

2017-2018
Interim Report
二零一七至二零一八年度
中期報告

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. 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 Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong or by email at sinohotels1221-ecom@hk.tricorglobal.com.

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CORPORATE INFORMATION

Board of Directors

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

(# Non-Executive Directors)

(* Independent Non-Executive Directors)

Audit Committee

Steven Ong Kay Eng, Chairman
Gilbert Lui Wing Kwong
Peter Wong Man Kong, BBS, JP

Nomination Committee

Robert Ng Chee Siong, Chairman
Peter Wong Man Kong, BBS, JP
Steven Ong Kay Eng (appointed on 26th October, 2017)

Remuneration Committee

Steven Ong Kay Eng, Chairman
Peter Wong Man Kong, BBS, 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

Shareholders' Calendar

Closure of Register of Members for dividend entitlement	15th to 19th March, 2018 (both dates inclusive)
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Record Date for interim dividend entitlement	19th March, 2018
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Last Date for lodging form of election for scrip dividend	11th April, 2018 4:30 p.m.
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Interim Dividend Payable	HK4.5 cents per share 23rd April, 2018
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Principal Bankers

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

Investor Relations Contact

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Fax : (852) 2369 1236
Email : investorrelations@sino.com

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Fax : (852) 2723 5901
Website : www.sino.com
Email : info@sino.com

Registered Office

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KY1-1104, Cayman Islands

Principal Registrars

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183 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
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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, 2017 ("Interim Period") was HK\$104.5 million (2016: HK\$90.3 million). Turnover of the Group for the Interim Period was HK\$158.1 million (2016: HK\$155.4 million). Earnings per share for the Interim Period was 9.84 cents (2016: 8.76 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 4.5 cents per share payable on 23rd April, 2018 to the shareholders whose names appear on the Register of Members of the Company on 19th March, 2018.

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 22nd March, 2018. It is expected that the interim dividend warrants and share certificates will be despatched to the shareholders on or about 23rd April, 2018.

REVIEW OF OPERATIONS

According to the Hong Kong Tourism Board, visitor arrivals to Hong Kong were 58.4 million in 2017, representing an increase of 3.2% from 56.6 million in 2016. Visitors from China increased from 42.8 million in 2016 to 44.4 million in 2017 and visitors who stayed overnight increased 5.0% year-on-year. The increase in visitor arrivals was mainly attributable to the growth of visitors from short-haul markets such as South Korea and Japan in addition to China market. Not only have visitor arrivals continued to grow, the number of hotels in Hong Kong has also been increasing causing competition among hotels to remain strong. The Group will continue to adopt a proactive approach to optimise earnings going forward.

Occupancy rates for City Garden Hotel, The Royal Pacific Hotel & Towers and Conrad Hong Kong for the Interim Period were 90.8%, 94.3% and 90.8% compared with 91.4%, 96.8% and 88.5% respectively for the corresponding period in 2016.

The turnovers of City Garden Hotel, The Royal Pacific Hotel & Towers and Conrad Hong Kong during the Interim Period were HK\$144.0 million, HK\$211.9 million and HK\$426.5 million respectively compared with HK\$143.3 million, HK\$208.1 million and HK\$395.0 million for the corresponding period in 2016.

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, 2017.

CHAIRMAN'S STATEMENT *(Continued)*

FINANCE

As at 31st December, 2017, the Group had cash and bank deposits of HK\$1,038.6 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, 2017, 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, 2017.

EMPLOYEE PROGRAMMES

The hospitality industry relies heavily on people to provide consistent and good quality of service to the customers. A team of engaged and well-trained staff is the key to build good customer relations. Therefore, continuous training, knowledge and experience sharing, job rotation and promotion are important to help staff strengthen their know-how and improve their efficiency. An in-house leadership development programme named LEAD Programme has recently been introduced. The aim of the programme is to develop staff at the supervisory level with the required management skillset so that they can perform their job better. Participants who completed the programme will be able to broaden their scope of work and pursue career advancement within the Group. Another advanced level of training programme named the Manager Development Programme has also been established for managerial staff.

Management will continuously conduct regular reviews of staff feedback via the Employee Experience Survey and Full Staff Meetings. Various engagement programmes continue to be rolled out to ensure that the Group stays competitive and be the preferred employer in the industry.

CORPORATE SOCIAL RESPONSIBILITY

The Group is committed to incorporating sustainability initiatives in the operations and management of its hotels. The initiatives aim to protect the environment, engage the community, facilitate social integration and conserve cultural heritage.

Environmental Management

The Group places strong emphasis on environmental management in its operations by actively pursuing a culture of protecting the environment through energy conservation, pollution prevention and waste reduction.

On the energy conservation side, in support of Energy Saving Plan promoted by the Environment Bureau of the HKSAR Government, the Group has been actively developing facilities for green transport. City Garden Hotel has installed electric vehicle charging stations at the hotel's car-parking area, providing free charging service to customers. On the waste reduction area, specific focus has been placed on reducing the use of plastic packing and materials.

CHAIRMAN'S STATEMENT *(Continued)*

CORPORATE SOCIAL RESPONSIBILITY *(Continued)*

Community Engagement

As a committed corporate citizen, the Group would like to, along with other stakeholders, make contributions to build a better society by providing support and offering voluntary services to the underprivileged.

The Group has partnered with some charitable organisations such as the Foodlink Foundation and Food Angel specialising in collecting and donating food to the needy. This is called 'Food Donation Programme', which has been running since 2011. Under this programme, cooked food prepared by the Group's hotels would be distributed to underprivileged families on a weekly basis. In addition, the Group collaborates with various organisations in community service through its 'Hearty Soup Delivery Programme' ("Programme") which has been in place for a number of years. Through this Programme, the Group's staff will deliver and serve homemade soup prepared by hotels to elderly people living in certain caring homes on monthly basis.

The Group reaffirms its commitment to support social integration so that some minorities with certain physical disabilities are able to use the facilities in the Group's hotels. For example, the use of Braille menus and acceptance of guide dog for the visually impaired at the restaurants in the hotels. The Royal Pacific Hotel & Towers and City Garden Hotel have been selected as Barrier-Free Hotels by Hong Kong Council of Social Service since 2013. This is a significant accomplishment achieved by the Group.

Tai O Heritage Hotel

In March 2008, the Ng Teng Fong Family, the major shareholder of the Group, set up the non-profitmaking organisation Hong Kong Heritage Conservation Foundation Limited ("HCF"). HCF revitalized 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 and annual Open House Events are conducted for the public and charity groups to visit the Hotel. The Hotel has been providing long-term employment opportunities for Tai O inhabitants and nearby residents. Over half of the staff working at the Hotel are residents of Lantau Island or Tai O fishing village with some employed as guides for eco and cultural experience tours.

2017 marks the fifth anniversary of the Hotel. The Hotel held a series of programmes throughout the year to celebrate the milestone and to promote heritage conservation to locals and tourists. The Hotel has received more than one million visitors and guests since it opened doors five years ago and organised more than 100 community engagement programmes including traditional cultural activities, community services, and home care services for the elderly living in Tai O.

The Hotel was one of the winners of the '2013 UNESCO Asia-Pacific Awards for Cultural Heritage Conservation' and in May 2017, the Hotel received 4 awards in the International Hotels Awards 2017, namely 'Hong Kong's Best Small Hotel 2017', 'Hong Kong Best Classic Heritage Hotel 2017', 'International Five Stars Standard 2017' and is the regional winner of the 'Asia Pacific's Best Small Hotel 2017'.

Tai O Heritage Hotel also garnered three titles at the 2017 World Luxury Hotel Awards in December 2017, including Country Winner in Luxury Historical Hotel, Country Winner in Luxury Heritage Hotel and Regional Winner for East Asia in Luxury Cultural Retreat. Most notably, Tai O Heritage Hotel was the sole Hong Kong-based hotel to be named as the Regional Winner for East Asia in Luxury Cultural Retreat.

CHAIRMAN'S STATEMENT *(Continued)*

INDUSTRY OUTLOOK AND PROSPECTS

Tourism industry has always been an integral part of the economic development of a place, be it a country or city. Nationwide policies on promoting tourism and co-operation among cities in a country would bring about a more effective development, optimising the strengths and minimising competition among cities in a country to facilitate the development of multi-destination itineraries for both leisure and business travellers. A government's policies on heritage and cultural conservation, environmental protection, infrastructure development on transport network and facilities, development of theme parks and attractions and supply of hotel rooms all play an important role in developing the tourism industry. As presented in the Policy Address released in October 2017, HKSAR Government has achieved important milestones this year in promoting the tourism industry.

The HKSAR Government has taken steps to put the vision of the Belt and Road Initiative and Greater Bay Area in action. Firstly, the "Framework Agreement on Deepening Guangdong-Hong Kong-Macao Co-operation in the Development of the Bay Area" was signed in July 2017 to promote infrastructure connectivity, building a global technology and innovation hub and jointly building a quality living circle for living, working and travelling. Secondly, in August 2017, the "Agreement on Further Enhancement of Tourism Co-operation between Mainland and Hong Kong" was signed. It aims to enhance the exchanges and collaboration between China and Hong Kong. Thirdly, in December 2017, the "Arrangement between the National Development and Reform Commission and the Government of the Hong Kong Special Administrative Region for Advancing Hong Kong's Full Participation in and Contribution to the Belt and Road Initiative" and "Guangdong-Hong Kong-Macao Bay Area Travel Trade Co-operation Agreement" were signed. Both agreements set to drive further economic development and co-operation among the professional bodies in the tourism industry not only for the Belt and Road Initiative, but also for the Guangdong-Hong Kong-Macao Bay Area Development. These recent developments are expected to benefit Hong Kong's economy and tourism industry in the coming years.

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. 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

Mr. Adrian David Li Man-kiu who served the Board as an independent non-executive director since 28th April, 2005, retired from office by rotation at the conclusion of the annual general meeting of the Company held on 26th October, 2017. I would like to take this opportunity to express my heartfelt gratitude to Mr. Li for his immense contribution which has added significant value to the development and growth of the Group.

With the support of all the Directors, Mr. Daryl Ng Win Kong has been appointed as Deputy Chairman with effect from 1st November, 2017. 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, 28th February, 2018

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 31st December, 2017

		Six months ended	
		31st December,	31st December,
		2017	2016
	<i>Notes</i>	<i>HK\$</i>	<i>HK\$</i>
		(Unaudited)	(Unaudited)
Revenue	3, 4	158,120,344	155,464,725
Direct expenses		(58,357,070)	(55,307,505)
Other gains		2,507,555	–
Other expenses		(46,025,989)	(44,261,880)
Marketing costs		(5,479,309)	(4,375,751)
Administrative expenses		(15,242,990)	(20,314,139)
Finance income	5	7,705,174	5,113,447
Finance costs	6	(27,079)	(13,947)
Finance income, net		7,678,095	5,099,500
Share of results of associates		68,403,141	61,589,609
Profit before taxation	7	111,603,777	97,894,559
Income tax expense	8	(7,097,897)	(7,543,543)
Profit for the period attributable to the Company's shareholders		104,505,880	90,351,016
Earnings per share – Basic	10	9.84 cents	8.76 cents

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31st December, 2017

	Six months ended	
	31st December, 2017	31st December, 2016
	<i>HK\$</i>	<i>HK\$</i>
	(Unaudited)	(Unaudited)
Profit for the period	<u>104,505,880</u>	<u>90,351,016</u>
 Other comprehensive (expense) income		
Items have been reclassified or that may be subsequently reclassified to profit or loss:		
(Loss) gain on fair value changes of available-for-sale financial assets	(199,721,255)	42,597,682
Reclassification adjustment upon disposal of available-for-sale financial assets	<u>964,970</u>	<u>—</u>
Other comprehensive (expense) income for the period	<u>(198,756,285)</u>	<u>42,597,682</u>
(Net comprehensive expense) total comprehensive income for the period attributable to the Company's shareholders	<u>(94,250,405)</u>	<u>132,948,698</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December, 2017

	<i>Notes</i>	31st December, 2017 <i>HK\$</i> (Unaudited)	30th June, 2017 <i>HK\$</i> (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	11	1,307,120,538	1,326,293,345
Interests in associates	12	1,279,840,730	1,211,437,589
Available-for-sale financial assets		949,673,346	1,181,655,645
		3,536,634,614	3,719,386,579
CURRENT ASSETS			
Hotel inventories		649,122	464,567
Trade and other receivables	13	23,573,222	16,560,827
Amounts due from associates		37,988,388	108,932,135
Time deposits, bank balances and cash		1,038,619,231	878,422,536
		1,100,829,963	1,004,380,065
CURRENT LIABILITIES			
Trade and other payables	14	40,525,746	26,424,064
Amount due to an associate		1,529,789	1,524,045
Taxation payable		9,497,354	13,943,297
		51,552,889	41,891,406
NET CURRENT ASSETS		1,049,277,074	962,488,659
TOTAL ASSETS LESS CURRENT LIABILITIES		4,585,911,688	4,681,875,238
CAPITAL AND RESERVES			
Share capital	15	1,074,940,119	1,059,731,842
Reserves		3,506,779,671	3,617,400,819
EQUITY ATTRIBUTABLE TO THE COMPANY'S SHAREHOLDERS		4,581,719,790	4,677,132,661
NON-CURRENT LIABILITY			
Deferred taxation		4,191,898	4,742,577
		4,585,911,688	4,681,875,238

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31st December, 2017

	Share capital HK\$	Share premium HK\$	Investment revaluation reserve HK\$	Distributable reserve HK\$	Retained profits HK\$	Total HK\$
At 1st July, 2016 (audited)	1,029,406,361	449,852,677	30,249,961	902,829,117	1,600,591,609	4,012,929,725
Profit for the period	-	-	-	-	90,351,016	90,351,016
Gain on fair value changes of available-for-sale financial assets	-	-	42,597,682	-	-	42,597,682
Other comprehensive income for the period	-	-	42,597,682	-	-	42,597,682
Total comprehensive income for the period	-	-	42,597,682	-	90,351,016	132,948,698
Shares issued pursuant to scrip dividend scheme for final dividend in respect of the year ended 30th June, 2016	15,766,755	24,438,470	-	-	-	40,205,225
Share issue expenses	-	(62,933)	-	-	-	(62,933)
Dividend	-	-	-	(41,176,254)	-	(41,176,254)
At 31st December, 2016 (unaudited)	1,045,173,116	474,228,214	72,847,643	861,652,863	1,690,942,625	4,144,844,461
Profit for the period	-	-	-	-	87,561,599	87,561,599
Gain on fair value changes of available-for-sale financial assets	-	-	445,827,772	-	-	445,827,772
Other comprehensive income for the period	-	-	445,827,772	-	-	445,827,772
Total comprehensive income for the period	-	-	445,827,772	-	87,561,599	533,389,371
Shares issued pursuant to scrip dividend scheme for interim dividend in respect of the year ended 30th June, 2017	14,558,726	26,293,059	-	-	-	40,851,785
Share issue expenses	-	(146,031)	-	-	-	(146,031)
Dividends	-	-	-	(41,806,925)	-	(41,806,925)
At 30th June, 2017 (audited)	1,059,731,842	500,375,242	518,675,415	819,845,938	1,778,504,224	4,677,132,661
Profit for the period	-	-	-	-	104,505,880	104,505,880
Loss on fair value changes of available-for-sale financial assets	-	-	(199,721,255)	-	-	(199,721,255)
Reclassification adjustment upon disposal of available-for-sale financial assets	-	-	964,970	-	-	964,970
Other comprehensive expense for the period	-	-	(198,756,285)	-	-	(198,756,285)
Net comprehensive expense for the period	-	-	(198,756,285)	-	104,505,880	(94,250,405)
Shares issued pursuant to scrip dividend scheme for final dividend in respect of the year ended 30th June, 2017	15,208,277	31,465,911	-	-	-	46,674,188
Share issue expenses	-	(148,721)	-	-	-	(148,721)
Dividend	-	-	-	(47,687,933)	-	(47,687,933)
At 31st December, 2017 (unaudited)	1,074,940,119	531,692,432	319,919,130	772,158,005	1,883,010,104	4,581,719,790

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31st December, 2017

	Six months ended	
	31st December, 2017	31st December, 2016
	<i>HK\$</i>	<i>HK\$</i>
	(Unaudited)	(Unaudited)
Net cash from operating activities	53,666,202	37,402,859
Net cash used in investing activities		
Purchase of property, plant and equipment	(3,649,647)	(6,590,738)
Proceeds on disposal of property, plant and equipment	–	75
Proceeds on disposal of available-for-sale financial assets	35,495,352	–
Additions to available-for-sale financial assets	–	(103,870,294)
Additions to time deposits with original maturity more than three months	(164,166,439)	(757,111,386)
Repayments from associates	70,943,747	60,041,327
Other investing cash flows	4,924,842	4,277,934
	(56,452,145)	(803,253,082)
Net cash used in financing activities		
Advance from an associate	5,744	388,737
Dividend paid	(1,013,745)	(971,029)
Other financing cash flows	(175,800)	(76,880)
	(1,183,801)	(659,172)
Net decrease in cash and cash equivalents	(3,969,744)	(766,509,395)
Cash and cash equivalents at the beginning of the period	64,035,423	820,861,568
Cash and cash equivalents at the end of the period	60,065,679	54,352,173
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Time deposits	984,553,551	800,111,401
Bank balances and cash	54,065,680	11,352,158
Time deposits, bank balances and cash in the condensed consolidated statement of financial position	1,038,619,231	811,463,559
Less: Time deposits with original maturity more than three months	(978,553,552)	(757,111,386)
Cash and cash equivalents in the condensed consolidated statement of cash flows	60,065,679	54,352,173

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31st December, 2017

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, 2017 except as described below.

In the current interim period, the Group has applied, for the first time, the following new amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle

The application of the amendments to 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.

The application of amendments to HKAS 7 “*Disclosure Initiative*” will result in additional disclosures on the Group’s financing activities, specifically reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities which will be provided in the consolidated financial statements for the year ending 30th June, 2018.

3. REVENUE

	Six months ended	
	31st December, 2017	31st December, 2016
	HK\$	HK\$
Hotel operation	143,992,123	143,333,728
Club operation and hotel management	10,073,159	9,200,181
Dividend income from available-for-sale financial assets	4,055,062	2,930,816
	<u>158,120,344</u>	<u>155,464,725</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2017

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 The Royal Pacific Hotel & Towers
4. Others – club 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, 2017	31st December, 2016	31st December, 2017	31st December, 2016
	HK\$	HK\$	HK\$	HK\$
Hotel operation				
– City Garden Hotel	143,992,123	143,333,728	55,897,201	60,137,097
Investment holding	4,055,062	2,930,816	4,048,700	2,914,163
Hotel operation				
– share of results of associates	–	–	133,456,254	123,640,712
Others – club operation and hotel management	10,073,159	9,200,181	1,795,456	1,327,524
	158,120,344	155,464,725		
Total segment results			195,197,611	188,019,496
Other gains			2,507,555	–
Administrative and other expenses			(28,726,371)	(33,173,334)
Finance income, net			7,678,095	5,099,500
Share of results of associates				
– administrative and other expenses			(51,885,359)	(50,619,649)
– finance income			334,279	229,980
– income tax expense			(13,502,033)	(11,661,434)
			(65,053,113)	(62,051,103)
Profit before taxation			111,603,777	97,894,559

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 31st December, 2017

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, 2016: nil).

Segment results represent the profit earned by each segment without allocation of certain administrative expenses, other gains and expenses and financial 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 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, 2017 HK\$	31st December, 2016 HK\$
Interest income on time deposits and bank balances	<u>7,705,174</u>	<u>5,113,447</u>

6. FINANCE COSTS

	Six months ended	
	31st December, 2017 HK\$	31st December, 2016 HK\$
Interest on other unsecured loan	<u>27,079</u>	<u>13,947</u>

7. PROFIT BEFORE TAXATION

	Six months ended	
	31st December, 2017 HK\$	31st December, 2016 HK\$
Profit before taxation has been arrived at after charging:		
Cost of hotel inventories consumed (included in direct expenses)	14,402,731	14,468,649
Depreciation and amortisation of property, plant and equipment (included in other expenses)	<u>22,822,454</u>	<u>22,617,460</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2017

8. INCOME TAX EXPENSE

	Six months ended	
	31st December,	31st December,
	2017	2016
	HK\$	HK\$
Income tax expense (credit) comprises:		
Hong Kong Profits Tax calculated at 16.5% (2016: 16.5%) on the estimated assessable profit	7,648,576	8,207,465
Deferred taxation	(550,679)	(663,922)
	<u>7,097,897</u>	<u>7,543,543</u>

Hong Kong Profits Tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

9. DIVIDEND

	Six months ended	
	31st December,	31st December,
	2017	2016
	HK\$	HK\$
Final dividend for the year ended 30th June, 2017: HK4.5 cents (2016: HK4.0 cents) per share	<u>47,687,933</u>	<u>41,176,254</u>

Subsequent to 31st December, 2017, the Directors determined that an interim dividend for the six months ended 31st December, 2017 of HK4.5 cents (*six months ended 31st December, 2016: HK4.0 cents*) per share amounting to HK\$48,372,305 (*six months ended 31st December, 2016: HK\$41,806,925*) in total would be paid to the shareholders of the Company whose names appear on the Register of Members on 19th March, 2018.

10. EARNINGS PER SHARE – BASIC

The calculation of the basic earnings per share is based on the profit for the period of HK\$104,505,880 (*six months ended 31st December, 2016: HK\$90,351,016*) and on the weighted average number of 1,061,880,838 (*six months ended 31st December, 2016: 1,031,462,894*) 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, 2017, the Group spent approximately HK\$3,650,000 (*six months ended 31st December, 2016: HK\$6,591,000*) on property, plant and equipment.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2017

12. INTERESTS IN ASSOCIATES

	31st December, 2017 HK\$	30th June, 2017 HK\$
Cost of unlisted investments in associates	1,062,961,909	1,062,961,909
Deemed capital contribution to an associate	1,822,475	1,822,475
Share of post-acquisition profits, net of dividends received	215,056,346	146,653,205
	<u>1,279,840,730</u>	<u>1,211,437,589</u>

Included in the cost of investments in associates is goodwill of HK\$186,513,404 (30th June, 2017: 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 dates at the end of the reporting period:

	31st December, 2017 HK\$	30th June, 2017 HK\$
Trade receivables		
0 – 30 days	9,979,100	5,792,209
31 – 60 days	727,025	381,568
61 – 90 days	139,800	235,912
> 90 days	102,148	294,893
	<u>10,948,073</u>	<u>6,704,582</u>
Other receivables	12,625,149	9,856,245
	<u>23,573,222</u>	<u>16,560,827</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2017

14. TRADE AND OTHER PAYABLES

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

	31st December,	30th June,
	2017	2017
	HK\$	HK\$
Trade payables		
0 – 30 days	7,548,183	5,049,784
31 – 60 days	4,909,597	3,411,705
	<hr/>	<hr/>
	12,457,780	8,461,489
Other payables (<i>Note</i>)	28,067,966	17,962,575
	<hr/>	<hr/>
	40,525,746	26,424,064
	<hr/>	<hr/>

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

15. SHARE CAPITAL

	Number of ordinary shares		Nominal value	
	of HK\$1 each		2017	
	2017	2016	2017	2016
			HK\$	HK\$
Authorised:				
At the beginning and the end of the period	3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000
	<hr/>	<hr/>	<hr/>	<hr/>
Issued and fully paid:				
At 1st July	1,059,731,842	1,029,406,361	1,059,731,842	1,029,406,361
Shares issued pursuant to scrip dividend schemes for final dividend in respect of the year ended 30th June, 2017/2016	15,208,277	15,766,755	15,208,277	15,766,755
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st December	1,074,940,119	1,045,173,116	1,074,940,119	1,045,173,116
	<hr/>	<hr/>	<hr/>	<hr/>

On 6th December, 2017 and 8th December, 2016, pursuant to scrip dividend schemes, the Company issued and allotted 15,208,277 and 15,766,755 shares of HK\$1.00 each at an issue price of HK\$3.069 and HK\$2.550 each to the shareholders who elected to receive shares of the Company in lieu of cash for the 2017 and 2016 final dividends in respect of each of year ended 30th June, 2017 and 2016, respectively. These shares rank pari passu in all respects with the then existing shares.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2017

16. COMMITMENTS

	31st December, 2017 HK\$	30th June, 2017 HK\$
Expenditures contracted for but not provided in the condensed consolidated financial statements in respect of:		
Purchase of furniture, fixtures and hotel operating equipment	<u>8,918,500</u>	<u>1,837,519</u>

17. 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
	31.12.2017 HK\$	30.06.2017 HK\$		
Available-for-sale financial assets	<u>949,673,346</u>	<u>1,181,655,645</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, 15th March, 2018 to Monday, 19th March, 2018, 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, 19th March, 2018.

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, 14th March, 2018.

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, 2017, the interests and short positions held by the Directors of the Company 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	516,684,425 <i>(Note)</i>	Beneficial owner of 302,857 shares, spouse interest in 898,709 shares and trustee interest in 515,482,859 shares in the capacity as one of the co-executors of the estate of the late Mr. Ng Teng Fong	48.06%
The Honourable Ronald Joseph Arculli	286,123	Beneficial owner	0.02%
Mr. Gilbert Lui Wing Kwong	—	—	—
Mr. Peter Wong Man Kong	—	—	—
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 515,482,859 shares comprises:

- (a) 467,819,037 shares which were held through companies 100% controlled by the co-executors of the estate of the late Mr. Ng Teng Fong, namely, 45,376,163 shares by Fanlight Investment Limited, 64,522 shares by Garford Nominees Limited, 19,412,689 shares by Karaganda Investments Inc., 61,080,397 shares by Nippomo Limited, 1,750,199 shares by Orient Creation Limited, 123,462,898 shares by Strathallan Investment Limited, 5,309,502 shares by Strong Investments Limited, 183,339,213 shares by Tamworth Investment Limited and 28,023,454 shares by Transpire Investment Limited;
- (b) 2,101,482 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 72.01% control; and
- (c) 45,562,340 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, 2017, 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, 2017, the interests and short positions of the substantial shareholders and other shareholders (other than Directors of the Company) in the shares and underlying shares of the Company as notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 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	504,036,830 <i>(Notes 1, 2, 3, 4 and 5)</i>	Interest of controlled corporations in 3,143,449 shares and trustee interest in 500,893,381 shares in the capacity as one of the co-executors of the estate of the late Mr. Ng Teng Fong	48.22%
Tamworth Investment Limited	178,150,243 <i>(Notes 3 and 5)</i>	Beneficial owner	17.04%
Strathallan Investment Limited	119,968,581 <i>(Notes 3 and 5)</i>	Beneficial owner	11.47%
Name of Other Shareholder	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Shares
Nippomo Limited	59,351,666 <i>(Notes 3 and 5)</i>	Beneficial owner	5.67%

SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS (Continued)

Long Positions in Shares of the Company (Continued)

Notes:

1. 3,143,449 shares were held by Far East Ventures Pte. Ltd. which was 100% controlled by Mr. Philip Ng Chee Tat.
2. The trustee interest in 500,893,381 shares comprises:
 - (a) 454,578,566 shares which were held through companies 100% controlled by the co-executors of the estate of the late Mr. Ng Teng Fong, namely, 44,091,902 shares by Fanlight Investment Limited, 62,697 shares by Garford Nominees Limited, 18,863,262 shares by Karaganda Investments Inc., 59,351,666 shares by Nippomo Limited, 1,700,665 shares by Orient Creation Limited, 119,968,581 shares by Strathallan Investment Limited, 5,159,231 shares by Strong Investments Limited, 178,150,243 shares by Tamworth Investment Limited and 27,230,319 shares by Transpire Investment Limited;
 - (b) 2,042,006 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 72% control; and
 - (c) 44,272,809 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 trustee interest of Mr. Philip Ng Chee Tat was duplicated in the trustee interest of Mr. Robert Ng Chee Siong as disclosed under the section headed "Directors' Interests" above as the co-executors of the estate of the late Mr. Ng Teng Fong.
5. The number and the percentage of shares as disclosed are based on the substantial shareholder notices filed with the Stock Exchange.

Save as disclosed above and so far as the Directors of the Company are aware, as at 31st December, 2017, no other person (other than Directors of the Company) had an interest or short position in the shares and underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and 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:

Mr. Robert Ng Chee Siong

- appointed as a member of the 13th National Committee of the Chinese People's Political Consultative Conference.

Mr. Peter Wong Man Kong

- appointed as a deputy to the 13th National People's Congress of the People's Republic of China.

Mr. Wong Cho Bau

- appointed as a National Committee Member of the 13th Chinese People's Political Consultative Conference.

Mr. Daryl Ng Win Kong

- re-designated as Non-Executive Director of The Bank of East Asia, Limited.

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, 2017.

Save as disclosed above, as at 31st December, 2017, 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 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) and Mr. Peter Wong Man Kong, both of whom are Independent Non-Executive Directors, and Mr. Daryl Ng Win Kong, the Deputy Chairman of the Board.

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 with reference to the board diversity policy of the Company 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. Steven Ong Kay Eng, 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, risk management and internal control. 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. Steven Ong Kay Eng (Committee Chairman) and Mr. Peter Wong Man Kong, both of whom are Independent Non-Executive Directors, and Mr. Gilbert Lui Wing Kwong, a Non-Executive Director.

In the first quarter of 2018, 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, 2017.

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 Compliance 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 Deputy Chairman of the Board 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, 2017. 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, 2017, 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 Independent Non-Executive Directors have contributed valuable views and proposals for the Board's deliberation and decisions. The Board reviews the management structure regularly to ensure 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, 28th February, 2018

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



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

(incorporated in the Cayman Islands with limited liability)

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, 2017 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated 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

28th February, 2018

