SHUN CHEONG HOLDINGS LIMITED

順昌集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 650)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2008

The Board of Directors (the "Board") of Shun Cheong Holdings Limited (the "Company") is pleased to announce that the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2008. The interim results of the Group are unaudited but have been reviewed by the Audit Committee of the Company.

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 September	
		2008	2007
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
REVENUE	*2*	**37,480**	74,302
Cost of maintenance		**(38,844)**	(71,452)
Gross profit/(loss)		**(1,364)**	2,850
Other revenue and gains	*3*	**1,519**	926
Administrative expenses		**(5,691)**	(7,963)
Other operating expenses		**(486)**	(932)
Finance costs	*4*	**(645)**	(129)
LOSS BEFORE TAX	*5*	**(6,667)**	(5,248)
Tax	*6*	**(2)**	(29)
LOSS FOR THE PERIOD		**(6,669)**	(5,277)
ATTRIBUTABLE TO:			
Equity holders of the parent		**(6,662)**	(4,996)
Minority interests		**(7)**	(281)
		(6,669)	(5,277)
LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
Basic	*7*	**(3.29 cents)**	(4.24 cents)
Diluted		**N/A**	N/A

* *for identification purposes only*

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	As at 30 September 2008 (Unaudited) HK$'000	As at 31 March 2008 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**2,391**	2,488
CURRENT ASSETS			
Gross amount due from contract customers		**13,340**	28,147
Trade receivables	*8*	**25,696**	26,428
Retention money receivables		**171**	171
Prepayments, deposits and other receivables		**16,175**	16,846
Cash and cash equivalents		**268,410**	165,391
Total current assets		**323,792**	236,983
CURRENT LIABILITIES			
Gross amount due to contract customers		**15,974**	15,014
Trade payables	*9*	**13,918**	20,929
Retention money payables		**696**	696
Other payables and accruals		**16,141**	19,877
Tax payable		**2**	–
Total current liabilities		**46,731**	56,516
NET CURRENT ASSETS		**277,061**	180,467
TOTAL ASSETS LESS CURRENT LIABILITIES		**279,452**	182,955
NON-CURRENT LIABILITIES			
Convertible bonds		**76,359**	76,359
Net assets		**203,093**	106,596
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital		**3,473**	1,389
Equity component of convertible bonds		**43,272**	43,272
Reserves		**155,690**	61,270
		202,435	105,931
Minority interests		**658**	665
Total equity		**203,093**	106,596

Notes:

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2008 have been prepared in accordance with the disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2008.

Accounting policies

The accounting policies and basis of preparation adopted in the preparation of the unaudited condensed interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2008, except in relation to the following new and revised Hong Kong Financial Reporting Standards ("HKFRS") (which also include HKASs and interpretations) issued by the HKICPA that affect the Group and are adopted the first time for the current period's financial statements:

HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS 19 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these new and revised accounting standards has had no material impact on the accounting policies of the Group and the methods of computation in the Group's unaudited condensed consolidated interim financial statements.

The Group has not early applied the following new standards, amendment or interpretations that have been issued but are not yet effective, in these unaudited condensed consolidated interim financial statements. The Board expects that the adoption of the pronouncements listed below will not have any significant impact on the Group's result and financial position in the period of initial application.

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[4]
HKAS 32 and 1	(Amendments) Puttable Financial Instruments and Obligations Arising On Liquidation[1]
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellation[1]
HKFRS 3 (Revised)	Business Combination[4]
HKFRS 8	Operating Segments[1]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[2]
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate[1]
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation[3]

[1] Effective for annual periods beginning on or after 1 January 2009.
[2] Effective for annual periods beginning on or after 1 July 2008.
[3] Effective for annual periods beginning on or after 1 October 2008.
[4] Effective for annual periods beginning on or after 1 July 2009.

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. OTHER REVENUE AND GAINS

	Six months ended 30 September	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest income	**1,519**	672
Other	**–**	254
	1,519	926

4. FINANCE COSTS

	Six months ended 30 September	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on bank loans, overdrafts and other loans wholly repayable within five years	**30**	129
Interest on convertible bonds	**615**	–
	645	129

No interest was capitalised by the Group in both periods.

5. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging the following:

	Six months ended 30 September	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Cost of maintenance and installation	**38,844**	71,452
Depreciation	**97**	105
Minimum lease payments under operating leases in respect of land and buildings	**241**	375
Staff costs (including directors' emoluments)	**3,719**	4,852
Impairment of trade receivables	**486**	932

6. TAX

	Six months ended 30 September	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Group:		
Current – Hong Kong	**2**	29
	2	29

Hong Kong profits tax has been provided at the rate of 16.5% (2007:17.5%) on the estimated assessable profits arising in or derived from Hong Kong during the period.

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 period attributable to equity holders of the parent, and the weighted average number of ordinary shares in issue during the period.

The calculation of diluted loss per share amounts is based on the loss for the period 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 period, as used in the basic loss per share calculation.

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

	Six months ended 30 September	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss		
Loss attributable to equity holders of the parent	**(6,662)**	(4,996)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	**202,305,500**	117,941,329
Effect of dilution of the convertible bonds on the weighted average number of shares	**162,826,478**	–
	365,131,978	117,941,329

* 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 period. Therefore, no diluted loss per share amount is disclosed.

No diluted loss per share for the period ended 30 September 2007 was computed as there was no diluting event during the period.

8. TRADE RECEIVABLES

	30 September 2008	31 March 2008
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Trade receivables	**29,834**	30,520
Impairment	**(4,138)**	(4,092)
	25,696	26,428

An aged analysis for the trade receivables as at 30 September 2008, based on invoice date and net of impairment of trade receivables, is as follows:

	30 September 2008 (Unaudited) *HK$'000*	31 March 2008 (Audited) *HK$'000*
0 – 30 days	**5,565**	7,942
31 – 60 days	**4,064**	4,269
61 – 90 days	**1,807**	2,733
Over 90 days	**14,260**	11,484
	25,696	26,428

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.

9. TRADE PAYABLES

An aged analysis of the trade payables as at 30 September 2008, based on the invoice date, is as follow:

	30 September 2008 (Unaudited) *HK$'000*	31 March 2008 (Audited) *HK$'000*
0 – 30 days	**2,073**	10,852
31 – 60 days	**350**	610
Over 60 days	**11,495**	9,467
	13,918	20,929

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

INTERIM DIVIDEND

The Board does not propose the payment of an interim dividend for the six months ended 30 September 2008 (2007: nil).

REVIEW OF OPERATION

The Group's revenue for the six months ended 30 September 2008 was HK$37.5 million (2007: HK$74.3 million) and loss for the period was HK$6.7 million (2007: net loss of HK$5.3 million).

Consolidated revenue of HK$37.5 million for the six months ended 30 September 2008, showing a 49.6% decrease from HK$74.3 million for the pervious period. 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.

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

BUSINESS PROSPECT

The Group is principally engaged in the provision of building related maintenance services. The Board has been seeking suitable investment opportunities from time to time to broaden the Group's source of income.

Currently, the Group is in the process of the acquisition of a hotel in Nanning (the "Hotel"). Further announcement(s) and information may be released by the Group in respect of the material development in respect of the acquisition of the Hotel to comply with the disclosure and/or approval requirement 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.

Recognising the efforts of the PRC government in promoting the economies of the less developed regions and the rapid development of local tourism industry in the second tier cities in the PRC, the Board considers that increasing number of investors as well as overseas and local travellers and tourists would be attracted to these cities in the PRC, thereby creating demand for hotel services and enhancing the value of Hotel. The Board is confident that the acquisition of the hotel will enable the Group to capture the results of economic boom in Guangxi Zhuang Autonomous Region.

POST BALANCE SHEET EVENTS

On 3 December 2008, the Group entered into supplemental agreements to amend certain terms and conditions of the agreements for the Hotel acquisition. Details of the transaction were disclosed in a circular dated 19 December 2008 to all shareholders of the Company. The Special General Meeting for the Hotel acquisition will be held on 5 January 2009.

FINANCIAL REVIEW

Liquidity and financial resources

The Group's cash and bank balances are mostly in Hong Kong dollar. As at 30 September 2008, the Group had unpledged cash and bank deposits balances of approximately HK$268.4 million (31 March 2008: HK$165.4 million). As at 30 September 2008, the Group had no outstanding bank borrowing (31 March 2008: 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 (31 March 2008: 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.

Funding and treasury 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 30 September 2008 (31 March 2008: Nil) to secure general banking facilities.

Contingent liability

As at 30 September 2008, the Group had no significant contingent liabilities.

Employees and remuneration policies

The Group employed approximately 65 staff in Hong Kong as at 30 September 2008. 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.

CORPORATE GOVERNANCE

Model Code for Securities Transactions By Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the "Model Code") set out in Appendix 10 of the Listing Rules of the Stock Exchange of Hong Kong Limited. On specific enquiries made, all directors of the Company have confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 September 2008.

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 of the Stock Exchange of Hong Kong Limited during the interim period, except that:

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.

2. CG Code provision A.4.2 stipulates 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.

3. CG Code provision B.1.3 stipulates that the terms of reference of the remuneration committee should include, as minimum those specific duties as set out in the CG Code provisions. The Company has adopted the terms of reference of the 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.

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 period ended 30 September 2008.

Audit Committee

Regular meetings have been held by the Audit Committee of the Company since establishment and it meets at least twice each year to review and supervise the Group's financial reporting process and internal control. The Company's interim results for the six months ended 30 September 2008 has not been audited, but has been reviewed by the Audit Committee.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 September 2008, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

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

Hong Kong, 29 December 2008

As at the date hereof, the Board 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.