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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, 2014

RESULTS

The board of directors (the “Board”) of Shun Ho Resources Holdings Limited (the “Company”) announces that the audited consolidated profit of the Company and its subsidiaries (together the “Group”) for the year ended 31st December, 2014 attributable to the owners of the Company amounted to HK\$344,811,000 (2013: HK\$229,683,000). The audited consolidated results of the Group for the year, together with comparative figures for the previous year, are as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31st December, 2014

	NOTES	2014 HK\$'000	2013 HK\$'000
Revenue	3	648,423	688,736
Cost of sales		(4,245)	(4,435)
Other service costs		(223,741)	(227,552)
Depreciation of property, plant and equipment and release of prepaid lease payments for land		<u>(68,109)</u>	<u>(70,741)</u>
Gross profit		352,328	386,008
Increase in fair value of investment properties		18,600	299,213
Other income and gains		28,883	20,714
Gain on disposal of subsidiaries		620,478	40,140
Administrative expenses			
- Depreciation		(3,666)	(3,926)
- Others		(33,350)	(29,691)
		(37,016)	(33,617)
Other expenses		(14,906)	(14,973)
Finance costs	5	<u>(10,486)</u>	<u>(18,098)</u>
Profit before taxation	6	957,881	679,387
Income tax expense	7	<u>(53,941)</u>	<u>(62,211)</u>
Profit for the year		<u>903,940</u>	<u>617,176</u>

Consolidated Statement of Profit or Loss and Other Comprehensive Income (Continued)

For the year ended 31st December, 2014

	NOTES	2014 HK\$'000	2013 HK\$'000
Other comprehensive (expense) income			
Items that may be subsequently reclassified to profit or loss			
Exchange differences arising on translation of foreign operations		(2,142)	2,043
Fair value loss on available-for-sale investments		<u>(397)</u>	<u>-</u>
Other comprehensive (expense) income for the year		<u>(2,539)</u>	<u>2,043</u>
Total comprehensive income for the year		<u>901,401</u>	<u>619,219</u>
Profit for the year attributable to:			
Owners of the Company		344,811	229,683
Non-controlling interests		<u>559,129</u>	<u>387,493</u>
		<u>903,940</u>	<u>617,176</u>
Total comprehensive income attributable to:			
Owners of the Company		343,844	230,445
Non-controlling interests		<u>557,557</u>	<u>388,774</u>
		<u>901,401</u>	<u>619,219</u>
		HK cents	HK cents
Earnings per share	8		
Basic		<u>142.6</u>	<u>95.0</u>

Consolidated Statement of Financial Position
At 31st December, 2014

	NOTES	2014 HK\$'000	2013 HK\$'000
Non-Current Assets			
Property, plant and equipment		2,499,297	2,562,374
Prepaid lease payments for land		33,440	35,014
Investment properties		3,082,700	3,064,000
Properties under development		382,339	263,276
Available-for-sale investments		<u>6,012</u>	<u>780</u>
		<u>6,003,788</u>	<u>5,925,444</u>
Current Assets			
Inventories		891	826
Prepaid lease payments for land		901	922
Trade and other receivables	9	21,485	23,860
Other deposits and prepayments		8,331	12,532
Bank balances and cash		<u>1,166,189</u>	<u>316,116</u>
		1,197,797	354,256
Assets classified as held for sale		<u>-</u>	<u>290,560</u>
		<u>1,197,797</u>	<u>644,816</u>
Current Liabilities			
Trade and other payables and accruals	10	42,829	32,518
Rental and other deposits received		11,261	18,804
Advance from ultimate holding company		56,556	54,222
Tax liabilities		16,494	18,499
Bank loans		<u>621,733</u>	<u>676,325</u>
		748,873	800,368
Liabilities associated with assets classified as held for sale		<u>-</u>	<u>202,030</u>
		<u>748,873</u>	<u>1,002,398</u>
Net Current Assets (Liabilities)		<u>448,924</u>	<u>(357,582)</u>
Total Assets less Current Liabilities		<u>6,452,712</u>	<u>5,567,862</u>
Capital and Reserves			
Share capital		172,252	152,184
Share premium and reserves		<u>2,521,612</u>	<u>2,137,624</u>
		2,693,864	2,289,808
Equity attributable to owners of the Company		<u>3,572,358</u>	<u>3,108,405</u>
Non-controlling interests		<u>6,266,222</u>	<u>5,398,213</u>
Non-Current Liabilities			
Rental deposits received		33,724	25,762
Deferred tax liabilities		<u>152,766</u>	<u>143,887</u>
		<u>186,490</u>	<u>169,649</u>
		<u>6,452,712</u>	<u>5,567,862</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 (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), “Accounts and Audit”, which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited.

2. APPLICATION OF NEW AND REVISED HKFRSs

In the current year, the Group has applied, for the first time, the following new or revised 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 year has had no material effect on the amounts reported and/or disclosures set out in the consolidated financial statements.

3. REVENUE

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Income from operation of hotels	529,287	582,935
Income from property rental	118,909	105,801
Dividend income	<u>227</u>	<u>-</u>
	<u>648,423</u>	<u>688,736</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 (Note)
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: The Group has disposed of the holding companies that hold Best Western Hotel Taipa, Macau during the year.

Information regarding the above segments is reported below.

4. SEGMENT INFORMATION (Continued)

Segment revenue and results

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

	Segment revenue		Segment profit	
	Year ended		Year ended	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hospitality services	529,287	582,935	234,248	280,805
- Ramada Hotel Kowloon	76,647	78,512	31,327	33,724
- Ramada Hong Kong Hotel	95,218	95,635	47,301	51,541
- Best Western Hotel Taipa, Macau	14,258	64,304	7,038	33,943
- Magnificent International Hotel, Shanghai	21,318	18,733	3,456	1,729
- Best Western Hotel Causeway Bay	81,850	83,816	35,152	38,856
- Best Western Hotel Harbour View	111,235	112,314	57,716	63,549
- Best Western Grand Hotel	128,761	129,621	52,258	57,463
Property investment	118,909	105,801	136,453	404,416
- 633 King's Road	89,404	73,918	98,582	333,849
- Shun Ho Tower	20,461	19,565	36,826	23,849
- Shops	9,044	12,318	1,045	46,718
Securities investment and trading	227	-	227	-
Property development for hotel				
- 338 Queen's Road West	-	-	-	-
	<u>648,423</u>	<u>688,736</u>	<u>370,928</u>	<u>685,221</u>
Other income and gains			28,883	20,714
Gain on disposal of subsidiaries			620,478	40,140
Central administration costs and directors' emoluments			(37,016)	(33,617)
Other expenses			(14,906)	(14,973)
Finance costs			(10,486)	(18,098)
Profit before taxation			<u>957,881</u>	<u>679,387</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:

	2014	2013
	HK\$'000	HK\$'000
Hong Kong	612,077	602,204
Macau	15,028	67,799
The PRC	<u>21,318</u>	<u>18,733</u>
	<u>648,423</u>	<u>688,736</u>

5. FINANCE COSTS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Interests on :		
Bank loans wholly repayable within five years	10,389	18,655
Advance from ultimate holding company wholly repayable within five years	<u>2,334</u>	<u>2,355</u>
	12,723	21,010
Less: amount capitalised in properties under development (Note)	<u>(2,237)</u>	<u>(2,912)</u>
	<u><u>10,486</u></u>	<u><u>18,098</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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Profit before taxation has been arrived at after charging (crediting):		
Auditor's remuneration	3,489	3,155
Staff costs including directors' emoluments	151,035	158,985
Depreciation of property, plant and equipment	70,874	73,054
Gain on disposal of property, plant and equipment	455	1,050
Release of prepaid lease payments for land	901	1,613
Operating lease rental in respect of rented equipment	2,184	1,785
Gross rental income from investment properties	(118,909)	(105,801)
Less: Direct operating expenses incurred for investment properties that generated rental income during the year	<u>1,049</u>	<u>589</u>
	<u><u>(117,860)</u></u>	<u><u>(105,212)</u></u>

7. INCOME TAX EXPENSE

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
The taxation charge comprises:		
Current tax		
Hong Kong	43,699	43,595
The PRC	660	204
Other jurisdiction	<u>715</u>	<u>3,572</u>
	45,074	47,371
Overprovision in prior years		
Hong Kong	<u>(12)</u>	<u>(3,201)</u>
	<u>45,062</u>	<u>44,170</u>
Deferred tax		
Current year	8,879	12,292
Underprovision in prior years	<u>-</u>	<u>5,749</u>
	<u>8,879</u>	<u>18,041</u>
	<u><u>53,941</u></u>	<u><u>62,211</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\$344,811,000 (2013: HK\$229,683,000) and on 241,766,000 shares (2013: 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.

Diluted earnings per share for both years are not presented as there are no potential ordinary shares exist during both of the years presented.

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:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Not yet due	17,042	20,210
Overdue:		
0 - 30 days	937	2,338
31 - 60 days	51	164
61 - 90 days	<u>-</u>	<u>13</u>
	<u>18,030</u>	<u>22,725</u>
	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Analysed for reporting as:		
Trade receivables	18,030	22,725
Other receivables	<u>3,455</u>	<u>1,135</u>
	<u>21,485</u>	<u>23,860</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:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
0 - 30 days	2,812	2,349
31 - 60 days	380	190
61 - 90 days	<u>6</u>	<u>54</u>
	<u>3,198</u>	<u>2,593</u>
	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Analysed for reporting as:		
Trade payables	3,198	2,593
Other payables and accruals (Note)	<u>39,631</u>	<u>29,925</u>
	<u>42,829</u>	<u>32,518</u>

Note: Other payable and accruals include construction costs payable of HK\$13,445,000 (2013: HK\$7,193,000).

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31st December, 2014 (2013: 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 the small existing income, the Board does not recommend the payment of a final dividend for the year ended 31st December, 2014.

BOOK CLOSURE

To ascertain shareholders’ eligibility to attend and vote at the Annual General Meeting to be held on Thursday, 18th June, 2015 (“AGM”), the register of members will be closed from Thursday, 11th June, 2015 to Thursday, 18th June, 2015, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company’s Share Registrars, Tricor Tengis Limited, Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, not later than 4:30 p.m. on Wednesday, 10th June, 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

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

The audited consolidated profit of the Group for the year ended 31st December, 2014 attributable to the owners of the Company amounted to HK\$344,811,000 (2013: HK\$229,683,000), increased by 50%.

- For the year ended 31st December, 2014, the Group’s income decreased by 6% to HK\$648 million (2013: HK\$689 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 Grand Hotel, Best Western Hotel Causeway Bay, Best Western Hotel Harbour View, Magnificent International Hotel, Shanghai and Best Western Hotel Taipa, Macau (up to 20th March, 2014) decreased by 9% to HK\$529 million (2013: HK\$583 million). The decrease of group revenue for the year was due to the disposal of Best Western Hotel Taipa, Macau during the year.

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, Best Western Grand Hotel and Best Western Hotel Taipa, Macau (up to 20th March, 2014) amounted to HK\$119 million (2013: HK\$106 million).

Other income amounted to HK\$29 million (2013: HK\$21 million) which was property management fee income of HK\$16 million (2013: HK\$16 million) with related expenses of HK\$15 million (2013: HK\$15 million) and interest income of HK\$13 million (2013: HK\$2 million) from cash deposits.

For the year under review, the Group has disposed the subsidiaries holding interest in the Best Western Hotel Taipa, Macau at the consideration of HK\$900 million. The disposal resulted in a reportable earning of approximately HK\$620 million for the year.

- Overall service costs for the Group for the year was HK\$228.0 million (2013: HK\$232.0 million), of which HK\$227.0 million (2013: HK\$231.4 million) was for the hotel operations including food and beverage and costs of sales and HK\$1.0 million (2013: HK\$0.6 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.

During the year, the administrative expenses excluding depreciation was HK\$33 million (2013: HK\$30 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\$15 million (2013: HK\$15 million).

- At 31st December, 2014, the overall debt of the Group was HK\$678 million (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 11% (2013: 14%) in terms of bank borrowings of HK\$622 million (2013: HK\$676 million) and HK\$56 million (2013: HK\$54 million) was advance from shareholders against funds employed of HK\$6,266 million (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. As at 31st December, 2014, the Group's staffing level is 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 year under review, the investment properties such as Shun Ho Tower, 633 King's Road and shops in Ramada Hotel Kowloon, Ramada Hong Kong Hotel, Best Western Grand Hotel and Best Western Hotel Taipa, Macau (up to 20th March, 2014) remained almost fully let. It is expected that the rental revenue from these properties will have modest increase in 2015.

As at the date of this announcement, the leasing of the grade A office building at 633 King's Road achieved rental income of HK\$96 million (excluding rates and management fee incomes) per annum. The management envisages the office building will have modest rental increase in 2015 as most leases are due for renewal.

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

The 214 rooms hotel development is named the Grand City Hotel. The new hotel is waiting hotel license to be issued. 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.

The management is most excited with the connection of the MTR Western line in the end of first quarter of 2015 which will significantly benefit three of our group hotels in the Western District 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 and growth are therefore at risk from adverse market conditions and Macau hotel disposal. The new Grand City Hotel may contribute about the same operating profit per year to replenish the profit reduced by the disposed Macau hotel. The management is most eager to further increase operating profit by the acquisition of commercial properties, if successfully acquired will be financed by internal cash resources, bank lending or additional capital.

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 Corporate Governance Code

During the year ended 31st December, 2014, the Company has complied with all the code provisions set out in the Corporate Governance Code of 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 year.

REVIEW BY THE AUDIT COMMITTEE

The audit committee has reviewed the audited financial results of the Group for the year ended 31st December, 2014.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31st December, 2014 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, 12th March, 2015

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, 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.