SHUN HO RESOURCES HOLDINGS LIMITED

(incorporated in Hong Kong with limited liability)

(Stock Code: 253)

2014 INTERIM RESULTS

RESULTS

The board of directors (the "Board") of Shun Ho Resources Holdings Limited (the "Company") announces that the unaudited consolidated profit of the Company and its subsidiaries (together the "Group") for the six months ended 30th June, 2014 attributable to owners of the Company amounted to HK$282,603,000 (six months ended 30th June, 2013: HK$124,334,000). The unaudited consolidated results of the Group for the period, together with comparative figures for the previous period, are as follows:

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the six months ended 30th June, 2014

	NOTES	Six months ended **30.6.2014** ***HK$'000*** **(unaudited)**	 30.6.2013 *HK$'000* (unaudited)
Revenue	3	**322,043**	322,994
Cost of sales		**(2,117)**	(2,052)
Other service costs		**(117,644)**	(111,966)
Depreciation of property, plant and equipment and release of prepaid lease payments for land		**(33,868)**	(35,379)
Gross profit		**168,414**	173,597
Increase in fair value of investment properties		**1,900**	207,600
Other income and gains		**12,708**	9,379
Gain on disposal of subsidiaries		**620,478**	-
Administrative expenses			
- Depreciation		**(1,917)**	(1,965)
- Others		**(15,624)**	(14,558)
		(17,541)	(16,523)
Other expenses		**(6,840)**	(6,869)
Finance costs	5	**(5,382)**	(10,147)
Profit before taxation		**773,737**	357,037
Income tax expense	6	**(29,341)**	(22,407)
Profit for the period	7	**744,396**	334,630

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income *(Continued)*
For the six months ended 30th June, 2014

	NOTES	**Six months ended** **30.6.2014** ***HK$'000*** **(unaudited)**	30.6.2013 *HK$'000* (unaudited)
Other comprehensive (expense) income			
Items that may be subsequently reclassified to profit or loss			
Exchange differences arising on translation of foreign operations		**(2,431)**	1,055
Fair value loss on available-for-sale investments		**(102)**	-
Other comprehensive (expense) income for the period		**(2,533)**	1,055
Total comprehensive income for the period		**741,863**	335,685
Profit for the period attributable to:			
Owners of the Company		**282,603**	124,334
Non-controlling interests		**461,793**	210,296
		744,396	334,630
Total comprehensive income attributable to:			
Owners of the Company		**281,638**	124,728
Non-controlling interests		**460,225**	210,957
		741,863	335,685
		HK cents	*HK cents*
Earnings per share			
Basic	9	**116.89**	51.43

Condensed Consolidated Statement of Financial Position

At 30th June, 2014

	NOTES	**As at 30.6.2014** ***HK$'000*** **(unaudited)**	As at 31.12.2013 *HK$'000* (audited)
Non-current assets			
Property, plant and equipment		**2,528,096**	2,562,374
Prepaid lease payments for land		**33,775**	35,014
Investment properties		**3,066,000**	3,064,000
Properties under development		**327,495**	263,276
Available-for-sale investments		**6,307**	780
		5,961,673	5,925,444
Current assets			
Inventories		**859**	826
Prepaid lease payments for land		**898**	922
Trade and other receivables	10	**13,463**	23,860
Other deposits and prepayments		**8,480**	12,532
Bank balances and cash		**1,132,659**	316,116
		1,156,359	354,256
Assets classified as held for sale		**-**	290,560
		1,156,359	644,816
Current liabilities			
Trade and other payables and accruals	11	**74,160**	32,518
Rental and other deposits received		**8,625**	18,804
Advance from ultimate holding company		**55,364**	54,222
Tax liabilities		**36,605**	18,499
Bank loans		**650,449**	676,325
		825,203	800,368
Liabilities associated with assets classified as held for sale		**-**	202,030
		825,203	1,002,398
Net current assets (liabilities)		**331,156**	(357,582)
Total assets less current liabilities		**6,292,829**	5,567,862
Capital and reserves			
Share capital		**172,252**	152,184
Reserves		**2,459,406**	2,137,624
Equity attributable to owners of the Company		**2,631,658**	2,289,808
Non-controlling interests		**3,480,198**	3,108,405
		6,111,856	5,398,213
Non-current liabilities			
Rental deposits received		**30,575**	25,762
Deferred tax liabilities		**150,398**	143,887
		180,973	169,649
		6,292,829	5,567,862

Notes:

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30th June, 2014 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2013.

In the current interim period, the Group has applied, for the first time, the following new or revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) - Int 21	Levies

The application of the new or revised HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

3. REVENUE

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

	Six months ended	
	30.6.2014	30.6.2013
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Income from operation of hotels	**264,322**	271,308
Income from property rental	**57,721**	51,686
	322,043	322,994

4. SEGMENT INFORMATION

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

1. Hospitality services - Ramada Hotel Kowloon
2. Hospitality services - Ramada Hong Kong Hotel
3. Hospitality services - Best Western Hotel Taipa, Macau (Note a)
4. Hospitality services - Magnificent International Hotel, Shanghai
5. Hospitality services - Best Western Hotel Causeway Bay
6. Hospitality services - Best Western Hotel Harbour View
7. Hospitality services - Best Western Grand Hotel
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 - 338 Queen's Road West

Note:

(a) The Group has disposed of the holding companies that hold Best Western Hotel Taipa, Macau during the six months ended 30th June, 2014.

Information regarding the above segments is reported below.

4. SEGMENT INFORMATION *(Continued)*

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

	Segment revenue		**Segment profit (loss)**	
	Six months ended		**Six months ended**	
	30.6.2014	30.6.2013	**30.6.2014**	30.6.2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Hospitality services	**264,322**	271,308	**111,019**	122,142
- Ramada Hotel Kowloon	**37,658**	36,764	**14,805**	13,865
- Ramada Hong Kong Hotel	**45,906**	45,337	**22,072**	23,333
- Best Western Hotel Taipa, Macau	**14,258**	29,731	**7,038**	14,925
- Magnificent International Hotel, Shanghai	**9,715**	8,429	**879**	178
- Best Western Hotel Causeway Bay	**40,543**	38,722	**16,848**	16,132
- Best Western Hotel Harbour View	**52,888**	52,635	**25,482**	28,971
- Best Western Grand Hotel	**63,354**	59,690	**23,895**	24,738
Property investment	**57,721**	51,686	**59,295**	259,055
- 633 King's Road	**42,715**	35,882	**52,508**	195,724
- Shun Ho Tower	**10,032**	9,701	**9,813**	9,629
- Shops	**4,974**	6,103	**(3,026)**	53,702
Securities investment and trading	**-**	-	**-**	-
Property development for hotel - 338 Queen's Road West	**-**	-	**-**	-
	322,043	322,994	**170,314**	381,197
Other income and gains			**12,708**	9,379
Gain on disposal of subsidiaries			**620,478**	-
Central administration costs and directors' emoluments			**(17,541)**	(16,523)
Other expenses			**(6,840)**	(6,869)
Finance costs			**(5,382)**	(10,147)
Profit before taxation			**773,737**	357,037

5. FINANCE COSTS

	Six months ended	
	30.6.2014	30.6.2013
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interests on:		
Bank loans wholly repayable within five years	**5,344**	10,717
Advance from ultimate holding company wholly repayable within five years	**1,142**	1,218
	6,486	11,935
Less: amounts capitalised in properties under development	**(1,104)**	(1,788)
	5,382	10,147

6. INCOME TAX EXPENSE

	Six months ended	
	30.6.2014	30.6.2013
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
The taxation charge comprises:		
Current tax		
Hong Kong	**22,088**	19,451
The People's Republic of China ("PRC")	**126**	-
Other jurisdiction	**715**	1,519
	22,929	20,970
Overprovision in prior years		
Hong Kong	**(6)**	(3,160)
Deferred tax		
Current period	**6,418**	4,597
	29,341	22,407

Hong Kong Profits Tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The annual tax rate used is 16.5% for the six months ended 30th June, 2014 (six months ended 30th June, 2013: 16.5%).

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

7. PROFIT FOR THE PERIOD

	Six months ended	
	30.6.2014	30.6.2013
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging (crediting):		
Release of prepaid lease payments for land	**449**	800
Depreciation of property, plant and equipment	**35,336**	36,544
Interest on bank deposits (included in other income and gains)	**(5,153)**	(619)
Loss (gain) on disposal of property, plant and equipment	**23**	(1,050)

8. DIVIDEND

No dividends were paid, declared or proposed during the reported period. The directors have resolved not to declare an interim dividend for the six months ended 30th June, 2014 (six months ended 30th June, 2013: nil).

9. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit for the period attributable to the owners of the Company of HK$282,603,000 (six months ended 30th June, 2013: HK$124,334,000) and on 241,766,000 shares (six months ended 30th June, 2013: 241,766,000 shares) in issue during the period. 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 both periods are not presented as there are no potential ordinary shares exist during both of the periods presented.

10. 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 its 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:

	As at 30.6.2014 ***HK$'000*** **(unaudited)**	As at 31.12.2013 *HK$'000* (audited)
Not yet due	**8,695**	20,210
Overdue:		
0 - 30 days	**754**	2,338
31 - 60 days	**87**	164
61 - 90 days	**-**	13
	9,536	22,725
Analysed for reporting as:		
Trade receivables	**9,536**	22,725
Other receivables	**3,927**	1,135
	13,463	23,860

11. 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:

	As at 30.6.2014 ***HK$'000*** **(unaudited)**	As at 31.12.2013 *HK$'000* (audited)
0 - 30 days	**2,931**	2,349
31 - 60 days	**173**	190
61 - 90 days	**19**	54
	3,123	2,593
Analysed for reporting as:		
Trade payables	**3,123**	2,593
Other payables and accruals (Note)	**71,037**	29,925
	74,160	32,518

Note: Other payables and accruals include construction costs payable of HK$25,872,000 (31st December, 2013 : HK$7,193,000).

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30th June, 2014 (six months ended 30th June, 2013: 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 the small existing income, the Board does not recommend the payment of an interim dividend for the six months ended 30th June, 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

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

The unaudited consolidated profit of the Group for the six months ended 30th June, 2014 attributable to owners of the Company amounted to HK$282,603,000 (six months ended 30th June, 2013: HK$124,334,000), increased by 127%.

- For the six months ended 30th June, 2014, the Group's income increased by 0.7% to HK$335 million which was mostly derived from the operation of hotels and the 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, Magnificent International Hotel, Shanghai and Best Western Hotel Taipa, Macau (up to 20th March, 2014) decreased by 3% to HK$264 million (six months ended 30th June, 2013: HK$271 million). The decrease was due to the disposal of Macau hotel since March 2014. Revenue of other hotels increased by 4% for the period.

  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 (up to 20th March, 2014) amounted to HK$58 million (six months ended 30th June, 2013: HK$52 million). At the date of this announcement, 633 King's Road is providing an annual rental income of HK$90 million (excluding rates and management fee incomes).

  On 20th December, 2013, the Group entered into an agreement with an independent third party to dispose of subsidiaries holding interest in Best Western Hotel Taipa, Macau at the consideration of HK$900 million, the disposal of which was completed on 20th March, 2014. The disposal incurred in a reportable earning of approximately HK$620 million for the first half of 2014.

  Other income amounted to HK$12.7 million (six months ended 30th June, 2013: HK$9.4 million) which was mostly property management fee income of HK$7.7 million (six months ended 30th June, 2013: HK$7.7 million) with related expenses of HK$6.8 million (six months ended 30th June, 2013: HK$6.9 million) and interest income HK$5 million (six months ended 30th June, 2013: HK$0.6 million) from cash deposits.

- Overall service costs for the Group for the period was HK$119.8 million (six months ended 30th June, 2013: HK$114.0 million), of which HK$119.5 million (six months ended 30th June, 2013: HK$113.7 million) was for the hotel operations including food and beverage and costs of sales and HK$0.3 million (six months ended 30th June, 2013: HK$0.3 million) was mainly for rates and 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. The increase of hotel operation costs for the newly opened Best Western Hotel Harbour View and Best Western Grand Hotel were mostly due to normalised salary, bonus, government rate, sales commission compared with unstable first year.

  During the period, the administrative expenses excluding depreciation was HK$15.6 million (six months ended 30th June, 2013: HK$14.6 million) for corporate management office including directors' fees, salaries for executive staff and employees, rental, marketing expenses and office expenses.

  Other expenses were property management expenses amounted to HK$6.9 million (six months ended 30th June, 2013: HK$6.9 million).

- As at 30th June, 2014, the overall debts of the Group were HK$705 million (31st December, 2013: HK$730 million). Most of the debts were borrowed by Magnificent Estates Group. The gearing ratio of the Group (including Magnificent Estates Group) was approximately 12% (31st December, 2013: 14%) in terms of bank borrowings of HK$650 million (31st December, 2013: HK$676 million) and HK$55 million (31st December, 2013: HK$54 million) was advance from shareholders against funds employed of HK$6,112 million (31st December, 2013: HK$5,398 million).

  The Group's bank borrowings carry interest at floating rates and are mainly denominated in Hong Kong dollar. Accordingly, the exchange risk of the Group is minimal. During the period under review, the Group's staffing level was about 15% less than that of 31st December, 2013 due to the disposal of Best Western Hotel Taipa, Macau. Remuneration and benefit were set with reference to the market.

- For the period under review, the investment properties such as Shun Ho Tower, 633 King's Road and shops in Ramada Hotel Kowloon, Ramada Hong Kong Hotel and Best Western Hotel Taipa, Macau (up to 20th March, 2014) were remained fully letted.

  As at the date of this announcement, the leasing of the grade A office building at 633 King's Road achieved HK$90 million (excluding rates and management fee incomes) per annum. The management envisages the office building will have modest rental increase in 2014 as most leases are due for renewal.

- 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.

No. 338 Queen's Road West
Hotel Development

The 214 rooms hotel development is named the Grand City Hotel and is expected to have occupation permit in December 2014. The connection of the Western MTR Line will improve future value and business of this property significantly.

LOOKING AHEAD

The Group has a magnificent portfolio of well performing recurring income portfolio of commercial and hotel properties with cash deposit in excess of HK$1 billion.

The management is most excited with the connection of the MTR Western line near end of 2014 which will significantly benefit our three hotels with about 1,000 rooms in terms of occupancies, room rates and hotel values.

However, both commercial and hotel segments are showing strong signs of difficulties with more supplies and lesser demand. The disposed Macau hotel has the effect of reducing operating profit by HK$37 million per year. Stable operating profit growth is therefore at risk from market conditions and Macau hotel disposal. The new Grand City Hotel will contribute about the same operating profit per year to replenish the profit reduced by the disposed Macau hotel.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the period.

CORPORATE GOVERNANCE

(a) Compliance with the Corporate Governance Code

During the period ended 30th June, 2014, the Company has complied with all the code provisions of the Corporate Governance Code set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited 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 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 B.1.2: the remuneration committee's terms of reference should include, as a minimum, paragraphs (a) to (h)

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

(b) Compliance with the Model Code

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

REVIEW BY THE AUDIT COMMITTEE

The audit committee has reviewed the unaudited financial results of the Group for the six months ended 30th June, 2014.

By Order of the Board

William CHENG Kai Man
Chairman

Hong Kong, 14th August, 2014

As at the date hereof, the Board comprises six Directors, of which two are Executive Directors, namely Mr. William Cheng Kai Man and, Mr. Albert Hui Wing Ho; one is Non-executive Director, Madam Mabel Lui Fung Mei Yee; and three are Independent Non-executive Directors, namely Mr. Vincent Kwok Chi Sun, Mr. Chan Kim Fai and Mr. Hui Kin Hing.