SHUN CHEONG HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 650)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2007

The board of directors (the "Board") of Shun Cheong Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2007 together with comparative figures for the last financial year as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2007

	Notes	**2007** HK$'000	2006 HK$'000
CONTINUING OPERATION			
REVENUE	3	**210,512**	195,871
Cost of maintenance		**(194,103)**	(174,355)
Gross profit		**16,409**	21,516
Other income		**1,225**	3
Administrative expenses		**(17,632)**	(19,879)
Other operating expenses, net		**(2,517)**	(404)
Finance costs	5	**(175)**	(1,216)
Loss on disposal of subsidiaries		**–**	(2,818)
LOSS BEFORE TAX	4	**(2,690)**	(2,798)
Tax	6	**(36)**	(114)
Loss for the year from a continuing operation		**(2,726)**	(2,912)
DISCONTINUED OPERATIONS			
Loss for the year from discontinued operations		**–**	(8,411)
LOSS FOR THE YEAR		**(2,726)**	(11,323)
Attributable to:			
Equity holders of the parent		**(2,508)**	(11,102)
Minority interests		**(218)**	(221)
		(2,726)	(11,323)
LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	7		
Basic			
– From continuing and discontinued operations		**(2.16) cents**	(9.58) cents
– From a continuing operation		**(2.16) cents**	(2.64) cents
Diluted		**N/A**	N/A

CONSOLIDATED BALANCE SHEET

31 March 2007

	Notes	2007 HK$'000	2006 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**2,614**	2,742
CURRENT ASSETS			
Gross amount due from contract customers		**28,446**	28,011
Trade and other receivables	*8*	**55,357**	55,453
Retention money receivables		**652**	1,352
Prepayments, deposits and other assets		**466**	266
Due from a related company		**299**	–
Cash and cash equivalents		**33,319**	37,088
Total current assets		**118,539**	122,170
CURRENT LIABILITIES			
Gross amount due to contract customers		**13,213**	12,833
Trade payables	*9*	**17,341**	21,279
Retention money payables		**1,552**	1,552
Other payables and accruals		**21,531**	23,282
Due to related companies		**13,690**	9,294
Tax payable		**14**	134
Total current liabilities		**67,341**	68,374
NET CURRENT ASSETS		**51,198**	53,796
Net assets		**53,812**	56,538
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital		**1,159**	1,159
Reserves		**51,645**	54,153
		52,804	55,312
Minority interests		**1,008**	1,226
Total equity		**53,812**	56,538

NOTES:

1.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for equity investments which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

1.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised standards and interpretation has had no material effect on these financial statements.

HKAS 21 Amendment	Net Investment in a Foreign Operation
HKAS 39 & HKFRS 4 Amendments	Financial Guarantee Contracts
HKAS 39 Amendment	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 Amendment	The Fair Value Option
HK(IFRIC)-Int 4	Determining whether an Arrangement contains a Lease
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 *Financial Reporting in Hyperinflationary Economies*

2. SEGMENT INFORMATION

The summarised details of the business segments are as follows:

(a) Maintenance Services: the building services maintenance business, which involves the maintenance of the installations mentioned in (b) below and general building maintenance.

(b) Contracting Services (disposed of in March 2006): the building services contracting business and project management segment, which includes the provision of multi-disciplinary building services, comprising electrical engineering, water pumping and fire prevention and fighting systems, air-conditioning installation, plumbing and drainage, environmental engineering, extra low voltage systems engineering and project management; and

(c) Trading Business (disposed of in March 2006): the trading of electrical and mechanical engineering materials and equipment segment.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

No further geographical segment information is presented as over 90% of the Group's revenue is derived from customers based in Hong Kong, and over 90% of the Group's assets are located in Hong Kong.

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's business segments for the years ended 31 March 2007 and 2006:

Group

	Continuing operation		Discontinued operations											
	Maintenance Services		Contracting Services		Trading Business		Eliminations		Subtotal		Eliminations		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue:														
Sales	210,512	195,871	–	372,529	–	44,764	–	(5,564)	–	411,729	–	(98,687)	210,512	508,913
Segment results	(3,740)	538	–	(6,573)	–	(712)	–	–	–	(7,285)	–	–	(3,740)	(6,747)
Interest income and unallocated gains	1,225	3							–	1,489	–	–	1,225	1,492
Impairment of available-for-sale financial assets	–	–	–	(2,160)	–	–	–	–	–	(2,160)	–	–	–	(2,160)
Fair value gain on equity investments at fair value through profit or loss	–	–	–	50	–	–	–	–	–	50	–	–	–	50
Gain/(loss) on disposal of property, plant and equipment	–	695	–	12	–	(14)	–	–	–	(2)	–	–	–	693
Finance costs	(175)	(1,216)							–	(450)	–	–	(175)	(1,666)
Loss on disposal of subsidiaries	–	(2,818)							–	–	–	–	–	(2,818)
Loss before tax	(2,690)	(2,798)							–	(8,358)	–	–	(2,690)	(11,156)
Tax	(36)	(114)							–	(53)	–	–	(36)	(167)
Loss for the year	(2,726)	(2,912)							–	(8,411)	–	–	(2,726)	(11,323)
Assets and liabilities														
Segment and total assets	121,153	124,912							–	–	–	–	121,153	124,912
Segment and total liabilities	67,341	68,374							–	–	–	–	67,341	68,374
Other segment information:														
Depreciation	236	496	–	550	–	2	–	–	–	552	–	–	236	1,048
Capital expenditure	108	124	–	2,708	–	14	–	–	–	2,722	–	–	108	2,846
Impairment of trade receivables	2,007	1,099	–	1,614	–	412	–	–	–	2,026	–	–	2,007	3,125
Impairment of other receivables	255	–	–	–	–	–	–	–	–	–	–	–	255	–
Impairment of retention money receivables	255	–	–	–	–	–	–	–	–	–	–	–	255	–

3. REVENUE AND OTHER INCOME

Revenue, which is also the Group's turnover, represents the net invoiced value of services rendered and goods sold, after allowances for returns and trade discounts, and an appropriate proportion of contract revenue from installation and maintenance contracts during the year.

An analysis of the Group's revenue and other income is as follows:

	Continuing operation		Discontinued operations		Eliminations		Total	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue								
Building services contracting and maintenance businesses	**210,512**	195,871	**–**	369,912	**–**	(98,687)	**210,512**	467,096
Project management income	**–**	–	**–**	2,649	**–**	–	**–**	2,649
Trading and installation of electrical and mechanical engineering materials and equipment	**–**	–	**–**	39,168	**–**	–	**–**	39,168
	210,512	195,871	**–**	411,729	–	(98,687)	**210,512**	508,913
Other income								
Bank interest income	**1,225**	3	**–**	957	**–**	–	**1,225**	960
Others	**–**	–	**–**	532	**–**	–	**–**	532
	1,225	3	**–**	1,489	**–**	–	**1,225**	1,492

4. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	Continuing operation		Discontinued operations		Eliminations		Total	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Cost of inventories sold	**–**	–	**–**	395	**–**	–	**–**	395
Cost of maintenance and installation	**194,103**	174,355	**–**	387,935	**–**	(98,687)	**194,103**	463,603
	194,103	174,355	**–**	388,330	**–**	(98,687)	**194,103**	463,998
Depreciation	**236**	496	**–**	552	**–**	–	**236**	1,048
Minimum lease payments under operating leases in respect of land and buildings	**620**	478	**–**	559	**–**	–	**620**	1,037
Auditors' remuneration	**561**	326	**–**	495	**–**	–	**561**	821
Employee benefits expense (including directors' remuneration):								
Wages, salaries and bonuses	**27,646**	30,918	**–**	20,268	**–**	–	**27,646**	51,186
Pension scheme contributions	**1,350**	1,398	**–**	970	**–**	–	**1,350**	2,368
Less: Forfeited contributions	**–**	(63)	**–**	(330)	**–**	–	**–**	(393)
Net pension scheme contributions*	**1,350**	1,335	**–**	640	**–**	–	**1,350**	1,975
	28,996	32,253	**–**	20,908	**–**	–	**28,996**	53,161
Less: Amount capitalised in contract costs	**(16,275)**	(16,910)	**–**	–	**–**	–	**(16,275)**	(16,910)
Amounts charged to administrative expenses	**12,721**	15,343	**–**	20,908	**–**	–	**12,721**	36,251
Loss on disposal of subsidiaries	**–**	2,818	**–**	–	**–**	–	**–**	2,818
Other operating expenses, net								
Impairment of trade receivables	**2,007**	1,099	**–**	2,026	**–**	–	**2,007**	3,125
Impairment of other receivables	**255**	–	**–**	–	**–**	–	**255**	–
Impairment of retention money receivables	**255**	–	**–**	–	**–**	–	**255**	–
Impairment of available-for-sale financial assets	**–**	–	**–**	2,160	**–**	–	**–**	2,160
Fair value gain on equity investments at fair value through profit or loss	**–**	–	**–**	(50)	**–**	–	**–**	(50)
(Gain)/loss on disposal of items of property, plant and equipment	**–**	(695)	**–**	2	**–**	–	**–**	(693)
	2,517	404	**–**	4,138	**–**	–	**2,517**	4,542

* As 31 March 2007, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2006: Nil).

5. FINANCE COSTS

	Continuing operation		Discontinued operations		Total	
	2007	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Interest on bank loans, overdrafts and other loans wholly repayable within five years	**92**	1,216	**–**	450	**92**	1,666
Interest on an amount due to a related company	**83**	–	**–**	–	**83**	–
	175	1,216	**–**	450	**175**	1,666

No interest was capitalised by the Group in the current or prior years.

6. TAX

The Company is exempt from tax in Bermuda until 2016. Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits arising in Hong Kong during the year.

	Continuing operation		Discontinued operations		Total	
	2007	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Group:						
Current – Hong Kong						
Charge for the year	**56**	114	**–**	53	**56**	167
Overprovision in prior years	**(20)**	–	**–**	–	**(20)**	–
Total tax charge for the year	**36**	114	**–**	53	**36**	167

A reconciliation of the tax credit applicable to loss before tax using the statutory rate in Hong Kong to the tax expense for the year is as follows:

	Group 2007 HK$'000	2006 HK$'000
Loss before tax (including loss from discontinued operations)	**(2,690)**	(11,156)
Tax at the statutory tax rate of 17.5% (2006: 17.5%)	**(471)**	(1,952)
Adjustments in respect of current tax of previous years	**(20)**	–
Income not subject to tax	**(214)**	(122)
Expenses not deductible for tax	**407**	1,510
Tax losses utilised from previous years	**(76)**	(1,009)
Tax losses not recognised	**430**	1,677
Others	**(20)**	63
Tax expense for the year	**36**	167
Tax charge attributable to discontinued operations	**–**	(53)
Tax charge attributable to a continuing operation reported in the consolidated income statement	**36**	114

7. LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The calculation of loss per share amounts is based on the net loss for the year attributable to equity holders of the parent, and the weighted average number of ordinary shares in issue during the year.

The calculations of basic loss per share are based on:

	Group 2007 HK$'000	2006 HK$'000
Loss		
Loss attributable to equity holders of the parent		
From a continuing operation	**2,508**	3,057
From discontinued operations	**–**	8,045
	2,508	11,102

	Number of shares 2007	2006
Shares		
Weighted average number of shares in issue during the year used in the basic loss per share calculation	**115,930,400**	115,930,400

Diluted loss per share amounts for the years ended 31 March 2007 and 2006 have not been presented as no diluting events existed during either year.

8. TRADE AND OTHER RECEIVABLES

	Group	
	2007	2006
	HK$'000	*HK$'000*
Trade receivables	**32,986**	28,590
Other receivables	**22,371**	26,863
	55,357	55,453

The Group grants to its trade customers credit periods normally ranging from cash on delivery to 60 days. A longer credit period is granted to a few customers with long business relationships with the Group and with strong financial positions. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the balance sheet date, based on the invoice date and net of impairment of trade receivables, is as follows:

	Group	
	2007	2006
	HK$'000	*HK$'000*
0 to 30 days	**10,385**	11,450
31 to 60 days	**3,630**	3,905
61 to 90 days	**2,659**	3,841
Over 90 days	**16,312**	9,394
	32,986	28,590

9. TRADE PAYABLES

An aged analysis of the trade payables as at the balance sheet date, based on the invoice date, is as follows:

	Group	
	2007	2006
	HK$'000	*HK$'000*
0 to 30 days	**5,742**	6,474
31 to 60 days	**368**	2,703
Over 60 days	**11,231**	12,102
	17,341	21,279

The trade payables are non-interest-bearing and are normally settled on 60-day terms.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group recorded turnover of HK$210.5 million for the year ended 31 March 2007 (2006: HK$195.9 million) and loss for the year of HK$2.7 million (2006: HK$11.3 million comprising of HK$2.9 million from a continuing operation and HK$8.4 million from discontinued operations).

In March 2006, the Group disposed of Shun Cheong Investments Limited and its subsidiaries engaging in building related contracting services for both the public and private sectors (the "Contracting Group"). For the purposes of disclosure in the financial statements, the businesses of the Contracting Group were regarded as discontinued operations. After the disposal, the business operations of the Group were basically building related maintenance services (the "Maintenance Services").

The loss for the year was mainly attributable to the decrease in gross profit where higher subcontracting charges and material costs were incurred. On the other hand, the Group's staff costs reduced by HK$3 million as a result of the reduction of staff in the last quarter of 2005/06. The interest expenses were also reduced by HK$1 million followed the decrease in interest-bearing borrowings. Such decreases in expenses were partly off-set by the increase in impairment loss of trade debts of HK$1.5 million.

BUSINESS PROSPECTS

With the tighter labour market, the volatility of metal prices, the weakness of the US dollars and the appreciation of Renminbi, there will be pressure in further increase of costs of business. However, tender prices are not increased in pace with the increase in costs due to keen competition in the market and so the profit margin deriving from the current activities of the Group would be eroded. While the Group intends to carry on the existing building related maintenance services business, the Board is currently conducting a review of the financial position and operations of the Group with a view to determining the future strategy of the Group's business activities.

The rise of the China market has created many opportunities to investors. The performance of the Chinese economy was exceptional in 2006 and will remain strong in 2007 and 2008 as anticipated by general market analysts. Driven by the real estate and heavy industries, the Chinese economy will continue to grow at an annual average rate of seven to eight percent in the coming 10 years. In view of the current market circumstance and the general global trend, the Group's future expansion plan will therefore aim at exploring business opportunities in Mainland China. At present, the Group keeps a close eye on any possible potential projects but yet no suitable investment opportunities have been identified at the moment.

POST BALANCE SHEET EVENTS

On 5 June 2007, the Company made an announcement of the proposal to raise approximately HK$23 million, before expenses, by issuing 57,965,200 offer shares by way of an open offer to the qualifying shareholders at the subscription price of HK$0.40 per offer share on the basis of one offer share for every two existing shares held on the record date. It was then announced on 27 June 2007 that the open offer would be postponed to a date after the publication of the announcement of the Company's annual results for the year ended 31 March 2007 on 13 July 2007. An announcement relating to the new timetable of the open offer will be issued by the Company once finalised. As at the date of approval of these financial statements, the new timetable has not been finalised yet.

FINANCIAL REVIEW

Liquidity and financial resources

The Group's cash and bank balances are mostly in Hong Kong dollars. As at 31 March 2007, the Group had unpledged cash and bank deposit balances of approximately HK$33.3 million (2006: HK$37.1 million). As at 31 March 2007, the Group had no outstanding bank borrowings (2006: Nil). The gearing ratio, which represented the total bank borrowings to the equity attributable to equity holders of the parent, was nil (2006: Nil). As the Group's transactions are mostly settled in Hong Kong dollars, the use of financial instruments for hedging purposes is not considered necessary.

Treasury and funding policy

The assets and liabilities of the Group are mainly denominated in Hong Kong dollars. Accordingly, the Group has minimal exposure to foreign exchange fluctuation. However, the Group will closely monitor the overall currency and interest rate exposures. When considered appropriate, the Group will hedge against currency exposure as well as interest rate exposure.

Pledge of assets

The Group did not have any pledged assets as at 31 March 2007 (2006: Nil) to secure general banking facilities.

Contingent Liabilities

(a) As at 31 March 2006, the Group had contingent liabilities of approximately HK$39,442,000 (2007: Nil) in respect of corporate guarantees provided by the Company to banks for general banking facilities granted to certain former subsidiaries of the Company to the extent of banking facilities utilised. Pursuant to the Deed of Indemnity, Chinney Alliance Group Limited ("CAG") guarantees and indemnifies unconditionally and irrevocably all liabilities and obligations of the Company under such corporate guarantees.

During the current year, the above corporate guarantees provided by the Company were released and replaced by corporate guarantees provided by CAG.

(b) The Company provided certain representation, warranties and undertakings to Chinney Alliance Trading (BVI) Limited ("CAT") under the Disposal Agreement in respect of the Disposal (the "Warranties"). CAT may claim the Company for breach of any of the Warranties up to a maximum amount of HK$10,000,000 until 31 March 2007, being 12 months from the completion of the Disposal Agreement. Up to the date of the approval of these financial statements, the Company did not receive any claims from CAT in respect of the Warranties.

Save as disclosed above, the Company and the Group had no significant contingent liabilities as at 31 March 2007 and 31 March 2006.

Employees and remuneration policy

The Group employed approximately 132 employees as at 31 March 2007 (2006: 150). Remuneration is determined by reference to market terms and the qualifications and experience of the staff concerned. Salaries are reviewed annually depending on individual merits. The Group also provides other benefits including retirement benefits scheme, medical insurance and educational subsidies to all eligible staff.

FINAL DIVIDEND

The directors do not recommend the payment of any dividend in respect of the year (2006: Nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed shares during the year.

CORPORATE GOVERNANCE

Compliance with the Code on Corporate Governance Practices

In the opinion of the directors, the Company has complied with the applicable code provisions of the Code on Corporate Governance Practices (the "CG Code"), as set out in Appendix 14 of the Listing Rules throughout the year ended 31 March 2007, except that:

1. CG Code provision A.1.1 stipulates that the Board should meet regularly and board meeting should be held at least four times a year at approximately quarterly intervals. During the year, six board meetings were held to review and discuss the annual and interim results together with all corporate transactions happened during the year. Although the board meetings held during the year were not convened on a quarterly basis, the directors considered that sufficient meetings had been held to cover all aspects of the Company's business.

2. CG Code provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company has not appointed a chief executive officer and Ms. Cao Jing, Executive Chairman of the Company is responsible for the management of the Board. In view of the size of the Group, it is considered unnecessary to appoint a chief executive officer of the Company.

3. CG Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term and subject to re-election. All the existing non-executive directors of the Company do not have a specific term of appointment but are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Bye-laws of the Company. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code.

4. CG Code provision A.4.2 stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The Board will ensure the retirement of each director, other than those hold office as Executive Chairman or Managing Director, by rotation at least once every three years in order to comply with the CG Code. The Board presently considered that the continuity of office of the Executive Chairman or Managing Director provides the Group a strong and consistent leadership and is of great importance to the smooth operations of the Group.

5. CG Code provision B.1.3 stipulates that the terms of reference of the Remuneration Committee should include, as a minimum, those specific duties as set out in the CG Code provisions. The Company has adopted the terms of reference for the Company's Remuneration Committee on 21 December 2005, which was subsequently amended. Pursuant to the terms of reference for the Remuneration Committee, it is stipulated that the Remuneration Committee has the duty to "review" as opposed to "determine" the specific remuneration packages of executive directors and senior management.

   The remuneration of the executive directors and senior management of the Company is reviewed by the Remuneration Committee and recommended to the Board and the Chairman of the Board respectively for determination, taking into account of market pay and individual performance. In the opinion of the directors, the current practice serves the same purpose as laid down by the CG Code.

The Company had only two independent non-executive directors after the resignation of Dr. Chan Chok Ki on 2 May 2006. On 29 July 2006, Professor Ye Jianping was appointed as an independent non-executive director. The replacement complied with Rule 3.10(1) and Rule 3.11 of the Listing Rules which require that every board of directors of a listed issuer must include at least three independent non-executive directors, and that the Board shall appoint a sufficient number of independent non-executive directors within three months from the effective date of the resignation of Dr. Chan Chok Ki of 2 May 2006 to meet the minimum number required.

Director's Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

All directors have confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 March 2007.

AUDIT COMMITTEE

The audit committee of the Company ("Audit Committee") comprises three directors, all of which are independent non-executive directors, namely Mr. Yu Hon To, David (Chairman), Professor Ye Jianping (appointed on 29 July 2006) and Mr. Zhang Shaohua (appointed on 16 September 2006).

The terms of reference for the Audit Committee have been adopted in line with the CG Code. Regular meetings have been held by the Audit Committee since establishment and it meets at least twice each year to review and supervise the Group's financial reporting process and internal control. The Audit Committee has reviewed the accounting principles and policies adopted by the Company and discussed with management and the external auditors financial reporting matters, the annual results for the year ended 31 March 2007.

SCOPE OF WORK OF ERNST & YOUNG

The preliminary announcement of the Group's results for the year ended 31 March 2007 have been agreed by the Group's auditors, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Ernst & Young 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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

By Order of the Board
Shun Cheong Holdings Limited
Cao Jing
Executive Chairman

Hong Kong, 13 July 2007

As at the date hereof, the board of directors of the Company comprises of five directors, of which two are executive Directors, namely Ms. Cao Jing (Executive Chairman) and Mr. Mo Tianquan; and three are independent non-executive Directors, namely Mr. Yu Hon To, David, Professor Ye Jianping and Mr. Zhang Shaohua.