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 2012

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 2012 together with comparative figures for the corresponding period in 2011 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	NOTES	**2012** **HK$'000**	2011 HK$'000
Turnover	*5*	**429,466**	391,023
Direct operating costs		**(318,660)**	(330,710)
Gross profit		**110,806**	60,313
Interest income		**194**	164
Other income and gains		**3,419**	1,877
Distribution and selling expenses		**(5,550)**	(4,570)
Administrative expenses		**(162,965)**	(183,091)
Finance costs	*7*	**(18,602)**	(23,895)
Gain on disposal of available-for-sale-investment		**17,037**	–
Impairment loss recognised in respect of amount due from an investee		**–**	(6,383)
Impairment loss recognised in respect of other intangible assets		**(34,081)**	(10,094)
Impairment loss recognised in respect of property, plant and equipment	*12*	**(44,183)**	(31,150)
Increase (decrease) in fair value of investments held for trading		**1,849**	(9,540)
Gain on disposal of subsidiaries		**2,216**	9,487
Loss on disposal of an associate		**–**	(9)
Loss on disposal of property, plant and equipment		**(26,251)**	(24,591)
Increase in fair value of investment properties	*13*	**9,971**	13,543
Share of result of an associate		**(2,100)**	(7,089)
Fair value gain (loss) on derivative financial instrument		**128**	(2,858)

	NOTES	2012 HK$'000	2011 HK$'000
Loss before taxation	8	**(148,112)**	(217,886)
Taxation expense	9	**(933)**	(1,445)
Loss for the year		**(149,045)**	(219,331)
Other comprehensive expense			
Exchange difference arising on translation of financial statements of foreign operations		**5,822**	60,146
Release of translation reserve upon disposal of subsidiaries		**–**	(1,105)
		5,822	59,041
Total comprehensive expense for the year		**(143,223)**	(160,290)
Loss for the year attributable to:			
Owners of the Company		**(143,188)**	(206,643)
Non-controlling interests		**(5,857)**	(12,688)
		(149,045)	(219,331)
Total comprehensive expense attributable to:			
Owners of the Company		**(137,366)**	(153,674)
Non-controlling interests		**(5,857)**	(6,616)
		(143,223)	(160,290)
		HK$	*HK$*
Loss per share			
– Basic	11	**(0.22)**	(0.31)
– Diluted	11	**N/A**	(0.31)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2012

	NOTES	2012 HK$'000	2011 HK$'000
Non-current assets			
Property, plant and equipment	*12*	**2,202,407**	2,137,518
Investment properties	*13*	**324,000**	271,400
Interest in an associate		**4**	4
Interests in jointly controlled entities		**17,050**	17,050
Available-for-sale investments		**63,877**	63,877
Other intangible assets		**–**	39,018
Amount due from an associate		**31,896**	33,996
Pledged bank deposits		**11,780**	14,933
Club debentures, at cost less impairment		**520**	520
Other assets		**50,804**	32,861
		2,702,338	2,611,177
Current assets			
Inventories		**6,184**	6,088
Amount due from an investee		**–**	12,300
Available-for-sale investments		**–**	56,259
Trade and other receivables	*14*	**54,001**	64,220
Investments held for trading		**290**	15,682
Pledged bank deposits		**3,263**	–
Bank balances and cash		**364,066**	353,202
		427,804	507,751
Asset classified as held for sale		**–**	32,727
		427,804	540,478

	NOTES	2012 HK$'000	2011 HK$'000
Current liabilities			
Trade and other payables	*15*	**117,061**	131,886
Loan from a related company		**–**	14,569
Tax liabilities		**11,571**	14,138
Amount due to a related company		**–**	100
Borrowings – amount due within one year		**467,889**	483,880
Amounts due to non-controlling shareholders of subsidiaries		**9,157**	9,157
Derivative financial instrument		**2,730**	2,858
		608,408	656,588
Net current liabilities		**(180,604)**	(116,110)
Total assets less current liabilities		**2,521,734**	2,495,067
Non-current liabilities			
Borrowings – amount due after one year		**458,222**	222,963
Deferred taxation		**173,754**	177,858
		631,976	400,821
Net assets		**1,889,758**	2,094,246
Capital and reserves			
Share capital		**6,577**	6,577
Reserves		**1,698,410**	1,848,382
Equity attributable to owners of the Company		**1,704,987**	1,854,959
Non-controlling interests		**184,771**	239,287
Total equity		**1,889,758**	2,094,246

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"). Its substantial shareholder is ITC Corporation Limited. 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.

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$180,604,000 as at 31 December 2012 and recorded recurring losses of approximately HK$149,045,000 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 (i) the Group has obtained additional banking facilities of HK$650,000,000 in October 2012 to refinance its short-term bank borrowings due January 2013 amounting to HK$435,000,000 with maturity dates from 2014 through 2017; and (ii) the Group has other assets available to pledge for obtaining further banking facilities. Although the new HK$650,000,000 banking facilities contain a repayable on demand clause which the bank may demand repayment at any time, the directors of the Company believe that the Company will only be demanded to repay according to the scheduled repayment dates.

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

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

Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets
Amendments to HKFRS 7	Financial Instruments: Disclosures – Transfers of Financial Assets

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 12 Deferred Tax: Recovery of Underlying Assets

The Group has applied for the first time the amendments to HKAS 12 Deferred Tax: Recovery of Underlying Assets in the current year. 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 entirely through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The Group measures its investment properties using the fair value model. As a result of the application of the amendments to HKAS 12, the directors reviewed the Group's investment property portfolios and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the directors have determined that the 'sale' presumption set out in the amendments to HKAS 12 is rebutted.

The application of the amendments to HKAS 12 has resulted in the Group recognising deferred tax liabilities on changes in fair value of the investment properties of approximately HK$4,000,000 for the year ended 31 December 2012, which is on the same basis as prior year.

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 HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle[1]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[2]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[4]
HKFRS 9	Financial Instruments[2]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
HKAS 19 (as revised in 2011)	Employee Benefits[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[3]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[4]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]

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

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

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

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

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities and amendments to HKFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to HKFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The directors anticipate that the application of these amendments to HKAS 32 and HKFRS 7 will not result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

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:

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are 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.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that 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 of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as 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 2015, with earlier application permitted.

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. However, 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. HK(SIC) – Int 12 Consolidation – Special Purpose Entities will be withdrawn upon the effective date of HKFRS 10. Under HKFRS 10, there is only one basis for consolidation, that is, control. In addition, 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 Venture. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK(SIC) – Int 13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers will be withdrawn upon the effective date of HKFRS 11. 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 consolidation.

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.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013 with earlier application permitted provided that all of these standards are applied at the same time.

Based on the existing group structure, the application of these five standards is not expected to have a significant impact on the amounts reported in the consolidated financial statements.

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 the application of the new standard may affect certain amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 Presentation of Items of Other Comprehensive Income introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a ‘statement of comprehensive income’ is renamed as a ‘statement of profit or loss and other comprehensive income’ and an ‘income statement’ is renamed as a ‘statement of profit or loss’. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in future accounting periods.

The directors of the Company anticipate that the application of the other new and revised Standards and Interpretations issued but not yet effective will have no material effect on amounts reported in the consolidated financial statements and/or disclosures set out in these consolidated financial statements of the Group.

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 is as follows:

	2012	2011
	HK$'000	*HK$'000*
Hotel operations	**429,466**	391,023

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. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

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

1. Hotel operations – hotel accommodation, food and banquet operations

2. Securities trading – trading of equity securities

Segment revenues and results

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

For the year ended 31 December 2012

	Hotel operations *HK$'000*	**Securities trading** *HK$'000*	**Consolidated** *HK$'000*
Turnover	**429,466**	**–**	**429,466**
Results			
Amount excluding impairment loss recognised in respect of other intangible assets and property, plant and equipment	**(59,620)**	**1,845**	**(57,775)**
Impairment loss recognised in respect of other intangible assets and property, plant and equipment	**(78,264)**	**–**	**(78,264)**
Segment (loss) profit	**(137,884)**	**1,845**	**(136,039)**
Interest income			**194**
Share of result of an associate			**(2,100)**
Gain on disposal of subsidiaries			**2,216**
Increase in fair value of investment properties			**9,971**
Fair value gain on derivative financial instrument			**128**
Finance costs			**(18,602)**
Central administrative costs and unallocated corporate expenses			**(3,880)**
Loss before taxation			**(148,112)**

For the year ended 31 December 2011

	Hotel operations *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)
Increase 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			(217,886)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit or loss represents the profit or loss from each segment without allocation of central administrative costs, directors' salaries, interest income, finance costs, gain on disposal of subsidiaries, certain impairment losses, loss on disposal of an associate, change in fair value of investment properties, share of result of an associate and fair value gain (loss) 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

	2012	2011
	HK$'000	*HK$'000*
Interest on borrowings wholly repayable within five years	**23,828**	15,242
Loan facilities fee	**–**	266
Effective interest on convertible notes	**–**	11,791
Total finance costs	**23,828**	27,299
Less: amounts capitalised	**(5,226)**	(3,404)
	18,602	23,895

8. LOSS BEFORE TAXATION

	2012	2011
	HK$'000	*HK$'000*
Loss before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	**76,804**	99,597
Amortisation of other intangible assets	**4,937**	5,115
Total depreciation and amortisation	**81,741**	104,712
Auditor's remuneration	**4,001**	4,268
Cost of inventories recognised as expenses	**44,166**	43,886
Impairment loss recognised in respect of other receivables	**11,526**	6,653
Minimum lease payments paid in respect of rented premises	**64,407**	65,856
Staff costs (including directors' emoluments)	**144,084**	136,601
and after crediting:		
Gross rental income from shops in hotel properties less negligible outgoings	**23,475**	20,952

9. TAXATION EXPENSE

	2012	2011
	HK$'000	*HK$'000*
Current tax:		
PRC Enterprise Income Tax	**(4,035)**	(3,378)
Underprovision in prior years	**(1,002)**	(1,327)
Deferred tax		
Current year	**4,104**	3,260
Taxation expense	**(933)**	(1,445)

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 People's Republic of China ("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

No dividend was paid or proposed during 2012, nor has any dividend been proposed since the end of the reporting period (2011: Nil).

11. LOSS PER SHARE

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

	2012	2011
	HK$'000	*HK$'000*
Loss attributable to owners of the Company for the purposes of basic and diluted loss per share	**(143,188)**	(206,643)

	Number of shares	
	2012	2011
Number of ordinary shares for the purposes of basic loss per share for 2012 and basic and diluted loss per share for 2011	**657,675,872**	657,675,872

There was no potential ordinary share outstanding during the year ended 31 December 2012.

The calculation of diluted loss per share for the year ended 31 December 2011 had not assumed the conversion of the Company's then outstanding convertible notes as the potential ordinary shares were anti-dilutive during the year ended 31 December 2011.

12. PROPERTY, PLANT AND EQUIPMENT

Due to the unsatisfactory results of some of the budget hotels in the Group's hotel operation in the PRC, the Group has disposed of certain leasehold improvements and furniture and fixtures, relating to those budget hotels operations during the year ended 31 December 2012 to certain independent third parties and closed down the relevant operations. The carrying amounts of these assets disposed of were approximately HK$45,746,000 (2011: HK$94,573,000) with cash proceed of approximately HK$20,679,000, resulting in a loss on disposal of approximately HK$25,067,000 (2011: HK$22,667,000).

In view that some of the budget hotels in the PRC are making recurring losses, and are projected to incur losses in the future periods, and with the weakening Chinese economy, the directors have reviewed the recoverability of the relevant carrying amounts of the Group's leasehold improvements incurred by the Group in respect of those budget hotels which are leased by the Group under operating leases amounting to HK$50,548,000 (2011: HK$109,384,000) and the related operating rights amounting to HK$34,081,000 (2011: HK$49,112,000) classified as intangible assets at the end of the reporting period. The recoverable amounts of the assets of the cash generating units ("CGU") which are represented by each of the budget hotels have been determined on the basis of the value in use of each of the CGUs. The discount rate in measuring the amounts of value in use was 14% (2011: 12%). The directors determined that the carrying amounts of certain of the budget hotel CGUs exceeded their recoverable amounts. Accordingly, an impairment loss of approximately HK$44,183,000 (2011: HK$31,150,000) has been recognised in respect of leasehold improvements and approximately HK$34,081,000 (2011: HK$10,094,000) in respect of operating rights of the CGUs.

The directors have also reviewed the recoverability of the carrying amounts of the Group's hotel properties (other than budget hotels disclosed above) with reference to the fair value at 31 December 2012 and 2011, which has been arrived at on the basis of a valuation carried out on that date by Asset Appraisal Limited ("Asset Appraisal"), an independent qualified professional valuer not connected with the Group. Asset Appraisal is a member of the Hong Kong Institute of Surveyors, and has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation was arrived at using the comparison method by comparison based on prices realised or market prices of comparable properties is made. No impairment loss has been recognised in respect of the Group's hotel properties for both years.

13. INVESTMENT PROPERTIES

The Group's investment properties represent a completed complex for commercial use, which is situated on medium-term land use right in the PRC.

The fair value at 31 December 2012 and 2011 has been arrived at on the basis of a valuation carried out on that date by Norton Appraisals Limited ("Norton Appraisals"), an independent qualified professional valuer not connected with the Group. Norton Appraisals is a member of the Hong Kong Institute of Surveyors, and has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

The Group's property interest held under operating lease to earn rental or for capital appreciation purpose is measured using the fair value model and is classified and accounted for as investment property.

14. TRADE AND OTHER RECEIVABLES

	2012	2011
	HK$'000	*HK$'000*
Trade receivables	**18,995**	10,805
Other receivables	**35,006**	53,415
Total trade and other receivables	**54,001**	64,220

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

	2012	2011
	HK$'000	*HK$'000*
0 – 30 days	**12,105**	6,983
31 – 60 days	**2,647**	2,244
61 – 90 days	**1,639**	816
Over 90 days	**2,604**	762
	18,995	10,805

15. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of approximately HK$9,990,000 (2011: HK$10,287,000) and the aged analysis of the trade payables presented based on the invoice date at the end of the reporting period is as follows:

	2012	2011
	HK$'000	*HK$'000*
0 – 30 days	**4,781**	5,083
31 – 60 days	**2,018**	2,863
61 – 90 days	**1,687**	1,427
Over 90 days	**1,504**	914
	9,990	10,287

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

The Group attained a turnover of HK$429.5 million from its continuing operations for the year ended 31 December 2012, represented an increase of 9.8% as compared to that of HK$391.0 million in 2011. Gross profits for the year increased by 83.7% to HK$110.8 million for the year ended 31 December 2012 (2011: HK$60.3 million). Loss for the Group for the year ended 31 December 2012 was HK$149.0 million (2011: HK$219.3 million). Loss for the year was arrived at after charging administrative expenses of HK$163.0 million (2011: HK$183.1 million); finance costs of HK$18.6 million (2011: HK$23.9 million); impairment loss recognised in respect of other intangible assets arising from certain under-performed hotel lease contracts of HK$34.1 million (2011: HK$10.1 million); impairment loss recognised in respect of property, plant and equipment of HK$44.2 million (2011: HK$31.2 million) and loss on disposal of property, plant and equipment of HK$26.3 million (2011: HK$24.6 million); and after crediting an increase in fair value of investment properties of HK$10.0 million (2011: HK$13.5 million) and gain on disposal of available-for-sale investment of HK$17.0 million (2011: Nil).

SEGMENT RESULTS

Hotel operations

Following the soft opening of the Rosedale Hotel Kowloon in July 2012, the business hotel network of the Group was further comprehended. As at 31 December 2012, the hotel operations of the Group comprised the four "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 9.8% to HK$429.5 million for the year ended 31 December 2012 (2011: HK$391.0 million) resulted from the increasing average room rates and average occupancy rates. The strong Renminbi also played an important role to this improving performance. The operating margin of the Group was further improved subsequent to the surrender and disposal of certain under-performed budget hotel leases during the year. Segment loss for the reporting year was HK$137.9 million (2011: HK$163.5 million). Loss for the year was mainly attributable to the high depreciation charge on the Group's hotel properties and ancillary fixed assets; impairment loss recognised on and loss on disposal of leasehold improvement in respect of those under-performed budget hotel leases. The impairment was made after considering the future discounted cash flows and in view of the fierce competition of budget hotel market and the weakening economy in the PRC.

Securities Trading

Profits from trading of securities for the year ended 31 December 2012 was HK$1.8 million (2011: loss of HK$9.5 million).

MATERIAL ACQUISITIONS AND DISPOSALS

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 agreed to sell and the Group 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 the completion, the Company's equity interest in Apex 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 conditionally agreed to sell and C-Travel 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 was 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). The disposal of the Sale Share and the Sale Loan constituted a very substantial disposal whereas the exercise of the put option by the Purchaser constituted a very substantial acquisition for the Company under the Listing Rules. The Agreement and the transactions contemplated thereunder were therefore subject to the shareholders' approval requirements under the Listing Rules. The Agreement and the transactions contemplated thereunder were approved by the shareholders of the Company at the special general meeting convened in April 2012. On 29 June 2012, the Purchaser informed the Company that the condition precedent to completion in relation to the initial public offering of the units in the stapled group would not be satisfied on or before 30 June 2012. Accordingly, the Agreement lapsed on 30 June 2012 and was of no further effect and no party shall have any claim against other party(ies) by reason thereof.

On 24 October 2012, Enjoy Media Holdings Limited ("Enjoy"), a subsidiary of the Group entered into a memorandum of understanding (the "MOU") with an independent third party (the "Intended Purchaser") in relation to the possible disposal of the entire issued share capital of the Square Inn Hotel Management Limited (the "Target"), at a consideration of HK$52,000,000. If the parties fail to sign a formal agreement on or before 31 January 2013 (the "Signing Date") for whatever reason, the MOU shall lapse automatically. The Target is principally engaged in the holding of a 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. On 25 January 2013, Enjoy and the Intended Purchaser entered into a supplemental memorandum of understanding, pursuant to which the parties agreed that, amongst other things, the Signing Date be extended to a date falling on or before 30 April 2013 or such later date as may be agreed by the parties in writing. No formal agreement has been entered into by the parties up to the date of this announcement.

LIQUIDITY AND FINANCIAL RESOURCES

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

	2012	2011
	HK$ '000	*HK$ '000*
Loan from a related company	**–**	14.6
Borrowings – amount due within one year	**467.9**	483.9
Borrowings – amount due after one year	**458.2**	223.0
	926.1	721.5

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 loans of approximately HK$69.7 million and obtained a new loan facility of HK$250 million at an interest rate of the higher of HIBOR plus 2.5% per annum or 3% per annum and is repayable in two instalments in December 2015 and 2017 to finance the normal operation of the Company. Bank deposits of approximately HK$15.0 million and properties of approximately HK$1,425.4 million were pledged as securities for bank borrowings as at 31 December 2012.

The gearing ratio as at 31 December 2012, expressed as a percentage of total borrowings to equity attributable to owners of the Company, was 54.3% (2011: 38.9%).

PLEDGE OF ASSETS

At 31 December 2012, certain assets of the Group at net book value of HK$1,440.4 million (2011: HK$1,337.0 million) were pledged to banks and financial institutions for credit facilities.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 December 2012 (2011: 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 2012, the Group has 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 2012, the Group has 1,371 employees of which 1,030 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 Economic Outlook projections imply that global growth will strengthen gradually through 2013, averaging 3.5 percent on an annual basis, a moderate uptick from 3.2 percent in 2012. A further strengthening to 4.1 percent is projected for 2014, assuming recovery takes a firm hold in the euro area economy. However, downside risks remain significant, including renewed setbacks in the euro area and risks of excessive near-term fiscal consolidation in the United States.

In the PRC, it is generally expected the politics and economic environment will move into a new era following the successful handover of the sovereignty to the new national leaders after the twelfth National People's Congress held in March 2013.

The Group, with years of successful experience in the PRC and domestic hospitality business, has already got its place in this flourishing market. With the newly opened Rosedale Hotel Kowloon, the Group's four-star rated business hotel chain is further comprehended with over 2,000 guests rooms in operations. The Group has already received a consent from the Beijing Municipal Commission of Urban Planning for the extension of Rosedale Hotel Beijing. The Group has a preliminary concept to increase its GFA by 25,000 square meters with the addition of approximately 250 guest rooms, a swimming pool and other ancillary facilities at the standard of a 5-star rated hotel. Facing severe competition from both local and international budget hotel brands, the Group has surrendered and/or disposed of certain non-performed hotel leases during 2012. The Group shall further review its business strategy on its budget hotel business and to focus on retaining those hotels located in Guangdong Province and with good business potentials that would provide positive contribution to the Group in the coming years.

In the future, the Group shall continue to put resources to strengthen its branding and position in the hospitality industry 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 2012 (2011: 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 2012.

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 2012 including the accounting principles and practices adopted by the Group.

CORPORATE GOVERNANCE

In the opinion of the Board, the Company complied with the code provisions set out in the Code on Corporate Governance Practices (effective until 31 March 2012) as well as the Corporate Government Code (effective from 1 April 2012) (collectively the "Code") contained in Appendix 14 of the Listing Rules during the year ended 31 December 2012 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 (2) regular Board meetings and three (3) irregular Board meetings were held. In addition, four (4) resolutions in writing were passed by the Board.

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, the remuneration committee, the nomination committee and the corporate governance 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 and re-election at the annual general meeting in accordance with Bye-Law 99 of the Bye-Laws of the Company. As such, the Board considers that this is no less exacting than that in the Code.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "AGM") will be held on 30 May 2013. For details of the AGM, please refer to the notice of AGM which will be published in due course.

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

Hong Kong, 22 March 2013

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