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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 unaudited net profit attributable to shareholders for the six months ended 31st December, 2013 ("Interim Period") was HK$120.9 million (2012: HK$134.0 million). Turnover of the Group for the Interim Period was HK$166.5 million (2012: HK$174.0 million). Earnings per share for the period was 12.74 cents (2012: 14.37 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 17th April, 2014 to shareholders whose names appear on the Register of Members of the Company on 18th March, 2014.

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 21st March, 2014. It is expected that the interim dividend warrants and share certificates will be despatched to shareholders on or about 17th April, 2014.

REVIEW OF OPERATIONS

Visitor arrivals to Hong Kong in 2013 increased by 11.7% to 54.3 million (2012: 48.6 million), according to the Hong Kong Tourism Board. Visitors from China, Taiwan, the United States and South Korea accounted for the top four in terms of number of visitors among all the countries. Despite the continuous growth in visitor arrivals to Hong Kong, the hotel industry has grown more competitive due to an increasing supply of hotel rooms in Hong Kong and travellers become more discerning over spending. The Group will continue to adopt a proactive approach to optimise earnings amid a challenging market environment.

Occupancy rates for City Garden Hotel, The Royal Pacific Hotel & Towers and Conrad Hong Kong for the Interim Period were 92.1%, 96.1% and 84.5% compared with 95.7%, 97.3% and 82.2% respectively for the corresponding period in 2012.

The turnover of City Garden Hotel, The Royal Pacific Hotel & Towers and Conrad Hong Kong during the Interim Period was HK$154.9 million, HK$241.5 million and HK$398.8 million respectively compared with HK$160.7 million, HK$238.8 million and HK$392.7 million for the corresponding period in 2012.

Other than that mentioned above, there was no material change from the information published in the report and accounts for the year ended 30th June, 2013.

Finance

As at 31st December, 2013, the Group had cash and bank deposits of HK$288.1 million and had no debt outstanding.

There was no material change in the capital structure of the Group for the Interim Period. Foreign exchange exposure is kept at a minimal level. As at 31st December, 2013, the Group did not have any contingent liabilities.

Other than the above-mentioned, there was no material change from the information published in the report and accounts for the financial year ended 30th June, 2013.

EMPLOYEE PROGRAMMES

The Group places significant emphasis on human capital. Competitive staff benefits are key to building an efficient team and work force that can deliver a high standard of service to customers. They are also important for staff retention. To ensure the work force consistently provides a high standard of service, the Group continuously reviews its Talents Development Programme and Staff Learning and Development initiatives to ensure that staff are well-trained and groomed with the skill sets and attitudes required to serve our discerning guests. In addition, optimizing synergy among teams and departments has always been management's focus and it will enhance staff productivity and operational efficiency.

CORPORATE SOCIAL RESPONSIBILITY

The Group continues to incorporate sustainability measures into the development and management of its hotels. As a committed corporate citizen, the Group has been participating in a wide range of community services, voluntary services, charitable fund-raising activities and environmental protection initiatives.

Environmental Management

The Group recognises the global warming issues that have long term effect on earth. Apart from the Group's existing environmental protection initiatives such as energy saving measures, it has signed the 'Manifesto for Energy Efficiency in Buildings' issued by the World Business Council for Sustainable Development and the 'Carbon Reduction Charter' issued by the Environmental Protection Department of the HKSAR Government and the Cancun Communiqué. Further, the Group supports the HKSAR Government's "Food Wise Hong Kong Campaign" by signing the Food Wise Charter as a commitment to reducing food wastes. The Group will continue to collaborate with the HKSAR Government, organisations and industry partners to organise and participate in the events to promote environmental protection.

Serving the Community

Serving the community by helping the underprivileged is part of the Group's efforts in pursuing good corporate citizenship. One of the Group's regular charitable events is to make and deliver soup to the needy. The programme has been well received. Since the launch of this programme in 2011, the Group has served soup to over 15,000 elderly people. The Group also partners with Foodlink, Food Angel and Baptist Oi Kwan Social Service Center in donating cooked food to the homeless, elderly and underprivileged families. On Christmas Day in 2013, City Garden Hotel and The Royal Pacific Hotel & Towers joined hands with Foodlink to give Christmas delicacies to 100 underprivileged families. The Group also collaborated with the Children's Cancer Foundation to implement the "Enlighten Your Life" Programme. Under this Programme, a series of workshops have been provided to the young patients to help them to recover. Not only does the Group engage in community service, it also encourages staff and business partners to dedicate resources to serve the community and help the needy.

Tai O Heritage Hotel

Hong Kong Heritage Conservation Foundation Limited ("HCF"), founded in 2008 by Ng Teng Fong family, the Group's majority shareholder, has conserved and revitalised the Old Tai O Police Station, built in 1902 and a Grade II Historic Building, into Tai O Heritage Hotel ("Hotel"). The Hotel, operated by HCF as a non-profit social enterprise, is part of the HKSAR Government's "Revitalising Historic Buildings Through Partnership Scheme." During the Interim Period, the Hotel received the Award of Merit at 2013 Asia-Pacific Awards for Cultural Heritage Conservation organised by the United Nations Educational, Scientific and Cultural Organization ("UNESCO") for the project's efforts in heritage conservation by various organisations and engagement of local community in the project.

INDUSTRY OUTLOOK AND PROSPECTS

Hong Kong tourism industry continues to grow and develop with the completion of new infrastructure that enhances transportation network and accessibility to and from Hong Kong as well as new attractions that make Hong Kong more appealing to visitors.

Hong Kong reached another milestone in 2013 when the first berth of the cruise terminal at the Kai Tak development site was commissioned in June. The second berth targeted to be commissioned in 2014 will increase the capacity of the terminal facility. Further, the Environmentally Friendly Linkage System, a monorail system with twelve stations, currently under consultation will extend the economic benefits of the cruise terminal to not only the Kowloon East area, but also to various regions of Hong Kong upon completion which is expected to be in 2023.

The Hong Kong-Zhuhai-Macao Bridge and the Tuen Mun-Chek Lap Kok Link expected to be completed in 2016 and 2018 respectively will connect Hong Kong and the western Pearl River Delta Region which will facilitate travelling and promote multi-destinations tourism within the region. The Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link expected to be completed in 2015 will connect Hong Kong with the 16,000-km National High-speed Railway Network in China. This railway network will make travelling to cities in China more cost effective and efficient for both leisure and business travellers.

The development of the Tai Shue Wan area into an all-weather indoor cum outdoor waterpark undertaken by Ocean Park Corporation will be another new attraction for Hong Kong. The project is expected to be completed in 2017. All in all, the development of upcoming infrastructure and offerings would make Hong Kong's hotel and tourism industry more competitive within the Asia region. The outlook of the industry is positive.

Market positioning and branding are important to the Group. The Group will continuously review and improve the quality of our service to meet the needs of customers and ensure our discerning guests have enjoyable stays in our hotels. Upgrade of hotel facilities and renovation will be carried out where necessary.

STAFF AND MANAGEMENT

Mr. Wong Cho Bau, JP, who served the Board as an independent non-executive director since 1st March, 2011, retired from office by rotation at the conclusion of the annual general meeting of the Company held on 23rd October, 2013. I would like to take this opportunity to express my heartfelt gratitude to Mr. Wong for his immense contribution which has added significant value to the development and growth of the Group.

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, 26th February, 2014

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(Stock Code: 1221)

INTERIM RESULTS

The unaudited results of the Group for the six months ended 31st December, 2013 are as follows:

Consolidated Statement of Profit or Loss

		Six months ended	
	Notes	**31st December, 2013 HK$ (Unaudited)**	31st December, 2012 HK$ (Unaudited)
Revenue	*2*	**166,497,788**	174,086,876
Direct expenses		**(51,899,932)**	(49,578,639)
Other expenses		**(41,553,474)**	(43,122,977)
Marketing costs		**(6,287,609)**	(6,156,821)
Administrative expenses		**(14,432,308)**	(13,619,631)
Finance income		**1,392,635**	634,827
Finance costs		**(11,723)**	(376,471)
Finance income, net		**1,380,912**	258,356
Share of results of associates		**77,591,132**	84,326,117
Profit before taxation	*3*	**131,296,509**	146,193,281
Income tax expense	*4*	**(10,395,829)**	(12,173,279)
Profit for the period attributable to the Company's shareholders		**120,900,680**	134,020,002
Interim dividend at HK4.0 cents *(2012: HK4.0 cents)* per share		**38,027,438**	37,595,473
Earnings per share - basic	*5*	**12.74 cents**	14.37 cents

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the six months ended 31st December, 2013

	Six months ended	
	31st December, 2013	31st December, 2012
	HK$	HK$
	(Unaudited)	(Unaudited)
Profit for the period	**120,900,680**	134,020,002
Other comprehensive income (expense)		
Item that may be subsequently reclassified to profit or loss:		
(Loss)gain on fair value changes of available-for-sale financial assets	**(116,833,053)**	28,722,674
Other comprehensive (expense) income for the period	**(116,833,053)**	28,722,674
Total comprehensive income for the period attributable to the Company's shareholders	**4,067,627**	162,742,676

Consolidated Statement of Financial Position
At 31st December, 2013

	Notes	**31st December, 2013 HK$ (Unaudited)**	30th June, 2013 HK$ (Audited)
Non-current assets			
Property, plant and equipment		**1,421,657,143**	1,434,220,483
Interests in associates		**1,376,349,172**	1,298,758,040
Available-for-sale financial assets		**599,377,524**	696,029,179
		3,397,383,839	3,429,007,702
Current assets			
Hotel inventories		**572,118**	828,729
Trade and other receivables	*6*	**14,471,427**	11,607,117
Amounts due from associates		**41,538,133**	148,931,645
Bank balances and cash		**288,091,228**	188,672,971
		344,672,906	350,040,462
Current liabilities			
Trade and other payables	*7*	**29,570,113**	20,348,663
Amount due to an associate		**1,269,385**	835,759
Tax payable		**10,247,968**	28,705,294
		41,087,466	49,889,716
Net current assets		**303,585,440**	300,150,746
Total assets less current liabilities		**3,700,969,279**	3,729,158,448
Capital and reserves			
Share capital		**950,685,954**	948,518,625
Reserves		**2,743,445,447**	2,773,861,213
Equity attributable to the Company’s shareholders		**3,694,131,401**	3,722,379,838
Non-current liabilities			
Deferred taxation		**6,837,878**	6,778,610
		3,700,969,279	3,729,158,448

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 ("the 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, 2013 except as described below.

In the current interim period, the Group has applied, for the first time, the following new and revised HKASs, Hong Kong Financial Reporting Standards ("HKFRSs"), amendments and interpretations ("HK(IFRIC) - Int") (hereinafter collectively referred to as the new and revised HKFRSs") issued by the HKICPA:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 - 2011 Cycle except for the amendments to HKAS 1
Amendments to HKFRS 1	Government Loans
Amendments to HKFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC) - Int 20	Stripping Costs in the Production Phase of a Surface Mine

Except for as described below, the application of other new and revised HKFRSs in the current interim period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these unaudited interim financial statements.

1. Basis of preparation (Continued)

HKFRS 10 *Consolidated Financial Statements*

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK(SIC)-Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns.

The adoption of HKFRS 10 does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 July, 2013 and has had no material impact on the unaudited interim financial statements.

HKFRS 13 *Fair Value Measurement*

HKFRS 13 includes extensive disclosure requirements and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively.

Annual Improvements to HKFRSs 2009 - 2011 Cycle

The Group has applied the amendments to HKAS 34 *Interim Financial Reporting* as part of the Annual Improvements to HKFRSs 2009 – 2011 Cycle for the first time in the current interim period. The amendments to HKAS 34 clarify that the total assets and total liabilities for a particular reportable segment would be separately disclosed in the interim financial statements only when the amounts are regularly provided to the chief operating decision maker (the “CODM”) and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.

Since there has not been a material change in the assets of the Group’s reportable segments from the amounts disclosed in the last annual financial statements for those reportable segments, the Group has not included total asset information as part of the segment information.

The application of the other new and revised HKFRSs in the current interim period has had no material impact on the amounts reported in these unaudited interim financial statements and/or on disclosures set out in these unaudited interim financial statements.

2. Segment information

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

	Segment revenue Six months ended		**Segment results Six months ended**	
	31st December, 2013 HK$	31st December, 2012 HK$	**31st December, 2013 HK$**	31st December, 2012 HK$
Hotel operation				
- City Garden Hotel	**154,978,887**	160,761,876	**73,281,866**	83,514,170
Investment holding	**2,209,616**	2,209,436	**2,209,461**	2,209,436
Hotel operation				
- share of results of associates	**-**	-	**145,072,937**	152,125,485
Others - clubhouse operation				
and hotel management	**9,309,285**	11,115,564	**1,642,001**	1,655,894
	166,497,788	174,086,876		
Total segment results			**222,206,265**	239,504,985
Administrative and other expenses			**(24,808,863)**	(25,770,692)
Finance income, net			**1,380,912**	258,356
Share of other results of associates				
- administrative and other expenses			**(51,963,483)**	(50,551,300)
- finance income (costs), net			**257,964**	(193,416)
- income tax expense			**(15,776,286)**	(17,054,652)
			(67,481,805)	(67,799,368)
Profit before taxation			**131,296,509**	146,193,281

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, 2012: nil).*

Segment results represent the profit earned by each segment without allocation of certain administrative and other expenses and finance costs net of finance costs. The segment results of hotel operation operated through investments in associates includes revenue and direct expenses without allocation of associates’ administrative and other expenses, finance costs net of finance income and income tax expense of the associates. This is the measure reported to the chief operating decision makers for the purposes of resources allocation and performance assessment.

3. Profit before taxation

	Six months ended	
	31st December, 2013 HK$	31st December, 2012 HK$
Profit before taxation has been arrived at after charging:		
Cost of hotel inventories consumed (included in direct expenses)	**13,405,464**	13,931,138
Depreciation of property, plant and equipment (included in other expenses)	**19,755,696**	20,839,486

4. Income tax expense

	Six months ended	
	31st December, 2013 HK$	31st December, 2012 HK$
Income tax expense comprises:		
Hong Kong Profits Tax calculated at 16.5% *(2012: 16.5%)* on the estimated assessable profit		
Current period	**10,336,561**	12,362,689
Deferred taxation	**59,268**	(189,410)
	10,395,829	12,173,279

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$120,900,680 *(six months ended 31st December, 2012: HK$134,020,002)* and on the weighted average number of 948,860,215 *(six months ended 31st December, 2012: 932,316,653)* shares in issue during the period.

No diluted earnings per share for the periods has been presented as there were no potential ordinary shares in both periods.

6. Trade and other receivables

The Group maintains a defined credit policy to assess the credit quality of each counterparty. The collection is closely monitored to minimise any credit risk associated with these trade receivables. The general credit term is from 30 days to 45 days.

The following is an analysis of trade receivables by age based on the invoice date at the end of the reporting period:

	31st December, 2013 HK$	30th June, 2013 HK$
Trade receivables		
0-30 days	**8,028,514**	6,091,043
31-60 days	**619,634**	629,972
61-90 days	**176**	1,243
	8,648,324	6,722,258
Other receivables	**5,823,103**	4,884,859
	14,471,427	11,607,117

7. Trade and other payables

The following is an analysis of trade payables by age based on the invoice date at the end of the reporting period:

	31st December, 2013 HK$	30th June, 2013 HK$
Trade payables within 30 days	**10,674,447**	7,646,790
Renovation cost payable	**145,048**	145,048
Other payables (Note)	**18,750,618**	12,556,825
	29,570,113	20,348,663

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

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 14th March, 2014 to Tuesday, 18th March, 2014, 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 Tuesday, 18th March, 2014.

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 Thursday, 13th March, 2014.

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 CORPORATE GOVERNANCE CODE

During the six months ended 31st December, 2013, the Company has complied with all the code provisions 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 operations of each business unit are overseen and monitored by designated responsible Executive Directors. The Board has found that the current arrangement has 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, 2013 have been reviewed by the Audit Committee and the auditor of the Company, Deloitte Touche Tohmatsu.

2013-2014 INTERIM REPORT

The 2013-2014 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 Thursday, 13th March, 2014.

By Order of the Board
Velencia LEE
Company Secretary

Hong Kong, 26th February, 2014

As at the date hereof, the Executive Directors of the Company are Mr. Robert Ng Chee Siong, 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.