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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, 2011

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, 2011 amounted to HK\$431,611,000 (2010: HK\$412,821,000) and the audited consolidated profit after non-controlling interests of the Group for the year ended 31st December, 2011 amounted to HK\$155,831,000 (2010: HK\$122,470,000). 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, 2011

	NOTES	2011 HK\$'000	2010 HK\$'000
Revenue	3	401,648	304,595
Cost of sales		(3,073)	(3,575)
Other service costs		(116,707)	(95,490)
Depreciation of property, plant and equipment and release of prepaid lease payments for land		<u>(28,703)</u>	<u>(23,214)</u>
Gross profit		253,165	182,316
Increase in fair value of investment properties		298,030	341,060
Other income		15,714	16,011
Fair value changes of investments held for trading		(40)	70
Loss on disposal of a subsidiary		-	(19)
Administrative expenses			
- Depreciation		(5,578)	(4,880)
- Others		(19,623)	(20,316)
		(25,201)	(25,196)
Other expenses		(17,909)	(12,971)
Finance costs	5	<u>(6,454)</u>	<u>(4,999)</u>
Profit before taxation	6	517,305	496,272
Income tax expense	7	<u>(85,694)</u>	<u>(83,451)</u>
Profit for the year		<u>431,611</u>	<u>412,821</u>

Consolidated Statement of Comprehensive Income (continued)

For the year ended 31st December, 2011

	NOTE	2011 HK\$'000	2010 HK\$'000
Other comprehensive income			
Exchange differences arising on translation of foreign operations		<u>3,733</u>	<u>3,882</u>
Total comprehensive income for the year		<u>435,344</u>	<u>416,703</u>
Profit for the year attributable to:			
Owners of the Company		155,831	122,470
Non-controlling interests		<u>275,780</u>	<u>290,351</u>
		<u>431,611</u>	<u>412,821</u>
Total comprehensive income attributable to:			
Owners of the Company		157,269	123,631
Non-controlling interests		<u>278,075</u>	<u>293,072</u>
		<u>435,344</u>	<u>416,703</u>
		HK cents	HK cents
Earnings per share	8		
Basic		<u>64.5</u>	<u>50.7</u>
Diluted		<u>64.5</u>	<u>50.7</u>

Consolidated Statement of Financial Position
At 31st December, 2011

	NOTES	2011 HK\$'000	2010 HK\$'000
Non-Current Assets			
Property, plant and equipment		1,326,041	929,539
Prepaid lease payments for land		61,049	60,767
Investment properties		2,626,880	2,328,850
Properties under development		1,517,390	1,680,680
Available-for-sale investments		780	780
Deposit for acquisition of property, plant and equipment		-	2,591
		<u>5,532,140</u>	<u>5,003,207</u>
Current Assets			
Inventories		660	520
Properties held for sale		21,650	21,650
Investments held for trading		183	226
Prepaid lease payments for land		1,502	1,502
Trade and other receivables	9	19,950	12,910
Other deposits and prepayments		7,325	4,402
Pledged bank deposits		110	110
Bank balances and cash		<u>100,688</u>	<u>41,915</u>
		<u>152,068</u>	<u>83,235</u>
Current Liabilities			
Trade and other payables and accruals	10	64,544	30,280
Rental and other deposits received		6,786	16,711
Advance from ultimate holding company		59,960	61,211
Tax liabilities		14,645	12,468
Bank loans		<u>1,110,957</u>	<u>1,034,792</u>
		<u>1,256,892</u>	<u>1,155,462</u>
Net Current Liabilities		<u>(1,104,824)</u>	<u>(1,072,227)</u>
Total Assets less Current Liabilities		<u>4,427,316</u>	<u>3,930,980</u>
Capital and Reserves			
Share capital		152,184	152,184
Share premium and reserves		<u>1,575,103</u>	<u>1,100,230</u>
Equity attributable to owners of the Company		1,727,287	1,252,414
Non-controlling interests		<u>2,232,203</u>	<u>2,279,491</u>
		<u>3,959,490</u>	<u>3,531,905</u>
Non-Current Liabilities			
Rental deposits received		26,993	18,888
Deferred tax liabilities		<u>440,833</u>	<u>380,187</u>
		<u>467,826</u>	<u>399,075</u>
		<u>4,427,316</u>	<u>3,930,980</u>

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 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

In the current year, the Group has applied the following new and revised standard, amendments and interpretation (“new and revised HKFRSs”) issued by the HKICPA:

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related Party Disclosures
Amendments to HKAS 32	Classification of Rights Issues
Amendments to HK (IFRIC) - Int 14	Prepayments of a Minimum Funding Requirement
HK(IFRIC) - Int 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the new and revised HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and /or on the disclosures set out in these consolidated financial statements.

3. REVENUE

	2011 HK\$'000	2010 HK\$'000
Income from operation of hotels	306,608	214,213
Property rental	<u>95,040</u>	<u>90,382</u>
	<u>401,648</u>	<u>304,595</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. Hospitality services - Best Western Hotel, Causeway Bay (Note)
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 - 239-251 Queen's Road West
11. Property development for hotel - 19-23 Austin Avenue
12. Property development for hotel - 30-40 Bowrington Road
13. Property development for hotel - 338-346 Queen's Road West

Note: The hotel is newly operated in 2011.

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	
	2011	2010	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hospitality services	306,608	214,213	159,023	92,534
- Ramada Hotel Kowloon	79,208	61,538	34,238	17,478
- Ramada Hong Kong Hotel	99,825	78,876	62,198	42,434
- Best Western Hotel Taipa, Macau	60,730	46,667	32,681	20,865
- Magnificent International Hotel, Shanghai	17,914	27,132	3,090	11,757
- Best Western Hotel, Causeway Bay	48,931	-	26,816	-
Property investment	95,040	90,382	392,172	430,842
- 633 King's Road	69,053	64,790	312,440	294,498
- Shun Ho Tower	16,287	16,474	23,532	73,526
- Shops	9,700	9,118	56,200	62,818
Securities investment and trading	-	-	(40)	70
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>401,648</u>	<u>304,595</u>	<u>551,155</u>	<u>523,446</u>
Other income			15,714	16,011
Other expenses			(17,909)	(12,971)
Loss on disposal of a subsidiary			-	(19)
Central administration costs and directors' salaries			(25,201)	(25,196)
Finance costs			(6,454)	(4,999)
Profit before taxation			<u>517,305</u>	<u>496,272</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:

	2011	2010
	HK\$'000	HK\$'000
Hong Kong	320,092	228,230
Macau	63,642	49,233
The PRC	<u>17,914</u>	<u>27,132</u>
	<u>401,648</u>	<u>304,595</u>

5. FINANCE COSTS

	2011 HK\$'000	2010 HK\$'000
Interests on :		
Bank loans wholly repayable within five years	13,662	12,146
Advance from ultimate holding company wholly repayable within five years	724	720
Other	<u>11</u>	<u>29</u>
	14,397	12,895
Less: amount capitalised in properties under development (Note)	<u>(7,943)</u>	<u>(7,896)</u>
	<u><u>6,454</u></u>	<u><u>4,999</u></u>

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

	2011 HK\$'000	2010 HK\$'000
Profit before taxation has been arrived at after charging (crediting):		
Auditor's remuneration	2,362	2,198
Staff costs including directors' emoluments	82,642	75,892
Depreciation of property, plant and equipment	32,779	26,592
Release of prepaid lease payments for land	1,502	1,502
Operating lease rental in respect of rented equipment	141	96
Gross rental income from investment properties	(95,040)	(90,382)
Less: Direct operating expenses from investment properties that generated rental income during the year	<u>852</u>	<u>555</u>
	<u><u>(94,188)</u></u>	<u><u>(89,827)</u></u>

7. INCOME TAX EXPENSE

	2011 HK\$'000	2010 HK\$'000
The taxation charge comprises:		
Current tax		
Hong Kong	26,313	21,425
The PRC	490	2,661
Other jurisdiction	<u>3,419</u>	<u>2,001</u>
	30,222	26,087
Overprovision in prior years:		
Hong Kong	(5,174)	(735)
Deferred tax		
Current year	<u>60,646</u>	<u>58,099</u>
	<u><u>85,694</u></u>	<u><u>83,451</u></u>

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\$155,831,000 (2010: HK\$122,470,000) and on 241,766,000 shares (2010: 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") are mandatorily convertible into ordinary shares of Magnificent Estates Limited on the maturity date. For the year ended 31st December, 2010 and 2011, 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 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:

	2011 HK\$'000	2010 HK\$'000
Not yet due	16,923	10,263
Overdue:		
1-30 days	596	464
31-60 days	56	87
61-90 days	<u>90</u>	<u>-</u>
	<u>17,665</u>	<u>10,814</u>
	2011 HK\$'000	2010 HK\$'000
Analysed for reporting as:		
Trade receivables	17,665	10,814
Other receivables	<u>2,285</u>	<u>2,096</u>
	<u>19,950</u>	<u>12,910</u>

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:

	2011 HK\$'000	2010 HK\$'000
0-30 days	2,611	1,779
31-60 days	299	620
Over 60 days	<u>380</u>	<u>1,191</u>
	<u>3,290</u>	<u>3,590</u>
	2011 HK\$'000	2010 HK\$'000
Analysed for reporting as:		
Trade payables	3,290	3,590
Other payables and accruals	<u>61,254</u>	<u>26,690</u>
	<u>64,544</u>	<u>30,280</u>

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31st December, 2011 (2010: Nil).

The Company has enjoyed a substantial growth through its investment in Shun Ho Technology Holdings Limited (“Shun Ho Technology”) and Magnificent Estates Limited (“Magnificent Estates”). The Company is seeking other local property investments in order to increase additional incomes. Because of the Company does not receive any income from Shun Ho Technology or Magnificent Estates, the Board does not recommend the payment of a final dividend.

BOOK CLOSURE

The register of members will be closed from Tuesday, 12th June, 2012 to Friday, 15th June, 2012, 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 Monday, 18th June, 2012, 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, 11th June, 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

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

- For the year ended 31st December, 2011, the Group’s income increased by 30% to HK\$417 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 Taipa, Macau, Best Western Hotel, Causeway Bay and Magnificent International Hotel, Shanghai increased by 43% to HK\$307 million (2010: HK\$214 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 5% to HK\$95 million (2010: HK\$90 million).

Other income amounted to HK\$16 million (2010: HK\$16 million) which was mostly property management fee income of HK\$15 million (2010: HK\$15 million).

- Overall service costs for the Group for the year was HK\$120 million (2010: HK\$99 million), which HK\$118.9 million (2010: HK\$97.2 million) was for the hotel operations including food and beverage and costs of sales and HK\$1 million (2010: 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\$18 million (2010: HK\$13 million). For the year under review, HK\$4 million was for pre-opening expenses of Best Western Hotel, Causeway Bay.

Administrative expenses for corporate office including directors' fees, salaries for executive staff and employees, rental, marketing and office expenses for the year was HK\$20 million (2010: HK\$20 million).

- At 31st December, 2011, the overall debt was HK\$1,171 million (2010: HK\$1,096 million). Gearing ratio was approximately 30% (2010: 31%) in terms of bank borrowings of HK\$1,111 million (2010: HK\$1,035 million) and HK\$60 million (2010: HK\$61 million) was advance from shareholders against funds employed of HK\$3,959 million (2010: HK\$3,532 million).

In December 2011, the outlook of the European debt crisis seem to threaten global banking orders and economies. In view of the Group's most substantial construction expenses for 2012, the management took the prudent step to increase cash reserve by drawing a short-term construction loan of HK\$82.5 million. As of the date of announcement, the same amount has not been needed and remained in bank deposit. The unused amount for construction cost will be repaid once the construction of hotels is completed.

All the Group's bank loans are floating rate borrowings, which carry interests at HIBOR plus a margin of approximately 1% (2010: HIBOR plus a margin of approximately 1%) 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 about 10% increase in the Group's staffing level compared to 31st December 2010. Remuneration and benefit were set with reference to the market.

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

**Best Western Hotel Harbour View
Nos. 239 - 251 Queen's Road West
Hotel Development**

The building Occupation Permit was issued in February 2012 and is awaiting issuance of hotel operation permit for commencement of business. The 432-room hotel has been named Best Western Hotel Harbour View. The construction of the Western MTR Line will improve future value of this property significantly.

**Best Western Grand Hotel
Nos. 19-23 Austin Avenue, Tsimshatsui
Hotel Development**

The 397-room Best Western Grand Hotel development in the excellent shopping location in Tsimshatsui, superstructure construction is nearly completed. Operation commencement is expected in 2012.

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

A 214-room 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.

The Company has enjoyed a substantial growth through its investment in Magnificent Estates and Shun Ho Technology. 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 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 CEPA and further relaxation of mainlanders to travel Hong Kong freely. 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, 2011.

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, 2011 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, 28th March, 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 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.