



信和酒店(集團)有限公司
Sino Hotels (Holdings) Limited

2008-2009 INTERIM REPORT

二零零八至二零零九年度
中期報告書

STOCK CODE: 1221



The Royal Pacific Hotel,
Tsim Sha Tsui

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Shareholders who have chosen to receive the Corporate Communications using electronic means through the Company’s website and who for any reason have difficulty in receiving or gaining access to the Interim Report posted on the Company’s website will promptly upon request be sent the Interim Report in printed form free of charge.

Shareholders may at any time choose to change their choice of language and means of receipt (i.e. in printed form or by electronic means through the Company’s website) of all future Corporate Communications from the Company by giving reasonable notice in writing by post to the Company’s Principal Registrar, Tricor Friendly Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Hong Kong or by email at is-enquiries@hk.tricorglobal.com.

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股東可隨時以書面通知本公司主要股票登記處，卓佳準誠有限公司，郵寄地址為香港皇后大道東28號金鐘匯中心26樓，或透過電郵地址is-enquiries@hk.tricorglobal.com，以更改日後收取公司通訊的語言版本及收取方式（印刷方式或以透過本公司網站之電子方式）之選擇。

CONTENTS

CORPORATE INFORMATION	3
CHAIRMAN'S STATEMENT	4
CONDENSED CONSOLIDATED INCOME STATEMENT	9
CONDENSED CONSOLIDATED BALANCE SHEET	10
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	11
CONDENSED CONSOLIDATED CASH FLOW STATEMENT	12
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	13
CLOSURE OF REGISTER OF MEMBERS	20
PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES	20
DIRECTORS' INTERESTS	20
SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS	21
COMPLIANCE COMMITTEE	22
AUDIT COMMITTEE	23
REMUNERATION COMMITTEE	23
CODES FOR DEALING IN THE COMPANY'S SECURITIES	23
COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES	24
REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION	25

CORPORATE INFORMATION

Board of Directors

Robert Ng Chee Siong, Chairman
Ronald Joseph Arculli, GBS, CVO, OBE, JP[#]
Gilbert Lui Wing Kwong[#]
Peter Wong Man Kong, BBS, JP*
Adrian David Li Man-kiu*
Steven Ong Kay Eng*
Thomas Tang Wing Yung
Daryl Ng Win Kong
Nicholas Yim Kwok Ming

([#] Non-Executive Directors)

(^{*} Independent Non-Executive Directors)

Audit Committee

Adrian David Li Man-kiu, Chairman
Gilbert Lui Wing Kwong
Peter Wong Man Kong, BBS, JP
Steven Ong Kay Eng

Remuneration Committee

Daryl Ng Win Kong, Chairman
Peter Wong Man Kong, BBS, JP
Adrian David Li Man-kiu

Authorized Representatives

Robert Ng Chee Siong
Eric Ip Sai Kwong

Secretary

Eric Ip Sai Kwong

Auditor

Deloitte Touche Tohmatsu
Certified Public Accountants, Hong Kong

Solicitors

Baker & McKenzie, Hong Kong
Clifford Chance, Hong Kong
Maples and Calder, Cayman Islands

Shareholders' Calendar

**Closure of Register
of Members** 16th April, 2009 to
20th April, 2009
(both dates inclusive)

**Last Date for lodging
scrip dividend
election forms** 7th May, 2009
4:30 p.m.

Interim Dividend HK1.8 cents per share
Payable 15th May, 2009

Principal Bankers

Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking
Corporation Limited
Mizuho Corporate Bank, Ltd.
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Sumitomo Mitsui Banking Corporation
Hang Seng Bank Limited

Investor Relations Contact

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General Manager – Corporate Finance
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Email : info@sino.com

Registered Office

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P.O. Box 309,
George Town, Grand Cayman,
Cayman Islands,
British West Indies

Principal Registrar

Tricor Friendly Limited
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28 Queen's Road East,
Hong Kong
Telephone : (852) 2980 1333
Fax : (852) 2861 1465
Email : is-enquiries@hk.tricorglobal.com

Listing Information

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, 2008 (the "Interim Period") was HK\$27.0 million (2007: HK\$65.6 million). The decrease in net profit was due to impairment loss on equity securities. Excluding this impairment loss on equity securities, the Group's net profit from hotel operations was HK\$68.1 million, representing an increase of 3.8% from HK\$65.6 million in the corresponding period last year.

The turnover of the Group increased to HK\$122.7 million from HK\$116.1 million in the corresponding period last year. Earnings per share for the period was 3.15 cents.

The unaudited interim 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 1.8 cents per share payable on 15th May, 2009 to shareholders whose names appear on the Register of Members of the Company on 20th April, 2009.

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 24th April, 2009. It is expected that the interim dividend warrants and share certificates will be despatched to shareholders on or about 15th May, 2009.

REVIEW OF OPERATIONS

Visitor arrivals in Hong Kong grew at 4.7% to 29.5 million in 2008 from 28.1 million in 2007 with tourism expenditure increasing favourably at 5.7% to HK\$148.6 billion in 2008 from HK\$140.6 billion in 2007, per capita spending increasing by 4.6% to HK\$5,360 and average length of stay remaining stable at 3.3 days. Mainland China continued to be the leading source in terms of contributions and growth in visitor arrivals.

The global markets have changed significantly in 2008 as a result of the effect of the subprime issues and financial turmoil in the US, and soon swept across a number of countries in Europe and Asia. Both business and leisure travel decreased, with a more pronounced decline in the long-haul market. As a result of the challenging market situation, the performance of our hotels has been affected.

CHAIRMAN'S STATEMENT *(Continued)*

REVIEW OF OPERATIONS *(Continued)*

Occupancy rates for City Garden Hotel, Royal Pacific Hotel & Towers and Conrad Hong Kong for the Interim Period were 89.0%, 90.8% and 74.1% compared with 92.4%, 85.1% and 82.6% respectively for the corresponding period in 2007.

The turnover of City Garden Hotel, Royal Pacific Hotel & Towers and Conrad Hong Kong during the Interim Period was HK\$114.1 million, HK\$164.6 million and HK\$342.0 million respectively compared with HK\$107.8 million, HK\$151.9 million and HK\$360.7 million for the corresponding period in 2007.

The challenging market environment world-wide has lowered people's sentiment to travel and led to more cost-conscious attitudes and a desire for value-for-money alternatives in terms of the selection of destinations and accommodation in the short-term. In response to the immediate impact, the Group has taken action to develop a number of marketing initiatives, and at the same time, to optimise operational efficiency.

Finance

As at 31st December, 2008, the Group's gearing ratio, expressed as a percentage of bank and other borrowings net of cash and bank balances over shareholders' equity, was at approximately 12.3%. Of the total borrowings, 24.1% was repayable within one year and the remaining repayable after one year. The Group, including the attributable shares of its associates, held cash resources of approximately HK\$173.5 million, comprising cash on hand of approximately HK\$143.0 million together with committed undrawn facilities of approximately HK\$30.5 million.

There was no material change in foreign currency borrowings and the capital structure of the Group for the Interim Period. Foreign exchange exposure is kept at a minimal level. The majority of the Group's borrowings are subject to floating interest rates. The Group has maintained a prudent and sound financial management policy and has not entered into any transaction relating to derivatives and/or any other form of accumulators, swap transactions and options.

As at 31st December, 2008, the Group did not have any contingent liabilities.

Other than the abovementioned, there was no material change from the information published in the report and accounts for the year ended 30th June, 2008.

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

The Group recognises that long-term shareholder value can best be optimised by operating and performing in a socially responsible manner. Corporate integrity, ethics, governance and citizenship are important to the Group's daily operations and management. As a committed and responsible corporate citizen, the Group has been working closely with a range of charitable organisations to support various community services for the needy, and with environmental conservation groups to promote a better environment and healthy living.

CHAIRMAN'S STATEMENT *(Continued)*

EMPLOYEE PROGRAMMES

The Group recognises the contributions and commitment of the employees and continues to place significant importance on staff retention, recognition, training and development. We pledge to develop the best service culture and inspire employees' initiatives in providing quality services to the customers.

The theme of "Back to Basics" is cascading to every level of the Group's hotels. Driven by our guiding principle of "customer comes first", we refine all the Minimum Quality Service Standard and ensure all the employees strive for service excellence by delivering our promise on quality services and products and passionate care. As such, employees are given the opportunity to acquire new knowledge and skills by participating in professional customer service training, language training and communication skills workshop.

The Group continuously carries out the Sino Excellence Programme which aims at measuring the level of customers' satisfaction and identifying customers' expectation. Various communication meetings and experience sharing sessions are organised so as to serve as a learning and communication platform. In addition, the Group establishes three award schemes namely "Employee of the Quarter", "Employee of the Year" and "Manager of the Year" to recognise and retain outstanding employees. We further emphasise on the succession planning and provide structured training programmes to potential middle managers so as to develop their managerial skills and business perspective.

The Group encourages participation in community care programmes and volunteer programmes and rewards employees with outstanding performance in these aspects. The safety and protection of customers, employees and the surrounding environment are emphasised in all aspects of our business.

INDUSTRY OUTLOOK AND PROSPECTS

The second half of 2008 marked a period of global challenges due to the subprime issues and financial turmoil first sparked by the US and soon spreading out to Europe and Asia, undermining business confidence and market sentiment. However, governments of over 50 countries immediately took necessary actions using fiscal and monetary measures in a coordinated manner to tackle the situation and at the same time to revive their economies. In particular, it is encouraging to have learnt that the US Government has recently passed the economic stimulus plan to restore economic confidence and stabilise the financial and property markets. These stimulus measures will take positive effects in the future.

World tourism demand has decreased under the influence of a difficult economic situation. Despite the negative turn in the world economy, international tourism grew at 2% for 2008. Given the outlook of the challenging economic environment ahead, the World Tourism Organisation (UNWTO) projects that, in general, the growth of world tourism in 2009 will probably be flat. With the governments' coordinated stimulus measures in place, there will certainly be positive effects on the world economy conducive in speeding up the economic recovery.

CHAIRMAN'S STATEMENT *(Continued)*

INDUSTRY OUTLOOK AND PROSPECTS *(Continued)*

The HKSAR Government, through the Hong Kong Tourism Board (HKTB), has also made significant efforts to introduce measures to alleviate the impact of the global economic turmoil on the tourism and hospitality sectors. The master strategic plan not only serves to deal with the present economic situation but also sets out a blueprint for the development of tourism and hospitality industries beyond 2009.

On the marketing side, there have been changes in the travelling patterns of visitors due to changes in economic environment. HKTB's attempt to prioritise the market and deploy resources to high-potential areas will make its marketing effort more efficient and effective in attracting visitors to Hong Kong. The introduction of a new theme titled the "Year of Food and Wine" for 2009-10 to take advantage of the exemption of wine duty and Hong Kong's reputation for dining, leveraging on the festival seasons of Mainland China as well as stepping up promotion in high potential source markets will make Hong Kong more appealing to visitors. Promoting thematic tourism such as the Hong Kong Hiking Festival and Eco-tours will present to visitors that Hong Kong is a city where they can pursue a healthy lifestyle. Designating 2009 as "Hong Kong-Japan Tourism Exchange Year" to promote Hong Kong's diversified tourism features to Japan will raise Japanese visitors' interest in Hong Kong.

Increasing the number of attractions and revitalisation of historic buildings will make Hong Kong a more interesting city full of excitement and rich in culture. The promotion of the multi-destination itineraries concept through strategic partnerships with Mainland China and Macau, and capitalising on the geographical strengths of Hong Kong and the Pearl River Delta region will make Hong Kong a tourism hub and a "must-visit" destination for those travelling to Mainland China and Macau. These initiatives will help attract frequent independent, family and young travellers to come to Hong Kong. The establishment of the MEHK (Meetings and Exhibitions Hong Kong) office in November 2008 by the HKTB represents HKTB determination and commitment to raising Hong Kong's profile as a premier MICE (Meetings, Incentives, Conventions and Exhibitions) destination.

Further, the additional measures under the Individual Visit Scheme implemented by the Central Government in December last year to cover all the residents of Shenzhen will boost the visitor arrivals benefiting the consumer industries in Hong Kong. The 5th 2009 East Asian Games with Hong Kong being the hosting city together with other events mentioned above will also be positive to promote Hong Kong as an events capital of Asia.

Other initiatives, which have a long-term effect on the image of Hong Kong, are those that promote the assurance of good service quality. The concept of "honest and quality tourism" has a long lasting effect on the branding of Hong Kong. The HKSAR Government's actions to implement a series of measures to stamp out sales malpractices will establish the goodwill of Hong Kong and enhance visitor loyalty.

The Group aims to provide and achieve the highest standards of customer service. Management will continue to improve the quality of its products and services to ensure customer satisfaction, brand enhancement and its competitiveness. The Group continues to implement asset enhancement programmes to make our hotels more appealing to our discerning guests. It also improves operational efficiency and optimises earnings. During the Interim Period, the Group completed the renovation of a batch of guest rooms of City Garden. Renovation of the remaining guest rooms will take place in a later date.

CHAIRMAN'S STATEMENT *(Continued)*

INDUSTRY OUTLOOK AND PROSPECTS *(Continued)*

With regard to renovation, following the completion of the renovation of all its guest rooms of Conrad Hong Kong, Nicholini's restaurant and Pacific Bar in the financial year 2007/2008, the renovation work for Golden Leaf Chinese restaurant and The Shop were completed in the Interim Period. Management continues to put substantial efforts in increasing revenue and at the same time optimising the operational efficiency during the present tough time. The asset enhancement programme shall continue and ensure that guests have enjoyable and comfortable stays with the hotel.

Looking forward, the global economic environment is expected to be volatile with potential challenge ahead. However, given that the economic stimulus measures implemented by all the major countries in a coordinated manner will help alleviate economic setbacks and eventually revive the world economy. Despite the current economic situation, we will face these challenges with confidence as we move forward. The Group will strive to optimise its earnings and improve the quality of products and services which will ultimately lead us to serve our customers better. Management will continue to plan well and work efficiently for the future. The Directors are confident in the medium to long term prospects of the Group.

STAFF AND MANAGEMENT

On behalf of the Board, I would like to take this opportunity to express my sincere appreciation to all staff for their commitment, dedication and continuing support. I would also like to express my gratitude to my fellow Directors for their guidance and wise counsel.

Robert NG Chee Siong
Chairman

Hong Kong, 18th March, 2009

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31st December, 2008

		Six months ended	
		31st December, 2008	31st December, 2007
	<i>NOTES</i>	HK\$ (Unaudited)	HK\$ (Unaudited)
Revenue	3	122,799,115	116,145,069
Cost of sales		(34,448,336)	(30,430,962)
Marketing costs		(3,540,218)	(3,965,056)
Administrative expenses		(10,115,749)	(9,939,006)
Impairment loss on equity securities		(41,100,000)	–
Other expenses		(43,489,583)	(29,938,984)
Finance income	4	1,988,775	2,147,760
Finance costs	5	(12,904,824)	(20,214,960)
Net finance costs		(10,916,049)	(18,067,200)
Share of results of associates		53,044,690	47,771,378
Profit before taxation	6	32,233,870	71,575,239
Income tax expense	7	(5,174,563)	(5,965,242)
Profit for the period		27,059,307	65,609,997
Dividend	8	25,793,875	23,790,597
Earnings per share – basic	9	3.15 cents	7.72 cents

CONDENSED CONSOLIDATED BALANCE SHEET

At 31st December, 2008

	<i>NOTES</i>	31st December, 2008 HK\$ (Unaudited)	30th June, 2008 HK\$ (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	<i>10</i>	348,423,981	351,713,894
Prepaid lease payments – non-current		1,212,730,539	1,223,839,521
Interests in associates	<i>11</i>	1,218,712,078	1,165,667,387
Available-for-sale financial assets		310,310,475	624,857,271
Pledged fixed deposit		1,556,353	1,541,644
		3,091,733,426	3,367,619,717
CURRENT ASSETS			
Hotel inventories		719,897	504,132
Trade and other receivables	<i>12</i>	12,466,956	9,476,033
Prepaid lease payments – current		22,217,964	22,217,964
Amounts due from associates		235,417,819	225,173,790
Bank balances and cash		37,376,154	37,736,941
		308,198,790	295,108,860
CURRENT LIABILITIES			
Trade and other payables	<i>13</i>	23,100,613	30,837,977
Amount due to an associate		67,059	70,179
Tax payable		5,400,690	13,778,568
Bank loans and other borrowings		85,969,668	56,169,668
		114,538,030	100,856,392
NET CURRENT ASSETS		193,660,760	194,252,468
TOTAL ASSETS LESS CURRENT LIABILITIES		3,285,394,186	3,561,872,185
CAPITAL AND RESERVES			
Share capital		864,898,699	859,795,843
Reserves		1,712,046,240	1,973,992,757
		2,576,944,939	2,833,788,600
NON-CURRENT LIABILITIES			
Bank loans and other borrowings		270,800,133	297,217,576
Amount due to an associate		433,014,056	426,410,884
Deferred taxation		4,635,058	4,455,125
		708,449,247	728,083,585
		3,285,394,186	3,561,872,185

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31st December, 2008

	Share capital HK\$	Share premium HK\$	Investment revaluation reserve HK\$	Distributable reserve HK\$	Retained profits HK\$	Total HK\$
At 1st July, 2007 (audited)	849,664,182	168,793,018	322,890,072	1,472,149,078	24,707,918	2,838,204,268
Losses on fair value changes of available-for-sale financial assets recognised directly in equity	-	-	(6,296,624)	-	-	(6,296,624)
Profit for the period	-	-	-	-	65,609,997	65,609,997
Total recognised income (expense) for the period	-	-	(6,296,624)	-	65,609,997	59,313,373
Shares issued pursuant to scrip dividend scheme for final dividend in respect of the year ended 30th June, 2007	4,789,792	18,335,324	-	-	-	23,125,116
Share issue expenses	-	(117,770)	-	-	-	(117,770)
Dividend	-	-	-	(23,790,597)	-	(23,790,597)
At 31st December, 2007 (unaudited)	854,453,974	187,010,572	316,593,448	1,448,358,481	90,317,915	2,896,734,390
Losses on fair value changes of available-for-sale financial assets recognised directly in equity	-	-	(100,614,467)	-	-	(100,614,467)
Profit for the period	-	-	-	-	38,407,797	38,407,797
Total recognised income (expense) for the period	-	-	(100,614,467)	-	38,407,797	(62,206,670)
Shares issued pursuant to scrip dividend scheme for interim dividend in respect of the year ended 30th June, 2008	5,341,869	16,271,333	-	-	-	21,613,202
Share issue expenses	-	(136,519)	-	-	-	(136,519)
Dividend	-	-	-	(22,215,803)	-	(22,215,803)
At 30th June, 2008 (audited)	859,795,843	203,145,386	215,978,981	1,426,142,678	128,725,712	2,833,788,600
Losses on fair value changes of available-for-sale financial assets recognised directly in equity	-	-	(314,546,796)	-	-	(314,546,796)
Impairment loss on equity securities recognised in income statement	-	-	41,100,000	-	-	41,100,000
Profit for the period	-	-	-	-	27,059,307	27,059,307
Total recognised income (expense) for the period	-	-	(273,446,796)	-	27,059,307	(246,387,489)
Shares issued pursuant to scrip dividend scheme for final dividend in respect of the year ended 30th June, 2008	5,102,856	10,348,593	-	-	-	15,451,449
Share issue expenses	-	(113,746)	-	-	-	(113,746)
Dividend	-	-	-	(25,793,875)	-	(25,793,875)
At 31st December, 2008 (unaudited)	864,898,699	213,380,233	(57,467,815)	1,400,348,803	155,785,019	2,576,944,939

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31st December, 2008

	Six months ended	
	31st December, 2008 <i>HK\$</i> (Unaudited)	31st December, 2007 <i>HK\$</i> (Unaudited)
Net cash from operating activities	<u>34,218,709</u>	<u>51,554,391</u>
Purchase of property, plant and equipment	(13,636,559)	(1,332,197)
Advances to associates	(10,244,029)	(1,776,661)
Other investing cash flows	<u>1,974,066</u>	<u>2,114,595</u>
Net cash used in investing activities	<u>(21,906,522)</u>	<u>(994,263)</u>
Net cash used in financing activities		
New bank loans and other borrowings raised	29,800,000	573,725
Advance from an associate	6,603,172	9,949,243
Repayments of bank loans and other borrowings	(26,837,443)	(44,000,000)
Other financing cash flows	<u>(22,238,703)</u>	<u>(19,485,914)</u>
	<u>(12,672,974)</u>	<u>(52,962,946)</u>
Net decrease in cash and cash equivalents	(360,787)	(2,402,818)
Cash and cash equivalents at the beginning of the period	<u>37,736,941</u>	<u>43,747,262</u>
Cash and cash equivalents at the end of the period, represented by bank balances and cash	<u>37,376,154</u>	<u>41,344,444</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31st December, 2008

1. BASIS OF PREPARATION

The condensed consolidated 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 (“HKICPA”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated 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 condensed consolidated financial statements are consistent with those followed in the preparation of the annual financial statements of the Company and its subsidiaries (the “Group”) for the year ended 30th June, 2008.

In the current interim period, the Group has applied, for the first time, the following new amendments and interpretations (“new HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning 1st July, 2008.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK (IFRIC) – Int 12	Service Concession Arrangements
HK (IFRIC) – Int 13	Customer Loyalty Programmes
HK (IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these new HKFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not yet early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs ¹
HKAS 1 (Revised)	Presentation of Financial Statements ²
HKAS 23 (Revised)	Borrowing Costs ²
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ³
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation ²
HKAS 39 (Amendment)	Eligible Hedged Items ³
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate ²
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations ²
HKFRS 3 (Revised)	Business Combinations ³
HKFRS 7 (Amendments)	Improving Disclosures about Financial Instruments ²
HKFRS 8	Operating Segments ²
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate ²
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation ⁴
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners ³
HK(IFRIC) – Int 18	Transfers of Assets from Customers ⁵

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 31st December, 2008

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

- ¹ Effective for annual periods beginning on or after 1st January, 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1st July, 2009
- ² Effective for annual periods beginning on or after 1st January, 2009
- ³ Effective for annual periods beginning on or after 1st July, 2009
- ⁴ Effective for annual periods beginning on or after 1st October, 2008
- ⁵ Effective for transfers on or after 1st July, 2009

The Directors of the Company anticipate that the application of these new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

Business segments

For management purposes, the Group is currently organised into three segments – hotel operations and management, club operations and investment holding. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

- Hotel operations and management – mainly own and operate hotels
- Club operations – operate a club
- Investment holding – hold strategic investments

Segment information about these businesses is presented below.

For the six months ended 31st December, 2008

	Hotel operations and management <i>HK\$</i>	Club operations <i>HK\$</i>	Investment holding <i>HK\$</i>	Consolidated <i>HK\$</i>
REVENUE	<u>115,140,186</u>	<u>4,216,919</u>	<u>3,442,010</u>	<u>122,799,115</u>
RESULT				
Segment result	<u>29,557,610</u>	<u>833,666</u>	<u>(37,660,666)</u>	(7,269,390)
Unallocated corporate expenses				(2,625,381)
Finance income				1,988,775
Finance costs				(12,904,824)
Share of results of associates	53,044,690	–	–	<u>53,044,690</u>
Profit before taxation				32,233,870
Income tax expense				<u>(5,174,563)</u>
Profit for the period				<u>27,059,307</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 31st December, 2008

3. SEGMENT INFORMATION (Continued)

Business segments (Continued)

For the six months ended 31st December, 2007

	Hotel operations and management <i>HK\$</i>	Club operations <i>HK\$</i>	Investment holding <i>HK\$</i>	Consolidated <i>HK\$</i>
REVENUE	<u>108,835,707</u>	<u>4,173,329</u>	<u>3,136,033</u>	<u>116,145,069</u>
RESULT				
Segment result	<u>40,453,136</u>	<u>863,932</u>	<u>3,133,642</u>	44,450,710
Unallocated corporate expenses				(2,579,649)
Finance income				2,147,760
Finance costs				(20,214,960)
Share of results of associates	47,771,378	–	–	<u>47,771,378</u>
Profit before taxation				71,575,239
Income tax expense				<u>(5,965,242)</u>
Profit for the period				<u>65,609,997</u>

4. FINANCE INCOME

	Six months ended	
	31st December, 2008 <i>HK\$</i>	31st December, 2007 <i>HK\$</i>
Interest income on:		
Advance to an associate	1,871,507	1,669,982
Bank deposits	117,268	477,778
	<u>1,988,775</u>	<u>2,147,760</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2008

5. FINANCE COSTS

	Six months ended	
	31st December, 2008 HK\$	31st December, 2007 HK\$
Interest and other finance costs on:		
Bank loans wholly repayable within five years	6,212,536	10,175,436
Advance from an associate	6,603,172	9,949,243
Other unsecured loans	89,116	90,281
	<u>12,904,824</u>	<u>20,214,960</u>

6. PROFIT BEFORE TAXATION

	Six months ended	
	31st December, 2008 HK\$	31st December, 2007 HK\$
Profit before taxation has been arrived at after charging:		
Cost of hotel inventories recognised as an expense	9,561,993	6,829,882
Depreciation of property, plant and equipment	7,504,044	5,609,024
Write-off of property, plant and equipment (included in other expenses)	9,422,428	—
Release of prepaid lease payments	11,108,982	11,108,982
	<u>11,108,982</u>	<u>11,108,982</u>

7. INCOME TAX EXPENSE

	Six months ended	
	31st December, 2008 HK\$	31st December, 2007 HK\$
Income tax expense comprises:		
Hong Kong Profits Tax calculated at 16.5% (2007: 17.5%) on estimated assessable profit		
Current period	4,994,630	5,409,171
Deferred taxation	179,933	556,071
	<u>5,174,563</u>	<u>5,965,242</u>

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2008

8. DIVIDEND

	Six months ended	
	31st December,	31st December,
	2008	2007
	HK\$	HK\$
Final dividend for the year ended 30th June, 2008:		
HK3.0 cents (<i>six months ended 31st December, 2007:</i>		
<i>2007 final dividend of HK2.8 cents</i>) per share	25,793,875	23,790,597

The Directors determined that an interim dividend for the six months ended 31st December, 2008 of HK1.8 cents (*six months ended 31st December, 2007: HK2.6 cents*) per share would be paid to the shareholders of the Company whose names appear in the Register of Members on 20th April 2009.

9. EARNINGS PER SHARE – BASIC

The calculation of basic earnings per share is based on the profit for the period of HK\$27,059,307 (*six months ended 31st December, 2007: HK\$65,609,997*) and on the weighted average number of 860,295,035 (*six months ended 31st December, 2007: 850,132,749*) shares in issue during the period.

10. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31st December, 2008, the Group spent approximately HK\$13,637,000 (*six months ended 31st December, 2007: HK\$1,332,000*) on property, plant and equipment.

11. INTERESTS IN ASSOCIATES

	31st December,	30th June,
	2008	2008
	HK\$	HK\$
Cost of unlisted investments in associates	1,062,961,934	1,062,961,933
Deemed capital contribution to an associate	603,000	603,000
Share of post-acquisition profits, net of dividends received	155,147,144	102,102,454
	1,218,712,078	1,165,667,387

Included in the cost of investments in associates is goodwill of HK\$186,513,404 (*30th June, 2008: HK\$186,513,404*) arising on acquisitions of associates in prior years.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2008

12. TRADE AND OTHER RECEIVABLES

The Group maintains a defined credit policy. An aged analysis of trade receivables is as follows:

	31st December, 2008 HK\$	30th June, 2008 HK\$
Trade receivables		
0-30 days	8,417,372	5,655,320
31-60 days	852,851	1,231,391
61-90 days	191,037	667,479
	<hr/>	<hr/>
	9,461,260	7,554,190
Other receivables	3,005,696	1,921,843
	<hr/>	<hr/>
	12,466,956	9,476,033
	<hr/>	<hr/>

13. TRADE AND OTHER PAYABLES

An aged analysis of trade payables is as follows:

	31st December, 2008 HK\$	30th June, 2008 HK\$
Trade payables		
0-30 days	7,333,908	5,353,333
31-60 days	520,604	843,009
61-90 days	130,857	–
	<hr/>	<hr/>
	7,985,369	6,196,342
Renovation cost payable	3,693,393	12,143,633
Other payables	11,421,851	12,498,002
	<hr/>	<hr/>
	23,100,613	30,837,977
	<hr/>	<hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 31st December, 2008

14. COMMITMENTS AND CONTINGENT LIABILITIES

	31st December, 2008 HK\$	30th June, 2008 HK\$
At the balance sheet date, the Group had commitment as follows:		
Commitments in respect of hotel renovation contracted but not provided for	<u>6,350,112</u>	<u>–</u>

At the balance sheet date, the Group had no contingent liabilities.

15. PLEDGE OF ASSETS

- (a) At 31st December, 2008, the Group has pledged its hotel properties and prepaid lease payments having carrying amounts of HK\$290,789,339 (30th June, 2008: HK\$302,862,695) and HK\$1,234,948,503 (30th June, 2008: HK\$1,246,057,485) and available-for-sale financial assets at fair value of HK\$180,134,994 (30th June, 2008: HK\$362,729,168) and pledged by way of floating charges in other assets, including bank balances of HK\$30,225,708 (30th June, 2008: HK\$34,364,287), hotel inventories of HK\$650,202 (30th June, 2008: HK\$479,578), property, plant and equipment of HK\$57,580,102 (30th June, 2008: HK\$48,783,165) and trade and other receivables of HK\$10,910,190 (30th June, 2008: HK\$7,812,798) to banks to secure long-term loan facilities granted to the Group;
- (b) The Group has pledged its time deposit of HK\$1,556,353 (30th June, 2008: HK\$1,541,644) to secure a letter of guarantee issuance facility; and
- (c) The investments in certain subsidiaries of the Company have been pledged to banks or financial institutions to secure loan facilities granted to the Group.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Thursday, 16th April, 2009 to Monday, 20th April, 2009, 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, 20th April, 2009.

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 Registrar, Tricor Friendly Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 15th April, 2009.

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.

DIRECTORS' INTERESTS

As at 31st December, 2008, the interests and short positions held by the Directors in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), were as follows:

Long Positions in Shares of the Company

Name of Directors	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Share Capital
Mr. Robert Ng Chee Siong	928,105	Beneficial owner of 233,934 shares and spouse interest in 694,171 shares	0.10%
The Honourable Ronald Joseph Arculli, GBS, CVO, OBE, JP	282,167	Beneficial owner	0.03%
Mr. Gilbert Lui Wing Kwong	—	—	—
Mr. Peter Wong Man Kong, BBS, JP	—	—	—
Mr. Adrian David Li Man-kiu	—	—	—
Mr. Steven Ong Kay Eng	—	—	—
Mr. Thomas Tang Wing Yung	—	—	—
Mr. Daryl Ng Win Kong	—	—	—
Mr. Nicholas Yim Kwok Ming	—	—	—

DIRECTORS' INTERESTS (Continued)

Long Positions in Shares of the Company (Continued)

Save as disclosed above, as at 31st December, 2008, none of the Directors had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations which were recorded in the register required to be kept by the Company under Section 352 of the SFO or required to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS

As at 31st December, 2008, the interests and short positions of the substantial shareholders and other shareholders in the shares and underlying shares of the Company as recorded in the register kept under Section 336 of Part XV of the SFO were as follows:

Long Positions in Shares of the Company

Name of Substantial Shareholders	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Share Capital
Mr. Ng Teng Fong	407,921,815 <i>(Note 1)</i>	Beneficial owner of 35,851,537 shares, spouse interest in 994,264 shares and interest of controlled corporations in 371,076,014 shares	47.16%
Tamworth Investment Limited	144,762,783 <i>(Note 2)</i>	Beneficial owner	16.73%
Strathallan Investment Limited	97,485,048 <i>(Note 2)</i>	Beneficial owner	11.27%
Name of Other Shareholders	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Share Capital
Solid Capital Holdings Limited	83,087,978 <i>(Note 3)</i>	Security interest in 82,725,739 shares and beneficial owner of 362,239 shares	9.61%
Nippomo Limited	48,228,464 <i>(Note 2)</i>	Beneficial owner	5.57%

SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS (Continued)

Long Positions in Shares of the Company (Continued)

Notes:

1. As regards 371,076,014 shares held by controlled corporations:
 - (a) 369,416,690 shares were held through companies which were 100% controlled by Mr. Ng Teng Fong – 35,828,561 shares by Fanlight Investment Limited, 50,954 shares by Garford Nominees Limited, 15,348,650 shares by Karaganda Investments Inc., 48,228,464 shares by Nippomo Limited, 1,392,853 shares by Orient Creation Limited, 97,485,048 shares by Strathallan Investment Limited, 4,192,336 shares by Strong Investments Limited, 144,762,783 shares by Tamworth Investment Limited and 22,127,041 shares by Transpire Investment Limited; and
 - (b) 1,659,324 shares were held through wholly-owned subsidiaries of Tsim Sha Tsui Properties Limited, in which Mr. Ng Teng Fong had a 71.88% control.
2. The interests of Tamworth Investment Limited, Strathallan Investment Limited and Nippomo Limited were duplicated in the interests of Mr. Ng Teng Fong.
3. 19,889 shares were held by Meadow Gate Company Limited which is 70% controlled by Solid Capital Holdings Limited.

Save as disclosed above and so far as the Directors of the Company are aware, as at 31st December, 2008, no other person had an interest or short position in the shares and underlying shares of the Company which were recorded in the register required to be kept under Section 336 of the SFO, or was otherwise a substantial shareholder of the Company.

COMPLIANCE COMMITTEE

The Company set up its Compliance Committee on 30th August, 2004 with written terms of reference to enhance the corporate governance of the Group. The Committee has dual reporting lines. A principal reporting line is to the Board. A secondary reporting line is to the Audit Committee. The existing Committee comprises the Executive Directors, the two Heads of Legal and Company Secretarial Departments, the Chief Financial Officer, Head of Internal Audit Department, department heads and the Compliance Officer. The Committee holds bi-monthly regular meetings to review and make recommendations to the Board and the Audit Committee on the Group's corporate governance issues and Listing Rules compliance matters.

AUDIT COMMITTEE

The Company set up its Audit Committee on 16th September, 1998. The Committee reports to the Board and has held regular meetings since its establishment to review and make recommendations to improve the Group's financial reporting process and to ensure that management has discharged its duty to have effective financial controls, internal controls and risk management systems. The Committee comprises Mr. Adrian David Li Man-kiu (Committee Chairman), Mr. Peter Wong Man Kong, BBS, JP and Mr. Steven Ong Kay Eng, all of whom are Independent Non-Executive Directors, and Mr. Gilbert Lui Wing Kwong, a Non-Executive Director.

In the first quarter of 2009, the Audit Committee has reviewed the accounting policies and practices adopted by the Group and the interim report for the six months ended 31st December, 2008.

REMUNERATION COMMITTEE

The Company established its Remuneration Committee on 23rd June, 2005 with written terms of reference. The Committee comprises three members with the Independent Non-Executive Directors constituting the majority of the Committee. The Chairman of the Committee is the Executive Director, Mr. Daryl Ng Win Kong and two other members are the Independent Non-Executive Directors, namely Mr. Peter Wong Man Kong, BBS, JP and Mr. Adrian David Li Man-kiu.

The Remuneration Committee is responsible for, inter alia, making recommendations to the Board on the Company's emolument policy and structure for Directors and senior management and on the establishment of a formal and transparent procedure for developing such policy and structure. In arriving at its recommendations, the Committee will consult the Chairman and take into consideration factors including but not limited to salaries paid by comparable companies, employment conditions elsewhere in the Company and its subsidiaries and desirability of performance-based remuneration. The Committee would meet at least annually to make recommendations to the Board on the Group's emolument policy including the remuneration of Directors and senior management.

CODES FOR DEALING IN THE COMPANY'S SECURITIES

The Company has adopted its code for dealing in the Company's securities by Directors (the "Company Code") on terms no less exacting than the required standard set out in the Model Code. The Company has made specific enquiries of all Directors who confirmed compliance with the required standard set out in the Company Code during the six months ended 31st December, 2008.

The Company has also adopted a code for dealing in the Company's securities by relevant employees, who are likely to be in possession of unpublished price-sensitive information in relation to the securities of the Company, on no less exacting terms than the Model Code.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 31st December, 2008, the Company had complied with all code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the relevant period, 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 found that the current arrangement had worked effectively in enabling it to discharge its responsibilities satisfactorily. In addition, the three Independent Non-Executive Directors have contributed valuable views and proposals for the Board's deliberation and decisions. The Board will review the management structure regularly to ensure it continues to meet these objectives and is in line with industry practices.

By order of the Board
Eric IP Sai Kwong
Secretary

Hong Kong, 18th March, 2009

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

Deloitte.

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TO THE BOARD OF DIRECTORS OF SINO HOTELS (HOLDINGS) LIMITED

Introduction

We have reviewed the interim financial information set out on pages 9 to 19, which comprises the condensed consolidated balance sheet of Sino Hotels (Holdings) Limited as of 31st December, 2008 and the related condensed consolidated income statement, statement of changes in equity and cash flow statement for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
18th March, 2009

