



SHUN HO TECHNOLOGY HOLDINGS LIMITED

(incorporated in Hong Kong with limited liability)

(Stock Code: 219)

2008 INTERIM RESULTS

RESULTS

The board of directors (the “Board”) of Shun Ho Technology Holdings Limited (the “Company”) announces that the unaudited consolidated profit after taxation of the Company and its subsidiaries (together the “Group”) for the six months ended 30th June, 2008 amounted to approximately HK\$211,667,000 (six months ended 30th June, 2007: HK\$609,997,000) and the unaudited consolidated profit after minority interests of the Group for the six months ended 30th June, 2008 amounted to HK\$107,560,000 (six months ended 30th June, 2007: HK\$334,540,000). The unaudited consolidated results of the Group for the period, together with comparative figures for the previous period, are as follows:

Condensed Consolidated Income Statement

For the six months ended 30th June, 2008

		Six months ended	
	NOTES	30.6.2008 HK\$'000 (unaudited)	30.6.2007 HK\$'000 (unaudited)
Revenue	3	139,110	99,577
Cost of sales		(2,108)	(2,116)
Other service costs		(55,119)	(45,041)
Depreciation and release of prepaid lease payments for land		<u>(14,904)</u>	<u>(14,511)</u>
Gross profit		66,979	37,909
Revaluation surplus/ increase in fair value of investment properties		184,927	784,249
Other income		2,419	10,925
Gain (loss) on fair value changes of investments held for trading		643	(531)
Administrative expenses		(10,209)	(9,345)
- Depreciation		(1,905)	(1,314)
- Others		(8,304)	(8,031)
Share of loss of an associate		-	(4)
Finance costs	5	(10,092)	(5,593)
Losses on disposal and deemed disposal of interests in a subsidiary		<u>-</u>	<u>(62,626)</u>
Profit before taxation	6	234,667	754,984
Income tax expense	7	<u>(23,000)</u>	<u>(144,987)</u>
Profit for the period		<u>211,667</u>	<u>609,997</u>
Attributable to:			
Equity holders of the Company		107,560	334,540
Minority interests		<u>104,107</u>	<u>275,457</u>
		<u>211,667</u>	<u>609,997</u>
		HK cents	HK cents
Earnings per share			
Basic	8	<u>23.58</u>	<u>73.35</u>

Condensed Consolidated Balance Sheet
At 30th June, 2008

	NOTES	30.06.2008 HK\$'000 (unaudited)	31.12.2007 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment		419,409	424,766
Prepaid lease payments for land		1,112,803	1,028,057
Investment properties		2,079,170	2,536,250
Property under development		703,584	39,718
Interest in an associate		-	-
Available-for-sale investments		100,944	105,953
Deposits for acquisition of land		<u>29,700</u>	<u>4,694</u>
		4,445,610	4,139,438
Current assets			
Inventories		752	689
Properties for sale		21,574	21,534
Investments held for trading		21,277	20,698
Prepaid lease payments for land		12,176	12,065
Trade and other receivables	10	21,886	16,883
Other deposits and prepayments		4,114	4,760
Trade balance due from immediate holding company	10	29	29
Pledged bank deposits		110	110
Bank balances and cash		<u>14,601</u>	<u>12,242</u>
		96,519	89,010
Current liabilities			
Trade and other payables	11	33,390	41,772
Rental and other deposits received		33,585	21,489
Advance from immediate holding company		14,228	14,656
Advance from ultimate holding company		59,470	-
Tax liabilities		12,765	6,929
Bank loans		<u>899,292</u>	<u>873,550</u>
		1,052,730	958,396
Net current liabilities		(956,211)	(869,386)
Total assets less current liabilities		3,489,399	3,270,052
Capital and reserves			
Share capital		268,538	268,538
Share premium and reserves		<u>1,592,490</u>	<u>1,486,132</u>
Equity attributable to shareholders of the Company		1,861,028	1,754,670
Minority interests		<u>1,293,910</u>	<u>1,198,121</u>
Total equity		3,154,938	2,952,791
Non-current liability			
Deferred tax liabilities		<u>334,461</u>	<u>317,261</u>
		3,489,399	3,270,052

Notes:

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

In the current interim period, the Group has applied, for the first time, a number of new interpretations ("new Interpretations") issued by the HKICPA, which are effective for the Group's financial year beginning on 1st January, 2008. The adoption of these new Interpretations had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

3. REVENUE

	Six months ended	
	30.6.2008	30.6.2007
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Income from operation of hotels	102,421	88,320
Property rental income	36,033	10,550
Interest income from debt securities	616	667
Dividend income	40	40
	<u>139,110</u>	<u>99,577</u>

4. SEGMENT INFORMATION

Business segments

For management purposes, the Group is mainly organised into four operations. These operations based on which the Group reports its primary segment information are as follows:

Hospitality services	- investment in and operation of hotels
Property investment	- property letting
Property development and sales	- development and sales of properties
Securities investment and trading	- investment in and trading of securities

Segment information about these businesses is presented below:

REVENUE AND RESULTS

Six months ended 30th June, 2008

	Hospitality services HK\$'000 (unaudited)	Properties investment HK\$'000 (unaudited)	Property development and sales HK\$'000 (unaudited)	Securities investment and trading HK\$'000 (unaudited)	Consolidated HK\$'000 (unaudited)
REVENUE					
External	<u>102,421</u>	<u>36,033</u>	<u>-</u>	<u>656</u>	<u>139,110</u>
SEGMENT RESULTS					
Operations	36,349	29,974	-	1,299	67,622
Increase in fair value of investment properties	<u>-</u>	<u>184,927</u>	<u>-</u>	<u>-</u>	<u>184,927</u>
	<u>36,349</u>	<u>214,901</u>	<u>-</u>	<u>1,299</u>	252,549
Other income					2,419
Unallocated corporate expenses					(10,209)
Finance costs					<u>(10,092)</u>
Profit before taxation					234,667
Income tax expense					<u>(23,000)</u>
Profit for the period					<u>211,667</u>

Six months ended 30th June, 2007

	Hospitality services <i>HK\$'000</i> (unaudited)	Properties investment <i>HK\$'000</i> (unaudited)	Property development and sales <i>HK\$'000</i> (unaudited)	Securities investment and trading <i>HK\$'000</i> (unaudited)	Consolidated <i>HK\$'000</i> (unaudited)
REVENUE					
External	<u>88,320</u>	<u>10,550</u>	<u>-</u>	<u>707</u>	<u>99,577</u>
SEGMENT RESULTS					
Operations	27,185	10,016	-	177	37,378
Revaluation surplus/ increase in fair value of investment properties	<u>-</u>	<u>784,249</u>	<u>-</u>	<u>-</u>	<u>784,249</u>
	<u>27,185</u>	<u>794,265</u>	<u>-</u>	<u>177</u>	821,627
Other income					10,925
Unallocated corporate expenses					(9,345)
Share of loss of an associate					(4)
Finance costs					
Losses on disposal and deemed disposal of interests in a subsidiary					(5,593)
					<u>(62,626)</u>
Profit before taxation					754,984
Income tax expense					<u>(144,987)</u>
Profit for the period					<u>609,997</u>

Geographical segments

The following is an analysis of the Group's revenue by geographical markets:

	Six months ended	
	30.6.2008	30.6.2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Hong Kong	106,447	73,151
Macau	22,256	16,970
Other regions in the People's Republic of China (the "PRC")	<u>10,407</u>	<u>9,456</u>
	<u>139,110</u>	<u>99,577</u>

5. FINANCE COSTS

	Six months ended	
	30.6.2008	30.6.2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Interest on :		
Bank loans wholly repayable within five years	13,016	8,821
Advance from ultimate holding company wholly repayable within five years	470	-
Advance from immediate holding company wholly repayable within five years	<u>225</u>	<u>400</u>
	13,711	9,221
Less: amount capitalised in property under development	<u>(3,619)</u>	<u>(3,628)</u>
	<u>10,092</u>	<u>5,593</u>

6. PROFIT BEFORE TAXATION

	Six months ended	
	30.6.2008	30.6.2007
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit before taxation has been arrived at after charging (crediting):		
Release of prepaid lease payments for land	9,024	6,866
Less: amortisation capitalised in property under development	<u>(2,991)</u>	<u>(834)</u>
	6,033	6,032
Depreciation of property, plant and equipment	10,776	9,793
Interest on bank deposits, included in other income	(120)	(1,492)
Gain on disposal of property, plant and equipment, included in other income	<u>(371)</u>	<u>(9,315)</u>

7. INCOME TAX EXPENSE

	Six months ended	
	30.6.2008	30.6.2007
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
The taxation charge comprises:		
Current tax		
Hong Kong Profits Tax	<u>5,800</u>	<u>5,522</u>
Deferred tax		
Current year's provision	32,379	139,465
Effect of change in tax rate on opening deferred tax liability	<u>(15,179)</u>	<u>-</u>
	<u>17,200</u>	<u>139,465</u>
	<u>23,000</u>	<u>144,987</u>

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

8. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	Six months ended	
	30.6.2008	30.6.2007
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit for the period and profit for the purpose of calculating basic earnings per share	<u>107,560</u>	<u>334,540</u>
	Number of shares	
	'000	'000
	(unaudited)	(unaudited)
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<u>456,117</u>	<u>456,117</u>

Diluted earnings per share figures for the periods have not been shown as there were no potential dilutive ordinary shares outstanding during both of the periods presented.

9. DIVIDEND

During the period, no dividend was paid to shareholders of the Company.

The directors have resolved not to declare an interim dividend in respect of the period (six months ended 30.6.2007: Nil).

10. TRADE AND OTHER RECEIVABLES/TRADE BALANCE DUE FROM IMMEDIATE HOLDING COMPANY

Except for an average credit period of 30 to 60 days granted to travel agencies and customers of the hotels, the Group does not allow any credit period to its customers. The following is an aged analysis of the Group's trade receivables at the balance sheet date:

	30.6.2008 <i>HK'000</i> (unaudited)	31.12.2007 <i>HK\$'000</i> (audited)
0-30 days	16,460	11,670
31-60 days	1,682	2,304
Over 60 days	<u>705</u>	<u>1,297</u>
	<u>18,847</u>	<u>15,271</u>

Analysed for reporting as:

Trade receivables	18,818	15,242
Other receivables		
	<u>3,068</u>	<u>1,641</u>
	21,886	16,883
Trade balance due from immediate holding company (Note)		
	<u>29</u>	<u>29</u>
	<u>21,915</u>	<u>16,912</u>

Note: The amount is unsecured, interest free and directors expect that the amount will be recoverable within 12 months from the balance sheet date.

11. TRADE AND OTHER PAYABLES

The following is an aged analysis of the Group's trade payables at the balance sheet date:

	30.6.2008 <i>HK'000</i> (unaudited)	31.12.2007 <i>HK\$'000</i> (audited)
0-30 days	1,997	9,307
31-60 days	653	986
Over 60 days	<u>13,574</u>	<u>3,536</u>
	<u>16,224</u>	<u>13,829</u>

Analysed for reporting as:

Trade payables	16,224	13,829
Other payables		
	<u>17,166</u>	<u>27,943</u>
	<u>33,390</u>	<u>41,772</u>

12. COMPARATIVE FIGURES

In prior period, the depreciation charge was included in the Group's cost of sales. In the current period, the directors considered it is more appropriate to include the depreciation charge on property, plant and equipment in administrative expenses. Accordingly, the depreciation charge of HK\$1,314,000 was reclassified from "cost of sales" to "administrative expenses". The comparative amount has been restated to conform to the current period presentation. Certain figures of segment information in prior period have been restated to comply with the presentation of segment information for the current period.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30th June, 2008 (six months ended 30.6.2007: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

During the period under review, the Group through its major subsidiary, Magnificent Estates Limited, continued with its operations of properties investment, development and leasing and operation of hotels.

- For the six months ended 30th June, 2008, the Group's revenue was mostly derived from the aggregate of income from operation of hotels, properties rental income, interest and dividend income.

The income from operation of hotels increased by 16% from HK\$88 million to HK\$102 million for the same period compared with last year. The increase of revenue for the period was due to better tourism visit environment and smooth running the operations of Ramada Hotel Kowloon, Ramada Hong Kong Hotel, Best Western Hotel Taipa, Macau and Magnificent International Hotel, Shanghai.

The properties rental income was derived from office building of Shun Ho Tower, 633 King's Road and various shops of Ramada Hotel Kowloon, Ramada Hong Kong Hotel and Best Western Hotel Taipa, Macau amounted to approximately HK\$36 million.

- As at 30th June, 2008, the overall debts was HK\$973 million (31.12.2007: HK\$888 million), of which HK\$899 million (31.12.2007: HK\$ 874 million) was bank borrowings and HK\$74 million (31.12.2007: HK\$14 million) was shareholder loans. The increase of overall debts was due to the acquisition of one hotel development property for a total of approximately HK\$99 million.

The gearing ratio was approximately 31% (31.12.2007: 30%) in terms of external bank borrowings of HK\$899 million (31.12.2007: HK\$874 million) and advance from shareholders of HK\$74 million (31.12.2007: HK\$14 million) against funds employed of HK\$3,155 million (31.12.2007: HK\$2,953 million).

The Group's bank borrowings carry interest at floating rates and are mainly denominated in Hong Kong dollar. Accordingly, the exchange risk of the Group is minimal. During the period under review, there was no significant changes in the Group's staffing level and remuneration and benefit were set with reference to the market.

- For the period under review, the investment properties such as Shun Ho Tower, 633 King's Road and various shops in Ramada Hong Kong Hotel, Ramada Hotel Kowloon and Best Western Hotel Taipa, Macau were fully letted. It is expected that the rental revenue from these properties will continue to increase.

During the period, the leasing of the grade A office building at 633 King's Road achieved \$64.7million per annum from 2009 with two and a half more floors remaining vacant. The management envisages the office building will be fully leased in the nearest future.

For the period under review, there was no property disposal. However, the houses at Gold Coast Marina, Tuen Mun are available for sale.

Looking ahead, the Board considers that the successful completion of Olympic Games in China will facilitate international travels to Hong Kong and China. The implementation by the PRC Government of CEPA and the furtherance of relaxation of mainland travelers to visit Hong Kong help stimulate further regional tourism. It is envisaged that the hotel business should further improve in the coming year confirming the Group's correct strategy to build up a major portfolio of prime 4-star hotels in Hong Kong and major cities of China. The continuous increase of inbound tourists justified the Group's intention to expand the Group's hotel assets. The recent low interest rate, high inflation and tight land supply Government policy backs the demand in the local property market that brings benefit to the Group's commercial portfolio in Central and North Point. With the unforeseeable events and global financial turmoil, the management of the Group will adopt a conservative approach and will not expect to make further asset acquisitions but to make best endeavour to complete the constructions of the 4 new hotels in Hong Kong to increase the earning base and value for the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the period.

CORPORATE GOVERNANCE

(a) Compliance with the Code on Corporate Governance Practices

During the period, the Company has complied with the code provisions set out in the Code of Corporate Governance Practices (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") except the following:

Code Provision A.2.1

The Company does not have separate appointments for Chairman and Chief Executive Officer. Mr. William CHENG Kai Man holds both positions. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same person enables the Company to have a stable and consistent leadership. It will also facilitate the planning and execution of the Company's strategy and is hence, for the interests of the Company and its shareholders.

Code Provision A.4.1

Non-executive directors of the Company have no set term of office but retire from office on a rotational basis at least once every three years. Amendment to the articles of association of the Company was proposed and approved by the shareholders at the annual general meeting of the Company held on 27th May, 2005 whereby every director shall be subject to retirement by rotation at least once every three years. The Company considers that sufficient measures have been taken to ensure that its corporate governance practices are no less exacting than those in the Code.

(b) Compliance with the Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the directors. Having made specific enquiry of all directors, the Company confirmed that all directors have complied with the required standard set out in the Model Code.

REVIEW BY THE AUDIT COMMITTEE

The audit committee has reviewed the unaudited financial results of the Group for the six months ended 30th June, 2008.

By Order of the Board

William CHENG Kai Man
Chairman

Hong Kong, 17th September, 2008

As at the date hereof, the Board comprises seven Directors, of which two are Executive Directors, namely Mr. William Cheng Kai Man and Mr. Albert Hui Wing Ho; two are Non-executive Directors, namely Mr. David Cheng Kai Ho and Madam Mabel Lui Fung Mei Yee; and three are Independent Non-executive Directors, namely Mr. Vincent Kwok Chi Sun, Mr. Chan Kim Fai and Mr. Hui Kin Hing.