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 net profit attributable to shareholders for the six months ended 31st December, 2008 (the "Interim Period") was HK$27.0 million (2007 : HK$65.6 million). The decrease in net profit was due to impairment loss on equity securities. Excluding this impairment loss on equity securities, the Group's net profit from hotel operations was HK$68.1 million, representing an increase of 3.8% from HK$65.6 million in the corresponding period last year.

The turnover of the Group increased to HK$122.7 million from HK$116.1 million in the corresponding period last year. Earnings per share for the period was 3.15 cents.

The unaudited interim results for the Interim Period have been reviewed by the Company's auditors, Deloitte Touche Tohmatsu and they 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 1.8 cents per share payable on 15th May, 2009 to shareholders whose names appear on the Register of Members of the Company on 20th April, 2009.

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 24th April, 2009. It is expected that the interim dividend warrants and share certificates will be despatched to shareholders on or about 15th May, 2009.

REVIEW OF OPERATIONS

Visitor arrivals in Hong Kong grew at 4.7% to 29.5 million in 2008 from 28.1 million in 2007 with tourism expenditure increasing favourably at 5.7% to HK$148.6 billion in 2008 from HK$140.6 billion in 2007, per capita spending increasing by 4.6% to HK$5,360 and average length of stay remaining stable at 3.3 days. Mainland China continued to be the leading source in terms of contributions and growth in visitor arrivals.

The global markets have changed significantly in 2008 as a result of the effect of the subprime issues and financial turmoil in the US, and soon swept across a number of countries in Europe and Asia. Both business and leisure travel decreased, with a more pronounced decline in the long-haul market. As a result of the challenging market situation, the performance of our hotels has been affected.

Occupancy rates for City Garden Hotel, Royal Pacific Hotel & Towers and Conrad Hong Kong for the Interim Period were 89.0%, 90.8% and 74.1% compared with 92.4%, 85.1% and 82.6% respectively for the corresponding period in 2007.

The turnover of City Garden Hotel, Royal Pacific Hotel & Towers and Conrad Hong Kong during the Interim Period was HK$114.1 million, HK$164.6 million and HK$342.0 million respectively compared with HK$107.8 million, HK$151.9 million and HK$360.7 million for the corresponding period in 2007.

The challenging market environment world-wide has lowered people's sentiment to travel and led to more cost-conscious attitudes and a desire for value-for-money alternatives in terms of the selection of destinations and accommodation in the short-term. In response to the immediate impact, the Group has taken action to develop a number of marketing initiatives, and at the same time, to optimise operational efficiency.

Finance

As at 31st December, 2008, 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 12.3%. Of the total borrowings, 24.1% 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$173.5 million, comprising cash on hand of approximately HK$143.0 million together with committed undrawn facilities of approximately HK$30.5 million.

There was no material change in foreign currency borrowings and the capital structure of the Group for the Interim Period. Foreign exchange exposure is kept at a minimal level. The majority of the Group’s borrowings are subject to floating interest rates. The Group has maintained a prudent and sound financial management policy and has not entered into any transaction relating to derivatives and/or any other form of accumulators, swap transactions and options.

As at 31st December, 2008, the Group did not have any contingent liabilities.

Other than the abovementioned, there was no material change from the information published in the report and accounts for the year ended 30th June, 2008.

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 a range of charitable organisations to support various community services for the needy, and with environmental conservation groups to promote a better environment and healthy living.

EMPLOYEE PROGRAMMES

The Group recognizes the contributions and commitment of the employees and continues to place significant importance on staff retention, recognition, training and development. We pledge to develop the best service culture and inspire employees’ initiatives in providing quality services to the customers.

The theme of “Back to Basics” is cascading to every level of the Group’s hotels. Driven by our guiding principle of “customer comes first”, we refine all the Minimum Quality Service Standard and ensure all the employees strive for service excellence by delivering our promise on quality services and products and passionate care. As such, employees are given the opportunity to acquire new knowledge and skills by participating in professional customer service training, language training and communication skills workshop.

The Group continuously carries out the Sino Excellence Programme which aims at measuring the level of customers' satisfaction and identifying customers' expectation. Various communication meetings and experience sharing sessions are organized so as to serve as a learning and communication platform. In addition, the Group establishes 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 emphasize on the succession planning and provide structured training programmes to potential middle managers so as to develop their managerial skills and business perspective.

The Group encourages participation in community care programmes and volunteer programmes and rewards employees with outstanding performance in these aspects. The safety and protection of customers, employees and the surrounding environment are emphasized in all aspects of our business.

INDUSTRY OUTLOOK AND PROSPECTS

The second half of 2008 marked a period of global challenges due to the subprime issues and financial turmoil first sparked by the US and soon spreading out to Europe and Asia, undermining business confidence and market sentiment. However, governments of over 50 countries immediately took necessary actions using fiscal and monetary measures in a coordinated manner to tackle the situation and at the same time to revive their economies. In particular, it is encouraging to have learnt that the US Government has recently passed the economic stimulus plan to restore economic confidence and stabilise the financial and property markets. These stimulus measures will take positive effects in the future.

World tourism demand has decreased under the influence of a difficult economic situation. Despite the negative turn in the world economy, international tourism grew at 2% for 2008. Given the outlook of the challenging economic environment ahead, the World Tourism Organisation (UNWTO) projects that, in general, the growth of world tourism in 2009 will probably be flat. With the governments' coordinated stimulus measures in place, there will certainly be positive effects on the world economy conducive in speeding up the economic recovery.

The HKSAR Government, through the Hong Kong Tourism Board (HKTB), has also made significant efforts to introduce measures to alleviate the impact of the global economic turmoil on the tourism and hospitality sectors. The master strategic plan not only serves to deal with the present economic situation but also sets out a blueprint for the development of tourism and hospitality industries beyond 2009.

On the marketing side, there have been changes in the travelling patterns of visitors due to changes in economic environment. HKTB's attempt to prioritise the market and deploy resources to high-potential areas will make its marketing effort more efficient and effective in attracting visitors to Hong Kong. The introduction of a new theme titled the "Year of Food and Wine" for 2009-10 to take advantage of the exemption of wine duty and Hong Kong's reputation for dining, leveraging on the festival seasons of Mainland China as well as stepping up promotion in high potential source markets will make Hong Kong more appealing to visitors. Promoting thematic tourism such as the Hong Kong Hiking Festival and Eco-tours will present to visitors that Hong Kong is a city where they can pursue a healthy lifestyle. Designating 2009 as "Hong Kong-Japan Tourism Exchange Year" to promote Hong Kong's diversified tourism features to Japan will raise Japanese visitors' interest in Hong Kong.

Increasing the number of attractions and revitalisation of historic buildings will make Hong Kong a more interesting city full of excitement and rich in culture. The promotion of the multi-destination itineraries concept through strategic partnerships with Mainland China and Macau, and capitalising on the geographical strengths of Hong Kong and the Pearl River Delta region will make Hong Kong a tourism hub and a "must-visit" destination for those travelling to Mainland China and Macau. These initiatives will help to attract frequent independent, family and young travellers to come to Hong Kong. The establishment of the MEHK (Meetings and Exhibitions Hong Kong) office in November 2008 by the HKTB represents HKTB determination and commitment to raising Hong Kong's profile as a premier MICE (Meetings, Incentives, Conventions and Exhibitions) destination.

Further, the additional measures under the Individual Visit Scheme implemented by the Central Government in December last year to cover all the residents of Shenzhen will boost the visitor arrivals benefiting the consumer industries in Hong Kong. The 5th 2009 East Asian Games with Hong Kong being the hosting city together with other events mentioned above will also be positive to promote Hong Kong as an events capital of Asia.

Other initiatives, which have a long-term effect on the image of Hong Kong, are those that promote the assurance of good service quality. The concept of "honest and quality tourism" has a long lasting effect on the branding of Hong Kong. The HKSAR Government's actions to implement a series of measures to stamp out sales malpractices will establish the goodwill of Hong Kong and enhance visitor loyalty.

The Group aims to provide and achieve the highest standards of customer service. Management will continue to improve the quality of its products and services to ensure customer satisfaction, brand enhancement and its competitiveness. The Group continues to implement asset enhancement programmes to make our hotels more appealing to our discerning guests. It also improves operational efficiency and optimises earnings. During the Interim Period, the Group completed the renovation of a batch of guest rooms of City Garden. Renovation of the remaining guest rooms will take place in a later date.

With regard to renovation, following the completion of the renovation of all its guest rooms of Conrad Hong Kong, Nicholini's restaurant and Pacific Bar in the financial year 2007/2008, the renovation work for Golden Leaf Chinese restaurant and The Shop were completed in the

Interim Period. Management continues to put substantial efforts in increasing revenue and at the same time optimising the operational efficiency during the present tough time. The asset enhancement programme shall continue and ensure that guests have enjoyable and comfortable stays with the hotel.

Looking forward, the global economic environment is expected to be volatile with potential challenge ahead. However, given that the economic stimulus measures implemented by all the major countries in a coordinated manner will help alleviate economic setbacks and eventually revive the world economy. Despite the current economic situation, we will face these challenges with confidence as we move forward. The Group will strive to optimise its earnings and improve the quality of products and services which will ultimately lead us to serve our customers better. Management will continue to plan well and work efficiently for the future. 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 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, 2009

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INTERIM RESULTS

The unaudited results of the Group for the six months ended 31st December, 2008 are as follows:

Consolidated Income Statement

	Notes	**Six months ended 31st December, 2008 HK$ (Unaudited)**	31st December, 2007 HK$ (Unaudited)
Revenue	*2*	**122,799,115**	116,145,069
Cost of sales		**(34,448,336)**	(30,430,962)
Marketing costs		**(3,540,218)**	(3,965,056)
Administrative expenses		**(10,115,749)**	(9,939,006)
Impairment loss on equity securities		**(41,100,000)**	-
Other expenses		**(43,489,583)**	(29,938,984)
Finance income		**1,988,775**	2,147,760
Finance costs		**(12,904,824)**	(20,214,960)
Net finance costs		**(10,916,049)**	(18,067,200)
Share of results of associates		**53,044,690**	47,771,378
Profit before taxation	*3*	**32,233,870**	71,575,239
Income tax expense	*4*	**(5,174,563)**	(5,965,242)
Profit for the period		**27,059,307**	65,609,997
Interim dividend at HK1.8 cents *(2007 : HK2.6 cents)* per share		**15,568,177**	22,215,803
Earnings per share - basic	*5*	**3.15 cents**	7.72 cents

Consolidated Balance Sheet
At 31st December, 2008

	Notes	**31st December, 2008 HK$ (Unaudited)**	30th June, 2008 HK$ (Audited)
Non-current assets			
Property, plant and equipment		**348,423,981**	351,713,894
Prepaid lease payments – non-current		**1,212,730,539**	1,223,839,521
Interests in associates		**1,218,712,078**	1,165,667,387
Available-for-sale financial assets		**310,310,475**	624,857,271
Pledged fixed deposit		**1,556,353**	1,541,644
		3,091,733,426	3,367,619,717
Current assets			
Hotel inventories		**719,897**	504,132
Trade and other receivables	*6*	**12,466,956**	9,476,033
Prepaid lease payments – current		**22,217,964**	22,217,964
Amounts due from associates		**235,417,819**	225,173,790
Bank balances and cash		**37,376,154**	37,736,941
		308,198,790	295,108,860
Current liabilities			
Trade and other payables	*7*	**23,100,613**	30,837,977
Amount due to an associate		**67,059**	70,179
Tax payable		**5,400,690**	13,778,568
Bank loans and other borrowings		**85,969,668**	56,169,668
		114,538,030	100,856,392
Net current assets		**193,660,760**	194,252,468
Total assets less current liabilities		**3,285,394,186**	3,561,872,185
Capital and reserves			
Share capital		**864,898,699**	859,795,843
Reserves		**1,712,046,240**	1,973,992,757
		2,576,944,939	2,833,788,600
Non-current liabilities			
Bank loans and other borrowings		**270,800,133**	297,217,576
Amount due to an associate		**433,014,056**	426,410,884
Deferred taxation		**4,635,058**	4,455,125
		708,449,247	728,083,585
		3,285,394,186	3,561,872,185

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, 2008.

In the current interim period, the Group has applied, for the first time, the following new amendments and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning 1st July, 2008.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) - Int 12	Service Concession Arrangements
HK(IFRIC) - Int 13	Customer Loyalty Programmes
HK(IFRIC) - Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

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, 2008

	Hotel operations and management HK$	Club operations HK$	Investment holding HK$	Consolidated HK$
REVENUE	**115,140,186**	**4,216,919**	**3,442,010**	**122,799,115**
RESULT				
Segment result	**29,557,610**	**833,666**	**(37,660,666)**	**(7,269,390)**
Unallocated corporate expenses				**(2,625,381)**
Finance income				**1,988,775**
Finance costs				**(12,904,824)**
Share of results of associates	**53,044,690**	**-**	**-**	**53,044,690**
Profit before taxation				**32,233,870**
Income tax expense				**(5,174,563)**
Profit for the period				**27,059,307**

For the six months ended 31st December, 2007

	Hotel operations and management HK$	Club operations HK$	Investment holding HK$	Consolidated HK$
REVENUE	108,835,707	4,173,329	3,136,033	116,145,069
RESULT				
Segment result	40,453,136	863,932	3,133,642	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	-	-	47,771,378
Profit before taxation				71,575,239
Income tax expense				(5,965,242)
Profit for the period				65,609,997

3. Profit before taxation

	Six months ended	
	31st December, 2008	31st December, 2007
	HK$	HK$
Profit before taxation has been arrived at after charging:		
Cost of hotel inventories recognised as an expense	**9,561,993**	6,829,882
Depreciation of property, plant and equipment	**7,504,044**	5,609,024
Write-off of property, plant and equipment (included in other expenses)	**9,422,428**	-
Release of prepaid lease payments	**11,108,982**	11,108,982

4. Income tax expense

	Six months ended	
	31st December, 2008	31st December, 2007
	HK$	HK$
Income tax expense comprises:		
Hong Kong Profits Tax calculated at 16.5% *(2007: 17.5%)* on the estimated assessable profit		
Current period	**4,994,630**	5,409,171
Deferred taxation	**179,933**	556,071
	5,174,563	5,965,242

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$27,059,307 *(six months ended 31st December, 2007: HK$65,609,997)* and on the weighted average number of 860,295,035 *(six months ended 31st December, 2007: 850,132,749)* 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, 2008 HK$	30th June, 2008 HK$
Trade receivables		
0-30 days	**8,417,372**	5,655,320
31-60 days	**852,851**	1,231,391
61-90 days	**191,037**	667,479
	9,461,260	7,554,190
Other receivables	**3,005,696**	1,921,843
	12,466,956	9,476,033

7. Trade and other payables

An aged analysis of trade payables is as follows:

	31st December, 2008 HK$	30th June, 2008 HK$
Trade payables		
0-30 days	**7,333,908**	5,353,333
31-60 days	**520,604**	843,009
61-90 days	**130,857**	-
	7,985,369	6,196,342
Renovation cost payable	**3,693,393**	12,143,633
Other payables	**11,421,851**	12,498,002
	23,100,613	30,837,977

8. Commitments and contingent liabilities

	31st December, 2008 HK$	30th June, 2008 HK$
At the balance sheet date, the Group had commitment as follows:		
Commitments in respect of hotel renovation contracted but not provided for	**6,350,112**	-

At the balance sheet date, the Group had no contingent liabilities.

9. **Pledge of assets**

(a) At 31st December, 2008, the Group has pledged its hotel properties and prepaid lease payments having carrying amounts of HK$290,789,339 *(30th June, 2008: HK$302,862,695)* and HK$1,234,948,503 *(30th June, 2008: HK$1,246,057,485)* and available-for-sale financial assets at fair value of HK$180,134,994 *(30th June, 2008: HK$362,729,168)* and pledged by way of floating charges in other assets of HK$99,366,202 *(30th June, 2008: HK$91,439,828)* to banks to secure long-term loan facilities granted to the Group;

(b) The Group has pledged its time deposit of HK$1,556,353 *(30th June, 2008: HK$1,541,644)* 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 Thursday, 16th April, 2009 to Monday, 20th April, 2009, both dates inclusive, during which period no transfers of shares will be effected. The record date for the interim dividend is at the close of business on Monday, 20th April, 2009.

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 Wednesday, 15th April, 2009.

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, 2008, the Company had 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") for the relevant period, 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 operations of each business unit are overseen and monitored by designated responsible Executive Directors. 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 industry practices.

REVIEW OF INTERIM RESULTS

The unaudited interim results of the Group for the six months ended 31st December, 2008 have been reviewed by the Audit Committee and the auditor of the Company, Deloitte Touche Tohmatsu.

2008-2009 INTERIM REPORT

The 2008-2009 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, 2009.

By order of the Board
Eric IP Sai Kwong
Secretary

Hong Kong, 18th March, 2009

As at the date of this announcement, the Executive Directors of the Company are Mr. Robert Ng Chee Siong, Mr. Thomas Tang Wing Yung, Mr. Daryl Ng Win Kong and Mr. Nicholas Yim Kwok Ming, 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.