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

(Stock Code: 1221)

## **CHAIRMAN'S STATEMENT**

I hereby present my interim report to the shareholders.

### **INTERIM RESULTS**

The Group recorded net loss attributable to shareholders of HK\$45.5 million for six months ended 31st December, 2020 ("Interim Period") compared to net profit attributable to shareholders of HK\$6.4 million for the corresponding period in 2019. Turnover of the Group for the Interim Period was HK\$52.3 million (2019: HK\$108.9 million). Loss per share for the Interim Period was HK3.98 cents compared to profit per share of HK0.58 cents last year. The performance of the Group was much affected by the COVID-19 pandemic with challenging operating environment during the Interim Period.

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**

In view of the net loss of the Group for the Interim Period, the Board has resolved not to declare an interim dividend for the six months ended 31st December, 2020.

### **REVIEW OF OPERATIONS**

According to the Hong Kong Tourism Board, visitor arrivals to Hong Kong during the Interim Period were 52,795, representing a year-on-year decrease of 99.7% from 21.0 million in the same period in 2019. Visitors from Mainland China decreased 99.8% year-on-year to 25,157 during the Interim Period. The decrease in visitor arrivals was mainly attributable to the COVID-19 pandemic and its adverse impact on cross border and international travel.

The significant decrease in visitor arrivals to Hong Kong during the Interim Period negatively affected the business of the hotels under the Group. The average occupancy rates for City Garden Hotel, The Royal Pacific Hotel & Towers and Conrad Hong Kong for the Interim Period were 85.6%, 26.5% and 18.5% compared with 65.1%, 68.8% and 55.5% respectively for the corresponding period in 2019. Turnover of City Garden Hotel, The Royal Pacific Hotel & Towers and Conrad Hong Kong during the Interim Period was HK\$37.6 million, HK\$37.1 million and HK\$81.2 million respectively compared with HK\$93.0 million, HK\$127.0 million and HK\$250.4 million for the corresponding period in 2019.

Management is mindful of the challenges and actively planning and rolling out initiatives to reduce the impact. To optimize occupancy and to ensure a stable stream of income amid the pandemic, City Garden Hotel, while remains under the Group's management, entered into a two-year bulk hiring of hotel rooms and facilities arrangement with an institution during the Interim Period. In addition, our colleagues have been diligent in finding new source of business, such as introducing a variety of promotion packages to target the business of local leisure customers (staycation), as well as introducing new food and beverage products to cater to the increased demand for takeaways and home deliveries. Operationally, the first priority is to deliver a feeling of safety to our guests therefore we are putting in place strict sanitisation and hygiene protocol to ensure guests returning to stay or dine with us will have complete peace of mind and full assurance in our product and service. Moreover, we reviewed the processes, procedures, and the structure of operations in order to streamline workflow to enhance efficiency and taken decisive decision to achieve cost savings across the organisation.

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, 2020.

## **FINANCE**

As at 31st December, 2020, the Group had cash and bank deposits of HK\$951.6 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, 2020, 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, 2020.

## **EMPLOYEE PROGRAMMES**

Quality service is the key to hospitality. The Group is committed to invest in employee training particularly through utilisation of technology to enhance service skills. Training programs have been developed with user versatility in mind and they were made available to staff online via webinars, short videos, mobile learning and emails. The Sino Hotel guest servicing program 'MAGIC!' was made into short video with briefing cards to highlight key service standards, and it was further supplemented by webinars to explain in detail the importance of various service

standards. In addition, '10-Minute Briefing Cards' were distributed to staffs through email on a weekly basis to share guests' feedback and how colleagues handle cases as learning examples.

'GROW' webinars were organized to help employees nurture a positive mindset amid the epidemic, topics discussed include 'self-improvement under adversity', 'building a growth mindset', and 'how to appreciate yourself'. The front-line guest service team used mystery shopper check-list for self-learning and testing to keep up with service level expected by mystery shopper. The Group have also launched a five-star service courses to pursue Forbes service standards, the program includes short videos and mystery room inspection. Last but not least, to promote English learning, daily '1-Minute English' clips were distributed to staff via WhatsApp to support online English learning.

## **SUSTAINABILITY**

The Group continues to embrace Corporate Social Responsibility practices and sustainability initiatives by upholding high level of corporate governance standards, protecting the environment, engaging the community, promoting social integration and conserving cultural heritage.

### **Environmental Management**

The Group places strong emphasis on sustainable development and environmental management in its operations by actively pursuing a culture of protecting the environment through energy conservation and waste reduction.

Through careful planning, the Group has incorporated various sustainable energy measures on carbon emission reduction in response to the local and international initiatives Hong Kong's Climate Action Plan 2030+. As part of the Group's waste management strategy, the use of plastic straws and stirring rods has been banned at all the food and beverage outlets of the Group since 2018 and has provided eco-friendly alternatives. In December 2020, Upcycled Christmas Tree Programme was organised with an aim to nurture an environmentally-conscious mindset among staff and hotel guests.

### **Community Engagement**

The Group continues to play an active role in serving the community by utilising its hotel resources and formulating long-term sustainable community programmes. The Group has, for the tenth year in a row, through the 'Hearty Soup Delivery Programme', delivered hot soup to elderly people in need through its NGO partners, spreading warmth across the community in the cold winter months. Since 2011, over 300 soup delivery events have been organised, providing more than 45,000 hot soups to elderly residents in need across different community districts in Hong Kong. In August 2020, the Group also launched a month-long meal donation programme to provide 3,000 hot meal boxes through community partners for individuals and families in need. Hotel chefs prepared nutritious meal boxes for care centres run by the J Life Foundation and The Church of Grace in Resurrection to distribute to people in need in Jordan, Mongkok and Sham Shui Po.

### **Tai O Heritage Hotel**

In March 2008, the Ng Teng Fong Family, the major shareholder of the Group, set up the non-profit-making organisation named 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’. The Hotel is a winner of the ‘2013 UNESCO Asia-Pacific Awards for Cultural Heritage Conservation’ and the first UNESCO-awarded hotel in Hong Kong.

In July 2020, HCF furthers its efforts in supporting sustainable tourism and nurturing future leaders with the launch of the Hospitality Young Leaders Programme. Graduates of universities and institutes in Hong Kong who have completed tourism and conservation-related subjects, are hired and receiving training in sustainable tourism, hospitality, heritage and cultural conservation. This comprehensive programme also provides a meaningful platform for aspiring young leaders to connect to the community and contribute to our society through community outreach and engagement activities. In addition, in an effort to protect the marine environment in Tai O and raising awareness of marine stewardship, the Hotel also joined hands with community partner Eco Marine and Tai O residents to clean up Tai O shores.

## **INDUSTRY OUTLOOK AND PROSPECTS**

The outbreak of COVID-19 has brought unprecedented challenges to the world’s economy and businesses. After a year of challenges and changes, the world is now heading for a rebound. Vaccines have been approved and vaccination has been rolled out in many countries; such a breakthrough will be a pivotal step towards normalcy. This coupled with easing monetary policies by central banks should drive a broader economic recovery. It is hopeful that the COVID-19 situation will be brought under control and that the impact on the travel trade will recede. When the situation improves and economic recovery returns, the Group is able to leverage on an enhanced operational structure which will lead to higher shareholders’ value. In addition, the Group has a healthy financial position with cash and bank deposits of HK\$951.6 million and no debt outstanding as at 31st December, 2020. Management will closely monitor the situation and will continue to prudently manage its resources, so as to well-position itself to meet the present challenges and to grasp business opportunities that might become available when the economy revives.

## **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 Siang**  
*Chairman*

Hong Kong, 25th February, 2021



# 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, 2020 are as follows:

### Consolidated Statement of Profit or Loss

	<i>Notes</i>	<b>Six months ended</b>	
		<b>31st December, 2020 HK\$ (Unaudited)</b>	<b>31st December, 2019 HK\$ (Unaudited)</b>
Revenue	2	<b>52,364,388</b>	108,945,138
Direct expenses		<b>(31,821,543)</b>	(51,520,126)
Gross profit		<b>20,542,845</b>	57,425,012
Other income and other gains and losses		<b>13,871,470</b>	574,323
Other expenses		<b>(34,129,133)</b>	(43,932,451)
Marketing costs		<b>(2,053,250)</b>	(4,881,262)
Administrative expenses		<b>(13,693,426)</b>	(17,338,352)
Finance income		<b>5,752,164</b>	13,895,769
Finance costs		<b>(16,063)</b>	(100,700)
Finance income, net		<b>5,736,101</b>	13,795,069
Share of results of associates		<b>(39,402,508)</b>	2,894,375
(Loss) profit before taxation	3	<b>(49,127,901)</b>	8,536,714
Income tax credit (expense)	4	<b>3,644,234</b>	(2,074,325)
(Loss) profit for the period attributable to the Company's shareholders		<b>(45,483,667)</b>	6,462,389
No interim dividend declared (2019: HK1.0 cent per share)		-	11,385,031
(Loss) earnings per share - basic	5	<b>(3.98) cents</b>	0.58 cents

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

	<b>Six months ended</b>	
	<b>31st December, 2020</b>	31st December, 2019
	<b>HK\$</b>	HK\$
	<b>(Unaudited)</b>	(Unaudited)
(Loss) profit for the period	<u>(45,483,667)</u>	<u>6,462,389</u>
<b>Other comprehensive (expense) income</b>		
<i>Items that will not be reclassified to profit or loss:</i>		
Loss on fair value changes of equity instruments at fair value through other comprehensive income (“FVTOCI”)	(23,966,676)	(155,871,572)
Exchange difference arising on translation of equity instruments at FVTOCI	58,828	(495,829)
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Gain on fair value changes of debt instrument at FVTOCI	<u>50,729</u>	<u>-</u>
Other comprehensive expense for the period	<u>(23,857,119)</u>	<u>(156,367,401)</u>
Total comprehensive expense for the period attributable to the Company’s shareholders	<u>(69,340,786)</u>	<u>(149,905,012)</u>

**Consolidated Statement of Financial Position**  
**At 31st December, 2020**

	<i>Notes</i>	<b>31st December, 2020 HK\$ (Unaudited)</b>	30th June, 2020 HK\$ (Audited)
Non-current assets			
Property, plant and equipment		<b>305,281,742</b>	312,537,075
Right-of-use assets		<b>968,555,547</b>	979,827,961
Interests in associates		<b>1,074,846,395</b>	1,114,248,903
Equity and debt instruments at FVTOCI		<b>898,056,625</b>	921,913,744
Deposits paid for property, plant and equipment		<b>1,106,437</b>	1,686,191
		<b><u>3,247,846,746</u></b>	<u>3,330,213,874</u>
Current assets			
Hotel inventories		<b>318,187</b>	320,938
Trade and other receivables	6	<b>24,360,258</b>	18,821,851
Amounts due from associates		<b>91,435,665</b>	86,658,156
Time deposits, bank balances and cash		<b>951,606,646</b>	966,819,027
		<b><u>1,067,720,756</u></b>	<u>1,072,619,972</u>
Current liabilities			
Trade and other payables	7	<b>11,540,882</b>	20,738,205
Contract liabilities		-	2,569,745
Lease liabilities		<b>226,542</b>	329,930
Amount due to an associate		<b>2,768,509</b>	4,940,925
Taxation payable		<b>57,841</b>	247,559
		<b><u>14,593,774</u></b>	<u>28,826,364</u>
Net current assets		<b><u>1,053,126,982</u></b>	<u>1,043,793,608</u>
Total assets less current liabilities		<b><u>4,300,973,728</u></b>	<u>4,374,007,482</u>
Capital and reserves			
Share capital		<b>1,142,661,798</b>	1,142,661,798
Reserves		<b>3,158,311,930</b>	3,227,652,716
Equity attributable to the Company's shareholders		<b><u>4,300,973,728</u></b>	<u>4,370,314,514</u>
Non-current liabilities			
Deferred taxation		-	3,632,452
Lease liabilities		-	60,516
		<b><u>-</u></b>	<u>3,692,968</u>
		<b><u>4,300,973,728</u></b>	<u>4,374,007,482</u>

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 Hong Kong Accounting Standard (“HKAS”) 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

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

Other than changes in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the unaudited interim financial statements for the six months ended 31st December, 2020 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 30th June, 2020.

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1st July, 2020 for the preparation of the Group’s unaudited interim financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reforms
Amendments to HKFRS 16	Covid-19-Related Rent Concessions

The application of the Amendments to References to Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the 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, 2020 HK\$	31st December, 2019 HK\$	31st December, 2020 HK\$	31st December, 2019 HK\$
Hotel operation				
– City Garden Hotel	37,684,726	93,032,801	(10,385,380)	14,262,748
Investment holding	9,199,949	7,993,817	9,089,519	7,971,928
Hotel operation – share of results of associates	-	-	(39,883,345)	42,635,057
Others – club operation and hotel management	5,479,713	7,918,520	1,091,961	1,435,792
	<u>52,364,388</u>	<u>108,945,138</u>		
Total segment results			(40,087,245)	66,305,525
Other income and other gains and losses			13,871,470	574,323
Administrative and other expenses			(29,129,064)	(32,397,521)
Finance income, net			5,736,101	13,795,069
Share of results of associates				
- other income			17,812,579	-
- administrative and other expenses			(29,886,998)	(39,265,517)
- finance (cost) income, net			(14,692)	798,914
- income tax credit (expense)			12,569,948	(1,274,079)
			<u>480,837</u>	<u>(39,740,682)</u>
(Loss) profit before taxation			<u>(49,127,901)</u>	<u>8,536,714</u>

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, 2019: Nil*).

Segment results represent the results by each segment without allocation of certain administrative and other expenses, other income and other gains and losses 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' other income, administrative and other expenses, finance cost net of finance income and income tax credit (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. (Loss) profit before taxation

	Six months ended	
	31st December, 2020 HK\$	31st December, 2019 HK\$
(Loss) profit before taxation has been arrived at after charging (crediting):		
Cost of hotel inventories consumed (included in direct expenses)	3,109,726	12,453,880
Depreciation of right-of-use assets (included in other expenses)	11,272,414	11,266,832
Depreciation and amortisation of property, plant and equipment (included in other expenses)	11,902,809	15,352,091
Government subsidies (included in other income and other gains and losses)	<u>(1,082,706)</u>	<u>-</u>

### 4. Income tax (credit) expense

	Six months ended	
	31st December, 2020 HK\$	31st December, 2019 HK\$
Income tax (credit) expense comprises:		
Hong Kong Profits Tax is calculated with two-tiered profit tax regime on the estimated assessable profit		
Current period	167,738	199,167
Overprovision in prior year	<u>(179,520)</u>	<u>(94,715)</u>
	(11,782)	104,452
Deferred taxation	<u>(3,632,452)</u>	<u>1,969,873</u>
	<u>(3,644,234)</u>	<u>2,074,325</u>

### 5. (Loss) earnings per share - basic

The calculation of the basic (loss) earnings per share is based on the loss for the period of HK\$45,483,667 (six months ended 31st December, 2019: profit of HK\$6,462,389) and on the weighted average number of 1,142,661,798 (six months ended 31st December, 2019: 1,122,651,121) shares in issue during the period.

No diluted (loss) earnings per share has been presented for both periods as there were no potential ordinary shares outstanding during both periods.

## 6. Trade and other receivables

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

	<b>31st December, 2020 HK\$</b>	30th June, 2020 HK\$
Trade receivables		
0-30 days	2,403,508	913,553
31-60 days	7,624,104	94,130
61-90 days	-	400
Over 90 days	-	10,890
	<u>10,027,612</u>	<u>1,018,973</u>
Other receivables	<u>14,332,646</u>	<u>17,802,878</u>
	<u><b>24,360,258</b></u>	<u><b>18,821,851</b></u>

## 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:

	<b>31st December, 2020 HK\$</b>	30th June, 2020 HK\$
Trade payables		
0-30 days	2,230,826	6,869,734
31-60 days	3,421,248	2,251,937
61-90 days	20,681	905,868
Over 90 days	24,784	722,945
	<u>5,697,539</u>	<u>10,750,484</u>
Other payables	<u>5,843,343</u>	<u>9,987,721</u>
	<u><b>11,540,882</b></u>	<u><b>20,738,205</b></u>

## 8. Commitments

	<b>31st December, 2020 HK\$</b>	30th June, 2020 HK\$
Expenditures contracted for but not provided in the consolidated financial statements in respect of:		
Renovation works, purchase of furniture, fixtures and hotel operating equipment	<u><b>2,825,786</b></u>	<u><b>3,702,631</b></u>

## **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, 2020, 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 three Independent Non-Executive Directors have contributed valuable views and proposals for the Board's deliberation and decisions. The Board reviews 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, 2020 have been reviewed by the Audit Committee and the auditor of the Company, Deloitte Touche Tohmatsu.

## **2020-2021 INTERIM REPORT**

The 2020-2021 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](http://www.sino.com) while printed copies will be sent to shareholders on or about Tuesday, 16th March, 2021.

By Order of the Board  
**Fanny CHENG Siu King**  
*Company Secretary*

Hong Kong, 25th February, 2021

*As at the date hereof, the Executive Directors of the Company are Mr. Robert Ng Chee Siong, Mr. Daryl Ng Win Kong, Mr. Giovanni Viterale and Mr. Thomas Tang Wing Yung, the Non-Executive Directors are The Honourable Ronald Joseph Arculli and Mr. Gilbert Lui Wing Kwong, and the Independent Non-Executive Directors are Mr. Steven Ong Kay Eng, Mr. Wong Cho Bau and Mr. Hung Wai Man.*