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, 2009 (Interim Period) was HK$64.8 million, representing an increase of 140% compared with HK$27.0 million in the previous period. The significant increase in net profit for this Interim Period was mainly due to the provision of the impairment loss of HK$41.1 million on available-for-sale financial assets in the previous interim period which was no longer required to be provided for in the current Interim Period.

The turnover of the Group for the Interim Period was HK$104.9 million. (2008 : HK$122.7 million). Earnings per share for the period were 7.49 cents (2008 : 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 2.6 cents per share payable on 27th April, 2010 to shareholders whose names appear on the Register of Members of the Company on 26th March, 2010.

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 31st March, 2010. It is expected that the interim dividend warrants and share certificates will be despatched to shareholders on or about 27th April, 2010.

## REVIEW OF OPERATIONS

Visitor arrivals in Hong Kong showed a mild increase in 2009 compared with that of 2008. Much of the global economic impact was felt and the lower level of visitor arrivals seen in the first half of 2009, but activity started to pick up in the second half, bringing the total visitor arrivals to 29.6 million in 2009 (2008: 29.5 million). The 5th East Asian Games held in Hong Kong in December 2009, the Hong Kong Wine & Dine Festival and other events were contributing factors in visitor arrival increases in the last quarter of 2009.

Occupancy rates for City Garden Hotel, Royal Pacific Hotel & Towers and Conrad Hong Kong for the Interim Period were 87.7%, 95.1% and 75.7% compared with 89.0%, 90.8% and 74.1% respectively for the corresponding period in 2008.

The turnover of City Garden Hotel, Royal Pacific Hotel & Towers and Conrad Hong Kong during the Interim Period was HK$95.0 million, HK$147.7 million and HK$313.9 million respectively compared with HK$114.1 million, HK$164.6 million and HK$342.0 million for the corresponding period in 2008.

Throughout 2009, the Group made as much effort as possible to sustain revenue, implement measures to enhance operational efficiency and at the same time further improve service. With global economy showing signs of recovery in the latter half of 2009, the Group is well positioned to capitalise on the return of business opportunities.

## Finance

As at 31st December, 2009, 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 a low of approximately 10.1%. Of the total borrowings, 32.5% 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$213.8 million, comprising cash on hand of approximately HK$136.1 million together with committed undrawn facilities of approximately HK$77.7 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, 2009, 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, 2009.

## CORPORATE SOCIAL 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 in the Group's daily operations and management. As a committed and responsible corporate citizen, the Group has been working closely with various charitable organisations to support community services for the needy, and with environmental conservation groups to promote a better environment and healthy living.

## EMPLOYEE PROGRAMMES

The Group emphasises on staff development and treasures staff contribution by placing significant importance on staff recognition, welfare and safety, and career development. We remain committed to initiatives that inspire employees to provide quality services for customers and develop quality service culture.

Driven by our guiding principle of "customer comes first", the Group provides a programme of customer service training aimed at creating an excellent service culture and providing quality service for customers. In addition, employees are given the opportunity to acquire new knowledge and skills by participating in professional customer service training, language training and communication skills workshops. Employees are well-trained with the skills to anticipate customers' needs.

The Group continues to carry out the Sino Excellence Programme which launches both the Mystery Calls Survey and Mystery Shoppers Survey on a regular basis. It is an effective tool to measure customer satisfaction levels and identify customers' expectations. The Group also established three award schemes namely "Best Performer Award", "Employee of the Year" and "Manager of the Year" to recognise and retain outstanding employees. In addition, the "Long Service Award" is also established to recognise loyal employees.

We further emphasise succession planning and provide structured training programmes to develop prospective middle managers' skills and business perspective. To facilitate effective communications channels and learning opportunities, staff meetings, experience sharing sessions and staff activities are organised regularly.

## INDUSTRY OUTLOOK AND PROSPECTS

As revealed by UNWTO, international tourism started to pick up in the last quarter of 2009 with tourist arrivals for business, leisure and other purposes showing a growth of 2% from negatives in the three consecutive quarters in the same year, contributing to better-than-expected results for the full calendar year. Economic statistics are pointing the direction that the world economy is on the path of recovery which is mainly sustained by the expansion of manufacturing sector, improvement in the financial market conditions that support the economic growth and strengthening of consumers’ confidence. Prospects of the tourism industry on worldwide basis are positive with arrivals expected to increase between 3% and 4% in 2010.

In Hong Kong, despite the difficult time caused by the financial turmoil, visitor arrivals still experienced a modest year-on-year growth for the full year of 2009 mainly due to much improved global business environment in the latter half of 2009. With the economic recovery gaining momentum, visitor arrivals are expected to rise. It is also encouraging that the visitor arrivals for 2010 are estimated to be over 31.1 million, according to the Hong Kong Tourism Board.

The HKSAR Government’s commitment and efforts to continuously develop new attractions, revitalise heritage area and buildings as well as engage in important infrastructure developments to promote Hong Kong in both leisure and commercial markets will enhance Hong Kong’s world appeal. The opening of the Hong Kong National Geopark in November 2009, covering 5,000 hectares of eight geo-areas distributed across the Northeast New Territories Sedimentary Rock Region and Sai Kung Volcanic Rock Region, will foster the development of eco-tourism and environmental conservation. The first berth of the new cruise terminal at Kai Tak, which is expected to commence operation in mid-2013, will bring a new dimension to the Hong Kong tourism industry. The Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link project will enhance closer economic ties between the Mainland and Hong Kong in the long run. The rail link will also increase visitor arrivals and create even more business opportunities in Hong Kong. The measure by Central Government that allows Mainland tour groups to travel to Taiwan through Hong Kong will also benefit Hong Kong’s tourism and cruise businesses.

The economic benefits of the Individual Visit Scheme implemented by the Central Government since the second half of 2003 are widely recognised. The Scheme was further strengthened in 2009. In addition to the one-year multiple-entry Individual Visit Scheme endorsement for

Shenzhen residents to visit Hong Kong introduced in April 2009, the Scheme has been extended to allow non-Guangdong residents in Shenzhen, with effect from 15th December, 2009, and will have positive effects for Hong Kong. Hong Kong is also well-positioned to benefit from its proximity to Shenzhen, the economic growth of Shenzhen over the past few decades, and the region's growing and increasingly wealthy affluent class.

Following the successful marketing theme of ‘Hong Kong Food and Wine Year’ for 2009, the HKTB has decided to adopt ‘Festive Hong Kong 2010’ as the marketing theme for the fiscal year of 2010/2011 highlighting Hong Kong’s multi-cultural celebrations and festivals. The designation of 2009 as the “Hong Kong-Japan Tourism Exchange Year” has been extended for three months until the end of March 2010. The extension of the scheme will further encourage two-way tourism and cultural exchange between Hong Kong and Japan. Further, the HKSAR Government’s strenuous efforts in encouraging multi-destination itineraries travelling concept which capitalises on the strengths of Hong Kong’s geographical position within the Pearl River Delta Region and reinforcing Hong Kong’s position as the preferred destination for MICE in the region will make Hong Kong an Events Capital of Asia.

It is also encouraging to see that the website of the Hong Kong Tourism Board is always updated with comprehensive information on a timely basis. This is an important channel by which travellers worldwide access information to decide whether or not they will visit Hong Kong as well as for planning Hong Kong trips. It has the important function of delivering a good image of Hong Kong and attracting a broader range of nationalities to visit Hong Kong. The recent launch of the Arabic version of the website (DiscoverHongKong.com) for the Middle East market will also widen the traveller base.

The Group places significant importance on the asset enhancement programme. This is to ensure that the hotel guests enjoy their stays with our hotels and also the customers who come to patronise the restaurants and bars in our hotels feel comfortable with the surroundings. All three hotels City Garden Hotel, Royal Pacific Hotel and Towers and Conrad Hong Kong plan to carry out renovations in 2010/2011. City Garden Hotel expects to renovate the banquet function room and the remaining one floor of guestrooms. Royal Pacific Hotel and Towers expects to renovate the gym area and four floors of guest rooms in the Towers Wing as well as modernise all of the guest elevators. Plan for renovating the Garden Café, Cake Shop and The Presidential Suite in Conrad Hong Kong is also under preparation. Management continues to place substantial efforts to increase revenue and at the same time optimising the operational efficiency.

Looking forward, the Group continues to 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.

## IN MEMORIAM

Management and staff are deeply saddened by the passing away of Mr. Ng Teng Fong, the founder of the Sino Group in Hong Kong and Far East Organization in Singapore, who departed peacefully on 2nd February, 2010 at the age of 82. Mr. Ng Teng Fong gave wholeheartedly his guidance to establish the Sino Group as a leading corporation. We shall continue to be inspired by his passion for excellence in the real estate industry. He will be missed dearly by those who knew and worked with him.

## 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, 25th February, 2010

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**INTERIM RESULTS**

The unaudited results of the Group for the six months ended 31st December, 2009 are as follows:

**Consolidated Income Statement**

| | | Six months ended | |
|---|---|---|---|
| | *Notes* | **31st December, 2009 HK$ (Unaudited)** | 31st December, 2008 HK$ (Unaudited) |
| Revenue | *2* | **104,948,476** | 122,799,115 |
| Cost of sales | | **(36,837,410)** | (34,448,336) |
| Marketing costs | | **(4,723,921)** | (3,540,218) |
| Administrative expenses | | **(11,264,376)** | (10,115,749) |
| Impairment loss on available-for-sale financial assets | | **-** | (41,100,000) |
| Other expenses | | **(35,410,169)** | (43,489,583) |
| Finance income | | **359,107** | 1,988,775 |
| Finance costs | | **(2,512,480)** | (12,904,824) |
| Finance costs net of finance income | | **(2,153,373)** | (10,916,049) |
| Share of results of associates | | **54,534,248** | 53,044,690 |
| Profit before taxation | *3* | **69,093,475** | 32,233,870 |
| Income tax expense | *4* | **(4,193,671)** | (5,174,563) |
| Profit for the period attributable to owners of the Company | | **64,899,804** | 27,059,307 |
| Interim dividend at HK2.6 cents *(2008 : HK1.8 cents)* per share | | **22,654,140** | 15,568,177 |
| Earnings per share - basic | *5* | **7.49 cents** | 3.15 cents |

**Consolidated Statement of Comprehensive Income**

| | Six months ended | |
|---|---|---|
| | **31st December, 2009** | 31st December, 2008 |
| | **HK$** | HK$ |
| | **(Unaudited)** | (Unaudited) |
| Profit for the period | **64,899,804** | 27,059,307 |
| **Other comprehensive income (expenses)** | | |
| Fair value gain (loss) on available-for-sale financial assets | **192,623,595** | (314,546,796) |
| Reclassification adjustment for investment revaluation reserve upon impairment on available-for-sale financial assets | **-** | 41,100,000 |
| Other comprehensive income (expenses) for the period | **192,623,595** | (273,446,796) |
| Total comprehensive income (expenses) for the period attributable to owners of the Company | **257,523,399** | (246,387,489) |

**Consolidated Statement of Financial Position**
**At 31st December, 2009**

| | *Notes* | **31st December, 2009 HK$ (Unaudited)** | 30th June, 2009 HK$ (Audited) |
|---|---|---|---|
| Non-current assets | | | |
| Property, plant and equipment | | **340,596,269** | 344,972,626 |
| Prepaid lease payments – non-current | | **1,190,512,575** | 1,201,621,557 |
| Interests in associates | | **1,309,790,896** | 1,255,256,648 |
| Available-for-sale financial assets | | **612,498,801** | 418,262,369 |
| Pledged fixed deposit | | **1,557,720** | 1,557,504 |
| | | **3,454,956,261** | 3,221,670,704 |
| Current assets | | | |
| Hotel inventories | | **799,099** | 598,955 |
| Trade and other receivables | *6* | **11,414,831** | 5,865,692 |
| Prepaid lease payments – current | | **22,217,964** | 22,217,964 |
| Amounts due from associates | | **237,970,174** | 233,441,953 |
| Bank balances and cash | | **25,932,346** | 31,042,249 |
| | | **298,334,414** | 293,166,813 |
| Current liabilities | | | |
| Trade and other payables | *7* | **13,324,342** | 9,748,170 |
| Amount due to an associate | | **60,489** | 64,359 |
| Tax payable | | **5,289,416** | 8,863,807 |
| Bank loans and other borrowings | | **106,968,225** | 96,968,204 |
| | | **125,642,472** | 115,644,540 |
| Net current assets | | **172,691,942** | 177,522,273 |
| Total assets less current liabilities | | **3,627,648,203** | 3,399,192,977 |
| Capital and reserves | | | |
| Share capital | | **871,313,063** | 865,288,863 |
| Reserves | | **2,094,717,260** | 1,849,699,717 |
| Equity attributable to owners of the Company | | **2,966,030,323** | 2,714,988,580 |
| Non-current liabilities | | | |
| Bank loans and other borrowings | | **221,548,621** | 244,743,463 |
| Amount due to an associate | | **434,785,135** | 434,062,067 |
| Deferred taxation | | **5,284,124** | 5,398,867 |
| | | **661,617,880** | 684,204,397 |
| | | **3,627,648,203** | 3,399,192,977 |

*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 Group's annual financial statements for the year ended 30th June, 2009 except for the application of the following new and revised Standards, Amendments and Interpretations ("new and revised HKFRSs") issued by the HKICPA and applied by the Group for the first time in the current period.

| | |
|---|---|
| HKAS 1 (Revised 2007) | Presentation of Financial Statements |
| HKAS 23 (Revised 2007) | Borrowing Costs |
| HKAS 27 (Revised 2008) | Consolidated and Separate Financial Statements |
| HKAS 32 & 1 (Amendments) | Puttable Financial Instruments and Obligations Arising on Liquidation |
| HKAS 39 (Amendment) | Eligible Hedged Items |
| HKFRS 1 & HKAS 27 (Amendments) | Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate |
| HKFRS 2 (Amendment) | Vesting Conditions and Cancellations |
| HKFRS 3 (Revised 2008) | Business Combinations |
| HKFRS 7 (Amendment) | Improving Disclosures about Financial Instruments |
| HKFRS 8 | Operating Segments |
| HK(IFRIC) - Int 15 | Agreements for the Construction of Real Estate |
| HK(IFRIC) - Int 16 | Hedges of a Net Investment in a Foreign Operation |
| HK(IFRIC) - Int 17 | Distributions of Non-cash Assets to Owners |
| HK(IFRIC) - Int 18 | Transfers of Assets from Customers |
| HKFRSs (Amendments) | Improvements to HKFRSs issued in 2008 |
| HKFRSs (Amendments) | Improvements to HKFRSs issued in 2009 in relation to the amendments to HKFRS 2, HKAS 38, paragraph 80 of HKAS 39, HK(IFRIC) - Int 9 and HK(IFRIC) - Int 16 |

## 1. Basis of preparation (continued)

HKAS 1 (Revised 2007) *Presentation of Financial Statements*

HKAS 1 (Revised 2007) has introduced a number of terminology changes (including revised titles for the unaudited interim financial statements) and has resulted in a number of changes in presentation and disclosure. However, HKAS 1 (Revised 2007) has had no impact on the reported results or financial position of the Group.

HKFRS 8 *Operating Segments*

The Group has adopted HKFRS 8 *Operating Segments* with effect from 1st July, 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. In contrast, the predecessor Standard (HKAS 14 *Segment Reporting*) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. In the past, the Group's primary reporting format was by business segments. The application of HKFRS 8 has resulted in a redesignation and measurement basis of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14.

In prior years, primary segment information was analysed on the basis of the operation of the Group's businesses, including hotel operations and management, club operations and investment holding. However, information reported to the chief operating decision maker for the purposes of resources allocation and performance assessment focuses more specifically on the performance of each hotel for hotel operation (now including those operated through investments in associates of the Group), hotel management and club operations.

Information regarding the operating segments is reported in note 2. Amounts reported for the prior period have been restated to conform to the requirements of HKFRS 8.

The adoption of the remaining 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

The following is an analysis of the Group's revenue and results by operating segment for the periods under review:

| | Segment revenue | | Segment profit (loss) | |
|---|---|---|---|---|
| | Six months ended | | Six months ended | |
| | **31st December, 2009** | 31st December, 2008 | **31st December, 2009** | 31st December, 2008 |
| | **HK$** | HK$ | **HK$** | HK$ |
| Hotel operation | | | | |
| - City Garden Hotel | **95,017,413** | 114,150,926 | **18,041,254** | 28,143,938 |
| Investment holding | **1,612,837** | 3,442,010 | **1,611,561** | (37,660,666) |
| Others - Club operations and hotel management | **8,318,226** | 5,206,179 | **970,770** | 1,822,926 |
| Share of results of associates - hotel operation | **-** | - | **66,578,071** | 63,323,270 |
| | **104,948,476** | 122,799,115 | **87,201,656** | 55,629,468 |
| Share of results of associates - others | | | **(31,746)** | (31,184) |
| Share of income tax expenses of associates | | | **(12,012,077)** | (10,247,396) |
| Corporate expenses | | | **(3,910,985)** | (2,200,969) |
| Finance income | | | **359,107** | 1,988,775 |
| Finance costs | | | **(2,512,480)** | (12,904,824) |
| Profit before taxation | | | **69,093,475** | 32,233,870 |

## 3. Profit before taxation

| | Six months ended | |
|---|---|---|
| | **31st December, 2009** | 31st December, 2008 |
| | **HK$** | HK$ |
| Profit before taxation has been arrived at after charging: | | |
| Cost of hotel inventories recognised as an expense | **9,256,536** | 9,561,993 |
| Depreciation of property, plant and equipment | **8,694,555** | 7,504,044 |
| 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, 2009 HK$** | 31st December, 2008 HK$ |
| Income tax expense comprises: | | |
| Hong Kong Profits Tax calculated at 16.5% *(2008: 16.5%)* on the estimated assessable profit | | |
| Current period | **4,308,414** | 4,994,630 |
| Deferred taxation | **(114,743)** | 179,933 |
| | **4,193,671** | 5,174,563 |

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$64,899,804 *(six months ended 31st December, 2008: HK$27,059,307)* and on the weighted average number of 866,205,589 *(six months ended 31st December, 2008: 860,295,035)* shares in issue during the period.

Diluted earnings per share for the periods are not shown as there were no potential ordinary share outstanding during both of the periods presented.

## 6. Trade and other receivables

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

| | **31st December, 2009 HK$** | 30th June, 2009 HK$ |
|---|---|---|
| Trade receivables | | |
| 0-30 days | **6,505,656** | 2,872,896 |
| 31-60 days | **1,363,983** | 733,235 |
| 61-90 days | **394,703** | 682,095 |
| over 90 days | **953** | 33,077 |
| | **8,265,295** | 4,321,303 |
| Other receivables | **3,149,536** | 1,544,389 |
| | **11,414,831** | 5,865,692 |

**7. Trade and other payables**

An aged analysis of trade payables is as follows:

| | **31st December, 2009 HK$** | 30th June, 2009 HK$ |
|---|---|---|
| Trade payables | | |
| 0-30 days | **5,165,721** | 3,962,919 |
| 31-60 days | **68,470** | 192,641 |
| | **5,234,191** | 4,155,560 |
| Renovation cost payable | **853,424** | 2,148,365 |
| Other payables | **7,236,727** | 3,444,245 |
| | **13,324,342** | 9,748,170 |

**8. Pledge of assets**

(a) At 31st December, 2009, the Group has pledged its hotel properties and prepaid lease payments having carrying amounts of HK$280,638,049 *(30th June, 2009: HK$283,529,080)* and HK$1,212,730,539 *(30th June, 2009: HK$1,223,839,521)* and available-for-sale financial assets at fair value of HK$347,193,578 *(30th June, 2009: HK$299,841,052)* and pledged by way of floating charges in other assets of HK$88,380,874 *(30th June, 2009: HK$90,700,137)* to banks to secure long-term loan facilities granted to the Group;

(b) The Group has pledged its time deposit of HK$1,557,720 *(30th June, 2009: HK$1,557,504)* 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 of the Company will be closed from Wednesday, 24th March, 2010 to Friday, 26th March, 2010, 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 Friday, 26th March, 2010.

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 Tuesday, 23rd March, 2010.

## 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, 2009, the Company has complied with all the 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 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, 2009 have been reviewed by the Audit Committee and the auditor of the Company, Deloitte Touche Tohmatsu.

## 2009-2010 INTERIM REPORT

The 2009-2010 interim report containing all the information required by the Listing Rules will be published on the website of Hong Kong Exchanges and Clearing Limited and the Company's website www.sino.com while printed copies will be sent to shareholders on or about Wednesday, 10th March, 2010.

By Order of the Board
**Eric IP Sai Kwong**
*Secretary*

Hong Kong, 25th February, 2010

*As at the date hereof, 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.*