



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

# 2013-2014 INTERIM REPORT

二零一三至二零一四年度  
中期報告書



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

This interim report (“Interim Report”) (in both English and Chinese versions) has been posted on the Company’s website at [www.sino.com](http://www.sino.com). Shareholders who have chosen to rely on copies of the Corporate Communications (including but not limited to annual report, summary financial report (where applicable), interim report, summary interim report (where applicable), notice of meeting, listing document, circular and proxy form) posted on the Company’s website in lieu of any or all the printed copies thereof may request printed copy of the Interim Report.

Shareholders who have chosen or are deemed to have consented 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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## CONTENTS

CORPORATE INFORMATION	3
CHAIRMAN'S STATEMENT	4
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS	8
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	9
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	10
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	11
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	12
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	13
CLOSURE OF REGISTER OF MEMBERS	22
PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES	22
DIRECTORS' INTERESTS	22
SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS	24
DISCLOSURE OF DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES	25
REMUNERATION COMMITTEE	26
NOMINATION COMMITTEE	27
AUDIT COMMITTEE	27
COMPLIANCE COMMITTEE	27
CODES FOR DEALING IN THE COMPANY'S SECURITIES	28
COMPLIANCE WITH CORPORATE GOVERNANCE CODE	28
REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	29

## 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<sup>\*</sup>  
Adrian David Li Man-kiu, JP<sup>\*</sup>  
Steven Ong Kay Eng<sup>\*</sup>  
Daryl Ng Win Kong  
Nicholas Yim Kwok Ming

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

(<sup>\*</sup> 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

### **Chief Financial Officer and 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** 14th to 18th March, 2014  
(both dates inclusive)

**Record Date for  
interim dividend  
entitlement** 18th March, 2014

**Last Date for lodging  
form of election  
for scrip dividend** 7th April, 2014  
4:30 p.m.

**Interim Dividend** HK4 cents per share  
Payable 17th April, 2014

### **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  
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Email : investorrelations@sino.com

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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,  
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### **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, 2013 ("Interim Period") was HK\$120.9 million (2012: HK\$134.0 million). Turnover of the Group for the Interim Period was HK\$166.5 million (2012: HK\$174.0 million). Earnings per share for the period was 12.74 cents (2012: 14.37 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 17th April, 2014 to shareholders whose names appear on the Register of Members of the Company on 18th March, 2014.

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 21st March, 2014. It is expected that the interim dividend warrants and share certificates will be despatched to shareholders on or about 17th April, 2014.

### REVIEW OF OPERATIONS

Visitor arrivals to Hong Kong in 2013 increased by 11.7% to 54.3 million (2012: 48.6 million), according to the Hong Kong Tourism Board. Visitors from China, Taiwan, the United States and South Korea accounted for the top four in terms of number of visitors among all the countries. Despite the continuous growth in visitor arrivals to Hong Kong, the hotel industry has grown more competitive due to an increasing supply of hotel rooms in Hong Kong and travellers become more discerning over spending. The Group will continue to adopt a proactive approach to optimise earnings amid a challenging market environment.

Occupancy rates for City Garden Hotel, The Royal Pacific Hotel & Towers and Conrad Hong Kong for the Interim Period were 92.1%, 96.1% and 84.5% compared with 95.7%, 97.3% and 82.2% respectively for the corresponding period in 2012.

The turnover of City Garden Hotel, The Royal Pacific Hotel & Towers and Conrad Hong Kong during the Interim Period was HK\$154.9 million, HK\$241.5 million and HK\$398.8 million respectively compared with HK\$160.7 million, HK\$238.8 million and HK\$392.7 million for the corresponding period in 2012.

Other than that mentioned above, there was no material change from the information published in the report and accounts for the year ended 30th June, 2013.



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

### **FINANCE**

As at 31st December, 2013, the Group had cash and bank deposits of HK\$288.1 million and had no debt outstanding.

There was no material change in the capital structure of the Group for the Interim Period. Foreign exchange exposure is kept at a minimal level. As at 31st December, 2013, the Group did not have any contingent liabilities.

Other than the above-mentioned, there was no material change from the information published in the report and accounts for the financial year ended 30th June, 2013.

### **EMPLOYEE PROGRAMMES**

The Group places significant emphasis on human capital. Competitive staff benefits are key to building an efficient team and work force that can deliver a high standard of service to customers. They are also important for staff retention. To ensure the work force consistently provides a high standard of service, the Group continuously reviews its Talents Development Programme and Staff Learning and Development initiatives to ensure that staff are well-trained and groomed with the skill sets and attitudes required to serve our discerning guests. In addition, optimizing synergy among teams and departments has always been management's focus and it will enhance staff productivity and operational efficiency.

### **CORPORATE SOCIAL RESPONSIBILITY**

The Group continues to incorporate sustainability measures into the development and management of its hotels. As a committed corporate citizen, the Group has been participating in a wide range of community services, voluntary services, charitable fund-raising activities and environmental protection initiatives.

#### **Environmental Management**

The Group recognises the global warming issues that have long term effect on earth. Apart from the Group's existing environmental protection initiatives such as energy saving measures, it has signed 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 and the Cancun Communiqué. Further, the Group supports the HKSAR Government's "Food Wise Hong Kong Campaign" by signing the Food Wise Charter as a commitment to reducing food wastes. The Group will continue to collaborate with the HKSAR Government, organisations and industry partners to organise and participate in the events to promote environmental protection.

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

### **CORPORATE SOCIAL RESPONSIBILITY** *(Continued)*

#### **Serving the Community**

Serving the community by helping the underprivileged is part of the Group's efforts in pursuing good corporate citizenship. One of the Group's regular charitable events is to make and deliver soup to the needy. The programme has been well received. Since the launch of this programme in 2011, the Group has served soup to over 15,000 elderly people. The Group also partners with Foodlink, Food Angel and Baptist Oi Kwan Social Service Center in donating cooked food to the homeless, elderly and underprivileged families. On Christmas Day in 2013, City Garden Hotel and The Royal Pacific Hotel & Towers joined hands with Foodlink to give Christmas delicacies to 100 underprivileged families. The Group also collaborated with the Children's Cancer Foundation to implement the "Enlighten Your Life" Programme. Under this Programme, a series of workshops have been provided to the young patients to help them to recover. Not only does the Group engage in community service, it also encourages staff and business partners to dedicate resources to serve the community and help the needy.

#### **Tai O Heritage Hotel**

Hong Kong Heritage Conservation Foundation Limited ("HCF"), founded in 2008 by Ng Teng Fong family, the Group's majority shareholder, has conserved and revitalised the Old Tai O Police Station, built in 1902 and a Grade II Historic Building, into Tai O Heritage Hotel ("Hotel"). The Hotel, operated by HCF as a non-profit social enterprise, is part of the HKSAR Government's "Revitalising Historic Buildings Through Partnership Scheme." During the Interim Period, the Hotel received the Award of Merit at 2013 Asia-Pacific Awards for Cultural Heritage Conservation organised by the United Nations Educational, Scientific and Cultural Organization ("UNESCO") for the project's efforts in heritage conservation by various organisations and engagement of local community in the project.

### **INDUSTRY OUTLOOK AND PROSPECTS**

Hong Kong tourism industry continues to grow and develop with the completion of new infrastructure that enhances transportation network and accessibility to and from Hong Kong as well as new attractions that make Hong Kong more appealing to visitors.

Hong Kong reached another milestone in 2013 when the first berth of the cruise terminal at the Kai Tak development site was commissioned in June. The second berth targeted to be commissioned in 2014 will increase the capacity of the terminal facility. Further, the Environmentally Friendly Linkage System, a monorail system with twelve stations, currently under consultation will extend the economic benefits of the cruise terminal to not only the Kowloon East area, but also to various regions of Hong Kong upon completion which is expected to be in 2023.

The Hong Kong-Zhuhai-Macao Bridge and the Tuen Mun-Chek Lap Kok Link expected to be completed in 2016 and 2018 respectively will connect Hong Kong and the western Pearl River Delta Region which will facilitate travelling and promote multi-destinations tourism within the region. The Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link expected to be completed in 2015 will connect Hong Kong with the 16,000-km National High-speed Railway Network in China. This railway network will make travelling to cities in China more cost effective and efficient for both leisure and business travellers.

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

### **INDUSTRY OUTLOOK AND PROSPECTS** *(Continued)*

The development of the Tai Shue Wan area into an all-weather indoor cum outdoor waterpark undertaken by Ocean Park Corporation will be another new attraction for Hong Kong. The project is expected to be completed in 2017. All in all, the development of upcoming infrastructure and offerings would make Hong Kong's hotel and tourism industry more competitive within the Asia region. The outlook of the industry is positive.

Market positioning and branding are important to the Group. The Group will continuously review and improve the quality of our service to meet the needs of customers and ensure our discerning guests have enjoyable stays in our hotels. Upgrade of hotel facilities and renovation will be carried out where necessary.

### **STAFF AND MANAGEMENT**

Mr. Wong Cho Bau, JP, who served the Board as an independent non-executive director since 1st March, 2011, retired from office by rotation at the conclusion of the annual general meeting of the Company held on 23rd October, 2013. I would like to take this opportunity to express my heartfelt gratitude to Mr. Wong for his immense contribution which has added significant value to the development and growth of the Group.

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, 26th February, 2014



## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 31st December, 2013

	<i>Notes</i>	<b>Six months ended</b>	
		<b>31st December, 2013</b>	31st December, 2012
		<b>HK\$</b>	<b>HK\$</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue	3, 4	<b>166,497,788</b>	174,086,876
Direct expenses		<b>(51,899,932)</b>	(49,578,639)
Other expenses		<b>(41,553,474)</b>	(43,122,977)
Marketing costs		<b>(6,287,609)</b>	(6,156,821)
Administrative expenses		<b>(14,432,308)</b>	(13,619,631)
Finance income	5	<b>1,392,635</b>	634,827
Finance costs	6	<b>(11,723)</b>	(376,471)
Finance income, net		<b>1,380,912</b>	258,356
Share of results of associates		<b>77,591,132</b>	84,326,117
		<b>131,296,509</b>	146,193,281
Profit before taxation	7	<b>131,296,509</b>	146,193,281
Income tax expense	8	<b>(10,395,829)</b>	(12,173,279)
		<b>120,900,680</b>	134,020,002
Profit for the period attributable to the Company's shareholders		<b>120,900,680</b>	134,020,002
Earnings per share – Basic	10	<b>12.74 cents</b>	14.37 cents

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

For the six months ended 31st December, 2013

	<b>Six months ended</b>	
	<b>31st December,</b>	31st December,
	<b>2013</b>	2012
	<b>HK\$</b>	HK\$
	<b>(Unaudited)</b>	(Unaudited)
Profit for the period	<u>120,900,680</u>	<u>134,020,002</u>
<b>Other comprehensive income (expense)</b>		
Item that may be subsequently reclassified to profit or loss:		
(Loss) gain on fair value changes of available-for-sale financial assets	<u>(116,833,053)</u>	<u>28,722,674</u>
Other comprehensive (expense) income for the period	<u>(116,833,053)</u>	<u>28,722,674</u>
Total comprehensive income for the period attributable to the Company's shareholders	<u><b>4,067,627</b></u>	<u>162,742,676</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December, 2013

		31st December, 2013 HK\$ (Unaudited)	30th June, 2013 HK\$ (Audited)
	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	1,421,657,143	1,434,220,483
Interests in associates	12	1,376,349,172	1,298,758,040
Available-for-sale financial assets		599,377,524	696,029,179
		<u>3,397,383,839</u>	<u>3,429,007,702</u>
<b>CURRENT ASSETS</b>			
Hotel inventories		572,118	828,729
Trade and other receivables	13	14,471,427	11,607,117
Amounts due from associates		41,538,133	148,931,645
Bank balances and cash		288,091,228	188,672,971
		<u>344,672,906</u>	<u>350,040,462</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	29,570,113	20,348,663
Amount due to an associate		1,269,385	835,759
Tax payable		10,247,968	28,705,294
		<u>41,087,466</u>	<u>49,889,716</u>
<b>NET CURRENT ASSETS</b>		<u>303,585,440</u>	<u>300,150,746</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>3,700,969,279</u>	<u>3,729,158,448</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		950,685,954	948,518,625
Reserves		2,743,445,447	2,773,861,213
Equity attributable to the Company's shareholders		<u>3,694,131,401</u>	<u>3,722,379,838</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred taxation		6,837,878	6,778,610
		<u>3,700,969,279</u>	<u>3,729,158,448</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31st December, 2013

	Share capital HK\$	Share premium HK\$	Investment revaluation reserve HK\$	Distributable reserve HK\$	Retained profits HK\$	Total HK\$
At 1st July, 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)
At 31st December, 2012 (unaudited)	939,886,821	321,260,870	207,483,685	1,174,538,986	889,767,841	3,532,938,203
Profit for the period	–	–	–	–	106,797,401	106,797,401
Gain on fair value changes on available-for-sale financial assets	–	–	98,320,734	–	–	98,320,734
Total comprehensive income for the period	–	–	98,320,734	–	106,797,401	205,118,135
Sub-total	939,886,821	321,260,870	305,804,419	1,174,538,986	996,565,242	3,738,056,338
Shares issued pursuant to scrip dividend scheme for interim dividend in respect of the year ended 30th June, 2013	8,631,804	13,413,824	–	–	–	22,045,628
Share issue expenses	–	(126,655)	–	–	–	(126,655)
Dividend	–	–	–	(37,595,473)	–	(37,595,473)
At 30th June, 2013 (audited)	948,518,625	334,548,039	305,804,419	1,136,943,513	996,565,242	3,722,379,838
Profit for the period	–	–	–	–	120,900,680	120,900,680
Loss on fair value changes on available-for-sale financial assets	–	–	(116,833,053)	–	–	(116,833,053)
Total comprehensive (expense) income for the period	–	–	(116,833,053)	–	120,900,680	4,067,627
Sub-total	948,518,625	334,548,039	188,971,366	1,136,943,513	1,117,465,922	3,726,447,465
Shares issued pursuant to scrip dividend scheme for final dividend in respect of the year ended 30th June, 2013	2,167,329	3,684,459	–	–	–	5,851,788
Share issue expenses	–	(227,107)	–	–	–	(227,107)
Dividend	–	–	–	(37,940,745)	–	(37,940,745)
<b>At 31st December, 2013 (unaudited)</b>	<b>950,685,954</b>	<b>338,005,391</b>	<b>188,971,366</b>	<b>1,099,002,768</b>	<b>1,117,465,922</b>	<b>3,694,131,401</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31st December, 2013

	Six months ended	
	31st December, 2013 HK\$ (Unaudited)	31st December, 2012 HK\$ (Unaudited)
Net cash from operating activities	<u>50,276,510</u>	<u>69,294,335</u>
Net cash from investing activities		
Purchase of property, plant and equipment	(7,196,772)	(3,269,975)
Additions to available-for-sale financial assets	(20,181,398)	–
Advances to associates	–	(98,425,610)
Repayments from associates	107,393,512	104,133,110
Other investing cash flows	<u>1,020,566</u>	<u>634,827</u>
	<u>81,035,908</u>	<u>3,072,352</u>
Net cash used in financing activities		
Repayments of bank loans and other borrowings	–	(41,779,653)
Advance from (repayment to) an associate	433,626	(1,336,000)
Dividend paid	(32,088,957)	(15,650,716)
Other financing cash flows	<u>(238,830)</u>	<u>(246,903)</u>
	<u>(31,894,161)</u>	<u>(59,013,272)</u>
Net increase in cash and cash equivalents	<u>99,418,257</u>	<u>13,353,415</u>
Cash and cash equivalents at the beginning of the period	<u>188,672,971</u>	<u>24,553,220</u>
Cash and cash equivalents at the end of the period, represented by bank balances and cash	<u>288,091,228</u>	<u>37,906,635</u>



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31st December, 2013

## 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 (“HKAS”) 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.

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, 2013 except as described below.

In the current interim period, the Group has applied, for the first time, the following new and revised HKASs, Hong Kong Financial Reporting Standards (“HKFRSs”), amendments and interpretations (“HK(IFRIC) - Int”) (hereinafter collectively referred to as the “new and revised HKFRSs”) issued by the HKICPA:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle except for the amendments to HKAS 1
Amendments to HKFRS 1	Government Loans
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

Except for as described below, the application of other new and revised HKFRSs in the current interim period has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2013

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### **HKFRS 10 Consolidated Financial Statements**

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 changes the definition of control such that an investor has control over an investee when (a) it has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee. Some guidance included in HKFRS 10 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is relevant to the Group.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1st July, 2013. Accordingly, the Directors of the Company (the “Directors”) concluded that the application of HKFRS 10 has had no material impact on the condensed consolidated financial statements in accordance with the new definition of control and the related guidance set out in HKFRS 10.

### **HKFRS 13 Fair Value Measurement**

HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for ‘fair value’ and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. Disclosures of fair value information are set out in note 15.

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

For the six months ended 31st December, 2013

### 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

#### *Annual Improvements to HKFRSs 2009-2011 Cycle*

The Group has applied the amendments to HKAS 34 *Interim Financial Reporting* as part of the Annual Improvements to HKFRSs 2009-2011 Cycle for the first time in the current interim period. The amendments to HKAS 34 clarify that the total assets and total liabilities for a particular reportable segment would be separately disclosed in the interim financial statements only when the amounts are regularly provided to the chief operating decision maker (the “CODM”) and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.

Since there has not been a material change in the assets of the Group’s reportable segments from the amounts disclosed in the last annual financial statements for those reportable segments, the Group has not included total asset information as part of the segment information.

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

	<b>Six months ended</b>	
	<b>31st December, 2013 HK\$</b>	31st December, 2012 HK\$
Hotel operation	<b>154,978,887</b>	160,761,876
Clubhouse operation and hotel management	<b>9,309,285</b>	11,115,564
Dividend income from available-for-sale financial assets	<b>2,209,616</b>	2,209,436
	<b><u>166,497,788</u></b>	<u>174,086,876</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2013

## 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, 2013 HK\$	31st December, 2012 HK\$	31st December, 2013 HK\$	31st December, 2012 HK\$
Hotel operation				
– City Garden Hotel	154,978,887	160,761,876	73,281,866	83,514,170
Investment holding	2,209,616	2,209,436	2,209,461	2,209,436
Hotel operation				
– Share of results of associates	–	–	145,072,937	152,125,485
Others – clubhouse operation and hotel management	9,309,285	11,115,564	1,642,001	1,655,894
	<u>166,497,788</u>	<u>174,086,876</u>		
Total segment results			222,206,265	239,504,985
Administrative and other expenses			(24,808,863)	(25,770,692)
Finance income, net			1,380,912	258,356
Share of other results of associates				
– administrative and other expenses			(51,963,483)	(50,551,300)
– finance income (costs), net			257,964	(193,416)
– income tax expense			(15,776,286)	(17,054,652)
			<u>(67,481,805)</u>	<u>(67,799,368)</u>
Profit before taxation			<u>131,296,509</u>	<u>146,193,281</u>

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

For the six months ended 31st December, 2013

### 4. SEGMENT INFORMATION (Continued)

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, 2012: 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.

### 5. FINANCE INCOME

	Six months ended	
	31st December, 2013 HK\$	31st December, 2012 HK\$
Interest income on:		
Advance to an associate	–	418,161
Bank deposits	1,392,635	6,507
Imputed interest income on non-current interest-free advance to an associate	–	210,159
	1,392,635	634,827

### 6. FINANCE COSTS

	Six months ended	
	31st December, 2013 HK\$	31st December, 2012 HK\$
Interest and other finance costs on:		
Bank loans wholly repayable within five years	–	368,905
Other unsecured loans	11,723	7,566
	11,723	376,471



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2013

### 7. PROFIT BEFORE TAXATION

	Six months ended	
	31st December, 2013 HK\$	31st December, 2012 HK\$
Profit before taxation has been arrived at after charging:		
Cost of hotel inventories consumed (included in direct expenses)	13,405,464	13,931,138
Depreciation of property, plant and equipment (included in other expenses)	19,755,696	20,839,486

### 8. INCOME TAX EXPENSE

	Six months ended	
	31st December, 2013 HK\$	31st December, 2012 HK\$
Income tax expense comprises:		
Hong Kong Profits Tax calculated at 16.5% (2012: 16.5%) on the estimated assessable profit		
Current period	10,336,561	12,362,689
Deferred taxation	59,268	(189,410)

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, 2013

### 9. DIVIDEND

	<b>Six months ended</b>	
	<b>31st December,</b>	31st December,
	<b>2013</b>	2012
	<b>HK\$</b>	<b>HK\$</b>
Final dividend for the year ended 30th June, 2013: HK4.0 cents (2012: HK4.0 cents) per share	<b>37,940,745</b>	37,253,654

Subsequent to 31st December, 2013, the Directors determined that an interim dividend for the six months ended 31st December, 2013 of HK4.0 cents (*six months ended 31st December, 2012: HK4.0 cents*) per share amounting to HK\$38,027,438 (*six months ended 31st December, 2012: HK\$37,595,473*) in total would be paid to the shareholders of the Company whose names appear on the Register of Members on 18th March, 2014.

### 10. EARNINGS PER SHARE – BASIC

The calculation of the basic earnings per share is based on the profit for the period of HK\$120,900,680 (*six months ended 31st December, 2012: HK\$134,020,002*) and on the weighted average number of 948,860,215 (*six months ended 31st December, 2012: 932,316,653*) 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, 2013, the Group spent approximately HK\$7,197,000 (*six months ended 31st December, 2012: HK\$3,270,000*) on property, plant and equipment.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2013

### 12. INTERESTS IN ASSOCIATES

	<b>31st December, 2013 HK\$</b>	30th June, 2013 HK\$
Cost of unlisted investments in associates	<b>1,062,961,934</b>	1,062,961,934
Deemed capital contribution to an associate	<b>1,822,475</b>	1,822,475
Share of post-acquisition profits, net of dividends received	<b>311,564,763</b>	233,973,631
	<b><u>1,376,349,172</u></b>	<b><u>1,298,758,040</u></b>

Included in the cost of investments in associates is goodwill of HK\$186,513,404 (30th June, 2013: HK\$186,513,404) arising on acquisitions of associates in prior years.

### 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, 2013 HK\$</b>	30th June, 2013 HK\$
Trade receivables		
0 – 30 days	<b>8,028,514</b>	6,091,043
31 – 60 days	<b>619,634</b>	629,972
61 – 90 days	<b>176</b>	1,243
	<b><u>8,648,324</u></b>	<b><u>6,722,258</u></b>
Other receivables	<b>5,823,103</b>	4,884,859
	<b><u>14,471,427</u></b>	<b><u>11,607,117</u></b>

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

For the six months ended 31st December, 2013

### 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, 2013 HK\$</b>	30th June, 2013 HK\$
Trade payables within 30 days	<b>10,674,447</b>	7,646,790
Renovation cost payable	<b>145,048</b>	145,048
Other payables ( <i>Note</i> )	<b>18,750,618</b>	12,556,825
	<b><u>29,570,113</u></b>	<b><u>20,348,663</u></b>

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

### 15. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

<b>Financial assets</b>	<b>Fair value as at 31.12.2013</b>	<b>Fair value hierarchy</b>	<b>Valuation technique and key inputs</b>
Available-for-sale financial assets	599,377,524	Level 1	Quoted price from direct market comparable

There were no transfers between Level 1 and 2 in the current and prior periods.

The Directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 14th March, 2014 to Tuesday, 18th March, 2014, 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, 18th March, 2014.

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, 13th March, 2014.

## 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, 2013, 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:

### (A) 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	455,576,939 <i>(Note)</i>	Beneficial owner of 267,042 shares, spouse interest in 792,424 shares and trustee interest in 454,517,473 shares of the Company in the capacity as one of the co-executors of the estate of the late Mr. Ng Teng Fong	47.92%
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. Daryl Ng Win Kong	—	—	—
Mr. Nicholas Yim Kwok Ming	—	—	—



## DIRECTORS' INTERESTS (Continued)

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

Note:

The trustee interest in 454,517,473 shares comprises:

- (a) 412,490,775 shares which were held through companies 100% controlled by the co-executors of the estate of the late Mr. Ng Teng Fong, namely, 40,009,591 shares by Fanlight Investment Limited, 56,895 shares by Garford Nominees Limited, 17,116,785 shares by Karaganda Investments Inc., 53,856,507 shares by Nippomo Limited, 1,543,209 shares by Orient Creation Limited, 108,861,117 shares by Strathallan Investment Limited, 4,681,559 shares by Strong Investments Limited, 161,655,948 shares by Tamworth Investment Limited and 24,709,164 shares by Transpire Investment Limited;
- (b) 1,852,949 shares which 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 71.97% control; and
- (c) 40,173,749 shares which were held by the co-executors of the estate of the late Mr. Ng Teng Fong.

### (B) 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, 2013, 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, 2013, 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	457,369,884 <i>(Notes 1, 2, 3 and 4)</i>	Interest of controlled corporations in 2,852,411 shares and trustee interest in 454,517,473 shares of the Company in the capacity as one of the co-executors of the estate of the late Mr. Ng Teng Fong	48.10%
Mr. Robert Ng Chee Siong	455,576,939 <i>(Notes 2, 3 and 4)</i>	Beneficial owner of 267,042 shares, spouse interest in 792,424 shares and trustee interest in 454,517,473 shares of the Company in the capacity as one of the co-executors of the estate of the late Mr. Ng Teng Fong	47.92%
Tamworth Investment Limited	161,655,948 <i>(Note 3)</i>	Beneficial owner	17.00%
Strathallan Investment Limited	108,861,117 <i>(Note 3)</i>	Beneficial owner	11.45%
Name of Other Shareholder	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Share Capital
Nippomo Limited	53,856,507 <i>(Note 3)</i>	Beneficial owner	5.66%

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

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

Notes:

1. 2,852,411 shares were held by Bestdeal Contractors Pte Ltd which was 100% controlled by Mr. Philip Ng Chee Tat.
2. The trustee interest in 454,517,473 shares comprises:
  - (a) 412,490,775 shares which were held through companies 100% controlled by the co-executors of the estate of the late Mr. Ng Teng Fong, namely, 40,009,591 shares by Fanlight Investment Limited, 56,895 shares by Garford Nominees Limited, 17,116,785 shares by Karaganda Investments Inc., 53,856,507 shares by Nippomo Limited, 1,543,209 shares by Orient Creation Limited, 108,861,117 shares by Strathallan Investment Limited, 4,681,559 shares by Strong Investments Limited, 161,655,948 shares by Tamworth Investment Limited and 24,709,164 shares by Transpire Investment Limited;
  - (b) 1,852,949 shares which 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 71.97% control; and
  - (c) 40,173,749 shares which 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 refer to the same parcel of shares and were duplicated.

Save as disclosed above and so far as the Directors of the Company are aware, as at 31st December, 2013, 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 a Non-Executive Director of Power Assets Holdings Limited; and
- appointed as a Non-Executive Director of HK Electric Investments Manager Limited (as trustee-manager of HK Electric Investments) and HK Electric Investments Limited.

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

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

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

- ceased to be a member of the Executive Council of World Wide Fund for Nature Hong Kong;
- appointed as a member of the Social Welfare Advisory Committee;
- appointed as a member of the Executive Committee of Hong Kong Sheng Kung Hui Welfare Council Limited; and
- appointed as a member of Friends of Hong Kong Association Limited.

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\$538,740.

The basis of determining the Directors' emoluments (including bonus payments) remain unchanged during the six months ended 31st December, 2013.

Save as disclosed above, as at 31st December, 2013, 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 Directors 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 currently 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 Committee is provided with sufficient resources to perform its duties.

The Committee currently 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 Audit 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 Committee is provided with sufficient resources enabling it to discharge its duties.

The Committee currently 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 2014, 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, 2013.

## **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 Compliance Committee currently comprises the Executive Director Mr. Daryl Ng Win Kong (Committee Chairman), the other Executive Directors of the Company, the Chief Financial Officer and Head of Legal and Company Secretarial Departments, the Head of Internal Audit Department, other 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, 2013. 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, 2013, 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 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 the industry practices.

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

Hong Kong, 26th February, 2014

# 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 8 to 21, which comprise the condensed consolidated statement of financial position as of 31st December, 2013 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  
26th February, 2014

