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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, 2014 ("Interim Period") was HK$112.7 million (2013: HK$120.9 million). Turnover of the Group for the Interim Period was HK$167.7 million (2013 : HK$166.5 million). Earnings per share for the period was 11.66 cents (2013 : 12.74 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 10th April, 2015 to shareholders whose names appear on the Register of Members of the Company on 4th March, 2015.

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 10th March, 2015. It is expected that the interim dividend warrants and share certificates will be despatched to shareholders on or about 10th April, 2015.

REVIEW OF OPERATIONS

According to the Hong Kong Tourism Board, visitor arrivals to Hong Kong in 2014 reached 60.8 million, representing an increase of 12.0% from 54.3 million in 2013. Overall business of the Group's hotels, namely City Garden Hotel, The Royal Pacific Hotel & Towers and Conrad Hong Kong was steady with both occupancy and turnover for the three hotels remaining stable during the Interim Period.

Occupancy rates for City Garden Hotel, The Royal Pacific Hotel & Towers and Conrad Hong Kong for the Interim Period were 92.2%, 95.8% and 85.0% compared with 92.1%, 96.1% and 84.5% respectively for the corresponding period in 2013.

The turnover of City Garden Hotel, The Royal Pacific Hotel & Towers and Conrad Hong Kong during the Interim Period was HK$155.0 million, HK$229.7 million and HK$397.3 million respectively compared with HK$154.9 million, HK$241.5 million and HK$398.8 million for the corresponding period in 2013.

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, 2014.

Finance

As at 31st December, 2014, the Group had cash and bank deposits of HK$557.7 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, 2014, 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, 2014.

EMPLOYEE PROGRAMMES

Hospitality industry is all about serving people from different nations and culture as well as from different time zones around the world. Our frontline employees are vitally important as they interact daily with our diverse range of guests and clients. By delivering a high standard of service to customers, we are able to meet and exceed customer expectations.

The Group's learning and development team continues to place strong emphasis on investing in staff's competencies and experience by providing them with language classes, along with technical and soft skills training. As a result, our employees are efficient, polite, helpful, strive for ongoing improvement and have a good team spirit. A programme named Manager Development Programme has also been established to groom and train staff's leadership and management skills. Staff are promoted or assigned to different roles and duties as part of the succession programme. Management also conducts regular review and appoints silent shoppers to the Group's hotels to ensure the quality of services is of required standards. Maintaining comprehensive employee compensation and benefits packages are also instrumental to uphold the staff's sense of belonging and to maintain a high retention rate. The Group will continue to strive for quality excellence and in building a premium brand.

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 recognizes the importance of environmental protection and places a strong focus on conserving energy and water by installing eco-friendly initiatives in its hotel operations. In respect of waste management, to minimize food wastage, the Group has implemented an array of waste recycling measures and also collaborated with government bodies, the HKSAR Government's Food Wise Hong Kong Campaign to organize and support events and to raise awareness within the community to minimize food wastage.

Community Engagement

As a committed corporate citizen, the Group plays an active role in serving the community. The Group participates in a wide range of community programmes, voluntary services, and charitable fund-raising activities, aiming to extend the care and support to underprivileged members in our society. These programmes include the 'Hearty Soup Delivery Service' in which soup is made and delivered to elderly people and low-income groups and the 'Food Donation Programme' where cooked food is given to families in need. The Group encourages its staff at all levels to participate in this voluntary service.

To promote social integration, our hotels continue to provide employment opportunities to disadvantaged members in collaboration with Hong Chi Association and The Hong Kong Society for the Deaf. Efforts have been made to make facilities more user-friendly for the underprivileged in the hotel area. The Group's hotels have Braille menus at its restaurants and guide dog services if required.

Tai O Heritage Hotel

In March 2008, the Ng Teng Fong Family, the major shareholder of the Group, set up a non-profit-making organisation, Hong Kong Heritage Conservation Foundation Limited ("HCF"). HCF revitalised and converted the Old Tai O Police Station, a Grade II historic building, into a boutique hotel. Named Tai O Heritage Hotel ("Hotel"), it is home to nine colonial-style rooms and suites and commenced operation in March 2012. The Hotel, operated by HCF as a non-profit-making social enterprise, is part of the HKSAR Government's 'Revitalising Historic Buildings Through Partnership Scheme'. HCF is an award winner at UNESCO Asia-Pacific 2013 Awards for Cultural Heritage Conservation. In November 2014, HCF has been honoured by the American Institute of Architects Hong Kong Chapter with a Citation Award, in recognition of its contributions to heritage conservation in Hong Kong.

INDUSTRY OUTLOOK AND PROSPECTS

World tourism has experienced expansion and diversification in terms of destinations and themes and according to a study conducted by United Nation World Tourism Organisation ("UNWTO"), it is expected to continue to grow. Asia and the Pacific are forecast to have the strongest growth in visitor arrivals and Hong Kong needs to maintain its appeal as one of Asia's top destinations. Factors such as attractions, culture and heritage offerings, transport network, accommodation facilities for business conferences and meetings, quality of services and language ability, safety and political stability are all important to increase Hong Kong's competitiveness as the preferred choice from travellers' viewpoint. Both the HKSAR Government and Hong Kong citizens play a key role to support these factors so that Hong Kong remains a world-class city and benefit from the growing trend of tourism.

In November 2014, developments such as the establishment of the Shanghai-Hong Kong Stock Connect Scheme and the removal of the Renminbi daily conversion limit of RMB20,000 for Hong Kong residents which cements Hong Kong's position as a global hub for Renminbi trade settlement are amongst the many factors that induce more business travels to Hong Kong. Upcoming cross-border infrastructure developments, namely the Hong Kong-Macau-Zhuhai Bridge and Guangzhou-Shenzhen-Hong Kong Express Rail Link will encourage more traffic flows between cities in China and Hong Kong and make travel between the two territories more efficient and flexible. Already in operation is the Kai Tak Cruise Terminal offering cruises to other cities in Asia and these infrastructure developments will expand Hong Kong's positioning in multi-destination travel.

China is a very important tourism source market not just for Hong Kong, but also in the world. It was ranked the first in the world in terms of international tourism expenditure for two consecutive years 2012 and 2013 based on the report by UNWTO. As wealth and population continue to grow in China, this trend is expected to increase going forward. Many developed countries have seen opportunity and are making effort to capture business from the growing number of Chinese tourists. Although Hong Kong benefits from its proximity to China, Hong Kong must not lose sight and must continue to stay competitive.

The Group attaches significant importance to market positioning and branding. To accomplish these objectives, regular upgrade of hotel facilities and renovation is carried out where necessary. During the Interim Period, both City Garden Hotel and Royal Pacific Hotel have carried out works to upgrade the facilities in some of their guest rooms. The Group will continuously review and improve the quality of the service to meet the needs of customers and ensure our discerning guests have enjoyable stays in our hotels.

STAFF AND MANAGEMENT

I would like to extend a warm welcome to Mr. Wong Cho Bau, JP, who was appointed on the Board as Independent Non-executive Director with effect from 20th January, 2015. Mr. Wong's extensive knowledge and experience will be of great benefit to the Group.

On behalf of the Board, I 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, 11th February, 2015

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INTERIM RESULTS

The unaudited results of the Group for the six months ended 31st December, 2014 are as follows:

Consolidated Statement of Profit or Loss

		Six months ended	
		31st December, 2014	31st December, 2013
	Notes	**HK$**	HK$
		(Unaudited)	(Unaudited)
Revenue	*2*	**167,760,825**	166,497,788
Direct expenses		**(56,144,017)**	(51,899,932)
Other expenses		**(42,905,836)**	(41,553,474)
Marketing costs		**(6,053,687)**	(6,287,609)
Administrative expenses		**(15,429,670)**	(14,432,308)
Finance income		**3,090,779**	1,392,635
Finance costs		**(4,066)**	(11,723)
Finance income, net		**3,086,713**	1,380,912
Share of results of associates		**71,875,754**	77,591,132
Profit before taxation	*3*	**122,190,082**	131,296,509
Income tax expense	*4*	**(9,402,596)**	(10,395,829)
Profit for the period attributable to the Company's shareholders		**112,787,486**	120,900,680
Interim dividend at HK4.0 cents *(2013: HK4.0 cents)* per share		**39,209,860**	38,027,438
Earnings per share - basic	*5*	**11.66 cents**	12.74 cents

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the six months ended 31st December, 2014

	Six months ended	
	31st December, 2014	31st December, 2013
	HK$	HK$
	(Unaudited)	(Unaudited)
Profit for the period	**112,787,486**	120,900,680
Other comprehensive income (expense)		
Item that may be subsequently reclassified to profit or loss:		
Gain (loss) on fair value changes of available-for-sale financial assets	**28,544,860**	(116,833,053)
Other comprehensive income (expense) for the period	**28,544,860**	(116,833,053)
Total comprehensive income for the period attributable to the Company's shareholders	**141,332,346**	4,067,627

Consolidated Statement of Financial Position
At 31st December, 2014

	Notes	31st December, 2014 HK$ (Unaudited)	30th June, 2014 HK$ (Audited)
Non-current assets			
Property, plant and equipment		**1,401,602,220**	1,411,790,224
Interests in associates		**1,380,557,600**	1,308,681,846
Available-for-sale financial assets		**663,838,997**	633,411,582
		3,445,998,817	3,353,883,652
Current assets			
Hotel inventories		**622,603**	542,610
Trade and other receivables	*6*	**16,419,370**	13,153,673
Amounts due from associates		**3,293,937**	88,993,493
Bank balances and cash		**557,761,422**	428,631,752
		578,097,332	531,321,528
Current liabilities			
Trade and other payables	*7*	**34,154,173**	22,908,243
Amount due to an associate		**1,687,722**	1,604,468
Taxation payable		**7,718,094**	19,903,595
		43,559,989	44,416,306
Net current assets		**534,537,343**	486,905,222
Total assets less current liabilities		**3,980,536,160**	3,840,788,874
Capital and reserves			
Share capital		**980,246,502**	964,921,928
Reserves		**2,994,077,049**	2,869,182,898
Equity attributable to the Company's shareholders		**3,974,323,551**	3,834,104,826
Non-current liability			
Deferred taxation		**6,212,609**	6,684,048
		3,980,536,160	3,840,788,874

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, 2014 except as described below.

In the current interim period, the Group has applied, for the first time, the following new interpretation and amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) - Int 21	Levies

The application of the above new interpretation and amendments to 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 consolidated 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, 2014 HK$	31st December, 2013 HK$	**31st December, 2014 HK$**	31st December, 2013 HK$
Hotel operation - City Garden Hotel	**155,032,681**	154,978,887	**70,071,155**	73,281,866
Investment holding	**2,791,645**	2,209,616	**2,778,893**	2,209,461
Hotel operation - share of results of associates	**-**	-	**136,888,289**	145,072,937
Others - clubhouse operation and hotel management	**9,936,499**	9,309,285	**1,405,156**	1,642,001
	167,760,825	166,497,788		
Total segment results			**211,143,493**	222,206,265
Administrative and other expenses			**(27,027,589)**	(24,808,863)
Finance income, net			**3,086,713**	1,380,912
Share of results of associates				
- administrative and other expenses			**(51,077,153)**	(51,963,483)
- finance income, net			**375,548**	257,964
- income tax expense			**(14,310,930)**	(15,776,286)
			(65,012,535)	(67,481,805)
Profit before taxation			**122,190,082**	131,296,509

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, 2013: nil).*

Segment results represent the profit earned by each segment without allocation of certain administrative and other expenses and finance costs net of finance income. 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, 2014 HK$	31st December, 2013 HK$
Profit before taxation has been arrived at after charging:		
Cost of hotel inventories consumed (included in direct expenses)	**14,599,758**	13,405,464
Depreciation of property, plant and equipment (included in other expenses)	**21,238,333**	19,755,696

4. Income tax expense

	Six months ended	
	31st December, 2014 HK$	31st December, 2013 HK$
Income tax expense comprises:		
Hong Kong Profits Tax calculated at 16.5% *(2013: 16.5%)* on the estimated assessable profit		
Current period	**9,874,035**	10,336,561
Deferred taxation	**(471,439)**	59,268
	9,402,596	10,395,829

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$112,787,486 *(six months ended 31st December, 2013: HK$120,900,680)* and on the weighted average number of 967,337,214 *(six months ended 31st December, 2013: 948,860,215)* 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, 2014 HK$	30th June, 2014 HK$
Trade receivables		
0-30 days	**8,239,932**	6,293,623
31-60 days	**452,781**	202,299
61-90 days	**32,089**	32,162
>90 days	**67,087**	35,461
	8,791,889	6,563,545
Other receivables	**7,627,481**	6,590,128
	16,419,370	13,153,673

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, 2014 HK$	30th June, 2014 HK$
Trade payables within 30 days	**11,949,679**	8,483,902
Other payables (Note)	**22,204,494**	14,424,341
	34,154,173	22,908,243

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

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 2nd March, 2015 to Wednesday, 4th March, 2015, both dates inclusive, during which period no transfer of shares will be effected. The record date for the interim dividend is at the close of business on Wednesday, 4th March, 2015.

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, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 27th February, 2015.

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, 2014, 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 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, 2014 have been reviewed by the Audit Committee and the auditor of the Company, Deloitte Touche Tohmatsu.

2014-2015 INTERIM REPORT

The 2014-2015 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, 5th March, 2015.

By Order of the Board
Velencia LEE
Company Secretary

Hong Kong, 11th February, 2015

As at the date hereof, the Executive Directors of the Company are Mr. Robert Ng Chee Siong, Mr. Daryl Ng Win Kong, Mr. Nicholas Yim Kwok Ming and Mr. Giovanni Viterale, 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.