SHUN HO HOLDINGS LIMITED

(incorporated in Hong Kong with limited liability)

(Stock Code: 253)

2016 INTERIM RESULTS

RESULTS

The board of directors (the "Board") of Shun Ho Holdings Limited (the "Company") announces that the **net profit after tax attributable to owners of the Company** before depreciation of property, plant and equipment and release of prepaid lease payments for land for the six months ended 30th June, 2016 was HK$88 million (six months ended 30th June, 2015: HK$45 million), increased by 95%. 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, 2016

		Six months ended	
	NOTES	**30.6.2016** ***HK$'000*** **(unaudited)**	30.6.2015 *HK$'000* (unaudited)
Revenue	3	**264,645**	265,091
Cost of sales		**(2,065)**	(2,022)
Other service costs		**(124,789)**	(112,463)
Depreciation of property, plant and equipment and release of prepaid lease payments for land		**(37,239)**	(34,497)
Gross profit		**100,552**	116,109
Increase in fair value of investment properties		**87,776**	-
Other income and gains		**9,183**	16,767
Administrative expenses			
- Depreciation		**(3,685)**	(1,668)
- Others		**(16,695)**	(15,167)
		(20,380)	(16,835)
Other expenses		**(7,267)**	(8,681)
Finance costs	5	**(5,529)**	(4,926)
Profit before taxation		**164,335**	102,434
Income tax expense	6	**(14,560)**	(19,359)
Profit for the period	7	**149,775**	83,075

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income *(Continued)*
For the six months ended 30th June, 2016

	NOTE	Six months ended **30.6.2016** ***HK$'000*** **(unaudited)**	30.6.2015 *HK$'000* (unaudited)
Other comprehensive expense			
Items that may be subsequently reclassified to profit or loss			
Exchange differences arising on translation of foreign operations		**(30,406)**	(346)
Fair value loss on available-for-sale investments		**(30,726)**	(47)
Other comprehensive expense the period		**(61,132)**	(393)
Total comprehensive income for the period		**88,643**	82,682
Profit for the period attributable to:			
Owners of the Company		**73,284**	31,584
Non-controlling interests		**76,491**	51,491
		149,775	83,075
Total comprehensive income attributable to:			
Owners of the Company		**51,440**	31,432
Non-controlling interests		**37,203**	51,250
		88,643	82,682
		HK cents	*HK cents*
Earnings per share			
Basic	9	**30.31**	13.06

Condensed Consolidated Statement of Financial Position
At 30th June, 2016

	NOTES	As at 30.6.2016 HK$'000 (unaudited)	As at 31.12.2015 HK$'000 (audited)
Non-current assets			
Property, plant and equipment		**2,918,233**	2,849,408
Prepaid lease payments for land		**29,793**	30,765
Investment properties		**3,050,700**	3,011,800
Properties under development		**50,365**	102,981
Available-for-sale investments		**104,466**	135,192
Payments for acquisition of an investment property		**769,797**	-
		6,923,354	6,130,146
Current assets			
Inventories		**1,029**	946
Prepaid lease payments for land		**837**	852
Trade and other receivables	10	**13,098**	21,128
Other deposits and prepayments		**9,318**	9,475
Pledged bank deposits		**446,250**	-
Bank balances and cash		**256,502**	1,065,431
		727,034	1,097,832
Current liabilities			
Trade and other payables and accruals	11	**68,982**	35,037
Rental and other deposits received		**27,230**	26,858
Advance from ultimate holding company		**47,418**	46,428
Tax liabilities		**20,674**	6,512
Bank loans		**871,679**	559,815
		1,035,983	674,650
Net current (liabilities) assets		**(308,949)**	423,182
Total assets less current liabilities		**6,614,405**	6,553,328
Capital and reserves			
Share capital		**172,252**	172,252
Reserves		**2,815,547**	2,764,107
Equity attributable to owners of the Company		**2,987,799**	2,936,359
Non-controlling interests		**3,450,067**	3,436,366
Total equity		**6,437,866**	6,372,725
Non-current liabilities			
Rental deposits received		**22,184**	26,316
Deferred tax liabilities		**154,355**	154,287
		176,539	180,603
		6,614,405	6,553,328

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.

These condensed consolidated financial statements have been prepared on a going concern basis because the ultimate holding company has agreed to provide adequate funds to enable the Company to meet in full its financial obligations as they fall due for the foreseeable future.

The financial information relating to the year ended 31st December, 2015 that is included in these condensed consolidated financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements is as follows:

The Company has delivered the financial statements for the year ended 31st December, 2015 to the Register of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

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.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30th June, 2016 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2015.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidation financial statements:

Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 - 2014 Cycle

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

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 the condensed consolidated financial statements.

3. REVENUE

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

	Six months ended	
	30.6.2016	30.6.2015
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Income from operation of hotels	**198,557**	203,054
Income from property rental	**62,467**	61,801
Dividend income	**3,621**	236
	264,645	265,091

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 - Best Western Plus Hotel Kowloon
2. Hospitality services - Best Western Plus Hotel Hong Kong
3. Hospitality services - Magnificent International Hotel, Shanghai
4. Hospitality services - Best Western Hotel Causeway Bay
5. Hospitality services - Best Western Hotel Harbour View
6. Hospitality services - Best Western Grand Hotel
7. Hospitality services - Grand City Hotel (note)
8. Property investment - 633 King's Road
9. Property investment - Shun Ho Tower
10. Property investment - Shops
11. Securities investment
12. Property development for hotel (note)

Note: The hotel development was completed in August 2015 and accordingly transferred to the segment of "Hospitality Services - Grand City Hotel".

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 Six months ended		**Segment profit Six months ended**	
	30.6.2016	30.6.2015	**30.6.2016**	30.6.2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Hospitality services	**198,557**	203,054	**34,782**	54,431
- Best Western Plus Hotel Kowloon	**25,600**	28,955	**1,014**	5,110
- Best Western Plus Hotel Hong Kong	**32,924**	38,434	**7,935**	13,306
- Magnificent International Hotel, Shanghai	**10,378**	10,292	**1,729**	1,417
- Best Western Hotel Causeway Bay	**26,155**	31,048	**2,654**	7,245
- Best Western Hotel Harbour View	**38,148**	44,971	**10,710**	17,146
- Best Western Grand Hotel	**46,080**	49,354	**7,445**	10,207
- Grand City Hotel	**19,272**	-	**3,295**	-
Property investment	**62,467**	61,801	**149,925**	61,442
- 633 King's Road	**49,000**	47,059	**118,861**	46,791
- Shun Ho Tower	**11,154**	10,849	**28,751**	10,758
- Shops	**2,313**	3,893	**2,313**	3,893
Securities investment	**3,621**	236	**3,621**	236
	264,645	265,091	**188,328**	116,109
Other income and gains			**9,183**	16,767
Central administration costs and directors' emoluments			**(20,380)**	(16,835)
Other expenses			**(7,267)**	(8,681)
Finance costs			**(5,529)**	(4,926)
Profit before taxation			**164,335**	102,434

5. FINANCE COSTS

	Six months ended	
	30.6.2016	30.6.2015
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interests on:		
Bank loans	**4,533**	4,909
Advance from ultimate holding company	**996**	1,129
	5,529	6,038
Less: amounts capitalised in properties under development	**-**	(1,112)
	5,529	4,926

6. INCOME TAX EXPENSE

	Six months ended	
	30.6.2016	30.6.2015
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
The taxation charge comprises:		
Current tax		
Hong Kong	**14,072**	17,366
The People's Republic of China ("PRC")	**360**	271
	14,432	17,637
Underprovision in prior years		
Hong Kong	**60**	-
	14,492	17,637
Deferred tax	**68**	1,722
	14,560	19,359

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, 2016 (six months ended 30th June, 2015: 16.5%).

Taxation arising in the PRC 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	
	30.6.2016	30.6.2015
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging (crediting):		
Release of prepaid lease payments for land	**418**	451
Depreciation of property, plant and equipment	**40,506**	35,714
Interest on bank deposits (included in other income and gains)	**(1,384)**	(4,779)
Loss (gain) on disposal of property, plant and equipment (included in other income and gains)	**104**	(4,040)

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, 2016 (six months ended 30th June, 2015: nil).

9. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit for the period attributable to owners of the Company of HK$73,284,000 (six months ended 30th June, 2015: HK$31,584,000) and on 241,766,000 shares (six months ended 30th June, 2015: 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 periods.

10. TRADE AND OTHER RECEIVABLES

	As at	As at
	30.6.2016	31.12.2015
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Analysed for reporting as:		
Trade receivables	**7,722**	18,498
Other receivables	**5,376**	2,630
	13,098	21,128

10. TRADE AND OTHER RECEIVABLES *(Continued)*

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 30.6.2016 *HK$'000* **(unaudited)**	As at 31.12.2015 *HK$'000* (audited)
Not yet due	**7,480**	17,610
Overdue:		
0 - 30 days	**204**	855
31 - 60 days	**38**	23
61 - 90 days	**-**	10
	7,722	18,498

11. TRADE AND OTHER PAYABLES AND ACCRUALS

	As at 30.6.2016 *HK$'000* **(unaudited)**	As at 31.12.2015 *HK$'000* (audited)
Analysed for reporting as:		
Trade payables	**3,593**	3,703
Dividend payable	**31,946**	5,173
Other payables and accruals (note)	**33,443**	26,161
	68,982	35,037

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 30.6.2016 *HK$'000* **(unaudited)**	As at 31.12.2015 *HK$'000* (audited)
0 - 30 days	**3,027**	2,953
31 - 60 days	**545**	722
61 - 90 days	**21**	28
	3,593	3,703

Note: Other payables and accruals include construction costs payable of HK$4,604,000 (31st December, 2015 : HK$5,182,000).

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30th June, 2016 (six months ended 30th June, 2015: Nil).

The Company's revenue mainly derived from its investment in Shun Ho Property Investments Limited ("Shun Ho Property"). Because of the limited existing dividend income, the Board does not recommend the payment of an interim dividend for the six months ended 30th June, 2016. The Company is seeking other local property investments in order to increase additional incomes.

MANAGEMENT DISCUSSION AND ANALYSIS

During the period under review, the Group through its major subsidiaries, Shun Ho Property and Magnificent Hotel Investments Limited ("Magnificent Hotel"), continued with its commercial properties investment and hotels investments and operations. The Company changed its name to "Shun Ho Holdings Limited" so as to reflect its business holding nature in July 2016.

The net profit after tax attributable to the owners of the Company before depreciation of property, plant and equipment and release of prepaid lease payments for land for the six months ended 30th June, 2016 was HK$88 million (six months ended 30th June, 2015: HK$45 million), increased by 95%.

PERFORMANCE

Hotel Business

The Company owns 50.26% of Shun Ho Property which holds 71.09% of Magnificent Hotel as its hotel investment subsidiary. Magnificent Hotel presently owns and operates seven hotels, including: (1) Best Western Plus Hotel Kowloon, (2) Best Western Plus Hotel Hong Kong, (3) Best Western Grand Hotel, (4) Best Western Hotel Causeway Bay, (5) Best Western Hotel Harbour View, (6) Grand City Hotel and (7) Magnificent International Hotel, Shanghai with 2,037 rooms which is one of the largest hotel groups in Hong Kong.

During the period, the Group acquired the freehold property of Royal Scot Hotel situate at 100 King's Cross Road, London for the consideration of £70,300,000 (equivalent to approximately HK$731,000,000). The current net income is £3,137,487 (equivalent to approximately HK$32,629,865) per annum.

The net profit after tax attributable to the owners of Magnificent Hotel before revaluation gain of investment properties and depreciation of property, plant and equipment and release of prepaid lease payments for land for the six months ended 30th June, 2016 was HK$60.5 million (six months ended 30th June, 2015: HK$118.1 million), decreased by 49%. The income from operation of hotels amounted to HK$199 million (six months ended 30th June, 2015: HK$203 million), decreased by 2%. The average occupancy in the Group's Hong Kong hotels was 99% and the average room rate was HK$557 and the average EBITDA of each hotel in Hong Kong was 36%. The decrease of revenue was mainly due to the difficult market conditions for the hotel industry in Hong Kong in the period.

The major reasons for the above decline were due to drop in hotel incomes of HK$12 million and loss of rental income by HK$46 million from the group reorganization.

Commercial Properties Rental Income

The properties rental income was derived from office buildings of Shun Ho Tower, 633 King's Road and shops from Best Western Plus Hotel Kowloon, Best Western Plus Hotel Hong Kong and Best Western Grand Hotel amounted to HK$62 million (six months ended 30th June, 2015: HK$62 million).

The properties rental income was analysed as follows:

	2015	**2016**	
	HK$'000	***HK$'000***	
633 King's Road	47,059	**49,000**	
Shun Ho Tower	10,849	**11,154**	*(Note)*
Shops	3,893	**2,313**	
Total	61,801	**62,467**	

Note : Non-controlling interest will be deducted in consolidated statement of profit or loss and other comprehensive income

LIQUIDITY

- At 30th June, 2016, the overall debt of the Group including Shun Ho Property and Magnificent Hotel and their subsidiaries was HK$919 million (31st December, 2015: HK$606 million). The debt ratio was 7% (31st December, 2015: 5%) in terms of overall debts of HK$919 million (31st December, 2015: HK$606 million) against the fully revalued assets of the Group amounted to HK$12,617 million (31st December, 2015: HK$12,739 million). The gearing ratio of the Group (including Magnificent Hotel and its subsidiaries) was approximately 14% (31st December, 2015: 10%).

  The Group's bank borrowings carry interest at floating rates and are mainly denominated in Hong Kong dollar and Pound Sterling, the exchange risk of the Group is minimal. As at 30th June, 2016, the Group's staffing level did not have material change compared with that as at 31st December, 2015.

LOOKING AHEAD

- Magnificent Hotel will continue its business of hotel operations and will seek to acquire more hotel incomes by acquisition of hotel properties or serviced apartment hotels. Looking ahead, the hotel industry will continue to suffer a decline of overnight visitors, less spending power, increase of supply of new hotel rooms, competing room rate and occupancy.

- Shun Ho Property will continue its management and investment of 633 King's Road and Shun Ho Towers, Ice House Street.

- Overall the short term prospect of the Group's earning will follow the slowing down of the local economy trend especially in the tourism industry. The management will endeavor to seek revenue growth from acquisition of income producing properties while maintaining LOW gearing.

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, 2016, 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

Except two non-executive directors, 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, 2016.

By Order of the Board

William CHENG Kai Man
Chairman

Hong Kong, 30th August, 2016

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.