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SHUN HO RESOURCES HOLDINGS LIMITED

(incorporated in Hong Kong with limited liability)

(Stock Code: 253)

2013 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, 2013 amounted to HK\$334,630,000 (six months ended 30th June, 2012: HK\$219,764,000) and the unaudited consolidated profit after non-controlling interests of the Group for the six months ended 30th June, 2013 amounted to HK\$124,334,000 (six months ended 30th June, 2012: HK\$81,664,000). 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, 2013

		Six months ended	
	<i>NOTES</i>	30.6.2013	30.6.2012
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue	3	322,994	214,888
Cost of sales		(2,052)	(1,571)
Other service costs		(111,966)	(66,060)
Depreciation of property, plant and equipment and release of prepaid lease payments for land		<u>(35,379)</u>	<u>(16,839)</u>
Gross profit		173,597	130,418
Increase in fair value of investment properties		207,600	129,820
Other income and gains		9,379	8,315
Fair value gain on investments held for trading		-	4
Administrative expenses		(16,523)	(12,987)
- Depreciation		(1,965)	(1,915)
- Others		(14,558)	(11,072)
Other expenses		(6,869)	(11,047)
Finance costs	5	<u>(10,147)</u>	<u>(4,163)</u>
Profit before taxation		357,037	240,360
Income tax expense	6	<u>(22,407)</u>	<u>(20,596)</u>
Profit for the period	7	<u>334,630</u>	<u>219,764</u>

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income *(continued)*
 For the six months ended 30th June, 2013

		Six months ended	
	<i>NOTES</i>	30.6.2013	30.6.2012
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(unaudited)
Other comprehensive income (expense)			
Items that may be subsequently reclassified to profit or loss			
Exchange differences arising on translation of foreign operations		<u>1,055</u>	<u>(1,191)</u>
Total comprehensive income for the period		<u>335,685</u>	<u>218,573</u>
Profit for the period attributable to:			
Owners of the Company		<u>124,334</u>	81,664
Non-controlling interests		<u>210,296</u>	<u>138,100</u>
		<u>334,630</u>	<u>219,764</u>
Total comprehensive income attributable to:			
Owners of the Company		<u>124,728</u>	81,219
Non-controlling interests		<u>210,957</u>	<u>137,354</u>
		<u>335,685</u>	<u>218,573</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share			
Basic	9	<u>51.43</u>	<u>33.77</u>

Condensed Consolidated Statement of Financial Position
At 30th June, 2013

	<i>NOTES</i>	As at 30.6.2013 <i>HK\$'000</i> (unaudited)	As at 31.12.2012 <i>HK\$'000</i> (audited)
Non-current assets			
Property, plant and equipment		2,690,625	2,724,021
Prepaid lease payments for land		59,535	60,177
Investment properties		3,132,700	2,925,100
Properties under development		245,846	237,338
Available-for-sale investments		<u>780</u>	<u>780</u>
		<u>6,129,486</u>	<u>5,947,416</u>
Current assets			
Inventories		1,014	963
Properties held for sale		-	21,650
Prepaid lease payments for land		1,600	1,502
Trade and other receivables	10	18,162	30,582
Other deposits and prepayments		8,264	7,725
Pledged bank deposits		110	110
Bank balances and cash		<u>332,163</u>	<u>180,663</u>
		361,313	243,195
Assets classified as held for sale		<u>21,993</u>	<u>-</u>
		<u>383,306</u>	<u>243,195</u>
Current liabilities			
Trade and other payables and accruals	11	56,019	61,979
Rental and other deposits received		18,016	15,162
Advance from ultimate holding company		53,085	61,226
Tax liabilities		31,591	20,409
Secured bank loans		<u>1,061,427</u>	<u>1,074,411</u>
		1,220,138	1,233,187
Liability associated with assets classified as held for sale		<u>12,600</u>	<u>-</u>
		<u>1,232,738</u>	<u>1,233,187</u>
Net current liabilities		<u>(849,432)</u>	<u>(989,992)</u>
Total assets less current liabilities		<u>5,280,054</u>	<u>4,957,424</u>
Capital and reserves			
Share capital		152,184	152,184
Share premium and reserves		<u>2,031,907</u>	<u>1,907,179</u>
Equity attributable to owners of the Company		2,184,091	2,059,363
Non-controlling interests		<u>2,935,761</u>	<u>2,737,736</u>
		<u>5,119,852</u>	<u>4,797,099</u>
Non-current liabilities			
Rental deposits received		17,562	22,625
Deferred tax liabilities		<u>142,640</u>	<u>137,700</u>
		<u>160,202</u>	<u>160,325</u>
		<u>5,280,054</u>	<u>4,957,424</u>

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 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, 2013 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31st December, 2012.

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:

HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine

3. REVENUE

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

	Six months ended	
	30.6.2013 <i>HK\$'000</i> (unaudited)	30.6.2012 <i>HK\$'000</i> (unaudited)
Income from operation of hotels	271,308	165,103
Property rental	<u>51,686</u>	<u>49,785</u>
	<u>322,994</u>	<u>214,888</u>

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 therefore as follows:

1. Hospitality services - Ramada Hotel Kowloon
2. Hospitality services - Ramada Hong Kong Hotel
3. Hospitality services - Best Western Hotel Taipa, Macau
4. Hospitality services - Magnificent International Hotel, Shanghai
5. Hospitality services - Best Western Hotel Causeway Bay
6. Hospitality services – Best Western Hotel Harbour View (Note a)
7. Hospitality services – Best Western Grand Hotel (Note b)
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 - 239 Queen's Road West (Note a)
13. Property development for hotel - 23 Austin Avenue (Note b)
14. Property development for hotel - 338 Queen's Road West

Notes:

- (a) The hotel development was completed in July, 2012 and accordingly transferred to the segment of "Hospitality services – Best Western Hotel Harbour View".
- (b) The hotel development was completed in December, 2012 and accordingly transferred to the segment of "Hospitality services – Best Western Grand 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		Segment profit	
	Six months ended		Six months ended	
	30.6.2013	30.6.2012	30.6.2013	30.6.2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Hospitality services	271,308	165,103	122,142	80,751
- Ramada Hotel Kowloon	36,764	37,304	13,865	14,186
- Ramada Hong Kong Hotel	45,337	47,960	23,333	28,562
- Best Western Hotel Taipa, Macau	29,731	31,145	14,925	16,870
- Magnificent International Hotel, Shanghai	8,429	9,742	178	1,454
- Best Western Hotel Causeway Bay	38,722	38,952	16,132	19,679
- Best Western Hotel Harbour View	52,635	-	28,971	-
- Best Western Grand Hotel	59,690	-	24,738	-
Property investment	51,686	49,785	259,055	179,487
- 633 King's Road	35,882	35,223	195,724	101,152
- Shun Ho Tower	9,701	8,993	9,629	32,166
- Shops	6,103	5,569	53,702	46,169
Securities investment and trading	-	-	-	4
Property development for hotel	-	-	-	-
- 239 Queen's Road West	-	-	-	-
- 23 Austin Avenue	-	-	-	-
- 338 Queen's Road West	-	-	-	-
	<u>322,994</u>	<u>214,888</u>	<u>381,197</u>	<u>260,242</u>
Other income and gains			9,379	8,315
Central administration costs and directors' emoluments			(16,523)	(12,987)
Other expenses			(6,869)	(11,047)
Finance costs			<u>(10,147)</u>	<u>(4,163)</u>
Profit before taxation			<u>357,037</u>	<u>240,360</u>

5. FINANCE COSTS

	Six months ended	
	30.6.2013 <i>HK\$'000</i> (unaudited)	30.6.2012 <i>HK\$'000</i> (unaudited)
Interests on:		
Bank loans wholly repayable within five years	10,717	11,713
Advance from ultimate holding company wholly repayable within five years	<u>1,218</u>	<u>994</u>
	11,935	12,707
Less: amounts capitalised in properties under development	<u>(1,788)</u>	<u>(8,544)</u>
	<u><u>10,147</u></u>	<u><u>4,163</u></u>

6. INCOME TAX EXPENSE

	Six months ended	
	30.6.2013 <i>HK\$'000</i> (unaudited)	30.6.2012 <i>HK\$'000</i> (unaudited)
Current tax		
Hong Kong	19,451	12,278
The People's Republic of China ("PRC")	-	252
Other jurisdiction	<u>1,519</u>	<u>1,751</u>
	20,970	14,281
Over provision in prior years		
Hong Kong	(3,160)	-
Deferred tax		
Current period	<u>4,597</u>	<u>6,315</u>
	<u><u>22,407</u></u>	<u><u>20,596</u></u>

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, 2013 (six months ended 30th June, 2012: 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	
	30.6.2013	30.6.2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging (crediting):		
Release of prepaid lease payments for land	800	784
Depreciation of property, plant and equipment	36,544	17,970
Pre-operating expenses (included in other expenses)	-	4,236
Interest on bank deposits (included in other income and gains)	(619)	(362)
Gain on disposal of property, plant and equipment (included in other income and gains)	<u>(1,050)</u>	<u>-</u>

8. DIVIDEND

No dividend was 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, 2013 (six months ended 30th June, 2012: 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 HK124,334,000 (six months ended 30th June, 2012: HK\$81,664,000) and on 241,766,000 shares (six months ended 30th June, 2012: 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 subsisted 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 30.6.2013 HK\$'000 (unaudited)	As at 31.12.2012 HK\$'000 (audited)
Not yet due	16,770	25,883
Overdue:		
0 - 30 days	536	2,547
31 - 60 days	-	456
61 - 90 days	-	195
	<u>17,306</u>	<u>29,081</u>
Analysed for reporting as:		
Trade receivables	17,306	29,081
Other receivables	<u>856</u>	<u>1,501</u>
	<u>18,162</u>	<u>30,582</u>

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 30.6.2013 HK\$'000 (unaudited)	As at 31.12.2012 HK\$'000 (audited)
0 - 30 days	3,813	3,923
31 - 60 days	54	349
61 - 90 days	<u>523</u>	<u>501</u>
	<u>4,390</u>	<u>4,773</u>
Analysed for reporting as:		
Trade payables	4,390	4,773
Other payables and accruals (Note)	<u>51,629</u>	<u>57,206</u>
	<u>56,019</u>	<u>61,979</u>

Note: Other payables and accruals include construction costs payable of HK\$9,578,000 (31st December, 2012 : HK\$32,019,000)

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30th June, 2013 (six months ended 30th June, 2012: Nil).

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 after non-controlling interests of the Group for the six months ended 30th June, 2013 amounted to HK\$124,334,000 (six months ended 30th June, 2012: HK\$81,664,000), increased by 52%.
- For the six months ended 30th June, 2013, the Group’s income was mostly derived from the aggregate of income from operation of hotels and properties rental income.

The hotels operation income increased by 64% to HK\$271 million (30th June, 2012: HK\$165 million). The increase of revenue for the period was due to substantial improvement in hotel revenue.

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 amounted to HK\$52 million (six months ended 30th June, 2012: HK\$50 million). At the date of this announcement, 633 King’s Road is providing an annual rental income of HK\$74 million (excluding rates and management fee incomes).

Other income amounted to HK\$9.4 million (six months ended 30th June, 2012: HK\$8.3 million) which was mostly property management fee income of HK\$7.7 million (six months ended 30th June, 2012: HK\$7.7 million) with related expenses of HK\$6.9 million (six months ended 30th June, 2012: HK\$6.8 million).

- Overall service costs for the Group for the period was HK\$114.0 million (six months ended 30th June, 2012: HK\$67.6 million), which HK\$113.7 million (six months ended 30th June, 2012: HK\$67.5 million) was for the hotel operations including food and beverage and costs of sales and HK\$0.3 million (six months ended 30th June, 2012: HK\$0.1 million) was mainly for rates and leasing commission paid for investment properties. The leasing commissions paid for the leased premises represent total commission payable for the three years of rental period.

During the period, the administrative expenses excluding depreciation was HK\$14.6 million (six months ended 30th June, 2012: HK\$11.1 million) for corporate management office including directors’ fees, salaries for executive staff and employees, rental, marketing expenses and office expenses.

Other expenses were HK\$6.9 million (six months ended 30th June, 2012: HK\$11.0 million). The decrease of HK\$4.1 million was mainly due to no pre-operating expenses were incurred during the period (six months ended 30th June, 2012: HK\$4.2 million). The property management expenses amounted to HK\$6.9 million (six months ended 30th June, 2012: HK\$6.8 million). The property management expenses were increased by HK\$0.1 million due to the increase of cost of staff and utilities while the management fee remained unchanged.

- As at 30th June, 2013, the overall debts of the Group were HK\$1,114 million (31st December, 2012: HK\$1,135 million). Most of the debts were borrowed by Magnificent Estates Group. The gearing ratio of the Group (including Magnificent Estates Group) was approximately 22% (31st December, 2012: 24%) in terms of bank borrowings of HK\$1,061 million (31st December, 2012: HK\$1,074 million) and HK\$53 million (31st December, 2012: HK\$61 million) was advance from ultimate holding company against funds employed of HK\$5,120 million (31st December, 2012: HK\$4,797 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 is almost the same as that of 31st December, 2012. 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 were remained fully letted. It is expected that the shops in Best Western Grand Hotel will contribute rental revenue in the second half of 2013 and the rental revenue from these properties will have modest increase in 2013.

As at the date of this announcement, the leasing of the grade A office building at 633 King's Road achieved HK\$74 million (excluding rates and management fee incomes) per annum. The management envisages the office building will have modest rental increase in 2013 as most leases are due for renewal.

An agreement was entered in January 2013 by the Group to dispose of a wholly-owned subsidiary for the consideration of HK\$63 million and an estimate profit of HK\$40 million will be attributable to the second half of 2013. The subsidiary holds the houses at Gold Coast, New Territories. The transaction was completed in July 2013.

The construction of the new hotel will be completed in 2014 together with the opening of nearby MTR will increase future earnings base and value for the Group.

No. 338 Queen's Road West Hotel Development

A 214 room service apartments hotel development was approved to be built. Approval has been obtained to increase the plot ratio from 12 to 13.2 with no premium payment required. Superstructure construction has commenced with completion expected in 2014. The construction of the Western MTR Line will improve future value and business of this property significantly.

Looking ahead, the management is most pleased with the commencement of operation of the 432 rooms Best Western Hotel Harbour View and 396 rooms Best Western Grand Hotel in July and December 2012 respectively and their immediate remarkable nearly full occupancies since their commencement of operation.

Both Best Western Hotel Harbour View and Best Western Grand Hotel's hotel revenue assisted to increase the Group's hotels revenue by 64% for the period compared with the same period in 2012 and assisted to increase the Group's hotels revenue by 37% for the period from 1st July to 29th August, 2013 compared with the same period in 2012.

The rental incomes of the commercial buildings and shops are expected to enjoy modest increase. The low interest rate environment, weakness Hong Kong dollar and inflation back the demand in the local property market that benefits the Group's property portfolio especially the office buildings in Central and North Point.

The management will take best advantage of the improving rental incomes of the commercial buildings and shops, strong growth of the hotels revenue, low interest rate environment, competitive Hong Kong dollar and inflation to enhance the Group's incomes and values. The Company is also considering other local property investments, if successfully acquired will be financed by additional capital and bank lending.

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, 2013, 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, 2013.

By Order of the Board

William CHENG Kai Man
Chairman

Hong Kong, 30th August, 2013

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.