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SHUN CHEONG HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 650)

MAJOR TRANSACTION

PROPOSED DISPOSAL OF PROPERTY

On 10 October 2005, Shun Cheong Real Estates, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement pursuant to which Shun Cheong Real Estates conditionally agreed to sell to the Purchaser, an independent third party, the Property for a cash consideration of HK\$16.5 million. The consideration was determined after arm's length negotiations between the parties.

The Directors estimate that the Disposal will result in a gain of approximately of HK\$0.6 million after expenses. Net proceeds from the Disposal will be used as the Group's working capital.

The Disposal constitutes a major transaction of the Company pursuant to Rule 14.06(3) of the Listing Rules and is subject to approval by the Shareholders in the SGM. A circular containing, amongst other things, further information relating to the Sale and Purchase Agreement and the Disposal and a valuation report on the Property, together with a notice convening the SGM will be dispatched to the Shareholders as soon as practicable.

Shareholders and the investing public should note that completion of the Sale and Purchase Agreement is conditional and they should exercise caution when dealing in the shares in the Company.

INTRODUCTION

On 10 October 2005, Shun Cheong Real Estates, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement pursuant to which Shun Cheong Real Estates conditionally agreed to sell to the Purchaser the Property for a cash consideration of HK\$16.5 million.

THE SALE AND PURCHASE AGREEMENT

Date of agreement	:	10 October 2005
Vendor	:	Shun Cheong Real Estates, an indirect wholly-owned subsidiary of the Company
Purchaser	:	Honey Lady International Limited
		To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser and its ultimate beneficial owner are not connected with the Company, the director, chief executive or substantial shareholders of the Company or any of its subsidiaries or an associate of any of them.
Asset subject to the Disposal	:	Workshops Nos. 1, 3, 5, 7 and 9, 2nd Floor, Premier Centre, 20 Cheung Shun Street, Lai Chi Kok, Kowloon, Hong Kong which will be delivered to the Purchaser for vacant possession on completion of the Disposal

Consideration : HK\$16.5 million, which was determined after arm's length negotiations between the parties and was agreed on normal commercial terms between the parties with reference to market prices as quoted by property agents. In arriving at the consideration, the Directors have taken into account the prevailing market conditions and prices of similar properties located in the nearby area.

Payment:

Pursuant to the Sale and Purchase Agreement, the consideration for the Disposal shall be paid in the following manner:

- (i) a sum of HK\$1.65 million shall be paid upon signing of the Sale and Purchase Agreement as deposit; and
- (ii) the balance of HK\$14.85 million shall be paid upon completion of the Disposal.

At the date of this announcement, the sum of HK\$1.65 million as described in (i) above has already been paid by the Purchaser.

Condition Precedent:

Completion of the Disposal is conditional upon the approval of the Disposal by Shareholders at the SGM, which is expected to be held as soon as practicable pursuant to the Listing Rules.

In the event that the conditions set out above are not fulfilled on or before 31 December 2005 or such other date as the parties may mutually agree, the Sale and Purchase Agreement will cease to be of any further effect, and none of the parties of the Sale and Purchase Agreement shall have any claims against the other and Shun Cheong Real Estates shall refund all deposits paid by the Purchaser.

Completion:

Completion shall take place within 30 days upon the above conditions are fulfilled or become unconditional, which is expected on or before 30 January 2006 or such other date as mutually agreed.

INFORMATION ON PROPERTY

Details of the Property are summarised below:

Address : Workshops Nos. 1, 3, 5, 7 and 9, 2nd Floor, Premier Centre, 20 Cheung Shun Street, Lai Chi Kok, Kowloon, Hong Kong

Floor area : The Property occupies a total gross floor area of approximately 7,361 square feet.

The Property is currently occupied by the Group as head offices. Upon completion of the Sale and Purchase Agreement, the Group plans to rent other premises as head offices.

The audited net book value of the Property as at 31 March 2005 was approximately HK\$15.7 million.

Based on the consideration from the sale of the Property, the Directors estimate that the Group will record a gain of approximately HK\$0.6 million after taking into account the relevant expenses in relation to the Disposal. Such gain, which is subject to review by the Company's auditors, will be recognized in the consolidated profit and loss account of the Group for the year ending 31 March 2006.

REASON FOR THE DISPOSAL

The Property is used by the Group as head offices. The Directors believe that it is to the benefit of the Group to take advantage of the current property market to dispose the Property to create additional liquidity to the Group for future business needs.

Having regard to the consideration for the Disposal of HK\$16.5 million and expected gain of approximately HK\$0.6 million arising from the Disposal, the Directors consider that the terms of the Disposal are fair and reasonable and that the Disposal is in the interests of the Company and Shareholders as a whole.

USE OF PROCEEDS

Net proceeds from the Disposal will be used as the Group's working capital.

GENERAL

The Group is principally engaged in the provision of multi-disciplinary building services, comprising electrical engineering, water pumping and fire services, air-conditioning installation, plumbing and drainage, environmental engineering, extra low voltage systems engineering and project management, as well as trading of electrical and mechanical engineering materials and equipment.

The Disposal constitutes a major transaction of the Company pursuant to Rule 14.06(3) of the Listing Rules and is therefore subject to approval by the Shareholders in the SGM. So far as is known to the Directors, no Shareholder has a material interest in the Disposal and accordingly no Shareholder is required to abstain from voting at the SGM to approve the Disposal.

A circular containing, amongst other things, further information relating to the Sale and Purchase Agreement and the Disposal and a valuation report on the Property, together with a notice convening the SGM will be dispatched to the Shareholders as soon as practicable.

Shareholders and the investing public should note that completion of the Sale and Purchase Agreement is conditional and they should exercise caution when dealing in the shares in the Company.

DEFINITIONS

In this announcement, the following expressions shall have the respective meanings set opposite thereto:

“associate”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Company”	Shun Cheong Holdings Limited, an exempted company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange
“Directors”	the directors of the Company
“Disposal”	the disposal of the Property pursuant to the terms of the Sale and Purchase Agreement
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Property”	Workshops Nos. 1, 3, 5, 7 and 9, 2nd Floor, Premier Centre, 20 Cheung Shun Street, Lai Chi Kok, Kowloon, Hong Kong
“Purchaser”	Honey Lady International Limited, a company incorporated in Hong Kong with limited liability
“Sale and Purchase Agreement”	the sale and purchase agreement entered into between Shun Cheong Real Estates and the Purchaser on 10 October 2005
“SGM”	the special general meeting of the Company to be convened to approve the Disposal
“Shareholder(s)”	registered holder(s) of the shares of the Company

“Shun Cheong Real Estates”

Shun Cheong Real Estates Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

On behalf of the Board
Shun Cheong Holdings Limited
Chan Yuen Keung, Zuric
Chairman

Hong Kong, 10 October 2005

As at the date hereof, the board of directors of the Company comprises of eight directors, of which five are Executive Directors, namely Chan Yuen Keung, Zuric, Hong Yiu, Yu Sek Kee, Stephen, Au Shiu Wai, Frank and Au Yu Fai, Patrick; and three are Independent Non-Executive Directors, namely Chan Chok Ki, Ho Hin Kwan, Edmund and Yu Hon To, David.

Please also refer to the published version of this announcement in The Standard.