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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 2011

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 2011, together with comparative figures for the last financial year are as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
CONTINUING OPERATION			
REVENUE	3	**144,684**	131,826
Cost of sales		**(92,870)**	(82,365)
Gross profit		**51,814**	49,461
Other income	3	**1,802**	580
Administrative expenses		**(22,499)**	(23,439)
Other operating income/(expenses), net		**485**	(2,340)
Finance costs	4	**(26,397)**	(24,011)
PROFIT BEFORE TAX FROM A CONTINUING OPERATION	5	**5,205**	251
Income tax expense	6	**(5,070)**	–
PROFIT FOR THE YEAR FROM A CONTINUING OPERATION		**135**	251

* *For identification purpose only*

	Notes	**2011** *HK$'000*	2010 *HK$'000*
DISCONTINUED OPERATION			
Profit for the year from a discontinued operation	*7*	**749**	250
PROFIT FOR THE YEAR		**884**	501
OTHER COMPREHENSIVE INCOME			
Exchange differences on translation of foreign operations		**8,557**	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**9,441**	501
PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		**1,647**	633
Non-controlling interests		**(763)**	(132)
		884	501
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the Company		**10,204**	633
Non-controlling interests		**(763)**	(132)
		9,441	501
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	*8*		
Basic			
– For profit for the year		**0.47 cent**	0.18 cent
– For profit from a continuing operation		**0.26 cent**	0.08 cent
Diluted			
– For profit for the year		**0.47 cent**	0.18 cent
– For profit from a continuing operation		**0.26 cent**	0.08 cent

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**485,356**	488,154
Deferred tax assets		**–**	1,025
Total non-current assets		**485,356**	489,179
CURRENT ASSETS			
Inventories		**2,819**	3,126
Gross amounts due from contract customers		**–**	547
Trade receivables	*9*	**17,210**	15,825
Prepayments, deposits and other receivables		**11,179**	9,497
Cash and cash equivalents		**106,524**	86,901
Total current assets		**137,732**	115,896
CURRENT LIABILITIES			
Gross amounts due to contract customers		**–**	6,046
Trade payables	*10*	**10,918**	7,320
Other payables and accruals		**36,168**	45,775
Due to related companies		**685**	–
Tax payable		**3,999**	–
Interest-bearing bank borrowing – current portion		**3,540**	3,390
Total current liabilities		**55,310**	62,531
NET CURRENT ASSETS		**82,422**	53,365
TOTAL ASSETS LESS CURRENT LIABILITIES		**567,778**	542,544
NON-CURRENT LIABILITIES			
Convertible bonds		**99,748**	91,113
Interest-bearing bank borrowing		**260,780**	253,120
Total non-current liabilities		**360,528**	344,233
Net assets		**207,250**	198,311
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**3,473**	3,473
Equity component of convertible bonds		**43,272**	43,272
Reserves		**160,505**	150,301
		207,250	197,046
Non-controlling interests		**–**	1,265
Total equity		**207,250**	198,311

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 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards –Additional Exemptions for First-time Adopters*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*
HKFRS 3 (Revised)	*Business Combinations*
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*
HKFRS 5 Amendments included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary*
Improvements to HKFRSs 2009	Amendments to a number of HKFRSs issued in May 2009
HK Interpretation 4 Amendment	Amendment to HK Interpretation 4 Leases – *Determination of the Length of Lease Term in respect of Hong Kong Land Leases*
HK Interpretation 5	*Presentation of Financial Statements – Classification by the Borrower of Term Loan that Contains a Repayment on Demand Clause*

Other than as further explained below regarding the impact of HKFRS 3 (Revised), HKAS 27 (Revised) and amendments to HKAS 7 included in *Improvements to HKFRSs 2009*, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 3 (Revised) *Business Combinations* and HKAS 27 (Revised) *Consolidated and Separate Financial Statements*

HKFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that affect the initial measurement of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

HKAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Consequential amendments were made to various standards, including, but not limited to HKAS 7 *Statement of Cash Flows*, HKAS 12 *Income Taxes*, HKAS 21 *The Effects of Changes in Foreign Exchange Rates*, HKAS 28 *Investments in Associates* and HKAS 31 *Interests in Joint Ventures*.

The changes introduced by these revised standards are applied prospectively and affect the accounting of acquisitions, loss of control and transactions with non-controlling interests after 1 April 2010.

(b) *Improvements to HKFRSs 2009* issued in May 2009 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments results in changes in accounting policies, none of these amendments has had a significant financial impact on the Group. Details of the key amendment most applicable to the Group are as follows:

- HKAS 7 *Statement of Cash Flows*: Requires that only expenditures that result in a recognised asset in the statement of financial position can be classified as a cash flow from investing activities.

2. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

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

(b) the building services contracting and maintenance business consists of the provisions of building related maintenance services. During the year, the Group disposed of the whole of the building services contracting and maintenance business, upon which this operating segment was discontinued; and

(c) the corporate and others segment consists of corporate income and expense items.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax from a continuing operation. The adjusted profit before tax from a continuing operation is measured consistently with the Group's profit before tax from a continuing operation except that interest income, finance costs, as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, tax recoverable, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank borrowing, convertible bonds, tax payable and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

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

During the year, the Group's operating segments changed as a result of the change in the Group's internal organisation structure. The corresponding information for the year ended 31 March 2010 has been re-presented accordingly.

	Continuing operation						**Discontinued operation**			
	Hotel business		**Corporate and others**		**Total continuing operation**		**Building services contracting and maintenance business**		**Total**	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:										
Sales to external customers	**144,684**	131,826	**–**	–	**144,684**	131,826	**1,321**	21,948	**146,005**	153,774
Other revenue	**1,800**	533	**2**	47	**1,802**	580	**496**	166	**2,298**	746
Revenue	**146,484**	132,359	**2**	47	**146,486**	132,406	**1,817**	22,114	**148,303**	154,520
Segment results	**34,363**	30,817	**(2,761)**	(6,555)	**31,602**	24,262	**749**	284	**32,351**	24,546
Reconciliation										
Finance costs					**(26,397)**	(24,011)	**–**	–	**(26,397)**	(24,011)
Profit before tax					**5,205**	251	**749**	284	**5,954**	535

	Continuing operation						Discontinued operation			
	Hotel business		Corporate and others		Total continuing operation		Building services contracting and maintenance business		Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets and total assets	**612,893**	574,011	**10,195**	13,111	**623,088**	587,122	**–**	17,953	**623,088**	605,075
Segment liabilities	**49,863**	44,256	**1,907**	1,709	**51,770**	45,965	**–**	13,176	**51,770**	59,141
Reconciliation										
Unallocated liabilities									**364,068**	347,623
Total liabilities									**415,838**	406,764
Other segment information:										
Depreciation	**30,444**	29,594	**10**	18	**30,454**	29,612	**51**	139	**30,505**	29,751
Capital expenditure	**10,404**	8,268	**14**	–	**10,418**	8,268	**–**	–	**10,418**	8,268
Impairment/(write back of impairment) of other receivables recognised in profit or loss	**–**	–	**(1,502)**	2,340	**(1,502)**	2,340	**(99)**	363	**(1,601)**	2,703
Impairment/(write back of impairment) of trade receivables recognised in profit or loss	**598**	–	**–**	–	**598**	–	**–**	(118)	**598**	(118)

Geographical information

(a) Revenue from external customers

	2011	2010
	HK$'000	*HK$'000*
Mainland China, attributable to continuing operation	**144,684**	131,826
Hong Kong, attributable to discontinued operation	**1,321**	21,948
	146,005	153,774

The revenue information above is based on the location of the customers.

(b) Non-current assets

	2011	2010
	HK$'000	*HK$'000*
Mainland China, attributable to continuing operation	**485,337**	486,001
Hong Kong, attributable to continuing operation	**19**	15
Hong Kong, attributable to discontinued operation	**–**	2,138
	485,356	488,154

The non-current assets information above is based on the location of the assets and excludes deferred tax assets and other assets.

Information about a major customer

During the year, none of the Group's revenue was derived from transactions with individual external customers that amounted to 10 per cent or more of the Group's revenue (2010: nil).

3. REVENUE AND OTHER INCOME

Revenue from continuing operation, which is also the Group's turnover, represents the income from hotel and restaurant operations during the year.

An analysis of the Group's other income from continuing operation is as follows:

	2011	2010
	HK$'000	*HK$'000*
Bank interest income	**593**	47
Others	**1,209**	533
	1,802	580

4. FINANCE COSTS

An analysis of finance costs from continuing operation is as follows:

	2011	2010
	HK$'000	*HK$'000*
Interest on bank loans, overdrafts and other loans wholly repayable within five years	**16,562**	15,007
Interest on convertible bonds	**9,835**	8,992
Others	**–**	12
	26,397	24,011

5. PROFIT BEFORE TAX

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

	2011 HK$'000	2010 HK$'000
Cost of services provided	**92,870**	82,365
Depreciation	**30,505**	29,751
Minimum lease payments under operating leases in respect of land and buildings	**354**	127
Auditors' remuneration	**880**	950
Employee benefit expense (including directors' remuneration):		
Wages, salaries and bonuses	**18,859**	14,076
Pension scheme contributions*	**15**	83
	18,874	14,159
Impairment/(write back of impairment) of trade receivables#	**598**	(118)
Impairment/(write back of impairment) of other receivables, net#	**(1,601)**	2,703
Loss on disposal of items of property, plant and equipment	**363**	–
Gain on disposal of subsidiaries	**(449)**	–
Foreign exchange differences, net#	**419**	–

* As at 31 March 2011, the Group did not have significant forfeited contributions available to reduce its contributions to the pension schemes in future years (2010: nil).

These items are included in "Other operating income/(expenses), net" in the consolidated statement of comprehensive income.

^ The disclosures presented in this note include those amounts charged/(credited) in respect of the discontinued operation.

6. INCOME TAX

The Company is exempt from tax in Bermuda until 2016. No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2010: nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2011 HK$'000	2010 HK$'000
Current - Elsewhere		
Charge for the year	**3,999**	–
Deferred	**1,071**	–
Total tax charge for the year	**5,070**	–

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the jurisdictions in which the Group operates to the tax expense at the effective tax rate for the year is as follows:

	2011	2010
	HK$'000	*HK$'000*
Profit before tax from continuing operation	**5,205**	251
Tax at the statutory tax rate	**859**	41
Different tax rate enacted by local authority	**1,493**	1,348
Income not subject to tax	**(7)**	–
Expenses not deductible for tax	**2,750**	2,575
Tax losses utilised from previous periods	**(25)**	(3,964)
Tax charge for the year	**5,070**	–

7. DISCONTINUED OPERATION

On 21 September 2010, the Company announced the decision of its board of directors to dispose of its entire interest in Super Highway Services Limited and its subsidiaries (collectively the "Disposed Group"). The Disposed Group was engaged in the building services contracting and maintenance business. The disposal of the Disposed Group was completed on 28 September 2010. As at 31 March 2011, no assets or liabilities of the Group were attributable to the discontinued operation.

	2011	2010
	HK$'000	*HK$'000*
Revenue and other income	**1,817**	22,114
Expenses	**(1,517)**	(21,830)
Profit for the year from the discontinued operation	**300**	284
Gain on disposal of the Disposed Group	**449**	–
Profit before tax from the discontinued operation	**749**	284
Income tax expense	**–**	(34)
Profit for the year from the discontinued operation	**749**	250
Attributable to:		
Owners of the Company	**749**	342
Non-controlling interests	**–**	(92)
	749	250

The net cash flows incurred by the Disposed Group are as follows:

	2011	2010
	HK$'000	*HK$'000*
Operating activities	**1,358**	4,163
Investing activities	**(6,283)**	–
Financing activities	**–**	–
Net cash inflow/(outflow)	**(4,925)**	4,163
Earnings per share:		
Basic, from the discontinued operation	**0.22 cent**	0.10 cent
Diluted, from the discontinued operation	**0.11 cent**	0.05 cent

The calculation of basic and diluted earnings per share from discontinued operation is based on:

	2011	2010
Profit attributable to owners of the Company from the discontinued operation	**HK$749,000**	HK$342,000
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**347,326,000**	347,326,000
Weighted average number of ordinary shares used in the diluted earnings per share calculation	**672,089,193**	672,089,193

8. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings per share amount is based on the profit for the year attributable to owners of the Company, and the weighted average number of ordinary shares of 347,326,000 (2010: 347,326,000) in issue during the year.

The calculation of diluted earnings per share amount is based on the profit for the year attributable to owners of the Company, adjusted to reflect the interest on the convertible bonds, where applicable (see below). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

No adjustment has been made to the basic earnings per share amount presented for the years ended 31 March 2011 and 2010 in respect of a dilution as the impact of the convertible bonds outstanding had an anti-dilutive effect on the basic earnings per share amount presented.

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

	2011	2010
	HK$'000	*HK$'000*
Earnings		
Profit attributable to owners of the Company, used in the basic earnings per share calculation:		
From a continuing operation	**898**	291
From a discontinued operation	**749**	342
	1,647	633
Interests on convertible bonds	**9,835**	8,992
Profit attributable to owners of the Company before interests on convertible bonds	**11,482** *	9,625*
Attributable to:		
Continuing operation	**10,733**	9,283
Discontinued operation	**749**	342
	11,482	9,625

	Number of shares	
	2011	2010
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**347,326,000**	347,326,000
Effect of dilution of the convertible bonds on the weighted average number of ordinary shares	**324,763,193**	324,763,193
	672,089,193*	672,089,193*

* Because the diluted earnings per share amount increased when taking the convertible bonds into account, the convertible bonds had an anti-dilutive effect on the basic earnings per share for the year and were ignored in the calculation of diluted earnings per share. Therefore, diluted earnings per share amount is based on the profit for the year and the profit attributable to a continuing operation of HK$1,647,000 (2010: HK$633,000) and HK$898,000 (2010: HK$291,000), respectively, and the weighted average number of ordinary shares of 347,326,000 (2010: 347,326,000) in issue during the year.

9. TRADE RECEIVABLES

	2011	2010
	HK$'000	*HK$'000*
Trade receivables	**17,739**	19,085
Impairment	**(529)**	(3,260)
	17,210	15,825

The Group grants to its trade customers credit periods which normally range from cash on delivery of services to 60 days. A longer credit period is granted to a few customers with long business relationship 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 end of the reporting periods, based on the invoice date and net of impairment of trade receivables, is as follows:

	2011	2010
	HK$'000	*HK$'000*
0 to 30 days	**3,675**	5,084
31 to 60 days	**1,782**	2,107
61 to 90 days	**1,617**	286
Over 90 days	**10,136**	8,348
	17,210	15,825

10. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting periods, based on the invoice date, is as follows:

	2011	2010
	HK$'000	*HK$'000*
Current to 30 days	**2,793**	2,343
31 to 60 days	**2,084**	2,294
Over 60 days	**6,041**	2,683
	10,918	7,320

The trade payables are non-interest-bearing and are normally settled on 90-day terms (2010: 60-day terms).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the year ended 31 March 2011, the revenue of the Group's continuing operation, being the operation of the Guangxi Wharton International Hotel Limited (the "Nanning Hotel") located in Guangxi Province, the PRC, increased by 9.8% to HK$144.7 million (2010: HK$131.8 million). The increase was mainly attributable to the higher average room rate charged to customers and the improved performance in the restaurant operation of the Nanning Hotel. Owing to the improved revenue and gross profit of the hotel operation and a one-off recovery of bad debt as other operating income during the year, the Group's profit before tax from the continuing operation has surged to HK$5.2 million (2010: HK$0.3 million). During the year, the Nanning Hotel reported an average room rate of HK$629 (2010: HK$548) and an average occupancy rate of 73% (2010: 72%).

In September 2010, the Group completed the disposal of its entire interest in the building services contracting and maintenance business. The profit contributed to the Group by the disposed operation was HK$0.7 million (2010: HK$0.3 million). After the disposal, the hotel and restaurant operations have become the sole business of the Group.

As at 31 March 2011, net asset value attributable to owners of the Company increased by 5.2%, amounting to HK$207.3 million (2010: HK$197.0 million).

Business Prospects

Looking ahead, the Group is determined to further develop its existing core business in the Nanning Hotel. With the continuous effort by the PRC government in promoting the economies of the less developed regions and the rapid development of tourism industry in the second tier cities, the Board believes that the operation of the Nanning Hotel will continue to grow and contribute positively to the Group's performance in the coming years. The management of the Group will also explore and evaluate other potential investment opportunities cautiously which could bring long-term benefits to the Group.

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 2011, the Group had unpledged cash and bank deposit balances of approximately HK$106.5 million (2010: HK$86.9 million). As at 31 March 2011, the Group had outstanding bank borrowings of HK$264.3 million (2010: HK$256.5 million). The gearing ratio of the Group which represented the total bank borrowings to the total assets was 42% (2010: 42%).

Treasury and funding 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 lending rate of the People's Bank of China. The maximum bank facilities granted by bank to the Group is HK$377.6 million (2010: HK$361.6 million). Taking into account cash in hand and available credit facilities, the Group has sufficient working capital for its present requirements. 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 2011, the hotel properties held with an aggregate carrying amount of approximately HK$302.8 million (2010: HK$302.7 million) were mortgaged to a bank to secure banking facilities granted to the Group.

Employees and remuneration policy

The Group employed approximately 570 employees as at 31 March 2011 (2010: 610). 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 (2010: 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: the Audit Committee, the Remuneration Committee and the Nomination Committee which operate under the defined terms of reference and are required to report to the Board on a regular basis.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company had complied with the code provisions of the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 March 2011, 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 announcement.

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 other corporate matters happened during the year. Although the board meetings held during the year were not convened on a quarterly basis, the directors consider 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 Company's 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 considers that the continuity of office of the Executive Chairman and the 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 Remuneration Committee on 21 December 2006, which were 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 (the "AGM") of the Company. The chairman did not attend the 2010 AGM due to other business engagement. An executive director had chaired the 2010 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 2010 AGM, the chairperson of the AGM and chairman/member of the Audit Committee, the Remuneration Committee and the Nomination Committee were available to answer the questions raised by shareholders.

Directors' 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 2011.

Audit Committee

The audit committee of the Company (the "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 supervises the Group's financial reporting process and internal control. During the year ended 31 March 2011, the Audit Committee reviewed the accounting principles and policies adopted by the Company and discussed with management the financial reporting matters, internal controls, the unaudited interim results for the six months ended 30 September 2010 and the annual results for the year ended 31 March 2011. The financial statements of the Company and of the Group for the year ended 31 March 2011 had been reviewed by the Audit Committee.

PUBLICATION OF RESULTS ANNOUNCEMENT

The results announcement is published on the website of The Stock Exchange of Hong Kong Limited 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 websites in due course.

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

Hong Kong, 17 June 2011

As at the date hereof, the Board comprises 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.