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 2013

The board of directors (the "Board") of Rosedale Hotel Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 31 December 2013 together with comparative figures for the corresponding period in 2012 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	NOTES	2013 HK$'000	2012 HK$'000
Turnover	4	**447,220**	429,466
Direct operating costs		**(331,933)**	(318,660)
Gross profit		**115,287**	110,806
Interest income		**1,829**	194
Other income, gains and losses		**5,433**	(6,130)
Distribution and selling expenses		**(4,613)**	(5,550)
Administrative expenses		**(223,485)**	(151,439)
Finance costs	6	**(32,283)**	(18,602)
Gain on disposal of available-for-sale investment		**–**	17,037
Gain on deemed disposal of a subsidiary	17	**781,773**	–
Impairment loss recognised in respect of available-for-sale investment		**(32,239)**	–
Impairment loss recognised in respect of other intangible assets		**–**	(34,081)
Impairment loss recognised in respect of property, plant and equipment	11	**(50,407)**	(44,183)
Impairment loss recognised in respect of other assets		**(11,160)**	–
(Loss) gain on disposals of subsidiaries	17	**(20,059)**	2,216
Loss on disposal of property, plant and equipment		**(5,742)**	(26,251)
Gain on disposal of a joint venture		**5,166**	–
Reversal of impairment losses on amount due from a joint venture		**7,089**	–
(Decrease) increase in fair value of investment properties		**(30,108)**	9,971
Share of result of an associate		**(1,223)**	(2,100)
Share of result of a joint venture		**(3,074)**	–

	NOTES	2013 HK$'000	2012 HK$'000
Profit (loss) before taxation	7	**502,184**	(148,112)
Income tax expense	8	**(59,086)**	(933)
Profit (loss) for the year		**443,098**	(149,045)
Other comprehensive (expense) income			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of financial statements of foreign operations		**29,182**	5,822
Reclassification adjustment of translation reserve upon deemed disposal of a subsidiary		**(125,543)**	–
Reclassification adjustment of translation reserve upon disposal of a subsidiary		**(3,526)**	–
		(99,887)	5,822
Total comprehensive income (expense) for the year		**343,211**	(143,223)
Profit (loss) for the year attributable to:			
Owners of the Company		**381,966**	(143,188)
Non-controlling interests		**61,132**	(5,857)
		443,098	(149,045)
Total comprehensive income (expense) attributable to:			
Owners of the Company		**280,569**	(137,366)
Non-controlling interests		**62,642**	(5,857)
		343,211	(143,223)
		HK$	*HK$*
EARNINGS (LOSS) PER SHARE			
– Basic	10	**0.58**	(0.22)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2013

	NOTES	**2013** **HK$'000**	2012 *HK$'000*
Non-current assets			
Property, plant and equipment	*11*	**576,679**	2,202,407
Investment properties	*12*	**299,000**	324,000
Interest in an associate	*13*	**269,627**	4
Interests in joint ventures		**–**	17,050
Available-for-sale investments		**31,638**	63,877
Other intangible assets		**–**	–
Amount due from an associate		**–**	31,896
Pledged bank deposits		**–**	11,780
Club debentures, at cost less impairment		**520**	520
Other assets		**–**	50,804
		1,177,464	2,702,338
Current assets			
Inventories		**3,489**	6,184
Trade and other receivables	*14*	**815,120**	54,001
Investments held for trading		**535**	290
Pledged bank deposits		**306,079**	3,263
Bank balances and cash		**427,273**	364,066
		1,552,496	427,804
Assets classified as held for sale	*15*	**837,306**	–
		2,389,802	427,804

	NOTES	2013 HK$'000	2012 HK$'000
Current liabilities			
Trade and other payables	*16*	**98,962**	117,061
Tax liabilities		**77,454**	11,571
Borrowings – amount due within one year		**216,000**	467,889
Amount due to a non-controlling shareholder of a subsidiary		**9,509**	9,157
Derivative financial instrument		**–**	2,730
		401,925	608,408
Liabilities associated with assets classified as held for sale	*15*	**635,944**	–
Net current assets (liabilities)		**1,351,933**	(180,604)
Total assets less current liabilities		**2,529,397**	2,521,734
Non-current liabilities			
Borrowings – amount due after one year		**250,000**	458,222
Deferred taxation		**60,804**	173,754
		310,804	631,976
Net assets		**2,218,593**	1,889,758
Capital and reserves			
Share capital		**6,577**	6,577
Reserves		**1,969,577**	1,698,410
Equity attributable to owners of the Company		**1,976,154**	1,704,987
Non-controlling interests		**242,439**	184,771
Total equity		**2,218,593**	1,889,758

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

The Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKFRSs	Annual improvements to HKFRSs 2009 – 2011 cycle
Amendments to HKFRS 7	Disclosures – Offsetting financial assets and financial liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
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
HK(IFRIC) – INT 20	Stripping costs in the production phase of a surface mine

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 – Non-Monetary 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 contemplated 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 accounted for as a jointly controlled entity). The initial and subsequent accounting of joint ventures and joint operations is 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.

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

HKFRS 13 Fair value measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply 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 for share-based payment transactions that are within the scope of HKFRS 2 "Share-based payment", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of 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.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2012 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to HKAS 1 Presentation of items of other comprehensive income

The Group has applied the amendments to HKAS 1 "Presentation of items of other comprehensive income". Upon the adoption of the amendments to HKAS 1, the Group's 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income'. Furthermore, 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 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. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Except as described above, the application of the new and revised 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.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities[2]
Amendments to HKAS 19	Defined benefit plans: Employee contributions [2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures[3]
HKFRS 9	Financial instruments[3]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[1]
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets[1]
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting[1]
Amendments to HKFRSs	Annual improvements to HKFRSs 2010 – 2012 cycle[4]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011 – 2013 cycle[2]
HKFRS 14	Regulatory deferral accounts[5]
HK(IFRIC) – INT 21	Levies[1]

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

[2] *Effective for annual periods beginning on or after 1 July 2014.*

[3] *Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.*

[4] *Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.*

[5] *Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.*

HKFRS 9 Financial instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting.

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.

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors anticipate that the adoption of HKFRS 9 in the future may have a significant impact on the amounts reported in respect of the Group's financial assets and financial liabilities (e.g. the Group's investments in unlisted equity shares that are currently classified as available-for-sale investments may have to be measured at fair value at the end of subsequent reporting periods, with changes in the fair value being recognised in profit or loss). 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.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment entities

The amendments to HKFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;

- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to HKFRS 12 and HKAS 27 to introduce new disclosure requirements for investment entities.

The directors of the Group do not anticipate that the investment entities amendments will have any effect on the Group's consolidated financial statements as the Group is not an investment entity.

Amendments to HKAS 36 Recoverable amount disclosures for non-financial assets

The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or CGU was determined based on its fair value less costs of disposal.

The directors of the Company do not anticipate that the application of these amendments to HKAS 36 will have a significant impact on the Group's consolidated financial statements.

3. 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, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

4. 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:

	2013	2012
	HK$'000	*HK$'000*
Hotel operations	**447,220**	429,466

5. 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 2013

	Hotel operations *HK$'000*	**Securities trading** *HK$'000*	**Consolidated** *HK$'000*
TURNOVER	**447,220**	**–**	**447,220**
RESULTS			
Amount excluding impairment loss recognised in respect of property, plant and equipment	**(86,870)**	**239**	**(86,631)**
Impairment loss recognised in respect of property, plant and equipment	**(50,407)**	**–**	**(50,407)**
Gain on deemed disposal of a subsidiary	**781,773**	**–**	**781,773**
Loss on disposals of subsidiaries	**(20,059)**	**–**	**(20,059)**
Segment profit	**624,437**	**239**	**624,676**
Interest income			**1,829**
Share of result of an associate			**(1,223)**
Share of result of a joint venture			**(3,074)**
Impairment loss recognised in respect of other assets			**(11,160)**
Gain on disposal of a joint venture			**5,166**
Reversal of impairment losses on amount due from a joint venture			**7,089**
Decrease in fair value of investment properties			**(30,108)**
Fair value gain on derivative financial instrument			**650**
Finance costs			**(32,283)**
Central administrative costs and unallocated corporate expenses			**(59,378)**
Profit before taxation			**502,184**

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)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profit or loss represents the profit or loss from each segment without allocation of central administrative costs, directors' salaries, interest income, finance costs, (loss) gain on disposal of subsidiaries, gain on disposal of a joint venture, certain impairment losses, change in fair value of investment properties, share of result of an associate, share of result of a joint venture, reversal of impairment losses on amount due from a joint venture and fair value gain on 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.

6. FINANCE COSTS

	2013	2012
	HK$'000	*HK$'000*
Interest on borrowings wholly repayable within five years	**32,083**	23,828
Loan facilities fee	**200**	–
Total finance costs	**32,283**	23,828
Less: amounts capitalised	**–**	(5,226)
	32,283	18,602

7. PROFIT (LOSS) BEFORE TAXATION

	2013	2012
	HK$'000	*HK$'000*
Profit (loss) before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	**95,859**	76,804
Amortisation of other intangible assets	**–**	4,937
Total depreciation and amortisation	**95,859**	81,741
Auditor's remuneration	**3,936**	4,001
Cost of inventories recognised as expenses	**40,728**	44,166
Impairment loss recognised in respect of other receivables	**7,871**	11,526
Minimum lease payments paid in respect of rented premises	**65,859**	64,407
Staff costs (including directors' emoluments)	**155,801**	144,084
and after crediting:		
Gross rental income from shops in hotel properties less negligible outgoings (included in turnover)	**24,092**	23,475

8. INCOME TAX EXPENSE

	2013	2012
	HK$'000	*HK$'000*
Current tax:		
PRC Enterprise Income Tax	**(4,505)**	(4,035)
Capital gain tax	**(66,744)**	–
Underprovision in prior years	**(173)**	(1,002)
Deferred tax:		
Current year	**12,336**	4,104
Income tax expense	**(59,086)**	(933)

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.

9. DIVIDEND

No dividend was paid or proposed during 2013, nor has any dividend been proposed since the end of the reporting period (2012: Nil).

10. EARNINGS (LOSS) PER SHARE

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

	2013	2012
	HK$'000	*HK$'000*
Profit (loss) attributable to owners of the Company for the purpose of basic earnings (loss) per share	**381,966**	(143,188)

	Number of shares	
	2013	2012
Number of ordinary shares for the purpose of basic earnings (loss) per share for 2013 and 2012	**657,675,872**	657,675,872

There were no potential ordinary share outstanding during the year ended 31 December 2013.

11. PROPERTY, PLANT AND EQUIPMENT

During the year, due to the continuously unsatisfactory result of a budget hotel, the Group has fully written-off the carrying values of 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 of the Company 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 31 December 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 method based on market observable transactions of similar properties and adjusts to reflect the conditions and locations of the subject properties (Note). 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.

Note: Under the comparison method, transacted prices (prices realised) or, if not available, asked prices (market prices) of comparable properties is made. Comparable properties of similar size, character and location are analysed and adjustments are made to take account of the respective advantages and disadvantages of each property, and also the possible outcome of the negotiation from asked prices to transacted prices, in order to arrive at a reasonable comparison of capital values.

12. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1 January 2012	271,400
Currency realignment	1,573
Additions	41,056
Increase in fair value recognised in the profit or loss	9,971
At 31 December 2012	324,000
Currency realignment	5,108
Decrease in fair value recognised in the profit or loss	(30,108)
At 31 December 2013	299,000

The fair value at 31 December 2013 and 2012 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 approach which considers the relevant market comparables as available in the locality as at the date of valuation and also consider its term of operation up to 15 October 2023. There has been no change to the valuation technique during the year.

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 Group had intended to hold the property interest held under operating lease to earn rentals and/or for capital appreciation. Accordingly, the property interest held under operating lease is measured using the fair value model and is classified and accounted for as investment properties.

The resulting decrease in fair value of the investment properties of approximately HK$30,108,000 for the year ended 31 December 2013 (Increase in 2012: HK$9,971,000) has been recognised in profit or loss.

13. INTEREST IN AN ASSOCIATE

	2013	2012
	HK$'000	*HK$'000*
Cost of unlisted investment in an associate		
Unlisted investments *(Note)*	**270,850**	4
Share of post-acquisition losses	**(1,223)**	–
	269,627	4
Amount due from an associate	**–**	41,085
Less: Impairment losses on amount due from an associate	**–**	(7,089)
Share of post-acquisition losses that are in excess of the cost of investment	**–**	(2,100)
	–	31,896

Note:

As set out in note 17, the Group holds 20% investment in Rosedale Hotel Beijing Co., Ltd. ("Rosedale Beijing") following a deemed disposal of the Group's interest, which the deemed disposal was completed on 29 November 2013.

Rosedale Beijing ceased to be a subsidiary of the Group and becomes an associate of the Group, which the Group is able to exercise significant influence over Rosedale Beijing because it has the power to appoint one out of five directors of that company under the shareholders' agreement.

Rosedale Beijing is strategic to the Group as it operates in hotel business in Beijing and enables the Group to keep exposure to this market through local expertise.

The recognition of the Group's 20% interest in Rosedale Beijing is initially measured at its fair value, which is determined with reference to the total consideration paid by the Investor (as defined in note 17) for the capital contribution to Rosedale Beijing and net compensation amount required to be paid to the Group.

14. TRADE AND OTHER RECEIVABLES

	2013	2012
	HK$'000	*HK$'000*
Trade receivables	**13,489**	18,995
Consideration receivables *(Note17)*	**675,405**	–
Rental and utility deposits *(Note)*	**31,767**	20,580
Other receivables	**94,459**	14,426
Total trade and other receivables	**815,120**	54,001

Note: The rental and utility deposits included the amount of rental deposits of HK$27,073,000 reclassified from non-current asset as at 31 December 2013.

The Group allows an average credit period of 0 to 30 days to its trade customers. The following is an analysis of trade receivables by age, presented based on invoice date at the end of the reporting period which approximated the respective revenue recognition date.

	2013	2012
	HK$'000	*HK$'000*
0 – 30 days	**10,682**	12,105
31 – 60 days	**777**	2,647
61 – 90 days	**270**	1,639
Over 90 days	**1,760**	2,604
	13,489	18,995

15. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

On 5 November 2013, the Company's wholly-owned subsidiary, Eagle Spirit Holdings Limited ("Eagle Spirit"), and an independent third party (the "Purchaser") have entered into a conditional disposal agreement pursuant to which Eagle Spirit agreed to (a) dispose to the Purchaser of 60% of the entire equity interest in and 60% of shareholder's loan due from More Star Limited ("More Star"), a wholly-owned subsidiary of Eagle Spirit, which acts as an investment holding company and its subsidiary, Fortress State International Limited ("Fortress State"), is principally engaged in the business of holding of a hotel property known as "Rosedale Hotel Kowloon", which is located at No. 86 Tai Kok Tsui Road, Tai Kok Tsui, Kowloon, Hong Kong (the "Property"); (b) enter into a lease agreement between the Company's another wholly-owned subsidiary, Rosedale Hotel Kowloon Limited ("Rosedale Kowloon"), and Fortress State to lease the Property for its hotel operation for a term of six years ("Master Lease"); (c) grant to the Purchaser a put option relating to the acquisition from Eagle Spirit of all the 60% equity interest in and corresponding shareholder's loan due from More Star (the "Purchaser Put Option") which is exercisable only in the event of a deadlock; and (d) grant to the Purchaser a call option relating to the disposal to the Purchaser of the remaining 40% equity interest in and corresponding shareholder's loan due from More Star (the "Purchaser Call Option") which is exercisable only in the event of a deadlock, for a total cash consideration of approximately HK$789,200,000.

The Purchaser shall be entitled to exercise the Purchaser Put Option or Purchaser Call Option if a proposal is made by the Purchaser or a director nominated by it in relation to: (a) the leasing or licensing of the Property as a whole to a party other than Rosedale Kowloon or (b) the appointment of any party other than Rosedale Kowloon as operator or manager of the Property, on or after the expiration or earlier termination of the Master Lease to be entered into with Rosedale Kowloon and such proposal is not approved by Eagle Spirit (the occurrence of a deadlock). The details of the disposal are disclosed in the Company's circular dated 18 February 2014.

The assets and liabilities attributable to the Group's interest in More Star, 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 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 has been recognised.

16. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of approximately HK$8,710,000 (2012: HK$9,990,000) and the aged analysis of the trade payables presented based on the invoice date at the end of the reporting period is as follows:

	2013	2012
	HK$'000	*HK$'000*
0 – 30 days	**4,428**	4,781
31 – 60 days	**1,445**	2,018
61 – 90 days	**1,514**	1,687
Over 90 days	**1,323**	1,504
	8,710	9,990

17. DISPOSALS OF SUBSIDIARIES/DEEMED DISPOSAL OF A SUBSIDIARY

(a) On 29 April 2013, the Group entered into an agreement with three independent third parties for the sale of its entire interest in Square Inn Hotel Management Limited ("Square Inn Hotel"), a wholly-owned subsidiary of the Group which holds a lease contract for the operation of a three-star hotel in Macau, at a cash consideration of HK$52,000,000. The transaction was completed immediately upon signing of the agreement and has resulted in the recognition of a loss of approximately HK$15,405,000 in profit or loss for the year ended 31 December 2013.

In addition, on 20 December 2013, the Group entered into an agreement with an independent third party and the agreement entitled the counterparty to purchase the entire issued share capital of International Travel System Inc., a wholly-owned subsidiary of the Group principally engaged in investment holding and travel business in the PRC, at a consideration of HK$5,000,000. The transaction was completed on the same date and has resulted in the recognition of loss of approximately HK$4,654,000 in profit or loss for the year ended 31 December 2013.

(b) On 31 May 2013, the Group entered into a capital increase agreement with an independent third party (the "Investor"). Pursuant to the agreement, Rosedale Beijing was eligible to increase its registered capital from US$17,200,000 to US$86,000,000 and the increased registered capital of US$68,800,000 was injected by the Investor and an amount of net compensation of approximately HK$665,405,000 to be paid by the Investor within six month after the completion date to the Group. The capital injection was completed on 29 November 2013 and has resulted in the recognition of gain of approximately HK$781,773,000 in profit or loss for the year ended 31 December 2013. Accordingly, Rosedale Beijing ceased to be a subsidiary of the Group from that day and has retained 20% interest in Rosedale Beijing as an associate.

18. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the conditions for the disposal of More Star are satisfied including a resolution was passed by the shareholders of the Company for the approval on the Disposal Agreement at a special general meeting held on 5 March 2014. The transaction has been completed on 14 March 2014. Details of the transaction are set out in note 15.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

During the current reporting year, turnover of the Group attained HK$447.2 million, represented an increase of 4.1% as compared to the HK$429.5 million of 2012. The results of the Group for the year ended 31 December 2013 was a profit of HK$443.1 million (2012: loss of HK$149.0 million) which was mainly attributable to gross profit of HK$115.3 million (2012: HK$110.8 million); administrative expenses of HK$223.5 million (2012: HK$151.4 million); finance costs of HK$32.3 million (2012: HK$18.6 million); impairment losses recognised in respect of available-for-sale investment of HK$32.2 million (2012: Nil); impairment losses recognised in respect of property, plant and equipment of HK$50.4 million (2012: HK$44.2 million) in respect of its hotel properties in the PRC based on valuation reports conducted by independent professional valuers; loss on disposals of subsidiaries of HK$20.1 million (2012: gain of HK$2.2 million); decrease in fair value of investment properties of HK$30.1 million (2012: increase of HK$10.0 million); income tax expense of HK$59.1 million (2012: HK$1.0 million) and the gain on deemed disposal of Rosedale Hotel Beijing Co., Ltd. ("Rosedale Beijing") of HK$781.8 million (2012: HK$Nil). Increase in administrative costs was attributable mainly to the expenses in connection with the grand opening and running expenses given rise from Rosedale Hotel Kowloon, coupled with the repair and maintenance expenses incurred in the Group's hotel properties in the PRC during the reporting year.

SEGMENT RESULTS

Hotel Operations

The hotel operations of the Group comprise 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 4.1% to HK$447.2 million for the year ended 31 December 2013 (2012: HK$429.5 million) with the contribution from the full year results of Rosedale Hotel Kowloon opened in July 2012. Segment profit for the reporting year was HK$624.4 million (2012: loss of HK$137.9 million) after taking into account the gain on deemed disposal of Rosedale Beijing of HK$781.8 million. Based on the valuation conducted by an independent professional valuer and the unsatisfied results of the hotel operation and the budget hotels in the PRC, the directors determined that impairment of HK$50.4 million (2012: HK$44.2 million) has to be recognised in respect of certain of its hotel properties and leasehold improvement in the PRC.

Securities Trading

Profit from securities trading for the year ended 31 December 2013 was HK$0.2 million (2012: HK$1.8 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 in Square Inn Hotel Management Limited by the Vendor to the Purchasers at a consideration of HK$52,000,000. 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 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. The PRC investor shall pay a compensation amount estimated at approximately RMB530.2 million to DS Eastin in consideration of waving its pre-emption rights to make the capital contribution. The Capital Increase Agreement and the transactions contemplated thereunder were approved by the shareholders of the Company at the special general meeting held on 13 August 2013. The Capital Increase Agreement was completed in November 2013. Following completion, the Company's equity interest in Rosedale Beijing was reduced from approximately 88.7% to approximately 17.7% and Rosedale Beijing ceased to be a subsidiary of the Company.

On 5 November 2013, Eagle Spirit Holdings Limited ("Eagle Spirit") (a wholly-owned subsidiary of the Company) and Shaw Holdings Inc. ("Shaw") entered into a sale and purchase agreement, pursuant to which Eagle Spirit has conditionally agreed to sell, and Shaw has conditionally agreed to purchase, 60% of the issued share capital of and shareholder's loan to More Star Limited ("More Star") for an aggregate consideration of approximately HK$789.2 million. The sole asset of More Star is its investment in Fortress State International Limited ("Fortress State") which is principally engaged in the business of property holding and its principal asset is the ownership of Rosedale Hotel Kowloon (the "Hotel"). Based on the consideration of HK$789.2 million (assuming no adjustment is required) and the associated direct cost of the disposal of approximately HK$10.0 million, the net proceeds from the disposal are estimated to be approximately HK$779.2 million. Pursuant to the terms of the agreement, Rosedale Hotel Kowloon Limited ("Rosedale Kowloon"), an indirect wholly-owned subsidiary of the Company, shall enter into a master lease with Fortress State upon completion of the agreement. Under the master lease, Rosedale Kowloon shall lease the Hotel for hotel operation from Fortress State for a term of six (6) years commencing from the first date of the month immediately after completion of the disposal. The rent payable by Rosedale Kowloon to the Fortress State shall comprise monthly base rent and turnover rent. The disposal was approved by the shareholders of the Company at the special general meeting held on 5 March 2014 and the agreement was completed on 14 March 2014.

LIQUIDITY AND FINANCIAL RESOURCES

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

	2013	2012
	HK$ million	*HK$ million*
Borrowings – amount due within one year	**846.0**	467.9
Borrowings – amount due after one year	**250.0**	458.2
	1,096.0	926.1

All borrowings bear floating interest rates. During the current reporting period, the Group repaid borrowings of HK$22.5 million and obtained new bank borrowings of HK$195.0 million at an interest rate of HIBOR plus 2.5% per annum to finance the normal operations of the Group. Bank deposits of approximately HK$311.1 million and properties with carrying value of approximately HK$810.1 million were pledged as securities for bank borrowings as at 31 December 2013.

The gearing ratio as at 31 December 2013, expressed as a percentage of total borrowings to equity attributable to owners of the Company, was 55.5% (2012: 54.3%).

PLEDGE OF ASSETS

At 31 December 2013, certain assets of the Group at net book value of HK$1,121.2 million (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 31 December 2013 (2012: Nil).

FOREIGN CURRENCY EXPOSURE

The majority of the Group's assets and liabilities and business transactions are denominated in Hong Kong dollars and Renminbi. During the year ended 31 December 2013, the Group has not entered into any hedging arrangements. However, the Company will continue to monitor closely its foreign currency exposure and requirements and to arrange for hedging facilities when necessary.

EMPLOYEES

At 31 December 2013, the Group had 870 employees of which 531 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

Global activity strengthened during the second half of 2013. International Monetary Fund expected that activity shall improve further in 2014–15, largely on account of recovery in the advanced economies. Global growth is now projected to be slightly higher in 2014, at around 3.7%, rising to 3.9% in 2015. But following the US Federal Reserve Board's tapering its quantitative easing measures beginning from January 2014, downward revisions to growth forecasts in some economies highlight continued fragilities, and downside risks remain. On the other hand, growth in China rebounded strongly in the second half of 2013, due largely to an acceleration in investment and is expected to moderate slightly to around 7.5% in 2014–15.

Following the completion of the disposal and lease back of Rosedale Hotel Kowloon in March 2014, there remains five hotels under the management of the Group and of which two hotels located in Hong Kong are leased-and-operated hotels. The Group shall explore further this leased-and-operated hotel and franchising business to supplement its traditional owner-operated hotel business. Nevertheless, the Group shall from time to time revisit its business strategy and composition of its hotel portfolio to cope with the market changes and to explore further income streams so as to maximise the wealth of its shareholders.

FINAL DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 December 2013 (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 year ended 31 December 2013.

REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Company has reviewed with the management and the Company's external auditor the consolidated financial statements of the Group for the year ended 31 December 2013 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 Corporate Government Code (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the year ended 31 December 2013 except for the following deviations:

Code Provision A.1.1

Under Code Provision A.1.1 of the Code, 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, three (3) 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 have 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 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 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.

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 of the Company, attend 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
Chan Ling, Eva
Managing Director

Hong Kong, 27 March 2014

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