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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 net profit attributable to shareholders for the six months ended 31st December, 2011 ("Interim Period") was HK$127.4 million, representing an increase of 52.0% when compared with HK$83.8 million for the last period.

Turnover of the Group for the Interim Period was HK$175.9 million (2010 : HK$140.1 million). Earnings per share for the period was 14.08 cents (2010 : 9.50 cents).

The unaudited 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 4 cents per share payable on 24th April, 2012 to shareholders whose names appear on the Register of Members of the Company on 19th March, 2012.

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 22nd March, 2012. It is expected that the interim dividend warrants and share certificates will be despatched to shareholders on or about 24th April, 2012.

REVIEW OF OPERATIONS

Visitor arrivals to Hong Kong in 2011 reached a new high of 41.9 million, representing an increase of 16.3% compared with 36.0 million in 2010. The amount of spending by inbound tourism well exceeded HK$250 billion. Good growth is seen for visitors from China, Asia and the United States. Benefiting from the growth of tourism, three hotels under the Group, namely City Garden Hotel, The Royal Pacific Hotel & Towers and Conrad Hong Kong yielded favourable financial results for the Interim Period compared with the results in the corresponding period last year.

Occupancy rates for City Garden Hotel, The Royal Pacific Hotel & Towers and Conrad Hong Kong for the Interim Period were 95.8%, 91.5% and 79.1% compared with 96.2%, 92.1% and 77.6% respectively for the corresponding period in 2010.

The turnover of City Garden Hotel, The Royal Pacific Hotel & Towers and Conrad Hong Kong during the Interim Period was HK$163.3 million, HK$229.2 million and HK$387.0 million respectively compared with HK$128.3 million, HK$189.7 million and HK$352.0 million for the corresponding period in 2010.

Finance

As at 31st December, 2011, 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 2.3%. Of the total borrowings, 40.6% was repayable within one year and the remaining repayable after one year. The Group, including the attributable share of its associates, held cash resources of approximately HK$184.4 million, comprising cash on hand of approximately HK$175.4 million together with committed undrawn facilities of approximately HK$9.0 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, 2011, 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, 2011.

CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility ("CSR") continues to be the core value of the Group. As a committed corporate citizen, the Group attaches great importance in developing a sustainable business environment. It carries out community work that benefits the needy through initiatives and services that actively engage the management and staff at all levels.

In 2011, the Group formulated the Community Engagement Programmes. Under the Programmes, a series of events were implemented. These events included Hot Soup Delivery Service to elders and community centres, voluntary community services, charity walks and regular food donations to non-governmental organisations (NGOs). Environmental conservation related initiatives undertaken by the Group during the Interim Period included corporate food waste reduction programme, energy saving measures in all hotel operations and eco-friendly installations.

In recognition of the Group's effort in CSR, City Garden Hotel and The Royal Pacific Hotel & Towers have been awarded the "18 Districts Caring Employers 2011 Award". Further, all the hotels under the Group are nominated as "Caring Company 2010/2011".

The Group will continue to shape a better and greener future through the concerted efforts of its entire team of staff.

EMPLOYEE PROGRAMMES

The Group continues to invest in our most valuable asset – human resources as we strongly believe in the benefits of nurturing, developing and retaining a reliable string of skilled and professional workforce. The Group is committed to providing team members with ongoing career development, promotion opportunities and attractive incentive schemes under a sustainable business culture in a highly competitive market environment. Building innovative and connected teams through effective communication is also emphasised. Supporting and participating in territory-wide community and volunteer programmes that build stronger and long-term relationships with the stakeholders are highly encouraged and these has become regular events and activities for the staff.

INDUSTRY OUTLOOK AND PROSPECTS

International tourist arrivals increased by 4.4% to 980 million in 2011 despite a difficult global economic environment mainly due to sovereign debt issues in the Euro zone. UNWTO forecast that international tourist arrivals will continue to grow in 2012. Hong Kong showed better-than-expected growth in visitor arrivals to 41.9 million which well exceeded the HKSAR Government's estimate of 39.6 million.

Tourism is an important industry that directly affects economic growth as it accounts for approximately 5% of the world's GDP according to the statistics of UNWTO. Investment in the industry by the governments will yield substantial economic benefits which are supportive to world economic growth. The HKSAR Government's continuous efforts in supporting the tourism industry by investing in a variety of infrastructure projects, including developing Hong Kong as a regional cruise hub, redevelopment of the Ocean Park, expansion of Hong Kong Disneyland and enhancement and beautification works of Tsim Sha Tsui East, are positive to the growth of not only the tourism industry but also creating employment and driving economic growth. The funding support for important events through the Mega Events Fund will encourage local non-profit-making organisations to organise more high-quality events of international appeal. Moreover, the HKSAR Government is in the process of formulating a regulatory framework to strengthen the operations of the tourism sector and this is positive to the long-term development of the industry. All these combined will build Hong Kong an attractive city for visitors and the people of Hong Kong.

The Group places significant importance on asset enhancement for the purpose of providing better quality products and services for our discerning guests. This is to ensure that the guests will have an enjoyable experience at our hotels. During the Interim Period, both Conrad Hong Kong and The Royal Pacific Hotel & Towers undertook various renovations, including some of their guestrooms and facilities. The Group will continue to review and evaluate the need and viability for upgrading its hotels' guest rooms, restaurants, facilities and information technology, which ultimately will help us serve our customers better. Management will continue to make substantial efforts on increasing revenues, yields and at the same time optimising the operational efficiency of the hotels so as to enhance its shareholders' value. The Directors are confident in the 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, 28th February, 2012

Sino Hotels (Holdings) Limited

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

(Stock Code: 1221)

INTERIM RESULTS

The unaudited results of the Group for the six months ended 31st December, 2011 are as follows:

Consolidated Income Statement

		Six months ended	
	Notes	**31st December, 2011 HK$ (Unaudited)**	31st December, 2010 HK$ (Unaudited)
Revenue	*2*	**175,942,554**	140,132,339
Cost of sales		**(50,019,885)**	(44,696,482)
Other operating expenses		**(42,939,800)**	(43,053,560)
Marketing costs		**(7,895,928)**	(7,353,502)
Administrative expenses		**(13,630,572)**	(10,918,616)
Finance income		**467,641**	355,376
Finance costs		**(1,597,874)**	(3,159,586)
Finance costs net of finance income		**(1,130,233)**	(2,804,210)
Share of results of associates		**78,982,069**	59,727,472
Profit before taxation	*3*	**139,308,205**	91,033,441
Income tax expense	*4*	**(11,861,949)**	(7,221,845)
Profit for the period attributable to the Company's shareholders		**127,446,256**	83,811,596
Interim dividend at HK4.0 cents *(2010 : HK3.0 cents)* per share		**36,713,983**	26,783,425
Earnings per share - basic	*5*	**14.08 cents**	9.50 cents

Consolidated Statement of Comprehensive Income

	Six months ended	
	31st December, 2011	31st December, 2010
	HK$	HK$
	(Unaudited)	(Unaudited)
Profit for the period	**127,446,256**	83,811,596
Other comprehensive (expense) income		
(Loss) gain on fair value change of available-for-sale financial assets	**(240,021,371)**	20,528,535
Other comprehensive (expense) income for the period	**(240,021,371)**	20,528,535
Total comprehensive (expense) income for the period attributable to the Company's shareholders	**(112,575,115)**	104,340,131

Consolidated Statement of Financial Position
At 31st December, 2011

	Notes	**31st December, 2011 HK$ (Unaudited)**	30th June, 2011 HK$ (Audited)
Non-current assets			
Property, plant and equipment		**1,488,013,727**	1,502,897,491
Interests in associates		**1,128,983,774**	1,481,691,205
Available-for-sale financial assets		**470,748,065**	710,769,436
Pledged fixed deposit		**-**	1,559,678
		3,087,745,566	3,696,917,810
Current assets			
Hotel inventories		**889,708**	788,905
Trade and other receivables	*6*	**14,391,829**	8,021,037
Amounts due from associates		**215,681,677**	240,322,746
Tax recoverable		**72,405**	-
Pledged fixed deposit		**1,560,627**	-
Bank balances and cash		**29,715,411**	27,001,555
		262,311,657	276,134,243
Current liabilities			
Trade and other payables	*7*	**33,030,576**	25,437,841
Tax payable		**18,054,581**	16,945,436
Bank loans and other borrowings		**42,713,526**	42,713,423
		93,798,683	85,096,700
Net current assets		**168,512,974**	191,037,543
Total assets less current liabilities		**3,256,258,540**	3,887,955,353
Capital and reserves			
Share capital		**917,849,574**	903,307,135
Reserves		**2,269,018,358**	2,397,263,969
Equity attributable to the Company’s shareholders		**3,186,867,932**	3,300,571,104
Non-current liabilities			
Bank loans and other borrowings		**62,274,422**	143,143,322
Amount due to an associate		**-**	437,460,962
Deferred taxation		**7,116,186**	6,779,965
		69,390,608	587,384,249
		3,256,258,540	3,887,955,353

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 (the "Stock Exchange") 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, 2011 except for the application of the following new and revised Standards or Interpretations ("new and revised HKFRSs") issued by the HKICPA and applied by the Group in the current period.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010 except for the amendments to HKFRS 3 (as revised in 2008), HKAS 1, HKAS 27 and HKAS 28
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets
HKAS 24 (Revised)	Related Party Disclosures
HK(IFRIC) - Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement

The application of these new and revised HKFRSs has had no material effect on the unaudited interim financial statements of the Group for the current or prior accounting periods.

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 Six months ended		Segment results Six months ended	
	31st December, 2011 HK$	31st December, 2010 HK$	**31st December, 2011 HK$**	31st December, 2010 HK$
Hotel operation - City Garden Hotel	**163,317,337**	128,357,007	**82,652,355**	56,905,771
Investment holding	**2,186,983**	2,167,487	**2,186,983**	2,167,447
Hotel operation - share of results of associates	**-**	-	**145,158,806**	125,328,894
Others - club operation and hotel management	**10,438,234**	9,607,845	**1,397,798**	1,736,830
	175,942,554	140,132,339		
Total of segment results			**231,395,942**	186,138,942
Administrative and other operating expenses			**(24,780,767)**	(26,699,869)
Finance costs net of finance income			**(1,130,233)**	(2,804,210)
Share of results of associates				
- administrative and other operating expenses			**(49,922,850)**	(52,862,517)
- finance costs net of finance income			**(376,206)**	(208,690)
- income tax expense			**(15,877,681)**	(12,530,215)
			(66,176,737)	(65,601,422)
Profit before taxation			**139,308,205**	91,033,441

All of the segment revenue reported above are from external customers. There was no inter-segment revenue for the period *(six months ended 31st December, 2010: nil).*

Segment results represent the profit earned by each segment without allocation of certain administrative and other operating expenses and finance costs net of finance income. The profit earned by each segment also includes the share of results of associates without allocation of administrative and other operating expenses, finance costs net of finance income and income tax expense. This is the measure reported to the chief operating decision makers for the purposes of resources allocation and performance assessment. Information regarding segment results in prior period has been restated to conform with the change in the presentation of segment information for the current period.

3. Profit before taxation

	Six months ended	
	31st December, 2011 HK$	31st December, 2010 HK$
Profit before taxation has been arrived at after charging:		
Cost of hotel inventories recognised as an expense, included in cost of sales	**12,292,165**	10,237,739
Depreciation of property, plant and equipment, included in other operating expenses	**19,940,932**	20,431,868

4. Income tax expense

	Six months ended	
	31st December, 2011 HK$	31st December, 2010 HK$
Income tax expense comprises:		
Hong Kong Profits Tax calculated at 16.5% *(2010: 16.5%)* on the estimated assessable profit		
Current period	**11,525,728**	7,119,947
Deferred taxation	**336,221**	101,898
	11,861,949	7,221,845

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 the basic earnings per share is based on the profit for the period of HK$127,446,256 *(six months ended 31st December, 2010: HK$83,811,596)* and on the weighted average number of 905,124,940 *(six months ended 31st December, 2010: 882,641,162)* 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 based on the invoice dates at the end of the reporting period is as follows:

	31st December, 2011 HK$	30th June, 2011 HK$
Trade receivables		
0-30 days	**10,260,226**	4,901,605
31-60 days	**672,546**	659,398
61-90 days	**50,274**	143,387
	10,983,046	5,704,390
Other receivables	**3,408,783**	2,316,647
	14,391,829	8,021,037

7. Trade and other payables

An aged analysis of trade payables based on the invoice dates at the end of the reporting period is as follows:

	31st December, 2011 HK$	30th June, 2011 HK$
Trade payables		
0-30 days	**9,527,070**	11,077,509
31-60 days	**107,765**	433,418
61-90 days	**23,993**	370,435
> 90 days	**50,994**	710,979
	9,709,822	12,592,341
Renovation cost payable	**227,070**	270,414
Other payables (Note)	**23,093,684**	12,575,086
	33,030,576	25,437,841

Note: Other payables mainly comprise the provision for staff bonus and accruals for certain operating expenses.

8. Pledge of assets

(a) The Group has pledged its leasehold land and hotel buildings having the aggregate carrying amount of HK$1,436,329,734 *(30th June, 2011: HK$1,449,987,386)* and pledged by way of floating charges over other assets of HK$84,989,685 *(30th June, 2011: HK80,861,160)* to banks to secure loan facilities granted to the Group.

(b) Share ownerships in certain subsidiaries of the Company with aggregate carrying values of net assets of HK$1,464,293,646 *(30th June, 2011: HK$1,481,851,989)* which included the assets pledged as set out in (a) above, have been pledged to banks to secure the loan facilities granted to the Group.

(c) The Group has pledged its time deposit of HK$1,560,627 *(30th June, 2011: HK$1,559,678)* to secure a letter of guarantee issuance facility.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 15th March, 2012 to Monday, 19th March, 2012, 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 Monday, 19th March, 2012.

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, 14th March, 2012.

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, 2011, 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 four 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, 2011 have been reviewed by the Audit Committee and the auditor of the Company, Deloitte Touche Tohmatsu.

2011-2012 INTERIM REPORT

The 2011-2012 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, 14th March, 2012.

By Order of the Board
Velencia LEE
Secretary

Hong Kong, 28th February, 2012

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, Mr. Steven Ong Kay Eng and Mr. Wong Cho Bau.