SHUN CHEONG HOLDINGS LIMITED
順昌集團有限公司*

(Incorporated in Bermuda with limited liability)
(Stock code: 650)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2008

The Board of Directors (the "Board") of Shun Cheong Holdings Limited (the "Company") announces that the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2008 together with comparative figures for the last financial year as follows:

CONSOLIDATED INCOME STATEMENTS

Year ended 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
REVENUE	3	**130,682**	210,512
Cost of maintenance		**(124,541)**	(194,103)
Gross profit		**6,141**	16,409
Other income	3	**1,577**	1,225
Administrative expenses		**(14,467)**	(17,632)
Other operating expenses		**(1,666)**	(2,517)
Finance costs	5	**(229)**	(175)
LOSS BEFORE TAX	4	**(8,644)**	(2,690)
Tax	6	**(60)**	(36)
LOSS FOR THE YEAR		**(8,704)**	(2,726)
ATTRIBUTABLE TO:			
Equity holders of the parent		**(8,361)**	(2,508)
Minority interests		**(343)**	(218)
		(8,704)	(2,726)
LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	7		
Basic		**(6.51) cents**	(2.16) cents
Diluted		**N/A**	N/A

* *For identification purpose only*

CONSOLIDATED BALANCE SHEET

31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**2,488**	2,614
CURRENT ASSETS			
Gross amount due from contract customers		**28,147**	28,446
Trade receivables	*8*	**26,428**	32,986
Retention money receivables		**171**	652
Prepayments, deposits and other receivables		**16,846**	23,136
Cash and cash equivalents		**165,391**	33,319
Total current assets		**236,983**	118,539
CURRENT LIABILITIES			
Gross amount due to contract customers		**15,014**	13,213
Trade payables	*9*	**20,929**	17,341
Retention money payables		**696**	1,552
Other payables and accruals		**19,877**	35,221
Tax payable		**–**	14
Total current liabilities		**56,516**	67,341
NET CURRENT ASSETS		**180,467**	51,198
TOTAL ASSETS LESS CURRENT LIABILITIES		**182,955**	53,812
NON-CURRENT LIABILITIES			
Convertible bonds		**76,359**	–
Net assets		**106,596**	53,812
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital		**1,389**	1,159
Equity component of convertible bonds		**43,272**	–
Reserves		**61,270**	51,645
		105,931	52,804
Minority interests		**665**	1,008
Total Equity		**106,596**	53,812

Notes:

1.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, 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. 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 interpretations has had no material effect on these financial statements.

HKFRS 7	Financial Instruments: Disclosures
HKAS 1 Amendment	Capital Disclosures
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment
HK(FRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions

2. SEGMENT INFORMATION

(a) Business segments

The Group's revenue is principally derived from the provision of building related maintenance services. The Group has only one business segment.

(b) Geographical segments

No 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.

3. REVENUE AND OTHER INCOME

Revenue, which is also the Group's turnover, represents the net invoiced value of services rendered of contract revenue from building services contracting and maintenance businesses during the year.

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

	Group	
	2008	2007
	HK$'000	*HK$'000*
Revenue		
Building services contracting and maintenance businesses	**130,682**	210,512
Other income		
Bank interest income	**1,321**	1,225
Others	**256**	–
	1,577	1,225

4. LOSS BEFORE TAX

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

	Group	
	2008	2007
	HK$'000	*HK$'000*
Employee benefits expense (including directors' remuneration)		
Wages, salaries and bonuses	**18,525**	27,646
Pension scheme contributions	**1,148**	1,350
	19,673	28,996
Less: Amount capitalised in contract costs	**(10,248)**	(16,275)
Amounts charged to administrative expenses	**9,425**	12,721
Auditors' remuneration	**680**	561
Cost of maintenance and installation	**124,541**	194,103
Depreciation	**209**	236
Minimum lease payments under operating leases in respect of land and buildings	**556**	620
Other operating expenses		
Impairment of trade receivables	**1,650**	2,007
Impairment of other receivables	**–**	255
Impairment of retention money receivables	**–**	255
Loss on disposal of items of property, plant and equipment	**16**	–
	1,666	2,517

* As at 31 March 2008, the Group did not have significant forfeited contributions available to reduce its contributions to the pension schemes in future years (2007: Nil).

5. FINANCE COSTS

	Group 2008 HK$'000	2007 HK$'000
Interest on bank loans, overdrafts and other loans wholly repayable within five years	**129**	92
Other	**100**	83
	229	175

No interest was capitalized by the Group in the current and 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% (2007: 17.5%) on the estimated assessable profits arising in Hong Kong during the year.

	Group 2008 HK$'000	2007 HK$'000
Current – Hong Kong		
Charge for the year	**60**	56
Overprovision in prior years	**–**	(20)
Total tax charge for the year	**60**	36

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

	Group 2008 HK$'000	2007 HK$'000
Loss before tax	**(8,644)**	(2,690)
Tax at the statutory tax rate 17.5% (2007: 17.5%)	**(1,513)**	(471)
Adjustments in respect of current tax of previous years	**–**	(20)
Income not subject to tax	**(231)**	(214)
Expenses not deductible for tax	**860**	407
Tax losses utilised from previous years	**–**	(76)
Tax losses not recognised	**921**	430
Others	**23**	(20)
Tax charge for the year	**60**	36

The Group has tax losses arising in Hong Kong of approximately HK$20,987,000 (2007: HK$15,722,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that future taxable profits will be available against which the tax losses can be utilised.

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

The calculation of basic loss per share is based on the 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 calculation of diluted loss per share amounts is based on the loss for the year attributable to equity holders of the parent, adjusted to reflect the interest on the convertible bonds of the Company and the dilution effect on loss assuming there is a full conversion of the convertible bonds of the Company, where applicable (see below). The number of ordinary shares used in the calculation is the weighted average number of ordinary shares in issue during the year, as used in the basic loss per share calculation.

The calculations of basic loss and diluted loss per share are based on:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Loss		
Loss attributable to equity holders of the parent	**8,361***	2,508

	Number of shares	
	2008	2007
Shares		
Weighted average number of shares in issue during the year used in the basic loss per share calculation	**128,470,126**	115,930,400
Effect of dilution of the convertible bonds on the weighted average number of shares	**1,643,836**	–
	130,113,962*	115,930,400

* Because the diluted loss per share amount is decreased when taking convertible bonds of the Company into account, the convertible bonds of the Company had anti-dilutive effect on the basic loss per share for the year. Therefore, no diluted loss per share amount is disclosed.

No diluted loss per share for the year ended 31 March 2007 was computed as there was no diluting event during that year.

8. TRADE RECEIVABLES

	Group 2008 HK$'000	Group 2007 HK$'000
Trade receivables	**30,520**	36,522
Impairment	**(4,092)**	(3,536)
	26,428	32,986

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 2008 HK$'000	Group 2007 HK$'000
0 to 30 days	**7,942**	10,385
31 to 60 days	**4,269**	3,630
61 to 90 days	**2,733**	2,659
Over 90 days	**11,484**	16,312
	26,428	32,986

The movements in provision for impairment of trade receivables are as follows:

	Group 2008 HK$'000	Group 2007 HK$'000
At 1 January	**3,536**	1,529
Impairment losses recognised	**1,650**	2,007
Amounts written off as uncollectible	**(1,094)**	–
	4,092	3,536

The above provision for impairment of trade receivables represented provision for individually impaired trade receivables which related to customers that were in default or delinquency in payments. The Group does not hold any collateral or other credit enhancements over these balances.

The aged analysis of the trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Neither past due nor impaired	**1,411**	1,061
Less than 30 days past due	**6,531**	9,324
31 to 90 days past due	**6,921**	6,353
Past due over 90 days	**11,565**	16,248
	26,428	32,986

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

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	
	2008	2007
	HK$'000	*HK$'000*
Current to 30 days	**10,852**	5,742
31 to 60 days	**610**	368
Over 60 days	**9,467**	11,231
	20,929	17,341

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

10. COMMITMENT

The Group had the following capital commitment at the balance sheet date:

	2008	2007
	HK$'000	*HK$'000*
Contracted, but not provided for, capital contribution payable to a jointly-controlled entity	**14,040**	–

11. POST BALANCE SHEET EVENTS

On 29 April 2008, the Company made an announcement of the proposal to raise approximately HK$101 million, by way of rights issue of 208,395,600 rights shares at HK$0.5 each on the basis of three rights shares for every two existing shares held on the record date.

On 19 May 2008, the Company made an announcement that the ordinary resolution in relation to the rights issue, the underwriting agreement and the transactions contemplated thereunder was duly approved by the independent shareholders by way of poll at the Special General Meeting on 19 May 2008.

The rights issue had been completed on 12 June 2008, there were 254 valid applications for 178,837,813 rights shares received, representing approximately 85.82% of the total number of 208,395,600 rights shares offered under the rights issue. Based on the above, the rights issue was under-subscribed and therefore the Group's holding company, as the underwriter, has performed its obligation under the underwriting agreement and taken up the remaining balance of 29,557,787 rights shares.

Pursuant to the terms of the Company's Bonds which were issued on 28 March 2008, the conversion price of the Bonds has been adjusted from HK$0.60 per share to HK$0.3695 per share and the number of shares falling to be issued upon full conversion of the Bonds has been adjusted from 200,000,000 to 324,763,193 shares as a result of the above rights issue.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group recorded revenue of HK$130.7 million for the year ended 31 March 2008 (2007: HK$210.5 million) and loss for the year of HK$8.7 million (2007: HK$2.7 million).

Consolidated revenue of HK$130.7 million for the year ended 31 March 2008, showing a 37.9% decrease from HK$210.5 million for the previous year. The decrease in business volume was primarily due to the decrease in work orders received from the Hong Kong Government and the Hong Kong Housing Authority during the year.

The loss for the year was mainly attributable to the decrease in gross profit where higher subcontracting charges and material costs were incurred.

BUSINESS PROSPECTS

In view of (i) the tightening of the labour market in Hong Kong; (ii) the price volatility of metals and oil remains high; (iii) the weakening of the US and Hong Kong dollars combined with the sharp appreciation of Renminbi, the Board expects these factors will result in continued pressure on controlling the costs of business. Although the Company intends to carry on the existing building related maintenance services business, the Board is also looking to business opportunities in the PRC for development and expansion. In order to expand into the PRC, the Group has carried out the fund raising activities including private placement of introducing two shareholders and convertible bond issue to strengthen the Group's capital base.

Currently, the Group is in the process of obtaining approvals from the relevant PRC government authorities and negotiating on the terms of the acquisition of a hotel in Nanning (the "Hotel"). Further announcement(s) may be released by the Group in respect of any material development in respect of the acquisition of the Hotel to comply with the disclosure and/or approval requirements under the Listing Rules.

For the establishment of a new joint venture company in Guangxi Nanning, the Group is in the process of obtaining trading license from the relevant PRC government authorities.

FINANCIAL REVIEW

Liquidity and financial resources

The Group's cash and bank balances are mostly in Hong Kong dollars. As at 31 March 2008, the Group had unpledged cash and bank deposit balances of approximately HK$165.4 million (2007: HK$33.3 million). As at 31 March 2008, the Group had no outstanding bank borrowings (2007: Nil). The gearing ratio of the Group, which represented the total bank borrowings to the equity attributable to equity holders of the parent, was nil (2007: 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 2008 (2007: Nil) to secure general banking facilities.

Employees and remuneration policy

The Group employed approximately 65 employees as at 31 March 2008 (2007: 132). 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 (2007: 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

The Company is committed to achieving high standards of corporate governance that properly protect and promote the interests of its shareholders. The monitoring and assessment of certain governance matters are allocated to three committees: Audit Committee, Remuneration Committee and Nomination Committee which operate under the defined terms of reference and are required to report to full Board on a regular basis.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company had complied with Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout the year ended 31 March 2008, except for code provisions A.1.1, A.2.1, A.4.1, A.4.2 and B.1.3, details of which are discussed in this report.

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, thirteen 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.

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. Prior to 6 March 2008, the Company had not appointed a chief executive officer. On 6 March 2008, Mr. Zhang Shaohua was appointed as the Managing Director to take over the role of the Chief Executive Officer. Therefore, after 6 March 2008 the Company has fulfilled the CG Code provision A.2.1.

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.

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.

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 two independent non-executive directors after the resignation of Mr. Yu Hon To on 24 October 2007 until 25 February 2008, when Mr. Derek Palaschuk 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 to meet the minimum number required. However, the replacement appointment was not complied within three months from the effective date of the resignation of Mr. Yu Hon To.

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 2008.

Audit Committee

The audit committee of the Company ("Audit Committee") comprises three directors, all of which are independent non-executive directors, namely Mr. Derek Palaschuk (Chairman) (appointed on 25 February 2008), Professor Ye Jianping and Mr. Yao Xusheng (appointed on 6 March 2008).

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 with management the final results of the Group for the year ended 31 March 2008.

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

Hong Kong, 25 July 2008

As at the date hereof, the directors of the Company comprises of six directors, of whom two are executive directors, namely Ms. Cao Jing (executive chairman) and Mr. Zhang Shaohua (managing director), one is non-executive director, namely Mr. Mo Tianquan, and three are independent non-executive directors, namely Prof. Ye Jianping, Mr. Derek Palaschuk and Mr. Yao Xusheng.