

2022-2023 INTERIM REPORT

二零二二至二零二三年 中期報告



STOCK CODE: 1221

Conrad Hong Kong
香港港麗酒店

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 17/F, Far East Finance Centre, 16 Harcourt Road, 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

Tricor Friendly Limited
17/F, Far East Finance Centre,
16 Harcourt Road,
Hong Kong
Telephone : (852) 2980 1333
Fax : (852) 2861 1465
Email : sinohotels1221-ecom@hk.tricorglobal.com

Principal Bankers

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

Investor relations contact

Telephone : (852) 2132 8480
Fax : (852) 2137 5907
Email : investorrelations@sino.com

Principal Office

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

Registered Office

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

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\$51.5 million for the six months ended 31st December, 2022 ("Interim Period") compared to net loss attributable to shareholders of HK\$55.5 million for the same corresponding period in 2021. Turnover of the Group for the Interim Period was HK\$68.2 million (2021: HK\$62.3 million). Loss per share for the Interim Period was HK4.50 cents compared to loss per share of HK4.86 cents for the corresponding period in 2021.

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, 2022 (2021: nil).

Review of operations

As at 31st December, 2022, the Group's portfolio of hotels comprises City Garden Hotel, Conrad Hong Kong and The Royal Pacific Hotel & Towers.

The global hospitality industry started to see green shoots as countries began to relax COVID-19 controls in 2022. During the Interim Period, the HKSAR Government has made numerous refinements in COVID-19 measures and eased travel restrictions for international visitors in an orderly manner. According to the Hong Kong Tourism Board, visitor arrivals to Hong Kong were 528,560 during the Interim Period (2021: 57,649; 2020: 52,795 and 2019: 21.0 million). Visitors from Mainland China during the Interim Period were 313,173 (2021: 41,458; 2020: 25,157 and 2019: 16.2 million). The trading condition for hotel has steadily improved, and the recent full reopening of borders between Mainland China and Hong Kong in February 2023 is expected to drive inbound tourist arrivals in Hong Kong, leading to a gradual normalisation in operating environment over time.

The Group is taking all practicable measures to cope with the fluid situation of the pandemic. To optimise occupancy and to ensure a stable stream of income, City Garden Hotel, while remaining under the Group's management, entered into a new lease agreement for a period of four years with a tenant effective August 2022. As for Conrad Hong Kong and The Royal Pacific Hotel & Towers, the hotels joined the government's Designated Quarantine Hotel scheme ("DQH") since 1st June, 2022 and 14th April, 2022 respectively, and have boosted the hotels' performances greatly thanks to the overwhelming quarantine demand. The DQH scheme ended on 26th September, 2022 after the change in quarantine model from "3+4" to "0+3". Noticeable improvement in occupancy for Conrad Hong Kong is observed following the reopening of borders between Mainland China and Hong Kong in early 2023 with a visible uptick in business travellers demand. The Royal Pacific Hotel & Towers is gradually benefitting from the increase in leisure visitors, particularly from Mainland China. 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, income generated from operations of City Garden Hotel, Conrad Hong Kong, and The Royal Pacific Hotel & Towers were HK\$46.7 million, HK\$152.8 million and HK\$70.8 million (2021: HK\$43.2 million, HK\$133.6 million and HK\$78.4 million), respectively. The average occupancy rates for City Garden Hotel, Conrad Hong Kong, and The Royal Pacific Hotel & Towers were 100%, 37.6% and 42.7% (2021: 100%, 31.7% and 65.7%), respectively. Overall, an improvement in operating results of the three hotels was observed, aided by the orderly relaxation of pandemic controls by the HKSAR Government, leading to a gradual resumption of local tourism and social activities. The net loss attributable to shareholders of HK\$51.5 million recorded in the Interim Period was largely explained by the HK\$33.0 million unrealised loss on fair value changes of financial instrument, representing a long-term investment in a company whose shares are listed on the Main Board of the Stock Exchange and is principally engaged in real estate investment trust in Mainland China. Excluding this non-cash item, net loss would have narrowed to HK\$18.5 million in the reporting period.

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, 2022.

Finance

As at 31st December, 2022, the Group had cash and bank deposits of HK\$868.9 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, 2022, 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, 2022.

Corporate governance

The Group places great importance on corporate integrity, business ethics, and good governance. With the objective of practising good corporate governance, the Group has formed Audit, Compliance, Remuneration and Nomination Committees.

Employee programmes

During the Interim Period, the Group has welcomed passionate, energetic and ambitious young talent from our Management Trainee Programme and Young Leader Programme, as well as Train-the-Trainer Programme and STAR Programme, where colleagues excelled through specialised workshops that readied them with confidence to step into a supervisory role. We will continue to encourage cross-training, continuous learning, and internal transfers to retain and develop our talent. Workshops on "Competency Based Interview (CBI)", "MAGIC! Service Magic", "Situational Leadership & Team Motivation", and "Enhancing Collaboration Through Teamwork" were conducted for continuous development and upskilling. We aim to cultivate a culture of continuous learning to further strengthen and empower the team. In addition to talent development,

employee engagement is a top priority to foster a happy and respectful working environment. The "Colleague Thankful Week", where a variety of engaging activities and events were organised for top management to show gratitude and recognition to our colleagues for their hard work, dedication, and continued service in this unprecedented time.

Sustainability

The Group continues to embrace Environmental, Social and Governance (ESG) practices and integrates sustainability at all levels of operations. Taking a holistic approach, the Group upholds a high level of corporate governance standards and strives to protect the environment, engage the community, promote social integration and conserve cultural heritage.

In September 2022, the Group was recognised as the Top 10 (Achiever) in Greater China Hotel Business Sustainability Index for the first year, organised by the Centre for Business Sustainability, CUHK Business School.

Environmental management

The Group places a strong emphasis on sustainable development and environmental management in its operations. Key focus areas include climate change mitigation, promoting a circular economy and biodiversity conservation. We also strive to promote sustainable living among our stakeholders and the broader community.

Climate change mitigation

As an ongoing effort, the Group supports the 'Energy Saving Charter' and '4T Charter' organised by the Environment and Ecology Bureau of the HKSAR Government. In this connection, City Garden Hotel has installed 72 solar panels to generate and promote the development of renewable energy in Hong Kong. The Group also encourages electric vehicles ("EVs") by installing an EV charging station at the City Garden Hotel's car parking area.

Chairman's statement (Continued)

Sustainability (Continued)

Promoting circular economy

Since 2018, the Group has installed smart filtered water stations and removed plastic bottled water from all guest premises. In 2022, the Group set a new target to eliminate all single-use plastic items by 2035 across its core operations. Upcycled Christmas Tree Programme was organised with the aim of nurturing an environmentally-conscious mindset among colleagues and hotel guests to spread the message of sustainable development through their imagination and creativity.

Urban biodiversity

The Group adopted the Seafood Guide issued by the WWF for procuring sustainable seafood including those certified by the Aquaculture Stewardship Council and the Marine Stewardship Council. The Group aims to serve 60% of the seafood from sustainable sources by 2025, and 100% of sustainable seafood by 2030. As at 31st December, 2022, over 50% of seafood purchased was from sustainable sources. The Group also seeks to source 100% cage-free eggs by 2025 to further promote sustainable consumption and production in the supply chain.

Community engagement

The Group continues to play an active role in serving the community by utilising its hotel resources and formulating long-term sustainable community programmes. The Group has, for the 12th consecutive year, through the 'Hearty Soup Delivery Programme' to deliver hot soup to elderly people in need through its NGO partners, spreading warmth across the community in the cold winter months. For the six months that ended 31st December, 2022, the Group has served over 330 elderly members across various community districts in Hong Kong.

The Group reasserts its commitment to promoting social integration by designing and maintaining a caring environment at our hotels. The Group also continued to provide long-term employment and training opportunities to candidates with varying abilities. City Garden Hotel and The Royal Pacific Hotel and Towers were awarded "Happy Company 2022" issued by Promoting Happiness Index Foundation.

Tai O Heritage Hotel

In March 2008, the Ng Family, the major shareholder of the Group, set up a 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 non-profit-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.

In September 2022, the Hotel volunteers partnered with Tai O Rural Committee and showed love and care to more than 1,000 residents in Tai O, by sharing Mid-autumn festive gifts. In November 2022, the Hotel participated in the 'Heritage Vogue · Hollywood Road' organised by the Commissioner for the Heritage Office of the Development Bureau to enhance public understanding and support for various heritage conservation efforts in Hong Kong. In December 2022, the Hotel joined hands with YWCA and the Hong Kong Family Welfare Society to present hot soup and festive gifts to the elderly and children with an aim to share warmth and care with the Tai O community.

Industry outlook and prospects

As countries began to relax COVID-19 controls and social distancing measures over the past year, noticeable improvements in economic activities and international travel have been observed in various markets and sectors, and consumer confidence is increasingly restoring. In recent months, there have been a marked increase in passenger flight capacity, leading to much improved tourism demand, gradually driving an uptick in hotels' occupancy and room rates, particularly in markets where governments have relaxed pandemic-related measures.

The HKSAR Government has taken progressive steps in orderly relaxation of pandemic measures, resulting in a steady resumption of finance, trade, commercial and sporting events locally. In addition, new attractions in Hong Kong including the M+ museum, Water World Ocean Park, the West Kowloon Cultural District, and the Hong Kong Palace Museum have fuelled local tourism activities. Hong Kong's new global promotional campaign 'Hello Hong Kong', an aspiring drive to attract tourists and businesses to the city with enticing offers such as free air tickets, spending vouchers and special events tailored for travellers from around the world, is applauded by the tourism industry and receives favourable reviews. The campaign showcases and promotes the city's new economic prospects, new cultural vision as well as new tourism and mega event experiences to visitors. Together with the full reopening of borders between Mainland China and Hong Kong, it is anticipated that leisure and business travels will progressively resume, leading to a more visible recovery.

National strategies including the 14th Five-Year Plan, the Belt and Road Initiative, and the development of the Guangdong-Hong Kong-Macao Greater Bay Area ('GBA') have injected continuous impetus to the growth of Hong Kong. Hong Kong is set to reinforce its position as an international financial centre with enhanced interconnectivity and integrated trade development among the GBA cities. Hong Kong will continue to serve as a powerful hub for cross-border trade and leisure visitation as the economies of the GBA cities continue to expand.

The Group stands ready for the anticipated normalisation while remaining vigilant in monitoring the market development and vigorously managing costs without compromising quality and services. The Group is encouraged by the brighter operating environment in 2023 fuelled by the pent-up travel demand, the gradual return of overseas cruises, as well as the welcoming return of business travellers to the city on the back of the resumption of physical events and exhibitions. To capitalise on this opportunity and to maintain our positioning in a competitive marketplace, management continuously reviews and enhances our offerings and services to cater to our customers, and ensure our discerning guests have enjoyable stays in our hotels.

The Group has a healthy financial position with cash and bank deposits of HK\$868.9 million and no debt outstanding as at 31st December, 2022.

Staff and management

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

Robert NG Chee Siong

Chairman

Hong Kong, 21st February, 2023

Consolidated statement of profit or loss

For the six months ended 31st December, 2022

	Notes	Six months ended	
		31st December, 2022 HK\$ (Unaudited)	31st December, 2021 HK\$ (Unaudited)
Revenue	3, 4	68,264,106	62,320,849
Direct expenses		(33,201,368)	(26,386,750)
Gross profit		35,062,738	35,934,099
Other income and other gains and losses	7	(32,761,088)	(11,934,470)
Other expenses		(34,534,634)	(33,217,689)
Marketing costs		(26,276)	(19,819)
Administrative expenses		(11,849,708)	(11,351,044)
Finance income	5	10,261,007	1,952,207
Finance costs	6	(47,091)	(9,812)
Finance income, net		10,213,916	1,942,395
Share of results of associates		(17,449,018)	(36,665,631)
Loss before taxation	7	(51,344,070)	(55,312,159)
Income tax expense	8	(127,739)	(189,249)
Loss for the period attributable to the Company's shareholders		(51,471,809)	(55,501,408)
Loss per share – Basic	10	(4.50) cents	(4.86) cents

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

Consolidated statement of profit or loss and other comprehensive income

For the six months ended 31st December, 2022

	Six months ended	
	31st December, 2022 HK\$ (Unaudited)	31st December, 2021 HK\$ (Unaudited)
Loss for the period	<u>(51,471,809)</u>	<u>(55,501,408)</u>
Other comprehensive income		
<i>Items that will not be reclassified to profit or loss:</i>		
Gain/(loss) on fair value changes of equity instruments at fair value through other comprehensive income ("FVTOCI")	73,555,016	(113,467,636)
Exchange difference arising on translation of equity instruments at FVTOCI	(768,750)	669,600
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Loss on fair value changes of debt instrument at FVTOCI	(912,506)	(1,192,558)
Reclassified to profit or loss for the derecognition of debt instrument at FVTOCI	—	(31,280)
Other comprehensive income for the period	<u>71,873,760</u>	<u>(114,021,874)</u>
Total comprehensive income for the period attributable to the Company's shareholders	<u>20,401,951</u>	<u>(169,523,282)</u>

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

Consolidated statement of financial position

At 31st December, 2022

	<i>Notes</i>	31st December, 2022 HK\$ (Unaudited)	30th June, 2022 HK\$ (Audited)
Non-current assets			
Property, plant and equipment	11	267,264,235	276,716,500
Right-of-use assets	11	923,897,007	935,005,989
Interests in associates	12	947,743,755	965,192,773
Amount due from an associate		178,307,534	180,245,562
Financial instruments	17	1,032,286,966	993,453,206
Deposits paid for property, plant and equipment		274,057	334,907
		<u>3,349,773,554</u>	<u>3,350,948,937</u>
Current assets			
Hotel inventories		165,952	177,165
Trade and other receivables	13	17,632,189	15,161,493
Amounts due from associates		1,334,927	1,023,718
Time deposits, bank balances and cash		868,883,191	839,030,400
		<u>888,016,259</u>	<u>855,392,776</u>
Current liabilities			
Trade and other payables	14	23,293,250	13,253,819
Amount due to an associate		2,365,778	1,267,593
Taxation payable		105,651	197,118
		<u>25,764,679</u>	<u>14,718,530</u>
Net current assets		<u>862,251,580</u>	<u>840,674,246</u>
Total assets less current liabilities		<u>4,212,025,134</u>	<u>4,191,623,183</u>
Capital and reserves			
Share capital	15	1,142,661,798	1,142,661,798
Reserves		3,069,363,336	3,048,961,385
Equity attributable to the Company's shareholders		<u>4,212,025,134</u>	<u>4,191,623,183</u>

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

Consolidated statement of changes in equity

For the six months ended 31st December, 2022

	Share capital HK\$	Share premium HK\$	Investment revaluation reserve HK\$	Distributable reserve HK\$	Retained profits HK\$	Total HK\$
At 1st July, 2021	<u>1,142,661,798</u>	<u>677,263,627</u>	<u>(35,099,609)</u>	<u>552,191,869</u>	<u>2,039,340,236</u>	<u>4,376,357,921</u>
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)	<u>1,142,661,798</u>	<u>677,263,627</u>	<u>(149,121,483)</u>	<u>552,191,869</u>	<u>1,983,838,828</u>	<u>4,206,834,639</u>
At 1st July, 2022	<u>1,142,661,798</u>	<u>677,263,627</u>	<u>(127,416,316)</u>	<u>552,191,869</u>	<u>1,946,922,205</u>	<u>4,191,623,183</u>
Loss for the period	-	-	-	-	(51,471,809)	(51,471,809)
Gain on fair value changes of equity instruments at FVTOCI	-	-	73,555,016	-	-	73,555,016
Exchange difference arising on translation of equity instruments at FVTOCI	-	-	(768,750)	-	-	(768,750)
Loss on fair value changes of debt instrument at FVTOCI	-	-	(912,506)	-	-	(912,506)
Other comprehensive income for the period	-	-	71,873,760	-	-	71,873,760
Total comprehensive income for the period	-	-	71,873,760	-	(51,471,809)	20,401,951
At 31st December, 2022 (unaudited)	<u>1,142,661,798</u>	<u>677,263,627</u>	<u>(55,542,556)</u>	<u>552,191,869</u>	<u>1,895,450,396</u>	<u>4,212,025,134</u>

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, 2022

	Six months ended	
	31st December, 2022 HK\$ (Unaudited)	31st December, 2021 HK\$ (Unaudited)
Net cash from operating activities	21,774,958	10,495,346
Net cash from/(used in) investing activities		
Purchase of property, plant and equipment	(329,248)	(773,160)
Proceeds on disposal of property, plant and equipment	1,180	1,260
Redemption of debt instrument FVTOCI	–	3,119,200
Additions to financial instruments	–	(50,344,426)
Decrease/(increase) in time deposits with original maturity of more than three months	440,752,871	(212,226,655)
Repayment from/(advances to) associates	1,626,819	(26,980,468)
Other investing cash flows	6,361,244	1,673,249
	448,412,866	(285,531,000)
Net cash from financing activities		
Advance from/(repayment to) an associate	1,098,185	(178,800)
Repayment of lease liabilities	–	(60,516)
Other financing cash flows	(680,347)	645,544
	417,838	406,228
Net increase/(decrease) in cash and cash equivalents	470,605,662	(274,629,426)
Cash and cash equivalents at the beginning of the period	71,767,612	295,463,316
Cash and cash equivalents at the end of the period	542,373,274	20,833,890
Analysis of the balances of cash and cash equivalents		
Time deposits	829,356,519	871,216,187
Bank balances and cash	39,526,672	20,833,890
Time deposits, bank balances and cash in the consolidated statement of financial position	868,883,191	892,050,077
Less: Time deposits with original maturity of more than three months	(326,509,917)	(871,216,187)
Cash and cash equivalents in the condensed consolidated statement of cash flows	542,373,274	20,833,890

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, 2022

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 page 29.

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.

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, 2022 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 30th June, 2022.

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 effective for the annual period beginning on or after 1st July, 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 3	<i>Business Combinations: Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract</i>
Annual improvements to HKFRSs 2018-2020 cycle	

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, 2022

3. Revenue

	Six months ended	
	31st December, 2022 HK\$	31st December, 2021 HK\$
Hotel operation		
– Room revenue	41,376,322	37,954,297
– Food and beverage sales	5,063,899	4,792,766
– Other ancillary services	324,621	456,898
	<u>46,764,842</u>	<u>43,203,961</u>
Club operation and hotel management	7,644,827	7,740,369
Dividend income from financial instruments	11,950,110	10,407,125
Interest revenue from debt instrument at FVTOCI	1,904,327	969,394
	<u>68,264,106</u>	<u>62,320,849</u>
Geographical market:		
Hong Kong	<u>68,264,106</u>	<u>62,320,849</u>

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 effective 1st August, 2020 to optimise occupancy and to ensure a stable stream of income under the COVID-19 pandemic. During the interim period, a new four-year bulk hiring of hotel rooms and facilities arrangement (the "New Arrangement") was entered with a tenant effective 1st August, 2022.

The total room charge of HK\$41,376,322 (six months ended 31st December, 2021: HK\$37,954,297) derived from the Arrangement and the New Arrangement in current period has been included in room revenue as above, comprising lease income of HK\$24,825,793 (six months ended 31st December, 2021: HK\$22,772,578) and room service revenue of HK\$16,550,529 (six months ended 31st December, 2021: HK\$15,181,719) for the purpose of separation of lease and non-lease component under HKFRS 16, *Leases*.

Notes to the unaudited condensed consolidated financial statements (Continued)

For the six months ended 31st December, 2022

3. Revenue (Continued)

	Six months ended	
	31st December, 2022 HK\$	31st December, 2021 HK\$
Disaggregation of revenue:		
Lease income under HKFRS 16		
– Room revenue	24,825,793	22,772,578
Revenue from contracts with customers within the scope of HKFRS 15, Revenue from Contracts with Customers		
Recognised over time		
– Room revenue	16,550,529	15,181,719
– Club operation and hotel management	4,990,201	4,447,514
– Other ancillary services	324,621	456,898
	21,865,351	20,086,131
Recognised at a point in time		
– Hotel operation	5,063,899	4,792,766
– Club operation	2,654,626	3,292,855
	7,718,525	8,085,621
	54,409,669	50,944,330

Dividend income and interest revenue from financial instruments are recognised in accordance with HKFRS 9, *Financial Instruments*.

As at 31 December, 2022, the aggregate amount of the transaction price allocated to the remaining performance obligations under the New Arrangement is approximately HK\$131,000,000, which is expected to be recognised over the next 43 months under HKFRS 15. The revenue from club operation and hotel management are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

The Group's revenue is originated from Hong Kong.

Notes to the unaudited condensed consolidated financial statements (Continued)

For the six months ended 31st December, 2022

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 period under review:

	Segment revenue Six months ended		Segment results Six months ended	
	31st December, 2022 HK\$	31st December, 2021 HK\$	31st December, 2022 HK\$	31st December, 2021 HK\$
Hotel operation				
– City Garden Hotel	46,764,842	43,203,961	200,993	5,507,011
Investment holding	13,854,437	11,376,519	13,825,637	11,349,542
Hotel operation				
– share of results of associates	–	–	329,733	(15,597,397)
Others – club operation and hotel management	7,644,827	7,740,369	1,010,024	1,503,762
	68,264,106	62,320,849		
Total segment results			15,366,387	2,762,918
Other income and other gains and losses			(32,761,088)	(11,934,470)
Administrative and other expenses			(26,384,534)	(27,014,768)
Finance income, net			10,213,916	1,942,395
Share of results of associates				
– other income			2,613,000	–
– administrative and other expenses			(23,558,925)	(26,034,265)
– finance income/(cost), net			66,033	(9,623)
– income tax credit			3,101,141	4,975,654
			(17,778,751)	(21,068,234)
Loss before taxation			(51,344,070)	(55,312,159)

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, 2021: 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 finance costs net of finance income. The segment results of hotel operation operated through investments in associates includes revenue and direct expenses without allocation of associates' 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.

Notes to the unaudited condensed consolidated financial statements (Continued)

For the six months ended 31st December, 2022

5. Finance income

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

6. Finance costs

	Six months ended	
	31st December, 2022 HK\$	31st December, 2021 HK\$
Interest on amount due to a related company	47,091	7,862
Interest on lease liabilities	–	1,950
	<u>47,091</u>	<u>9,812</u>

7. Loss before taxation

	Six months ended	
	31st December, 2022 HK\$	31st December, 2021 HK\$
Loss before taxation has been arrived at after charging/(crediting):		
Other income and other gains and losses		
Loss on fair value change of financial asset at FVTPL	33,040,000	9,520,000
Exchange loss	809,534	2,447,010
Government subsidies (Note)	(1,087,266)	–
Gain on disposal of property, plant and equipment	(1,180)	(1,260)
Gain on derecognition of debt instrument at FVTOCI	–	(31,280)
	<u>32,761,088</u>	<u>11,934,470</u>
Cost of hotel inventories consumed *	5,918,293	4,622,209
Depreciation of right-of-use assets #	11,108,982	11,168,162
Depreciation and amortisation of property, plant and equipment #	<u>9,909,392</u>	<u>10,576,649</u>

* Included in direct expenses

Included in other expenses

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

Notes to the unaudited condensed consolidated financial statements (Continued)

For the six months ended 31st December, 2022

8. Income tax expense

	Six months ended	
	31st December, 2022 HK\$	31st December, 2021 HK\$
Income tax expense comprises:		
Current tax – Hong Kong Profits Tax		
Current period	167,739	229,275
Overprovision in prior year	(40,000)	(40,026)
	<u>127,739</u>	<u>189,249</u>

Note:

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. The estimated weighted average annual tax rate used is 16.5% (six months ended 31st December, 2021: 16.5%).

9. Dividend

Subsequent to 31st December, 2022, the Directors of the Company have resolved not to declare an interim dividend for the six months ended 31st December, 2022 (six months ended 31st December, 2021: 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\$51,471,809 (six months ended 31st December, 2021: HK\$55,501,408) and on the weighted average number of 1,142,661,798 (six months ended 31st December, 2021: 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 outstanding in both periods.

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

During the six months ended 31st December, 2022, the Group paid approximately HK\$329,000 (six months ended 31st December, 2021: HK\$773,000) on property, plant and equipment.

Under the New Arrangement (30th June, 2022: the Arrangement) as disclosed in note 3, leasehold land, hotel building, furniture, fixtures, equipment, hotel operating equipment and leasehold improvements with an aggregate carrying amount of HK\$1,187,547,899 as at 31st December, 2022 (30th June, 2022: HK\$1,207,747,362) were leased out under an operating lease for a period of four years (30th June, 2022: two years).

Notes to the unaudited condensed consolidated financial statements (Continued)

For the six months ended 31st December, 2022

12. Interests in associates

	31st December, 2022 HK\$	30th June, 2022 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>(117,040,629)</u>	<u>(99,591,611)</u>
	<u>947,743,755</u>	<u>965,192,773</u>

Included in the cost of investments in associates is goodwill of HK\$186,513,404 (30th June, 2022: HK\$186,513,404) arising on acquisition of an associate in prior years.

13. Trade and other receivables

At 31st December, 2022, included in trade and other receivables of the Group are trade receivables of HK\$3,514,371 (30th June, 2022: HK\$3,477,786). Trade debtors mainly comprise receivables from the operation of City Garden Hotel. For the payment terms of the New Arrangement (30th June, 2022: the Arrangement) referred to in note 3, the monthly room charge and other charges for three months in total shall be settled in advance by the first month of each quarter (30th June, 2022: each month settled by the first day of that month in arrear).

For the others, 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 at the end of the reporting period:

	31st December, 2022 HK\$	30th June, 2022 HK\$
Trade receivables		
0 – 30 days	3,514,371	3,477,786
Other receivables	<u>14,117,818</u>	<u>11,683,707</u>
	<u>17,632,189</u>	<u>15,161,493</u>

Notes to the unaudited condensed consolidated financial statements (Continued)

For the six months ended 31st December, 2022

14. Trade and other payables

At 31st December, 2022, included in trade and other payables of the Group are trade payables of HK\$4,748,448 (30th June, 2022: HK\$5,117,235).

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

	31st December, 2022 HK\$	30th June, 2022 HK\$
Trade payables		
0 – 30 days	4,498,400	4,438,870
31 – 60 days	213,885	178,304
61 – 90 days	4,221	120,120
Over 90 days	31,942	379,941
	<u>4,748,448</u>	<u>5,117,235</u>
Other payables	15,744,802	8,136,584
Contract liabilities	2,800,000	–
	<u>23,293,250</u>	<u>13,253,819</u>

15. Share capital

	Number of ordinary shares of HK\$1 each		Nominal value	
	2022	2021	2022 HK\$	2021 HK\$
Authorised:				
At the beginning and the end of the period	<u>3,000,000,000</u>	<u>3,000,000,000</u>	<u>3,000,000,000</u>	<u>3,000,000,000</u>
Issued and fully paid:				
At 1st July and 31st December	<u>1,142,661,798</u>	<u>1,142,661,798</u>	<u>1,142,661,798</u>	<u>1,142,661,798</u>

16. Commitments

	31st December, 2022 HK\$	30th June, 2022 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	<u>14,218,441</u>	<u>3,199,935</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 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 inputs are quoted prices (unadjusted) in active market for identical assets or liabilities that the entity can access at the measurement date;
- 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, 2022 HK\$	30th June, 2022 HK\$		
Equity instrument at FVTOCI				
– Listed equity securities	<u>692,171,530</u>	<u>615,805,094</u>	Level 1	Quoted price from direct market comparable
– Listed perpetual bond	<u>157,283,330</u>	<u>160,863,500</u>	Level 2	Quoted market price provided by financial institution
Debt instrument at FVTOCI				
– Listed debt security	<u>71,392,106</u>	<u>72,304,612</u>	Level 2	Quoted market price provided by financial institution
Debt instrument at FVTPL				
– Listed debt security	<u>111,440,000</u>	<u>144,480,000</u>	Level 1	Quoted price from direct market comparable

There was no transfer 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, 2022

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, 2022, the Group held 84,828,218 (30th June, 2022: 84,828,218) ordinary shares, representing approximately 5.14% (30th June, 2022: 5.14%) equity interest, in The Hongkong and Shanghai Hotels, Limited (the "HKSHL Shares"), a company whose shares (stock code: 45) are listed on the Main Board of the Stock Exchange 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, 2022: HK\$702,510,000) and its fair value as at 31st December, 2022 was approximately HK\$688,805,000 (30th June, 2022: HK\$612,460,000), representing approximately 16.3% (30th June, 2022: 14.6%) of the total assets of the Group as at 31st December, 2022. The Group recorded an unrealised gain on fair value change of the HKSHL Shares of approximately HK\$76,345,000 (six months ended 31st December, 2021: unrealised loss of HK\$111,973,000) through other comprehensive income for the six months ended 31st December, 2022. This significant investment is held for long term. During the six months ended 31st December, 2022 and 31st December, 2021, no scrip dividend 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, 2022 save as those disclosed in the Group's audited annual financial statements for the year ended 30th June, 2022.

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, 2022, 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, 2022, 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, 2022, 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 Capital Pte. Ltd. (formerly known as 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, 2022, 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 2022 Annual Report and up to 21st February, 2023 (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. Robert Ng Chee Siong

- appointed as a member of the 14th National Committee of the Chinese People's Political Consultative Conference.

The Honourable Ronald Joseph Arculli

- retired as a Board Member and the Vice-Chairman of the Board of The West Kowloon Cultural District Authority and the Chairman of its Executive Committee and Development Committee.

Mr. Hung Wai Man

- ceased as Vice President of Guangdong's Association For Promotion of Cooperation between Guangdong, Hong Kong and Macao;
- ceased as Vice President of Hong Kong Youths Unified Association; and
- appointed as Academic Committee Chairman of China Silk Road iValley Research Institute.

Mr. Daryl Ng Win Kong

- appointed as a member of the Standing Committee of the 14th Beijing Municipal Committee of the Chinese People's Political Consultative Conference;
- appointed as a member of the Court of The Hong Kong University of Science and Technology; and
- ceased as a member of the Cyberport Advisory Panel of Hong Kong Cyberport Management Company Limited.

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, as well as 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 2023, 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, 2022.

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, 2022. 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

The Company has complied with all the code provisions as set out in Appendix 14 to the Listing Rules applicable to the Company for the six months ended 31st December, 2022, 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, 21st February, 2023

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 consolidated statement of financial position of Sino Hotels (Holdings) Limited (the “Company”) as of 31st December, 2022 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and condensed consolidated 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* (“HKAS”) 34 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 HKAS 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 enquiries, 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, 2022 are not prepared, in all material respects, in accordance with HKAS 34.

KPMG

Certified Public Accountants

8th Floor, Prince’s Building

10 Chater Road

Central, Hong Kong

21st February, 2023



(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)

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