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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 RELATING TO ACQUISITION OF 7.2% EQUITY INTEREST IN APEX QUALITY GROUP LIMITED

On 19 November 2010, the Purchaser entered into the Agreement with the Vendor, pursuant to which the Vendor has agreed to sell and the Purchaser, an indirect wholly-owned subsidiary of the Company, has agreed to purchase the Sale Shares at a consideration of HK\$70,000,000.

The Sale Shares represent 7.2% of the issued share capital of Apex Quality as at the date of this announcement. Upon Completion, the Company's equity interest in Apex Quality will increase from 75.9% to 83.1% and Apex Quality will remain as an indirect non wholly-owned subsidiary of the Company.

As the applicable percentage ratios (as defined in the Listing Rules) of the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

THE AGREEMENT

Date:

19 November 2010

Parties:

- (i) Purchaser: Millennium Target Holdings Limited; and
- (ii) Vendor: Topstar Investment Group Holdings Limited

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Vendor is engaged in investment holding and save for being a shareholder of Apex Quality holding 7.2% of its issued share capital prior to the Acquisition, the Vendor and its ultimate beneficial owner are Independent Third Parties. The Group has not involved in any previous transaction with the Vendor in the previous 12 months which would otherwise require aggregation with the Acquisition pursuant to Rule 14.22 of the Listing Rules.

Assets to be acquired

The Sale Shares, being 20,000,000 ordinary shares of US\$0.02 each in the capital of Apex Quality beneficially and legally owned by the Vendor, represent 7.2% of the issued share capital of Apex Quality as at the date of this announcement.

The Sale Shares shall be acquired free from all liens, charges and encumbrances and together with all rights attaching thereto including all dividends and distributions declared, made or paid on or after completion of the Agreement.

Consideration

The consideration for the Sale Shares is HK\$70,000,000 which shall be settled in cash upon Completion. The Consideration was arrived at after arm's length negotiations between the Vendor and the Purchaser having taken into account (i) the unaudited consolidated net asset value of the Apex Quality Group of approximately HK\$810.0 million as at 30 September 2010; (ii) the appreciation in value of the hotel properties of the Apex Quality Group; (iii) the future prospects of the hotel business of the Apex Quality Group in the PRC; and (iv) the potential appreciation in the value of the hotel properties owned by the Apex Quality Group.

The Consideration will be funded by internal resources of the Group.

Conditions precedent to the Agreement

Completion is conditional upon fulfilment or waiver of the following conditions:

- (i) (if required) the passing by the Shareholders (other than those required to abstain from voting under the Listing Rules, if applicable) of all necessary resolutions at a special general meeting of the Company approving the Agreement and the transactions contemplated thereunder as required by the Listing Rules;
- (ii) the Purchaser being satisfied that all the warranties, representations and/or undertakings given or made by the Vendor as contained in the Agreement remain true and accurate in all respects and not misleading in any respect as at the fulfillment or waiver of the last in time to be fulfilled of all the conditions precedent to the Agreement (other than this condition);
- (iii) all other requisite consents, authorizations and approvals (or, as the case may be, the relevant waiver) in connection with the entering into and performance of the terms of the Agreement having been obtained by the respective parties; and
- (iv) the Vendor having fulfilled all its obligations and undertakings contained in the Agreement to the satisfaction of the Purchaser.

Since the transactions contemplated under the Agreement constitute only a discloseable transaction under Chapter 14 of the Listing Rules and no Shareholders' approval is required, condition (i) is considered satisfied. The Purchaser may in its absolute discretion waive the other conditions precedent above at any time by notice in writing to the Vendor.

In the event that not all of the conditions precedent to the Agreement are fulfilled or waived by the Purchaser on or before 31 December 2010 (or such later date as the Purchaser and the Vendor may agree in writing), then neither the Purchaser nor the Vendor shall be bound to proceed with the sale and purchase of the Sale Shares, and the Agreement shall be automatically terminated forthwith and cease to be of any effect except for certain clauses stated in the Agreement which shall remain in force, whereupon the Purchaser and the Vendor shall have no claim against each other arising out of or in connection with the Agreement and in respect of claims arising out of any antecedent breach of the Agreement.

Completion

Completion shall take place on the third business day next following the satisfaction or waiver of all the conditions precedent to the Agreement (or such other date as may be agreed by the Purchaser and the Vendor to the Agreement).

INFORMATION ON THE APEX QUALITY GROUP

Apex Quality is a limited company incorporated in the BVI on 23 April 2003. It is an investment holding company with its subsidiaries principally engaged in the business of hotel management and hotel operation in Hong Kong, Guangzhou, Luoyang, Beijing and Shenyang in the PRC.

The table below sets out the consolidated financial information of the Apex Quality Group:

	<i>HK\$'000</i>
Audited profit/(loss) before tax	
– year ended 31 December 2008	(28,162)
– year ended 31 December 2009	171,014
Audited profit/(loss) after tax	
– year ended 31 December 2008	(29,239)
– year ended 31 December 2009	174,096
Equity attributable to equity holders	
– as at 30 September 2010 (unaudited)	809,970

The above financial information of the Apex Quality Group is prepared using the Hong Kong Financial Reporting Standards.

REASONS FOR THE ACQUISITION

The Company is an investment holding company and its subsidiaries are principally engaged in the business of hotel and leisure services in Hong Kong and the PRC and trading of securities.

As stated in the 2010 Interim Report, following the relief of the impact of the financial tsunami and the gradual recovery of the world economy, China, being the locomotive of the worldwide economic rebound, has regained the international focus. To this end, the Group has formulated strategies to expand its PRC hotel business. As the Apex Quality Group has established a solid foundation in hotel operation in the PRC, the Directors consider that the Acquisition would consolidate the Group's interest in Apex Quality and further enhance the Group's position in tapping the growth potential in the hospitality industry in the PRC. The Directors also consider that the potential value of the hotel properties of the Apex Quality Group in the PRC could be benefited from the revitalizing property market condition and the acquisition of additional equity interest in the Apex Quality Group could further increase the Group's interest in such potential benefits.

The Directors are of the opinion that the terms of the Agreement are fair and reasonable and the Acquisition is on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

Upon Completion, the Company's equity interest in Apex Quality will increase from 75.9% to 83.1% and Apex Quality will remain as an indirect non wholly-owned subsidiary of the Company.

GENERAL

The Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms have the meanings as set out below:–

“Acquisition”	the acquisition of the Sale Shares by the Purchaser from the Vendor pursuant to the terms of the Agreement
“Agreement”	the conditional sale and purchase agreement dated 19 November 2010 entered into between the Purchaser and the Vendor in respect of the Acquisition
“Apex Quality”	Apex Quality Group Limited, a company incorporated under the laws of BVI with limited liability and is directly owned as to 75.9% by the Purchaser as at the date of this announcement
“Apex Quality Group”	Apex Quality and its subsidiaries from time to time
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Company”	Rosedale Hotel Holdings Limited, a company incorporated under the laws of Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1189)
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Agreement
“Consideration”	the consideration of HK\$70,000,000 for the Acquisition

“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) who is/are independent of and not connected with the Company and any of the directors, chief executive, substantial shareholders of the Company or any of its subsidiaries or any of their respective associates
“2010 Interim Report”	interim report of the Company for the six months ended 30 June 2010
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, Macau and Taiwan
“Purchaser”	Millennium Target Holdings Limited, a company incorporated in BVI with limited liability and an indirect wholly-owned subsidiary of the Company
“Sale Shares”	20,000,000 ordinary shares of US\$0.02 each in the capital of Apex Quality, representing 7.2% of the issued share capital of Apex Quality
“Shareholder(s)”	holder(s) of the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Vendor”	Topstar Investment Group Holdings Limited, a company incorporated in BVI with limited liability
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America

By Order of the Board
Rosedale Hotel Holdings Limited
Dr. Yap, Allan
Executive Director

Hong Kong, 19 November 2010

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

Executive Directors:

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

Independent non-executive Directors:

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