SHUN HO TECHNOLOGY HOLDINGS LIMITED

(incorporated in Hong Kong with limited liability)

(Stock Code: 219)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER, 2012

RESULTS

The board of directors (the "Board") of Shun Ho Technology Holdings Limited (the "Company") announces that the audited consolidated profit of the Company and its subsidiaries (together the "Group") for the year ended 31st December, 2012 amounted to HK$531,771,000 (2011: HK$479,732,000 (restated)) and the audited consolidated profit after non-controlling interests of the Group for the year ended 31st December, 2012 amounted to HK$377,983,000 (2011: HK$331,563,000 (restated)). The audited consolidated results of the Group for the year, together with comparative figures for the previous year, are as follows:

Consolidated Statement of Comprehensive Income
For the year ended 31st December, 2012

	NOTES	**2012** *HK$'000*	2011 *HK$'000* *(Restated)*
Revenue	*3*	**520,503**	401,648
Cost of sales		**(3,560)**	(3,073)
Other service costs		**(154,235)**	(116,707)
Depreciation of property, plant and equipment and release of prepaid lease payments for land		**(38,056)**	(28,703)
Gross profit		**324,652**	253,165
Increase in fair value of investment properties		**298,220**	298,030
Other income		**16,739**	15,714
Fair value changes of investments held for trading		**-**	(3)
Administrative expenses			
- Depreciation		**(3,680)**	(5,578)
- Others		**(23,142)**	(18,628)
		(26,822)	(24,206)
Other expenses		**(21,823)**	(17,909)
Finance costs	*5*	**(11,008)**	(6,469)
Profit before taxation	*6*	**579,958**	518,322
Income tax expense	*7*	**(48,187)**	(38,590)
Profit for the year		**531,771**	479,732

Consolidated Statement of Comprehensive Income *(Continued)*
For the year ended 31st December, 2012

	NOTE	2012	2011
		HK$'000	*HK$'000*
			(Restated)
Other comprehensive income (expense)			
Exchange differences arising on translation of foreign operations		**1,236**	3,733
Fair value gain (loss) on available-for-sale investments		**25,040**	(11,268)
Other comprehensive income (expense) for the year		**26,276**	(7,535)
Total comprehensive income for the year		**558,047**	472,197
Profit for the year attributable to:			
Owners of the Company		**377,983**	331,563
Non-controlling interests		**153,788**	148,169
		531,771	479,732
Total comprehensive income for the year attributable to:			
Owners of the Company		**396,665**	325,746
Non-controlling interests		**161,382**	146,451
		558,047	472,197
		HK cents	*HK cents*
Earnings per share	*8*		
Basic		**80.6**	70.7
Diluted		**N/A**	70.7

Consolidated Statement of Financial Position

At 31st December, 2012

	NOTES	**31st December, 2012**	31st December, 2011	1st January, 2011
		HK$'000	*HK$'000 (Restated)*	*HK$'000 (Restated)*
Non-Current Assets				
Property, plant and equipment		**2,724,021**	1,326,041	929,539
Prepaid lease payments for land		**60,177**	61,049	60,767
Investment properties		**2,925,100**	2,626,880	2,328,850
Properties under development		**237,338**	1,517,390	1,680,680
Available-for-sale investments		**88,423**	63,383	74,651
Deposit for acquisition of property, plant and equipment		**-**	-	2,591
		6,035,059	5,594,743	5,077,078
Current Assets				
Inventories		**963**	660	520
Properties held for sale		**21,650**	21,650	21,650
Investments held for trading		**-**	-	6
Prepaid lease payments for land		**1,502**	1,502	1,502
Trade and other receivables	*9*	**30,575**	19,940	12,910
Other deposits and prepayments		**7,549**	7,163	4,260
Pledged bank deposits		**110**	110	110
Bank balances and cash		**179,918**	100,683	41,909
		242,267	151,708	82,867
Current Liabilities				
Trade and other payables and accruals	*10*	**61,094**	63,820	29,495
Rental and other deposits received		**15,162**	6,786	16,711
Advance from a shareholder		**9,801**	605	1,675
Advance from ultimate holding company		**51,072**	59,960	61,211
Tax liabilities		**20,409**	14,645	12,468
Bank loans		**1,074,411**	1,110,957	1,034,792
		1,231,949	1,256,773	1,156,352
Net Current Liabilities		**(989,682)**	(1,105,065)	(1,073,485)
Total Assets less Current Liabilities		**5,045,377**	4,489,678	4,003,593
Capital and Reserves				
Share capital		**268,538**	268,538	268,538
Share premium and reserves		**3,255,354**	2,858,689	2,176,531
Equity attributable to owners of the Company		**3,523,892**	3,127,227	2,445,069
Non-controlling interests		**1,361,160**	1,211,417	1,429,137
		4,885,052	4,338,644	3,874,206
Non-Current Liabilities				
Rental deposits received		**22,625**	26,993	18,888
Deferred tax liabilities		**137,700**	124,041	110,499
		160,325	151,034	129,387
		5,045,377	4,489,678	4,003,593

Notes:

1. BASIS OF PREPARATION

The 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. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and by the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

In the current year, the Group has applied the following new and revised HKFRSs issued by the HKICPA.

Amendments to HKFRS 7	Financial instruments: Disclosures - Transfers of Financial Assets
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets
Amendments to HKAS 1	As part of the Annual Improvements to HKFRSs 2009-2011 Cycle issued in 2012

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's and the Company's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

The Group has applied for the first time the amendments to HKAS 12 *Deferred Tax: Recovery of Underlying Assets* in the current year. Under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 *Investment Property* are presumed to be recovered entirely 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 none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore the directors have determined that the 'sale' presumption set out in the amendments to HKAS 12 is not rebutted.

The application of the amendments to HKAS 12 has resulted in the Group not recognising any deferred taxes on changes in fair value of investment properties located in Hong Kong as the Group is not subject to any income taxes on disposal of those investment properties. For the property situated in Macau, the Group is subject to income tax on disposal of the property. Previously, the Group recognised deferred taxes on changes in fair value of investment properties based on the tax consequences that would follow the manner in which the Group expected to recover the carrying amount of the investment properties.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

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

The amendments to HKAS 12 have been applied retrospectively, resulting in the Group's deferred tax liabilities being decreased by HK$269,688,000 as at 1st January, 2011 with the corresponding credit being recognised in retained profits. Similarly, the deferred tax liabilities have been decreased by HK$316,792,000 as at 31st December, 2011.

The change in accounting policy has resulted in the Group's income tax expense for the years ended 31st December, 2012 and 31st December, 2011 being reduced by HK$46,880,000 and HK$47,104,000 respectively and hence resulted in profit for the years ended 31st December, 2012 and 31st December, 2011 being increased by HK$46,880,000 and HK$47,104,000 respectively.

Amendments to HKAS 1 ***Presentation of Financial Statements (as part of the Annual Improvements to HKFRSs 2009-2011 Cycle issued in June 2012)***

Various amendments to HKFRSs were issued in June 2012, the title of which is Annual Improvements to HKFRSs (2009-2011 Cycle). The effective date of these amendments is annual periods beginning on or after 1st January, 2013.

In current year, the Group has applied for the first time the amendments to HKAS 1 in advance of the effective date (annual periods beginning on or after 1st January, 2013).

HKAS 1 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to HKAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

In the current year, the Group has applied the amendments to HKAS 12 *Deferred Tax: Recovery of Underlying Assets* for the first time, which has resulted in a material effect on the information in the consolidated statement of financial position as at 1st January, 2011. In accordance with the amendments to HKAS 1, the Group has not presented the related notes of the third statement of financial position as at 1st January, 2011.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Summary of the effects of the above changes in accounting policies

The effects of changes in accounting policies described above on the results for the current and prior years by line items are as follows:

	2012	2011
	HK$'000	*HK$'000*
Decrease in income tax expense and increase in profit for the year	**46,880**	47,104
Increase in profit for the year attributable to		
Owners of the Company	**33,327**	33,486
Non-controlling interests	**13,553**	13,618
	46,880	47,104

The effects of the above changes in accounting policies on the financial positions of the Group as at 1st January, 2011 and 31st December, 2011, is as follows:

	As at 1st January, 2011 *(Originally stated)*	Adjustments	As at 1st January, 2011 *(Restated)*	As at 31st December, 2011 *(Originally stated)*	Adjustments	As at 31st December, 2011 *(Restated)*
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Effects on net assets:						
Deferred tax liabilities	380,187	(269,688)	110,499	440,833	(316,792)	124,041
Effects on equity:						
Retained profits	1,689,334	152,913	1,842,247	1,987,411	186,399	2,173,810
Non-controlling interests	1,312,362	116,775	1,429,137	1,119,832	91,585	1,211,417
Other reserve	145,625	-	145,625	463,229	38,808	502,037
	3,147,321	269,688	3,417,009	3,570,472	316,792	3,887,264

The effects of the above changes in accounting policies on the financial positions of the Group as at 31st December, 2012 is as follows:

	As at 31st December, 2012
	HK$'000
Effects on net assets:	
Decrease in deferred tax liabilities	(363,672)
Effects on equity:	
Increase in retained profits	219,726
Increase in non-controlling interests	105,138
Increase in other reserve	38,808
	363,672

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Summary of the effects of the above changes in accounting policies (*Continued)*

The effects of the above changes in accounting policies on the Group's basic earnings per share for the current and prior year are as follows:

Impact on basic earnings per share

	2012	2011
	HK cents	*HK cents*
Figures before adjustments	**73.5**	63.6
Adjustments arising from change in the Group's accounting policies in relation to:		
- application of amendments to HKAS 12 in respect of deferred taxes on investment properties	**7.1**	7.1
Figures after adjustments	**80.6**	70.7

3. REVENUE

	2012	2011
	HK$'000	*HK$'000*
Income from operation of hotels	**420,088**	306,608
Property rental	**100,415**	95,040
	520,503	401,648

4. SEGMENT INFORMATION

The Group's operating and reportable segments under HKFRS 8 are therefore 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 (Note a)
6. Hospitality services - Best Western Hotel Harbour View (Note b)
7. Hospitality services - Best Western Grand Hotel (Note c)
8. Property investment - 633 King's Road
9. Property investment - Shun Ho Tower
10. Property investment - Shops
11. Securities investment and trading
12. Property development for hotel - 239 Queen's Road West (Note b)
13. Property development for hotel - 23 Austin Avenue (Note c)
14. Property development for hotel - 38 Bowrington Road (Note a)
15. Property development for hotel - 338 Queen's Road West

Notes :
a. The hotel development was completed in 2011 and accordingly transferred to the segment of "Hospitality services - Best Western Hotel Causeway Bay".
b. The hotel development was completed in 2012 and accordingly transferred to the segment of "Hospitality services - Best Western Hotel Harbour View".
c. The hotel development was completed in 2012 and accordingly transferred to the segment of "Hospitality services - Best Western Grand Hotel".

Information regarding the above segments is reported below.

4. SEGMENT INFORMATION *(Continued)*

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segments for the years:

	Segment revenue		Segment profit /loss	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hospitality services	**420,088**	306,608	**224,598**	159,023
- Ramada Hotel Kowloon	**81,333**	79,208	**36,672**	34,238
- Ramada Hong Kong Hotel	**102,928**	99,825	**62,757**	62,198
- Best Western Hotel Taipa, Macau	**64,936**	60,730	**36,184**	32,681
- Magnificent International Hotel, Shanghai	**19,781**	17,914	**3,239**	3,090
- Best Western Hotel Causeway Bay	**85,934**	48,931	**45,163**	26,816
- Best Western Hotel Harbour View	**60,579**	-	**38,800**	-
- Best Western Grand Hotel	**4,597**	-	**1,783**	-
Property investment	**100,415**	95,040	**398,274**	392,172
- 633 King's Road	**70,794**	69,053	**186,561**	312,440
- Shun Ho Tower	**18,203**	16,287	**89,094**	23,532
- Shops	**11,418**	9,700	**122,619**	56,200
Securities investment and trading	**-**	-	**-**	(3)
Property development for hotel	**-**	-	**-**	-
- 239 Queen's Road West	**-**	-	**-**	-
- 23 Austin Avenue	**-**	-	**-**	-
- 38 Bowrington Road	**-**	-	**-**	-
- 338 Queen's Road West	**-**	-	**-**	-
	520,503	401,648	**622,872**	551,192
Other income			**16,739**	15,714
Other expenses			**(21,823)**	(17,909)
Central administration costs and directors' emoluments			**(26,822)**	(24,206)
Finance costs			**(11,008)**	(6,469)
Profit before taxation			**579,958**	518,322

Geographical information

The Group's operations are located in Hong Kong, Macau and the People's Republic of China (the "PRC").

The following is an analysis of the Group's revenue primarily by geographical markets based on location of assets:

	2012	2011
	HK$'000	*HK$'000*
Hong Kong	**432,713**	320,092
Macau	**68,009**	63,642
The PRC	**19,781**	17,914
	520,503	401,648

5. FINANCE COSTS

	2012	2011
	HK$'000	*HK$'000*
Interests on :		
Bank loans wholly repayable within five years	**23,215**	13,662
Advance from ultimate holding company wholly repayable within five years	**2,132**	724
Advance from a shareholder wholly repayable within five years	**164**	15
Other	**-**	11
	25,511	14,412
Less: amount capitalised in properties under development (Note)	**(14,503)**	(7,943)
	11,008	6,469

Note: The amount capitalised in properties under development represents the borrowing costs directly attributed to the construction of properties under development.

6. PROFIT BEFORE TAXATION

	2012	2011
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging (crediting):		
Auditor's remuneration	**2,607**	2,106
Staff costs including directors' emoluments	**95,325**	82,545
Depreciation of property, plant and equipment	**40,234**	32,779
Release of prepaid lease payments for land	**1,502**	1,502
Operating lease rental in respect of rented equipment	**965**	141
Gross rental income from investment properties	**(100,415)**	(95,040)
Less: Direct operating expenses incurred for investment properties that generated rental income during the year	**322**	852
	(100,093)	(94,188)

7. INCOME TAX EXPENSE

	2012	2011
	HK$'000	*HK$'000*
		(Restated)
The taxation charge comprises:		
Current tax		
Hong Kong	**30,209**	26,313
The PRC	**551**	490
Other jurisdiction	**3,840**	3,419
	34,600	30,222
Overprovision in prior years:		
Hong Kong	**(72)**	(5,174)
Deferred tax		
Current year	**13,659**	13,542
	48,187	38,590

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years. Taxation arising in other jurisdiction is calculated at the rates prevailing in the relevant jurisdiction.

8. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit for the year attributable to owners of the Company of HK$377,983,000 (2011: HK$331,563,000 (restated)), and on 468,937,000 shares (2011: 468,937,000 shares) in issue during the year. The number of shares adopted in the calculation of the earnings per share has been arrived at after eliminating the shares in the Company held by a subsidiary.

Diluted earnings per share for the year ended 31st December, 2012 are not presented as there are no dilutive ordinary shares exist during the year presented.

For the year ended 31st December, 2011, the mandatory convertible bonds ("Bonds") were mandatorily convertible into ordinary shares of Magnificent Estates Limited on the maturity date, no dilutive effect was noted as assuming the mandatory conversion of the Bonds would result in an increase in earnings per share.

9. TRADE AND OTHER RECEIVABLES

Except for a credit period of 30 to 60 days granted to travel agencies and certain customers of the hotels, the Group does not allow any credit period to customers. The following is an aged analysis of the Group's trade receivables presented based on the invoice date at the end of the reporting period:

	2012	2011
	HK$'000	*HK$'000*
Not yet due	**25,883**	16,923
Overdue:		
0-30 days	**2,547**	596
31-60 days	**456**	56
61-90 days	**195**	90
	29,081	17,665

	2012	2011
	HK$'000	*HK$'000*
Analysed for reporting as:		
Trade receivables	**29,081**	17,665
Other receivables	**1,494**	2,275
	30,575	19,940

10. TRADE AND OTHER PAYABLES AND ACCRUALS

The following is an aged analysis of the Group's trade payables presented based on the invoice date at the end of the reporting period:

	2012	2011
	HK$'000	*HK$'000*
0-30 days	**3,923**	2,611
31-60 days	**349**	299
61-90 days	**501**	380
	4,773	3,290

	2012	2011
	HK$'000	*HK$'000*
Analysed for reporting as:		
Trade payables	**4,773**	3,290
Other payables and accruals (Note)	**56,321**	60,530
	61,094	63,820

Note: Other payables and accruals include construction costs payable of HK$32,019,000 (2011: HK$44,624,000)

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31st December, 2012 (2011: Nil).

The Company has enjoyed a substantial growth through its investment in Magnificent Estates Limited ("Magnificent Estates") although its cash income from Magnificent Estates is limited. The Company is seeking other local property investments in order to increase additional incomes. Because of the small existing income, the Board does not recommend the payment of a final dividend for the year ended 31st December, 2012.

BOOK CLOSURE

To ascertain shareholders' eligibility to attend and vote at the Annual General Meeting to be held on Tuesday, 18th June, 2013 ("AGM"), the register of members will be closed from Tuesday, 11th June, 2013 to Tuesday, 18th June, 2013, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrars, Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Monday, 10th June, 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

During the year under review, the Group through its major subsidiary, Magnificent Estates Limited ("Magnificent Estates"), continued with its operations of property investments, property developments and operation of hotels.

The audited consolidated profit of the Group for the year ended 31st December, 2012 amounted to HK$531,771,000 (2011: HK$479,732,000) and the audited consolidated profit after non-controlling interests of the Group for the year ended 31st December, 2012 amounted to HK$377,983,000 (2011: HK$331,563,000), increased by 14%.

- For the year ended 31st December, 2012, the Group's income increased by 29% to HK$537 million which was mostly derived from the operation of hotels and properties rental income.

  The income from operation of hotels, Ramada Hotel Kowloon, Ramada Hong Kong Hotel, Best Western Hotel Causeway Bay, Best Western Hotel Harbour View, Best Western Grand Hotel, Best Western Hotel Taipa, Macau and Magnificent International Hotel, Shanghai increased by 37% to HK$420 million (2011: HK$307 million) due to significant room rate improvement.

  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 increased by 6% to HK$100 million (2011: HK$95 million).

  Other income amounted to HK$17 million (2011: HK$16 million) which was mostly property management fee income of HK$16 million (2011: HK$15 million) with related expenses of HK$14 million (2011: HK$14 million).

- Overall service costs for the Group for the year was HK$157.8 million (2011: HK$119.8 million), of which HK$157.5 million (2011: HK$118.9 million) was for the hotel operations including food and beverage and costs of sales and HK$0.3 million (2011: HK$0.9 million) was mainly for leasing commission paid for investment properties. The increase of hotel operation costs was mainly due to the newly opened Best Western Hotel Harbour View and Best Western Grand Hotel amounted to HK$18.8 million and HK$1.6 million respectively.

  During the year, the administrative expenses excluding depreciation was HK$23 million (2011: HK$19 million) for corporate management office including directors' fees, salaries for executive staff and employees, rental, marketing expenses and office expenses.

  Other expenses were HK$21.8 million (2011: HK$17.9 million). Other expenses included property management expenses of HK$14.5 million (2011: HK$13.8 million) and the total pre-operating expenses of Best Western Hotel Harbour View and Best Western Grand Hotel of HK$7.4 million (2011: the pre-operating expense of Best Western Hotel Causeway Bay amounted to HK$4.1 million). The property management expenses were increased by HK$0.7 million due to the increase of cost of staff and utilities while the management fee remained unchanged.

- At 31st December, 2012, the overall debt was HK$1,135 million (2011: HK$1,172 million). All the debt was borrowed by Magnificent Estates Group. The gearing ratio of the Group (including Magnificent Estates Group) was approximately 23% (2011: 27%) in terms of bank borrowings of HK$1,074 million (2011: HK$1,111 million) and HK$61 million (2011: HK$61 million) was advance from shareholders against funds employed of HK$4,885 million (2011: HK$4,339 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 year under review, there was about 49% increase in the Group's staffing level compared to 31st December 2011. Remuneration and benefit were set with reference to the market.

- For the year under review, the investment properties such as Shun Ho Tower, 633 King's Road and shops in Ramada Hotel Kowloon, Ramada Hong Kong Hotel, Best Western Hotel Taipa, Macau and new shops in Best Western Grand Hotel were almost fully let. It is expected that the rental revenue from these properties will have modest increase in 2013.

  As at the date of this announcement, the leasing of the grade A office building at 633 King's Road achieved rental income of HK$72 million (excluding rates and management fee incomes) per annum. The management envisages the office building will have modest rental increase in 2013 as most leases are due for renewal.

  For the year under review, there was no significant property being disposed of. An agreement was entered in January 2013 to dispose the company which hold the houses at Gold Coast, New Territories for the consideration of HK$63 million and an estimate profit of HK$42 million attributable to the year of 2013.

- The management will try the best endeavour to complete the construction of the new hotel to increase future earnings base and value for the Group.

  Nos. 338 Queen's Road West
  Hotel Development

  A 214 room service apartments hotel development was approved to be built. Approval has been obtained to increase the plot ratio from 12 to 13.2 with no premium payment required. Superstructure construction contract already awarded with completion expected in 2014. The construction of the Western MTR Line will improve future value and business of this property significantly.

Looking ahead, the management expects 2013 will be an 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 improving hotel business will help to increase the Group's overall turnover.

The rental incomes of the commercial buildings and shops are expected to enjoy modest increase. The low interest rate environment, weakness Hong Kong dollar and inflation back the demand in the local property market that benefits the Group's property portfolio especially the office buildings in Central and North Point.

The management is most pleased with the commencement of operation of the 432 rooms Best Western Hotel Harbour View and 397 rooms Best Western Grand Hotel and their immediate remarkable nearly full occupancies since July and December respectively and their additional contribution assisted increase Group hotels revenue by 37% in 2012.

The 432 rooms Best Western Hotel Harbour View and 397 rooms Best Western Grand Hotel assisted to increase the Group's hotels revenue by 59% for the period from 1st January to 18th February, 2013. The significant 432 rooms Best Western Hotel Harbour View and 397 rooms Best Western Grand Hotel will surely make significant improvement to the Group's hotel revenue in the years to come.

Thus 2013 and onwards will be the **HARVESTING YEARS** for the Group 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 and inflation to enhance the Group's incomes and values. The Company is also considering other local property investments, if successfully acquired will be financed by additional capital and bank lending.

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 year.

CORPORATE GOVERNANCE

(a) Compliance with the Code on Corporate Governance Practices and Corporate Governance Code

During the year ended 31st December, 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") on The Stock Exchange of Hong Kong Limited (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 least 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 year.

REVIEW BY THE AUDIT COMMITTEE

The audit committee has reviewed the audited financial results of the Group for the year ended 31st December, 2012.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31st December, 2012 as set out in the Preliminary Announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the Preliminary Announcement.

By Order of the Board

William CHENG Kai Man
Chairman

Hong Kong, 19th February, 2013

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 Directors, namely 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.