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Rosedale Hotel Holdings Limited

珀麗酒店控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1189)

DISCLOSEABLE TRANSACTION IN RELATION TO PAYMENT OF EARNEST MONEY

THE MOU

The Company and the JV Partner are in discussions with respect to the Possible Investment in the Hotel. In order to facilitate the continued negotiation between the Company and the JV Partner on the Possible Investment, the Company and the JV Partner entered into the MOU on 2 July 2015 (after trading hours), pursuant to which, among other things, (i) an exclusivity period was granted by the JV Partner to the Company from the date of the MOU to the later of (a) the date of completion of the Formal Agreements, if any; or (b) the date of termination or expiration of the MOU; and (ii) the Company shall pay the Earnest Money of approximately HK\$172.9 million to the JV Partner. In the event that the Formal Agreements materialise, the Earnest Money shall be applied as the Company's contribution to the Possible Investment. The JV Partner shall forthwith refund the Earnest Money to the Company if the MOU is terminated in accordance with the terms thereof. The MOU is not legally binding on the parties in respect of the consummation of the Possible Investment and/or the entering into of the Formal Agreements. Save for this, the MOU is legally binding on the parties in respect of the Earnest Money, term, expenses, exclusivity, confidentiality and governing law.

IMPLICATIONS UNDER THE LISTING RULES

The payment of the Earnest Money under the MOU constitutes a discloseable transaction for the Company under the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

The MOU may or may not lead to the entering into of the Formal Agreements and the Possible Investment may or may not be consummated. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

THE MOU

The Company and the JV Partner are in discussions with respect to a possible co-investment in the Hotel (the “**Possible Investment**”). In order to facilitate the continued negotiation between the Company and the JV Partner on the Possible Investment, the Company and the JV Partner entered into the MOU on 2 July 2015 (after trading hours).

The following sets out the key terms of the MOU:

Exclusivity

An exclusivity period was granted by the JV Partner to the Company, during the period commencing from the date of the MOU to the later of:

- (a) the date of completion of the Formal Agreements, if any; or
- (b) the date of termination or expiration of the MOU,

the JV Partner shall not, either directly or indirectly, (i) solicit or initiate the submission of any proposal from, or enter into negotiations with, any other party, whether a legal entity or an individual; or (ii) actively respond to any proposal or invitation to enter negotiations from any third party, whether a legal entity or an individual; or (iii) enter into any agreement or arrangement with any third party, whether or not such agreement or arrangement would take place during or after the date of the MOU, relating to the Hotel, except for the Hotel Agreement and the negotiations related thereto.

Earnest Money

The JV Partner (or one of its affiliates) intends to enter into the Hotel Agreement with the existing owners of the Hotel to acquire ownership and operation of the Hotel. In the event that the Formal Agreements materialise, it is expected that the Company (or one of its affiliates) will acquire an indirect 66.67% interest in the Hotel upon completion of the Possible Investment. In order to facilitate the JV partner to enter into the Hotel Agreement, after arm's length negotiation between the Company and the JV Partner, the Company agrees to pay to the JV Partner approximately HK\$172.9 million as refundable earnest money (the “**Earnest Money**”) upon signing of the MOU. Upon signing of the Formal Agreements, the Earnest Money shall be applied as the Company's contribution to the Possible Investment (either by way of subscription money or purchase price or investment amount or otherwise).

In the event that (i) no Formal Agreements has been entered into between the Company and the JV Partner on or before 31 July 2015 (or such later date as the parties may agree in writing) for whatever reason; or (ii) the MOU is being terminated by the Company by serving written notice to the JV Partner; or (iii) the JV Partner (or one of its affiliates) has not entered into the Hotel Agreement on or before 31 July 2015 (or such later date as the Company may agree), the JV Partner shall forthwith, and in any event within 14 days from the date of the relevant event, refund the Earnest Money to the Company and whereupon, in the case of (i) and (iii), the MOU shall be terminated.

Term

The MOU shall expire on 31 July 2015 or upon the execution of the Formal Agreements, whichever is earlier unless extended by agreement of the Company and the JV Partner in writing.

Termination

The Company may, at its sole and absolute discretion, at any time prior to the expiry date of the MOU, without incurring any liability of whatsoever nature to the JV Partner, terminate the MOU and/or the negotiations relating to the subject matter of the MOU, by serving written notice of such intention to the JV Partner.

Conditions

Completion of the Formal Agreements shall be conditional upon, among other things, the passing of the necessary resolution(s) by the Shareholders at the special general meeting of the Company to approve the Formal Agreements and the transactions contemplated thereunder.

Formal Agreements

The Formal Agreements are intended to include, among other things, the following business terms:

- (i) the Possible Investment is intended to be through a newly incorporated entity (the “**Newco**”) which will be owned 66.67% by the Company (or one of its affiliates) and 33.33% by the JV Partner (or one of its affiliates). The JV Partner will lead the acquisition of the Hotel and the Company will be a participating investor;
- (ii) upon completion of the Possible Investment, the JV Partner will oversee the day-to-day operation of the Hotel and the Newco will enter into an asset management agreement with the JV Partner, details of which will be agreed between the parties; and

- (iii) the JV Partner has the option to purchase from the Company its share in the Newco such that the JV Partner's ownership in the Newco will be increased to 50%. The transaction price of purchasing the Company's interest in Newco will be based on the Hotel's purchase price on a pro rata basis plus interest, which should be based on pricing of the prime loan of property obtained from third party lender.

Legal effect

The MOU is not legally binding on the parties in respect of the consummation of the Possible Investment and/or the entering into of the Formal Agreements. Save for this, the MOU is legally binding on the parties in respect of the Earnest Money, term, expenses, exclusivity, confidentiality and governing law.

INFORMATION ON THE JV PARTNER AND THE HOTEL

The JV Partner is a company incorporated in British Virgin Islands with limited liability and is principally engaged in the business of real estate holding and development. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the JV Partner and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined in the Listing Rules). The Hotel is a reputable hotel located in British Columbia, Canada.

REASONS FOR THE ENTERING INTO OF THE MOU

The Group is principally engaged in hotel investment and trading of securities.

The objective of the Possible Investment is to hold and operate the Hotel for a medium to long-term period to maximise profits. The Directors consider that the Possible Investment would provide an opportunity for the Company to broaden its revenue stream. The Earnest Money, which is funded by the internal resources of the Group, is provided to the JV Partner to facilitate it to enter into the Hotel Agreement. Pursuant to the MOU, the Company has an exclusive negotiation right in respect of the Hotel during the exclusivity period. The Directors consider the payment of the Earnest Money is able to secure the aforesaid exclusive negotiation right of the Company.

Based on the above, the Directors are of the view that the terms of the MOU (including payment of the Earnest Money) are fair and reasonable and the entering into of the MOU is in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

The payment of the Earnest Money under the MOU constitutes a discloseable transaction for the Company under the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

In the event that the Formal Agreements materialise, the Possible Investment is expected to constitute a very substantial acquisition for the Company under the Listing Rules. Further announcement(s) will be made in respect thereof as and when required by the Listing Rules.

The MOU may or may not lead to the entering into of the Formal Agreements and the Possible Investment may or may not be consummated. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

Unless the context requires otherwise, the capitalised terms used in this announcement shall have the following meanings:

“Board”	the board of Directors
“Company”	Rosedale Hotel Holdings Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1189)
“Director(s)”	director(s) of the Company
“Formal Agreements”	the investment agreement and shareholders’ agreement to be entered into by the Company and the JV Partner in relation to the Possible Investment
“Group”	the Company and its subsidiaries
“Hotel”	a reputable hotel located in British Columbia, Canada
“Hotel Agreement”	the sale and purchase agreement to be entered into by the JV Partner (or one of its affiliates) with the existing owners of the Hotel in relation to the acquisition of ownership and operation of the Hotel
“JV Partner”	Caufield Investments Limited, a limited liability incorporated and existing under the laws of British Virgin Islands
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the memorandum of understanding dated 2 July 2015 entered into between the Company and the JV Partner with respect of the Possible Investment

“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
Rosedale Hotel Holdings Limited
Dr. Yap, Allan
Chairman

Hong Kong, 2 July 2015

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

Executive Directors:

Dr. Yap, Allan (*Chairman*)
Ms. Chan Ling, Eva (*Managing Director*)
Mr. Chan Pak Cheun, Natalis

Independent Non-executive Directors:

Mr. Kwok Ka Lap, Alva
Mr. Poon Kowk Hing, Albert
Mr. Sin Chi Fai