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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 RESPECT OF
POSSIBLE DISPOSAL**

The announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

The Board announces that on 24 October 2012 (after trading hours), the Vendor entered into the MOU with the Purchaser in relation to the Possible Disposal, being the possible disposal of the entire issued share capital of the Target, at the Consideration of HK\$52,000,000. If the parties fail to sign the Formal Agreement on or before the Signing Date for whatever reason, the MOU shall lapse automatically.

The Board wishes to emphasise that no legally binding agreement in relation to the Possible Disposal has been entered into by the parties as at the date of this announcement. **As the Formal Agreement in respect of the Possible Disposal may or may not be entered into, investors and shareholders of the Company are advised to exercise caution when dealing in the shares of the Company.**

The Possible Disposal, if it materialises, may constitute a notifiable transaction for the Company under the Listing Rules. Further announcement in respect of the Possible Disposal will be made by the Company as and when appropriate in accordance with the Listing Rules.

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of the Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

POSSIBLE DISPOSAL

The board (“**Board**”) of directors (the “**Directors**”) of Rosedale Hotel Holdings Limited (the “**Company**”) announces that on 24 October 2012 (after trading hours), Enjoy Media Holdings Limited (the “**Vendor**”), a subsidiary of the Company, entered into a memorandum of understanding (the “**MOU**”) with Kong Wa (the “**Purchaser**”) in relation to the possible disposal (the “**Possible Disposal**”) of the entire issued share capital of Square Inn Hotel Management Limited, a limited liability company incorporated in Macau (the “**Target**”).

Set out below is the principal terms of the MOU:

Date: 24 October 2012 (after trading hours)

Parties

Vendor: Enjoy Media Holdings Limited, a subsidiary of the Company

Purchaser: Kong Wa. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, he is a third party independent of the Company and its connected persons (as defined in the Listing Rules).

Assets to be acquired

The entire issued share capital of the Target, which is principally engaged in the holding of lease contract for the operation of a three-star hotel in Macau (the “**Hotel**”). The Hotel has not yet been in operation pending the grant of a hotel licence by the relevant government authority.

Amount of consideration

The consideration (the “**Consideration**”) of the Possible Disposal is HK\$52,000,000 which shall be payable as follows:

- (a) upon signing of the MOU, HK\$5,200,000 shall be paid by the Purchaser to the Vendor as earnest money (the “**Earnest Money**”). Upon signing of the Formal Agreement (as defined below), the Earnest Money shall automatically be applied as deposit and part payment of the Consideration; and

- (b) the balance of the Consideration shall be paid by the Purchaser to the Vendor upon completion of the Formal Agreement.

Signing of the Formal Agreement

The Purchaser and the Vendor shall sign a formal agreement (the “**Formal Agreement**”) in relation to the sale and purchase of the Target on or before 31 January 2013 (the “**Signing Date**”) or such later date as may be agreed by the parties in writing.

Lapse of the MOU

If the parties fail to sign the Formal Agreement on or before the Signing Date for whatever reason, the MOU shall lapse automatically.

The Earnest Money (without interest) shall be fully refunded by the Vendor to the Purchaser within 14 days upon receiving the written demand from the Purchaser upon lapse of the MOU.

Termination of the MOU

Each party shall have the right, before the Signing Date, to terminate the MOU by serving a three-day prior written notice (the “**Termination Notice**”) to the other party.

In the event that the Vendor shall serve the Termination Notice to the Purchaser, the Vendor shall, within five days after serving of the Termination Notice, refund the Earnest Money (without interest) to the Purchaser as full and final settlement of all claims thereunder.

In the event that the Purchaser shall serve the Termination Notice to the Vendor, the Vendor shall have the right to forfeit the Earnest Money.

Save for certain clauses such as the refund of Earnest Money, the amount of Consideration, the lapse and termination of the MOU as disclosed above, the confidentiality clause as well as the communication clause, the MOU is not legally binding.

REASONS FOR ENTERING INTO THE MOU

The Target was acquired by the Group a few years ago for purpose of enabling the Group to enter into the budget hotel market in Macau. As at the date of this announcement, the hotel licence, responsible by the landlord of the Hotel, has not yet been issued by the relevant government authority. Since the Group has no control as to the timing of the issuance of the hotel licence, the Possible Disposal may provide the Group an exit opportunity and to focus its resources on other core businesses.

GENERAL

The Board wishes to emphasise that no legally binding agreement in relation to the Possible Disposal has been entered into by the parties as at the date of this announcement. **As the Formal Agreement in respect of the Possible Disposal may or may not be entered into, investors and shareholders of the Company are advised to exercise caution when dealing in the shares of the Company.**

The Possible Disposal, if it materialises, may constitute a notifiable transaction for the Company under the Listing Rules. Further announcement in respect of the Possible Disposal will be made by the Company as and when appropriate in accordance with the Listing Rules.

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

Hong Kong, 24 October 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