Rosedale Hotel Holdings Limited
珀麗酒店控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1189)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

The board of directors (the "Board") of Rosedale Hotel Holdings Limited (the "Company") announces the unaudited results of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the six months ended 30 June 2013 together with comparative figures for the corresponding period in 2012 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2013

		Six months ended	
		30.6.2013	30.6.2012
	NOTE	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Turnover	*3*	**214,581**	181,437
Direct operating costs		**(156,894)**	(137,444)
Gross profit		**57,687**	43,993
Other income, gains and losses		**(19,404)**	(20,814)
Distribution and selling expenses		**(2,076)**	(2,316)
Administrative expenses		**(122,089)**	(94,594)
Fair value change on investments held for trading		**(472)**	(530)
Finance costs		**(16,263)**	(6,470)
Fair value gain (loss) on derivative financial instrument		**929**	(300)
Loss on disposal of a subsidiary		**(15,405)**	–
Gain on disposal of an available-for-sale investment		**–**	17,037
Impairment loss recognised in respect of property, plant and equipment		**(50,407)**	(30,383)
Impairment loss recognised in respect of other intangible assets		**–**	(14,617)
Share of result of an associate		**–**	(2,100)
Share of result of a joint venture		**(1,033)**	–
Increase in fair value of investment properties		**449**	203

		Six months ended	
		30.6.2013	30.6.2012
	NOTES	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Loss before taxation	*4*	**(168,084)**	(110,891)
Taxation credit (charge)	*5*	**1,985**	(3,445)
Loss for the period		**(166,099)**	(114,336)
Other comprehensive income (expenses)			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of financial statements of foreign operations		**9,962**	(1,995)
Total comprehensive expenses for the period		**(156,137)**	(116,331)
Loss for the period attributable to:			
Owners of the Company		**(161,647)**	(111,019)
Non-controlling interests		**(4,452)**	(3,317)
		(166,099)	(114,336)
Total comprehensive expenses for the period attributable to:			
Owners of the Company		**(153,509)**	(113,014)
Non-controlling interests		**(2,628)**	(3,317)
		(156,137)	(116,331)
LOSS PER SHARE	*7*		
– Basic *(HK$)*		**(0.25)**	(0.17)
– Diluted *(HK$)*		**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2013

	NOTES	30.6.2013 HK$'000 (unaudited)	31.12.2012 HK$'000 (audited)
Non-current assets			
Property, plant and equipment	8	**1,454,267**	2,202,407
Investment properties	9	**329,000**	324,000
Interest in an associate		**–**	4
Interests in joint ventures		**22,726**	17,050
Available-for-sale investments		**63,877**	63,877
Amount due from an associate		**–**	31,896
Amount due from a joint venture		**36,922**	–
Pledged bank deposits		**10,029**	11,780
Club debentures, at cost less impairment		**520**	520
Other assets		**83,233**	50,804
		2,000,574	2,702,338
Current assets			
Inventories		**3,509**	6,184
Trade and other receivables	10	**153,070**	54,001
Investments held for trading		**7,424**	290
Pledged bank deposits		**16,806**	3,263
Bank balances and cash		**268,621**	364,066
		449,430	427,804
Assets classified as held for sale	11	**678,900**	–
		1,128,330	427,804
Current liabilities			
Trade and other payables	12	**92,431**	117,061
Tax liabilities		**11,470**	11,571
Borrowings – amount due within one year	13	**640,000**	467,889
Amount due to a non-controlling shareholder of a subsidiary		**9,271**	9,157
Derivative financial instrument		**1,801**	2,730
		754,973	608,408
Liabilities associated with assets classified as held for sale	11	**338,143**	–
		1,093,116	608,408

	NOTE	30.6.2013	31.12.2012
		HK$'000	*HK$'000*
		(unaudited)	(audited)
Net current assets (liabilities)		**35,214**	(180,604)
Total assets less current liabilities		**2,035,788**	2,521,734
Non-current liabilities			
Borrowings – amount due after one year	*13*	**250,000**	458,222
Deferred taxation		**65,667**	173,754
		315,667	631,976
Net assets		**1,720,121**	1,889,758
Capital and reserves			
Share capital		**6,577**	6,577
Reserves		**1,535,499**	1,698,410
Equity attributable to owners of the Company		**1,542,076**	1,704,987
Non-controlling interests		**178,045**	184,771
Total equity		**1,720,121**	1,889,758

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties, investments held for trading and derivative financial instrument which are measured at fair values, as appropriate.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2013 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012.

In the current interim period, the Group has applied, for the first time, the following new or revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA:

HKFRS 10	Consolidated financial statements;
HKFRS 11	Joint arrangements;
HKFRS 12	Disclosure of interests in other entities;
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance;
HKFRS 13	Fair value measurement;
HKAS 19 (as revised in 2011)	Employee benefits;
HKAS 27 (as revised in 2011)	Separate financial statements;
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures;
Amendments to HKAS 1	Presentation of items of other comprehensive income;
Amendments to HKFRS 7	Disclosures – Offsetting financial assets and financial liabilities;
Amendments to HKFRSs	Annual improvements to HKFRSs 2009-2011 cycle; and
HK(IFRIC) – INT 20	Stripping costs in the production phase of a surface mine.

Except as described below, the application of the new or revised to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

Impact of the application of HKFRS 11

HKFRS 11 replaces HKAS 31 "Interests in joint ventures", and the guidance contained in a related interpretation, HK(SIC)-Int 13 "Jointly controlled entities – Nonmonetary contributions by venturers", has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 had three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was classified as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations are different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

The directors of the Company reviewed and assessed the classification of the Group's investment in joint arrangements in accordance with the requirements of HKFRS 11. The directors concluded that Group's investments which were classified as jointly controlled entities under HKAS 31 and should be classified as joint ventures under HKFRS 11 and continue to apply the equity method.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and 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, subject to a few exceptions. HKFRS 13 contains a new definition for 'fair value' and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. Disclosures of fair value information are set out in note 24.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 introduce new terminology for 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 additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are 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 existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Amendments to HKAS 34 Interim financial reporting (as part of the Annual Improvements to HKFRSs 2009-2011 Cycle)

The Group has applied the amendments to HKAS 34 "Interim Financial Reporting" as part of the Annual Improvements to HKFRSs 2009 – 2011 Cycle for the first time in the current interim period. The amendments to HKAS 34 clarify that the total assets and total liabilities for a particular reportable segment would be separately disclosed in the interim financial statements only when the amounts are regularly provided to the chief operating decision maker ("CODM") and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.

Since the CODM considered that there was no material change in segment assets and liabilities of the Group's reportable segments for performance assessment and resource allocation purposes, the Group has not included segment assets and liabilities information as part of segment information.

3. SEGMENT INFORMATION

Segment information reported internally was analysed on the basis of the types of services provided and activities carried out by the Group's operating divisions. The Group is currently organised into two operating divisions – hotel operations and securities trading. The information reported to the Group's CODM (i.e. Executive Directors) for the purposes of resource allocation and assessment of performance is focused on these operating divisions. However, limited securities trading activities are noted for both periods.

The following is an analysis of the Group's revenue and results by reportable and operating segments for the period under review:

Six months ended 30 June 2013 (unaudited)

	Hotel operations *HK$'000*	Securities trading *HK$'000*	Consolidated *HK$'000*
Segment turnover			
External sales	**214,581**	**–**	**214,581**
Results			
Amount excluding impairment loss recognised in respect of property, plant and equipment	**(57,182)**	**(472)**	**(57,654)**
Impairment loss recognised in respect of property, plant and equipment	**(50,407)**	**–**	**(50,407)**
Segment results	**(107,589)**	**(472)**	**(108,061)**
Interest income			**1,781**
Finance costs			**(16,263)**
Loss on disposal of a subsidiary			**(15,405)**
Fair value gain on derivative financial instrument			**929**
Share of result of a joint venture			**(1,033)**
Central administrative costs and other unallocated expenses			**(30,481)**
Increase in fair value of investment properties			**449**
Loss before taxation			**(168,084)**

Six months ended 30 June 2012 (unaudited)

	Hotel operations *HK$'000*	Securities trading *HK$'000*	Consolidated *HK$'000*
Segment turnover			
External sales	181,437	–	181,437
Results			
Amount excluding impairment loss recognised in respect of other intangible assets and property, plant and equipment	(39,119)	(535)	(39,654)
Impairment loss recognised in respect of other intangible assets and property, plant and equipment	(45,000)	–	(45,000)
Segment results	(84,119)	(535)	(84,654)
Interest income			78
Finance costs			(6,470)
Fair value loss on derivative financial instrument			(300)
Share of result of an associate			(2,100)
Central administrative costs and other unallocated expenses			(17,648)
Increase in fair value of investment properties			203
Loss before taxation			(110,891)

Segment result represents the loss incurred by each segment without allocation of central administrative costs and other unallocated expenses, interest income, finance costs, share of result of an associate, share of result of a joint venture, loss on disposal of a subsidiary, changes in fair value of investment properties and the derivative financial instrument. This is the measure reported to the Group's CODM for the purposes of resource allocation and performance assessment.

4. LOSS BEFORE TAXATION

	Six months ended	
	30.6.2013	30.6.2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Loss before taxation has been arrived at after charging:		
Amortisation of other intangible assets	**–**	1,519
Depreciation of property, plant and equipment	**57,692**	40,308
Loss on disposal of property, plant and equipment (included in other gains and losses)	**249**	27,168
Minimum lease payments in respect of rented premises	**32,834**	40,312
and after crediting:		
Interest income	**1,781**	78

5. TAXATION (CREDIT) CHARGE

	Six months ended	
	30.6.2013	30.6.2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Taxation (credit) charge comprises:		
Current tax:		
Hong Kong	**–**	–
Other jurisdiction	**1,840**	3,335
Deferred tax:		
Current period	**(3,825)**	110
Taxation (credit) charge	**(1,985)**	3,445

Hong Kong Profits Tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used is 16.5% for both periods under review.

People's Republic of China ("PRC") enterprise income tax is calculated at the applicable tax rates in accordance with the relevant laws and regulations in the PRC. Taxation arising in other jurisdiction is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

6. DIVIDEND

No dividends were paid, declared or proposed during the interim period. The directors have determined that no dividend will be paid in respect of the interim period.

7. LOSS PER SHARE

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

	Six months ended	
	30.6.2013	30.6.2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Loss for the purpose of basic loss per share		
Loss for the period attributable to owners of the Company	**(161,647)**	(111,019)

	Number of shares	
Number of ordinary shares in issue during the period for the purpose of basic loss per share for the period	**657,675,872**	657,675,872

There were no potential ordinary shares outstanding during the six months ended 30 June 2013.

8. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK$58,880,000 (for the six months ended 30 June 2012: HK$144,062,000) on acquisition of property, plant and equipment of which approximately HK$22,865,000 was in relation to leasehold improvement (for the six months ended 30 June 2012: HK$109,644,000 in relation to hotel properties under construction) for hotel properties.

During the six months ended 30 June 2013, due to the continuously unsatisfactory result of a budget hotel, the Group has fully written-off the leasehold improvements of approximately HK$6,271,000 and office equipment of approximately HK$1,136,000 in relation to the budget hotel, and therefore impairment loss of approximately HK$7,407,000 has been recognised in profit or loss.

Besides, the directors have also reviewed the recoverability of the carrying amount of the Group's certain hotel properties (other than budget hotel disclosed above) with reference to their fair values at 30 June 2013, which have been arrived at on the basis of a valuation carried out on that date by Asset Appraisal Limited, an independent qualified professional valuer not connected with the Group and a member of the Hong Kong Institute of Surveyors with appropriate qualifications and recent experiences in the valuation of similar properties in relevant location. The valuation was arrived at the comparison approach based on market observable transactions of similar properties and adjusts to reflect the conditions and locations of the subject properties. Impairment loss of HK$43,000,000 has been recognised in respect of a hotel property of the Group in the PRC. No impairment loss was recognised in relation to the impairment testing carried out for the certain other hotel properties of the Group as their fair values determined in this manner were estimated to be higher than their carrying amounts.

9. INVESTMENT PROPERTIES

The fair value of investment properties in the PRC at 30 June 2013 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 valuation was arrived at using the comparison method based on market observable transactions of similar properties in other location and adjusts to reflect the conditions and location of the subject property. The resulting increase in fair value of investment properties of approximately HK$449,000 (for the six months ended 30 June 2012: HK$203,000) has been recognised in profit or loss.

10. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade receivables of approximately HK$16,969,000 (31 December 2012: HK$18,995,000). The following is an analysis of trade receivables by age, presented based on invoice date which approximate the revenue recognition date. The analysis below includes trade receivables of HK$6,032,000 classified as part of a disposal group classified as held for sale.

	At 30.6.2013 ***HK$'000*** **(unaudited)**	At 31.12.2012 *HK$'000* (audited)
0 – 30 days	**12,708**	12,105
31 – 60 days	**1,896**	2,647
61 – 90 days	**605**	1,639
Over 90 days	**1,760**	2,604
	16,969	18,995

The Group allows an average credit period of 0 to 30 days to its trade customers.

11. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

On 31 May 2013, the Group entered into a capital increase agreement ("Capital Increase Agreement") with an independent third party, pursuant to which the independent third party has conditionally agreed to make a capital contribution of US$68,800,000 (approximately HK$533,900,000) in cash to the registered capital of Rosedale Hotel Beijing Co., Ltd. ("Rosedale Beijing"), a wholly foreign-owned enterprise established in the PRC, which is a wholly-owned subsidiary of DS Eastin Limited ("DS Eastin"), of which the Group holds 88.7% equity interest, and an amount of compensation of RMB800,000,000 (approximately HK$988,000,000) to be paid by the independent third party to DS Eastin.

Upon the completion, Rosedale Beijing will become a sino-foreign joint venture entity with registered capital of US$86,000,000 (representing approximately HK$667,400,000) held as to 80% by the independent third party and as to 20% by DS Eastin.

Through the holding of approximately 88.7% equity interest in DS Eastin as at 30 June 2013, the Group will hold 17.7% effective interest in Rosedale Beijing after the Completion of the Capital Increase Agreement and Rosedale Beijing will cease to be a subsidiary of the Company and will result in a deemed disposal of Rosedale Beijing. The deemed disposal is subject to certain conditions before completion amongst which includes the shareholders' approval on the Capital Increase Agreement and the approval by the regulatory government bodies in the PRC. The details of the disposal are disclosed in the Company's circular dated 26 July 2013.

The assets and liabilities attributable to the Group's interest in Rosedale Beijing, which is expected to be sold within twelve months, have been classified as a disposal group held for sale and are presented separately in the condensed consolidated statement of financial position. The consideration is expected to exceed the net carrying amount of the relevant assets and liabilities and accordingly, no impairment loss has been recognised.

The major classes of assets and liabilities of Rosedale Beijing as at 30 June 2013, which have been presented separately in the condensed consolidated statement of financial position, are as follows:

	HK$'000
Property, plant and equipment	659,148
Pledged bank balances	1,506
Inventories	2,547
Trade and other receivables	8,353
Bank balances and cash	7,346
Assets classified as held for sale	678,900
Trade and other payables	16,195
Borrowings	215,625
Deferred tax liabilities	106,323
Liabilities associated with assets classified as held for sale	338,143

Subsequent to the end of the reporting period, one of the conditions for the deemed disposal of Rosedale Beijing was satisfied since a resolution was passed by the shareholders of the Company for the approval on the Capital Increase Agreement at a special general meeting held on 13 August 2013. The transaction has not been completed up to the date of the issuing these condensed consolidated financial statements.

12. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of approximately HK$12,785,000 (31 December 2012: HK$9,990,000), the following is an analysis of trade payables by age, presented based on invoice date. The analysis below includes trade payables of HK$3,971,000 classified as part of a disposal group classified as held for sale.

	At 30.6.2013	At 31.12.2012
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 – 30 days	**5,515**	4,781
31 – 60 days	**4,078**	2,018
61 – 90 days	**1,854**	1,687
Over 90 days	**1,338**	1,504
	12,785	9,990

13. BORROWINGS

During the current interim period, the Group obtained new borrowings amounting to HK$630,000,000 (for the six months ended 30 June 2012: HK$9,000,000) from a bank. The loans carry interest rate at Hong Kong Interbank Offer Rate plus 2.5% and are repayable in installments over a period of 5 years. The new bank borrowings have repayable on demand clause and classified as current liabilities. The proceeds were used to finance the acquisition and construction of property, plant and equipment. During the period, the Group repaid bank and other borrowings of approximately HK$450,486,000 (for the six months ended 30 June 2012: HK$22,204,000).

Bank deposits of approximately HK$28,341,000 (31 December 2012: HK$15,043,000) and hotel properties located in Tai Kok Tsui, Hong Kong and Beijing of approximately HK$1,564,702,000 (31 December 2012: HK$1,425,382,000) were pledged for the borrowings as at 30 June 2013. Included in above mentioned pledged assets, bank deposits of approximately HK$1,506,000 and hotel properties of approximately HK$741,048,000 are included in assets classified as held for sale as at 30 June 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

During the current interim period, turnover of the Group attained HK$214.6 million, represented an increase of 18.3% as compared to HK$181.4 million for the corresponding period of 2012. The results of the Group for the six months ended 30 June 2013 was a loss of HK$166.1 million (2012: HK$114.3 million) which was mainly attributable to gross profit of HK$57.7 million (2012: HK$44 million); administrative expenses of HK$122.1 million (2012: HK$94.6 million); finance costs of HK$16.3 million (2012: HK$6.5 million); impairment losses recognised in respect of property, plant and equipment of HK$50.4 million (2012: HK$30.4 million) in respect of its hotel properties in the PRC based on valuation reports conducted by independent professional valuers. Increase in administrative costs were attributable mainly to the newly operated Rosedale Hotel Kowloon and repair and maintenance expenses incurred in the Group's hotel properties in the PRC.

SEGMENT RESULTS

Hotel Operations

The hotel operations of the Group comprises the operation of the four "Rosedale" branded 4-star rated hotels, the Times Plaza Hotel, Shenyang and the Luoyang Golden Gulf Hotel. Turnover increased by 18.3% to HK$214.6 million for the six months ended 30 June 2013 (2012: HK$181.4 million) with the help from the commencement of operation of Rosedale Hotel Kowloon in July 2012. Segment loss for the reporting period was HK$107.6 million (2012: HK$84.1 million). As the new accounting standard became effecting in the current financial year which requires a change in the valuation methodology, the directors determined that an impairment of HK$50.4 million (2012: HK$30.4 million) have to be recognised in respect of the Group's hotel properties in the PRC.

Securities Trading

Loss from securities trading for the six months ended 30 June 2013 was HK$0.5 million (2012: HK$0.5 million).

MATERIAL ACQUISITIONS AND DISPOSALS

On 29 April 2013, Enjoy Media Holdings Limited (the "Vendor"), a subsidiary of the Company, entered into an agreement with three independent third parties (collectively referred to as the "Purchasers") for the disposal of the entire issued share capital of Square Inn Hotel Management Limited at a consideration of HK$52,000,000.00. Completion took place immediately upon signing of the agreement.

On 31 May 2013, DS Eastin Limited ("DS Eastin"), a subsidiary of the Company, China Private Ventures Ltd. (the "Investor"), an independent third party, Rosedale Hotel Beijing Co., Ltd. ("Rosedale Beijing"), a wholly-owned subsidiary of DS Eastin, and the Company entered into a conditional capital increase agreement (the "Capital Increase Agreement"), pursuant to which the Investor has conditionally agreed to procure its subsidiary (the "PRC Investor") to make a capital contribution of US$68.8 million (representing approximately HK$533.9 million) in cash to the registered capital of Rosedale Beijing, and the Company, as the guarantor, has agreed to guarantee the performance of the obligations of DS Eastin under the Capital Increase Agreement and the transactions contemplated thereunder. As at the date of this announcement, the Company holds approximately 88.7% equity interest in DS Eastin, which in turn holds the entire paid-up capital of Rosedale Beijing. Rosedale Beijing is a wholly foreign-owned enterprise established in the PRC with registered and paid-up capital of US$17.2 million (representing approximately HK$133.5 million). Upon Completion, Rosedale Beijing will become a sino-foreign joint venture entity with registered capital of US$86.0 million (representing approximately HK$667.4 million) held as to 80% by the PRC Investor and as to 20% by DS Eastin. As a result, the Company's equity interest in Rosedale Beijing will be reduced from approximately 88.7% to approximately 17.7% and Rosedale Beijing will cease to be a subsidiary of the Company. The Capital Increase Agreement was approved by the shareholders of the Company in the special general meeting held on 13 August 2013. If the conditions precedent to the completion of the Capital Increase Agreement are not satisfied or waived (except certain conditions which are incapable of being waived) on or before the 120th day after the date of the Capital Increase Agreement (or such other date as DS Eastin and the Investor may agree in writing), the Capital Increase Agreement shall lapse. The Capital Increase Agreement has not completed yet as at the date of this announcement.

LIQUIDITY AND FINANCIAL RESOURCES

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

	At 30.6.2013	At 31.12.2012
	HK$ million	*HK$ million*
Borrowings – amount due within one year	**855.6**	467.9
Borrowings – amount due after one year	**250.0**	458.2
	1,105.6	926.1

All borrowings bear floating interest rates. During the current interim reporting period, the Group repaid bank borrowings of HK$442 million and obtain new bank borrowings of HK$630 million at an interest rate of HIBOR plus 2.5% per annum to finance the normal operation of the Group. Bank deposits of approximately HK$28.3 million and properties with carrying value of approximately HK$1,564.7 million were pledged as securities for bank borrowings as at 30 June 2013.

The gearing ratio as at 30 June 2013, expressed as a percentage of total borrowings to equity attributable to owners of the Company, was 71.7% (at 31 December 2012: 54.3%).

PLEDGE OF ASSETS

At 30 June 2013, certain assets of the Group at net book value of HK$1,593 million (at 31 December 2012: HK$1,440.4 million) were pledged to banks and financial institutions for credit facilities.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2013 (at 31 December 2012: 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 six months ended 30 June 2013, 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 30 June 2013, the Group had 1,210 employees of which 861 employees were stationed in the PRC. Competitive remuneration packages are structured to commensurate with the responsibilities, qualifications, experience and performance of individual employee. The Group also provides training programs, provident fund scheme and medical insurance for its employees.

PROSPECTS

It is foreseeable that the global economy shall be continuously under the mist of the quantitative easing withdrawal of the United States government. The slower pace of economic growth of China and signs of the retreat of hot money from Asia shall also give a hard time to the hospitality sector of which the performance depends heavily on the ups and downs of the world economic atmosphere. Facing this situation, the Group shall continue to enhance its hotel chain and to explore further income streams so as to stay ahead of its competitors and to maximise the wealth of its shareholders.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2013 (for the six months ended 30 June 2012: 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 six months ended 30 June 2013.

AUDIT COMMITTEE

The Audit Committee of the Company (the "Audit Committee") has reviewed with the management and the Company's auditor the accounting principles and practices adopted by the Group and discussed auditing and financial reporting matters including a review of the condensed consolidated financial statements for the six months ended 30 June 2013 on the basis that such review does not in itself constitute an audit. The Audit Committee currently comprises three independent non-executive directors, namely Mr. Poon Kwok Hing, Albert, Mr. Kwok Ka Lap, Alva, and Mr. Sin Chi Fai.

CORPORATE GOVERNANCE

In the opinion of the Board, the Company complied with the code provisions as set out in the Corporate Government Code (the "Code") contained in Appendix 14 of the Listing Rules during the six months ended 30 June 2013, except for the following deviations:–

Code Provision A.4.1

Under Code Provision A.4.1 of the Code, non-executive directors should be appointed for a specific term, subject to re-election. The current independent non-executive directors of the Company were 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.

Code Provision C.1.2

Under Code Provision C.1.2 of the Code, the management should provide all directors with monthly updates giving a balanced and understandable assessment of the issuer's performance, position and prospects in sufficient detail to enable the board as a whole and each director to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules. Monthly updates of the Company for the period from January 2013 to May 2013 were not provided to the directors of the Company timely due to the insignificant updated information to be reported during the relevant period.

Code Provision E.1.2

Under Code Provision E.1.2 of the Code, the chairman of the board should attend the annual general meeting. The Chairman of the Board, Mr. Cheung Hon Kit, was unable to attend the annual general meeting held on 30 May 2013 (the "2013 AGM") as he had an overseas engagement. Nevertheless, Ms. Chan Ling, Eva, the Managing Director, attended and took the chair of the 2013 AGM in accordance with Bye-Law 68 of the Bye-Laws of the Company and answered questions from the shareholders of the Company.

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

Hong Kong, 29 August 2013

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

Executive Directors:	*Independent Non-executive Directors:*
Mr. Cheung Hon Kit *(Chairman)*	Mr. Kwok Ka Lap, Alva
Ms. Chan Ling, Eva *(Managing Director)*	Mr. Poon Kwok Hing, Albert
Mr. Chan Pak Cheung, Natalis	Mr. Sin Chi Fai