



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

2015-2016
INTERIM REPORT
二零一五至二零一六年度
中期報告書

STOCK CODE: 1221



CONRAD HOTEL HONG KONG - GOLDEN LEAF
香港港麗酒店-金葉庭

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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	20
PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES	20
DIRECTORS' INTERESTS	20
SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS	22
DISCLOSURE OF DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES	24
REMUNERATION COMMITTEE	24
NOMINATION COMMITTEE	25
AUDIT COMMITTEE	25
COMPLIANCE COMMITTEE	25
CODES FOR DEALING IN THE COMPANY'S SECURITIES	26
COMPLIANCE WITH CORPORATE GOVERNANCE CODE	26
REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	27

CORPORATE INFORMATION

Board of Directors

Robert Ng Chee Siong, Chairman
Ronald Joseph Arculli, GBM, CVO, GBS, OBE, JP[#]
Gilbert Lui Wing Kwong[#]
Peter Wong Man Kong, BBS, JP*
Adrian David Li Man-kiu, JP*
Steven Ong Kay Eng*
Wong Cho Bau, JP*
Daryl Ng Win Kong, JP
Giovanni Viterale

([#] 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, JP

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

Principal Bankers

Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking
Corporation Limited
Hang Seng Bank Limited
China Construction Bank (Asia)
Corporation 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
Level 22, Hopewell Centre,
183 Queen's Road East,
Hong Kong
Telephone : (852) 2980 1333
Fax : (852) 2861 1465
Email : sinohotels1221-ecom@hk.tricorglobal.com

Shareholders' Calendar

**Closure of Register
of Members for
dividend entitlement** 10th to 14th March, 2016
(both dates inclusive)

**Record Date for
interim dividend
entitlement** 14th March, 2016

**Last Date for lodging
form of election
for scrip dividend** 7th April, 2016
4:30 p.m.

Interim Dividend HK4 cents per share
Payable 20th April, 2016

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, 2015 ("Interim Period") was HK\$85.1 million (2014: HK\$112.7 million). Turnover of the Group for the Interim Period was HK\$152.3 million (2014: HK\$167.7 million). Earnings per share for the Interim Period was 8.53 cents (2014: 11.66 cents).

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

DIVIDEND

The Directors have declared an interim dividend of 4 cents per share payable on 20th April, 2016 to the shareholders whose names appear on the Register of Members of the Company on 14th March, 2016.

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 the shareholders together with a form of election for the scrip dividend on or about 18th March, 2016. It is expected that the interim dividend warrants and share certificates will be despatched to the shareholders on or about 20th April, 2016.

REVIEW OF OPERATIONS

According to the Hong Kong Tourism Board and figures released in the Policy Address on 13th January, 2016, visitor arrivals to Hong Kong was 59.3 million in 2015, representing a decrease of 2.5% from 60.8 million in 2014. Overall business of the Group's hotels, namely City Garden Hotel, The Royal Pacific Hotel & Towers and Conrad Hong Kong was affected by the strengthening of US\$ against other currencies and keen competition in room rates.

Occupancy rates for City Garden Hotel, The Royal Pacific Hotel & Towers and Conrad Hong Kong for the Interim Period were 89.6%, 96.3% and 85.7% compared with 92.2%, 95.8% and 85.0% respectively for the corresponding period in 2014.

The turnovers of City Garden Hotel, The Royal Pacific Hotel & Towers and Conrad Hong Kong during the Interim Period were HK\$139.2 million, HK\$209.4 million and HK\$387.3 million respectively compared with HK\$155.0 million, HK\$229.7 million and HK\$397.3 million for the corresponding period in 2014.

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, 2015.

CHAIRMAN'S STATEMENT *(Continued)*

FINANCE

As at 31st December, 2015, the Group had cash and bank deposits of HK\$756.6 million and had no debt outstanding.

There was no material change in the capital structure of the Group for the Interim Period. Foreign exchange exposure is kept at a low level. As at 31st December, 2015, 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, 2015.

EMPLOYEE PROGRAMMES

Hospitality industry is both labour and capital intensive. It relies on people to deliver the service and maintain the facilities in good condition. A team of engaged and well-trained staff is the key contributing factor to building customer loyalty and making our hotels the preferred choice for our customers. Therefore, investment in human capital through a spectrum of employee training programmes specifically designed to cater to the needs of management and staff is of paramount importance to the Group. New programmes are constantly added and their contents are improved based on feedback from staff and regular review by management. An in-house training programme named Manager Development Programme has been introduced and aims to develop staff's leadership and management skills so that they can take on more senior roles and responsibilities. Job rotation, internal transfer and promotion within the hotel and across the hotels within the Group, are encouraged to retain talent and to develop our staff's abilities so that they can deliver their service in a professional manner. Further, the Group will continue to review and enhance its employee compensation and benefits to stay competitive and make the Group the preferred employer within the industry.

CORPORATE SOCIAL RESPONSIBILITY

The Group's corporate social responsibility practices comprise three major areas, namely environmental management, community engagement and heritage conservation.

Environmental Management

As far as environment management is concerned, the Group's key objectives are to minimise our carbon footprint and adopt practices that are sustainable to the environment. Regular reviews of such practices targeted to improve efficiency of water and energy consumption as well as reduce wastage by collaborating with internal and external stakeholders are carried out and results are closely monitored.

CHAIRMAN'S STATEMENT *(Continued)*

CORPORATE SOCIAL RESPONSIBILITY *(Continued)*

Community Engagement

As a committed corporate citizen, the Group is active in organising activities and events to serve the underprivileged and needy. One of these events is the 'Hearty Soup Delivery Service' in which soup is made and delivered to elderly people and low-income groups. In collaboration with Foodlink and Food Angel, the Group has participated in the 'Food Donation Programme' where cooked meals are given to the families in need on a weekly basis. The Group continues to provide employment opportunities to the disadvantaged in collaboration with Hong Chi Association and The Hong Kong Society for the Deaf.

Tai O Heritage Hotel

In March 2008, the Ng Teng Fong Family, the major shareholder of the Group, set up a non-profit-making organisation, Hong Kong Heritage Conservation Foundation Limited ("HCF"). HCF revitalised and converted the Old Tai O Police Station, a Grade II historic building, into a boutique hotel. Named Tai O Heritage Hotel ("Hotel"), it is home to nine colonial-style rooms and suites and commenced operation in March 2012. The Hotel, operated by HCF as a non-profit-making social enterprise, is part of the HKSAR Government's 'Revitalising Historic Buildings Through Partnership Scheme'. To raise public awareness on the importance of conserving heritage buildings, daily guided tours are conducted for the public and charity groups to visit the Hotel. The Hotel is an award winner of the '2013 UNESCO Asia-Pacific Awards for Cultural Heritage Conservation'. In recognition of its contributions to heritage conservation in Hong Kong, HCF was honoured by the American Institute of Architects Hong Kong Chapter with a 'Citation Award' in November 2014.

INDUSTRY OUTLOOK AND PROSPECTS

2015 was a challenging year for tourism and the hospitality industry in Hong Kong as there were multiple reasons affecting visitor arrivals to Hong Kong. With global economic growth turning weaker in 2015 and countries around the world stepping up their efforts to attract tourists, business and leisure travellers to Hong Kong have both reduced. Strengthening of the US\$ against other currencies has made shopping and travelling to Hong Kong less appealing. Under difficult market conditions, it is important for the Group to stay focus and improve the quality of the facilities and service of our hotels. At the same time, the Group will continue to strengthen its marketing efforts to extend its customer base and be prepared for any changes from global economic environment.

The Central Government's "One Belt, One Road" initiative will offer immense business opportunities for the years to come. One of which is the development of tourism industry in the nations along the "One Belt, One Road". This initiative can capitalise on the Silk Road Programme promoted by the United National World Tourism Organisation. The areas along the Silk Road have very rich and diverse cultural heritage and local attractions. The establishment of the Asian Infrastructure Investment Bank will facilitate the development of "One Belt, One Road" initiative. Hong Kong has important roles to play as far as the "One Belt, One Road" initiative is concerned and it will benefit a wide range of businesses in Hong Kong.

CHAIRMAN'S STATEMENT *(Continued)*

INDUSTRY OUTLOOK AND PROSPECTS *(Continued)*

The Group attaches significant importance to market positioning and branding. To accomplish these objectives, regular upgrade of hotel facilities and renovation is carried out where necessary. During the Interim Period, City Garden Hotel, Royal Pacific Hotel and Conrad Hong Kong continued to carry out improvement works to upgrade their facilities in the hotels. The Group will continuously review and improve the quality of the service to meet the needs of customers and ensure our discerning guests have enjoyable stays in our hotels.

STAFF AND MANAGEMENT

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

Robert NG Chee Siong
Chairman

Hong Kong, 24th February, 2016

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 31st December, 2015

		Six months ended	
		31st December, 2015	31st December, 2014
	<i>Notes</i>	HK\$	HK\$
		(Unaudited)	(Unaudited)
Revenue	3, 4	152,307,281	167,760,825
Direct expenses		(56,546,449)	(56,144,017)
Other expenses		(43,600,908)	(42,905,836)
Marketing costs		(4,791,242)	(6,053,687)
Administrative expenses		(20,690,456)	(15,429,670)
Finance income	5	3,452,355	3,090,779
Finance costs	6	(11,013)	(4,066)
Finance income, net		3,441,342	3,086,713
Share of results of associates		61,902,507	71,875,754
		92,022,075	122,190,082
Profit before taxation	7	92,022,075	122,190,082
Income tax expense	8	(6,888,656)	(9,402,596)
		85,133,419	112,787,486
Profit for the period attributable to the Company's shareholders		85,133,419	112,787,486
Earnings per share – Basic	10	8.53 cents	11.66 cents

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31st December, 2015

	Six months ended	
	31st December, 2015 HK\$ (Unaudited)	31st December, 2014 HK\$ (Unaudited)
Profit for the period	<u>85,133,419</u>	<u>112,787,486</u>
Other comprehensive (expense) income		
Item that may be subsequently reclassified to profit or loss: (Loss) gain on fair value changes of available-for-sale financial assets	<u>(123,090,836)</u>	<u>28,544,860</u>
Other comprehensive (expense) income for the period	<u>(123,090,836)</u>	<u>28,544,860</u>
Net comprehensive (expense) income for the period attributable to the Company's shareholders	<u>(37,957,417)</u>	<u>141,332,346</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December, 2015

		31st December, 2015 HK\$ (Unaudited)	30th June, 2015 HK\$ (Audited)
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	11	1,379,619,804	1,390,299,317
Interests in associates	12	1,364,490,555	1,302,588,048
Available-for-sale financial assets		512,364,524	621,601,918
		3,256,474,883	3,314,489,283
CURRENT ASSETS			
Hotel inventories		606,578	563,806
Trade and other receivables	13	15,744,656	15,539,461
Amounts due from associates		1,223,129	62,025,977
Bank balances and cash		756,603,071	673,307,471
		774,177,434	751,436,715
CURRENT LIABILITIES			
Trade and other payables	14	29,862,138	21,540,794
Amounts due to associates		3,880,714	1,246,376
Taxation payable		6,837,073	14,085,740
		40,579,925	36,872,910
NET CURRENT ASSETS		733,597,509	714,563,805
TOTAL ASSETS LESS CURRENT LIABILITIES		3,990,072,392	4,029,053,088
CAPITAL AND RESERVES			
Share capital		1,012,652,656	995,834,245
Reserves		2,970,903,683	3,026,792,157
EQUITY ATTRIBUTABLE TO THE COMPANY'S SHAREHOLDERS		3,983,556,339	4,022,626,402
NON-CURRENT LIABILITY			
Deferred taxation		6,516,053	6,426,686
		6,516,053	6,426,686
		3,990,072,392	4,029,053,088

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31st December, 2015

	Share capital HK\$	Share premium HK\$	Investment revaluation reserve HK\$	Distributable reserve HK\$	Retained profits HK\$	Total HK\$
At 1st July, 2014 (audited)	964,921,928	360,750,995	216,376,590	1,060,975,330	1,231,079,983	3,834,104,826
Profit for the period	-	-	-	-	112,787,486	112,787,486
Gain on fair value changes of available-for-sale financial assets	-	-	28,544,860	-	-	28,544,860
Other comprehensive income for the period	-	-	28,544,860	-	-	28,544,860
Total comprehensive income for the period	-	-	28,544,860	-	112,787,486	141,332,346
Sub-total	964,921,928	360,750,995	244,921,450	1,060,975,330	1,343,867,469	3,975,437,172
Shares issued pursuant to scrip dividend scheme for final dividend in respect of the year ended 30th June, 2014	15,324,574	22,281,930	-	-	-	37,606,504
Share issue expenses	-	(123,248)	-	-	-	(123,248)
Dividend	-	-	-	(38,596,877)	-	(38,596,877)
At 31st December, 2014 (unaudited)	980,246,502	382,909,677	244,921,450	1,022,378,453	1,343,867,469	3,974,323,551
Profit for the period	-	-	-	-	91,177,237	91,177,237
Reclassification adjustments upon disposal of available-for-sale financial assets	-	-	3,165,098	-	-	3,165,098
Loss on fair value changes of available-for-sale financial assets	-	-	(44,902,706)	-	-	(44,902,706)
Other comprehensive expense for the period	-	-	(41,737,608)	-	-	(41,737,608)
Net comprehensive (expense) income for the period	-	-	(41,737,608)	-	91,177,237	49,439,629
Subtotal	980,246,502	382,909,677	203,183,842	1,022,378,453	1,435,044,706	4,023,763,180
Shares issued pursuant to scrip dividend scheme for interim dividend in respect of the year ended 30th June, 2015	15,587,743	22,633,403	-	-	-	38,221,146
Share issue expenses	-	(148,064)	-	-	-	(148,064)
Dividends	-	-	-	(39,209,860)	-	(39,209,860)
At 30th June, 2015 (audited)	995,834,245	405,395,016	203,183,842	983,168,593	1,435,044,706	4,022,626,402
Profit for the period	-	-	-	-	85,133,419	85,133,419
Loss on fair value changes of available-for-sale financial assets	-	-	(123,090,836)	-	-	(123,090,836)
Other comprehensive expense for the period	-	-	(123,090,836)	-	-	(123,090,836)
Net comprehensive (expense) income for the period	-	-	(123,090,836)	-	85,133,419	(37,957,417)
Sub-total	995,834,245	405,395,016	80,093,006	983,168,593	1,520,178,125	3,984,668,985
Shares issued pursuant to scrip dividend scheme for final dividend in respect of the year ended 30th June, 2015	16,818,411	22,032,119	-	-	-	38,850,530
Share issue expenses	-	(129,806)	-	-	-	(129,806)
Dividend	-	-	-	(39,833,370)	-	(39,833,370)
At 31st December, 2015 (unaudited)	1,012,652,656	427,297,329	80,093,006	943,335,223	1,520,178,125	3,983,556,339

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31st December, 2015

	Six months ended	
	31st December, 2015 HK\$ (Unaudited)	31st December, 2014 HK\$ (Unaudited)
Net cash from operating activities	<u>38,730,253</u>	<u>53,592,818</u>
Net cash from investing activities		
Purchase of property, plant and equipment	(11,974,120)	(11,054,050)
Proceeds on disposal of property, plant and equipment	244,110	—
Additions to available-for-sale financial assets	(10,963,543)	—
Repayments from associates	60,802,848	85,699,556
Other investing cash flows	<u>4,945,373</u>	<u>1,925,779</u>
	<u>43,054,668</u>	<u>76,571,285</u>
Net cash from (used in) financing activities		
Advances from associates	2,634,338	83,254
Dividend paid	(982,840)	(990,373)
Other financing cash flows	<u>(140,819)</u>	<u>(127,314)</u>
	<u>1,510,679</u>	<u>(1,034,433)</u>
Net increase in cash and cash equivalents	83,295,600	129,129,670
Cash and cash equivalents at the beginning of the period	<u>673,307,471</u>	<u>428,631,752</u>
Cash and cash equivalents at the end of the period, represented by bank balances and cash	<u>756,603,071</u>	<u>557,761,422</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31st December, 2015

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.

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, 2015.

3. REVENUE

	Six months ended	
	31st December,	31st December,
	2015	2014
	HK\$	HK\$
Hotel operation	139,186,532	155,032,681
Clubhouse operation and hotel management	10,188,514	9,936,499
Dividend income from available-for-sale financial assets	2,932,235	2,791,645
	<u>152,307,281</u>	<u>167,760,825</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2015

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, 2015 HK\$	31st December, 2014 HK\$	31st December, 2015 HK\$	31st December, 2014 HK\$
Hotel operation				
– City Garden Hotel	139,186,532	155,032,681	55,911,202	70,071,155
Investment holding	2,932,235	2,791,645	2,931,086	2,778,893
Hotel operation				
– share of results of associates	–	–	125,719,539	136,888,289
Others – clubhouse operation and hotel management	10,188,514	9,936,499	1,484,880	1,405,156
	<u>152,307,281</u>	<u>167,760,825</u>		
 Total segment results			186,046,707	211,143,493
 Administrative and other expenses			(33,648,942)	(27,027,589)
Finance income, net			3,441,342	3,086,713
Share of results of associates				
– administrative and other expenses			(51,409,924)	(51,077,153)
– finance income, net			241,433	375,548
– income tax expense			(12,648,541)	(14,310,930)
			<u>(63,817,032)</u>	<u>(65,012,535)</u>
 Profit before taxation			<u>92,022,075</u>	<u>122,190,082</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2015

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, 2014: nil).

Segment results represent the profit earned by each segment without allocation of certain administrative and other expenses and net 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, net 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, 2015	31st December, 2014
	HK\$	HK\$
Interest income on bank deposits	<u>3,452,355</u>	<u>3,090,779</u>

6. FINANCE COSTS

	Six months ended	
	31st December, 2015	31st December, 2014
	HK\$	HK\$
Interest and other finance costs on other unsecured loans	<u>11,013</u>	<u>4,066</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2015

7. PROFIT BEFORE TAXATION

	Six months ended	
	31st December, 2015	31st December, 2014
	HK\$	HK\$
Profit before taxation has been arrived at after charging:		
Cost of hotel inventories consumed (included in direct expenses)	15,008,379	14,599,758
Depreciation of property, plant and equipment (included in other expenses)	22,650,420	21,238,333

8. INCOME TAX EXPENSE

	Six months ended	
	31st December, 2015	31st December, 2014
	HK\$	HK\$
Income tax expense (credit) comprises:		
Hong Kong Profits Tax calculated at 16.5% (2014: 16.5%) on the estimated assessable profit	6,799,289	9,874,035
Deferred taxation	89,367	(471,439)

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, 2015

9. DIVIDEND

	Six months ended	
	31st December, 2015	31st December, 2014
	HK\$	HK\$
Final dividend for the year ended 30th June, 2015: HK4.0 cents (2014: HK4.0 cents) per share	39,833,370	38,596,877

Subsequent to 31st December, 2015, the Directors determined that an interim dividend for the six months ended 31st December, 2015 of HK4.0 cents (*six months ended 31st December, 2014: HK4.0 cents*) per share amounting to HK\$40,506,106 (*six months ended 31st December, 2014: HK\$39,209,860*) in total would be paid to the shareholders of the Company whose names appear on the Register of Members on 14th March, 2016.

10. EARNINGS PER SHARE – BASIC

The calculation of the basic earnings per share is based on the profit for the period of HK\$85,133,419 (*six months ended 31st December, 2014: HK\$112,787,486*) and on the weighted average number of 998,484,973 (*six months ended 31st December, 2014: 967,337,214*) 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 31st December, 2015

11. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31st December, 2015, the Group spent approximately HK\$11,974,000 (*six months ended 31st December, 2014: HK\$11,054,000*) on property, plant and equipment.

12. INTERESTS IN ASSOCIATES

	31st December, 2015	30th June, 2015
	<i>HK\$</i>	<i>HK\$</i>
Cost of unlisted investments in associates	1,062,961,934	1,062,961,934
Deemed capital contribution to an associate	1,822,475	1,822,475
Share of post-acquisition profits, net of dividends received	299,706,146	237,803,639
	<u>1,364,490,555</u>	<u>1,302,588,048</u>

Included in the cost of investments in associates is goodwill of HK\$186,513,404 (*30th June, 2015: 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:

	31st December, 2015	30th June, 2015
	<i>HK\$</i>	<i>HK\$</i>
Trade receivables		
0 – 30 days	7,829,518	5,204,088
31 – 60 days	1,165,400	544,503
61 – 90 days	140,038	28,805
> 90 days	51,642	58,299
	<u>9,186,598</u>	<u>5,835,695</u>
Other receivables	6,558,058	9,703,766
	<u>15,744,656</u>	<u>15,539,461</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 31st December, 2015

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:

	31st December, 2015 HK\$	30th June, 2015 HK\$
Trade payables within 30 days	9,699,070	7,104,468
Other payables (<i>Note</i>)	20,163,068	14,436,326
	<u>29,862,138</u>	<u>21,540,794</u>

Note: Other payables mainly comprise accruals for staff bonus and certain operating 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

The Group's available-for-sale 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).

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique and key inputs
	31.12.2015 HK\$	30.06.2015 HK\$		
Available-for-sale financial assets	<u>512,364,524</u>	<u>621,601,918</u>	Level 1	Quoted price from direct market comparable

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

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 10th March, 2016 to Monday, 14th March, 2016, both dates inclusive, during which period no transfer of shares will be effected. The record date for the interim dividend is at the close of business on Monday, 14th March, 2016.

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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 9th March, 2016.

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, 2015, 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 ("Stock Exchange") 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 ("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 Shares
Mr. Robert Ng Chee Siong	486,068,668 <i>(Note)</i>	Beneficial owner of 284,913 shares, spouse interest in 845,459 shares and trustee interest in 484,938,296 shares of the Company in the capacity as one of the co-executors of the estate of the late Mr. Ng Teng Fong	47.99%
The Honourable Ronald Joseph Arculli	286,123	Beneficial owner	0.02%
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. Giovanni Viterale	—	—	—

DIRECTORS' INTERESTS (Continued)

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

Note:

The trustee interest in 484,938,296 shares comprises:

- (a) 440,098,757 shares which were held through companies 100% controlled by the co-executors of the estate of the late Mr. Ng Teng Fong, namely, 42,687,431 shares by Fanlight Investment Limited, 60,701 shares by Garford Nominees Limited, 18,262,408 shares by Karaganda Investments Inc., 57,461,121 shares by Nippomo Limited, 1,646,494 shares by Orient Creation Limited, 116,147,189 shares by Strathallan Investment Limited, 4,994,893 shares by Strong Investments Limited, 172,475,575 shares by Tamworth Investment Limited and 26,362,945 shares by Transpire Investment Limited;
- (b) 1,976,963 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 71.99% control; and
- (c) 42,862,576 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 Corporation	Number of Ordinary Shares	% of Issued Shares
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, 2015, 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 pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS

As at 31st December, 2015, 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 Shares
Mr. Philip Ng Chee Tat	487,981,617 <i>(Notes 1, 2, 3 and 4)</i>	Interest of controlled corporations in 3,043,321 shares and trustee interest in 484,938,296 shares of the Company in the capacity as one of the co-executors of the estate of the late Mr. Ng Teng Fong	48.18%
Mr. Robert Ng Chee Siong	486,068,668 <i>(Notes 2, 3 and 4)</i>	Beneficial owner of 284,913 shares, spouse interest in 845,459 shares and trustee interest in 484,938,296 shares of the Company in the capacity as one of the co-executors of the estate of the late Mr. Ng Teng Fong	47.99%
Tamworth Investment Limited	172,475,575 <i>(Note 3)</i>	Beneficial owner	17.03%
Strathallan Investment Limited	116,147,189 <i>(Note 3)</i>	Beneficial owner	11.46%
Name of Other Shareholder	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Shares
Nippomo Limited	57,461,121 <i>(Note 3)</i>	Beneficial owner	5.67%

SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS (Continued)

Long Positions in Shares of the Company (Continued)

Notes:

1. 3,043,321 shares were held by Far East Ventures Pte. Ltd. which was 100% controlled by Mr. Philip Ng Chee Tat.
2. The trustee interest in 484,938,296 shares comprises:
 - (a) 440,098,757 shares which were held through companies 100% controlled by the co-executors of the estate of the late Mr. Ng Teng Fong, namely, 42,687,431 shares by Fanlight Investment Limited, 60,701 shares by Garford Nominees Limited, 18,262,408 shares by Karaganda Investments Inc., 57,461,121 shares by Nippomo Limited, 1,646,494 shares by Orient Creation Limited, 116,147,189 shares by Strathallan Investment Limited, 4,994,893 shares by Strong Investments Limited, 172,475,575 shares by Tamworth Investment Limited and 26,362,945 shares by Transpire Investment Limited;
 - (b) 1,976,963 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 71.99% control; and
 - (c) 42,862,576 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, 2015, 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

- retired as the Chairman of Hong Kong Arts Festival Society Limited.

Mr. Daryl Ng Win Kong

- retired as a member of Executive Committee of The Boys' & Girls' Clubs Association of Hong Kong; and
- appointed as a member of the Council of the University of Hong Kong.

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

Directors' Emoluments

The basis of determining the Directors' emoluments (including bonus payments) remain unchanged during the six months ended 31st December, 2015.

Save as disclosed above, as at 31st December, 2015, 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 has established its Remuneration Committee with written terms of reference which are available at the Company's website www.sino.com and the Stock 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 meets at least once a year and is provided with sufficient resources enabling it to discharge its duties.

The Remuneration 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 has established its Nomination Committee with written terms of reference which are available at the Company's website www.sino.com and the Stock Exchange's website.

The Nomination Committee is responsible for regularly reviewing the structure, size and composition of the Board and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy. Its duties include making recommendations 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 independence. The Committee meets at least once a year and is provided with sufficient resources enabling it to discharge its duties.

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

AUDIT COMMITTEE

The Company has set up its Audit Committee with written terms of reference which are available at the Company's website www.sino.com and the Stock 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 meets at least four times a year and is provided with sufficient resources enabling it to discharge its duties.

The Audit 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 2016, 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, 2015.

COMPLIANCE COMMITTEE

The Company has set up its Compliance Committee with written terms of reference 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. The Company has made specific enquiries of all Directors who held such offices during the period under review. All of them confirmed their compliance with the required standard set out in the Directors Dealing Code during the six months ended 31st December, 2015. 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, 2015, the Company has complied with all the code provisions as set out in Appendix 14 to the Listing Rules, except that there was no separation of the roles of the chairman and the chief executive, both of the roles are currently undertaken by the Chairman of the Board.

The Board is of the view that the current management structure has been effective in facilitating the Company's operation and business development and that necessary checks and balances consistent with sound corporate governance practices are in place. The implementation of strategies and policies of the Board and the operations of each business unit are overseen and monitored by designated responsible Executive Directors. The Board has found that the current arrangement has worked effectively in enabling it to discharge its responsibilities satisfactorily. In addition, the 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, 24th February, 2016

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 19, which comprise the condensed consolidated statement of financial position as of 31st December, 2015 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 these condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
24th February, 2016

