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 2009

The Board of Directors (the "Board") of Shun Cheong Holdings Limited (the "Company") announces that the preliminary consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2009, together with comparative figures for the last financial year are as follows:

CONSOLIDATED INCOME STATEMENT
Year ended 31 March 2009

	Notes	**2009**	2008
		HK$'000	*HK$'000*
REVENUE	*3*	**73,572**	130,682
Cost of sales		**(66,349)**	(124,541)
Gross profit		**7,223**	6,141
Other income	*3*	**2,472**	1,577
Administrative expenses		**(17,826)**	(14,467)
Other expenses		**(300)**	(1,666)
Excess over the cost of a business combination		**4,089**	–
Finance costs	*5*	**(8,439)**	(229)
LOSS BEFORE TAX	*4*	**(12,781)**	(8,644)
Tax	*6*	**(9)**	(60)
LOSS FOR THE YEAR		**(12,790)**	(8,704)
ATTRIBUTABLE TO:			
Equity holders of the parent		**(12,684)**	(8,361)
Minority interests		**(106)**	(343)
		(12,790)	(8,704)
LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	*7*		
Basic		**HK(4.14) cents**	HK(6.51) cents
Diluted		**N/A**	N/A

* *For identification purpose only*

CONSOLIDATED BALANCE SHEET
31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**509,637**	2,488
Deferred tax assets		**1,025**	–
Total non-current assets		**510,662**	2,488
CURRENT ASSETS			
Inventories		**3,556**	–
Gross amount due from contract customers		**3,111**	28,147
Trade receivables	8	**22,661**	26,428
Retention money receivables		**255**	171
Prepayments, deposits and other receivables		**24,159**	16,846
Tax recoverable		**19**	–
Cash and cash equivalents		**72,560**	165,391
Total current assets		**126,321**	236,983
CURRENT LIABILITIES			
Gross amount due to contract customers		**12,789**	15,014
Trade payables	9	**11,831**	20,929
Retention money payables		**696**	696
Other payables and accruals		**48,036**	19,877
Advance from a shareholder		**22,600**	–
Interest-bearing bank borrowing – current portion		**3,390**	–
Total current liabilities		**99,342**	56,516
NET CURRENT ASSETS		**26,979**	180,467
TOTAL ASSET LESS CURRENT LIABILITIES		**537,641**	182,955
NON-CURRENT LIABILITIES			
Convertible bonds		**83,321**	76,359
Interest-bearing bank borrowing		**256,510**	–
Total non-current liabilities		**339,831**	76,359
Net assets		**197,810**	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		**149,668**	61,270
		196,413	105,931
Minority interests		**1,397**	665
Total equity		**197,810**	106,596

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 interpretations and amendments to HKFRSs for the first time for the current year's financial statements.

HKAS 39 and HKFRS 7 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement* and HKFRS 7 *Financial Instruments: Disclosures – Reclassification of Financial Assets*
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 interpretations and amendments has had no financial effect on these financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

2. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately according to the nature of their operations and the services they provide. Each of the Group's business segments represents a strategic business unit that offers services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

(a) the building services contracting and maintenance business consists of the provisions of building related maintenance services; and

(b) the hotel business consists of the hotel and restaurant operations in the People's Republic of China ("PRC").

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

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 business segment information was presented for the year ended 31 March 2008 as the Group's revenue for that year was principally derived from the provision of building related maintenance services and thus the Group had only one business segment. No geographical segment information was presented for the year ended 31 March 2008 as over 90% of the Group's revenue in that year was derived from customers based in Hong Kong, and over 90% of the Group's assets as at 31 March 2008 were located in Hong Kong.

(a) Business segments

The following tables present revenue, loss and certain asset, liability and expenditure information for the Group's business segments for the year ended 31 March 2009.

Year ended 31 March 2009	**Building services contracting and maintenance business** *HK$'000*	**Hotel business** *HK$'000*	**Total** *HK$'000*
Segment revenue:			
Sales to external customers	**58,270**	**15,302**	**73,572**
Other revenue	**9**	**13**	**22**
Total	**58,279**	**15,315**	**73,594**
Segment results	**(4,370)**	**(941)**	**(5,311)**
Interest income			**2,446**
Excess over the cost of a business combination			**4,089**
Unallocated expenses			**(5,780)**
Finance costs			**(8,225)**
Loss before tax			**(12,781)**
Tax			**(9)**
Loss for the year			**(12,790)**

Year ended 31 March 2009	Building services contracting and maintenance business *HK$'000*	Hotel business *HK$'000*	Total *HK$'000*
Assets and liabilities			
Segment assets	**40,076**	**534,367**	**574,443**
Unallocated assets			**62,540**
Total assets			**636,983**
Segment liabilities	**27,766**	**325,710**	**353,476**
Unallocated liabilities			**85,697**
Total liabilities			**439,173**
Other segment information:			
Depreciation	**189**	**4,706**	**4,895**
Capital expenditure	**–**	**1,191**	**1,191**
Impairment losses of trade receivables recognised in the income statement	**–**	**389**	**389**
Impairment losses of trade receivables reversed in the income statement	**(178)**	**–**	**(178)**

(b) Geographical segments

The following tables present revenue and certain asset and expenditure information for the Group's geographical segments for the year ended 31 March 2009.

Year ended 31 March 2009	**Hong Kong** *HK$'000*	**Mainland China** *HK$'000*	**Total** *HK$'000*
Segment revenue:			
Sales to external customers	**58,270**	**15,302**	**73,572**
Other revenue	**9**	**13**	**22**
Total	**58,279**	**15,315**	**73,594**
Other segment information:			
Segment assets	**124,406**	**508,468**	**632,874**
Capital expenditure	**–**	**1,191**	**1,191**

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 and income from hotel and restaurant operations during the year.

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

	2009 *HK$'000*	2008 *HK$'000*
Revenue		
Building services contracting and maintenance businesses	**58,270**	130,682
Hotel and restaurant operations	**15,302**	–
	73,572	130,682
Other income		
Bank interest income	**2,450**	1,321
Others	**22**	256
	2,472	1,577

4. LOSS BEFORE TAX

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

	2009	2008
	HK$'000	*HK$'000*
Cost of maintenance	**59,618**	124,541
Cost of services provided	**6,731**	–
	66,349	124,541
Depreciation	**4,895**	209
Minimum lease payment under operating leases in respect of land and buildings	**292**	556
Auditors' remuneration	**850**	680
Employee benefit expense (including directors' remuneration)		
Wages, salaries and bonuses	**6,823**	18,525
Pension scheme contributions*	**676**	1,148
	7,499	19,673
Less: Amount capitalised in contract costs	**(1,926)**	(10,248)
Amounts charged to administrative expenses	**5,573**	9,425
Impairment of trade receivables#	**211**	1,650
Loss on disposal of items of property, plant and equipment#	**9**	16

* *As at 31 March 2009, the Group did not have significant forfeited contributions available to reduce its contributions to the pension schemes in future years (2008: Nil).*

\# *These items are included in "Other expenses" on the face of the consolidated income statement.*

5. FINANCE COSTS

	2009	2008
	HK$'000	*HK$'000*
Interest on bank loans, overdrafts and other loans wholly repayable within five years	**220**	129
Interest on convertible bonds	**8,175**	–
Other	**44**	100
	8,439	229

6. TAX

The Company is exempt from tax in Bermuda until 2016. Hong Kong profits tax has been provided at the rate of 16.5% (2008: 17.5%) on the estimated assessable profits arising in Hong Kong during the year.

	2009	2008
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the year	**34**	60
Overprovision in prior years	**(25)**	–
Total tax charge for the year	**9**	60

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:

	2009	2008
	HK$'000	*HK$'000*
Loss before tax	**(12,781)**	(8,644)
Tax at the statutory tax rate 16.5% (2008: 17.5%)	**(2,109)**	(1,513)
Different tax rate enacted by local authority	**(61)**	–
Adjustments in respect of current tax of previous years	**(25)**	–
Income not subject to tax	**(1,107)**	(231)
Expenses not deductible for tax	**2,335**	860
Tax losses not recognised	**964**	921
Others	**12**	23
Tax charge for the year	**9**	60

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 dilutive effect on loss assuming that 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 and diluted loss per share are based on:

	2009	2008
	HK$'000	*HK$'000*
Loss		
Loss attributable to equity holders of the parent	**12,684**	8,361
Interests on convertible bonds	**(8,175)**	–
Loss attributable to equity holders of the parent before interests on convertible bonds	**4,509***	8,361*

	Number of shares	
	2009	2008
Shares		
Weighted average number of shares in issue during the year used in the basic loss per share calculation	**306,217,827**	128,470,126
Effect of dilution of the convertible bonds on the weighted average number of shares	**324,763,193**	1,643,836
	630,981,020*	130,113,962*

* *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 an anti-dilutive effect on the basic loss per share for the year. Therefore, no diluted loss per share amount is disclosed.*

8. TRADE RECEIVABLES

	2009	2008
	HK$'000	*HK$'000*
Trade receivables	**26,270**	30,520
Impairment	**(3,609)**	(4,092)
	22,661	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.

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:

	2009	2008
	HK$'000	*HK$'000*
0 to 30 days	**7,045**	7,942
31 to 60 days	**1,495**	4,269
61 to 90 days	**2,333**	2,733
Over 90 days	**11,788**	11,484
	22,661	26,428

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

	2009	2008
	HK$'000	*HK$'000*
At 1 April	**4,092**	3,536
Impairment losses recognised	**211**	1,650
Amount written off as uncollectible	**(694)**	(1,094)
At 31 March	**3,609**	4,092

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:

	2009	2008
	HK$'000	*HK$'000*
Neither past due nor impaired	**1,654**	1,411
Less than 30 days past due	**5,391**	6,531
31 to 90 days past due	**3,828**	6,921
Past due over 90 days	**11,788**	11,565
	22,661	26,428

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:

	2009	2008
	HK$'000	*HK$'000*
Current to 30 days	**6,080**	10,852
31 to 60 days	**2,048**	610
Over 60 days	**3,703**	9,467
	11,831	20,929

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group recorded revenue of HK$73.6 million for the year ended 31 March 2009 (2008: HK$130.7 million) and loss for the year of HK$12.8 million (2008: HK$8.7 million).

Consolidated revenue of HK$73.6 million for the year ended 31 March 2009, showing a 43.6% decrease from HK$130.7 million for the previous year. The decrease in business volume was primarily due to the reduction of work orders received from the Group's customers.

On 23 January 2009, the group had completed the acquisition of the Guangxi Nanning Wharton International Hotel Limited ("the Nanning Hotel"). The discount on acquisition arising from the Nanning Hotel was HK$4.1 million. The Nanning Hotel reported an average room rate of HK$533 and occupancy rate of 59% during the period.

As at 31 March 2009, net asset value attributable to equity holders of the parent amounted to approximately HK$196.4 million, 85.4% higher than the amount of HK$105.9 million in 2008.

BUSINESS PROSPECTS

The Group is principally engaged in the provision of building related maintenance services. 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 activity of right issues for the hotel acquisition in last year. After the successful acquisition of the Nanning Hotel on 23 January 2009, the Group will broaden its source of income and extend the business in PRC.

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 Directors consider 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 Nanning Hotel. Looking ahead to 2010 and beyond, the Directors are confident that Nanning Hotel will enable the Group to capture the results of economic boom in Guangxi Zhuang Autonomous Region.

FINANCIAL REVIEW

Liquidity and financial resources

The Group's cash and bank balances are mostly in Hong Kong dollars and Renminbi. As at 31 March 2009, the Group had unpledged cash and bank deposit balances of approximately HK$72.6 million (2008: HK$165.4 million). As at 31 March 2009, the Group had outstanding bank borrowings for the amount of HK$259.9 million (2008: Nil). The gearing ratio of the Group which represented the net debt divided by the total capital plus net debt, was 49% (2008: Nil).

Treasury and funding policy

The assets and liabilities of the Group are mainly in Hong Kong dollars and Renminbi. The Group's bank borrowing is on a floating rate at the prime lending rate of People's Bank of China. The maximum bank borrowing granted by bank given to the Group and a subsidiary is HK$361.6 million (2008: Nil). Taking into account of cash on hand and available credit facilities, the Group has sufficient working capital for its present requirement. The Renminbi has been pegged to a basket of currencies. Accordingly, the Group has minimal exposure to foreign exchange fluctuation.

Pledge of assets

At 31 March 2009, the hotel properties held with an aggregate net book value of approximately HK$313.6 million (2008: Nil) were mortgaged to a bank to secure banking facilities granted to the Group.

Employees and remuneration policy

The Group employed approximately 595 employees as at 31 March 2009 (2008: 65). 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 benefit 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 (2008: 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 2009, except for code provisions A.1.1, A.4.1, A.4.2, B.1.3 and E.1.2, 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, four 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.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 2006, 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 code provision E.1.2 of the CG Code stipulates that the chairman of the Board should attend the annual general meeting ("AGM") of the Company. The chairman did not attend the 2008 AGM due to other business engagement. An executive director had chaired the 2008 AGM and answered questions from the shareholders.

The AGM also provides a useful and convenient forum for shareholders to exchange views with the Board, and with each other. At the 2008 AGM, the Chairperson of the AGM and chairman/member of the Audit Committee, Remuneration Committee and Nomination Committee were available to answer the questions raised by shareholders.

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 2009.

Audit Committee

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

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 the financial reporting matters and internal controls including a review of the account for the year ended 31 March 2009.

PUBLICATION OF RESULTS ANNOUNCEMENT

The result announcement is published on the Stock Exchange's website at http://www.hkex.com.hk and the Company's website at http://www.irasia.com/listco/hk/shuncheong. The annual report will be despatched to the shareholders of the Company and will be published on the above website in due course.

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

Hong Kong, 27 July 2009

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. Palaschuk Derek Myles and Mr. Yao Xusheng.