



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, 2010

RESULTS

The board of directors (the “Board”) of Shun Ho Technology Holdings Limited (the “Company”) announces that the audited consolidated profit for the year of the Company and its subsidiaries (together the “Group”) for the year ended 31st December, 2010 amounted to HK\$413,687,000 (2009: HK\$144,388,000) and the audited consolidated profit after non-controlling interests of the Group for the year ended 31st December, 2010 amounted to HK\$234,390,000 (2009: HK\$84,129,000). 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, 2010

	NOTES	2010 HK\$'000	2009 HK\$'000
Revenue	3	304,595	249,506
Cost of sales		(3,575)	(3,818)
Other service costs		(95,490)	(91,327)
Depreciation of property, plant and equipment and release of prepaid lease payments for land		<u>(23,214)</u>	<u>(28,094)</u>
Gross profit		182,316	126,267
Increase in fair value of investment properties		341,060	70,210
Other income		16,011	15,186
(Loss) gain on fair value changes of investments held for trading		(1)	6
Loss on disposal of a subsidiary		(19)	-
Administrative expenses			
- Depreciation		(4,880)	(4,955)
- Others		(19,353)	(17,628)
		(24,233)	(22,583)
Other expenses		(12,971)	(12,314)
Finance costs	5	<u>(5,025)</u>	<u>(8,423)</u>
Profit before taxation	6	497,138	168,349
Income tax expense	7	<u>(83,451)</u>	<u>(23,961)</u>
Profit for the year		<u>413,687</u>	<u>144,388</u>

Consolidated Statement of Comprehensive Income (continued)
For the year ended 31st December, 2010

	<i>NOTE</i>	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Other comprehensive income (expense)			
Exchange differences arising on translation of foreign operations		3,892	5,332
Fair value gain (loss) on available-for-sale investments		<u>21,285</u>	<u>(25,667)</u>
Other comprehensive income (expense) for the year		<u>25,177</u>	<u>(20,335)</u>
Total comprehensive income for the year		<u>438,864</u>	<u>124,053</u>
Profit for the year attributable to:			
Owners of the Company		234,390	84,129
Non-controlling interests		<u>179,297</u>	<u>60,259</u>
		<u>413,687</u>	<u>144,388</u>
Total comprehensive income attributable to:			
Owners of the Company		248,666	74,165
Non-controlling interests		<u>190,198</u>	<u>49,888</u>
		<u>438,864</u>	<u>124,053</u>
		HK cents	HK cents
Earnings per share	8		
Basic		<u>50.0</u>	<u>18.4</u>
Diluted		<u>50.0</u>	<u>18.4</u>

Consolidated Statement of Financial Position
At 31st December, 2010

	NOTES	31 st December, 2010 HK\$'000	31 st December, 2009 HK\$'000 (restated)	1 st January, 2009 HK\$'000 (restated)
Non-Current Assets				
Property, plant and equipment		929,539	932,306	966,294
Prepaid lease payments for land		60,767	60,182	56,375
Investment properties		2,328,850	1,987,790	1,917,580
Property under development		1,680,680	1,545,202	1,450,106
Available-for-sale investments		74,651	53,366	79,033
Deposit on acquisition of property, plant and equipment		<u>2,591</u>	<u>-</u>	<u>167</u>
		5,077,078	4,578,846	4,469,555
Current Assets				
Inventories		520	647	814
Properties held for sale		21,650	21,650	21,650
Investments held for trading		6	7	1
Prepaid lease payments for land		1,502	1,502	1,502
Trade and other receivables	9	12,910	11,291	18,918
Other deposits and prepayments		4,260	4,570	5,398
Tax recoverable		-	3,301	3,197
Pledged bank deposits		110	110	110
Time deposits		-	-	2,500
Bank balances and cash		<u>41,909</u>	<u>36,731</u>	<u>19,917</u>
		82,867	79,809	74,007
Assets classified as held for sale		<u>-</u>	<u>4,853</u>	<u>-</u>
		82,867	84,662	74,007
Current Liabilities				
Trade and other payables	10	29,495	24,667	42,465
Rental and other deposits received		16,711	12,709	4,053
Advance from a shareholder		1,675	2,721	13,854
Advance from ultimate holding company		61,211	60,917	60,427
Tax liabilities		12,468	10,355	7,321
Bank loans		<u>1,034,792</u>	<u>1,043,425</u>	<u>1,044,339</u>
		1,156,352	1,154,794	1,172,459
Liabilities associates with assets classified as held for sale		<u>-</u>	<u>353</u>	<u>-</u>
		1,156,352	1,155,147	1,172,459
Net Current Liabilities		(1,073,485)	(1,070,485)	(1,098,452)
Total Assets less Current Liabilities		4,003,593	3,508,361	3,371,103
Capital and Reserves				
Share capital		268,538	268,538	268,538
Share premium and reserves		<u>2,023,618</u>	<u>1,774,952</u>	<u>1,690,797</u>
Equity attributable to owners of the Company		2,292,156	2,043,490	1,959,335
Non-controlling interests		<u>1,312,362</u>	<u>1,124,746</u>	<u>1,074,858</u>
		3,604,518	3,168,236	3,034,193
Non-Current Liabilities				
Rental deposits received		18,888	18,102	26,055
Deferred tax liabilities		<u>380,187</u>	<u>322,023</u>	<u>310,855</u>
		399,075	340,125	336,910
		4,003,593	3,508,361	3,371,103

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). 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 and by the Hong Kong Companies Ordinance.

2. PRINCIPAL ACCOUNTING POLICIES

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.

In the current year, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA:

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs in 2008
HKFRSs (Amendments)	Improvements to HKFRSs in 2009
HKAS 39 (Amendments)	Eligible Hedged Items
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HK(IFRIC) - Int 17	Distributions of Non-cash Assets to Owners
HK- Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Except as described below, the application of these new and revised HKFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

Improvements to HKFRS issued in 2009 relating to HKAS 17

As part of Improvements to HKFRSs issued in 2009, HKAS 17 "Leases" has been amended in relation to the classification of leasehold land. Before the amendment to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments for land in the consolidated statement of financial position. The amendments to HKAS 17 has removed such a requirement. The amendments require the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

In accordance with the transitional provisions set out in the amendment to HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1st January, 2010 based on information that existed at the inception of the leases. Leasehold lands that qualify for finance lease classification have been reclassified from prepaid lease payments for land to property, plant and equipment and properties under development retrospectively. This resulted in a reclassification from prepaid lease payments for land with a previous carrying amount of HK\$1,255,964,000 and HK\$1,239,139,000 at 1st January, 2009 and 31st December, 2009 to property, plant and equipment and properties under development that are measured at cost model.

As at 31st December, 2010, leasehold lands that qualify for finance lease classification with the carrying amount of HK\$338,060,000 and HK\$695,614,000 have been included in property, plant and equipment and properties under development respectively. The application of the amendments to HKAS 17 had no impact on the reported profits or loss for the current and prior years.

The effect of changes in accounting policies described above on the financial positions of the Group as at 31st December, 2009 is as follows:

	As at 31 st December, 2009 <u>(Originally stated)</u> <i>HK\$'000</i>	<u>Adjustments</u> <i>HK\$'000</i>	As at 31 st December, 2009 <u>(Restated)</u> <i>HK\$'000</i>
Property, plant and equipment	395,070	537,236	932,306
Properties under development	843,299	701,903	1,545,202
Prepaid lease payments for land	<u>1,300,823</u>	<u>(1,239,139)</u>	<u>61,684</u>
Total effects on net assets	<u>2,539,192</u>	<u>-</u>	<u>2,539,192</u>

The effect of changes in accounting policies described above on the financial positions of the Group as at 1st January 2009, is as follows:

	As at 1 st January, 2009 <u>(Originally stated)</u> <i>HK\$'000</i>	<u>Adjustments</u> <i>HK\$'000</i>	As at 1 st January, 2009 <u>(Restated)</u> <i>HK\$'000</i>
Property, plant and equipment	418,522	547,772	966,294
Properties under development	741,914	708,192	1,450,106
Prepaid lease payments for land	<u>1,313,841</u>	<u>(1,255,964)</u>	<u>57,877</u>
Total effects on net assets	<u>2,474,277</u>	<u>-</u>	<u>2,474,277</u>

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

HK Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

HK Interpretation 5 “Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause” (“HK - Int 5”) clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time (“repayment on demand clause”) should be classified by the borrower as current liabilities. The Group has applied HK - Int 5 for the first time in current year. HK - Int 5 requires retrospective application.

In order to comply with the requirements set out in HK - Int 5, the Group has changed its accounting policy on classification of term loans with a repayment on demand clause. In the past, the classification of such term loans were determined based on the agreed scheduled repayment dates set out in the loan agreements. Under HK - Int 5, term loans with a repayment on demand clause are classified as current liabilities.

As a result, bank loans that contain a repayment on demand clause with the aggregate carrying amounts of HK\$476,000,000 and HK\$862,425,000 have been reclassified from non-current liabilities to current liabilities as at 31st December, 2009 and 1st January, 2009 respectively. As at 31st December, 2010, bank loans (that are repayable more than one year after the end of the reporting period but contain a repayment on demand clause) with the aggregate carrying amount of HK\$379,625,000 have been classified as current liabilities. The application of HK - Int 5 has had no impact on the reported profit or loss for the current and prior years.

Such terms loans have been presented in the earliest time band in the maturity analysis for financial liabilities that reflects the remaining contracted maturities.

The adoption of the other new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

3. REVENUE

	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Income from operation of hotels	214,213	162,397
Property rental	<u>90,382</u>	<u>87,109</u>
	<u><u>304,595</u></u>	<u><u>249,506</u></u>

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. Property investment - 633 King's Road
6. Property investment - Shun Ho Tower
7. Property investment - Shops
8. Securities investment and trading
9. Property development for hotel - 239-251 Queen's Road West
10. Property development for hotel - 19-23 Austin Avenue
11. Property development for hotel - 30-40 Bowrington Road
12. Property development for hotel - 338-346 Queen's Road West

4. SEGMENT INFORMATION (continued)

Segment revenue and results

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

	Segment revenue		Segment profit /loss	
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Hospitality services	214,213	162,397	92,534	40,430
- Ramada Hong Kowloon	61,538	49,095	17,478	5,262
- Ramada Hong Kong Hotel	78,876	60,994	42,434	22,262
- Best Western Hotel Taipa, Macau	46,667	38,213	20,865	12,767
- Magnificent International Hotel, Shanghai	27,132	14,095	11,757	139
Property investment	90,382	87,109	430,842	156,047
- 633 King's Road	64,790	61,264	294,498	80,223
- Shun Ho Tower	16,474	16,952	73,526	51,631
- Shops	9,118	8,893	62,818	24,193
Securities investment and trading	-	-	(1)	6
Property development for hotel	-	-	-	-
- 239-251 Queen's Road West	-	-	-	-
- 19-23 Austin Avenue	-	-	-	-
- 30-40 Bowrington Road	-	-	-	-
- 338-346 Queen's Road West	-	-	-	-
	<u>304,595</u>	<u>249,506</u>	<u>523,375</u>	<u>196,483</u>
Other income			16,011	15,186
Other expenses			(12,971)	(12,314)
Loss on disposal of a subsidiary			(19)	-
Central administration costs and directors' salaries			(24,233)	(22,583)
Finance costs			<u>(5,025)</u>	<u>(8,423)</u>
Profit before taxation			<u>497,138</u>	<u>168,349</u>

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:

	2010 HK\$'000	2009 HK\$'000
Hong Kong	228,230	194,763
Macau	49,233	40,648
The PRC	<u>27,132</u>	<u>14,095</u>
	<u>304,595</u>	<u>249,506</u>

5. FINANCE COSTS

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Interests on :		
Bank loans wholly repayable within five years	12,146	18,489
Advance from ultimate holding company wholly repayable within five years	720	704
Advance from a shareholder wholly repayable within five years	26	150
Other	<u>29</u>	<u>34</u>
	12,921	19,377
<i>Less:</i> amount capitalised in properties under development	<u>(7,896)</u>	<u>(10,954)</u>
	<u><u>5,025</u></u>	<u><u>8,423</u></u>

6. PROFIT BEFORE TAXATION

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Profit before taxation has been arrived at after charging (crediting):		
Auditor's remuneration	1,966	2,096
Staff costs including directors' emoluments	75,775	63,940
Depreciation of property, plant and equipment	26,592	31,548
Release of prepaid lease payments for land	1,502	1,502
Operating lease rental in respect of rented premises and equipment	96	198
Gross rental income from investment properties	(90,382)	(87,109)
<i>Less:</i> Direct operating expenses from investment properties that generated rental income during the year	<u>555</u>	<u>1,272</u>
	<u><u>(89,827)</u></u>	<u><u>(85,837)</u></u>

7. INCOME TAX EXPENSE

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
The taxation charge comprises:		
Current tax		
Hong Kong	21,425	11,468
The PRC	2,661	-
Other jurisdiction	<u>2,001</u>	<u>1,030</u>
	26,087	12,498
Overprovision in prior years		
Hong Kong	(735)	(49)
Deferred tax		
Current year	<u>58,099</u>	<u>11,512</u>
	<u><u>83,451</u></u>	<u><u>23,961</u></u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit 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\$234,390,000 (2009: HK\$84,129,000) and on 468,937,000 (2009 weighted average number of shares: 457,486,000) 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.

Any outstanding mandatory convertible bonds ("Bonds") are mandatorily convertible into ordinary shares of Magnificent Estates Limited on the maturity date. For the year ended 31st December, 2010, no diluted earnings per share has been presented 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 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:

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Not yet due	10,263	3,729
0-30 days	464	5,556
31-60 days	87	960
Over 60 days	<u>-</u>	<u>6</u>
	<u>10,814</u>	<u>10,251</u>

	31st December, 2010 <i>HK\$000</i>	31 st December, 2009 <i>HK\$'000</i>	1 st January, 2009 <i>HK\$'000</i>
Analysed for reporting as:			
Trade receivables	10,814	10,251	16,996
Other receivables	<u>2,096</u>	<u>1,040</u>	<u>1,922</u>
	<u>12,910</u>	<u>11,291</u>	<u>18,918</u>

10. TRADE AND OTHER PAYABLES

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:

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
0-30 days	17,427	7,826
31-60 days	620	1,237
Over 60 days	<u>1,191</u>	<u>369</u>
	<u>19,238</u>	<u>9,432</u>

	31st December, 2010 <i>HK\$'000</i>	31 st December, 2009 <i>HK\$'000</i>	1 st January, 2009 <i>HK\$'000</i>
Analysed for reporting as:			
Trade payables	19,238	9,432	15,643
Other payables	<u>10,257</u>	<u>15,235</u>	<u>26,822</u>
	<u>29,495</u>	<u>24,667</u>	<u>42,465</u>

DIVIDEND

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 addition incomes. Because of the small existing income, the Board does not recommend the payment of a final dividend (2009: Nil).

BOOK CLOSURE

The register of members will be closed from Monday, 20th June, 2011 to Friday, 24th June, 2011, both dates inclusive, during which period no transfer of shares will be registered. In order to determine the identity of members who are entitled to attend and vote at the Annual General Meeting to be held on Friday, 24th June, 2011, 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 Friday, 17th June, 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

During the year under review, the Group through its major subsidiaries, Magnificent Estates, continued with its operations of property investment, development and operation of hotels.

- For the year ended 31st December, 2010, the Group’s income increased by 21% to HK\$321 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, Macau and Magnificent International Hotel, Shanghai increased by 32% to HK\$214 million (2009: HK\$162 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 3% to HK\$90 million (2009: HK\$87 million).

Other income amounted to HK\$16 million (2009: HK\$15.2 million) which was mostly property management fee income of HK\$15 million (2009: HK\$14 million).

- Overall service costs for the Group for the year was HK\$99 million (2009: HK\$95 million), of which HK\$98 million (2009: HK\$94 million) was for the hotel operations including food and beverage and costs of sales and HK\$1 million (2009: HK\$1 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.

Other expenses were property management expenses of HK\$13 million (2009: HK\$12 million).

Administrative expenses for corporate office including directors’ fees, salaries for executive staff and employees, rental, marketing and office expenses for the year was HK\$19 million (2009: HK\$18 million).

- At 31st December, 2010, the overall debt was HK\$1,098 million (2009: HK\$1,107 million). Gearing ratio was approximately 30% (2009: 35%) in terms of bank borrowings of HK\$1,035 million (2009: HK\$1,043 million) and HK\$63 million (2009: HK\$64 million) was advance from shareholders against funds employed of HK\$3,605 million (2009: HK\$3,168 million).

All the Group's bank loans are floating rate borrowings, which carry interests at HIBOR plus 0.8% to 1.2% (2009: 0.65% to 1.2%) per annum. The bank loans are secured over certain of the Group's properties.

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 no significant change in the Group's staffing level, remuneration and benefit. Remuneration and benefit were set with reference to the market.

- The management will try the best endeavour to complete the construction of the four new hotels to substantially increase future earning base and value for the Group.

Best Western Hotel, Causeway Bay

Hotel Occupation Permit has been issued in January and is awaiting issuance of hotel operation permit for commencement of business. The 258 rooms hotel has been luxuriously decorated for commercial visitors. The excellent shopping location will ensure future high occupancy and room rates at about HK\$1,000/night. Management is confident with its future business prospect.

Nos. 239 -251 Queen's Road West Hotel Development

The Hotel has been named Best Western Hotel Harbour View. Superstructure construction has reached the 20th floor. The construction of the Western MTR Line will improve future value of this property significantly.

Nos. 19-23 Austin Avenue, Tsimshatsui

The 400 rooms hotel development in the excellent shopping location in Tsimshatsui, superstructure construction has commenced.

Nos. 338 -346 Queen's Road West Hotel Development

A 214 serviced apartments hotel development is approved to be built. Foundation contract was already awarded. 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 of this property significantly.

In 2008, the Group increased its holdings in Magnificent Estates from 50.07% to 56.71%, and subscribed for the convertible bonds of Magnificent Estates for HK\$477 million at HK\$0.16 per share, upon full conversion of the bonds, the Group will increase its holding in Magnificent Estates to 71.09%.

The Company has enjoyed a substantial growth through its investment in Magnificent Estates. However, the Company is also considering other local property investments, if successfully acquired will be financed by additional capital and bank lending.

In the coming year, it is envisaged that the office rental and the hotel business would be improving due to recovery of world economy and more business travellers. The leisure travellers continue to increase due to global interests in Hong Kong and implementation of the CEPA and further relaxation of mainlanders to travel Hong Kong. The management of the hotels will endeavour to maintain high occupancy but will focus on obtaining higher room rates.

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

During the year, 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 Listing Rules 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. According to the articles of association of the Company, 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 throughout 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, 2010.

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, 2010 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, 22nd March, 2011

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.