



STOCK CODE: 1221

Conrad Hong Kong
香港港麗酒店

2021-2022 INTERIM REPORT

二零二一至二零二二年 中期報告

Creating Better Lifescapes
建構更美好生活

 SINO HOTELS (HOLDINGS) LIMITED
信和酒店(集團)有限公司

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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 Registrar, Tricor Friendly Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong or by email at sinohotels1221-ecom@hk.tricorglobal.com.

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Board of Directors

Robert Ng Chee Siong, Chairman
Daryl Ng Win Kong, SBS, JP, Deputy Chairman
Ronald Joseph Arculli, GBM, CVO, GBS, OBE, JP#
Gilbert Lui Wing Kwong#
Steven Ong Kay Eng*
Wong Cho Bau, JP*
Hung Wai Man, JP*
Thomas Tang Wing Yung, Group Chief Financial Officer

(# Non-Executive Directors)

(* Independent Non-Executive Directors)

Audit Committee

Steven Ong Kay Eng, Chairman
Gilbert Lui Wing Kwong
Hung Wai Man, JP

Nomination Committee

Robert Ng Chee Siong, Chairman
Steven Ong Kay Eng
Hung Wai Man, JP

Remuneration Committee

Steven Ong Kay Eng, Chairman
Hung Wai Man, JP
Daryl Ng Win Kong, SBS, JP

Authorized Representatives

Robert Ng Chee Siong
Thomas Tang Wing Yung

Company Secretary

Fanny Cheng Siu King

Auditor

KPMG

Registered Public Interest Entity Auditors

Solicitors

Clifford Chance, Hong Kong
Maples and Calder, Cayman Islands

Principal Registrar

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Level 54, Hopewell Centre,
183 Queen's Road East,
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Telephone : (852) 2980 1333
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Principal Bankers

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

Investor relations contact

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Listing information

Stock Code 1221

Chairman's statement

I hereby present my interim report to the shareholders.

Interim results

The Group recorded unaudited net loss attributable to shareholders of HK\$55.5 million for the six months ended 31st December, 2021 ("Interim Period") compared to net loss attributable to shareholders of HK\$45.5 million for the same corresponding period in 2020. Turnover of the Group for the Interim Period was HK\$62.3 million (2020: HK\$52.3 million). Loss per share for the Interim Period was HK4.86 cents compared to loss per share of HK3.98 cents for the corresponding period in 2020.

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

Dividend

In view of the net loss of the Group for the Interim Period, the Board has resolved not to declare an interim dividend for the six months ended 31st December, 2021 (2020: nil).

Review of operations

As at 31st December, 2021, the Group's portfolio of hotels comprises City Garden Hotel, Conrad Hong Kong and The Royal Pacific Hotel & Towers.

The hospitality industry continued to be heavily impacted by cross-border travel restrictions and social distancing measures. According to the Hong Kong Tourism Board, visitor arrivals to Hong Kong were 57,649 during the Interim Period (2020: 52,795 and

2019: 21.0 million). Visitors from Mainland China during the Interim Period were 41,458 (2020: 25,157 and 2019: 16.2 million). The trading condition for hotel remains challenging as visitor arrivals is much reduced as compared to pre-COVID level. A meaningful recovery will be dependent on the easing of travel restrictions and resumption of international travel.

The Group is taking all practicable measures to cope with the challenges. To optimise occupancy and to ensure a stable stream of income amid the pandemic, City Garden Hotel, while remaining under the Group's management, entered into a two-year bulk hiring of hotel rooms and facilities arrangement with a tenant effective August 2020 (the 'Bulk Hiring Arrangement'). As for Conrad Hong Kong and The Royal Pacific Hotel & Towers, management has been targeting the domestic customers for staycation and long-staying businesses, as well as introducing a variety of promotional programmes for food and beverages sales. Staycation and long-staying businesses have helped occupancy, but room rates have been competitive. During this difficult time, the Group remained vigilant on cost control and focused on making efficiency improvements as well as improving the quality of hotel services to ensure our discerning guests have enjoyable experiences during their stay in the hotels.

During the Interim Period, turnover of City Garden Hotel, Conrad Hong Kong, and The Royal Pacific Hotel & Towers were HK\$43.2 million, HK\$133.6 million and HK\$78.4 million (2020: HK\$37.6 million, HK\$81.2 million and HK\$37.1 million), respectively. The average occupancy rates for City Garden Hotel, Conrad Hong Kong, and The Royal Pacific Hotel & Towers were 100%, 31.7% and 65.7% (2020: 85.6%, 18.5% and 26.5%), respectively.

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, 2021.

Finance

As at 31st December, 2021, the Group had cash and bank deposits of HK\$892.1 million and had no debt outstanding. The Group is in net cash position, therefore gearing ratio, calculated on the basis of net debt to equity attributable to the Company's shareholders, is not applicable.

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, 2021, 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, 2021.

Employee programmes

During the past six months, the Group has welcomed the first graduation class of colleagues from our 'GROW' leadership development programme, where colleagues excelled through specialized workshops that readied them with confidence to step into a supervisory role. GROW Programme alumni can continue their career development journey with the LEAD and FLY Programmes as next steps. We will continue to encourage cross-training, continuous learning, and internal transfers to retain and develop our talent.

A comprehensive Putonghua language training programme developed for management and general level colleagues was rolled out to equip our teams with professional conversational skills in Putonghua. Workshops offering key performance management know-hows were conducted to prepare our teams for evaluations and goal setting exercises to encourage continuous upskilling.

In addition to talent development, employee engagement is a top priority to foster a happy and respectful working environment. The 'Thankful Week', where a variety of engaging activities and events were organized for top management to show gratitude and recognize colleagues for their hard work, dedication, and continued service in this unprecedented time.

Sustainability

The Group upholds Environmental and Social Governance (ESG) and integrates sustainability into every aspect of its operations. The Group seeks to create value for stakeholders and makes business a driver of sustainability for a better future by combating climate change, serving the community, promoting social integration and heritage cultural conservation.

Environmental management

The Group recognises the importance of protecting the environment and seeks to mitigate environmental impacts while upholding quality excellence. The Group adopts an array of green initiatives covering climate action, energy saving, waste management as well as promoting circular economy. The Group also strives to promote sustainable living among our stakeholders and the broader community.

Climate change mitigation

The Group continues to support 'Energy Saving Charter 2021' and '4T Charter' organised by the Environment Bureau of the HKSAR Government. In this connection, City Garden Hotel has installed nearly 70 solar panels to promote renewable energy in Hong Kong. The Royal Pacific Hotel & Towers has conducted lift modernisation that has resulted in reducing energy consumption. The Group also encourages the use of electric vehicles ("EVs") by installing EV charging station at the City Garden Hotel's car parking area.

Chairman's statement (Continued)

Sustainability (Continued)

Waste management

The Group initiated the group-wide Plastic Awareness Campaign in April 2018 and pledged to reduce consumption of single-use plastic across all business lines by 50% by 2022 from 2017 level. The Group strives to reduce the use of plastic where possible. In addition to replacing plastic bottled water in guest rooms and conference facilities, since 2018, the Group has banned plastic drinking straws and stirring rods at hotels and restaurants, and upon request, eco-friendly alternatives will be provided. The Group has also replaced bathroom amenities with refillable dispensers, providing eco-friendly containers and cutlery, and introducing umbrella dryers.

The Group manages food waste through its food waste recycling programme. The food waste is collected on a daily basis and delivered to O•PARK1, the first organic resources recovery centre in Hong Kong, for conversion into biogas for electricity generation and compost for landscaping use. For the six months ended 31st December, 2021, a total of 11.5 tonnes of food waste were collected. The Royal Pacific Hotel & Towers also participated in a coffee capsule recycling programme since early 2021 to recycle aluminum and transform coffee grounds into nutrient-rich compost. As at 31st December, 2021, a total of 15.2 kg of coffee capsules were collected for recycling since participating the programme.

Circular economy

City Garden Hotel and The Royal Pacific Hotel & Towers participated in the 'Upcycled Christmas Tree Campaign' to collect and upcycle reusable materials and transform them into eco-friendly Christmas trees. The campaign aims to raise awareness among our staff and the public about the issue of urban waste, promote the importance of sustainability, and help develop a circular economy in the community in the long run.

Community engagement

As a committed corporate citizen, the Group strives to build a better community by engaging with stakeholders and supporting those in need. The Group continues to launch the 'Hearty Soup Delivery Programme' for the 11th consecutive year. Volunteers delivered hot soup prepared by hotels chefs and served it to elderly people in need through the Group's NGO partners, spreading warmth across the community through the cold winter months and bringing festive cheer to our senior citizens amid the pandemic. For the six months ended 31st December, 2021, the Group has served over 500 elderly members across various community districts in Hong Kong.

The Group joined hands with South China Morning Post and Radio Television Hong Kong for Operation Santa Claus to spread the community spirit and care through chestnut charity sales at the festive time of the year. An array of Christmas celebration events was also held to bring festive joy to children in need.

The Group endeavours to promote social inclusion and support disadvantaged members in the community. The Group continues to collaborate with Hong Chi Association to provide long-term employment and training opportunities to share skills with its students.

Tai O Heritage Hotel

In March 2008, the Ng Teng Fong Family, the major shareholder of the Group, set up the non-profit-making organisation named 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 nonprofit-making social enterprise, is part of the HKSAR Government's 'Revitalising Historic Buildings Through Partnership Scheme'. The Hotel is a winner of the '2013 UNESCO Asia-Pacific Awards for Cultural Heritage Conservation' and the first UNESCO-awarded hotel in Hong Kong.

Sustainability (Continued)

Tai O Heritage Hotel (Continued)

In July 2021, HCF launched the second year of the Hospitality Young Leaders Programme with hundreds of applications received. A total of 10 local graduates are hired and receiving 12 months of comprehensive training in hospitality, eco-tourism and heritage conservation, including on the job training and stints at the Hotel.

HCF initiated 'Tai O Stilt Houses Restoration Programme' in 2018 to form stronger partnerships with local villagers and the Tai O NGO organisations, the programme aims to repair and restore the Tai O stilt houses where needed, especially for the elderly villagers' home, so as to conserve the intangible cultural value in the village. The project has seen over 10 stilt houses restored since 2018.

To help Tai O residents living in stilt houses better prepare for the approaching tropical cyclone Kompasu in October 2021, volunteers from the Hotel and participants of the Hospitality Young Leaders Programme joined hands with YWCA Tai O Community Work Office to pack emergency kits for more than 100 households and visited the elderly villagers to provide immediate assistance.

Industry outlook and prospects

The global pandemic of COVID-19 continues to pose challenges and the world has learned to become better at dealing with the virus and its effect on our daily lives. Vaccines have been developed in record time, medical treatments have improved, better protocols are in place to ensure outbreaks can be quickly detected and contained, and businesses have adopted emerging technologies to mitigate operational impact. With concerted efforts of the governments around the world in vaccination roll out, global economic recovery has been made possible, and major economies have seen consumer confidence gradually restored. While the Omicron and Delta variants bring new uncertainties, we are in a much better position than before to face the challenges.

Looking forward to the second half of the financial year, the pandemic situation in Hong Kong remains fluid due to ongoing threat of new variants emerging. Travel restrictions will likely remain in place for the time being, and trading conditions for our hotels are expected to remain challenging. A meaningful recovery will be dependent on the easing of travel restrictions and resumption of international travel.

The Group will remain vigilant in monitoring the market development, whilst proactively face the challenges ahead. The Group has a healthy financial position with cash and bank deposits of HK\$892.1 million and no debt outstanding as at 31st December, 2021. Management will continue to prudently manage its resources, so as to well-position itself to meet the present challenges and to grasp business opportunities.

Staff and management

Mr. Giovanni Viterale, who served the board since July 2014, resigned effective 31st December, 2021. His contribution during his directorship with the Company is highly appreciated and we wish him all the best for his future endeavours.

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, 17th February, 2022

Condensed consolidated statement of profit or loss

For the six months ended 31st December, 2021

	NOTES	Six months ended	
		31st December, 2021 HK\$ (Unaudited)	31st December, 2020 HK\$ (Unaudited)
Revenue	3, 4	62,320,849	52,364,388
Direct expenses		(26,386,750)	(31,821,543)
Gross profit		35,934,099	20,542,845
Other income and other gains and losses		(11,934,470)	13,871,470
Other expenses		(33,217,689)	(34,129,133)
Marketing costs		(19,819)	(2,053,250)
Administrative expenses		(11,351,044)	(13,693,426)
Finance income	5	1,952,207	5,752,164
Finance costs	6	(9,812)	(16,063)
Finance income, net		1,942,395	5,736,101
Share of results of associates		(36,665,631)	(39,402,508)
Loss before taxation	7	(55,312,159)	(49,127,901)
Income tax (expense)/credit	8	(189,249)	3,644,234
Loss for the period attributable to the Company's shareholders		(55,501,408)	(45,483,667)
Loss per share – Basic	10	(4.86) cents	(3.98) cents

The notes on pages 13 to 22 form part of these condensed consolidated financial statements.

Condensed consolidated statement of profit or loss and other comprehensive income

For the six months ended 31st December, 2021

	Six months ended	
	31st December, 2021 HK\$ (Unaudited)	31st December, 2020 HK\$ (Unaudited)
Loss for the period	<u>(55,501,408)</u>	<u>(45,483,667)</u>
Other comprehensive income		
<i>Items that will not be reclassified to profit or loss:</i>		
Loss on fair value changes of equity instruments at fair value through other comprehensive income ("FVTOCI")	(113,467,636)	(23,966,676)
Exchange difference arising on translation of equity instruments at FVTOCI	669,600	58,828
<i>Items that may be reclassified subsequently to profit or loss:</i>		
(Loss)/gain on fair value changes of debt instrument at FVTOCI	(1,192,558)	50,729
Reclassified to profit or loss for the derecognition of debt instrument at FVTOCI	<u>(31,280)</u>	<u>–</u>
Other comprehensive income for the period	<u>(114,021,874)</u>	<u>(23,857,119)</u>
Total comprehensive income for the period attributable to the Company's shareholders	<u>(169,523,282)</u>	<u>(69,340,786)</u>

The notes on pages 13 to 22 form part of these condensed consolidated financial statements.

Condensed consolidated statement of financial position

At 31st December, 2021

	NOTES	31st December, 2021 HK\$ (Unaudited)	30th June, 2021 HK\$ (Audited)
Non-current assets			
Property, plant and equipment	11	285,885,215	294,783,791
Right-of-use assets	11	946,114,971	957,283,133
Interests in associates	12	993,330,863	1,029,996,494
Amount due from an associate		141,835,069	115,176,448
Financial instruments	17	947,006,675	1,020,150,541
Deposits paid for property, plant and equipment		595,123	1,106,437
		<u>3,314,767,916</u>	<u>3,418,496,844</u>
Current assets			
Hotel inventories		212,062	250,097
Trade and other receivables	13	14,182,528	9,907,707
Amounts due from associates		1,328,620	1,006,773
Debt instrument at FVTOCI	17	–	3,141,502
Time deposits, bank balances and cash		892,050,077	954,452,848
		<u>907,773,287</u>	<u>968,758,927</u>
Current liabilities			
Trade and other payables	14	14,199,785	9,052,267
Lease liabilities		–	60,516
Amount due to an associate		1,268,035	1,446,835
Taxation payable		238,744	338,232
		<u>15,706,564</u>	<u>10,897,850</u>
Net current assets		<u>892,066,723</u>	<u>957,861,077</u>
Total assets less current liabilities		<u>4,206,834,639</u>	<u>4,376,357,921</u>
Capital and reserves			
Share capital	15	1,142,661,798	1,142,661,798
Reserves		3,064,172,841	3,233,696,123
Equity attributable to the Company's shareholders		<u>4,206,834,639</u>	<u>4,376,357,921</u>

The notes on pages 13 to 22 form part of these condensed consolidated financial statements.

Condensed consolidated statement of changes in equity

For the six months ended 31st December, 2021

	Share capital HK\$	Share premium HK\$	Investment revaluation reserve HK\$	Distributable reserve HK\$	Retained profits HK\$	Total HK\$
At 1st July, 2020 (audited)	1,142,661,798	677,263,627	(136,477,908)	552,191,869	2,134,675,128	4,370,314,514
Loss for the period	-	-	-	-	(45,483,667)	(45,483,667)
Loss on fair value changes of equity instruments at FVTOCI	-	-	(23,966,676)	-	-	(23,966,676)
Exchange difference arising on translation of equity instruments at FVTOCI	-	-	58,828	-	-	58,828
Gain on fair value changes of debt instrument at FVTOCI	-	-	50,729	-	-	50,729
Other comprehensive income for the period	-	-	(23,857,119)	-	-	(23,857,119)
Total comprehensive income for the period	-	-	(23,857,119)	-	(45,483,667)	(69,340,786)
At 31st December, 2020 (unaudited)	1,142,661,798	677,263,627	(160,335,027)	552,191,869	2,089,191,461	4,300,973,728
At 1st July, 2021 (audited)	1,142,661,798	677,263,627	(35,099,609)	552,191,869	2,039,340,236	4,376,357,921
Loss for the period	-	-	-	-	(55,501,408)	(55,501,408)
Loss on fair value changes of equity instruments at FVTOCI	-	-	(113,467,636)	-	-	(113,467,636)
Exchange difference arising on translation of equity instruments at FVTOCI	-	-	669,600	-	-	669,600
Loss on fair value changes of debt instrument at FVTOCI	-	-	(1,192,558)	-	-	(1,192,558)
Reclassified to profit or loss for the derecognition of debt instrument at FVTOCI	-	-	(31,280)	-	-	(31,280)
Other comprehensive income for the period	-	-	(114,021,874)	-	-	(114,021,874)
Total comprehensive income for the period	-	-	(114,021,874)	-	(55,501,408)	(169,523,282)
At 31st December, 2021 (unaudited)	1,142,661,798	677,263,627	(149,121,483)	552,191,869	1,983,838,828	4,206,834,639

The notes on pages 13 to 22 form part of these condensed consolidated financial statements.

Condensed consolidated statement of cash flows

For the six months ended 31st December, 2021

	Six months ended	
	31st December, 2021 HK\$ (Unaudited)	31st December, 2020 HK\$ (Unaudited)
Net cash from/(used in) operating activities	10,495,346	(15,157,099)
Net cash (used in)/from investing activities		
Purchase of property, plant and equipment	(773,160)	(4,037,826)
Proceeds on disposal of property, plant and equipment	1,260	1,405
Redemption of debt instrument at FVTOCI	3,119,200	–
Additions to financial instruments	(50,344,426)	–
(Increase)/decrease in time deposits with original maturity of more than three months	(212,226,655)	271,744,766
Advances to associates	(26,980,468)	(4,777,509)
Other investing cash flows	1,673,249	11,214,759
	(285,531,000)	274,145,595
Net cash from/(used in) financing activities		
Repayment to an associate	(178,800)	(2,172,416)
Repayment of lease liabilities	(60,516)	(163,904)
Other financing cash flows	645,544	(119,791)
	406,228	(2,456,111)
Net (decrease)/increase in cash and cash equivalents	(274,629,426)	256,532,385
Cash and cash equivalents at the beginning of the period	295,463,316	74,813,395
Cash and cash equivalents at the end of the period	20,833,890	331,345,780
Analysis of the balances of cash and cash equivalents		
Time deposits	871,216,187	902,188,089
Bank balances and cash	20,833,890	49,418,557
Time deposits, bank balances and cash in the condensed consolidated statement of financial position	892,050,077	951,606,646
Less: Time deposits with original maturity of more than three months	(871,216,187)	(620,260,866)
Cash and cash equivalents in the condensed consolidated statement of cash flows	20,833,890	331,345,780

The notes on pages 13 to 22 form part of these condensed consolidated financial statements.

Notes to the unaudited condensed consolidated financial statements

For the six months ended 31st December, 2021

1. Basis of preparation

These condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim Financial Reporting*, issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The condensed consolidated financial statements are unaudited, but have been reviewed by KPMG 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 HKICPA. KPMG’s independent review report to the Board of Directors is included on P.29.

The Company’s former auditor has reported on the financial statements for the year ended 30th June, 2021. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report.

2. Principal accounting policies

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than changes in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 31st December, 2021 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 30th June, 2021.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, which are mandatorily effective for the annual period beginning on or after 1st July, 2021 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, *Interest rate benchmark reform – phase 2*
HKFRS 7, HKFRS 4 and HKFRS 16

Amendments to HKFRS 16 *COVID-19-related rent concessions beyond 30th June, 2021*

The application of the amendments to HKFRSs in the current period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

Notes to the unaudited condensed consolidated financial statements (Continued)

For the six months ended 31st December, 2021

3. Revenue

	Six months ended	
	31st December, 2021 HK\$	31st December, 2020 HK\$
Hotel operation		
– Room revenue	37,954,297	31,606,807
– Food and beverage sales	4,792,766	5,388,214
– Other ancillary services	456,898	689,705
	<u>43,203,961</u>	<u>37,684,726</u>
Club operation and hotel management	7,740,369	5,479,713
Dividend income from financial instruments	10,407,125	9,103,047
Interest revenue from debt instrument at FVTOCI	969,394	96,902
	<u>62,320,849</u>	<u>52,364,388</u>
Geographical market:		
Hong Kong	<u>62,320,849</u>	<u>52,364,388</u>

For the six months ended 31st December, 2021, revenue from food and beverage sales of hotel and club operation recognised at a point in time amounted to HK\$4,792,766 and HK\$3,292,855 (six months ended 31st December, 2020: HK\$5,388,214 and HK\$1,593,779) respectively. The revenue from contracts with customers recognised over time amounted to HK\$20,086,131 (six months ended 31st December, 2020: HK\$17,964,383) mainly consists of hotel room sales (excluded lease income mentioned below), income from club operation and hotel management.

During the interim period, City Garden Hotel remains under the Group's management, and entered into a two-year bulk hiring of hotel rooms and facilities arrangement (the "Arrangement") with a tenant to optimize occupancy and to ensure a stable stream of income amid the pandemic.

The total room charge of HK\$37,954,297 derived from the Arrangement in current period has been included in room revenue as above, comprising lease income of HK\$22,772,578 and room service revenue of HK\$15,181,719 for the purpose of separation of lease and non-lease component under HKFRS 16.

Notes to the unaudited condensed consolidated financial statements (Continued)

For the six months ended 31st December, 2021

4. Segment information

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

1. Hotel operation – City Garden Hotel
2. Investment holding – holding financial instruments
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 segments for the periods under review:

	Segment revenue Six months ended		Segment results Six months ended	
	31st December, 2021 HK\$	31st December, 2020 HK\$	31st December, 2021 HK\$	31st December, 2020 HK\$
Hotel operation				
– City Garden Hotel	43,203,961	37,684,726	5,507,011	(10,385,380)
Investment holding	11,376,519	9,199,949	11,349,542	9,089,519
Hotel operation				
– share of results of associates	–	–	(15,597,397)	(39,883,345)
Others – club operation and hotel management	7,740,369	5,479,713	1,503,762	1,091,961
	62,320,849	52,364,388		
Total segment results			2,762,918	(40,087,245)
Other income and other gains and losses			(11,934,470)	13,871,470
Administrative and other expenses			(27,014,768)	(29,129,064)
Finance income, net			1,942,395	5,736,101
Share of results of associates				
– other income			–	17,812,579
– administrative and other expenses			(26,034,265)	(29,886,998)
– finance costs, net			(9,623)	(14,692)
– income tax credit			4,975,654	12,569,948
			(21,068,234)	480,837
Loss before taxation			(55,312,159)	(49,127,901)

Notes to the unaudited condensed consolidated financial statements (Continued)

For the six months ended 31st December, 2021

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, 2020: nil).

Segment results represent the results by each segment without allocation of certain administrative and other expenses, other income and other gains and losses 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' other income, administrative and other expenses, finance costs net of finance income and income tax credit 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

The amount represents interest income on time deposits and bank balances.

6. Finance costs

	Six months ended	
	31st December, 2021 HK\$	31st December, 2020 HK\$
Interest on amount due to a related company	7,862	8,649
Interest on lease liabilities	1,950	7,414
	<u>9,812</u>	<u>16,063</u>

Notes to the unaudited condensed consolidated financial statements (Continued)

For the six months ended 31st December, 2021

7. Loss before taxation

	Six months ended	
	31st December, 2021 HK\$	31st December, 2020 HK\$
Loss before taxation has been arrived at after charging/(crediting):		
Cost of hotel inventories consumed (included in direct expenses)	4,622,209	3,109,726
Depreciation of right-of-use assets (included in other expenses)	11,168,162	11,272,414
Depreciation and amortisation of property, plant and equipment (included in other expenses)	10,576,649	11,902,809
Share of income tax credit of associates (included in share of results of associates)	(4,975,654)	(12,569,948)
Net exchange loss/(gain) (included in other income and other gains and losses)	2,447,010	(12,802,709)
Government subsidies (included in other income and other gains and losses) (Note)	–	(1,082,706)
Loss on fair value change of financial asset at fair value through profit or loss (“FVTPL”) (included in other income and other gains and losses)	9,520,000	–

Note: The amount represents the subsidies under the Anti-Epidemic Fund of the Government of Hong Kong Special Administrative Region.

8. Income tax expense/(credit)

	Six months ended	
	31st December, 2021 HK\$	31st December, 2020 HK\$
Income tax expense/(credit) comprises:		
Hong Kong Profits Tax is calculated with two-tiered profit tax regime (note) on the estimated assessable profits		
Current period	229,275	167,738
Overprovision in prior year	(40,026)	(179,520)
	189,249	(11,782)
Deferred taxation	–	(3,632,452)
	189,249	(3,644,234)

Note:

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Notes to the unaudited condensed consolidated financial statements (Continued)

For the six months ended 31st December, 2021

9. Dividend

Subsequent to 31st December, 2021, the Directors of the Company have resolved not to declare an interim dividend for the six months ended 31st December, 2021 (six months ended 31st December, 2020: nil).

10. Loss per share

The calculation of the basic loss per share is based on the loss for the period attributable to the Company's shareholders of HK\$55,501,408 (six months ended 31st December, 2020: HK\$45,483,667) and on the weighted average number of 1,142,661,798 (six months ended 31st December, 2020: 1,142,661,798) shares in issue during the period.

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

11. Property, plant and equipment and right-of-use assets

During the six months ended 31st December, 2021, the Group paid approximately HK\$773,000 (six months ended 31st December, 2020: HK\$4,038,000) on property, plant and equipment.

Leasehold land, hotel building, furniture, fixtures, leasehold improvement and hotel operating equipment with an aggregate carrying amount of HK\$1,227,329,355 as at 31st December, 2021 were leased out under an operating lease for a period of two years as disclosed in note 3.

Notes to the unaudited condensed consolidated financial statements (Continued)

For the six months ended 31st December, 2021

12. Interests in associates

	31st December, 2021 HK\$	30th June, 2021 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 losses, net of dividends received	<u>(71,453,521)</u>	<u>(34,787,890)</u>
	<u>993,330,863</u>	<u>1,029,996,494</u>

Included in the cost of unlisted investments in associates is goodwill of HK\$186,513,404 (30th June, 2021: HK\$186,513,404) arising on acquisition of an associate in prior years.

13. Trade and other receivables

At 31st December, 2021, included in trade and other receivables of the Group are trade receivables (net of allowance for credit losses) of HK\$4,122,445 (30th June, 2021: HK\$2,296,635). Trade debtors mainly comprise receivables from the operation of City Garden Hotel. For the payment terms of the Arrangement referred to in note 3, the monthly room charge and other charges for each month shall be settled by the first day of that month. Except for the Arrangement, 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 following is an analysis of trade receivables by age based on the invoice dates and net of allowance for credit losses at the end of the reporting period:

	31st December, 2021 HK\$	30th June, 2021 HK\$
Trade receivables		
0 – 30 days	1,969,534	1,387,139
31 – 60 days	2,073,870	386,502
61 – 90 days	26,305	522,994
Over 90 days	<u>52,736</u>	<u>–</u>
	4,122,445	2,296,635
Other receivables	<u>10,060,083</u>	<u>7,611,072</u>
	<u>14,182,528</u>	<u>9,907,707</u>

Notes to the unaudited condensed consolidated financial statements (Continued)

For the six months ended 31st December, 2021

14. Trade and other payables

At 31st December, 2021, included in trade and other payables of the Group are trade payables of HK\$5,567,652 (30th June, 2021: HK\$3,988,005).

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

	31st December, 2021 HK\$	30th June, 2021 HK\$
Trade payables		
0 – 30 days	1,944,986	3,706,315
31 – 60 days	3,588,862	245,929
61 – 90 days	3,920	4,551
Over 90 days	29,884	31,210
	<hr/>	<hr/>
Other payables	5,567,652	3,988,005
	8,632,133	5,064,262
	<hr/>	<hr/>
	14,199,785	9,052,267

15. Share capital

	Number of ordinary shares of HK\$1 each		Nominal value	
	2021	2020	2021 HK\$	2020 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 and 31st December	1,142,661,798	1,142,661,798	1,142,661,798	1,142,661,798
	<hr/>	<hr/>	<hr/>	<hr/>

16. Commitments

	31st December, 2021 HK\$	30th June, 2021 HK\$
Expenditures contracted for but not provided in the condensed consolidated financial statements in respect of:		
Renovation works, purchase of furniture, fixtures and hotel operating equipment	3,969,054	3,616,527
	<hr/>	<hr/>

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

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

- Level 1 inputs are quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 inputs are inputs, other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique and key inputs
	31st December, 2021 HK\$	30th June, 2021 HK\$		
Equity instruments at FVTOCI				
– Listed equity securities	<u>584,224,133</u>	<u>852,404,941</u>	Level 1	Quoted price from direct market comparable
– Listed perpetual bond	<u>167,448,372</u>	<u>167,745,600</u>	Level 2	Quoted market price provided by financial institution
Debt instrument at FVTOCI				
– Listed debt security	<u>49,174,170</u>	<u>3,141,502</u>	Level 2	Quoted market price provided by financial institution
Debt instrument at FVTPL				
– Listed debt security	<u>146,160,000</u>	<u>–</u>	Level 1	Quoted price from direct market comparable

There were no transfers between levels 1, 2 and 3 in the current and prior periods.

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

Notes to the unaudited condensed consolidated financial statements (Continued)

For the six months ended 31st December, 2021

17. Fair value measurement of financial instruments (Continued)

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

As at 31st December, 2021, the Group held 84,828,218 (30th June, 2021: 84,828,218) ordinary shares, representing approximately 5.14% (30th June, 2021: 5.14%) equity interest, in The Hongkong and Shanghai Hotels, Limited (the "HKSHL Shares"), a company whose shares are listed on the main board of the Stock Exchange (stock code: 45) and is principally engaged in the ownership and management of hotel, retail, commercial and residential properties in Asia, the United States of America and Europe.

The total cost of investment in HKSHL Shares was approximately HK\$702,510,000 (30th June, 2021: HK\$702,510,000) and its fair value as at 31st December, 2021 was approximately HK\$581,073,000 (30th June, 2021: HK\$693,046,000), representing approximately 13.8% (30th June, 2021: 15.8%) of the total assets of the Group as at 31st December, 2021. The Group recorded an unrealised loss on fair value change of the HKSHL Shares of approximately HK\$111,973,000 (six months ended 31st December, 2020: unrealised loss of HK\$9,331,000) through other comprehensive income for the six months ended 31st December, 2021. This significant investment is held for long term. During the six months ended 31st December, 2021, no scrip dividend (six months ended 31st December, 2020: nil) was received by the Group.

18. Material related party transactions

There were no new material related party transactions during the six months ended 31st December, 2021 save as those disclosed in the group's audited annual financial statements for the year ended 30th June, 2021.

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, 2021, 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	550,140,537 (Note)	Beneficial owner of 322,464 shares, spouse interest in 956,899 shares and trustee interest in 548,861,174 shares in the capacity as one of the co-executors of the estate of the late Mr. Ng Teng Fong	48.14%
The Honourable Ronald Joseph Arculli	286,123	Beneficial owner	0.02%
Mr. Gilbert Lui Wing Kwong	—	—	—
Mr. Steven Ong Kay Eng	—	—	—
Mr. Wong Cho Bau	—	—	—
Mr. Hung Wai Man	—	—	—
Mr. Daryl Ng Win Kong	—	—	—
Mr. Thomas Tang Wing Yung	—	—	—

Note:

The trustee interest in 548,861,174 shares comprises:

- 498,111,048 shares which were held through companies 100% controlled by the co-executors of the estate of the late Mr. Ng Teng Fong, namely, 48,314,342 shares by Fanlight Investment Limited, 68,697 shares by Garford Nominees Limited, 20,669,686 shares by Karaganda Investments Inc., 65,035,449 shares by Nippomo Limited, 1,863,526 shares by Orient Creation Limited, 131,457,316 shares by Strathallan Investment Limited, 5,653,298 shares by Strong Investments Limited, 195,210,718 shares by Tamworth Investment Limited and 29,838,016 shares by Transpire Investment Limited;
- 2,237,553 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 72.03% control; and
- 48,512,573 shares which were held by the co-executors of the estate of the late Mr. Ng Teng Fong.

Directors' interests (Continued)

(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, 2021, 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, 2021, 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	550,085,966 (Notes 1, 2, 3, 4 and 5)	Interest of controlled corporation in 3,278,907 shares and trustee interest in 546,807,059 shares in the capacity as one of the co-executors of the estate of the late Mr. Ng Teng Fong	48.31%

Tamworth Investment Limited	178,150,243 (Notes 3 and 5)	Beneficial owner	17.04%
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Strathallan Investment Limited	119,968,581 (Notes 3 and 5)	Beneficial owner	11.47%
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Name of other shareholder	Number of ordinary shares	Capacity and nature of interest	% of issued shares
Nippomo Limited	59,351,666 (Notes 3 and 5)	Beneficial owner	5.67%

Substantial shareholders' and other shareholders' interests

(Continued)

Long positions in shares of the Company (Continued)

Notes:

1. 3,278,907 shares were held by Far East Ventures Pte. Ltd. which was 100% controlled by Mr. Philip Ng Chee Tat.
2. The trustee interest in 546,807,059 shares comprises:
 - (a) 496,246,865 shares which were held through companies 100% controlled by the co-executors of the estate of the late Mr. Ng Teng Fong, namely, 48,133,525 shares by Fanlight Investment Limited, 68,440 shares by Garford Nominees Limited, 20,592,331 shares by Karaganda Investments Inc., 64,792,053 shares by Nippomo Limited, 1,856,552 shares by Orient Creation Limited, 130,965,336 shares by Strathallan Investment Limited, 5,632,141 shares by Strong Investments Limited, 194,480,140 shares by Tamworth Investment Limited and 29,726,347 shares by Transpire Investment Limited;
 - (b) 2,229,180 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 72.03% control; and
 - (c) 48,331,014 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, 2021, 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

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in information of the Directors since the publication of the 2021 Annual Report and up to 17th February, 2022 (being the approval date of this Interim Report) are set out below:

Directors' updated biographical details

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

Mr. Hung Wai Man

- appointed as Chairman of Hong Kong Road Safety Association;
- ceased as Commissioner of Hong Kong Road Safety Patrol;
- ceased as a member of Intellectual Property Assessment Committee of The Hong Kong Polytechnic University;
- conferred Master of Public Administration from Tsinghua University; and
- conferred Master of Business Administration (Executive) from City University of Hong Kong.

Mr. Daryl Ng Win Kong

- conferred Honorary Fellow of The Hong Kong University of Science and Technology.

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

Save as disclosed above, there had not been any other changes in the information of Directors notified to the Company 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. Hung Wai Man, 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. Steven Ong Kay Eng and Mr. Hung Wai Man, 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. Hung Wai Man, both of whom are Independent Non-Executive Directors, and Mr. Gilbert Lui Wing Kwong, a Non-Executive Director.

In the first quarter of 2022, 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, 2021.

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 Group Chief Financial Officer, a Senior Legal Counsel, the Company Secretary, 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 management reports on ongoing compliance regarding continuing connected transactions and usage of annual caps, provide a forum for regulatory updates for the management, consider corporate governance issues 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, 2021. 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, 2021, 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 three 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

Fanny CHENG Siu King

Company Secretary

Hong Kong, 17th February, 2022

Report on review of condensed consolidated financial statements



Review report 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 set out on pages 8 to 22 which comprise the condensed consolidated statement of financial position of Sino Hotels (Holdings) Limited (the “Company”) as of 31st December, 2021 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 explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the condensed consolidated financial statements in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the condensed consolidated financial statements, 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 the condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements as at 31st December, 2021 are not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34.

KPMG

Certified Public Accountants

8th Floor, Prince’s Building

10 Chater Road

Central, Hong Kong

17th February, 2022



SINO HOTELS (HOLDINGS) LIMITED
信和酒店(集團)有限公司

(An exempted company incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立之受豁免有限公司)

www.sino.com

