Sino Hotels (Holdings) Limited

(An exempted company incorporated in the Cayman Islands with limited liability)

(Stock Code: 1221)

CHAIRMAN'S STATEMENT

I am pleased to present my interim report to the shareholders.

INTERIM RESULTS

The Group's unaudited consolidated net profit attributable to shareholders for the six months ended 31st December, 2007 increased significantly by 69.2% to HK$65.6 million compared with HK$38.7 million in the corresponding period last year. The turnover of the Group increased to HK$116.1 million from HK$104.5 million in the corresponding period last year. Earnings per share for the period was 7.7 cents (2006 : 4.6 cents).

The results for the interim period ended 31st December, 2007 reflect the adoption of all Hong Kong Financial Reporting Standards applicable to the Group that are effective for the accounting period.

DIVIDEND

The Directors have declared an interim dividend of 2.6 cents per share payable on 16th May, 2008 to shareholders whose names appear on the Register of Members of the Company on 16th April, 2008.

The interim dividend will be payable in cash but shareholders will be given the option of electing to receive the interim dividend in the form of new shares in lieu of cash in respect of part or all of such dividend. The new shares to be issued pursuant to the scrip dividend scheme are subject to their listing being granted by the Listing Committee of The Stock Exchange of Hong Kong Limited.

A circular containing details of the scrip dividend scheme will be despatched to shareholders together with the form of election for the scrip dividend on or about 16th April, 2008. It is expected that the interim dividend warrants and share certificates will be despatched to shareholders on or about 16th May, 2008.

The unaudited interim results have been reviewed by the Company's auditors, Deloitte Touche Tohmatsu.

REVIEW OF OPERATIONS

The tourism industry in Hong Kong registered encouraging growth in 2007 with the total number of visitor arrivals in Hong Kong for 2007 exceeding 28.1 million, representing an increase of 11.6% compared with that of 2006. Both long-haul and short-haul market segments achieved good growth. Total expenditure associated with the inbound tourism was over HK$130 billion, close to 10% above the HK$119 billion recorded in 2006. Economic activity remained strong, and with the HKSAR Government's efforts to promote Hong Kong as a MICE (Meeting, Incentive, Convention, Exhibition) destination, business travel continued to grow favourably in 2007. In January 2008, the Hong Kong Tourism Board announced that Hong Kong had won the Best MICE City Award by CEI Asia Pacific Magazine, which confirmed the recognition that Hong Kong's conference capabilities and quality of services have gained overseas.

Occupancy rates for City Garden Hotel, Royal Pacific Hotel & Towers and Conrad Hong Kong for the six months ended 31st December, 2007 were 92.4%, 85.1% and 82.6% respectively compared with 91.4%, 84.5% and 78.5% respectively for the corresponding period in 2006.

The turnover of City Garden Hotel, Royal Pacific Hotel & Towers and Conrad Hong Kong during the interim period was HK$107.8 million, HK$151.9 million and HK$360.7 million respectively compared with HK$97.1 million, HK$137.8 million and HK$329.2 million for the corresponding period in 2006.

The Group aims to provide and maintain the highest standards of customer service. Management will continue to improve the quality of its products and services to ensure customer satisfaction and brand enhancement.

Finance

As at 31st December, 2007, the Group's gearing ratio, expressed as a percentage of bank and other borrowings net of cash and bank balances over shareholders' equity, was at approximately 11.8%. Of the total borrowings, 14.5% was repayable within one year and the remaining repayable after one year. The Group, including the attributable shares of its associates, held cash resources of approximately HK$268.4 million, comprising cash on hand of approximately HK$138.4 million together with committed undrawn facilities of approximately HK$130.0 million.

There was no material change in foreign currency borrowings and the capital structure of the Group for the interim period ended 31st December, 2007. Foreign exchange exposure is kept at a minimal level. The majority of the Group's borrowings are subject to floating interest rates.

As at 31st December, 2007, the Group did not record any material changes in contingent liabilities since the previous financial year ended 30th June, 2007.

Other than the above mentioned, there was no material change from the information published in the report and accounts for the year ended 30th June, 2007.

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

The Group recognises that long-term shareholder value can best be optimised by operating and performing in a socially responsible manner. Corporate integrity, ethics, governance and citizenship are important to the Group's daily operations and management. As a committed and responsible corporate citizen, the Group has been working closely with different charitable organizations to support various community services for the needy, and with environmental conservation groups to promote a better environment and healthy living.

EMPLOYEE PROGRAMMES

Employees are the paramount asset of our Group, and their contribution and commitment is essential to our success. As such, we continue to place significant importance on staff retention, recognition, training and development. We believe our staff development initiatives can further improve enthusiasm, commitment and a sense of belonging.

The Sino Group Customer Covenant is cascading to every level of the hotel. Driven by our guiding principle of "customer comes first", we aim to truly understand the needs of every customer. As such, employees are given the opportunity to acquire new knowledge and skills by participating in various in-house and external training courses. Customer service training, language courses and grooming workshops all focus on enhancing valuable employee skills.

The Group continuously carries out the Sino Excellence Programme, which aims to understand customers' needs and further improve our services. In addition, the Group conducted an Employee Satisfaction Survey and established three award schemes namely "Employee of the Quarter", "Employee of the Year" and "Manager of the Year" to recognize and retain outstanding employees. We further encourage outstanding employees to undergo structured training programmes to equip them to be future leaders of our Hotel Group.

The Group will continue to encourage management and employees to participate in local community and charitable initiatives. The safety and protection of customers, employees and the surrounding environment are emphasized in all aspects of our business.

INDUSTRY OUTLOOK AND PROSPECTS

International tourism grew impressively in 2007 with tourist arrivals reaching nearly 900 million, a record level that exceeds the expectations of the World Tourism Organisation (UNWTO). This better-than-expected result substantiates the fact that the world tourism industry is on a path to sustainable growth.

China's economic prosperity plays a key role in the development of the tourism industry in Hong Kong as does the economic and social ties between Hong Kong and Mainland China. The growing affluence of many people in Mainland China has led to a rise in demand for leisure and family travel with a positive long term impact on Hong Kong's economy. Trade activities between Mainland China and Hong Kong is expected to increase, stimulating further business travel and demand for conferences, exhibitions and corporate events. The appreciation of the Renminbi has strengthened the purchasing power of Chinese travellers which will further encourage their desire to spend. The economic benefits derived from the Individual Visit Scheme offered by 49 cities on the Mainland suggest a long lasting positive effect on Hong Kong's economy. Visitors travelling on the Scheme have grown strongly and are expected to increase further.

In view of these trends, the HKSAR Government has taken steps to promote exhibitions and conventions, cultural tourism and multi-destination travel to various cities close to Hong Kong. The HKSAR Government's strenuous efforts to make Hong Kong a more visitor-friendly city have shown good results. Government's policy and initiatives involving identifying, developing and upgrading visitor attractions, enhancing transportation infrastructure, conserving and revitalising historic buildings and public facilities, promoting art and culture, upholding service quality and developing a courteous culture will all help to advance the industry and make Hong Kong a tourism and events capital. In addition to the ongoing initiatives to promote tourism and hospitality businesses in Hong Kong, the recently announced 2008-09 HKSAR Government's Budget proposing to allocate extra government spending for its overseas marketing network and to waive the Hotel Accommodation Tax are positive to the growth of the hotel industry in Hong Kong. Together with the development of a new cruise terminal at Kai Tak, Hong Kong will enhance its appeal and attract more high value-added travellers. The 2008 Olympic Games in Beijing, the 2008 Olympic Equestrian Events and the 2009 East Asian Games will further make Hong Kong a focus of world attention.

The Group emphasises market positioning and brand enhancement for its hotels. Management makes continuous efforts to strengthen the competitiveness of the Group's hotels. The Group has carried out an asset enhancement programme to renovate the guest rooms and facilities of all of its hotels on an ongoing basis. The programme will make our hotels more appealing to our discerning guests. It also improves operational efficiency and optimises earnings.

A plan to renovate the last phase of the guest rooms in City Garden Hotel has already been rolled out. A number of rooms are now under renovation and are expected to be completed in 2008.

With regard to Conrad Hong Kong, following the completion of the guest room renovation programme, a revamp of Nicholini's restaurant and Pacific Bar was also completed in October 2007. A continuing asset enhancement renovation programme is in place aiming to offer customers enjoyable and comfortable stays with the hotel.

The Royal Pacific Hotel & Towers completed the renovation of a number of its guest rooms with the remaining guest rooms to be renovated by phases. A new restaurant, Satay Inn, was opened during the interim period, providing another choice of fine Asian cuisine to discerning diners and our hotel guests. The renovation of the Pierside restaurant and bar was completed in November 2007, providing a brand new stylish waterfront restaurant and bar as well as offering a spectacular 180-degree sunset view of Victoria Harbour overlooking Hong Kong Island and West Kowloon. It is also an ideal venue for private and company parties and watching festive fireworks.

Looking forward, economic growth in the region and Mainland China are the main drivers for a healthy growth of the tourism, hospitality and retail industries in Hong Kong. The Directors are confident in the medium to long term prospects of the Group.

STAFF AND MANAGEMENT

On behalf of the Board, I would like to take this opportunity to express my sincere appreciation to all our staff for their commitment, dedication and continuing support. I would also like to express my gratitude to my fellow Directors for their guidance and wise counsel.

Robert NG Chee Siong
Chairman

Hong Kong, 18th March, 2008

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INTERIM RESULTS

The unaudited results of the Group for the six months ended 31st December, 2007 are as follows:

Consolidated Income Statement

	Notes	**Six months ended 31st December, 2007 HK$ (Unaudited)**	31st December, 2006 HK$ (Unaudited)
Turnover	*2*	**116,145,069**	104,571,578
Direct costs		**(30,430,962)**	(27,988,182)
Marketing costs		**(3,965,056)**	(4,112,955)
Administrative expenses		**(9,939,006)**	(9,713,295)
Other expenses		**(29,938,984)**	(30,117,514)
Finance income		**2,147,760**	2,022,473
Finance costs		**(20,214,960)**	(22,173,874)
Net finance costs		**(18,067,200)**	(20,151,401)
Share of results of associates		**47,771,378**	30,396,294
Profit before taxation	*3*	**71,575,239**	42,884,525
Income tax expense	*4*	**(5,965,242)**	(4,098,008)
Profit for the period		**65,609,997**	38,786,517
Interim dividend at HK2.6 cents *(2006 : HK2.4 cents)* per share		**22,215,803**	20,305,711
Earnings per share - basic	*5*	**7.72 cents**	4.61 cents

Consolidated Balance Sheet
At 31st December, 2007

	Notes	**31st December, 2007 HK$ (Unaudited)**	30th June, 2007 HK$ (Audited)
Non-current assets			
Property, plant and equipment		**343,640,024**	347,916,851
Prepaid lease payments – non-current		**1,234,948,503**	1,246,057,485
Interests in associates		**1,137,556,497**	1,089,785,119
Available-for-sale financial assets		**719,172,417**	722,333,008
Pledged fixed deposit		**1,526,535**	1,493,370
		3,436,843,976	3,407,585,833
Current assets			
Hotel inventories		**448,510**	423,728
Trade and other receivables	*6*	**14,418,045**	8,480,423
Prepaid lease payments – current		**22,217,964**	22,217,964
Amounts due from associates		**223,080,242**	221,303,581
Bank balances and cash		**41,344,444**	43,747,262
		301,509,205	296,172,958
Current liabilities			
Trade and other payables	*7*	**20,443,451**	16,467,635
Amount due to an associate		**72,879**	75,999
Tax payable		**10,420,339**	5,827,806
Bank loans and other borrowings		**56,169,668**	56,169,668
		87,106,337	78,541,108
Net current assets		**214,402,868**	217,631,850
Total assets less current liabilities		**3,651,246,844**	3,625,217,683
Capital and reserves			
Share capital		**854,453,974**	849,664,182
Reserves		**2,042,280,416**	1,988,540,086
		2,896,734,390	2,838,204,268
Non-current liabilities			
Bank loans and other borrowings		**330,870,790**	373,877,065
Amount due to an associate		**420,156,735**	410,207,492
Deferred taxation		**3,484,929**	2,928,858
		754,512,454	787,013,415
		3,651,246,844	3,625,217,683

Notes:

1. Basis of preparation

The unaudited interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The accounting policies used in the unaudited interim financial statements are consistent with those followed in the preparation of the annual financial statements of the Company and its subsidiaries (the "Group") for the year ended 30th June, 2007.

In the current interim period, the Group has applied, for the first time, the following new standard, amendment and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning 1st July, 2007.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment
HK(IFRIC) – Int 11	HKFRS 2: Group and Treasury Share Transactions

The adoption of these new HKFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

2. Segment information

Business segments:

For the six months ended 31st December, 2007

	Hotel operations HK$	Club operations HK$	Investment holding HK$	Hotel management services HK$	Consolidated HK$
TURNOVER	**107,846,447**	**4,173,329**	**3,136,033**	**989,260**	**116,145,069**
RESULT					
Segment result	**39,463,876**	**863,932**	**3,133,642**	**989,260**	**44,450,710**
Unallocated corporate expenses					**(2,579,649)**
Finance income					**2,147,760**
Finance costs					**(20,214,960)**
Share of results of associates					**47,771,378**
Profit before taxation					**71,575,239**
Income tax expense					**(5,965,242)**
Profit for the period					**65,609,997**

For the six months ended 31st December, 2006

	Hotel operations HK$	Club operations HK$	Investment holding HK$	Hotel management services HK$	Consolidated HK$
TURNOVER	97,138,052	3,866,278	2,577,988	989,260	104,571,578
RESULT					
Segment result	31,369,749	703,077	2,576,023	989,260	35,638,109
Unallocated corporate expenses					(2,998,477)
Finance income					2,022,473
Finance costs					(22,173,874)
Share of results of associates					30,396,294
Profit before taxation					42,884,525
Income tax expense					(4,098,008)
Profit for the period					38,786,517

3. Profit before taxation

	Six months ended 31st December, 2007 HK$	31st December, 2006 HK$
Profit before taxation has been arrived at after charging:		
Cost of hotel inventories recognised as an expense	**6,829,882**	5,821,271
Depreciation of property, plant and equipment	**5,609,024**	5,956,752
Release of prepaid lease payments	**11,108,982**	11,108,982

4. Income tax expense

	Six months ended	
	31st December, 2007 HK$	31st December, 2006 HK$
The charge comprises:		
Taxation attributable to the Company and its subsidiaries		
Hong Kong Profits Tax		
Current period	**5,409,171**	3,665,474
Underprovision in prior periods	**-**	49
	5,409,171	3,665,523
Deferred taxation	**556,071**	432,485
	5,965,242	4,098,008

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.

5. Earnings per share - basic

The calculation of basic earnings per share is based on the profit for the period of HK$65,609,997 *(six months ended 31st December, 2006: HK$38,786,517)* and on the weighted average number of 850,132,749 *(six months ended 31st December, 2006: 842,241,837)* shares in issue during the period.

6. Trade and other receivables

The Group maintains a defined credit policy. An aged analysis of trade receivables is as follows:

	31st December, 2007 HK$	30th June, 2007 HK$
Trade receivables		
0-30 days	**8,137,628**	5,285,912
31-60 days	**2,109,719**	1,330,676
61-90 days	**385,956**	508,360
	10,633,303	7,124,948
Other receivables	**3,784,742**	1,355,475
	14,418,045	8,480,423

7. **Trade and other payables**

An aged analysis of trade payables is as follows:

	31st December, 2007 HK$	30th June, 2007 HK$
Trade payables		
0-30 days	**6,008,225**	4,252,227
31-60 days	**346,835**	246,331
61-90 days	**153,987**	63,208
	6,509,047	4,561,766
Other payables	**13,934,404**	11,905,869
	20,443,451	16,467,635

8. **Contingent Liabilities**

	31st December, 2007 HK$	30th June, 2007 HK$
Share of contingent liabilities arising from tax affairs of an associate	**33,265,000**	33,265,000

9. **Pledge of assets**

(a) At 31st December, 2007, the Group has pledged its hotel properties and prepaid lease payments having carrying amounts of HK$317,654,975 *(30th June, 2007: HK$320,461,941)* and HK$1,257,166,467 *(30th June, 2007: HK$1,268,275,449)* respectively, available-for-sale financial assets at fair value of HK$420,174,630 *(30th June, 2007: HK$423,376,474)* and pledged by way of floating charges in other assets of HK$78,694,547 *(30th June, 2007: HK$74,725,998)* to banks to secure loan facilities granted to the Group;

(b) The Group has pledged its time deposit of HK$1,526,535 *(30th June, 2007: HK$1,493,370)* to secure a letter of guarantee issuance facility; and

(c) The investments in certain subsidiaries of the Company have been pledged to banks or financial institutions to secure loan facilities granted to the Group.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Monday, 14th April, 2008 to Wednesday, 16th April, 2008, both dates inclusive, during which period no transfer of shares will be effected. The record date for the interim dividend is at the close of business on Wednesday, 16th April, 2008.

In order to qualify for the interim dividend, shareholders should ensure that all transfers accompanied by the relevant share certificates are lodged with the Company's Principal Registrars, Tricor Friendly Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 11th April, 2008.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the interim period.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 31st December, 2007, the Company has complied with all code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except that there was no separation of the roles of the chairman and the chief executive officer, both of the roles are currently undertaken by the Chairman of the Board.

The Board is of the view that the current management structure has been effective in facilitating the Company's operation and business development and that necessary checks and balances consistent with sound corporate governance practices are in place. The implementation of strategies and policies of the Board and the operation of each business unit is overseen and monitored by designated responsible Executive Director. The Board found that the current arrangement had worked effectively in enabling it to discharge its responsibilities satisfactorily. In addition, the three Independent Non-executive Directors have contributed valuable independent views and proposals for the Board's deliberation and decisions. The Board will review the management structure regularly to ensure it continues to meet these objectives and is in line with the industry practices.

REVIEW OF INTERIM RESULTS

The unaudited interim results of the Group for the six months ended 31st December, 2007 have been reviewed by the audit committee and the auditor of the Company, Deloitte Touche Tohmatsu.

2007-2008 INTERIM REPORT

The 2007-2008 interim report containing all the information required by the Listing Rules will be published on the website of The Stock Exchange of Hong Kong Limited and the Company's website (www.sino.com) while printed copies will be sent to shareholders on or about 31st March, 2008.

By Order of the Board
Eric IP Sai Kwong
Secretary

Hong Kong, 18th March, 2008

As at the date of this announcement, the Executive Directors of the Company are Mr. Robert Ng Chee Siong, Mr. Thomas Tang Wing Yung and Mr. Daryl Ng Win Kong, the Non-executive Directors are The Honourable Ronald Joseph Arculli and Mr. Gilbert Lui Wing Kwong and the Independent Non-executive Directors are Mr. Peter Wong Man Kong, Mr. Adrian David Li Man-kiu and Mr. Steven Ong Kay Eng.