SHUN HO HOLDINGS LIMITED

(incorporated in Hong Kong with limited liability)

(Stock Code: 253)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER, 2017

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 year ended 31st December, 2017 was HK$444 million (2016: HK$224 million), increased by 98%. The audited consolidated results of the Company and its subsidiaries (together the "Group") for the year, together with comparative figures for the previous year, are as follows:

Consolidated Statement of Profit or Loss
For the year ended 31st December, 2017

	NOTES	**2017**	2016
		HK$'000	*HK$'000*
Revenue	*3*	**671,557**	590,665
Cost of sales		**(4,694)**	(4,219)
Other service costs		**(263,497)**	(242,466)
Depreciation of property, plant and equipment and release of prepaid lease payments for land		**(87,984)**	(76,470)
Gross profit		**315,382**	267,510
Increase in fair value of investment properties		**669,900**	216,101
Other income and expenses and gains and losses		**(15,539)**	32,374
Administrative expenses		**(55,698)**	(45,612)
- Depreciation		**(8,088)**	(7,380)
- Others		**(47,610)**	(38,232)
Finance costs	*5*	**(21,606)**	(12,111)
Profit before taxation	*6*	**892,439**	458,262
Income tax expense	*7*	**(48,030)**	(37,371)
Profit for the year		**844,409**	420,891

Consolidated Statement of Profit or Loss *(Continued)*
For the year ended 31st December, 2017

	NOTE	**2017**	2016
		HK$'000	*HK$'000*
Profit for the year attributable to:			
Owners of the Company		**407,250**	193,945
Non-controlling interests		**437,159**	226,946
		844,409	420,891
		HK cents	*HK cents*
Earnings per share	*8*		
Basic		**168.4**	80.2
Diluted		**N/A**	N/A

Consolidated Statement of Total Comprehensive Income
For the year ended 31st December, 2017

	2017 *HK$'000*	2016 *HK$'000*
Profit for the year	**844,409**	420,891
Other comprehensive income (expense)		
Items that may be subsequently reclassified to profit or loss		
Exchange differences arising on translation of foreign operations	**75,068**	(101,339)
Fair value gain (loss) on available-for-sale investments	**453**	(4,671)
Securities revaluation reserve released upon disposal of available-for-sale investments	**-**	(564)
Other comprehensive income (expense) for the year	**75,521**	(106,574)
Total comprehensive income for the year	**919,930**	314,317
Total comprehensive income attributable to:		
Owners of the Company	**434,251**	155,865
Non-controlling interests	**485,679**	158,452
	919,930	314,317

Consolidated Statement of Financial Position

At 31st December, 2017

	NOTES	2017 HK$'000	2016 HK$'000
Non-Current Assets			
Property, plant and equipment		**3,820,845**	2,874,620
Prepaid lease payments for land		**29,528**	27,898
Investment properties		**4,638,300**	3,890,050
Properties under development		**74,157**	56,369
Available-for-sale investments		**7,221**	6,768
		8,570,051	6,855,705
Current Assets			
Inventories		**1,240**	1,067
Prepaid lease payments for land		**862**	795
Trade and other receivables	*9*	**30,515**	22,603
Other deposits and prepayments		**10,703**	9,336
Pledged bank deposits		**-**	446,587
Bank balances and cash		**901,914**	434,826
		945,234	915,214
Current Liabilities			
Trade and other payables and accruals	*10*	**36,405**	36,099
Rental and other deposits received		**14,062**	25,524
Amount due to ultimate holding company		**28,728**	48,469
Tax liabilities		**11,580**	4,434
Bank loans		**536,969**	809,271
		627,744	923,797
Net Current Assets (Liabilities)		**317,490**	(8,583)
Total Assets less Current Liabilities		**8,887,541**	6,847,122
Capital and Reserves			
Share capital		**172,252**	172,252
Reserves		**3,372,105**	2,919,972
Equity attributable to owners of the Company		**3,544,357**	3,092,224
Non-controlling interests		**3,996,762**	3,565,228
Total Equity		**7,541,119**	6,657,452
Non-Current Liabilities			
Bank loans		**1,155,604**	-
Rental deposits received		**32,160**	34,238
Deferred tax liabilities		**158,658**	155,432
		1,346,422	189,670
		8,887,541	6,847,122

Notes:

1. GENERAL

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"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange and by the Companies Ordinance.

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 financial information relating to the years ended 31st December, 2017 and 2016 included in this preliminary announcement of annual results 2017 do not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31st December, 2016 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31st December, 2017 in due course.

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

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Asset for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014 - 2016 Cycle

The application of the amendments to 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

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

	2017	2016
	HK$'000	*HK$'000*
Income from operation of hotels	**513,264**	443,990
Income from property rental	**157,918**	139,614
Dividend income	**375**	7,061
	671,557	590,665

4. SEGMENT INFORMATION

The Group's operating and reportable segments under HKFRS 8 are therefore 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
8. Hospitality services - Grand View Hotel
9. Property investment - 633 King's Road
10. Property investment - Shun Ho Tower
11. Property investment - Shops
12. Property investment - Hotel
13. Securities investment

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 both years:

	Segment revenue Year ended 31st December,		**Segment profit** Year ended 31st December,	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hospitality services	**513,264**	443,990	**159,356**	121,920
- Best Western Plus Hotel Kowloon	**62,232**	57,360	**9,547**	7,227
- Best Western Plus Hotel Hong Kong	**81,600**	73,989	**35,215**	27,564
- Magnificent International Hotel, Shanghai	**22,857**	21,455	**6,741**	4,667
- Best Western Hotel Causeway Bay	**64,922**	59,319	**19,384**	13,905
- Best Western Hotel Harbour View	**97,048**	87,199	**41,028**	32,494
- Best Western Grand Hotel	**106,054**	100,671	**28,629**	24,272
- Grand City Hotel	**49,031**	43,997	**16,161**	11,791
- Grand View Hotel	**29,520**	-	**2,651**	-
Property investment	**157,918**	139,614	**825,551**	354,630
- 633 King's Road	**100,365**	96,238	**558,563**	265,440
- Shun Ho Tower	**23,329**	22,633	**182,564**	63,222
- Shops	**2,724**	4,346	**2,724**	4,346
- Hotel	**31,500**	16,397	**81,700**	21,622
Securities investment	**375**	7,061	**375**	7,061
	671,557	590,665	**985,282**	483,611
Other income and expenses and gains and losses			**(15,539)**	32,374
Central administration costs and directors' emoluments			**(55,698)**	(45,612)
Finance costs			**(21,606)**	(12,111)
Profit before taxation			**892,439**	458,262

Geographical information

The Group's operations are located in Hong Kong, the People's Republic of China (the "PRC") and the United Kingdom (the "UK").

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

	2017	2016
	HK$'000	*HK$'000*
Hong Kong	**617,200**	552,813
The PRC	**22,857**	21,455
The UK	**31,500**	16,397
	671,557	590,665

5. FINANCE COSTS

	2017 *HK$'000*	2016 *HK$'000*
Interests on :		
Bank loans	**19,346**	10,062
Amount due to ultimate holding company	**2,260**	2,049
	21,606	12,111

6. PROFIT BEFORE TAXATION

	2017 *HK$'000*	2016 *HK$'000*
Profit before taxation has been arrived at after charging (crediting):		
Auditor's remuneration	**3,993**	3,662
Staff costs including directors' emoluments	**185,697**	170,028
Depreciation of property, plant and equipment	**95,210**	83,055
Loss on disposal of property, plant and equipment	**42**	141
Release of prepaid lease payments for land	**862**	795
Operating lease rental in respect of rented equipment	**1,577**	1,514
Gross rental income from investment properties	**(157,918)**	(139,614)
Less: Direct operating expenses incurred for investment properties that generated rental income during the year	**2,266**	1,085
	(155,652)	(138,529)

7. INCOME TAX EXPENSE

	2017	2016
	HK$'000	*HK$'000*
The taxation charge comprises:		
Current tax		
Hong Kong	**38,755**	35,009
The PRC	**1,605**	998
The UK	**4,650**	466
	45,010	36,473
Overprovision in prior years		
Hong Kong	**(206)**	(247)
	44,804	36,226
Deferred tax		
Current year	**3,226**	1,145
	48,030	37,371

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

8. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit for the year attributable to the owners of the Company of HK$407,250,000 (2016: HK$193,945,000) and on 241,766,000 shares (2016: 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 years.

9. TRADE AND OTHER RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Trade receivables	**26,413**	19,917
Other receivables	**4,102**	2,686
	30,515	22,603

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:

	2017	2016
	HK$'000	*HK$'000*
Not yet due	**25,489**	18,974
Overdue:		
0-30 days	**865**	758
31-60 days	**57**	179
61-90 days	**2**	6
	26,413	19,917

10. TRADE AND OTHER PAYABLES AND ACCRUALS

	2017	2016
	HK$'000	*HK$'000*
Trade payables	**4,163**	3,194
Other payables and accruals (Note)	**32,242**	32,905
	36,405	36,099

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:

	2017	2016
	HK$'000	*HK$'000*
0-30 days	**3,776**	2,291
31-60 days	**378**	64
61-90 days	**9**	839
	4,163	3,194

Note: As at 31st December, 2017, other payable and accruals include construction costs payable of HK$2,502,000 (2016: HK$644,000).

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31st December, 2017 (2016: Nil).

The Company's revenue mainly derived from its investment in Shun Ho Property Investments Limited ("Shun Ho Property") and no others. Because of the limited existing dividend income, the Board does not recommend the payment of a final dividend for the year ended 31st December, 2017. The Company is seeking other local property investments in order to increase additional incomes.

BOOK CLOSURE

To ascertain shareholders' eligibility to attend and vote at the Annual General Meeting to be held on Thursday, 24th May, 2018 ("AGM"), the register of members will be closed from Thursday, 17th May, 2018 to Thursday, 24th May, 2018, 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, 16th May, 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

During the year under review, the Group through its major subsidiaries, Shun Ho Property and Magnificient Hotel Investments Limited ("Magnificent Hotel"), continued with its commercial properties investment and property leasing, hotels investment, leasing, development and operations.

The net profit after tax attributable to the owners of the Company before depreciation of land, property and equipment for the year ended 31st December, 2017 was HK$444 million (2016: HK$224 million), increased by 98%.

Hotel Business

The Company and its subsidiaries own 62.39% of Shun Ho Property and its subsidiaries which holds 71.09% of Magnificent Hotel as its hotel investment subsidiary. Shun Ho Property and Magnificent Hotel presently owns nine hotels, (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, (7) Grand View Hotel, (8) Magnificent International Hotel, Shanghai and (9) Royal Scot Hotel in London. The nine hotels have about 2,821 rooms and the Group is one of the largest hotel groups in Hong Kong.

The Best Western Plus Hotel Kowloon has completed its renovation and the adding of 40 hotel rooms and is awaiting license to be issued.

The net profit after tax attributable to the owners of Magnificent Hotel before exchange adjustment, revaluation gain of investment properties and depreciation of land, property and equipment for the year ended 31st December, 2017 was HK$202 million (2016: HK$176 million), increased by 15%. The income from operation of hotels amounted to HK$484 million (2016: HK$444 million), increased by 9%. The average occupancy in the Group's Hong Kong hotels was 99% and the average room rate was HK$661.

The major reason for the above increase was due to increase in room rates.

During the year, Shun Ho Property's wholly-owned subsidiary acquired Grand View Hotel (formerly known as Newton Inn) at 88 Chun Yeung Street, North Point, Hong Kong. The Property comprises 30 storeys and 317 guest rooms with food and beverage, swimming pool facilities and 3 retail shops. The hotel has commenced business on the 19th August, 2017 and is renamed as Grand View Hotel which is managed by Grand View Hotel Limited, a wholly-owned subsidiary of the Magnificent Hotel. Since hotel opening, this hotel is managed by Grand View Hotel Limited and has achieved almost daily 99% occupancies.

Commercial Properties Rental Income

The properties rental income was derived from the hotel property in UK, 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$158 million (2016: HK$140 million).

The properties rental income was analysed as follows:

	2016 *HK$'000*	**2017** ***HK$'000***	Change	
Royal Scot Hotel	16,397	**31,500**	+92%	
633 King's Road	96,238	**100,365**	+4%	
Shun Ho Tower	22,633	**23,329**	+3%	(*Note*)
Shops	4,346	**2,724**	-37%	
Total	139,614	**157,918**	+13%	

Note: Non-controlling interest will be deducted in consolidated statement of profit or loss.

During the year, the commercial building at 633 King's Road and Shun Ho Tower were almost fully occupied. The increase of office building rental was due to the renewal of leases during the year. The decrease of shop rental was due to the expiry of the tenancy of first floor of Best Western Plus Hotel Kowloon. The increase of rental income from Royal Scot Hotel was due to income for 2016 represented rental income for 6 months while income for 2017 represented rental income for 12 months.

LIQUIDITY

- At 31st December, 2017, the overall debt of the Group including Shun Ho Property and Magnificent Hotel and their subsidiaries was HK$1,721 million (2016: HK$858 million). The bank loan increased due to the acquisition of Grand View Hotel, North Point during the year. **The debt ratio was 11% (2016: 7%) in terms of overall debts against the fully revalued assets of the Group.** The gearing ratio of the Group was 23% (2016: 13%).

  The Group's bank borrowings carry interest at floating rates and are mainly denominated in Hong Kong dollar and Pound Sterling. Accordingly, the Group exploses to exchange risk and management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. As at 31st December, 2017, the Group's staffing level increased by 11% when compared with that of 31st December, 2016 due to commencement of Grand View Hotel during the year. Remuneration and benefit were set with reference to the market.

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 improve modestly.

- Shun Ho Property will continue its management and investment of 633 King's Road and Shun Ho Towers, Ice House Street and the income from the investment of Grand View Hotel.

- Overall the short term prospect of the Group's earning will benefit from the modest improvement of hotel industry and commercial rent. The management will endeavor to seek revenue growth from acquisition of income producing properties.

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.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed amount of public float during the year and up to the date of this announcement as required under the Listing Rules.

CORPORATE GOVERNANCE

(a) Compliance with the Corporate Governance Code

During the year ended 31st December, 2017, 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

Except three 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 year.

REVIEW BY THE AUDIT COMMITTEE

The audit committee has reviewed the audited financial results of the Group for the year ended 31st December, 2017.

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, consolidated statement of total comprehensive income and the related notes thereto for the year ended 31st December, 2017 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, 13th March, 2018

As at the date hereof, the Board comprises eight Directors, of which four are Executive Directors, namely Mr. William Cheng Kai Man, Mr. Albert Hui Wing Ho, Madam Kimmy Lau Kam May and Madam Jennie Wong Kwai Fong; 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. Lam Kwai Cheung.