact that the Group's current liabilities exceeded its current assets by approximately HK$116,110,000 as at 31 December 2011 and recorded recurring losses from continuing operations of approximately HK$219,331,000 for the year then ended. 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 were undrawn borrowing facilities of approximately HK$57,881,000 at the end of the reporting period 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")

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

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related Party Disclosures
Amendments to HKAS 32	Classification of Right Issues
Amendments to HK(IFRIC) – Int 14	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

Except as described below, the application of the new and revised HKFRSs in the current year has no material impact on the Group's financial performance and positions for the current and prior years and on the disclosures set out in these consolidated financial statements.

HKAS 24 Related Party Disclosures (as revised in 2009)

- HKAS 24 (as revised in 2009) has been revised on the following two aspects:

- HKAS 24 (as revised in 2009) has changed the definition of a related party; and

- HKAS 24 (as revised in 2009) introduces a partial exemption from the disclosure requirements for government-related entities.

The Company and its subsidiaries are not government-related entities. The application of the revised definition of related party set out in HKAS 24 (as revised in 2009) in the current year has resulted in the reclassification of relate parties that were identified as related parties in previous years' financial statements.

The directors of the Company have reconsidered the definition of related parties in accordance with HKAS 24 (as revised in 2009) and certain of the companies previously considered to be related parties due to having common directors/shareholders are no longer considered as related parties, and accordingly, transactions with these companies are not disclosed separately.

The related party disclosures set out in notes to the consolidated financial statements have been changed to reflect the application of the revised standard. Changes have been applied retrospectively.

The effect of change in the definition of a related party described above on financial position of the Group as at 31 December 2010 is as follows:

	At 31.12.2010 (originally stated)	**Adjustments**	**At 31.12.2010 (restated)**
	HK$'000	*HK$'000*	*HK$'000*
Amounts due from related companies	2,583	(2,583)	–
Trade and other receivables	65,589	2,583	68,172
Trade and other payables	101,930	51,876	153,806
Amounts due to related companies	51,876	(51,876)	–
Loans from a related company	15,500	(5,500)	10,000
Borrowings	56,037	5,500	61,537
Total effect on net assets	293,515	–	293,515

The effect of changes in the definition of a related party described above on the financial position of the Group as at 1 January 2010 is as follows:

	At 1.1.2010 (originally stated)	**Adjustments**	**At 1.1.2010 (restated)**
	HK$'000	*HK$'000*	*HK$'000*
Amounts due from related companies	36,610	(35,981)	629
Trade and other receivables	309,157	35,981	345,138
Trade and other payables	631,703	62,457	694,160
Amounts due to related companies	65,019	(62,457)	2,562
Loans from a related company	119,881	(101,881)	18,000
Borrowings	51,784	101,881	153,665
Total effect on net assets	1,214,154	–	1,214,154

The changes in the definition of a related party have had no impact on the reported profit or loss and (loss) earnings per share for the current and prior years.

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.

Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets[1]
	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
HKAS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[5]
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets[4]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[6]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

[1] *Effective for annual periods beginning on or after 1 July 2011*

[2] *Effective for annual periods beginning on or after 1 January 2013*

[3] *Effective for annual periods beginning on or after 1 January 2015*

[4] *Effective for annual periods beginning on or after 1 January 2012*

[5] *Effective for annual periods beginning on or after 1 July 2012*

[6] *Effective for annual periods beginning on or after 1 January 2014*

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at 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 reporting periods.

  In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss. At 31 December 2011, the Group had available-for-sale investments of approximately HK$63,877,000 which are subsequently carried at cost less impairment.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss ("FVTPL")) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at FVTPL, 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 recognition 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 FVTPL was presented in profit or loss.

The directors anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and HK(SIC) – Int 12 Consolidation – Special Purpose Entities. HKFRS 10 includes a new definition of control that contains three elements:

(a) power over an investee,

(b) exposure, or rights, to variable returns from its involvement with the investee, and

(c) the ability to use its power over the investee to affect the amount of the investor's returns.

Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures and HK(SIC) – Int 13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The application of these five standards may have significant impact on amounts reported in the consolidated financial statements. The application of HKFRS 10 may result in the Group no longer consolidating some of its investees, and consolidating investees that were not previously consolidated. However, the directors have not yet performed a detailed analysis of the impact of the application of these Standards and hence have not yet quantified the extent of the impact.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 Financial Instruments: Disclosures will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new Standard may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 12 Deferred Tax - Recovery of Underlying Assets

The amendments to HKAS 12 provide an exception to the general principles in HKAS 12 that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 Investment Property are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The amendments to HKAS 12 are effective for annual periods beginning on or after 1 January 2012. The directors anticipate that the application of the amendments to HKAS 12 in future accounting periods may result in adjustments to the amounts of deferred tax liabilities recognised in prior years regarding the Group's investment properties of which the carrying amounts are presumed to be recovered through sale. At 31 December 2011, the Group has investment property of approximately HK$271,400,000.

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 (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, investments held for trading and derivative financial instrument that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

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 for the year from continuing operations is as follows:

	2011	2010
	HK$'000	*HK$'000*
Continuing operations		
Hotel and leisure services	**391,023**	309,339

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 reportable and operating segments under HKFRS 8 are as follows:

1. Hotel and leisure services – hospitality services
2. Securities trading – trading of equity securities

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

For the year ended 31 December 2011

Continuing operations

	Hotel and leisure services *HK$'000*	**Securities trading** *HK$'000*	**Consolidated** *HK$'000*
Turnover	**391,023**	**–**	**391,023**
Results			
Amount excluding impairment loss recognised in respect of other intangible assets, and property, plant and equipment	**(122,255)**	**(9,549)**	**(131,804)**
Impairment loss recognised in respect of other intangible assets and property, plant and equipment	**(41,244)**	**–**	**(41,244)**
Segment loss	**(163,499)**	**(9,549)**	**(173,048)**
Interest income			**164**
Share of result of an associate			**(7,089)**
Impairment loss recognised in respect of an investee			**(6,383)**
Gain on disposal of subsidiaries			**9,487**
Loss on disposal of an associate			**(9)**
Change in fair value of investment properties			**13,543**
Fair value loss on derivative financial instrument			**(2,858)**
Finance costs			**(23,895)**
Central administrative costs and unallocated corporate expenses			**(27,798)**
Loss before taxation (continuing operations)			**(217,886)**

For the year ended 31 December 2010

Continuing operations

	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, plant 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)
Interest 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)
Finance costs			(56,517)
Central administrative costs and unallocated corporate expenses			(36,879)
Loss before taxation (continuing operations)			(290,872)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment loss represents the loss from each segment without allocation of central administrative costs, directors' salaries, gain arising from repurchase and extinguishment of convertible notes, investment income, finance costs, gain or loss on disposal of subsidiaries and associates, impairment loss recognised in respect of available-for-sale investments, amount due from an investee, change in fair value of investment properties, share of result of an associate and decrease in fair value of derivative financial instrument. There was asymmetrical allocation to operating segments because the Group allocated borrowings to operating segments without allocating the related finance costs. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

7. FINANCE COSTS

	2011	2010
	HK$'000	*HK$'000*
Continuing operations		
Interest on borrowings wholly repayable within five years	**15,242**	6,892
Loan facilities fee	**266**	849
Effective interest on convertible notes	**11,791**	49,513
Total finance costs	**27,299**	57,254
Less: amounts capitalised	**(3,404)**	(737)
	23,895	56,517

8. LOSS BEFORE TAXATION

	2011	2010
	HK$'000	*HK$'000*
Loss before taxation has been arrived at after charging (crediting):		
Continuing operations		
Depreciation of property, plant and equipment	**99,597**	84,001
Amortisation of other intangible assets	**5,115**	9,357
Total depreciation and amortisation	**104,712**	93,358
Auditor's remuneration	**4,268**	3,937
Cost of inventories recognised as expenses	**43,886**	36,574
Impairment loss recognised on club debentures	**–**	21
Minimum lease payments paid in respect of rented premises	**65,856**	65,837
Staff costs (including directors' emoluments)	**61,493**	64,770
and after crediting:		
Gross rental income from hotel properties less direct operating expense of approximately HK$831,000 (2010: HK$800,000)	**20,952**	18,294

9. TAXATION (EXPENSE) CREDIT

	2011	2010
	HK$'000	*HK$'000*
Continuing operations		
Current tax:		
PRC Enterprise Income Tax	**(3,378)**	(1,597)
Underprovision in prior years	**(1,327)**	(73)
Deferred tax:		
Current year	**3,260**	5,731
Taxation (expense) credit	**(1,445)**	4,061

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. No Hong Kong Profits Tax is provided as the Group incurred assessable loss 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.

10. DIVIDENDS

	2011	2010
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
Ordinary shares:		
2011 special – HK$Nil per share (2010: HK$0.10)	**–**	54,601

The directors of the Company do not recommend the payment of a final dividend for the year ended 31 December 2011.

11. (LOSS) EARNINGS PER SHARE

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

From continuing and discontinued operations

	2011	2010
	HK$'000	*HK$'000*
(Loss) earnings attributable to owners of the Company for the purposes of basic and diluted (loss) earnings per share	**(206,643)**	468,446

	Number of shares	
	2011	2010
Weighted average number of ordinary shares for the purposes of basic and diluted (loss) earnings per share	**657,675,872**	576,601,952

The calculation of diluted (loss) earnings per share for the years ended 31 December 2011 and 2010 has not assumed the conversion of the Company's then outstanding convertible notes as the potential ordinary shares are anti-dilutive during both years.

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:

	2011	2010
	HK$'000	*HK$'000*
(Loss) profit for the year attributable to the owners of the Company	**(206,643)**	468,446
Less: Profit for the year from discontinued operations	**–**	737,487
Loss for the purposes of basic and diluted loss per share from continuing operations	**(206,643)**	(269,041)

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

From discontinued operations

For the year ended 31 December 2010, basic and diluted earnings per share from discontinued operations was HK$1.27 per share, based on the profit for the year from discontinued operations of approximately HK$737,487,000 and the denominators detailed above for both basic and diluted earnings per share.

12. PROPERTY, PLANT AND EQUIPMENT

In view of the loss making from the hotel operations, the directors have reviewed the recoverability of the carrying amounts of the Group's existing hotel properties and leasehold improvements at the end of the reporting period.

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. No impairment loss (2010: HK$2,472,000) has been recognised in respect of the Group's hotel properties during the year .

The directors have reviewed the recoverability of the carrying amounts of the Group's leasehold improvements in respect of hotel properties under operating lease 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 12% (2010: 16.2%). The directors determined that the carrying amounts of the leasehold improvements exceeded their recoverable amounts. Accordingly, an impairment loss of approximately HK$31,150,000 (2010: HK$30,002,000) has been recognised in respect of these leasehold improvements.

13. INVESTMENT PROPERTIES

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

The fair value at 31 December 2011 and 2010 has been arrived at on the basis of a valuation carried out on that date by independent qualified professional valuers not connected with the Group who 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 direct comparison approach. Direct comparison approach considers the relevant market comparables as available in the locality as at the date of valuation by reference to market evidence of transaction prices for similar properties in similar locations and conditions.

14. TRADE AND OTHER RECEIVABLES

	At 31.12.2011	At 31.12.2010	At 1.1.2010
	HK$'000	*HK$'000*	*HK$'000*
		(restated)	(restated)
Trade receivables	**10,805**	25,281	27,923
Less: allowance for doubtful debts	**–**	(2,577)	(2,635)
	10,805	22,704	25,288
Other receivables	**53,415**	45,468	319,850
Total trade and other receivables	**64,220**	68,172	345,138

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

	2011	2010
	HK$'000	*HK$'000*
0 – 30 days	**6,983**	7,704
31 – 60 days	**2,244**	1,915
61 – 90 days	**816**	1,685
Over 90 days	**762**	11,400
	10,805	22,704

15. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of approximately HK$10,287,000 (2010: HK$11,151,000) and the aged analysis of the trade payables presented based on the invoice date at the end of the reporting period is as follows:

	2011	2010
	HK$'000	*HK$'000*
0 – 30 days	**5,083**	5,300
31 – 60 days	**2,863**	2,474
61 – 90 days	**1,427**	701
Over 90 days	**914**	2,676
	10,287	11,151

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

The Group attained a turnover of HK$391 million from its continuing operations for the year ended 31 December 2011, represented an increase of 26.4% as compared to HK$309.3 million in 2010. Gross profit for the year increased by 1.37 times to HK$60.3 million for the year ended 31 December 2011. The results of the Group for the year ended 31 December 2011 was a loss of HK$219.3 million against the profit of HK$412.9 million in 2010, which was mainly attributable to a gain on disposal of the travel and related business of approximately HK$716.9 million. However, the aforesaid gain on disposal was a non-recurring item and there was no similar item recorded for the year ended 31 December 2011. Notwithstanding that the Group has recorded a loss from its continuing operations of HK$219.3 million for the year ended 31 December 2011 (2010: HK$286.8 million), this represented a 23.5% reduction of loss from that of the previous year. This improvement was resulted mainly from decreases in various cost items during the reporting year. Loss for the year from continuing operations was arrived at after charging mainly administrative expenses of HK$183.1 million (2010: HK$230.8 million); finance costs of HK$23.9 million (2010: HK$56.5 million); impairment loss recognised in respect of other intangible assets arising from certain under-performed hotel lease contracts of HK$10.1 million (2010: HK$27.7 million); impairment loss recognised in respect of property, plant and equipment of HK$31.2 million (2010: HK$32.5 million) and increase in fair value of investment properties of HK$13.5 million (2010: decrease of HK$34.0 million).

SEGMENT RESULTS

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 26.4% to HK$391 million for the year ended 31 December 2011 (2010: HK$309.3 million) resulted from the increasing average room rate and average occupancy rates. The strong Renminbi and the expanding Square Inn budget hotel chain also played an important role in this improving performance. Segment loss for the reporting year was HK$163.5 million (2010: HK$225.2 million). Loss for the year was mainly attributable to the high depreciation charge on the Group's hotel properties and ancillary fixed assets.

Securities Trading

Loss from securities trading for the year ended 31 December 2011 was HK$9.5 million (2010: profit of HK$3.3 million).

MATERIAL ACQUISITIONS AND DISPOSALS

On 26 September 2011, the Group entered into a share sale agreement with an independent third party in relation to the disposal of the entire issued share capital of Gold Richly Limited at a consideration of RMB45,000,000 (equivalent to approximately HK$55,102,000). Gold Richly Limited was the then subsidiary of the Company and its major activity was the holding of, through a wholly foreign owned entity in the PRC, a resort hotel development with three blocks of one to two-storey buildings erected on two parcels of land located at Hailing Island, Yangjiang City, Guangdong Province, the PRC. The said share sale agreement was completed in October 2011.

On 13 January 2012, the Group entered into a conditional sale and purchase agreement with an independent third party (the "Vendor"). Pursuant to the agreement, the Vendor has agreed to sell and the Group has agreed to purchase 14,000,000 ordinary shares of US$0.02 each in the capital of Apex Quality Group Limited ("Apex"), representing approximately 5.05% of the issued share capital of Apex at a total cash consideration of HK$62,000,000. Following completion, the Company's equity interest in Apex was increased to approximately 88.2% and Apex remains as an indirect non wholly-owned subsidiary of the Company. The said agreement was completed in January 2012.

On 2 February 2012, the Company entered into a conditional agreement with C-Travel International Limited ("C-Travel") and pursuant to which the Company has conditionally agreed to sell and C-Travel has conditionally agreed to purchase the remaining 10% equity interest in the issued share capital of HKWOT (BVI) Limited, at a consideration of US$9.44 million (equivalent to approximately HK$73.6 million). The consideration shall be paid by C-Travel 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 said agreement was completed in February 2012.

On 1 February 2012, Eagle Spirit Holdings Limited ("Eagle Spirit"), a wholly-owned subsidiary of the Company, entered into a conditional share sale agreement (the "Agreement") with an independent third party (the "Purchaser"), amongst other things, for the disposal of the entire equity interest (the "Sale Share") in and the shareholder's loan (the "Sale Loan") to More Star Limited ("More Star") for a total consideration of approximately HK$1,317,708,000 (subject to adjustment). Of the total consideration, 95% will be settled by way of payment in cash, while the remaining 5% will be settled by the Purchaser by way of issue of the consideration units to Eagle Spirit (or its related entity as approved by the Purchaser). The consideration units represent interest in the stapled group comprising the Ascendas Hospitality Real Estate Investment Trust and Ascendas Hospitality Business Trust admitted for trading on the Main Board of Singapore Exchange Securities Trading Limited under the initial public offering of the units which is in contemplation. More Star is a wholly-owned subsidiary of Eagle Spirit. The sole asset of More Star is its investment in the entire issued share capital of Fortress State International Limited ("Fortress State") and of which the sole asset is the building currently named as the "Rosedale Hotel Kowloon" (the "Property") under construction on Kowloon Inland Lot No. 11208 located at No. 86 Tai Kok Tsui Road, Tai Kok Tsui, Kowloon, Hong Kong. It is a term of the Agreement that Rosedale Hotel Kowloon Limited, a wholly-owned subsidiary of Eagle Spirit, shall enter into a master lease upon the later of (i) issuance of the Certificate of Compliance; and (ii) completion of the Agreement. Under the master lease, Rosedale Hotel Kowloon Limited shall lease the Property for hotel operation from Fortress State for a term commencing from the date of signing until six (6) years after the date of completion. Under the Agreement, Eagle Spirit also granted to the Purchaser a put option pursuant to which, under certain circumstances after completion, the Purchaser may require Eagle Spirit to purchase back all of the issued shares of More Star and all shareholder's loan due by More Star to the Purchaser at the consideration equal to (i) the total consideration of the Sale Share and the Sale Loan; and (ii) any amount injected into the More Star and Fortress State after completion. The disposal of the Sale Share and the Sale Loan constitutes a very substantial disposal whereas the exercise of the put option by the Purchaser constitutes a very substantial acquisition for the Company under the Listing Rules. The said share sale agreement and the transactions contemplated thereunder are therefore subject to the shareholders' approval requirements under the Listing Rules. A special general meeting will be convened by the Company to consider and approve, if thought fit, the Agreement and the transactions contemplated thereunder. At the date of this announcement, the special general meeting has not yet been convened.

LIQUIDITY AND FINANCIAL RESOURCES

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

	At 31.12.2011	At 31.12.2010
	HK$ million	*HK$ million*
Loans from a related company	**14.6**	10.0
Borrowings – amount due within one year	**483.9**	61.5
Borrowings – amount due after one year	**223.0**	–
Convertible notes	**–**	330.8
	721.5	402.3

The convertible notes issued in June 2006, matured on 7 June 2011, were of a fixed coupon rate of 2% per annum and other borrowings of approximately HK$8.1 million bear interest at a fixed rate of 10% per annum. All other borrowings bear floating interest rates. During the year, the Group repaid bank loan due of approximately HK$46.0 million and obtained three new bank loans amounting to HK$638.7 million. The loans bear interest at Hong Kong Interbank Offer Rate ("HIBOR") plus 1.75%, HIBOR plus 2.46% and Renminbi Benchmark Deposit and Loan Rate times 120% per annum to finance the construction of the hotel in Tai Kok Tsui and for general operation uses. Bank deposits of approximately HK$14.9 million and properties of approximately HK$1,324.6 million were pledged as securities for these bank borrowings as at 31 December 2011.

The gearing ratio as at 31 December 2011, expressed as a percentage of total borrowings to equity attributable to owners of the Company, was 38.9% (2010: 20.1%).

PLEDGE OF ASSETS

At 31 December 2011, certain assets of the Group at net book value of HK$1,339.6 million (2010: HK$255.7 million) were pledged to banks for credit facilities.

At 31 December 2011, the Group's 10% interest in HKWOT (BVI) Limited was pledged to C-Travel 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 C-Travel 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 C-Travel for a year 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 2011 was approximately HK$56.3 million (2010: HK$56.3 million).

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 December 2011 (2010: Nil).

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 2011, the Group had 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 2011, the Group had 1,778 employees of which 1,569 employees were stationing 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 world economy is on the brink of another major downturn. Global economic growth started to decelerate in mid-2011 and is estimated to have averaged 2.8 per cent over the last year. This economic slowdown is expected to continue into 2012 and 2013. The United Nations baseline forecast for the growth of world gross product (WGP) is 2.6 per cent for 2012 and 3.2 per cent for 2013, which is below the pre-crisis pace of global growth.

Persistent high unemployment in the United States and low wage growth are holding back aggregate demand and, together with the prospect of prolonged depressed housing prices, this has heightened risks of a new wave of home foreclosures. Growth in the Euro zone has slowed considerably since the beginning of 2011 and the ever-simmering sovereign debt crisis heavily weighs on consumer and business confidence across Europe. The failure of policymakers in developed countries to address unemployment and prevent sovereign debt distress and financial sector fragility from escalating has posed the most acute risk for the global economy in the outlook for 2012-2013. Meanwhile, developing countries and economies in transition are expected to continue to stoke the engine of the world economy, growing on average by 5.4 per cent in 2012 and 5.8 per cent in 2013 in the baseline outlook. Among the major developing countries, growth in China and India is expected to remain robust.

The Group, with years of successful experience in the PRC hospitality industry, has already got its place in this flourishing market. The Group's four-star rated Rosedale hotel chain comprises four self-owned hotels located in the PRC and the leased-and-operated Rosedale on the Park located in Hong Kong currently running in total of over 1,600 guests room. Following the completion of the disposal of the Rosedale Hotel Kowloon in June 2012, the financial strength of the Group shall be further enhanced to facilitate the enlargement of its business hotel portfolio in the PRC. Following the rapid expansion of the "Square Inn" budget hotel chain during 2010 and 2011, the Group shall concentrate on procuring and operating quality leased-and-operated hotels in the PRC. The Group has currently had approximately 50 "Square Inn" branded hotels in operation, located in the Mainland mainly in decent cities such as Guangzhou and Beijing and popular tourists spots like Wuyishan.

In the future, the Group shall continue to put resources to strengthen its branding and position in the market and 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 2011 (2010: Nil).

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2011.

REVIEW OF ACCOUNTS

The audit committee of the Company has reviewed with the management the annual results of the Group for the year ended 31 December 2011 including the accounting principles and practices adopted by the Group.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code") as contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the year ended 31 December 2011 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 two irregular board meetings were held. In addition, two 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 had 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 of the Company, Mr. Cheung Hon Kit, was unable to attend the annual general meeting held on 25 May 2011 (the "2011 AGM") as he had other important business engagement. Nevertheless, Ms. Chan Ling, Eva, the Managing Director of the Company, attend and took the chair of the 2011 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 2012 annual general meeting of the Company (the "2012 AGM") will be held on 22 May 2012. For details of the 2012 AGM, please refer to the notice of 2012 AGM which will be published in due course.

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

Hong Kong, 7 March 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