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 2015

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 2015 together with comparative figures for the corresponding period in 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	NOTES	**2015** **HK$'000**	2014 *HK$'000*
Turnover	*4*	**235,412**	406,647
Direct operating costs		**(151,557)**	(261,326)
Gross profit		**83,855**	145,321
Interest income	*6*	**69,734**	33,248
Other income, gains and losses		**(27,255)**	7,785
Distribution and selling expenses		**(878)**	(2,067)
Administrative expenses		**(169,338)**	(193,111)
Finance costs	*7*	**(1,632)**	(14,791)
Gain on disposals of subsidiaries	*20*	**–**	444,324
Impairment loss recognised in respect of property, plant and equipment	*12*	**(17,496)**	–
Decrease in fair value of investment properties	*13*	**(30,634)**	(27,694)
Share of result of an associate		**–**	(6,058)
Share of result of a joint venture	*14*	**(7,445)**	1,490
Impairment loss recognised in respect of available-for-sale investment		**(18,722)**	(12,916)

	NOTES	2015 HK$'000	2014 HK$'000
(Loss) profit before taxation	8	**(119,811)**	375,531
Income tax expense	9	**(1,568)**	(2,600)
(Loss) profit for the year		**(121,379)**	372,931
Other comprehensive expense			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operations		**(35,068)**	(17,881)
Reclassification adjustment of translation reserve upon disposal of subsidiaries		**–**	(1,434)
Reclassification of translation reserve to profit or loss upon deregistration of subsidiaries		**–**	(1,370)
		(35,068)	(20,685)
Total comprehensive (expense) income for the year		**(156,447)**	352,246
(Loss) profit for the year attributable to:			
Owners of the Company		**(105,098)**	380,755
Non-controlling interests		**(16,281)**	(7,824)
		(121,379)	372,931
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(135,963)**	361,947
Non-controlling interests		**(20,484)**	(9,701)
		(156,447)	352,246
		HK$	*HK$*
(LOSS) EARNINGS PER SHARE			
– Basic	11	**(0.14)**	0.58

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	NOTES	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment	12	**470,255**	548,465
Investment properties	13	**229,000**	267,000
Interest in a joint venture	14	**179**	–
Amount due from a joint venture	14	**27,983**	–
Available-for-sale investments		**–**	18,722
Loan notes receivable	15	**–**	435,281
Deposit paid for a possible acquisition of an investment	16	**172,940**	–
Other assets		**19,800**	19,800
		920,157	1,289,268
Current assets			
Inventories		**2,491**	2,805
Trade and other receivables	17	**118,079**	407,675
Loan notes receivable	15	**186,578**	–
Investments held for trading	18	**14,406**	317
Cash and cash equivalent		**1,436,453**	1,272,649
		1,758,007	1,683,446
Current liabilities			
Trade and other payables	19	**90,909**	86,517
Borrowings – amount due within one year		**10,000**	110,000
Tax liabilities		**77,389**	79,037
		178,298	275,554
Net current assets		**1,579,709**	1,407,892
Total assets less current liabilities		**2,499,866**	2,697,160

	2015	2014
	HK$'000	*HK$'000*
Non-current liabilities		
Borrowings – amount due after one year	**–**	150,000
Deferred taxation	**52,223**	57,089
	52,223	207,089
Net assets	**2,447,643**	2,490,071
Capital and reserves		
Share capital	**7,892**	6,577
Share premium and reserves	**2,238,700**	2,261,959
Equity attributable to owners of the Company	**2,246,592**	2,268,536
Non-controlling interests	**201,051**	221,535
Total equity	**2,447,643**	2,490,071

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

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 will be 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 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 amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKAS 19	Defined benefit plans: Employee contributions
Amendments to HKFRSs	Annual improvements to HKFRSs 2010 – 2012 cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011 – 2013 cycle

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

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[1]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[2]
Amendments to HKAS 1	Disclosure initiative[2]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[2]
HKAS 27	Equity method in separate financial statements[2]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants[2]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception[2]
Amendments to HKFRSs	Annual improvements to HKFRSs 2012 – 2014 cycle[2]

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

[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 2016.*

[3] *Effective for annual periods beginning on or after a date to be determined.*

HKFRS 9 Financial instruments

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

- 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 that 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 value 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.

- 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 directors of the Company do not anticipate that the application of HKFRS 9 will have a material effect on amounts reported in respect of the Group's financial assets and financial liabilities, however, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

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

HKFRS 15 Revenue from contracts with customers

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 are in the process of assessing the impact of HKFRS 15 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 do not anticipate that the application of the other new and revised standards and amendments will have material impact on the consolidated financial statements of the Group.

3. BASIS OF PREPARATION

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 ("Listing Rules") and by the Hong Kong Companies Ordinance ("CO").

3. **BASIS OF PREPARATION – continued**

The disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

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 at the end of each reporting period.

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:

	2015	2014
	HK$'000	*HK$'000*
Hotel operations	**221,089**	367,962
Rental income	**14,323**	38,685
	235,412	406,647

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, and rental income

2. Securities trading – trading of equity securities

5. **SEGMENT INFORMATION – continued**

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 2015

	Hotel operations *HK$'000*	**Securities trading** *HK$'000*	**Consolidated** *HK$'000*
TURNOVER	**235,412**	**–**	**235,412**
RESULTS			
Amount excluding impairment loss recognised in respect of property, plant and equipment	**(60,635)**	**–**	**(60,635)**
Impairment loss recognised in respect of property, plant and equipment	**(17,496)**	**–**	**(17,496)**
Realised loss on disposal of investment held for trading	**–**	**(10,706)**	**(10,706)**
Unrealised loss in fair value of investment held for trading	**–**	**(7,706)**	**(7,706)**
Segment loss	**(78,131)**	**(18,412)**	**(96,543)**
Interest income			**69,734**
Share of result of a joint venture			**(7,445)**
Impairment loss recognised in respect of available-for-sale investments			**(18,722)**
Decrease in fair value of investment properties			**(30,634)**
Finance costs			**(1,632)**
Central administrative costs and unallocated corporate expenses			**(34,569)**
Loss before taxation			**(119,811)**

5. SEGMENT INFORMATION – continued

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 (loss)	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

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment loss/profit represents the profit earned by each segment without allocation of central administrative costs including directors' emoluments, interest income, finance costs, gain on disposals of subsidiaries, certain impairment losses, change in fair value of investment properties, share of result of an associate and share of result of a joint venture. 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

	2015	2014
	HK$'000	*HK$'000*
Interest income on:		
Bank deposits and others	**679**	6,651
Effective interest on loan notes *(note 15)*	**38,248**	2,377
Reversal of effective interest recognised upon initial recognition for the early repayment portion *(note 15)*	**30,200**	–
Imputed interest on amount due from a joint venture	**607**	16,300
Consideration receivable	**–**	7,920
	69,734	33,248

7. FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
Interest on borrowings	**1,632**	14,791

8. (LOSS) PROFIT BEFORE TAXATION

	2015	2014
	HK$'000	*HK$'000*
(Loss) Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	**32,780**	43,463
Auditor's remuneration	**3,533**	3,719
Cost of inventories recognised as expenses	**17,529**	26,233
Impairment loss recognised in respect of property, plant and equipment	**17,496**	–
Minimum lease payments paid in respect of rented premises	**32,467**	98,040
Staff costs (including directors' emoluments)	**40,704**	91,721
and after crediting:		
Gross rental income from shops in hotel properties less negligible outgoings (included in turnover)	**25,818**	24,403

9. INCOME TAX EXPENSE

	2015	2014
	HK$'000	*HK$'000*
Current tax:		
PRC Enterprise Income Tax	**(3,030)**	(3,958)
Underprovision in prior years	**(269)**	(893)
	(3,299)	(4,851)
Deferred tax:		
Current year	**1,731**	2,251
Total income tax recognised in profit or loss	**(1,568)**	(2,600)

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 (the "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

No dividend was proposed for the year ended 31 December 2015, nor has any dividend been proposed since the end of the reporting period.

During the year ended 31 December 2014, the Group distributed special dividends of HK$0.1 per share, totalling of HK$65,768,000. Other than the above, no dividend had been paid in 2014.

11. (LOSS) EARNINGS PER SHARE

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

	2015	2014
	HK$'000	*HK$'000*
(Loss) earnings for the purpose of basic earnings per share	**(105,098)**	380,755

	Number of shares	
	2015	2014
Weighted average number of ordinary shares for the purposes of basic earnings per share for 2015 and 2014	**731,912,162**	657,675,872

There was no potential ordinary share outstanding during the year ended 31 December 2015.

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 2015, 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 2015, an impairment loss of HK$17,496,000 (2014: nil) was recognised in relation to the impairment testing carried out for a hotel property of the Group as its fair value determined in this manner was estimated to be lower than its carrying amount.

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 2014	299,000
Currency realignment	(4,306)
Decrease in fair value recognised in the profit or loss	(27,694)
At 31 December 2014	267,000
Currency realignment	(7,366)
Decrease in fair value recognised in the profit or loss	(30,634)
At 31 December 2015	229,000

The fair value at 31 December 2015 and 31 December 2014 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.

13. INVESTMENT PROPERTIES – continued

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$30,634,000 for the year ended 31 December 2015 (decrease in 2014: HK$27,694,000) has been recognised in the profit or loss.

14. INTEREST IN A JOINT VENTURE/AMOUNT DUE FROM A JOINT VENTURE

	2015	2014
	HK$'000	*HK$'000*
Cost of investment – unlisted	**–**	–
Share of post-acquisition losses and other comprehensive income, net of dividend received	**(7,445)**	–
Deemed capital contribution – interest free loan	**7,624**	–
	179	–
Amount due from a joint venture	**27,983**	–

For the year ended 31 December 2015

During the current year, the Group established an entity, in which the Group holds 50% equity interest, Star One Investments Limited ("Star One"). There were two shares at par value of US$1 each allotted and issued as fully paid shares to the Group and a joint venture partner. Pursuant to the relevant sharheolders' agreement, the Group is able to exercise joint control with counterparty over Star One as the Group has the power to participate in the financial and operating policy decisions of the investee. Accordingly, Star One is regarded as a joint venture of the Group. In addition, the Group further advanced an amount of US$4,500,000 (equivalent to approximately HK$35,000,000) to the investee as its working capital for business development.

14. INTEREST IN A JOINT VENTURE/AMOUNT DUE FROM A JOINT VENTURE – continued

The amount due from a joint venture with principal of US$4,500,000 (equivalent to approximately HK$35,000,000) (2014: nil) is unsecured, non-interest bearing and have no fixed repayment terms. In the opinion of the directors, settlement is neither planned nor likely to occur in the foreseeable future. The directors consider that the amount forms part of the net investment in the joint venture. At the end of the reporting period, the carrying amounts of such non-interest bearing portion of HK$7,624,000 (2014: nil) is determined based on the present value of future cash flows discounted using an effective interest rate of 5% (2014: n/a). It is expected that the amount will be repayable in 5 years. The corresponding adjustment in relation to the imputed interest on the non-interest bearing amount due from a joint venture is recognised against the interest in the joint venture. The amount is not expected to be repaid within one year and are therefore classified as non-current.

For the year ended 31 December 2014

Following the completion of the transaction on 14 March 2014, the Group, through Eagle Spirit Holdings Limited ("Eagle Spirit"), held 40% interest in More Star Limited ("More Star"") and More Star ceased to be a wholly-owned subsidiary of the Group. As the Group was able to exercise joint control over the operation of More Star because major decisions require unanimous consent of both shareholders according to the shareholders' agreement entered into between Eagle Spirit, the purchaser and More Star. More Star was accounted for as a joint venture accordingly.

The recognition of the Group's retained interest of 40% in More Star was initially measured at its fair value, which was determined with reference to the estimated consideration amount for the disposal of the 40% interest in More Star as agreed between the Group and the potential buyer soon after the date of loss of control of More Star.

On 11 April 2014, the Group entered into sale and purchase agreements with ITC Properties Limited ("ITCP"), in which one of the transactions resulting the disposal of the 40% retained interest in More Star.

On 15 December 2014, the Group disposed entire equity interest in Eagle Spirit. Thus, More Star ceased to be a joint venture of the Group on that date. During the period from 11 April 2014 to 15 December 2014, the Group shared its result of HK$1,490,000 accordingly.

15. LOAN NOTES RECEIVABLE

Following the completion of the disposal of Eagle Spirit and Makerston Limited ("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 valuers, 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.

15. LOAN NOTES RECEIVABLE – continued

On 23 June 2015, ITCP redeemed part of the loan notes with principal amount of HK$300,000,000 at par and settled the accrued interests accordingly. Hence, the relevant imputed interest of HK$30,200,000 recognised upon initial recognition for the period from the date of redemption to the maturity date of such redeemed loan notes was reversed.

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 received	(1,096)
As at 31 December 2014	435,281
Effective interest recognised in profit or loss *(Note 6)*	38,248
Reversal of effective interest recognised upon initial recognition for the early repayment portion *(Note 6)*	30,200
Coupon interest received	(17,151)
Early repayment	(300,000)
As at 31 December 2015	186,578

16. DEPOSIT PAID FOR A POSSIBLE ACQUISITION OF AN INVESTMENT

The entire balance at 31 December 2015 represented a refundable earnest money paid by the Group for entering into a memorandum of understanding relating to a possible investment which holds 25% interest in a hotel operated and located in British Columbia, Canada. Details of the transaction are set out in the Company's announcements dated on 2 July 2015, 31 August 2015, 30 November 2015 and 29 January 2016.

Up to the date of authorisation of this announcement, no formal agreement in relation to this possible investment has been entered into by the Group and such transaction has yet to be completed.

17. TRADE AND OTHER RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Trade receivables	**5,367**	4,680
Consideration receivable	**–**	250,000
Rental and utility deposits	**2,249**	3,222
Other receivables and prepayments	**110,463**	112,657
Loan receivables	**–**	37,116
Total trade and other receivables	**118,079**	407,675

17. TRADE AND OTHER RECEIVABLES – continued

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.

	2015	2014
	HK$'000	*HK$'000*
0 – 30 days	**4,491**	3,928
31 – 60 days	**399**	443
61 – 90 days	**382**	174
Over 90 days	**95**	135
	5,367	4,680

18. INVESTMENTS HELD FOR TRADING

Held-for-trading investments include:

	2015	2014
	HK$'000	*HK$'000*
Listed securities		
Equity securities listed in Hong Kong	**14,406**	317

The fair value was based on the quoted prices of the respective securities in active markets.

At 31 December 2015 and 2014, no investments held for trading have been pledged as security.

19. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of approximately HK$5,905,000 (2014: HK$7,210,000) and the aged analysis of the trade payables presented based on the invoice date at the end of the reporting period is as follows:

	2015	2014
	HK$'000	*HK$'000*
0 – 30 days	**3,037**	3,826
31 – 60 days	**1,128**	1,652
61 – 90 days	**848**	983
Over 90 days	**892**	749
	5,905	7,210

20. DISPOSALS OF SUBSIDIARIES

For the year ended 31 December 2014

The disposal of the Group's 60% equity interest in More Star Limited ("More Star") (mainly representing a hotel property interest in "Rosedale Hotel Kowloon") 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 for the year ended 31 December 2014.

On 27 October 2014, the Group entered into an arrangement with an independent third party and it resulted in the Group losing control over Enjoy Media Holdings Limited ("Enjoy Media"), 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 Hotel Beijing Co., Ltd ("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 for the year ended 31 December 2014.

MARKET REVIEW

During 2015, the performance for global markets were rather flattish, as the European migrant crisis and the Federal funds rate normalisation further kept investors staying risk-averse, especially during the past quarters. In the People's Republic of China (the "PRC"), as weighed down by sluggish demand at home and abroad, industrial overcapacity and faltering investment, its Gross Domestic Product (GDP) slowed to 6.9% in 2015, reflecting a negative growth of about 0.5% as compared to 2014. In the meanwhile, the GDP of Hong Kong increased moderately by 2.4% year-on-year, visitor arrivals to Hong Kong dropped by 2.5%, after rising by 12% in 2014, which accounting for more than 75% of the total were visitors from Mainland China, and those visitors from Mainland China also declined by 3%, after rising by 16% in 2014, accordingly.

BUSINESS REVIEW

During the year ended 31 December 2015, turnover of the Group attained HK$235.4 million, represented a decrease of 42.1% as compared to HK$406.7 million of 2014. The results of the Group for the year ended 31 December 2015 was a loss of HK$121.4 million (2014: profit of HK$372.9 million) which was mainly attributable to gross profit of HK$83.9 million (2014: gross profit of HK$145.3 million); administrative expenses of HK$169.3 million (2014: HK$193.1 million); finance costs of HK$1.6 million (2014: HK$14.8 million); impairment loss recognised in respect of property, plant and equipment of HK$17.5 million (2014: nil); impairment losses recognised in respect of available-for-sale investments of HK$18.7 million (2014: HK$12.9 million); decrease in fair value of investment properties of HK$30.6 million (2014: HK$27.7 million); share of loss from a joint venture of HK$7.4 million (2014: gain of HK$1.5 million) and income tax expense of HK$1.6 million (2014: HK$2.6 million), offset by interest income of HK$69.7 million (2014: HK$33.2 million).

Hotel Investment

The hotel investment of the Group comprises three "Rosedale" branded 4-star rated hotels located in Hong Kong, Guangzhou and Shenyang and the Luoyang Golden Gulf Hotel. Turnover decreased by 42.1% to HK$235.4 million for the year ended 31 December 2015 (2014: HK$406.7 million) consequent to the disposal of the entire equity interest in Rosedale Hotel Kowloon ("Rosedale Kowloon") completed in 2014. The average occupancy rate was increased by 4.5% to 65.4% for the year ended 31 December 2015 (2014: 60.9%) which mainly due to the average room rate was overall dropped. Segment loss for the reporting period was HK$78.1 million (2014: profit of HK$430.9 million). Profit for the reporting period of 2014 came mainly from the gain on disposal of Rosedale Kowloon of HK$459.3 million completed in March 2014.

Securities Trading

Loss from securities trading for the year ended 31 December 2015 was HK$18.4 million (2014: loss of HK$0.2 million).

MATERIAL ACQUISITIONS AND DISPOSALS

On 31 December 2014, the Company entered into a framework agreement (the "Framework Agreement") with two independent third parties (the "Vendors") in relation to the possible acquisition of 51% equity interests in a company owned by the Vendors (the "Possible Acquisition"). 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 a loan agreement for a short term interest free loan of HK$75 million (the "Loan Agreement") to facilitate the Vendors to the acquisition of the entire entity interest in a PRC registered company (the "PRC Company") from all its existing shareholders. 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. Subsequently, supplemental framework agreements and extension letters were signed to further extend the exclusivity period and the repayment date of the Loan Agreement to 29 April 2016. Further details of the Possible Acquisition are disclosed in the Company's announcements dated 31 December 2014, 31 March 2015, 30 June 2015, 30 September 2015 and 30 December 2015. No formal agreement has been entered into between the Company and the Vendors as at the date of this announcement.

On 2 July 2015, the Company and an independent third party (the "JV Partner") entered into a memorandum of understanding (the "MOU"), relating to possible investment in a hotel located in Canada (the "Possible Investment"). The Company paid a refundable earnest money of approximately HK$172.9 million to the JV Partner. The expiry date of the MOU was 31 July 2015. On 31 July 2015, 31 August 2015, 25 September 2015, 30 November 2015 and 29 January 2016, the Company and the JV Partner further entered into letters of extension in relation to the MOU to extend the expiry date of the MOU to 31 August 2015, 30 September 2015, 30 November 2015, 29 January 2016 and 29 April 2016, respectively. Further details of the Possible Investment are disclosed in the Company's announcements dated 2 July 2015, 31 July 2015, 31 August 2015, 25 September 2015, 30 November 2015 and 29 January 2016. As at the date of this announcement, formal agreements in relation to the Possible Investment have not yet been entered into.

LIQUIDITY AND FINANCIAL RESOURCES

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

	2015	2014
	HK$ million	*HK$ million*
Borrowings – amount due within one year	**10**	110
Borrowings – amount due after one year	**–**	150
	10	260

All borrowings bear floating interest rates. During the current reporting period, the Group repaid borrowings of HK$250 million.

The gearing ratio as at 31 December 2015, expressed as a percentage of total borrowings to equity attributable to owners of the Company, was approximately 0.4% (31 December 2014: 11.5%).

PLEDGE OF ASSETS

The Group did not have any assets pledged for credit facilities as at each of 31 December 2015 and 31 December 2014.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at each of 31 December 2015 and 31 December 2014.

FOREIGN CURRENCY RISK MANAGEMENT

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 2015, the Group has not entered into any hedging arrangements. However, the Group will actively consider the use of relevant financial instruments to manage currency exchange risks in line with our business development.

INTEREST RATE RISK MANAGEMENT

For the year ended 31 December 2015, the Group was not subject to the risk of significant interest rate volatility. The Company will continue to monitor the interest rate markets and actively consider the application of relevant financial instruments to manage risks associated with interest rates.

EMPLOYEE AND REMUNERATION POLICY

At 31 December 2015, the Group had 678 employees of which 556 employees were stationed in the PRC. Employees' remuneration packages were determined in accordance with individual's responsibility, competence and skills, qualifications, experience and performance as well as market pay-level. Staff benefits include training programs, provident fund scheme, medical insurance and other competitive fringe benefits.

To provide incentives and rewards to employees, the Company has adopted a share option scheme for the eligible participants (including employees).

PROSPECTS

For the outlook period, major uncertainties are expected to emerge regarding the future direction of monetary policy in advanced economies and geopolitical conflicts. On one hand, the world economy is undergoing deep adjustment; while on the other hand, China's economic development is entering the "new normal". As the Chinese Government accelerates the rollout of policy to stabilise growth, promote reform, adjust structure and improve people's livelihood, the Chinese economy is expected to maintain stable growth at 6.5% to 7% in 2016. However, with the continuous tensed political environment and the recent incidents in Hong Kong directed against visitors from Mainland China have aroused negative publicity and widespread concerns, which affecting the number of PRC individual visitors to Hong Kong, the Group is still cautiously optimistic on the business in the upcoming period.

The global economy continues to face uncertainties while the PRC and local economic growths have slowed down. In view of 2016 looking set to be a year of both challenges and opportunities. As such, the management will take a judicious approach in managing the Group's investments portfolio. In order to toughen the Group's capital base, and continued to maintain a strong cash position and a healthy financial position, the Company had conducted the share placement during the past year and raised in aggregate net proceeds of approximately HK$114 million. Despite the tough market environment, the Group continues to seek expansion opportunities in the market to pursue long term growth. Nevertheless, the Group will position the new capital raised to revisit its business strategy and composition of its hotel portfolio with the view to magnify shareholders' value.

FINAL DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 December 2015 (2014: Nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2015.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee of the Company has reviewed with the management and the Company's auditor, Messrs. Deloitte Touche Tohmatsu, the accounting principles and practices adopted by the Group and the consolidated financial statements of the Group for the year ended 31 December 2015.

CORPORATE GOVERNANCE

In the opinion of the Board, the Company has complied with the code provisions set out in the Corporate Government Code and Corporate Governance Report (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the year ended 31 December 2015, except for the following deviations:

Code Provision A.1.1

Code Provision A.1.1 of the Code stipulates that 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, one (1) set of resolution in writing was passed by the Board.

Although the Board meetings held during the year were not convened on a quarterly basis, the Board considered that sufficient meetings had been held as business operations were under the management and 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

Code Provision A.4.1 of the Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election. The current independent non-executive directors of the Company were not appointed for a specific term. However, 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 of the Company (the "Bye-Laws"). As such, the Board considers that this is no less exacting than that in the Code.

Code Provision E.1.2

Code Provision E.1.2 of the Code stipulates that the chairman of the board should attend the annual general meeting. The Chairman of the Company, Dr. Yap, Allan, was unable to attend the annual general meeting held on 28 May 2015 (the "2015 AGM") as he had other business engagement. Nevertheless, Ms. Chan Ling, Eva, the Managing Director of the Company, attended and took the chair of the 2015 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, 24 March 2016

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 Cheung, Natalis

Independent Non-executive Directors:
Mr. Kwok Ka Lap, Alva
Mr. Poon Kwok Hing, Albert
Mr. Sin Chi Fai