SHUN HO TECHNOLOGY HOLDINGS LIMITED

(incorporated in Hong Kong with limited liability)

(Stock Code: 219)

2012 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, 2012 amounted to approximately HK$220,220,000 (six months ended 30th June, 2011: HK$390,920,000) and the unaudited consolidated profit after non-controlling interests of the Group for the six months ended 30th June, 2012 amounted to HK$156,449,000 (six months ended 30th June, 2011: HK$276,479,000). The unaudited consolidated results of the Group for the period, together with comparative figures for the previous period, are as follows:

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30th June, 2012

		Six months ended	
	NOTES	**30.6.2012**	30.6.2011
		HK$'000	*HK$'000*
		(unaudited)	(restated)
Revenue	*3*	**214,888**	162,379
Cost of sales		**(1,571)**	(1,451)
Other service costs		**(66,060)**	(51,255)
Depreciation of property, plant and equipment and release of prepaid lease payments for land		**(16,839)**	(11,927)
Gross profit		**130,418**	97,746
Increase in fair value of investment properties		**129,820**	324,280
Other income		**8,315**	7,671
Loss on fair value changes of investments held for trading		**-**	(2)
Administrative expenses		**(12,519)**	(11,563)
- Depreciation		**(1,915)**	(2,867)
- Others		**(10,604)**	(8,696)
Other expenses		**(11,047)**	(10,578)
Finance costs	*5*	**(4,171)**	(2,591)
Profit before taxation		**240,816**	404,963
Income tax expense	*6*	**(20,596)**	(14,043)
Profit for the period	*7*	**220,220**	390,920
Other comprehensive (expense) income			
Exchange differences arising on translation of foreign operations		**(1,191)**	1,548
Gain on fair value changes of available-for-sale investments		**8,139**	1,252
Other comprehensive income for the period		**6,948**	2,800
Total comprehensive income for the period		**227,168**	393,720

Condensed Consolidated Statement of Comprehensive Income *(continued)*
For the six months ended 30th June, 2012

		Six months ended	
		30.6.2012	30.6.2011
	Note	***HK$'000***	*HK$'000*
		(unaudited)	(restated)
Profit for the period attributable to:			
Owners of the Company		**156,449**	276,479
Non-controlling interests		**63,771**	114,441
		220,220	390,920
Total comprehensive income attributable to:			
Owners of the Company		**161,387**	277,769
Non-controlling interests		**65,781**	115,951
		227,168	393,720
		HK cents	*HK cents*
Earnings per share			
Basic	*8*	**33.36**	58.96
Diluted		**N/A**	58.96

Condensed Consolidated Statement of Financial Position
At 30th June, 2012

	NOTES	**As at 30.6.2012 *HK$'000* (unaudited)**	As at 31.12.2011 *HK$'000* (restated)
Non-current assets			
Property, plant and equipment		**1,315,425**	1,326,041
Prepaid lease payments for land		**59,859**	61,049
Investment properties		**2,756,700**	2,626,880
Properties under development		**1,613,063**	1,517,390
Available-for-sale investments		**71,522**	63,383
		5,816,569	5,594,743
Current assets			
Inventories		**825**	660
Properties held for sale		**21,650**	21,650
Prepaid lease payments for land		**1,502**	1,502
Trade and other receivables	*10*	**13,876**	19,940
Other deposits and prepayments		**11,241**	7,163
Pledged bank deposits		**110**	110
Bank balances and cash		**112,441**	100,683
		161,645	151,708
Current liabilities			
Trade and other payables and accruals	*11*	**65,529**	63,820
Rental and other deposits received		**3,941**	6,786
Advance from immediate holding company		**182**	605
Advance from ultimate holding company		**60,954**	59,960
Tax liabilities		**26,642**	14,645
Bank loans		**1,103,925**	1,110,957
		1,261,173	1,256,773
Net current liabilities		**(1,099,528)**	(1,105,065)
Total assets less current liabilities		**4,717,041**	4,489,678
Capital and reserves			
Share capital		**268,538**	268,538
Share premium and reserves		**3,036,983**	2,875,596
Equity attributable to owners of the Company		**3,305,521**	3,144,134
Non-controlling interests		**1,272,052**	1,214,030
		4,577,573	4,358,164
Non-current liabilities			
Rental deposits received		**28,632**	26,993
Deferred tax liabilities		**110,836**	104,521
		139,468	131,514
		4,717,041	4,489,678

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 ("HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

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

Excepted as described below, the accounting policies used in the condensed consolidated financial statements for the six months ended 30th June, 2012 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2011.

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

Amendments to HKFRS 7	Disclosures - Transfers of Financial Assets
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets

Amendments to the HKAS 12 *Deferred Tax: Recovery of Underlying Assets*

Under the amendments to HKAS 12 *Deferred Tax: Recovery of Underlying Assets*, investment properties that are measured using the fair value model in accordance with HKAS 40 *Investment Property* are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The Group measures its investment properties using the fair value model. As a result of the application of the amendments to HKAS 12, the directors reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodies in the investment properties over time, and that the presumption set out in the amendments to HKAS 12 is not rebutted.

As a result of the application of the amendments to HKAS 12, the Group does not recognise any deferred taxes on changes in fair value of certain investment properties as the Group is not subject to any income taxes on disposal of those investment properties. Previously, the Group recognised deferred taxes on changes in fair value of investment properties based on the tax consequences that would follow from the manner in which the Group expects to recover the carrying amount of the investment properties.

The amendments to HKAS 12 have been applied retrospectively, resulting in the Group's deferred tax liabilities being decreased by HK$336,312,000 as at 31st December, 2011, with the corresponding adjustment being recognised in retained profits. In addition, the application of the amendments has resulted in the Group's income tax expense for the six months ended 30th June, 2012 and 30th June, 2011 being reduced by HK$20,844,000 and HK$52,678,000 respectively and hence resulted in the profit for the six months ended 30th June, 2012 and 30th June, 2011 being increased by HK$20,844,000 and HK$52,678,000 respectively.

2. **PRINCIPAL ACCOUNTING POLICIES** *(Continued)*

Amendments to the HKAS 12 ***Deferred Tax: Recovery of Underlying Assets*** *(continued)*

The effect of the change in accounting policy described above on the results for the current and preceding interim periods by line items presented in the condensed consolidated statement of comprehensive income is as follows:

	Six months ended	
	30.6.2012	30.6.2011
	HK$'000	*HK$'000*
Decrease in income tax expense of the Group and increase in profit for the period	**20,844**	52,678
Increase in profit for the period attributable to owners of the Company	**17,889**	45,209

The effect of the change in accounting policy described above on the financial position of the Group as at the end of the immediately preceding financial year, i.e. 31st December, 2011, is as follows:

	As at 31.12.2011 (originally stated)	Adjustments	As at 31.12.2011 (restated)
	HK$'000	*HK$'000*	*HK$'000*
Effects on net assets:			
Deferred tax liabilities	440,833	(336,312)	104,521
Effects on equity:			
Retained profits	1,987,411	242,114	2,229,525
Non-controlling interests	1,119,832	94,198	1,214,030
	3,107,243	336,312	3,443,555

The effect of the change in accounting policy described above on the financial position of the Group as at the beginning of the comparative period, i.e. 1st January, 2011, is as follows:

	As at 1.1.2011 (originally stated)	Adjustments	As at 1.1.2011 (restated)
	HK$'000	*HK$'000*	*HK$'000*
Effects on net assets:			
Deferred tax liabilities	380,187	(289,208)	90,979
Effects on equity:			
Retained profits	1,689,334	208,628	1,897,962
Non-controlling interests	1,312,362	80,580	1,392,942
	3,001,696	289,208	3,290,904

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Impact on basic earnings per share

	Six months ended	
	30.6.2012	30.6.2011
	HK cents	*HK cents*
Basic earnings per share before adjustments	**29.55**	49.32
Adjustments arising from change in accounting policy in relation to:		
- application of amendments to HKAS 12 in respect of deferred taxes on investment properties	**3.81**	9.64
	33.36	58.96

Except as described above, the application of other amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosure set out in these condensed consolidated financial statements.

3. REVENUE

Revenue represents the aggregate of income from operation of hotels and property rental, and is analysed as follows:

	Six months ended	
	30.6.2012	30.6.2011
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Income from operation of hotels	**165,103**	115,841
Property rental	**49,785**	46,538
	214,888	162,379

4. SEGMENT INFORMATION

The Group's operating and reportable segments, based on information reported to the chief operating decision maker, Chairman of the Company, for the purpose of resources allocation and performance assessment are as follows:

1. Hospitality services - Ramada Hotel Kowloon
2. Hospitality services - Ramada Hong Kong Hotel
3. Hospitality services - Best Western Hotel Taipa, Macau
4. Hospitality services - Magnificent International Hotel, Shanghai
5. Hospitality services - Best Western Hotel Causeway Bay
6. Property investment - 633 King's Road
7. Property investment - Shun Ho Tower
8. Property investment - Shops
9. Securities investment and trading
10. Property development for hotel - 239 Queen's Road West
11. Property development for hotel - 23 Austin Avenue
12. Property development for hotel - 338 Queen's Road West

The following is an analysis of the Group's revenue and results by operating and reportable segment for the periods under review:

	Segment revenue Six months ended		**Segment profit (loss) Six months ended**	
	30.6.2012	30.6.2011	**30.6.2012**	30.6.2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Hospitality services	**165,103**	115,841	**80,751**	51,824
- Ramada Hotel Kowloon	**37,304**	34,346	**14,186**	12,450
- Ramada Hong Kong Hotel	**47,960**	43,512	**28,562**	25,237
- Best Western Hotel Taipa, Macau	**31,145**	27,214	**16,870**	13,659
- Magnificent International Hotel, Shanghai	**9,742**	8,361	**1,454**	833
- Best Western Hotel Causeway Bay	**38,952**	2,408	**19,679**	(355)
Property investment	**49,785**	46,538	**179,487**	370,202
- 633 King's Road	**35,223**	34,145	**101,152**	313,646
- Shun Ho Tower	**8,993**	7,988	**32,166**	20,151
- Shops	**5,569**	4,405	**46,169**	36,405
Securities investment and trading	**-**	-	**-**	(2)
Property development for hotel	**-**	-	**-**	-
- 239 Queen's Road West	**-**	-	**-**	-
- 23 Austin Avenue	**-**	-	**-**	-
- 338 Queen's Road West	**-**	-	**-**	-
	214,888	162,379	**260,238**	422,024
Other income			**8,315**	7,671
Other expenses			**(11,047)**	(10,578)
Central administration costs and directors' salaries			**(12,519)**	(11,563)
Finance costs			**(4,171)**	(2,591)
Profit before taxation			**240,816**	404,963

4. SEGMENT INFORMATION *(continued)*

The following is an analysis of the Group's assets by operating and reportable segment:

	As at 30.6.2012 *HK$'000* **(unaudited)**	As at 31.12.2011 *HK$'000* (audited)
Segment assets		
Hospitality services	**1,258,157**	1,280,072
- Ramada Hotel Kowloon	**289,708**	297,685
- Ramada Hong Kong Hotel	**341,489**	343,582
- Best Western Hotel Taipa, Macau	**130,017**	132,399
- Magnificent International Hotel, Shanghai	**92,681**	94,845
- Best Western Hotel Causeway Bay	**404,262**	411,561
Property investment	**2,758,620**	2,629,149
- 633 King's Road	**1,851,552**	1,786,128
- Shun Ho Tower	**484,068**	460,621
- Shops	**423,000**	382,400
Securities investment and trading	**71,522**	63,383
Property development for hotel	**1,622,693**	1,519,692
- 239 Queen's Road West	**536,130**	484,883
- 23 Austin Avenue	**855,790**	808,407
- 338 Queen's Road West	**230,773**	226,402
	5,710,992	5,492,296
Unallocated assets	**267,222**	254,155
	5,978,214	5,746,451

5. FINANCE COSTS

	Six months ended 30.6.2012 *HK$'000* **(unaudited)**	30.6.2011 *HK$'000* (unaudited)
Interests on :		
Bank loans wholly repayable within five years	**11,713**	6,400
Advance from ultimate holding company wholly repayable within five years	**994**	360
Advance from immediate holding company wholly repayable within five years	**8**	8
Other	**-**	13
	12,715	6,781
Less: amounts capitalised in properties under development	**(8,544)**	(4,190)
	4,171	2,591

6. INCOME TAX EXPENSE

	Six months ended	
	30.6.2012	30.6.2011
	HK$'000	*HK$'000*
	(unaudited)	(restated)
Current tax		
Hong Kong	**12,278**	12,205
The People's Republic of China ("PRC")	**252**	139
Other jurisdiction	**1,751**	1,366
	14,281	13,710
Deferred tax		
Current period	**6,315**	333
	20,596	14,043

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 annual tax rate used is 16.5% for the six months ended 30th June, 2012 (six months ended 30th June, 2011: 16.5%).

Taxation arising in the PRC and other jurisdiction is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year prevailing in the relevant jurisdictions.

7. PROFIT FOR THE PERIOD

	Six months ended	
	30.6.2012	30.6.2011
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging (crediting):		
Release of prepaid lease payments for land	**784**	751
Depreciation of property, plant and equipment	**17,970**	14,043
Pre-operating expenses (included in other expenses)	**4,236**	4,146
Interest on bank deposits (included in other income)	**(362)**	(4)

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

Earnings

	Six months ended	
	30.6.2012	30.6.2011
	HK$'000	*HK$'000*
	(unaudited)	(restated)
Profit for the period and earnings for the purposes of basic (2011: basic and diluted) earnings per share	**156,449**	276,479
Number of shares		
	'000	*'000*
	(unaudited)	(unaudited)
Number of ordinary shares for the purposes of basic (2011: basic and diluted) earnings per share	**468,937**	468,937

Diluted earnings per share for the six months ended 30th June, 2012 are not presented as there are no dilutive ordinary shares exist during the period presented.

During the six months ended 30th June, 2011, the mandatory convertible bonds issued by a subsidiary were converted into ordinary shares by the Group. The computation of diluted earnings per share does not assume the conversion of the Group's outstanding mandatory convertible bonds prior to the conversion since the assumed conversion would result in an increase in earnings per share for prior periods.

9. DIVIDEND

No dividends were paid, declared or proposed during the reported period. The directors have resolved not to declare an interim dividend for the six months ended 30th June, 2012 and 30th June, 2011.

10. TRADE AND OTHER RECEIVABLES

Except for a 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 other customers. The following is an analysis of trade receivables by age, presented based on the invoice date, at the end of the reporting period:

	As at	As at
	30.6.2012	31.12.2011
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Not yet due	**11,282**	16,923
Overdue:		
0 - 30 days	**1,119**	596
31 - 60 days	**42**	56
Over 60 days	**-**	90
	12,443	17,665
Analysed for reporting as:		
Trade receivables	**12,443**	17,665
Other receivables	**1,433**	2,275
	13,876	19,940

11. TRADE AND OTHER PAYABLES AND ACCRUALS

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

	As at 30.6.2012 *HK$'000* (unaudited)	As at 31.12.2011 *HK$'000* (audited)
0 - 30 days	**2,554**	2,611
31 - 60 days	**101**	299
Over 60 days	**403**	380
	3,058	3,290

Analysed for reporting as:

Trade payables	**3,058**	3,290
Other payables and accruals (*Note*)	**62,471**	60,530
	65,529	63,820

Note: Other payables and accruals include construction costs payable of HK$36,522,000 (31st December, 2011: HK$44,624,000).

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30th June, 2012 (six months ended 30th June, 2011: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

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

- The unaudited consolidated profit after non-controlling interests of the Group for the six months ended 30th June, 2012 amounted to HK$156,449,000 (six months ended 30th June, 2011: HK$276,479,000). The decreased by 43% due to decreased property revaluation gain compared with same period last year.

- For the six months ended 30th June, 2012, the Group's income was mostly derived from the aggregate of income from operation of hotels and properties rental income.

  The hotels operation income increased by 43% to HK$165 million (six months ended 30th June, 2011: HK$116 million). The increase of revenue for the period was due to substantial improvement in hotel revenue.

  The properties rental income was derived from office buildings of Shun Ho Tower, 633 King's Road and shops from Ramada Hotel Kowloon, Ramada Hong Kong Hotel and Best Western Hotel Taipa, Macau amounted to HK$50 million (six months ended 30th June, 2011: HK$47 million). The growth was derived from 633 King's Road. At the date of this announcement, 633 King's Road is providing an annual rental income of HK$71 million (excluding rates and management fee incomes).

Other income amounted to HK$8.3 million (six months ended 30th June, 2011: HK$7.7 million) which was mostly property management fee income of HK$7.7 million (six months ended 30th June, 2011: HK$7.4 million) with related expenses of HK$6.8 million (six months ended 30th June, 2011: HK$6.4 million).

- Overall service costs for the Group for the period was HK$66.1 million (six months ended 30th June, 2011: HK$51.2 million), which HK$66 million (six months ended 30th June, 2011: HK$50.7 million) was for the hotel operations including food and beverage and costs of sales and HK$0.1 million (six months ended 30th June, 2011: HK$0.5 million) was mainly for leasing commission paid for investment properties. The leasing commissions paid for the leased premises represent total commissions payable for the three years of rental period.

  During the period, the administrative expenses excluding depreciation was HK$10.6 million (six months ended 30th June, 2011: HK$8.7 million) for corporate management office including directors' fees, salaries for executive staff and employees, rental, marketing expenses and office expenses.

  Other expenses were HK$11 million (six months ended 30th June, 2011: HK$10.6 million). Other expenses included property management expenses of HK$6.8 million (six months ended 30th June, 2011: HK$6.4 million) and the total pre-operating expenses of Best Western Hotel Harbour View and Best Western Grand Hotel of HK$4.2 million (six months ended 30th June, 2011: the pre-operating expense of Best Western Hotel Causeway Bay: HK$4.1 million). The property management expenses were increased by HK$0.4 million due to the increase of cost of staff and utilities while the management fee remained unchanged.

- At 30th June, 2012, the overall debt of the Group was HK$1,165 million (31st December, 2011: HK$1,171 million). All the debt was borrowed by Magnificent Estates Group. The gearing ratio of the Group (including Magnificent Estates Group) was approximately 25% (31st December, 2011: 27%) in terms of bank borrowings of HK$1,104 million (31st December, 2011: HK$1,111 million) and HK$61 million (31st December, 2011: HK$60 million) was advance from shareholders against funds employed of HK$4,578 million (31st December, 2011: HK$4,358 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 about 18% increase in the Group's staffing level compared to 31st December 2011. Remuneration and benefit were set with reference to the market.

- For the period under review, the investment properties such as Shun Ho Tower and shops in Ramada Hotel Kowloon, Ramada Hong Kong Hotel and Best Western Hotel Taipa, Macau were almost fully let. It is expected that the rental revenue from these properties will have modest increase in 2012.

  As at the date of this announcement, the leasing of the grade A office building at 633 King's Road achieved HK$71 million (excluding rates and management fee) per annum. The management envisages the office building will have modest rental increase in 2012 as most leases are due for renewal.

  For the period under review, there was no significant property being disposed of. The houses at Gold Coast, New Territories are already available for leasing and rental income.

- In the coming year, it is envisaged that the hotel business would be improving due to the continuous increase of inbound tourists, devaluation of Hong Kong dollar against Renminbi. The leisure travelling continues to improve due to continuous increase of inbound tour from global interests in Asia and implementation of the CEPA and further relaxation of mainlanders to travel freely. The management of the hotels will endeavour to maintain the high occupancy but will focus on obtaining higher room rates.

Best Western Grand Hotel
No. 23 Austin Avenue, Tsimshatsui Hotel Development

The 397 rooms hotel development in the excellent shopping location in Tsimshatsui. The occupation permit was issued in August 2012. Operation commencement is expected in late 2012.

No. 338 Queen's Road West Hotel Development

A 214 serviced apartments hotel development was approved to be built. Foundation construction is well under way. Approval has been obtained to increase the plot ratio from 12 to 13.2 with no premium payment required. The construction of the Western MTR Line will improve future value and business of this property significantly.

Looking ahead, the management expects 2012 will be a modestly improved year for hotel operation. The hotels occupancy remain high because of the increasing leisure traveling from the PRC and their further visa relaxation and devaluation of Hong Kong dollar against Renminbi. The hotels room rates will increase due to the return of higher yield commercial travellers. Thus, the management expects higher yield commercial travelers and prospects of further multiple visa relaxation in China and rapid middle class population growth in China will result in room rates and revenue increment. The improving hotel business will help to increase the Group's overall turnover.

The management is most pleased with the commencement of operation of the 258 rooms Best Western Hotel Causeway Bay and its immediate remarkable nearly full occupancies since July 2011 and its additional contribution has assisted increase Group hotels revenue by 43% from January to June this year.

The 432 rooms Best Western Hotel Harbour View has commenced operation since 21st July this year and has since enjoyed nearly full occupancy. The additional revenue of the new Best Western Hotel Harbour View has assisted the Group August Group revenue to increase by 44%. The significant 432 rooms Best Western Hotel Harbour View will surely make significant improvment to the Group's hotel revenue in the years to come.

The 397 rooms Best Western Grand Hotel, Tsimshatsui to be completed this year will undoubtedly make further substantial contribution to the Group's hotel revenue.

Thus 2012, 2013 and onwards will be the **HARVESTING YEARS** for the Company's subsidiary Magnificent Estates after many years of development of the new hotels.

The management will take best advantage of the improving rental incomes of the commercial buildings and shops, strong growth of the hotels revenue, low interest rate environment, competitive Hong Kong dollar, inflation and low 12% debt ratio to enhance the Group's incomes and values with the aim to increase future dividend policy.

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 and Code on Corporate Governance

During the six months ended 30th June, 2012, the Company has complied with all the code provisions set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") (Code on Corporate Governance Practices) (effective until 31st March, 2012) and Corporate Governance Code (effective from 1st April, 2012) with the exception of the following deviations:

Code Provision A.2.1: chairman and chief executive should not be performed by the same individual

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 also facilitates 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 should be appointed for a specific term.

All directors of the Company (including executive or non-executive directors) are not appointed for a fixed term. The Articles of Association of the Company stipulate that every director (including executive or non-executive directors) shall retire and be re-elected at lease once every three years. Therefore, the Company has adopted adequate measures to ensure the corporate governance of the Company complies with the same level to that required under the Code on Corporate Governance Practices and the Corporate Governance Code.

Code Provision A.5.2: the nomination committee should perform the duties set out in paragraphs (a) to (d)

The terms of reference of the nomination committee adopted by the Company are in compliance with the code provision A.5.2 except that it is not the duty of the nomination committee to select individuals nominated for directorships. The nomination committee comprises a majority of independent non-executive directors who are not involved in the daily operation of the Company and may not have sufficient knowledge of industry practice. Such duty should be performed by the board.

Code Provision A.6.7: independent non-executive directors and non-executive directors should attend general meetings

Madam Lui Fung Mei Yee, the non-executive director, was unable to attend the annual general meeting of the Company held on 18th June, 2012 due to other business engagement.

Code Provision B.1.2: the remuneration committee's terms of reference should include, as a minimum, paragraphs (a) to (h)

The terms of reference of the remuneration committee adopted by the Company are in compliance with the code provision B.1.2 except that it is not the duties of the remuneration committee to approve the management's remuneration proposals, compensation payable to executive directors and senior management for any loss or termination of office or appointment and compensation arrangements relating to dismissal or removal of directors for misconduct. The remuneration committee comprises a majority of independent non-executive directors who are not involved in the daily operation of the Company and may not have sufficient knowledge of industry practice. Such duties should be performed by the board.

(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 during the period under review.

REVIEW BY THE AUDIT COMMITTEE

The audit committee has reviewed the unaudited financial results of the Group for the six months ended 30th June, 2012.

By Order of the Board

William CHENG Kai Man
Chairman

Hong Kong, 28th August, 2012

As at the date hereof, the Board comprises six Directors, of which two are Executive Directors, namely Mr. William Cheng Kai Man and, Mr. Albert Hui Wing Ho; one is Non-executive Director, 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.