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

(Stock Code: 1221)

CHAIRMAN'S STATEMENT

I hereby present the 2022/2023 Annual Report to shareholders.

FINAL RESULTS

The Group recorded net loss attributable to shareholders of HK\$19.5 million for year ended 30th June, 2023 (the "Financial Year") compared to net loss of HK\$92.4 million for the last financial year. Turnover of the Group for the Financial Year was HK\$136.3 million (2021/2022: HK\$128.8 million). Loss per share for the Financial Year was HK1.71 cents compared to loss per share of HK8.09 cents last year.

DIVIDEND

In view of the net loss of the Group for the Financial Year, the Board has resolved not to recommend a final dividend for the Financial Year. Total dividend for the full financial year is nil as the Board did not declare any interim dividend during the Financial Year (2021/2022: Nil).

REVIEW OF OPERATIONS

As at 30th June, 2023, the Group's portfolio of hotels comprises City Garden Hotel, Conrad Hong Kong and The Royal Pacific Hotel & Towers.

Positive development was observed in the global hospitality industry as countries around the world started to relax COVID-19 controls. With borders between China and Hong Kong reopened at the beginning of 2023, major steps were undertaken by the HKSAR Government to revive the tourism industry by easing travel restrictions for international visitors in an orderly manner, as well as launching a series of effective initiatives to stimulate the recovery of the economy and attracting visitors to enjoy the vibrancy of the city. According to the Hong Kong Tourism Board, visitor

arrivals to Hong Kong were 13,412,439 during the Financial Year (2021/2022: 133,653 and 2018/2019: 69,413,372). Visitors from Mainland China during the Financial Year were 10,423,923, representing approximately 78% of total tourist arrivals (2021/2022: 103,415 and 2018/2019: 54,922,879). A gradual normalisation in visitor arrivals is expected to surface over time, alongside the resumption of airlines' passenger flight capacity, when mass tourists resume with their travels. Steady improvement in hotels' trading condition is well-anticipated, as reflected by neighbouring countries' performances post-borders reopening.

The Group has been proactively managing our hotels to prepare for the expected normalisation in order to capitalise on the return of visitors. To optimise occupancy and to ensure a stable stream of income, City Garden Hotel, while remaining under the Group's management, entered into a new lease agreement for a period of four years with a tenant effective August 2022. Under such agreement, the hotel receives pre-agreed rates for all available rooms. Conrad Hong Kong and The Royal Pacific Hotel & Towers, the hotels joined the government's Designated Quarantine Hotel ("DQH") scheme since 1st June, 2022 and 14th April, 2022 respectively. Such arrangements were discontinued when the DQH scheme ended on 26th September, 2022. Conrad saw a marked improvement in monthly room rates and occupancy, particularly in the second half of the Financial Year, aided by the continuous increase in business and leisure travellers on mega events such as Art Basel and Rugby Sevens, and the resumption of physical exhibitions, events and local banquets. The Royal Pacific Hotel & Towers, which is highly dependent on Chinese tourist arrivals, it has benefitted from the return of tourists from the Mainland, as well as the resumption of ferry service at China Ferry Terminal and the full operation of cross borders buses. The Group remained vigilant on cost control and focused on making efficiency improvements, while continuously enhancing the quality of hotel services to ensure our discerning guests have enjoyable experiences during their stay in the hotels.

During the Financial Year, gross income generated from operations of City Garden Hotel, Conrad Hong Kong, and The Royal Pacific Hotel & Towers were HK\$93.3 million, HK\$418.2 million and HK\$177.4 million (2021/2022: HK\$88.9 million, HK\$209.7 million and HK\$206.9 million), respectively. Overall, an improvement in operating results of the three hotels was observed, particularly in the second half of the Financial Year, aided by the return of visitors post-borders reopening as well as the successful campaigns launched by the HKSAR Government to revive the tourism industry, leading to a noticeable resumption of social and economic activities. Although hotel operations have improved significantly during the Financial Year, there was an unrealised loss on fair value changes of financial instrument of HK\$42.6 million, representing a long-term investment in a company whose shares are listed on the Main Board of the Stock Exchange and is principally engaged in real estate investment trust in Mainland China. As a result, net loss attributable to shareholders of HK\$19.5 million was recorded in the Financial Year.

City Garden Hotel

City Garden Hotel is a wholly-owned subsidiary of the Group.

Thanks to the renewal of the Bulk Hiring Arrangement effective 1st August, 2022, the average room occupancy rate of City Garden Hotel for the Financial Year maintained at 100% (2021/2022: 100%) and the average room rate increased 9.4% compared with that of last financial year. Room sales for the Financial Year were HK\$83.3 million (2021/2022: HK\$76.2 million).

Conrad Hong Kong

Conrad Hong Kong is 50% owned by the Group and 30% owned by Sino Land Company Limited (Hong Kong stock code: 0083). Sino Group collectively own a total of 80% equity interest in Conrad Hong Kong.

The average room occupancy rate of Conrad Hong Kong for the Financial Year was 50.3% (2021/2022: 26.1%) and the average room rate increased 58.4% compared with that of last financial year. Room sales for the Financial Year were HK\$247.5 million (2021/2022: HK\$81.0 million).

The Royal Pacific Hotel & Towers

The Royal Pacific Hotel & Towers is 25% owned by the Group and the remaining 75% interest is owned by a private company, wholly owned by the Ng family, the controlling shareholder of Sino Hotels (Holdings) Limited.

The average room occupancy rate of The Royal Pacific Hotel & Towers for the Financial Year was 55.0% (2021/2022: 70.9%) and the average room rate increased 25.2% compared with that of last financial year. Room sales for the Financial Year were HK\$153.2 million (2021/2022: HK\$157.7 million).

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, 2022.

SIGNIFICANT INVESTMENT

As at 30th June, 2023, the Group held 84,828,218 ordinary shares, representing approximately 5.14% equity interest in The Hongkong and Shanghai Hotels, Limited (the “HKSHL Shares”), a company whose shares are listed on the main board of the Stock Exchange (stock code: 45) and is principally engaged in the ownership and management of hotel, retail, commercial and residential properties in Asia, the United States of America and Europe. The total cost of investment in HKSHL Shares was approximately HK\$702,510,000 and its fair value as at 30th June, 2023 was approximately HK\$585,315,000, representing approximately 14.1% of the total assets of the Group as at 30th June, 2023. The Group recognised an unrealised loss on fair value change of the HKSHL Shares of approximately HK\$27,145,000 in other comprehensive income and accumulated in the investment revaluation reserve for the year ended 30th June, 2023. No scrip or cash dividend was received by the Group from such investment for the year ended 30th June, 2023. This significant investment is held for long term.

FINANCE

As at 30th June, 2023, the Group had cash and bank deposits of HK\$911.5 million and had no debt outstanding. The Group is in net cash position, therefore gearing ratio, calculated on the basis of net debt to equity attributable to the Company's shareholders, is not applicable.

There was no material change in the capital structure of the Group for the Financial Year. Foreign exchange exposure is kept at a low level. As at 30th June, 2023, 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, 2022.

EMPLOYEE PROGRAMMES

During the Financial Year, several employee initiatives to uplift service levels, promote sustainability, and engage colleagues were rolled out for our hotel colleagues.

A key initiative was the implementation of a new Service Excellence Programme for all employees. This programme is led by our colleagues who are Service Excellence Champions and certified trainers after completing the Train-the-Trainer programme. They facilitate training sessions and help cultivate a service culture in all touch points within our hotels.

The Operations Management Trainee Programme was developed this year to grow and train our future industry leaders. This programme offers trainees key learning opportunities as they rotate through different operational departments, and different hotels. The trainees gain experience in various hospitality roles. The programme also offers a flexible top-up option, allowing them additional time as a trainee to develop skills in administrative departments for talent development.

Sustainability and ESG continue to drive the employee training programmes as colleagues can go on sustainability walks in the hotels to learn firsthand the ways our facilities and operations are working to support the Group's ESG goals.

In addition to talent development, several employee engagement programmes were launched, including "Thankful Week" which promoted ways colleagues could participate in community service programmes including "Bun Run" and assist organisations including Food Angel. Colleagues also got active in a variety of fun sports activities.

These initiatives reflect our commitment to continuous improvement and development while promoting sustainability and employee engagement. We look forward to continuing to provide a high level of services to our guests while creating a positive impact on our community and environment.

SUSTAINABILITY

The Group continues to embrace Environmental, Social and Governance (“ESG”) best practices and integrates sustainability into the operations and management of our hotels. The Group seeks to create value for stakeholders and makes business a driver of sustainability for a better future by mitigating climate change, serving the community, promoting social integration and conserving cultural heritage.

In September 2022, the Group was recognised as being in the Top 10 of the Greater China Hotel Business Sustainability Index for the first year. The index is organised by the Centre for Business Sustainability, CUHK Business School, and The Chinese University of Hong Kong.

Environmental management

The Group places strong emphasis on protecting the environment and improving energy efficiency in daily operations. Key focus areas include climate change mitigation, promoting a circular economy and the conservation of biodiversity. The Group also strives to promote sustainable living among our stakeholders and the broader community.

Our efforts in adopting environmentally-friendly practices and management have been recognised through various awards. In February 2023, Royal Pacific Hotel & Towers received the Certificate of Merit under the Hong Kong Awards for Environmental Excellence (“HKAAE”) led by the Environmental Campaign Committee and the Environment and Ecology Bureau.

Climate resilience

The Group is committed to reducing greenhouse gas emissions by 30% by 2030, based on its 2012 baseline. As at 30th June, 2023, a reduction of 42.57% has been achieved, equivalent to planting 214,185 trees. As an ongoing effort, the Group supports the “Energy Saving Charter” and “4T Charter” organised by the Environment and Ecology Bureau and the Electrical and Mechanical Services Department of the HKSAR Government. In this connection, City Garden Hotel has installed 72 solar panels with a rated power of 21.6 kW, aiming to generate an estimated 20,822 kWh of electricity annually to promote the development of renewable energy in Hong Kong. The Group also encourages electric vehicles (“EVs”) by installing an EV charging station at the City Garden Hotel’s car parking area.

Promoting a circular economy

The Group initiated a group-wide “Plastic Awareness Campaign” in April 2018, and set a new target in 2022 to eliminate all single-use plastic items by 2035 across its core operations. Since 2018, the Group has installed smart filtered water stations and removed plastic bottled water from all guest premises. As at 30th June, 2023, Royal Pacific Hotel and City Garden Hotel have saved an estimated over 1,100,000 plastic bottles. An Upcycled Christmas Tree Programme was also organised with the aim of nurturing an environmentally-conscious mindset among colleagues and hotel guests to spread the message of sustainable development through their imagination and creativity.

Urban biodiversity

The Group has been expanding our efforts to ensure sustainable consumption and production in our supply chain. The Group adopted the Seafood Guide issued by the World Wide Fund For

Nature Hong Kong (“WWF”) for procuring sustainable seafood, including those certified by the Aquaculture Stewardship Council and the Marine Stewardship Council. Furthermore, the Group supports Sino Group’s participation in the Sustainable Seafood Business Membership Programme, organised by WWF, to promote sustainable seafood consumption. The Group aims to serve 60% of the seafood from sustainable sources by 2025, and 100% of sustainable seafood by 2030. As at 30th June, 2023, 57.6% of seafood purchased are sustainability-labelled and certified. The Group also seeks to source 100% cage-free eggs by 2025 to further promote sustainable consumption and production in the supply chain.

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. To spread warmth across the community, the Group partnered with various community service centres through the long-standing “Hearty Soup Delivery Programme”. Homemade soup was prepared by the Group’s hotel chefs and delivered to the elderly during the cold winter. Since 2011, over 51,250 elderly residents in need across different community districts in Hong Kong have been served.

In 2023, the Group’s volunteers participated in “Bun Run” organised by Green Hour Foundation. Volunteers collected surplus bread and other food items from bakeries and distributed them to individuals and families in need, helping to reduce food waste and create a positive impact for the benefit of society.

For 14 consecutive years, City Garden Hotel and Royal Pacific Hotel & Towers have been awarded the Caring Company Logo by the Hong Kong Council of Social Service’s Caring Company Scheme. To promote social integration and inclusion, the Group reasserts its commitment by creating a barrier-free environment and culture at its hotels. The Group provides equal opportunities to disadvantaged members of the community. We continue to collaborate with Hong Chi Association to provide long-term employment and training opportunities to share skills with its students.

City Garden Hotel and Royal Pacific Hotel & Towers have also received the “Happy Company 2023” recognition from the Promoting Happiness Index Foundation. In recognition of our contribution to the development of social capital in Hong Kong, Royal Pacific Hotel & Towers has been honored with the “Social Capital Builder Award 2022” issued by the Community Investment and Inclusion Fund of the Home and Youth Affairs Bureau. These recognitions attest to the Group’s commitment to corporate social responsibility to build a better community together.

Tai O Heritage Hotel

The Ng Family, the major shareholder of the Group, established a 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. 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 November 2022, the Hotel participated in “Heritage Vogue · Hollywood Road” organised by the Commissioner for the Heritage Office of the Development Bureau to enhance public understanding and support for various heritage conservation projects in Hong Kong.

To share warmth and care with the Tai O community, the Hotel extends festive greetings through sharing Mid-autumn festival gifts to residents of Tai O. In December 2022, the Hotel joined hands with the Hong Kong Young Women’s Christian Association (“YWCA”) and the Hong Kong Family Welfare Society (“HKFWS”) to present hot soup and festive gifts to the elderly and children. To extend good wishes to Tai O in the new year, the Hotel joined hands with a local artists and students from C.C.C. Tai O Primary School to present an auspicious community art installation, Spinning Good Wishes for the Year of Rabbit, in the spirit of giving and building a better community together.

The Hotel has been named “Winner of the Social Empowerment category” at the Asia Responsible Enterprise Awards 2022, and “Best Boutique Hotel (Hong Kong), Best Design Hotel (Hong Kong)”, “Best Destination Hotel (Hong Kong)” and “Best Small Hotel (Asia)” at the Haute Grandeur Global Hotel Awards 2022, as well as “Silver winner of Best Boutique Hotel in Hong Kong” at the Honeycombers Readers’ Choice: Love Local Awards 2022, and “Social Capital Builder Awards 2022” issued by the Community Investment and Inclusion Fund of the Home and Youth Affairs Bureau. Such recognitions show the Hotel’s commitment to community support for a better community.

INDUSTRY OUTLOOK AND PROSPECTS

The World Health Organization (WHO) has declared that COVID-19 no longer constituted a global health emergency, this has boosted business and consumer sentiments across different sectors globally, in particular, the hotel industry. Appreciable improvements in operating conditions have been noted after the reopening of borders between Mainland China and Hong Kong in early 2023, as well as the relaxation of social distancing measures and a gradual return to normal flight capacities, leading to a noticeable uptick in economic activities and international traffic. Visitor arrivals reached 3.6 million in July 2023, the highest level since the onset of COVID-19 in 2020. Together with the rebound in Hong Kong’s population to 7.5 million at mid-2023, from 7.3 million at mid-2022, it is a clear indication that business environment is progressively returning to normality. According to the Hong Kong Tourism Board, visitor arrivals to Hong Kong totalled 12.8 million in the first six months of 2023, which were 36.9% of the pre-pandemic level in 2019. It is well anticipated that hotels’ occupancy and room rates will continue to improve alongside the increasing visitor arrivals.

Hong Kong has its own overriding advantages, with seamless connection to Mainland China and the rest of the world. The HKSAR government has made swift and decisive measures to revive the economy and tourism industry through the implementation of successful campaigns such as “Hello Hong Kong” and “Happy Hong Kong”, which encompassed a series of promotional activities and highlight the many new attractions, developments and excitements Hong Kong has to offer to visitors.

Over the past few years, a number of major new attractions have been launched, including the Hong Kong Palace Museum and M+ Museum at the West Kowloon Cultural District and Ocean Park Water World, providing new excitements for tourists. A variety of mega events and exhibitions were also staged during the Financial Year, including Hong Kong Sevens, Art Basel Hong Kong, the Hong Kong Marathon, Hong Kong International Jewellery Show and Hong Kong Book Fair, stimulating business travels and benefitting the city's MICE sector. The timely removal of social distancing measures by the HKSAR government has also led to a resumption of banquets and weddings, fuelling demand for events at hotels.

Under the "One Country, Two Systems" principle, Hong Kong enjoys strong ties with Mainland China and good opportunities to drive sustainable long-term growth. Hong Kong remains one of the most important international financial, trade and shipping centres, with rising contribution from emerging industries such as innovation and technology. With the enhanced interconnectivity and integrated trade development among the Greater Bay Area cities, the city serves as a bridge linking Mainland China to the rest of the world, and it is well positioned to experience long-term sustainable growth.

The Group is encouraged by the improving operating environment in 2023 fuelled by the pent-up leisure and business travel demand. With re-opening of borders with Mainland China in early 2023, we expect travel to continue to recover together with the resumption of physical events and exhibitions, driving up demand for hotels. Management will remain vigilant in monitoring the market development and carefully manage costs without comprising quality and services. The Group will continuously evaluate and enhance our offerings and services to ensure our discerning guests have enjoyable and pleasant stays in our hotels.

The Group has a healthy financial position with cash and bank deposits of HK\$911.5 million and no debt outstanding as at 30th June, 2023.

STAFF AND MANAGEMENT

I would like to welcome Ms. Nikki Ng Mien Hua who joined the Board as Non-Executive Director with effect from 10th August, 2023.

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, 29th August, 2023



SINO HOTELS (HOLDINGS) LIMITED

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

(Stock Code: 1221)

FINAL RESULTS

The audited results of the Group for the year ended 30th June, 2023 are as follows:

Consolidated Statement of Profit or Loss

	<i>Notes</i>	2023 HK\$	2022 HK\$
Revenue	2	136,355,855	128,809,067
Direct expenses		<u>(60,233,236)</u>	<u>(56,246,614)</u>
Gross profit		76,122,619	72,562,453
Other income and other gains and losses	3	(43,213,721)	(18,553,783)
Other expenses		(68,391,660)	(64,928,113)
Marketing costs		(247,278)	(120,789)
Administrative expenses		(21,882,243)	(20,424,656)
Finance income		30,080,377	4,147,446
Finance costs		(76,582)	(19,355)
Finance income, net		30,003,795	4,128,091
Share of results of associates		8,408,677	(64,803,721)
Loss before taxation	3	(19,199,811)	(92,140,518)
Income tax expense	4	(287,226)	(277,513)
Loss for the year attributable to the Company's shareholders		<u>(19,487,037)</u>	<u>(92,418,031)</u>
No interim dividend declared in 2023 and 2022		<u>-</u>	<u>-</u>
No final dividend is recommended in respect of 2023 (2022: No final dividend)		<u>-</u>	<u>-</u>
Loss per share - basic	5	<u>(1.71) cents</u>	<u>(8.09) cents</u>

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30th June, 2023

	2023	2022
	HK\$	HK\$
Loss for the year	<u>(19,487,037)</u>	<u>(92,418,031)</u>
Other comprehensive income		
<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”)	(30,694,635)	(89,827,667)
Exchange difference arising on translation of equity instruments at FVTOCI	(169,125)	1,749,600
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Gain/(loss) on fair value changes of debt instrument at FVTOCI	1,771,576	(4,207,360)
Reclassified to profit or loss for the derecognition of debt instrument at FVTOCI	<u>-</u>	<u>(31,280)</u>
Other comprehensive income for the year	<u>(29,092,184)</u>	<u>(92,316,707)</u>
Total comprehensive income for the year attributable to the Company’s shareholders	<u>(48,579,221)</u>	<u>(184,734,738)</u>

Consolidated Statement of Financial Position

At 30th June, 2023

	<i>Notes</i>	2023 HK\$	2022 HK\$
Non-current assets			
Property, plant and equipment		257,773,163	276,716,500
Right-of-use assets		912,788,025	935,005,989
Interests in associates		973,601,450	965,192,773
Amount due from an associate		158,801,917	180,245,562
Financial instruments		921,801,022	993,453,206
Deposits paid for property, plant and equipment		2,308,613	334,907
		<u>3,227,074,190</u>	<u>3,350,948,937</u>
Current assets			
Hotel inventories		91,094	177,165
Trade and other receivables	6	25,657,749	15,161,493
Amounts due from associates		1,034,927	1,023,718
Time deposits, bank balances and cash		911,594,178	839,030,400
		<u>938,377,948</u>	<u>855,392,776</u>
Current liabilities			
Trade and other payables	7	20,707,033	13,253,819
Amount due to an associate		1,474,698	1,267,593
Taxation payable		226,445	197,118
		<u>22,408,176</u>	<u>14,718,530</u>
Net current assets		<u>915,969,772</u>	<u>840,674,246</u>
Total assets less current liabilities		<u>4,143,043,962</u>	<u>4,191,623,183</u>
Capital and reserves			
Share capital		1,142,661,798	1,142,661,798
Reserves		3,000,382,164	3,048,961,385
Equity attributable to the Company's shareholders		<u>4,143,043,962</u>	<u>4,191,623,183</u>

Notes:

1. Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values.

The financial information relating to the years ended 30th June, 2023 and 2022 included in this preliminary announcement of annual results does not constitute the Company’s statutory annual consolidated financial statements for those years but is derived from those financial statements.

In the current year, the Company and its subsidiaries (the “Group”) have applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are effective for the annual period beginning on or after 1st July, 2022 for the preparation of the consolidated financial statements:

Amendments to HKAS 16	<i>Property, plant and equipment: Proceeds before intended use</i>
Amendments to HKAS 37	<i>Provisions, contingent liabilities and contingent assets: Onerous contracts – cost of fulfilling a contract</i>

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 16, *Property, plant and equipment: Proceeds before intended use*

The amendments prohibit an entity from deducting the proceeds from selling items produced before that asset is available for use from the cost of an item of property, plant and equipment. Instead, the sales proceeds and the related costs should be included in profit and loss. The amendments do not have a material impact on the financial statements as the Group does not sell items produced before an item of property, plant and equipment is available for use.

1. Basis of preparation – continued

Amendments to HKAS 37, Provisions, contingent liabilities and contingent assets: Onerous contracts – cost of fulfilling a contract

The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

Previously, the Group included only incremental costs when determining whether a contract was onerous. In accordance with the transitional provisions, the Group has applied the new accounting policy to contracts for which it has not yet fulfilled all its obligations at 1st July, 2022, and has concluded that none of them is onerous.

New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism

In July 2023, the HKICPA published *Accounting implications of the abolition of the mandatory provident fund (“MPF”)-long service payment (“LSP”) offsetting mechanism in Hong Kong* that provides guidance on the accounting considerations relating to the offsetting mechanism and the abolition of the mechanism.

The Group is currently assessing the impact of the HKICPA guidance and expect to adopt this guidance with retrospective application in its annual financial statements for the year ending 30th June, 2024.

2. Segment information

The following is an analysis of the Group's revenue and results by reportable and operating segment for the years:

	Segment revenue		Segment results	
	2023 HK\$	2022 HK\$	2023 HK\$	2022 HK\$
Hotel operation				
– City Garden Hotel	93,355,852	88,955,445	6,869,310	11,259,315
Investment holding	27,712,141	26,106,191	27,653,306	26,049,203
Hotel operation				
– share of results of associates	-	-	56,208,265	(26,368,234)
Others – club operation and hotel management	15,287,862	13,747,431	2,317,749	1,944,717
	136,355,855	128,809,067		
Total segment results			93,048,630	12,885,001
Other income and other gains and losses			(43,213,721)	(18,553,783)
Administrative and other expenses			(51,238,927)	(52,164,340)
Finance income, net			30,003,795	4,128,091
Share of results of associates				
- other income			2,637,950	4,775,500
- administrative and other expenses			(50,226,649)	(50,689,885)
- finance income/(cost), net			325,313	(14,981)
- income tax (expense)/credit			(536,202)	7,493,879
			(47,799,588)	(38,435,487)
Loss before taxation			(19,199,811)	(92,140,518)

All of the segment revenue reported above are from external customers. There was no inter-segment revenue for both years.

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 costs net of finance income and income tax expense/credit of the associates. This is the measure reported to the chief operating decision makers for the purposes of resources allocation and performance assessment.

Geographical information

All of the activities of the Group are based in Hong Kong and all of the Group's revenue and contribution to profit/(loss) for both years are derived from Hong Kong. All the assets of the Group are located in Hong Kong.

3. Loss before taxation

	2023 HK\$	2022 HK\$
Loss before taxation has been arrived at after charging/(crediting):		
Other income and other gains and losses		
Loss/(gain) on disposal of property, plant and equipment	1,736	(111,459)
Exchange loss	1,739,251	10,382,856
Government subsidies	(1,087,266)	(2,886,334)
Gain on derecognition of debt instrument at FVTOCI	-	(31,280)
Loss on fair value change of financial asset at FVTPL	42,560,000	11,200,000
	<u>43,213,721</u>	<u>18,553,783</u>
Cost of hotel inventories consumed *	10,643,270	10,884,012
Depreciation of right-of-use assets #	22,217,964	22,277,144
Depreciation and amortisation of property, plant and equipment #	<u>19,826,693</u>	<u>21,021,994</u>

*included in direct expenses

#included in other expenses

4. Income tax expense

	2023 HK\$	2022 HK\$
Income tax expense comprises:		
Hong Kong Profits Tax		
Current year	327,226	327,539
Over-provision in prior year	(40,000)	(50,026)
	<u>287,226</u>	<u>277,513</u>

5. Loss per share - basic

The calculation of the basic loss per share is based on the loss for the year attributable to the Company's shareholders of HK\$19,487,037 (2022: HK\$92,418,031) and on the weighted average number of 1,142,661,798 (2022: 1,142,661,798) shares in issue during the year.

No diluted loss per share has been presented as there were no potential ordinary shares in both years.

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:

	2023	2022
	HK\$	HK\$
Trade receivables		
0-30 days	2,845,402	3,477,786
Other receivables	22,812,347	11,683,707
	<u>25,657,749</u>	<u>15,161,493</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:

	2023	2022
	HK\$	HK\$
Trade payables		
0-30 days	3,731,416	4,438,870
31-60 days	182,312	178,304
61-90 days	7,150	120,120
Over 90 days	20,095	379,941
	<u>3,940,973</u>	<u>5,117,235</u>
Other payables	13,966,060	8,136,584
Contract liabilities	2,800,000	-
	<u>20,707,033</u>	<u>13,253,819</u>

8. Commitments

	2023	2022
	HK\$	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>13,996,897</u>	<u>3,199,935</u>

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the Annual General Meeting to be held on Wednesday, 25th October, 2023, the register of members of the Company will be closed from Thursday, 19th October, 2023 to Wednesday, 25th October, 2023, both dates inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the Annual General Meeting, shareholders should ensure that all transfers accompanied by the relevant share certificates are lodged with the Company's Principal Registrar, Tricor Friendly Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 18th October, 2023.

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 year.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has adopted its own Corporate Governance Code, which is based on the principles and the code provisions as set out in Part 2 of Appendix 14 (the "CG Code") to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company has complied with all code provisions as set out in the CG Code throughout the financial year, except that there was no separation of the roles of the chairman and the chief executive. Both 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 that it continues to meet these objectives and is in line with the industry practices.

REVIEW OF AUDITED FINANCIAL STATEMENTS

The audited consolidated financial statements of the Group for the year ended 30th June, 2023 have been reviewed by the Audit Committee of the Company.

2023 ANNUAL REPORT

The 2023 annual 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, 29th September, 2023.

By Order of the Board
Fanny CHENG Siu King
Company Secretary

Hong Kong, 29th August, 2023

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