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 2009

The Board of Directors (the "Board") of Shun Cheong Holdings Limited (the "Company") is pleased to announce the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2009. 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	
		2009	2008
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
REVENUE	*2*	**77,580**	37,480
Cost of sales		**(40,742)**	(38,844)
Gross profit/(loss)		**36,838**	(1,364)
Other income	*3*	**490**	1,519
Administrative expenses		**(22,715)**	(5,691)
Other expenses		**(72)**	(486)
Finance costs	*4*	**(12,344)**	(645)
PROFIT/(LOSS) BEFORE TAX	*5*	**2,197**	(6,667)
Tax	*6*	**–**	(2)
PROFIT/(LOSS) FOR THE PERIOD		**2,197**	(6,669)

* *For identification purposes only*

		Six months ended 30 September	
		2009	2008
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
ATTRIBUTABLE TO:			
Equity holders of the parent		**2,206**	(6,662)
Minority interests		**(9)**	(7)
		2,197	(6,669)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	*7*		
Basic		**0.63 cents**	(3.29 cents)
Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
PROFIT/(LOSS) FOR THE PERIOD	**2,197**	(6,669)
Other comprehensive income, net of tax	**–**	–
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**2,197**	(6,669)
Attributable to:		
Equity holders of the parent	**2,206**	(6,662)
Minority interests	**(9)**	(7)
	2,197	(6,669)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 September 2009 (Unaudited) HK$'000	As at 31 March 2009 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**501,568**	509,637
Deferred tax assets		**1,025**	1,025
Total non-current assets		**502,593**	510,662
CURRENT ASSETS			
Inventories		**3,475**	3,556
Gross amount due from contract customers		**1,625**	3,111
Trade receivables	*8*	**19,072**	22,661
Retention money receivables		**255**	255
Prepayments, deposits and other receivables		**21,412**	24,159
Tax recoverable		**19**	19
Cash and cash equivalents		**84,771**	72,560
Total current assets		**130,629**	126,321
CURRENT LIABILITIES			
Gross amount due to contract customers		**5,388**	12,789
Trade payables	*9*	**14,682**	11,831
Retention money payables		**696**	696
Other payables and accruals		**46,219**	48,036
Advance from a shareholder		**22,600**	22,600
Interest-bearing bank borrowing – current portion		**3,390**	3,390
Total current liabilities		**92,975**	99,342
NET CURRENT ASSETS		**37,654**	26,979
TOTAL ASSETS LESS CURRENT LIABILITIES		**540,247**	537,641
NON-CURRENT LIABILITIES			
Convertible bonds		**87,120**	83,321
Interest-bearing bank borrowing		**253,120**	256,510
Total non-current liabilities		**340,240**	339,831
Net assets		**200,007**	197,810

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 September 2009 (Unaudited) *HK$'000*	As at 31 March 2009 (Audited) *HK$'000*
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	**3,473**	3,473
Equity component of convertible bonds	**43,272**	43,272
Reserves	**151,874**	149,668
	198,619	196,413
Minority interests	**1,388**	1,397
Total equity	**200,007**	197,810

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 2009 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 condensed consolidated interim 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 2009.

Accounting policies

The accounting policies and basis of preparation adopted in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2009, except in relation to the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs", which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA that affect the Group and are adopted for the first time for the current period's financial statements.

HKAS 1 (Revised)	*Presentation of Financial Statements*
HKAS 23 (Revised)	*Borrowing Costs*
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation* and HKAS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligation Arising on Liquidation*
HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 *First-time Adoption of HKFRSs* and HKAS 27 *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payments – Vesting Conditions and Cancellations*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments Disclosures – Improving Disclosures about Financial Instruments*
HKFRS 8	*Operating Segments*
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC) – Int 9 *Reassessment of Embedded Derivatives* and HKAS 39 *Financial Instruments: Recognition and Measurement – Embedded Derivatives*
HK(IFRIC)-Int 13	*Customer Loyalty Programmes*
HK(IFRIC)-Int 15	*Agreement for the Construction of Real Estate*
HK(IFRIC)-Int 16	*Hedges of a Net Investment in a Foreign Operation*
HK(IFRIC)-Int 18	*Transfer of Assets from Customers* [2]
HKFRSs (Amendments)	*Improvements to HKFRSs* issued in 2008 [1]

[1] *Except for the amendments to HKFRS 5 which is effective for annual period beginning on or after 1 July 2009*

[2] *Effective for transfers of assets from customers received on or after 1 July 2009*

The above new/revised HKFRSs are mandatory for the first time for the financial year beginning on 1 April 2009. The adoption of the new/revised HKFRSs, except for HKAS 1 (Revised) and HKFRS 8 as described below, had no material effect on the results and financial position for the current or prior accounting periods which have been prepared and presented. Accordingly, no prior period adjustment has been recognised.

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard also introduces the statement of comprehensive income, with all items of income and expenses recognised in profit or loss, together with all other items of recognised income and expenses recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present two statements.

HKFRS 8 replaces HKAS 14 "Segment Reporting", and specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Group determined that the operating segments were the same as the business segments previously identified under HKAS 14 "Segment Reporting". This Standard requires an entity, including an entity with a single reportable segment, to disclose information for the entity as a whole about its products and services, geographical areas and major customers.

Except for the adoption of HKAS 1 (Revised) and HKFRS 8, the adoption of other new and revised HKFRSs has had no material effect on the Group's results of operation and financial position.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

HKFRS 2 Amendments	*Group cash settled Share-based Payment Transactions* [2]
HKFRS 3 (Revised)	*Business Combinations* [1]
HKFRS 5 Amendments	*Plan to sell the controlling interest in a subsidiary* [1]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements* [1]
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items* [1]
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners* [1]
HKFRSs (Amendments)	*Improvements to HKFRSs* issued in 2008 and 2009 [3]

[1] *Effective for annual periods beginning on or after 1 July 2009*

[2] *Effective for annual periods beginning on or after 1 January 2010*

[3] *Except for the amendments to HKFRS 2, HKFRS 5, HKAS 38, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16, which are effective for annual periods beginning on or after 1 July 2009, and no effective date or transitional provisions for the amendment to Appendix to HKAS 18 has been specified, other amendments are effective for annual periods beginning on or after 1 January 2010, although there are separate transitional provisions for certain standards*

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 April 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary.

The directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

2. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief operating decision-makers that are used to make strategic decision.

The Group has two reportable segments for the six months ended 30 September 2009. The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's reportable segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other reportable segments. Summary details of the reportable segments are as follows:

(1) the "Building Services Contracting and Maintenance Business" segment engages in the provisions of building related maintenance services;

(2) the "Hotel Business" engages in the provisions of the hotel and restaurant operations in the PRC.

No operating segment information was presented for the period ended 30 September 2008 as the Group had only one reportable segment engaged in the building services contracting and maintenance business.

Revenue by Operating Segments:

	Building Services Contracting and Maintenance Business (Unaudited) *HK$'000*	**Hotel Business** (Unaudited) *HK$'000*	**Six months ended 30 September 2009** (Unaudited) *HK$'000*
Segment revenue			
Sales to external customers	12,960	64,620	77,580
Other revenue	182	290	472
	13,142	64,910	78,052
Segment results	(406)	14,929	14,523
Interest income			18
Finance cost			(12,344)
Profit before tax			2,197
Tax			–
Profit for the period			2,197

3. OTHER INCOME

	Six months ended 30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest income	**18**	1,519
Other	**472**	–
	490	1,519

4. FINANCE COSTS

	Six months ended 30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on bank loans, overdrafts and other loans wholly repayable within five years	**7,934**	30
Interest on convertible bonds	**4,400**	615
Others	**10**	–
	12,344	645

No interest was capitalised by the Group in both periods.

5. PROFIT/(LOSS) BEFORE TAX

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

	Six months ended 30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Cost of maintenance	**10,722**	38,844
Cost of services provided	**30,020**	–
	40,742	38,844
Depreciation	**14,086**	97
Minimum lease payments under operating leases in respect of land and buildings	**114**	241
Staff costs (including directors' emoluments)	**7,128**	3,719
Impairment of trade receivables	**72**	486

6. TAX

	Six months ended 30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Group:		
Current – Hong Kong	**–**	2

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profits arising in or derived from Hong Kong during the period.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

No provision for PRC corporate income tax has been made as the Group has sufficient tax loss brought forward to offset the assessable profits for the period.

7. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings/(loss) per share is based on the profit/(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 earnings/(loss) per share amounts is based on the profit/(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 profit/(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 earnings/(loss) per share calculation.

The calculation of basic earnings/(loss) and diluted earnings/(loss) per share amount are based on:

	Six months ended 30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit/(loss)		
Profit/(loss) attributable to equity holders of the parent	**2,206**	(6,662)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings/(loss) per share calculation	**347,326,000**	202,305,500
Effect of dilution of the convertible bonds on the weighted average number of shares	**324,763,193**	162,826,478
	672,089,193*	365,131,978*

* *For the six months ended 30 September 2009, because the diluted earnings per share amount increased when taking convertible bonds of the Company into account, the convertible bonds of the Company has anti-dilutive effect on the basic earnings per share for the period. Therefore, no diluted earnings per share amount is disclosed.*

For the six months ended 30 September 2008, because the diluted loss per share amount 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 was disclosed.

8. TRADE RECEIVABLES

	30 September	31 March
	2009	2009
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Trade receivables	**22,753**	26,270
Impairment	**(3,681)**	(3,609)
	19,072	22,661

An aged analysis for the trade receivables as at 30 September 2009, based on invoice date and net of impairment of trade receivables, is as follows:

	As at 30 September 2009 (Unaudited) ***HK$'000***	As at 31 March 2009 (Audited) *HK$'000*
0 – 30 days	**4,853**	7,045
31 – 60 days	**2,197**	1,495
61 – 90 days	**615**	2,333
Over 90 days	**11,407**	11,788
	19,072	22,661

The Group grants to its trade customers credit periods that normally range 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 trade payables as at 30 September 2009, based on invoice date, is as follows:

	30 September 2009 (Unaudited) ***HK$'000***	31 March 2009 (Audited) *HK$'000*
Current to 30 days	**10,067**	6,080
31 – 60 days	**1,854**	2,048
Over 60 days	**2,761**	3,703
	14,682	11,831

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 2009 (2008: nil).

REVIEW OF OPERATION

The Group's recorded revenue for the six months ended 30 September 2009 was HK$77.6 million (2008: HK$37.5 million) and profit for the period was HK$2.2 million (2008: net loss of HK$6.7 million).

Consolidated revenue was HK$77.6 million for the six months ended 30 September 2009, showing a 106.9% increase from HK$37.5 million for the previous period. The increase in business volume was primarily due to the completion of acquisition of the Guangxi Nanning Wharton International Hotel Limited ("the Nanning Hotel") on 23 January 2009.

BUSINESS PROSPECT

The Group is principally engaged in the provision of building related maintenance services. Although the Group intends to carry on the existing building related maintenance service business, the Board is also looking to business opportunities in the PRC for development and expansion. On 23 January 2009, the Group had successfully acquired the Nanning Hotel to 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 the Nanning Hotel. Looking ahead to 2010 and beyond, the Directors are confident that the 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 dollar and Renminbi. As at 30 September 2009, the Group had unpledged cash and bank deposits balances of approximately HK$84.8 million (31 March 2009: HK$72.6 million). As at 30 September 2009, the Group had outstanding bank borrowing for the amount of HK$256.5 million (31 March 2009: HK$259.9 million). The gearing ratio of the Group which represented the net debt divided by the total capital plus net debt, was 47% (31 March 2009: 49%).

Funding and treasury policy

The assets and liabilities of the Group are mainly denominated in Hong Kong dollars and Renminbi. The Group's bank borrowing is on a floating rate at the prime rate of the People's Bank of China. The maximum bank borrowing granted by bank given to the Group and a subsidiary is HK$361.6 million (31 March 2009: HK$361.6 million). 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

As at 30 September 2009, the hotel properties held with an aggregate net book value of approximately HK$301.1 million (31 March 2009: HK$313.6 million) were mortgaged to a bank to secure banking facilities granted to the Group.

Investments

As at 30 September 2009, the Group had no investments in listed and unlisted equity securities (31 March 2009: Nil).

Contingent liability

As at 30 September 2009, the Group had no significant contingent liability.

Employees and remuneration policies

The Group employed 595 employees as at 30 September 2009 (31 March 2009: 595). 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. 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 2009.

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 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 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 holding 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 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.

4. CG Code provision E.1.2 of the CG Code stipulates that the chairman of the Board should attend the annual general meeting of the Company. The chairman did not attend the 2009 annual general meeting due to other business engagement. An executive director had chaired the 2009 annual general meeting and answered questions from the shareholders. In the opinion of the directors, the Company had provided the useful and convenient forum for shareholders to exchange views with the Board, and with each other and had the same purposes as laid down by CG Code.

Audit Committee

The audit committee of the Company ("Audit Committee") comprises three directors, all of whom are independent non-executive directors, namely Mr. Derek Palaschuk (Chairman), Professor Ye Jianping and Mr. Yao Xusheng. 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 2009 have not been audited, but have been reviewed by the Audit Committee.

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 2009.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 September 2009, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

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 interim 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, 18 December 2009

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. Palaschuk Derek Myles and Mr. Yao Xusheng.