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, 2015 ("Interim Period") was HK$85.1 million (2014: HK$112.7 million). Turnover of the Group for the Interim Period was HK$152.3 million (2014 : HK$167.7 million). Earnings per share for the Interim Period was 8.53 cents (2014 : 11.66 cents).

The unaudited results for the Interim Period have been reviewed by the Company's auditor, 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 20th April, 2016 to the shareholders whose names appear on the Register of Members of the Company on 14th March, 2016.

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 the shareholders together with a form of election for the scrip dividend on or about 18th March, 2016. It is expected that the interim dividend warrants and share certificates will be despatched to the shareholders on or about 20th April, 2016.

REVIEW OF OPERATIONS

According to the Hong Kong Tourism Board and figures released in the Policy Address on 13th January, 2016, visitor arrivals to Hong Kong was 59.3 million in 2015, representing a decrease of 2.5% from 60.8 million in 2014. Overall business of the Group's hotels, namely City Garden Hotel, The Royal Pacific Hotel & Towers and Conrad Hong Kong was affected by the strengthening of US$ against other currencies and keen competition in room rates.

Occupancy rates for City Garden Hotel, The Royal Pacific Hotel & Towers and Conrad Hong Kong for the Interim Period were 89.6%, 96.3% and 85.7% compared with 92.2%, 95.8% and 85.0% respectively for the corresponding period in 2014.

The turnovers of City Garden Hotel, The Royal Pacific Hotel & Towers and Conrad Hong Kong during the Interim Period were HK$139.2 million, HK$209.4 million and HK$387.3 million respectively compared with HK$155.0 million, HK$229.7 million and HK$397.3 million for the corresponding period in 2014.

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, 2015.

Finance

As at 31st December, 2015, the Group had cash and bank deposits of HK$756.6 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 low level. As at 31st December, 2015, 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, 2015.

EMPLOYEE PROGRAMMES

Hospitality industry is both labour and capital intensive. It relies on people to deliver the service and maintain the facilities in good condition. A team of engaged and well-trained staff is the key contributing factor to building customer loyalty and making our hotels the preferred choice for our customers. Therefore, investment in human capital through a spectrum of employee training programmes specifically designed to cater to the needs of management and staff is of paramount importance to the Group. New programmes are constantly added and their contents are improved based on feedback from staff and regular review by management. An in-house training programme named Manager Development Programme has been introduced and aims to develop staff's leadership and management skills so that they can take on more senior roles and responsibilities. Job rotation, internal transfer and promotion within the hotel and across the hotels within the Group, are encouraged to retain talent and to develop our staff's abilities so that they can deliver their service in a professional manner. Further, the Group will continue to review and enhance its employee compensation and benefits to stay competitive and make the Group the preferred employer within the industry.

CORPORATE SOCIAL RESPONSIBILITY

The Group's corporate social responsibility practices comprise three major areas, namely environmental management, community engagement and heritage conservation.

Environmental Management

As far as environment management is concerned, the Group's key objectives are to minimise our carbon footprint and adopt practices that are sustainable to the environment. Regular reviews of such practices targeted to improve efficiency of water and energy consumption as well as reduce wastage by collaborating with internal and external stakeholders are carried out and results are closely monitored.

Community Engagement

As a committed corporate citizen, the Group is active in organising activities and events to serve the underprivileged and needy. One of these events is the 'Hearty Soup Delivery Service' in which soup is made and delivered to elderly people and low-income groups. In collaboration with Foodlink and Food Angel, the Group has participated in the 'Food Donation Programme' where cooked meals are given to the families in need on a weekly basis. The Group continues to provide employment opportunities to the disadvantaged in collaboration with Hong Chi Association and The Hong Kong Society for the Deaf.

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'. To raise public awareness on the importance of conserving heritage buildings, daily guided tours are conducted for the public and charity groups to visit the Hotel. The Hotel is an award winner of the '2013 UNESCO Asia-Pacific Awards for Cultural Heritage Conservation'. In recognition of its contributions to heritage conservation in Hong Kong, HCF was honoured by the American Institute of Architects Hong Kong Chapter with a 'Citation Award' in November 2014.

INDUSTRY OUTLOOK AND PROSPECTS

2015 was a challenging year for tourism and the hospitality industry in Hong Kong as there were multiple reasons affecting visitor arrivals to Hong Kong. With global economic growth turning weaker in 2015 and countries around the world stepping up their efforts to attract tourists, business and leisure travellers to Hong Kong have both reduced. Strengthening of the US$ against other currencies has made shopping and travelling to Hong Kong less appealing. Under difficult market conditions, it is important for the Group to stay focus and improve the quality of the facilities and service of our hotels. At the same time, the Group will continue to strengthen its marketing efforts to extend its customer base and be prepared for any changes from global economic environment.

The Central Government's "One Belt, One Road" initiative will offer immense business opportunities for the years to come. One of which is the development of tourism industry in the nations along the "One Belt, One Road". This initiative can capitalise on the Silk Road Programme promoted by the United National World Tourism Organisation. The areas along the Silk Road have very rich and diverse cultural heritage and local attractions. The establishment of the Asian Infrastructure Investment Bank will facilitate the development of "One Belt, One Road" initiative. Hong Kong has important roles to play as far as the "One Belt, One Road" initiative is concerned and it will benefit a wide range of businesses in Hong Kong.

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, City Garden Hotel, Royal Pacific Hotel and Conrad Hong Kong continued to carry out improvement works to upgrade their facilities in the hotels. 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

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, 24th February, 2016

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INTERIM RESULTS

The unaudited results of the Group for the six months ended 31st December, 2015 are as follows:

Consolidated Statement of Profit or Loss

		Six months ended	
		31st December,	31st December,
		2015	2014
	Notes	**HK$**	HK$
		(Unaudited)	(Unaudited)
Revenue	*2*	**152,307,281**	167,760,825
Direct expenses		**(56,546,449)**	(56,144,017)
Other expenses		**(43,600,908)**	(42,905,836)
Marketing costs		**(4,791,242)**	(6,053,687)
Administrative expenses		**(20,690,456)**	(15,429,670)
Finance income		**3,452,355**	3,090,779
Finance costs		**(11,013)**	(4,066)
Finance income, net		**3,441,342**	3,086,713
Share of results of associates		**61,902,507**	71,875,754
Profit before taxation	*3*	**92,022,075**	122,190,082
Income tax expense	*4*	**(6,888,656)**	(9,402,596)
Profit for the period attributable to the Company's shareholders		**85,133,419**	112,787,486
Interim dividend at HK4.0 cents *(2014: HK4.0 cents)* per share		**40,506,106**	39,209,860
Earnings per share - basic	*5*	**8.53 cents**	11.66 cents

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the six months ended 31st December, 2015

	Six months ended	
	31st December, 2015	31st December, 2014
	HK$	HK$
	(Unaudited)	(Unaudited)
Profit for the period	**85,133,419**	112,787,486
Other comprehensive (expense) income		
Item that may be subsequently reclassified to profit or loss:		
(Loss) gain on fair value changes of available-for-sale financial assets	**(123,090,836)**	28,544,860
Other comprehensive (expense) income for the period	**(123,090,836)**	28,544,860
Net comprehensive (expense) income for the period attributable to the Company's shareholders	**(37,957,417)**	141,332,346

Consolidated Statement of Financial Position
At 31st December, 2015

	Notes	**31st December, 2015 HK$ (Unaudited)**	30th June, 2015 HK$ (Audited)
Non-current assets			
Property, plant and equipment		**1,379,619,804**	1,390,299,317
Interests in associates		**1,364,490,555**	1,302,588,048
Available-for-sale financial assets		**512,364,524**	621,601,918
		3,256,474,883	3,314,489,283
Current assets			
Hotel inventories		**606,578**	563,806
Trade and other receivables	*6*	**15,744,656**	15,539,461
Amounts due from associates		**1,223,129**	62,025,977
Bank balances and cash		**756,603,071**	673,307,471
		774,177,434	751,436,715
Current liabilities			
Trade and other payables	*7*	**29,862,138**	21,540,794
Amounts due to associates		**3,880,714**	1,246,376
Taxation payable		**6,837,073**	14,085,740
		40,579,925	36,872,910
Net current assets		**733,597,509**	714,563,805
Total assets less current liabilities		**3,990,072,392**	4,029,053,088
Capital and reserves			
Share capital		**1,012,652,656**	995,834,245
Reserves		**2,970,903,683**	3,026,792,157
Equity attributable to the Company's shareholders		**3,983,556,339**	4,022,626,402
Non-current liability			
Deferred taxation		**6,516,053**	6,426,686
		3,990,072,392	4,029,053,088

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 unaudited interim financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

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, 2015.

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, 2015 HK$	31st December, 2014 HK$	**31st December, 2015 HK$**	31st December, 2014 HK$
Hotel operation - City Garden Hotel	**139,186,532**	155,032,681	**55,911,202**	70,071,155
Investment holding	**2,932,235**	2,791,645	**2,931,086**	2,778,893
Hotel operation - share of results of associates	**-**	-	**125,719,539**	136,888,289
Others - clubhouse operation and hotel management	**10,188,514**	9,936,499	**1,484,880**	1,405,156
	152,307,281	167,760,825		
Total segment results			**186,046,707**	211,143,493
Administrative and other expenses			**(33,648,942)**	(27,027,589)
Finance income, net			**3,441,342**	3,086,713
Share of results of associates				
- administrative and other expenses			**(51,409,924)**	(51,077,153)
- finance income, net			**241,433**	375,548
- income tax expense			**(12,648,541)**	(14,310,930)
			(63,817,032)	(65,012,535)
Profit before taxation			**92,022,075**	122,190,082

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, 2014: nil).*

Segment results represent the profit earned by each segment without allocation of certain administrative and other expenses and net 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, net 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, 2015 HK$	31st December, 2014 HK$
Profit before taxation has been arrived at after charging:		
Cost of hotel inventories consumed (included in direct expenses)	**15,008,379**	14,599,758
Depreciation of property, plant and equipment (included in other expenses)	**22,650,420**	21,238,333

4. Income tax expense

	Six months ended	
	31st December, 2015 HK$	31st December, 2014 HK$
Income tax expense (credit) comprises:		
Hong Kong Profits Tax calculated at 16.5% *(2014: 16.5%)* on the estimated assessable profit	**6,799,289**	9,874,035
Deferred taxation	**89,367**	(471,439)
	6,888,656	9,402,596

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$85,133,419 *(six months ended 31st December, 2014: HK$112,787,486)* and on the weighted average number of 998,484,973 *(six months ended 31st December, 2014: 967,337,214)* 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 dates at the end of the reporting period:

	31st December, 2015 HK$	30th June, 2015 HK$
Trade receivables		
0-30 days	**7,829,518**	5,204,088
31-60 days	**1,165,400**	544,503
61-90 days	**140,038**	28,805
>90 days	**51,642**	58,299
	9,186,598	5,835,695
Other receivables	**6,558,058**	9,703,766
	15,744,656	15,539,461

7. Trade and other payables

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

	31st December, 2015 HK$	30th June, 2015 HK$
Trade payables within 30 days	**9,699,070**	7,104,468
Other payables (Note)	**20,163,068**	14,436,326
	29,862,138	21,540,794

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 Thursday, 10th March, 2016 to Monday, 14th March, 2016, 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, 14th March, 2016.

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 Wednesday, 9th March, 2016.

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, 2015, 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, 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 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, 2015 have been reviewed by the Audit Committee and the auditor of the Company, Deloitte Touche Tohmatsu.

2015-2016 INTERIM REPORT

The 2015-2016 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 Friday, 11th March, 2016.

By Order of the Board
Velencia LEE
Company Secretary

Hong Kong, 24th February, 2016

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