



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

2012-2013  
Interim Report  
二零一二至二零一三年度  
中期報告書



The Royal Pacific Hotel and Towers  
皇家太平洋酒店

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Shareholders who have chosen to receive the Corporate Communications using electronic means through the Company’s website and who have difficulty in receiving or gaining access to the Interim Report posted on the Company’s website will 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 notice in writing by post to the Company’s Principal Registrars, Tricor Friendly Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Hong Kong or by email at [sinohotels1221-ecom@hk.tricorglobal.com](mailto:sinohotels1221-ecom@hk.tricorglobal.com).

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股東可隨時發出書面通知予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[sinohotels1221-ecom@hk.tricorglobal.com](mailto:sinohotels1221-ecom@hk.tricorglobal.com)，要求更改所選擇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）。

## CONTENTS

CORPORATE INFORMATION	3
CHAIRMAN'S STATEMENT	4
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS	7
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	8
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	9
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	10
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	11
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	12
CLOSURE OF REGISTER OF MEMBERS	23
PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES	23
DIRECTORS' INTERESTS	23
SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS	25
DISCLOSURE OF DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES	26
REMUNERATION COMMITTEE	28
NOMINATION COMMITTEE	28
AUDIT COMMITTEE	29
COMPLIANCE COMMITTEE	29
CODES FOR DEALING IN THE COMPANY'S SECURITIES	29
COMPLIANCE WITH CORPORATE GOVERNANCE CODE	30
REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	31

## CORPORATE INFORMATION

### **Board of Directors**

Robert Ng Chee Siong, Chairman  
Ronald Joseph Arculli, GBM, CVO, GBS, OBE, JP<sup>#</sup>  
Gilbert Lui Wing Kwong<sup>#</sup>  
Peter Wong Man Kong, BBS, JP\*  
Adrian David Li Man-kiu, JP\*  
Steven Ong Kay Eng\*  
Wong Cho Bau, JP\*  
Daryl Ng Win Kong  
Nicholas Yim Kwok Ming

(<sup>#</sup> Non-Executive Directors)

(\* Independent Non-Executive Directors)

### **Audit Committee**

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

### **Nomination Committee**

Robert Ng Chee Siong, Chairman  
Peter Wong Man Kong, BBS, JP  
Adrian David Li Man-kiu, JP

### **Remuneration Committee**

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

### **Authorized Representatives**

Robert Ng Chee Siong  
Velencia Lee

### **Company Secretary**

Velencia Lee

### **Auditor**

Deloitte Touche Tohmatsu  
Certified Public Accountants, Hong Kong

### **Solicitors**

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

### **Shareholders' Calendar**

**Closure of Register of Members for dividend entitlement** 15th to 19th March, 2013  
(both dates inclusive)

**Record Date for interim dividend entitlement** 19th March, 2013

**Last Date for lodging form of election for scrip dividend** 11th April, 2013  
4:30 p.m.

**Interim Dividend** HK4 cents per share  
Payable 24th April, 2013

### **Principal Bankers**

Bank of China (Hong Kong) Limited  
The Hongkong and Shanghai Banking Corporation Limited  
Hang Seng Bank Limited

### **Investor Relations Contact**

Please direct enquiries to:  
General Manager – Corporate Finance  
Telephone : (852) 2734 8312  
Fax : (852) 2369 1236  
Email : investorrelations@sino.com

### **Principal Office**

12th Floor, Tsim Sha Tsui Centre,  
Salisbury Road, Tsim Sha Tsui,  
Kowloon, Hong Kong  
Telephone : (852) 2721 8388  
Fax : (852) 2723 5901  
Website : www.sino.com  
Email : info@sino.com

### **Registered Office**

P.O. Box 309,  
Ugland House, Grand Cayman,  
KY1-1104, Cayman Islands

### **Principal Registrars**

Tricor Friendly Limited  
26th Floor, Tesbury Centre,  
28 Queen's Road East,  
Hong Kong  
Telephone : (852) 2980 1333  
Fax : (852) 2861 1465  
Email : sinohotels1221-ecom@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, 2012 ("Interim Period") was HK\$134.0 million, representing an increase of 5.1% when compared with HK\$127.4 million for the last period.

Turnover of the Group for the Interim Period was HK\$174.0 million (2011: HK\$175.9 million). Earnings per share for the period was 14.37 cents (2011: 14.08 cents).

The unaudited results for the Interim Period have been reviewed by the Company's auditors, Deloitte Touche Tohmatsu and they reflect the adoption of all Hong Kong Financial Reporting Standards applicable to the Group that are effective for the accounting period.

### **DIVIDEND**

The Directors have declared an interim dividend of 4 cents per share payable on 24th April, 2013 to shareholders whose names appear on the Register of Members of the Company on 19th March, 2013.

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 22nd March, 2013. It is expected that the interim dividend warrants and share certificates will be despatched to shareholders on or about 24th April, 2013.

### **REVIEW OF OPERATIONS**

Visitor arrivals to Hong Kong in 2012 reached a record high of 48.6 million, representing an increase of 16.0% compared with 41.9 million in 2011, according to the Hong Kong Tourism Board ("HKTB"). The amount of spending by inbound tourism for 2012 was approximately HK\$306.5 billion, exceeding HKTB's projected figure of HK\$269.1 billion. Good growth is seen for visitors from China, South Korea, United Kingdom and Russia. Benefiting from the growth of tourism, the Group's three hotels, namely City Garden Hotel, The Royal Pacific Hotel & Towers and Conrad Hong Kong attained favourable financial results for the Interim Period compared with the results in the corresponding period last year.

Occupancy rates for City Garden Hotel, The Royal Pacific Hotel & Towers and Conrad Hong Kong for the Interim Period were 95.7%, 97.3% and 82.2% compared with 95.8%, 91.5% and 79.1% respectively for the corresponding period in 2011.

The turnover of City Garden Hotel, The Royal Pacific Hotel & Towers and Conrad Hong Kong during the Interim Period was HK\$160.7 million, HK\$238.8 million and HK\$392.7 million respectively compared with HK\$163.3 million, HK\$229.2 million and HK\$387.0 million for the corresponding period in 2011.

## **CHAIRMAN'S STATEMENT** *(Continued)*

### **FINANCE**

As at 31st December, 2012, the Group, including the attributable share of its associates, had cash on hand of approximately HK\$181.5 million and had no debt outstanding, resulting a net cash position of HK\$181.5 million.

There was no material change in the capital structure of the Group for the Interim Period. Foreign exchange exposure is kept at a minimal level. As at 31st December, 2012, 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, 2012.

### **EMPLOYEE PROGRAMMES**

While constantly aiming to be an employer of choice within our class, continuous review and enhancement of our employment packages is a top priority. The Group believes that human capital is the most valuable asset. Therefore, new employment benefits to enhance staff's productivity and efficiency have been introduced. Initiatives to recognise employees with outstanding performance will continue to be rolled out. As more hotels will be in operations in 2013, demand for quality staff is expected to be strong. Continuous training and coaching provided to staff are necessary to uphold the required standards. The Group will continue to recruit high calibre staff and management trainees to support its business development and expansion in the coming years.

### **CORPORATE SOCIAL RESPONSIBILITY**

To support good corporate citizen practices, the Group continues its effort in applying environmentally and socially responsible approach in its business operations wherever applicable and feasible. The Group is committed to implementing the best environmental practices and improving global sustainability by joining the "Manifesto for Energy Efficiency in Buildings" issued by the World Business Council for Sustainable Development and the "Carbon Reduction Charter" issued by the Environmental Protection Department of the HKSAR Government.

The Group has also devised a strategy for increasing environmental awareness in Hong Kong by hosting a number of sustainability-themed events during the festive seasons. One of many events included the "Warm Green Christmas Programme" initiated by City Garden Hotel and The Royal Pacific Hotel & Towers, where young students from 17 local schools designed Christmas trees which help to conserve energy for our community. Other long-term community programmes included the "Hearty Soup Delivery Service Programme" and the "Food Donation Programme" whereby different employees of the Group volunteered to deliver hot soup and visit the elderly and underprivileged families.

2012 witnessed the opening of the Tai O Heritage Hotel in Hong Kong, a nine colonial-style room boutique hotel that was converted from the Old Tai O Police Station which has over 100 years of history. This revitalization project was undertaken by a non-profit organisation named Hong Kong Heritage Conservation Foundation Limited ("HCF") established by the Ng family, the ultimate major shareholder of the Group, in March 2008. The hotel is managed by HCF and running as a non-profit social enterprise, Tai O Heritage Hotel commits to engage the public in bolstering Tai O's economy, to achieve synergy with other local facilities and to promote heritage conservation and eco-tourism.

## CHAIRMAN'S STATEMENT *(Continued)*

### INDUSTRY OUTLOOK AND PROSPECTS

2012 was the first year that recorded one billion international tourist arrivals, according to United Nations World Tourism Organisation who also forecasts international tourist arrivals to reach 1.8 billion by 2030. This estimate represents an annualised growth of approximately 4.4% from the level in 2012 and the growth trend of world tourism industry is expected to continue despite the global economic situation in the United States and Euro zone. With the development of the reservation and payment systems for transport and accommodation through wireless internet network, organising a trip can be very user-friendly. Also due to the diversity of interests of people and globalisation of business, travelling has become increasingly common and formed part of life. The increase of the affluent families in Asia, in particular China, and the strong desire of these families and individuals to visit countries of different cultures, livelihoods, scenery and entertainment for leisure, tourism is expected to grow over the long term.

In Hong Kong, 2013 will witness the opening of the first berth of the cruise terminal in Kai Tak which marks the beginning of the HKSAR Government's plan to develop Hong Kong as a leading regional cruise hub. The future establishment of a statutory body to oversee the overall regulation of travel agents and guides is expected to be introduced in 2014 which will be conducive to the healthy and sustainable development of the tourism industry. The Express Rail Link connecting Hong Kong with major cities in China is expected to be completed in 2015 which will reinforce Hong Kong's cross border transport network. Together with the opening of Tai O Heritage Hotel in 2012, the Ocean Park's redevelopment plan completed in 2012 and new attractions of Hong Kong Disneyland, they will enhance Hong Kong's connectivity, accessibility, competitiveness and attractiveness. All these will promote Hong Kong globally as a world-class tourist destination.

Market positioning and branding are important to the Group. To accomplish these objectives, regular upgrade of hotel facilities and renovation is carried out where necessary. During the Interim Period, City Garden Hotel carried out renovations and upgrade of its facilities and some of its guest rooms. The Group will continuously review and improve the quality of our service to meet the needs of customers to ensure our discerning guests have enjoyable stays in our hotels.

### 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, 27th February, 2013

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 31st December, 2012

		<b>Six months ended</b>	
		<b>31st December, 2012</b>	31st December, 2011
	<i>Notes</i>	<b>HK\$</b>	<b>HK\$</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue	3, 4	<b>174,086,876</b>	175,942,554
Direct expenses		<b>(49,578,639)</b>	(50,019,885)
Other expenses		<b>(43,122,977)</b>	(42,939,800)
Marketing costs		<b>(6,156,821)</b>	(7,895,928)
Administrative expenses		<b>(13,619,631)</b>	(13,630,572)
Finance income	5	<b>634,827</b>	467,641
Finance costs	6	<b>(376,471)</b>	(1,597,874)
Finance income (costs), net		<b>258,356</b>	(1,130,233)
Share of results of associates		<b>84,326,117</b>	78,982,069
		<hr/>	<hr/>
Profit before taxation	7	<b>146,193,281</b>	139,308,205
Income tax expense	8	<b>(12,173,279)</b>	(11,861,949)
		<hr/>	<hr/>
Profit for the period attributable to the Company's shareholders		<b>134,020,002</b>	127,446,256
		<hr/>	<hr/>
Earnings per share – Basic	10	<b>14.37 cents</b>	14.08 cents
		<hr/>	<hr/>



## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31st December, 2012

	Six months ended	
	31st December, 2012 HK\$ (Unaudited)	31st December, 2011 HK\$ (Unaudited)
Profit for the period	<u>134,020,002</u>	<u>127,446,256</u>
<b>Other comprehensive income (expense)</b>		
Item that may be subsequently reclassified to profit or loss:		
Gain (loss) on fair value changes of available-for-sale financial assets	<u>28,722,674</u>	<u>(240,021,371)</u>
Other comprehensive income (expense) for the period	<u>28,722,674</u>	<u>(240,021,371)</u>
Total comprehensive income (expense) for the period attributable to the Company's shareholders	<u><b>162,742,676</b></u>	<u><b>(112,575,115)</b></u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December, 2012

	<i>Notes</i>	<b>31st December, 2012 HK\$ (Unaudited)</b>	30th June, 2012 HK\$ (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	1,451,529,916	1,469,099,427
Interests in associates	12	1,231,738,949	1,191,634,357
Available-for-sale financial assets		597,652,557	568,929,883
Advance to an associate		83,990,684	104,133,110
		<b>3,364,912,106</b>	3,333,796,777
<b>CURRENT ASSETS</b>			
Hotel inventories		1,179,933	756,365
Trade and other receivables	13	14,042,419	13,211,569
Amounts due from associates		171,804,627	113,148,176
Tax recoverable		79,149	69,937
Bank balances and cash		37,906,635	24,553,220
		<b>225,012,763</b>	151,739,267
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	29,796,722	19,416,453
Amount due to an associate		1,352,893	2,688,893
Tax payable		18,935,683	28,852,718
Bank loans and other borrowings		–	40,737,486
		<b>50,085,298</b>	91,695,550
<b>NET CURRENT ASSETS</b>		<b>174,927,465</b>	60,043,717
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>3,539,839,571</b>	3,393,840,494
<b>CAPITAL AND RESERVES</b>			
Share capital		939,886,821	931,341,355
Reserves		2,593,051,382	2,454,628,708
		<b>3,532,938,203</b>	3,385,970,063
<b>NON-CURRENT LIABILITIES</b>			
Bank loans and other borrowings		–	779,653
Deferred taxation		6,901,368	7,090,778
		<b>6,901,368</b>	7,870,431
		<b>3,539,839,571</b>	3,393,840,494

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31st December, 2012

	Share capital <i>HK\$</i>	Share premium <i>HK\$</i>	Investment revaluation reserve <i>HK\$</i>	Distributable reserve <i>HK\$</i>	Retained profits <i>HK\$</i>	Total <i>HK\$</i>
At 1st July, 2011 (audited)	903,307,135	265,821,869	326,068,006	1,284,638,908	520,735,186	3,300,571,104
Profit for the period	–	–	–	–	127,446,256	127,446,256
Loss on fair value changes on available-for-sale financial assets	–	–	(240,021,371)	–	–	(240,021,371)
Total comprehensive (expense) income for the period	–	–	(240,021,371)	–	127,446,256	(112,575,115)
Sub-total	903,307,135	265,821,869	86,046,635	1,284,638,908	648,181,442	3,187,995,989
Shares issued pursuant to scrip dividend scheme for final dividend in respect of the year ended 30th June, 2011	14,542,439	20,504,838	–	–	–	35,047,277
Share issue expenses	–	(43,049)	–	–	–	(43,049)
Dividend	–	–	–	(36,132,285)	–	(36,132,285)
At 31st December, 2011 (unaudited)	917,849,574	286,283,658	86,046,635	1,248,506,623	648,181,442	3,186,867,932
Profit for the period	–	–	–	–	107,566,397	107,566,397
Gain on fair value changes on available-for-sale financial assets	–	–	92,714,376	–	–	92,714,376
Total comprehensive income for the period	–	–	92,714,376	–	107,566,397	200,280,773
Sub-total	917,849,574	286,283,658	178,761,011	1,248,506,623	755,747,839	3,387,148,705
Shares issued pursuant to scrip dividend scheme for interim dividend in respect of the year ended 30th June, 2012	13,491,781	22,153,504	–	–	–	35,645,285
Share issue expenses	–	(109,944)	–	–	–	(109,944)
Dividend	–	–	–	(36,713,983)	–	(36,713,983)
At 30th June, 2012 (audited)	931,341,355	308,327,218	178,761,011	1,211,792,640	755,747,839	3,385,970,063
Profit for the period	–	–	–	–	134,020,002	134,020,002
Gain on fair value changes on available-for-sale financial assets	–	–	28,722,674	–	–	28,722,674
Total comprehensive income for the period	–	–	28,722,674	–	134,020,002	162,742,676
Sub-total	931,341,355	308,327,218	207,483,685	1,211,792,640	889,767,841	3,548,712,739
Shares issued pursuant to scrip dividend scheme for final dividend in respect of the year ended 30th June, 2012	8,545,466	13,057,472	–	–	–	21,602,938
Share issue expenses	–	(123,820)	–	–	–	(123,820)
Dividend	–	–	–	(37,253,654)	–	(37,253,654)
<b>At 31st December, 2012 (unaudited)</b>	<b>939,886,821</b>	<b>321,260,870</b>	<b>207,483,685</b>	<b>1,174,538,986</b>	<b>889,767,841</b>	<b>3,532,938,203</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31st December, 2012

	Six months ended	
	31st December, 2012 HK\$ (Unaudited)	31st December, 2011 HK\$ (Unaudited)
Net cash from operating activities	<u>69,294,335</u>	<u>72,343,957</u>
Net cash from investing activities		
Purchase of property, plant and equipment	(3,269,975)	(5,057,168)
Advances to associates	(98,425,610)	(1,148,220)
Repayments from associates	104,133,110	25,789,289
Other investing cash flows	<u>634,827</u>	<u>466,692</u>
	<u>3,072,352</u>	<u>20,050,593</u>
Cash used in financing activities		
Repayments of bank loans and other borrowings	(41,779,653)	(81,012,111)
Repayment to an associate	(1,336,000)	(5,771,462)
Dividend paid	(15,650,716)	(1,085,008)
Other financing cash flows	<u>(246,903)</u>	<u>(1,812,113)</u>
	<u>(59,013,272)</u>	<u>(89,680,694)</u>
Net increase in cash and cash equivalents	13,353,415	2,713,856
Cash and cash equivalents at the beginning of the period	<u>24,553,220</u>	<u>27,001,555</u>
Cash and cash equivalents at the end of the period, represented by bank balances and cash	<u>37,906,635</u>	<u>29,715,411</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31st December, 2012

## 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 (the “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, as appropriate.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 30th June, 2012 except for the application of the following amendments to Standards issued by the HKICPA and applied by the Group in the current period.

Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets

### **Amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income***

The amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income* introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a ‘statement of comprehensive income’ is renamed as a ‘statement of profit or loss and other comprehensive income’ and an ‘income statement’ is renamed as a ‘statement of profit or loss’. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

The application of the other amendments to HKFRSs in the current interim period has had no material impact on the amounts reported in these condensed consolidated financial statements and/or on disclosures set out in these condensed consolidated financial statements.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 31st December, 2012

### 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

The Group has not early adopted the following new and revised Standards and Amendments (“new and revised HKFRSs”) that have been issued but are not yet effective.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle <sup>1</sup>
Amendments to HKFRS 1	Government Loans <sup>1</sup>
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities <sup>1</sup>
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures <sup>2</sup>
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance <sup>1</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities <sup>3</sup>
HKFRS 9	Financial Instruments <sup>2</sup>
HKFRS 10	Consolidated Financial Statements <sup>1</sup>
HKFRS 11	Joint Arrangements <sup>1</sup>
HKFRS 12	Disclosure of Interests in Other Entities <sup>1</sup>
HKFRS 13	Fair Value Measurement <sup>1</sup>
HKAS 19 (as revised in 2011)	Employee Benefits <sup>1</sup>
HKAS 27 (as revised in 2011)	Separate Financial Statements <sup>1</sup>
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures <sup>1</sup>
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities <sup>3</sup>
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1st January, 2013

<sup>2</sup> Effective for annual periods beginning on or after 1st January, 2015

<sup>3</sup> Effective for annual periods beginning on or after 1st January, 2014

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 31st December, 2012

### 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

#### HKFRS 9 *Financial Instruments*

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the changes in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The Directors of the Company anticipate that the adoption of HKFRS 9 in the future will not have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities based on the analysis of the Group's financial instruments as at 31st December, 2012.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 31st December, 2012

### 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

#### **New and revised Standards on consolidation, joint arrangements, associates and disclosures**

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below:

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK (SIC)-Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK (SIC)-Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 31st December, 2012

### 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

#### New and revised Standards on consolidation, joint arrangements, associates and disclosures (Continued)

These five standards are effective for annual periods beginning on or after 1st January, 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The Directors of the Company anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1st July, 2013. The application of these five standards may have significant impact on amounts reported in the consolidated financial statements. However, the Directors have not yet performed a detailed analysis of the impact of the application of these standards and hence have not yet quantified the extent of the impact.

The Directors of the Company anticipate that the application of other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

### 3. REVENUE

	Six months ended	
	31st December, 2012 HK\$	31st December, 2011 HK\$
Hotel operation	160,761,876	163,317,337
Clubhouse operation and hotel management	11,115,564	10,438,234
Dividend income from available-for-sale financial assets	2,209,436	2,186,983
	<hr/>	<hr/>
	174,086,876	175,942,554
	<hr/>	<hr/>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2012

## 4. SEGMENT INFORMATION

The Group's operating segments under HKFRS 8 *Operating Segments* are as follows:

1. Hotel operation – City Garden Hotel
2. Investment holding – holding strategic available-for-sale investments
3. Hotel operation – operated through investments in associates of the Group, including Conrad Hong Kong and Royal Pacific Hotel & Towers
4. Others – clubhouse operation and hotel management

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

	Segment revenue		Segment results	
	Six months ended		Six months ended	
	31st December, 2012 HK\$	31st December, 2011 HK\$	31st December, 2012 HK\$	31st December, 2011 HK\$
Hotel operation				
– City Garden Hotel	160,761,876	163,317,337	83,514,170	82,652,355
Investment holding	2,209,436	2,186,983	2,209,436	2,186,983
Hotel operation				
– Share of results of associates	–	–	152,125,485	145,158,806
Others – clubhouse operation and hotel management	11,115,564	10,438,234	1,655,894	1,397,798
	<u>174,086,876</u>	<u>175,942,554</u>		
Total segment results			239,504,985	231,395,942
Administrative and other expenses			(25,770,692)	(24,780,767)
Finance income (costs), net			258,356	(1,130,233)
Share of other results of associates				
– administrative and other expenses			(50,551,300)	(49,922,850)
– finance costs net of finance income			(193,416)	(376,206)
– income tax expense			(17,054,652)	(15,877,681)
			<u>(67,799,368)</u>	<u>(66,176,737)</u>
Profit before taxation			<u>146,193,281</u>	<u>139,308,205</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, 2011: nil).

Segment results represent the profit earned by each segment without allocation of certain administrative and other expenses and finance costs net of finance income. The segment results of hotel operation operated through investments in associates includes revenue and direct expenses without allocation of associates' administrative and other expenses, finance costs net of finance income and income tax expense of the associates. This is the measure reported to the chief operating decision makers for the purposes of resources allocation and performance assessment.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 31st December, 2012

### 4. SEGMENT INFORMATION (Continued)

Segment assets

The following is an analysis of the Group's assets by reportable and operating segments:

	<b>31st December, 2012</b>	30th June, 2012
	<i>HK\$</i>	<i>HK\$</i>
Segment assets		
Hotel operation – City Garden Hotel	<b>1,463,261,542</b>	1,478,673,460
Investment holding	<b>597,652,557</b>	568,929,883
Hotel operation – interests in associates	<b>1,231,738,949</b>	1,191,634,357
Others – clubhouse operation and hotel management	<b>3,486,416</b>	4,393,901
	<hr/>	<hr/>
Total segment assets	<b>3,296,139,464</b>	3,243,631,601
Advance to an associate	<b>83,990,684</b>	104,133,110
Amounts due from associates	<b>171,804,627</b>	113,148,176
Unallocated assets	<b>37,990,094</b>	24,623,157
	<hr/>	<hr/>
Consolidated assets	<b><u>3,589,924,869</u></b>	<b><u>3,485,536,044</u></b>

For the purposes of assessing segment performance and allocating resources between segments, all assets are allocated to reportable segments other than the Group's corporate assets, advance to an associate, amounts due from associates, and bank balances and cash.

### 5. FINANCE INCOME

	<b>Six months ended</b>	
	<b>31st December, 2012</b>	31st December, 2011
	<i>HK\$</i>	<i>HK\$</i>
Interest income on:		
Advance to an associate	<b>418,161</b>	460,886
Bank deposits	<b>6,507</b>	6,755
Imputed interest income on non-current interest-free advance to an associate	<b>210,159</b>	–
	<hr/>	<hr/>
	<b><u>634,827</u></b>	<b><u>467,641</u></b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*(Continued)*

For the six months ended 31st December, 2012

### 6. FINANCE COSTS

	<b>Six months ended</b>	
	<b>31st December, 2012</b>	31st December, 2011
	<i>HK\$</i>	<i>HK\$</i>
Interest and other finance costs on:		
Bank loans wholly repayable within five years	<b>368,905</b>	1,088,863
Advance from an associate	–	466,547
Other unsecured loans	<b>7,566</b>	42,464
	<hr/> <b>376,471</b> <hr/>	<hr/> 1,597,874 <hr/>

### 7. PROFIT BEFORE TAXATION

	<b>Six months ended</b>	
	<b>31st December, 2012</b>	31st December, 2011
	<i>HK\$</i>	<i>HK\$</i>
Profit before taxation has been arrived at after charging:		
Cost of hotel inventories consumed (included in direct expenses)	<b>13,931,138</b>	12,292,165
Depreciation of property, plant and equipment (included in other expenses)	<b>20,839,486</b>	19,940,932
	<hr/> <b>20,839,486</b> <hr/>	<hr/> 19,940,932 <hr/>

### 8. INCOME TAX EXPENSE

	<b>Six months ended</b>	
	<b>31st December, 2012</b>	31st December, 2011
	<i>HK\$</i>	<i>HK\$</i>
Income tax expense comprises:		
Hong Kong Profits Tax calculated at 16.5% (2011: 16.5%) on the estimated assessable profit		
Current period	<b>12,362,689</b>	11,525,728
Deferred taxation	<b>(189,410)</b>	336,221
	<hr/> <b>12,173,279</b> <hr/>	<hr/> 11,861,949 <hr/>

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, 2012

### 9. DIVIDEND

	Six months ended	
	31st December, 2012 HK\$	31st December, 2011 HK\$
Final dividend for the year ended 30th June, 2012:		
HK4.0 cents (2011: HK4.0 cents) per share	<u>37,253,654</u>	<u>36,132,285</u>

Subsequent to 31st December, 2012, the Directors determined that an interim dividend for the six months ended 31st December, 2012 of HK4.0 cents (six months ended 31st December, 2011: HK4.0 cents) per share amounting to HK\$37,595,473 (six months ended 31st December, 2011: HK\$36,713,983) in total would be paid to the shareholders of the Company whose names appear on the Register of Members on 19th March, 2013.

### 10. EARNINGS PER SHARE – BASIC

The calculation of the basic earnings per share is based on the profit for the period of HK\$134,020,002 (six months ended 31st December, 2011: HK\$127,446,256) and on the weighted average number of 932,316,653 (six months ended 31st December, 2011: 905,124,940) shares in issue during the period.

No diluted earnings per share for the periods has been presented as there were no potential ordinary shares in both periods.

### 11. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31st December, 2012, the Group spent approximately HK\$3,270,000 (six months ended 31st December, 2011: HK\$5,057,000) on property, plant and equipment.

### 12. INTERESTS IN ASSOCIATES

	31st December, 2012 HK\$	30th June, 2012 HK\$
Cost of unlisted investments in associates	1,062,961,934	1,062,961,934
Deemed capital contribution to an associate	1,822,475	603,000
Share of post-acquisition profits, net of dividends received	<u>166,954,540</u>	<u>128,069,423</u>
	<u>1,231,738,949</u>	<u>1,191,634,357</u>

Included in the cost of investments in associates is goodwill of HK\$186,513,404 (30th June, 2012: 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, 2012

### 13. TRADE AND OTHER RECEIVABLES

The Group maintains a defined credit policy to assess the credit quality of each counterparty. The collection is closely monitored to minimise any credit risk associated with these trade receivables. The general credit term is from 30 days to 45 days.

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

	<b>31st December, 2012 HK\$</b>	30th June, 2012 HK\$
Trade receivables		
0 – 30 days	<b>8,192,372</b>	7,056,979
31 – 60 days	<b>623,033</b>	921,132
61 – 90 days	<b>87,983</b>	24,142
	<hr/>	<hr/>
	<b>8,903,388</b>	8,002,253
Other receivables	<b>5,139,031</b>	5,209,316
	<hr/>	<hr/>
	<b>14,042,419</b>	13,211,569
	<hr/>	<hr/>

### 14. TRADE AND OTHER PAYABLES

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

	<b>31st December, 2012 HK\$</b>	30th June, 2012 HK\$
Trade payables		
0 – 30 days	<b>11,784,362</b>	7,434,956
31 – 60 days	–	218,207
61 – 90 days	–	60,590
> 90 days	–	12,142
	<hr/>	<hr/>
	<b>11,784,362</b>	7,725,895
Renovation cost payable	<b>149,023</b>	149,023
Other payables ( <i>Note</i> )	<b>17,863,337</b>	11,541,535
	<hr/>	<hr/>
	<b>29,796,722</b>	19,416,453
	<hr/>	<hr/>

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*(Continued)*

For the six months ended 31st December, 2012

### 15. PLEDGE OF ASSETS

- (a) At 30th June, 2012, the Group pledged its leasehold land and hotel buildings with the aggregate carrying amount of HK\$1,421,988,986 and pledged by way of floating charges over other assets, including bank balances of HK\$18,904,989, hotel inventories of HK\$639,293, furniture, fixtures, leasehold improvement and hotel operating equipment of HK\$44,190,270 and trade and other receivables of HK\$11,608,630 to banks to secure loan facilities granted to the Group. The pledge was released during the period.
- (b) At 30th June, 2012, share ownerships in certain subsidiaries of the Company with the aggregate carrying values of net assets of HK\$1,437,586,946 which included the assets pledged as set out in (a) above, were pledged to banks to secure the loan facilities granted to the Group. The pledge was released during the period.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 15th March, 2013 to Tuesday, 19th March, 2013, 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 Tuesday, 19th March, 2013.

In order to qualify for the interim dividend, shareholders should ensure that all transfers accompanied by the relevant share certificates are lodged with the Company's Principal Registrars, Tricor Friendly Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 14th March, 2013.

## 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, 2012, 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 ("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 ("Model Code") contained in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), were as follows:

### (I) Long Positions in Shares of the Company

Name of Director	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Share Capital
Mr. Robert Ng Chee Siong	447,959,198 (Note)	Beneficial owner of 259,087 shares, spouse interest in 768,816 shares and trustee interest in 446,931,295 shares of the Company in the capacity as one of the co-executors of the estate of the late Mr. Ng Teng Fong	47.66%
The Honourable Ronald Joseph Arculli	286,123	Beneficial owner	0.03%
Mr. Gilbert Lui Wing Kwong	—	—	—
Mr. Peter Wong Man Kong	—	—	—
Mr. Adrian David Li Man-kiu	—	—	—
Mr. Steven Ong Kay Eng	—	—	—
Mr. Wong Cho Bau	—	—	—
Mr. Daryl Ng Win Kong	—	—	—
Mr. Nicholas Yim Kwok Ming	—	—	—



## DIRECTORS' INTERESTS (Continued)

### (I) Long Positions in Shares of the Company (Continued)

Note:

As regards trustee interest in 446,931,295 shares:

- (a) 406,130,090 shares were held through companies which were 100% controlled by the co-executors of the estate of the late Mr. Ng Teng Fong – 39,392,636 shares by Fanlight Investment Limited, 56,018 shares by Garford Nominees Limited, 16,852,842 shares by Karaganda Investments Inc., 53,026,029 shares by Nippomo Limited, 1,519,413 shares by Orient Creation Limited, 107,182,457 shares by Strathallan Investment Limited, 4,609,369 shares by Strong Investments Limited, 159,163,182 shares by Tamworth Investment Limited and 24,328,144 shares by Transpire Investment Limited;
- (b) 1,824,377 shares were held through wholly-owned subsidiaries of Tsim Sha Tsui Properties Limited, in which the co-executors of the estate of the late Mr. Ng Teng Fong had a 71.96% control; and
- (c) 38,976,828 shares were held by the co-executors of the estate of the late Mr. Ng Teng Fong.

### (II) Long Positions in Shares of Associated Corporation

Mr. Robert Ng Chee Siong was deemed to be interested in shares of the following company through corporation controlled by him:

Name of Associated Company	Number of Ordinary Shares	% of Issued Share Capital
FHR International Limited	1 (Note)	33.33%

Note: The share was held by Smart Link Limited in which Mr. Robert Ng Chee Siong had a 100% control.

Save as disclosed above, as at 31st December, 2012, 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, 2012, 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 required to be kept under Section 336 of Part XV of the SFO were as follows:

### Long Positions in Shares of the Company

Name of Substantial Shareholder	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Share Capital
Mr. Philip Ng Chee Tat	449,698,723 <i>(Notes 1, 2, 3 and 4)</i>	Interest of controlled corporations in 2,767,428 shares and trustee interest in 446,931,295 shares of the Company in the capacity as one of the co-executors of the estate of the late Mr. Ng Teng Fong	47.84%
Mr. Robert Ng Chee Siong	447,959,198 <i>(Notes 2, 3 and 4)</i>	Beneficial owner of 259,087 shares, spouse interest in 768,816 shares and trustee interest in 446,931,295 shares of the Company in the capacity as one of the co-executors of the estate of the late Mr. Ng Teng Fong	47.66%
Tamworth Investment Limited	159,163,182 <i>(Note 3)</i>	Beneficial owner	16.93%
Strathallan Investment Limited	107,182,457 <i>(Note 3)</i>	Beneficial owner	11.40%
Name of Other Shareholder	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Share Capital
Nippomo Limited	53,026,029 <i>(Note 3)</i>	Beneficial owner	5.64%

## SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS (Continued)

### Long Positions in Shares of the Company (Continued)

Notes:

1. 2,767,428 shares were held by Bestdeal Contractors Pte Ltd which was 100% controlled by Mr. Philip Ng Chee Tat.
2. As regards trustee interest in 446,931,295 shares:
  - (a) 406,130,090 shares were held through companies which were 100% controlled by the co-executors of the estate of the late Mr. Ng Teng Fong – 39,392,636 shares by Fanlight Investment Limited, 56,018 shares by Garford Nominees Limited, 16,852,842 shares by Karaganda Investments Inc., 53,026,029 shares by Nippomo Limited, 1,519,413 shares by Orient Creation Limited, 107,182,457 shares by Strathallan Investment Limited, 4,609,369 shares by Strong Investments Limited, 159,163,182 shares by Tamworth Investment Limited and 24,328,144 shares by Transpire Investment Limited;
  - (b) 1,824,377 shares were held through wholly-owned subsidiaries of Tsim Sha Tsui Properties Limited, in which the co-executors of the estate of the late Mr. Ng Teng Fong had a 71.96% control; and
  - (c) 38,976,828 shares were held by the co-executors of the estate of the late Mr. Ng Teng Fong.
3. The interests of Tamworth Investment Limited, Strathallan Investment Limited and Nippomo Limited were duplicated in the interests of the co-executors of the estate of the late Mr. Ng Teng Fong.
4. The interests of Mr. Philip Ng Chee Tat and Mr. Robert Ng Chee Siong as the co-executors of the estate of the late Mr. Ng Teng Fong were duplicated.

Save as disclosed above and so far as the Directors of the Company are aware, as at 31st December, 2012, 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.

## DISCLOSURE OF DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

### Directors' Updated Biographical Details

The changes in the biographical details of the Directors are set out below:

#### *The Honourable Ronald Joseph Arculli*

- ceased to be the Chairman of World Federation of Exchanges;
- appointed as the Chairman of The Hong Kong Arts Festival Society Limited; and
- appointed as the Chairman of the Executive Committee of West Kowloon Cultural District Authority.

## **DISCLOSURE OF DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES** *(Continued)*

### **Directors' Updated Biographical Details** *(Continued)*

#### ***Mr. Peter Wong Man Kong***

- appointed as an Independent Non-Executive Director of MGM China Holdings Limited.

#### ***Mr. Adrian David Li Man-kiu***

- appointed as a member of the Election Committee responsible for electing deputies of the HKSAR to the 12th National People's Congress;
- appointed as an Independent Non-Executive Director of Shanghai Fosun Pharmaceutical (Group) Co., Ltd.;
- appointed as a member of the HKSAR Government-mandated Banking Industry Training Advisory Committee; and
- appointed as a Steering Committee member of the Asian Financial Forum.

#### ***Mr. Daryl Ng Win Kong***

- appointed as a member of the Twelfth Beijing Committee of Chinese People's Political Consultative Conference.

Directors' updated biographies are available on the Company's website.

### **Directors' Emoluments**

During the interim period, the Executive Director Mr. Nicholas Yim Kwok Ming received a discretionary bonus in the amount of HK\$567,840.

The basis of determining the Directors' emoluments (including bonus payments) remain unchanged during the six months ended 31st December, 2012.

Save as disclosed above, as at 31st December, 2012, there had not been any other changes to the Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## REMUNERATION COMMITTEE

The Company established its Remuneration Committee on 23rd June, 2005 with written terms of reference. The written terms of reference of the Remuneration Committee, the revised form of which was approved by the Board on 20th February, 2012, are available at the Company's website [www.sino.com](http://www.sino.com) and the Exchange's website.

The Remuneration Committee is responsible for making recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy. The Committee either determines or makes recommendations to the Board on the remuneration package of individual Executive Director and senior management, and it also makes recommendations to the Board on the remuneration of Non-executive Directors. The Committee is provided with sufficient resources enabling it to discharge its duties. The Committee meets at least annually to make recommendations to the Board on the Company's emolument policy including the remuneration of Directors and senior management.

The Committee comprises Mr. Steven Ong Kay Eng (Committee Chairman), Mr. Peter Wong Man Kong and Mr. Adrian David Li Man-kiu, all of whom are Independent Non-Executive Directors, and Mr. Daryl Ng Win Kong, an Executive Director.

## NOMINATION COMMITTEE

The Company established its Nomination Committee with written terms of reference effective on 1st March, 2012. The written terms of reference of the Nomination Committee are available at the Company's website [www.sino.com](http://www.sino.com) and the Exchange's website.

The Nomination Committee is responsible for reviewing the structure, size and composition of the Board regularly and making recommendation on any proposed changes to the Board to complement the Company's corporate strategy. Its duties include making recommendation to the Board on the selection of individuals nominated for directorships, the appointment or re-appointment of Directors and succession planning for Directors, and regularly reviewing the time required from a Director to perform his responsibilities. The Committee is also responsible for assessing the independence of Independent Non-Executive Directors and reviewing their annual confirmations on their independence. The Nomination Committee is provided with sufficient resources to perform its duties.

The Committee comprises Mr. Robert Ng Chee Siong (Committee Chairman), the Chairman of the Company, Mr. Peter Wong Man Kong and Mr. Adrian David Li Man-kiu, both of whom are Independent Non-Executive Directors.

## AUDIT COMMITTEE

The Company set up its Audit Committee on 23rd September, 1998 with written terms of reference. The written terms of reference of the Audit Committee are available at the Company's website [www.sino.com](http://www.sino.com) and the Exchange's website.

The Committee reports to the Board and holds regular meetings to assist the Board in discharging its responsibilities for effective financial reporting controls, internal controls and risk management. The Audit Committee is provided with sufficient resources enabling it to discharge its duties.

The Committee comprises Mr. Adrian David Li Man-kiu (Committee Chairman), Mr. Peter Wong Man Kong 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 2013, the Audit Committee has reviewed the accounting policies and practices adopted by the Company and the interim report for the six months ended 31st December, 2012.

## COMPLIANCE COMMITTEE

The Company set up its Compliance Committee on 30th August, 2004 with written terms of reference, the revised form of which was approved by the Board on 20th February, 2012, to enhance the corporate governance standard of the Company. The Committee has dual reporting lines. A principal reporting line is to the Board through the Committee Chairman. A secondary reporting line is to the Audit Committee. The Committee currently comprises the Executive Director Mr. Daryl Ng Win Kong (Committee Chairman), the other Executive Directors of the Company, the Heads of Legal and Company Secretarial Departments, the Head of Internal Audit Department, department heads and the Compliance Officer. The Committee holds regular meetings on a bi-monthly basis to review and make recommendations to the Board and the Audit Committee on the Company's corporate governance issues and Listing Rules compliance matters.

## CODES FOR DEALING IN THE COMPANY'S SECURITIES

The Company has adopted its own code for dealing in the Company's securities by Directors ("Directors Dealing Code") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules ("Model Code"). The Company has made specific enquiries of all Directors who held such offices during the period under review. All of them confirmed compliance with the required standard set out in the Directors Dealing Code during the six months ended 31st December, 2012. 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 inside information in relation to the securities of the Company, on no less exacting terms than the Model Code.

## COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the six months ended 31st December, 2012, the Company has complied with all the code provisions as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), except that there was no separation of the roles of the chairman and the chief executive officer, both of the roles are currently undertaken by the Chairman of the Board.

The Board is of the view that the current management structure has been effective in facilitating the Company’s operation and business development and that necessary checks and balances consistent with sound corporate governance practices are in place. The implementation of strategies and policies of the Board and the operations of each business unit are overseen and monitored by designated responsible Executive Directors. The Board has found that the current arrangement has worked effectively in enabling it to discharge its responsibilities satisfactorily. In addition, the four Independent Non-Executive Directors have contributed valuable views and proposals for the Board’s deliberation and decisions. The Board will review the management structure regularly to ensure it continues to meet these objectives and is in line with the industry practices.

By Order of the Board  
**Velencia LEE**  
*Company Secretary*

Hong Kong, 27th February, 2013

# REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



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

### Introduction

We have reviewed the condensed consolidated financial statements of Sino Hotels (Holdings) Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 7 to 22, which comprise the condensed consolidated statement of financial position as of 31st December, 2012 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows 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 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements 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 these condensed consolidated financial statements consists of making inquiries, 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 condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong  
27th February, 2013



