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 2014

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 2014 together with comparative figures for the corresponding period in 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	NOTES	**2014** *HK$'000*	2013 *HK$'000*
Turnover	*4*	**406,647**	447,220
Direct operating costs		**(261,326)**	(331,933)
Gross profit		**145,321**	115,287
Interest income	*6*	**33,248**	1,829
Other income, gains and losses		**7,910**	5,433
Distribution and selling expenses		**(2,067)**	(4,613)
Administrative expenses		**(193,111)**	(223,485)
Finance costs	*7*	**(14,791)**	(32,283)
Gain (loss) on disposals of subsidiaries	*20*	**444,324**	(20,059)
Gain on deemed disposal of a subsidiary	*20*	**–**	781,773
Loss on disposal of property, plant and equipment		**(125)**	(5,742)
Decrease in fair value of investment properties	*13*	**(27,694)**	(30,108)
Share of result of an associate		**(6,058)**	(1,223)
Share of result of a joint venture		**1,490**	(3,074)
Impairment loss recognised in respect of available-for-sale investment		**(12,916)**	(32,239)
Impairment loss recognised in respect of property, plant and equipment	*12*	**–**	(50,407)
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

	NOTES	2014 HK$'000	2013 HK$'000
Profit before taxation	*8*	**375,531**	502,184
Income tax expense	*9*	**(2,600)**	(59,086)
Profit for the year		**372,931**	443,098
Other comprehensive (expense) income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operations		**(17,881)**	29,182
Reclassification adjustment of translation reserve upon deemed disposal of a subsidiary		**–**	(125,543)
Reclassification adjustment of translation reserve upon disposals of subsidiaries		**(1,434)**	(3,526)
Reclassification of translation reserve to profit or loss upon deregistration of subsidiaries		**(1,370)**	–
		(20,685)	(99,887)
Total comprehensive income for the year		**352,246**	343,211
Profit for the year attributable to:			
Owners of the Company		**380,755**	381,966
Non-controlling interests		**(7,824)**	61,132
		372,931	443,098
Total comprehensive income for the year attributable to:			
Owners of the Company		**361,947**	280,569
Non-controlling interests		**(9,701)**	62,642
		352,246	343,211
		HK$	*HK$*
EARNINGS PER SHARE			
– Basic	*11*	**0.58**	0.58

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	NOTES	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment	12	**548,465**	576,679
Investment properties	13	**267,000**	299,000
Interest in an associate	14	**–**	269,627
Interest in a joint venture		**–**	–
Available-for-sale investments		**18,722**	31,638
Loan notes receivable	15	**435,281**	–
Club debentures, at cost less impairment		**–**	520
Other assets	16	**19,800**	–
		1,289,268	1,177,464
Current assets			
Inventories		**2,805**	3,489
Trade and other receivables	17	**407,675**	815,120
Investments held for trading		**317**	535
Pledged bank deposits		**–**	306,079
Bank balances and cash		**1,272,649**	427,273
		1,683,446	1,552,496
Assets classified as held for sale	18	**–**	837,306
		1,683,446	2,389,802

	NOTES	2014 HK$'000	2013 HK$'000
Current liabilities			
Trade and other payables	*19*	**86,517**	98,962
Borrowings – amount due within one year		**110,000**	216,000
Amount due to a non-controlling shareholder of a subsidiary		**–**	9,509
Tax liabilities		**79,037**	77,454
		275,554	401,925
Liabilities directly associated with assets classified as held for sale	*18*	**–**	635,944
		275,554	1,037,869
Net current assets		**1,407,892**	1,351,933
Total assets less current liabilities		**2,697,160**	2,529,397
Non-current liabilities			
Borrowings – amount due after one year		**150,000**	250,000
Deferred taxation		**57,089**	60,804
		207,089	310,804
Net assets		**2,490,071**	2,218,593
Capital and reserves			
Share capital		**6,577**	6,577
Reserves		**2,261,959**	1,969,577
Equity attributable to owners of the Company		**2,268,536**	1,976,154
Non-controlling interests		**221,535**	242,439
Total equity		**2,490,071**	2,218,593

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1. GENERAL INFORMATION

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 Hanny Holdings Limited. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section 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 the same as the functional currency of the Company.

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

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting
HK(IFRIC) – INT 21	Levies

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

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

HKFRS 9	Financial instruments[1]
HKFRS 15	Revenue from contracts with customers[2]
Amendments to HKAS 1	Disclosure initiative[4]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[4]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants[4]
Amendments to HKAS 19	Defined benefit plans: Employee contributions[3]
Amendments to HKAS 27	Equity method in separate financial statements[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception[4]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[4]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[4]
Amendments to HKFRSs	Annual improvements to HKFRSs 2010 – 2012 cycle[5]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011 – 2013 cycle[3]
Amendments to HKFRSs	Annual improvements to HKFRSs 2012 – 2014 cycle[4]

[1] *Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.*

[2] *Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.*

[3] *Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.*

[4] *Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.*

[5] *Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.*

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 general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

- 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. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. 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.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- 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 of the Company anticipate that the adoption of HKFRS 9 in the future may have a material 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.

HKFRS 15 Revenue from contracts with customers

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction contracts" and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

The directors of the Company anticipate that the application of the other new and revised standards, amendments and interpretations will have no material impact on the consolidated financial statements of the Group.

3. BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis except for certain investment properties and investments held for trading that are measured at fair values.

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

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:

	2014	2013
	HK$'000	*HK$'000*
Hotel operations	**406,647**	447,220

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 from continuing operations by reportable segment.

For the year ended 31 December 2014

	Hotel operations *HK$'000*	Securities trading *HK$'000*	Consolidated *HK$'000*
TURNOVER	**406,647**	**–**	**406,647**
RESULTS			
Amount excluding impairment loss recognised in respect of property, plant and equipment	**(13,467)**	**(224)**	**(13,691)**
Gain on disposals of subsidiaries	**444,324**	**–**	**444,324**
Segment profit	**430,857**	**(224)**	**430,633**
Interest income			**33,248**
Share of result of an associate			**(6,058)**
Share of result of a joint venture			**1,490**
Impairment loss recognised in respect of available-for-sale investments			**(12,916)**
Decrease in fair value of investment properties			**(27,694)**
Finance costs			**(14,791)**
Central administrative costs and unallocated corporate expenses			**(28,381)**
Profit before taxation			**375,531**

For the year ended 31 December 2013

	Hotel operations	Securities trading	Consolidated
	HK$'000	*HK$'000*	*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

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profit represents the profit earned by each segment without allocation of central administrative costs including directors' emoluments, interest income, finance costs, gain (loss) on disposals 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. INTEREST INCOME

	2014	2013
	HK$'000	*HK$'000*
Interest income on:		
Bank deposits and others	**6,651**	1,829
Effective interest on loan notes *(note 15)*	**2,377**	–
Amount due from a joint venture	**16,300**	–
Consideration receivable *(note 20)*	**7,920**	–
	33,248	1,829

7. FINANCE COSTS

	2014	2013
	HK$'000	*HK$'000*
Interest on borrowings wholly repayable within five years	**14,791**	32,083
Loan facilities fee	**–**	200
Total finance costs	**14,791**	32,283

8. PROFIT BEFORE TAXATION

	2014	2013
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	**43,463**	95,859
Auditor's remuneration	**3,719**	3,936
Cost of inventories recognised as expenses	**26,233**	40,728
Impairment loss recognised in respect of other receivables	**–**	7,871
Minimum lease payments paid in respect of rented premises	**98,040**	65,859
Staff costs (including directors' emoluments)	**91,721**	155,801
and after crediting:		
Gross rental income from shops in hotel properties less negligible outgoings (included in turnover)	**24,403**	24,092

9. INCOME TAX EXPENSE

	2014	2013
	HK$'000	*HK$'000*
Current tax:		
PRC Enterprise Income Tax	**(3,958)**	(4,505)
Capital gain tax	**–**	(66,744)
	(3,958)	(71,249)
Underprovision in prior years	**(893)**	(173)
Deferred tax:		
Current year	**2,251**	12,336
Total income tax recognised in the profit or loss	**(2,600)**	(59,086)

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.

10. DIVIDEND

During the year ended 31 December 2014, the Group distributed special dividends of HK$0.1 per share, totalling of HK$65,768,000 (2013: HK$nil). Other than the above, no dividend has been paid during the year.

No dividend was proposed for the year ended 31 December 2014, nor has any dividend been proposed since the end of the reporting period.

11. EARNINGS PER SHARE

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

	2014	2013
	HK$'000	*HK$'000*
Earnings for the purpose of basic earnings per share	**380,755**	381,966
Number of ordinary shares for the purposes of basic earnings per share for 2014 and 2013	**657,675,872**	657,675,872

There were no potential ordinary share outstanding during the year ended 31 December 2014.

12. PROPERTY, PLANT AND EQUIPMENT

The directors of the Company have reviewed the recoverability of the carrying amount of the Group's certain hotel properties with reference to their fair values at 31 December 2014, which have been arrived at on the basis of a valuation carried out on the respective dates 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). During the year ended 31 December 2014, no impairment loss was recognised in relation to the impairment testing carried out for the hotel properties of the Group as their fair values determined in this manner were estimated to be higher than their carrying amounts. During the year ended 31 December 2013, impairment loss of HK$43,000,000 was recognised in respect of a hotel property of the Group in the PRC.

During the year ended 31 December 2013, due to the continuously unsatisfactory result of a budget hotel, the Group had 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 was recognised in profit or loss.

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.

13. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1 January 2013	324,000
Currency realignment	5,108
Decrease in fair value recognised in the profit or loss	(30,108)
At 31 December 2013	299,000
Currency realignment	(4,306)
Decrease in fair value recognised in the profit or loss	(27,694)
At 31 December 2014	267,000

The fair value at 31 December 2014 and 31 December 2013 has been arrived at on the basis of a valuation carried out on the respective dates by Norton Appraisals Limited ("Norton Appraisals"), an independent qualified professional valuer not connected to 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 properties in the relevant locations. The fair value was determined based on the market comparison approach that reflects recent transaction prices for similar properties and also consider its term of operation up to 15 October 2023. There has been no change from the valuation technique used in the prior year. In estimating the fair value of the properties the highest and best use of the properties is their current use.

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 property of approximately HK$27,694,000 for the year ended 31 December 2014 (decrease in 2013: HK$30,108,000) has been recognised in the profit or loss.

14. INTEREST IN AN ASSOCIATE

Details of the Group's interest in an associate are as follows:

	2014	2013
	HK$'000	*HK$'000*
Cost of unlisted investment in an associate		
Unlisted investments *(Note)*	–	270,850
Share of post-acquisition losses	–	(1,223)
	–	269,627

Note: As disclosed in note 20, following a deemed disposal of the Group's interest completed on 29 November 2013, the Group held 17.7% investment in Rosedale Hotel Beijing Co., Ltd. ("Rosedale Beijing") (through the holding of approximately 88.7% equity interest in Makerston Limited ("Makerston"), which in turn held 20% equity interest in Rosedale Beijing). Rosedale Beijing ceased to be a subsidiary of the Group and became an associate of the Group, which the Group was able to exercise significant influence over Rosedale Beijing because it had the power to appoint one out of five directors of that company under the shareholders' agreement.

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

On 11 April 2014, the Group entered into sale and purchase agreements with ITC Properties Group Limited (the "ITCP"), a company incorporated in Bermuda with limited liability and its shares listed on the Stock Exchange, in which one of the transactions resulting the disposal of the 20% retained interest in Rosedale Beijing.

On 15 December 2014, the Group completed the disposal of entire equity interest in Makerston. Thus, Rosedale Beijing ceased to be the associate of the Group on that date.

15. LOAN NOTES RECEIVABLE

Following the completion of the disposal of Eagle Spirit Holdings Limited ("Eagle Spirit") and Makerston, the Group received the loan notes with principal amount of HK$500,000,000 issued by ITCP as part of the total consideration. The loan notes bear coupon interest at 5% per annum (payable semi-annually in arrears), and with maturity period of 2 years on 14 December 2016. At initial recognition, the fair value of the loan notes are determined based on the valuation report issued by an independent professional valuer, which is measured at the present value of contractual future cash flows discounted at the effective interest rate of 12.9% per annum, taking into account the credit standing of ITCP and the remaining time to maturity. Pursuant to the terms of the loan notes, ITCP has an option to early redeem the loan notes at par plus accrued outstanding interest. Based on the valuation report performed by the independent professional valuers and in the opinion of the Directors, the fair value of such early redemption option is insignificant.

The movement of the loan notes receivable for the year is set out below:

	HK$'000
Initial recognition on 15 December 2014	434,000
Effective interest recognised in profit or loss *(Note 6)*	2,377
Coupon interest receivable	(1,096)
As at 31 December 2014	435,281

16. OTHER ASSETS

	2014	2013
	HK$'000	*HK$'000*
Rental deposits and prepaid rental for hotel operating agreements	**19,800**	–

The amounts represented rental deposit and prepaid rental paid in connection with hotel operating agreements, which entitle the Group to manage and operate a hotel exclusively in Hong Kong for a period of 6 years. The rental deposits are fully refundable upon the end of the lease term.

17. TRADE AND OTHER RECEIVABLES

	2014	2013
	HK$'000	*HK$'000*
Trade receivables	**4,680**	13,489
Consideration receivable	**250,000**	675,405
Rental and utility deposits	**3,222**	31,767
Other receivables and prepayments	**112,657**	67,343
Loan receivables	**37,116**	27,116
Total trade and other receivables	**407,675**	815,120

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

	2014	2013
	HK$'000	*HK$'000*
0 – 30 days	**3,928**	10,682
31 – 60 days	**443**	777
61 – 90 days	**174**	270
Over 90 days	**135**	1,760
	4,680	13,489

18. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

On 5 November 2013, the Company's wholly-owned subsidiary, 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 the Purchaser 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$762,893,000.

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 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.

Subsequently, 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 was completed on 14 March 2014.

19. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of approximately HK$7,210,000 (2013: HK$8,710,000) and the age analysis of the trade payables presented based on the invoice date at end of the reporting period is as follows:

	2014	2013
	HK$'000	*HK$'000*
0 – 30 days	**3,826**	4,428
31 – 60 days	**1,652**	1,445
61 – 90 days	**983**	1,514
Over 90 days	**749**	1,323
	7,210	8,710

20. DISPOSALS OF SUBSIDIARIES/DEEMED DISPOSAL OF A SUBSIDIARY

(a) For the year ended 31 December 2014

As disclosed in note 18, the disposal of the Group's 60% equity interest in More Star and 60% of its shareholder's loan due from More Star, for a total cash consideration of approximately HK$762,893,000. The transaction was completed on 14 March 2014 and has resulted in the recognition of a gain of HK$459,286,000 in profit or loss in the current year.

On 27 October 2014, the Group entered into an agreement with an independent third party and it resulted in the Group losing control over its subsidiary. Enjoy Media Holdings Limited, a wholly-owned subsidiary of the Group, and its PRC subsidiary. The transaction was completed on the same date and has resulted in a gain on disposal of subsidiaries of HK$3,078,000 recognised in profit or loss in the current year.

On 11 April 2014, the Group entered into sale and purchase agreements with ITCP, for the sale of (i) its entire equity interest in and shareholder's loan due from Eagle Spirit (mainly representing 40% equity interest in More Star) at a total consideration of not exceeding HK$566,000,000; and (ii) its entire equity interest in and shareholder's loan due from Makerston (mainly representing 20% equity interest in Rosedale Beijing) at a total consideration not exceeding of HK$324,000,000. The transactions were completed on 15 December 2014 and the Group's control was lost on the same date, with the total consideration of HK$487,000,000 from the disposal of Eagle Spirit and HK$288,000,000 from disposal of Makerston, respectively. The transactions have resulted in the recognition of a loss on disposal of Eagle Spirit of HK$21,355,000 and a gain on disposal of Makerston of HK$3,315,000 in profit or loss in the current year.

(b) For the year ended 31 December 2013

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.

On 20 December 2013, the Group also entered into an agreement with an independent third party, whereby, the counterparty purchased 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.

On 31 May 2013, the Group entered into a capital increase agreement with an independent third party (the "Investor"), whereby, Rosedale Beijing was eligible to increase its registered capital from US$17,200,000 to US$86,000,000, which 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.

Note: As agreed by the parties to the capital increase agreement, the amount of the capital injected into Rosedale Beijing shall be firstly applied to the settlement of the shareholder's loan and the amounts due to fellow subsidiaries. Therefore, there was repayment from Rosedale Beijing of the amounts of HK$304,285,000 being received by the Group upon the completion of the deemed disposal.

The deferred cash consideration of HK$665,405,000 will be settled in cash by the Investor on or before 29 May 2014. Based on the capital increase agreement, the obligation of the Investor to pay the deferred consideration to the Group is to be secured by the share pledge to the Group of 50% of the equity interest in Rosedale Beijing. During the year ended 31 December 2014, the amount was subsequently settled. Since the Group had further granted a grace period to the Investor for arranging the settlement after 29 May 2014 specified on the capital increase agreement, an interest income of HK$7,920,000 was received and recognised in profit or loss.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

During the current reporting year, turnover of the Group attained HK$406.7 million, represented a decrease of 9.1% as compared to the HK$447.2 million of 2013. The results of the Group for the year ended 31 December 2014 was a profit of HK$372.9 million (2013: HK$443.1 million) which was mainly attributable to gross profit of HK$145.3 million (2013: HK$115.3 million); interest income of HK$33.2 million (2013: HK$1.8 million); administrative expenses of HK$193.1 million (2013: HK$223.5 million); finance costs of HK$14.8 million (2013: HK$32.3 million); gain on disposals of subsidiaries of HK$444.3 million (2013: loss of HK$20.1 million); decrease in fair value of investment properties of HK$27.7 million (2013: HK$30.1 million); impairment losses recognised in respect of available-for-sale investment of HK$12.9 million (2013: HK$32.2 million) and income tax expense of HK$2.6 million (2013: HK$59.1 million).

SEGMENT RESULTS

Hotel Operations

The hotel operations of the Group comprise the operation of the "Rosedale" branded 4-star rated hotels located in Hong Kong, Guangzhou and Shenyang and the Luoyang Golden Gulf Hotel. Turnover decreased by 9.1% to HK$406.7 million for the year ended 31 December 2014 (2013: HK$447.2 million) consequent to the deemed disposal of Rosedale Beijing in November 2013. Segment profit for the reporting year was HK$430.9 million (2013: HK$624.4 million) after taking into account the gain on disposal of 60% interest in More Star of HK$459.3 million and loss on disposal of Eagle Spirit of HK$21.4 million. Gain on deemed disposal of Rosedale Beijing of HK$781.8 million was recorded for the year ended 31 December 2013.

Securities Trading

Loss from trading of securities for the year ended 31 December 2014 was HK$0.2 million (2013: profit of HK$0.2 million).

MATERIAL ACQUISITIONS AND DISPOSALS

(a) On 5 November 2013, Eagle Spirit 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 for an aggregate consideration of approximately HK$762.9 million. More Star was then an indirect wholly-owned subsidiary of the Company and the sole asset of More Star is its investment in 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"). Pursuant to the terms of the agreement, Rosedale Kowloon has entered into a master lease with Fortress State on completion of the agreement to 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 comprises 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 transaction was completed on 14 March 2014.

(b) On 11 April 2014, the Group entered into sale and purchase agreements with ITCP, for the sale of (i) its entire equity interest in and shareholder's loan due from Eagle Spirit (mainly representing 40% equity interest in More Star) at a total consideration of not exceeding HK$566 million; and (ii) its entire equity interest in and shareholder's loan due from Makerston (mainly representing 20% equity interest in Rosedale Beijing) at a total consideration not exceeding of HK$324 million. The transactions were completed on 15 December 2014 and the Group's control was lost on the same date, with the total consideration of HK$487 million from the disposal of Eagle Spirit and HK$288 million from disposal of Makerston, respectively.

(c) On 31 December 2014, the Company entered into a framework agreement ("Framework Agreement") and is in the discussion and negotiation with two independent third parties ("Vendors") in relation to the possible acquisition of 51% equity interests in a company ("Target") owned by the Vendors. Pursuant to the Framework Agreement, among other things, (i) an exclusivity period of three months after the date of the Framework Agreement was granted to the Company; and (ii) the Company and the Vendors shall enter into the a loan agreement ("Loan Agreement") for an interest free loan of HK$75 million to facilitate the Vendors to the acquisition of the entire entity interest in a PRC registered company ("PRC Company") from all the existing shareholders of the PRC Company. The PRC Company owns a parcel of land in Zhuhai, the PRC with a site area of 19,152.69 square metres. The PRC Company also owns a hotel property on the aforesaid land known as Zhuhai Lizhou Holiday Hotel. No formal agreement has been entered into between the Company and the Vendors 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:

	2014	2013
	HK$ million	*HK$ million*
Borrowings – amount due within one year	**110**	216
Borrowings – amount due after one year	**150**	250
Liabilities classified as held for sale	**–**	630
	260	1,096

All borrowings bear floating interest rates. During the current reporting period, the Group repaid borrowings of HK$836 million.

The gearing ratio as at 31 December 2014, expressed as a percentage of total borrowings to equity attributable to owners of the Company, was 11.5% (at 31 December 2013: 55.5%).

PLEDGE OF ASSETS

At 31 December 2014, the Group did not have any assets pledged for credit facilities. At 31 December 2013, assets pledged to bank for certain loan facilities were approximately HK$1,121.2 million.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 December 2014 and 2013.

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 2014, 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 2014, the Group had 682 employees of which 541 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

Following the 24 years' record low GDP growth of 7.4% in 2014, Premier Li Ke-qiang announced recently at the National People's Congress to further lower the 2015 GDP growth forecast to 7%. Coupled with the tensed political environment in Hong Kong consequent to the controversial 2017 political reform, the performance of the Group's hotel business in 2015 is expected to be affected.

Notwithstanding the above adverse factors in the macro-environment, the cash level of the Group increased significantly following the completion of the disposal of Eagle Spirit and Makerston in December 2014. This shall equip the Group to expand its network whenever opportunities arise especially during the coming year with potential economic uncertainties.

In the future, the Group shall continuously paying efforts to explore further hotel investment opportunities both in Hong Kong and in the mainland so as uplift the return on investment and to maximise the shareholders' wealth.

FINAL DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 December 2014 (2013: 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 2014.

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 2014 including the accounting principles and practices adopted by the Group.

PROPOSED AMENDMENTS TO THE BYE-LAWS AND ADOPTION OF THE NEW BYE-LAWS

The Board proposes to amend the Bye-Laws of the Company (the "Bye-Laws") to (i) bring the Bye-Laws in line with certain amendments made to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and Bermuda laws, and (ii) incorporate certain housekeeping amendments and update certain provisions. The Board will put forward to the shareholders of the Company for approval at the forthcoming annual general meeting of the Company (the "2015 AGM") by way of special resolutions to amend the Bye-Laws and to adopt a new set of the Bye-Laws which consolidates all of these proposed amendments and all of the previous amendments made pursuant to resolutions passed by the shareholders of the Company.

The principal proposed amendments to the Bye-Laws are as follows:

1. to add the definitions of "close associate" and "substantial shareholder" and update the provisions in the Bye-Laws containing references to "associate" in light of the amendments to the Listing Rules;

2. to modify certain definitions as appropriate;

3. to revise the provisions in the Bye-Laws related to giving of financial assistance by the Company in connection with a purchase of shares in the Company to the extent that it is permitted under Bermuda laws;

4. to remove the references to deputy chairman;

5. to allow a resolution in general meetings which relates purely to a procedural or administrative matter to be voted by a show of hands if allowed by the chairman of the meeting;

6. to provide that, unless otherwise determined by the Company in general meeting, the number of directors of the Company shall not be less than two (2) and there shall be no maximum number of directors of the Company;

7. to revise the provisions in the Bye-Laws related to re-election of director appointed to fill a casual vacancy at the next following general meeting to comply with the requirements under the Listing Rules;

8. to no longer permit a director of the Company to disregard 5% interests when considering whether the director of the Company has a material interest which would prevent him/her from forming part of the quorum or voting at a Board meeting;

9. to allow the chairman of general meetings to have a casting vote in the case of equality of votes;

10. to allow the chairman of the Board to have a casting vote in the case of equality of votes at any Board meetings;

11. to allow insertion of electronic signature into written resolutions of the Board and in the minutes of Board meetings; and

12. to make other miscellaneous amendments to update, modernise or clarify provisions of the Bye-Laws where it is considered desirable and to better align with the wordings in the Listing Rules and Bermuda laws.

A circular containing, among other things, details of the proposed amendments to the Bye-Laws and adoption of the new Bye-Laws, together with the notice convening the 2015 AGM and the related proxy form, will be despatched to the shareholders of the Company in due course.

CORPORATE GOVERNANCE

In the opinion of the Board, the Company has complied with the code provisions set out in the Corporate Government Code (the "Code") contained in Appendix 14 to the Listing Rules during the year ended 31 December 2014 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 five (5) 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, they are subject to retirement by rotation and re-election at the annual general meeting in accordance with Bye-Law 99 of the Bye-Laws. As such, the Board considers that this is no less exacting than that in the Code.

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 former Chairman of the Board, Mr. Cheung Hon Kit, was unable to attend the annual general meeting held on 30 May 2014 (the "2014 AGM") as he had other business engagement. Ms. Chan Ling, Eva, the Managing Director, attended and took the chair of the 2014 AGM in accordance with Bye-Law 68 of the Bye-Laws and answered questions from the shareholders of the Company.

By Order of the Board
Rosedale Hotel Holdings Limited
Yap, Allan
Chairman

Hong Kong, 26 March 2015

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

Executive Directors:	*Independent Non-executive Directors:*
Dr. Yap, Allan *(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