



SHUN HO RESOURCES HOLDINGS LIMITED

(incorporated in Hong Kong with limited liability)

(Stock Code: 253)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER, 2009

RESULTS

The board of directors (the “Board”) of Shun Ho Resources 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, 2009 amounted to HK\$143,615,000 (2008: HK\$127,093,000). 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, 2009

	NOTES	2009 HK\$'000	2008 HK\$'000
Revenue	3	249,506	286,191
Cost of sales		(3,818)	(4,164)
Other service costs		(91,327)	(105,805)
Depreciation of property, plant and equipment and release of prepaid lease payments for land		<u>(28,094)</u>	<u>(27,979)</u>
Gross profit		126,267	148,243
Increase in fair value of investment properties		70,210	24,804
Other income		15,186	15,535
Gain (loss) on fair value changes of investments held for trading		52	(244)
Administrative expenses			
- Depreciation		(4,956)	(4,789)
- Others		(18,596)	(21,010)
		(23,552)	(25,799)
Other expenses		(12,314)	(11,351)
Finance costs	5	<u>(8,273)</u>	<u>(17,229)</u>
Profit before taxation	6	167,576	133,959
Income tax expense	7	<u>(23,961)</u>	<u>(6,866)</u>
Profit for the year		143,615	127,093

Consolidated Statement of Comprehensive Income (continued)

For the year ended 31st December, 2009

	NOTE	2009 HK\$'000	2008 HK\$'000
Other comprehensive income			
Exchange differences arising on translation of foreign operations		<u>5,331</u>	<u>2,981</u>
Total comprehensive income for the year		<u>148,946</u>	<u>130,074</u>
Profit for the year attributable to:			
Owners of the Company		43,486	37,297
Non-controlling interests		<u>100,129</u>	<u>89,796</u>
		<u>143,615</u>	<u>127,093</u>
Total comprehensive income attributable to:			
Owners of the Company		45,076	37,869
Non-controlling interests		<u>103,870</u>	<u>92,205</u>
		<u>148,946</u>	<u>130,074</u>
		HK cents	HK cents
Earnings per share	8		
Basic		<u>18.0</u>	<u>15.4</u>
Diluted		<u>18.0</u>	<u>15.4</u>

Consolidated Statement of Financial Position
At 31st December, 2009

	NOTES	2009 HK\$'000	2008 HK\$'000
Non-Current Assets			
Property, plant and equipment		395,070	418,522
Prepaid lease payments for land		1,288,440	1,301,432
Investment properties		1,987,790	1,917,580
Property under development		843,299	741,914
Available-for-sale investments		780	780
Deposit for acquisition of property, plant and equipment		-	167
		<u>4,515,379</u>	<u>4,380,395</u>
Current Assets			
Inventories		647	814
Properties held for sale		21,650	21,650
Investments held for trading		156	104
Prepaid lease payments for land		12,383	12,409
Trade and other receivables	9	11,273	18,909
Other deposits and prepayments		4,737	5,560
Tax recoverable		3,301	3,197
Pledged bank deposits		110	110
Time deposits		-	2,500
Bank balances and cash		<u>36,737</u>	<u>19,920</u>
		90,994	85,173
Assets classified as held for sale		<u>4,853</u>	-
		<u>95,847</u>	<u>85,173</u>
Current Liabilities			
Trade and other payables	10	25,558	43,682
Rental and other deposits received		12,709	4,051
Advance from ultimate holding company		60,917	60,427
Tax liabilities		10,355	7,321
Bank loans		<u>567,425</u>	<u>181,914</u>
		676,964	297,395
Liabilities associated with assets classified as held for sale		<u>353</u>	-
		<u>677,317</u>	<u>297,395</u>
Net Current Liabilities		<u>(581,470)</u>	<u>(212,222)</u>
Total Assets less Current Liabilities		<u>3,933,909</u>	<u>4,168,173</u>
Capital and Reserves			
Share capital		152,184	152,184
Share premium and reserves		<u>976,599</u>	<u>892,867</u>
Equity attributable to owners of the Company		1,128,783	1,045,051
Non-controlling interests		<u>1,989,001</u>	<u>1,923,787</u>
		<u>3,117,784</u>	<u>2,968,838</u>
Non-Current Liabilities			
Rental deposits received		18,102	26,055
Bank loans		476,000	862,425
Deferred tax liabilities		<u>322,023</u>	<u>310,855</u>
		<u>816,125</u>	<u>1,199,335</u>
		<u>3,933,909</u>	<u>4,168,173</u>

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 (the “Stock Exchange”) and by the Hong Kong Companies Ordinance.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has applied a number of new and revised Hong Kong Accounting Standards (“HKAS”), amendments and Hong Kong (IFRIC) Interpretations (“HK(IFRIC) - Int”) (“new and revised HKFRSs”) issued by the HKICPA. Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

HKAS 1 (Revised 2007) “Presentation of Financial Statements”

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the consolidated financial statements) and changes in the format and content of the consolidated financial statements.

HKFRS8 “Operating Segments”

HKFRS 8 is a disclosure standard that has resulted in a redesignation of the Group’s reportable segments. However, there are no changes in the basis of measurement of segment revenue, segment profit or loss, segment assets and segment liabilities.

Improving Disclosures about Financial Instruments (Amendments to HKFRS 7 “Financial Instruments: Disclosures”)

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial position.

3. REVENUE

	2009 HK\$’000	2008 HK\$’000
Income from operation of hotels	162,397	207,135
Property rental	87,109	78,345
Interest from debt securities	-	671
Dividend	-	40
	<u>249,506</u>	<u>286,191</u>

4. SEGMENT INFORMATION

The Group's operating and reportable segments under HKFRS8 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. Property investment - 633 King's Road
6. Property investment - Shun Ho Tower
7. Property investment - 19-23 Austin Avenue (Note)
8. Property investment - Shops
9. Securities investment and trading
10. Property development - 239-251 Queen's Road West
11. Property development - 19-23 Austin Avenue (Note)
12. Property development - 30-40 Bowrington Road
13. Property development - 338-346 Queen's Road West

Note: In prior year, the property situated at 19-23 Austin Avenue previously held as investment properties was transferred to the balance of property under development for the redevelopment into a hotel.

4. SEGMENT INFORMATION (continued)

Segment revenue and results

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

	Segment revenue		Segment profit (loss)	
	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hospitality services	162,397	207,135	40,430	75,429
- Ramada Hotel Kowloon	49,095	61,504	5,262	14,362
- Ramada Hong Kong Hotel	60,994	80,294	22,262	37,731
- Best Western Hotel Taipa, Macau	38,213	45,004	12,767	18,451
- Magnificent International Hotel, Shanghai	14,095	20,333	139	4,885
Property investment	87,109	78,345	156,047	96,907
- 633 King's Road	61,264	48,514	80,223	72,021
- Shun Ho Tower	16,952	14,364	51,631	23,181
- 19-23 Austin Avenue (Note)	-	5,635	-	8,073
- Shops	8,893	9,832	24,193	(6,368)
Securities investment and trading	-	711	52	467
Property development	-	-	-	-
- 239-251 Queen's Road West	-	-	-	-
- 19-23 Austin Avenue (Note)	-	-	-	-
- 30-40 Bowrington Road	-	-	-	-
- 338-346 Queen's Road West	-	-	-	-
	<u>249,506</u>	<u>286,191</u>	<u>196,529</u>	<u>172,803</u>
Other income			15,186	15,535
Other expenses			(12,314)	(11,351)
Unallocated administration costs and directors' salaries			(23,552)	(25,799)
Finance costs			<u>(8,273)</u>	<u>(17,229)</u>
Profit before taxation			<u>167,576</u>	<u>133,959</u>

Note: In prior year, the property situated at 19-23 Austin Avenue previously held as investment properties was transferred to the balance of property under development for the redevelopment into a hotel.

Geographical information

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

	2009	2008
	HK\$'000	HK\$'000
Hong Kong	194,763	218,419
Macau	40,648	47,439
The People's Republic of China (the "PRC")	<u>14,095</u>	<u>20,333</u>
	<u>249,506</u>	<u>286,191</u>

5. FINANCE COSTS

	2009 HK\$'000	2008 HK\$'000
Interests on :		
Bank loans wholly repayable within five years	18,489	28,818
Advance from ultimate holding company wholly repayable within five years	704	1,427
Other	<u>34</u>	<u>7</u>
	19,227	30,252
Less: amount capitalised in property under development	<u>(10,954)</u>	<u>(13,023)</u>
	<u><u>8,273</u></u>	<u><u>17,229</u></u>

6. PROFIT BEFORE TAXATION

	2009 HK\$'000	2008 HK\$'000
Profit before taxation has been arrived at after charging (crediting):		
Auditor's remuneration	2,351	2,351
Staff costs including directors' emoluments	64,057	68,492
Depreciation of property, plant and equipment	21,011	20,703
Release of prepaid lease payments for land	18,328	18,161
Less: amount capitalised and included in property under development	<u>(6,289)</u>	<u>(6,096)</u>
	<u>12,039</u>	<u>12,065</u>
Operating lease rental in respect of rented premises and equipment	198	211
Gross rental income from investment properties	(87,109)	(78,345)
Less: Direct operating expenses from investment properties that generated rental income during the year	<u>1,272</u>	<u>6,242</u>
	<u><u>(85,837)</u></u>	<u><u>(72,103)</u></u>

7. INCOME TAX EXPENSE

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
The taxation charge comprises:		
Current tax		
Hong Kong	11,468	11,292
The PRC	-	1,010
Other jurisdiction	<u>1,030</u>	<u>1,712</u>
	<u>12,498</u>	<u>14,014</u>
Overprovision in prior years		
Hong Kong	(49)	(487)
Other jurisdiction	<u>-</u>	<u>(255)</u>
	<u>(49)</u>	<u>(742)</u>
Deferred tax		
Current year	11,512	11,724
Attributable to a change in tax rate	<u>-</u>	<u>(18,130)</u>
	<u>11,512</u>	<u>(6,406)</u>
	<u><u>23,961</u></u>	<u><u>6,866</u></u>

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

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\$43,486,000 (2008: HK\$37,297,000) and on 241,766,000 (2008: 241,766,000) 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.

Any outstanding mandatory convertible bonds ("Bonds") of Magnificent Estates Limited are mandatorily convertible into ordinary shares of Magnificent Estates Limited on 13th April, 2011 (the maturity date). For the year ended 31st December, 2008 and 2009, the computation of diluted earnings per share had not assumed the effect of mandatory conversion of the Bonds which 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:

	2009 <i>HK'000</i>	2008 <i>HK'000</i>
Not yet due	3,729	9,494
0-30 days	5,556	6,772
31-60 days	960	634
Over 60 days	<u>6</u>	<u>96</u>
	<u>10,251</u>	<u>16,996</u>
Analysed for reporting as:		
Trade receivables	10,251	16,996
Other receivables	<u>1,022</u>	<u>1,913</u>
	<u>11,273</u>	<u>18,909</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:

	2009 <i>HK'000</i>	2008 <i>HK'000</i>
0-30 days	7,826	8,522
31-60 days	1,237	633
Over 60 days	<u>369</u>	<u>6,488</u>
	<u>9,432</u>	<u>15,643</u>
Analysed for reporting as:		
Trade payables	9,432	15,643
Other payables	<u>16,126</u>	<u>28,039</u>
	<u>25,558</u>	<u>43,682</u>

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31st December, 2009 (2008: Nil).

In view of the substantial construction costs outlay for 2010 to 2011 and the present difficult hotel business, the management is trying best endeavour to streamline cashflow in order to ensure the Group's future obligations are met.

BOOK CLOSURE

The register of members will be closed from Monday, 31st May, 2010 to Thursday, 3rd June, 2010, 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 Thursday, 3rd June, 2010, 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, 28th May, 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

During the year under review, the Group through its major subsidiaries, Shun Ho Technology Holdings Limited ("Shun Ho Technology") and Magnificent Estates Limited ("Magnificent Estates"), continued with its operations of property investment, development and operation of hotels.

- For the year ended 31st December, 2009, the Group's income was mostly derived from the aggregate of income from operation of hotels and properties rental income.

The income from operation of hotels decreased by 22% to HK\$162 million (2008: HK\$207 million). Despite continuous high occupancy, the decrease of hotel turnover for the whole year was due to lower room rates and loss of business travelers suffering from the global recession which affected Ramada Hotel Kowloon, Ramada Hong Kong Hotel, Best Western Hotel Taipa, Macau and Magnificent International Hotel, Shanghai.

The properties rental income was derived from office 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\$87 million (2008: HK\$78 million). The growth was derived from 633 King's Road. At the date of this announcement, it provided an annual rental income of HK\$71 million (excluding rates and management fee). However, rental income was affected by the demolition of Swire & Maclaine House.

Other income amounted to HK\$15.2 million (2008: HK\$15.5 million) which was mostly property management fee income of HK\$14 million (2008: HK\$14 million).

- Overall service costs for the Group for the year was HK\$95 million (2008: HK\$110 million), which HK\$94 million (2008: HK\$104 million) was for the hotel operations including food and beverage and costs of sales and HK\$1 million (2008: HK\$6 million) was 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 of HK\$12 million (2008: HK\$11 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 (2008: HK\$21 million).

- At 31st December, 2009, the overall debt was HK\$1,104 million (2008: HK\$1,104 million). Gearing ratio was approximately 32% (2008: 37%) in terms of bank borrowings of HK\$1,043 million (2008: HK\$1,044 million) and HK\$61 million (2008: HK\$60 million) was advance from a shareholder against funds employed of HK\$3,118 million (2008: HK\$2,969 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.

- For the year 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 remained fully let. It is expected that the rental revenue from these properties will have modest increase in 2010.

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 2010 as most leases are due for renewal.

For the year 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.

- For the year under review, the hotel market experienced major difficulties such as global financial turmoils and the flu epidemic, the turnover for the four hotels was amounted to HK\$162 million, decreased by 22%.

In the coming year, it is envisaged that the hotel business would be improving due to the recovery of world economy thus more business travelling. 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.

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

A 435 rooms hotel development has been approved by the relevant authorities. Foundation work was completed. Superstructure construction contract has been awarded. The recent commencement of the Western MTR Line will improve future value of this property significantly.

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 recent commencement of the Western MTR Line will improve future value of this property significantly.

Nos. 19-23 Austin Avenue, Tsimshatsui

Approval has been obtained to increase from 300 rooms to 400 rooms hotel development. Foundation piling was completed. Commencement of superstructure construction is expected to begin this Autumn.

Nos. 30-40 Bowrington Road, Causeway Bay

A 265 rooms hotel development has been approved by the relevant authorities. Superstructure construction is in progress and completion expected in Summer 2010. The new hotel will be named as the Best Western Hotel, Causeway Bay.

During the year, the Company increased its shareholding in Shun Ho Technology by 2.4% through its directly wholly-owned subsidiary, Omnico Company Inc which increased its shareholding in Shun Ho Technology from 50.2% to 52.6%.

During the financial year under review, efforts have already made by the Group to lower the Group's staffing level. Administrative and operating expenses have successfully been lowered by 10%.

Looking ahead, significant lowering of bank lending rate from 4% to 0.05%, before bank's interest spreads, will reduce the Group's interest expenses.

Looking ahead, the management expects 2010 will be a much improved year for hotel operation. The hotels occupancy remain high because of the increasing leisure travelling from the PRC and their further visa relaxation. The hotels room rates will increase due to the return of higher yield commercial travellers because of the global economic recovery. The first three months of 2010 of the hotels revenue have increased by 10% compared with last year 2009. With the signs of many global economic recovery, the world's economic activities should resume normal at later part of this year. Thus, the management expects higher yield commercial travellers will return in trade fair seasons that will compliment the already busy leisure travelling market which will result in room rates and revenue recovery.

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 since most leases are due for renewal in 2010/2011.

The slowdown of economic demands and lower inflation have helped to control operating costs and most importantly the lowering of construction costs for the four hotel developments.

The low interest rate environment and tight land supply government policy 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 conservative 18% debt ratio ensures the Group's stability over any further unforeseeable global financial turmoils.

The management will continue to adopt a conservative approach and to make best endeavour to complete the construction of the four new hotels in Hong Kong to substantially increase the earning base and value for the Group. In view of the substantial construction costs outlay for 2010 to 2011, the management is trying best endeavour to streamline cashflow in order to ensure the Group's future obligations are met.

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

(b) Compliance with the Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the directors. Having made specific enquiry of all directors, the Company confirmed that all directors have complied with the required standard set out in the Model Code 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, 2009.

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, 2009 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, 9th April, 2010

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