SHUN CHEONG HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 650)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2005

The board of directors (the "Board") of Shun Cheong Holdings Limited (the "Company") announces that the unaudited condensed consolidated profit and loss account of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2005 and the condensed consolidated balance sheet of the Group as at 30 September 2005 together with comparative figures are as follows:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

		Six months ended 30 September	
		2005	2004
		(Unaudited)	(Unaudited and restated)
	Notes	***HK$'000***	*HK$'000*
TURNOVER	2	**245,488**	249,407
Cost of installation and costs of sales		**(224,681)**	(226,088)
Gross profit		**20,807**	23,319
Other revenue and gains		**1,129**	724
Administrative expenses		**(28,876)**	(31,490)
Other operating income and expenses, net		**135**	(976)
Finance costs	3	**(1,051)**	(775)
Loss before tax	4	**(7,856)**	(9,198)
Tax	5	**(101)**	(1,231)
LOSS FOR THE PERIOD		**(7,957)**	(10,429)
ATTRIBUTABLE TO:			
Equity holders of the parent		**(7,613)**	(12,446)
Minority interests		**(344)**	2,017
		(7,957)	(10,429)
LOSS PER SHARE – Basic	6	**(6.57 cents)**	(10.73 cents)

CONDENSED CONSOLIDATED BALANCE SHEET

	As at 30 September 2005 (Unaudited)	As at 31 March 2005 (Audited and restated)
	HK$'000	*HK$'000*
NON-CURRENT ASSETS		
Fixed assets	**18,629**	19,093
Available-for-sale investments	**2,500**	2,500
Investments at fair value through profit or loss	**647**	514
	21,776	22,107
CURRENT ASSETS		
Gross amount due from contract customers	**93,438**	90,500
Inventories	**–**	395
Trade and other receivable	**152,547**	175,244
Retention money receivable	**21,609**	22,505
Prepayments, deposits and other assets	**474**	604
Prepaid tax	**4,367**	4,693
Pledged time deposits	**26,800**	26,800
Cash and cash equivalents	**9,024**	8,261
	308,259	329,002
CURRENT LIABILITIES		
Gross amount due to contract customers	**56,176**	91,745
Trade payable	**55,325**	33,576
Bills payable	**6,472**	3,263
Retention money payable	**23,512**	24,623
Other payables and accruals	**59,914**	59,102
Tax payable	**377**	357
Interest bearing bank loans and overdrafts	**44,659**	46,886
	246,435	259,552
NET CURRENT ASSETS	**61,824**	69,450
TOTAL ASSETS LESS CURRENT LIABILITIES	**83,600**	91,557
NON-CURRENT LIABILITIES		
Loan from a minority shareholder of a subsidiary	**6,900**	6,900
Deferred tax liabilities	**26**	26
	6,926	6,926
	76,674	84,631

CAPITAL AND RESERVES		
Equity attributable to equity holders of the parent		
Issued capital	**1,159**	1,159
Reserves	**57,642**	65,255
	58,801	66,414
Minority interests	**17,873**	18,217
	76,674	84,631

Notes:

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements are prepared in accordance with the requirements of the 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". The accounting policies and basis of preparation adopted in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 31 March 2005, except in relation to the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs", which also include HKASs and Interpretations) that affect the Group and are adopted for the first time for the current period's financial statements:

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 11	Construction Contracts
HKAS 12	Income Taxes
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 39	Financial Instruments: Recognition and Measurement

The adoption of the HKAS 1, 2, 7, 8, 10, 11, 12, 16, 17, 18, 19, 21, 23, 24, 27, 33, 36 and 37 did not result in substantial changes to the Group's accounting policies. In summary:

– HKAS 1 has affected the presentation of minority interests, share of net after-tax results of associates and other disclosures.

– HKAS 2, 7, 8, 10, 11, 12, 16, 17, 18, 19, 21, 23, 27, 33, 36 and 37 had no material effect on the Group's policies.

– HKAS 24 has affected the identification of related parties and some other related-party disclosures.

The impact of the adoption of HKAS 32 and HKAS 39 is summarized as follows:

(i) *Available-for-sale investments*

In prior period, the Group classified its non-trading investments in unlisted equity securities as long term investments which were stated at cost less impairment losses.

Upon the adoption of HKAS 32 and HKAS 39, these securities are classified as available-for-sale investments. After initial recognition, available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the profit and loss account.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; and discounted cash flow analysis and option pricing models.

When the fair value of unlisted equity securities cannot be reliably measured because (1) the variability in the range of reasonable fair value estimates is significant for that investment, or (2) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

The Group assesses at each balance sheet date whether there is any objective evidence that an available-for-sale investment is impaired as a result of one or more events that occurred after the initial recognition of the assets ("loss events"), and that the loss event has an impact on the estimated future cash flows that can be reliably estimated.

If there is objective evidence of impairment, the cumulative loss that had been recognised directly in equity shall be removed from equity and recognised in the profit and loss account. The amount of the loss recognised in the profit and loss account shall be the difference between the acquisition cost and current fair value, less any impairment loss on that available-for-sale investment previously recognised in the profit and loss account.

This change in accounting policy has had no effect on the consolidated profit and loss account and retained profits. The comparatives on the consolidated balance sheet at 31 March 2005 have been restated to reflect the reclassification.

(ii) *Investments at fair value through profit or loss*

In prior periods, the Group's investments in listed equity securities which were expected not to be realised within 12 months from the balance sheet date was classified as long term investments and were measured at fair value, with unrealised gains and losses included in the profit and loss account.

Upon the adoption of HKAS 32 and HKAS 39, this investment is classified as investments at fair value through profit or loss.

This change in accounting policy has had no effect on the consolidated profit and loss account and retained profits. The comparatives on the consolidated balance sheet at 31 March 2005 have been restated to reflect the reclassification.

2. SEGMENT INFORMATION

(a) Business segments

The Group is principally engaged in the building services contracting business and project management and the trading of electrical and mechanical engineering materials and equipment. An analysis of the Group's revenue and results by business segments is as follows:

	Building services contracting business and project management Six months ended 30 September		Trading of electrical and mechanical engineering materials and equipment Six months ended 30 September		Eliminations Six months ended 30 September		Consolidated Six months ended 30 September	
	2005	2004	**2005**	2004	**2005**	2004	**2005**	2004
	(Unaudited)	(Unaudited and restated)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited and restated)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
CONTINUING OPERATIONS								
Segment revenue:								
Sales to external customers	**225,025**	237,651	**20,463**	11,756	**–**	–	**245,488**	249,407
Intersegment sales	**4**	–	**3,350**	1,152	**(3,354)**	(1,152)	**–**	–
	225,029	237,651	**23,813**	12,908	**(3,354)**	(1,152)	**245,488**	249,407
Segment results:	**(8,151)**	(7,027)	**75**	(1,081)	**–**	–	**(8,076)**	(8,108)
Interest income and unallocated gains, net							**1,271**	629
Impairment loss of available-for-sale investments							**–**	(944)
Finance costs							**(1,051)**	(775)
Loss before tax							**(7,856)**	(9,198)
Tax							**(101)**	(1,231)
Loss for the period							**(7,957)**	(10,429)

(b) Geographical segments

No geographical segment information is presented as over 90% of the Group's revenue is derived from customers based in Hong Kong, and over 90% of the Group's assets are located in Hong Kong.

3. FINANCE COSTS

	Six months ended 30 September	
	2005	2004
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on bank loans, overdrafts and other loans wholly repayable within five years	**764**	391
Interest on finance leases	**94**	43
Bank charges	**193**	341
	1,051	775

4. LOSS BEFORE TAX

Loss before tax from was arrived after charging/(crediting) the following:

	Six months ended 30 September	
	2005	2004
	(Unaudited)	(Unaudited and restated)
	HK$'000	*HK$'000*
Cost of inventories sold	**395**	7,230
Cost of installation	**224,286**	218,858
	224,681	226,088
Depreciation		
– owned fixed assets	**588**	933
– fixed assets held under finance lease	**–**	39
Minimum lease payments under operating leases in respect of land and buildings	**336**	703
Staff costs (including directors' emoluments)	**20,106**	24,655
Provision for bad and doubtful debt	**2,386**	–
(Gain)/loss on disposals of fixed assets	**(9)**	19
Impairment loss of available-for-sale investments	**–**	944
Unrealised (gain)/loss on investments at fair value through profit or loss	**(133)**	95
Interest income	**(651)**	(591)

5. TAX

	Six months ended 30 September	
	2005	2004
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Group:		
Current – Hong Kong	**101**	1,231
Current – Elsewhere	**–**	–
Deferred	**–**	–
	101	1,231

The Company is exempted from taxation in Bermuda until 2016. Hong Kong profits tax has been provided at the rate of 17.5% (2004:17.5%) 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.

6. LOSS PER SHARE

	Six months ended 30 September	
	2005	2004
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss		
Loss attributable to equity holders of the parent used in the basic loss per share calculation	**(7,613)**	(12,446)
Shares		
Number of ordinary shares in issue during the period used in the basic loss per share calculation	**115,930,400**	115,930,400

Diluted loss per share amounts for the six months ended 30 September 2005 and 2004 have not been presented as no diluting events existed during those periods.

7. COMPARATIVE AMOUNTS

As explained in note 1, due to the adoption of new and revised HKFRSs during the current period, the presentation of certain items and balances in the condensed consolidated financial statements have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been reclassified to conform with the current period's presentation.

INTERIM DIVIDEND

The Board does not propose the payment of an interim dividend for the six months ended 30 September 2005 (2004: nil).

REVIEW OF OPERATION

The Group's turnover for the six months ended 30 September 2005 was approximately HK$245 million (2004: HK$249 million). Loss attributable to equity holders of the Company was approximately HK$7.6 million (2004: HK$12.4 million). While the average gross profit ratio maintained at last year's level, the turnover of new E&M projects decreased by approximately HK$27 million as compared to last year, which was mainly due to the delay in commencement of actual works for major government contracts. The Group was awarded some new projects in Macau but these projects would only have contribution to the Group's revenue in the second half of this financial year. In view of fewer projects available in the Hong Kong market, the Group decided to reduce the headcount in Hong Kong so as to control the overhead. While there were fewer new projects in both public and private sectors in Hong Kong, the Group put more effort on Maintenance business, with the Hong Kong Government and Hong Kong Housing Authority as the major clients. During the period under review, the Maintenance business reached approximately HK$91 million in turnover, an increase of approximately HK$14 million over that of last year. The Group's Trading business, primarily the supply of generator sets, also recorded an increase in turnover of approximately HK$8.7 million to HK$20.5 million. With the increase in contribution from Maintenance and Trading businesses, the Group managed to reduce its loss by approximately HK$4.8 million.

As at 30 September 2005, the Group's uncompleted contracts on hand was approximately HK$891 million (31 March 2005: HK$718 million).

BUSINESS PROSPECT

The economy of Hong Kong continued to improve, with GDP in the third quarter of 2005 increased by 8.2% in real term year over year. The increase in GDP was mainly attributable to the export of goods and services. However, the construction sector remained weak. As the local economy continues to revive, it is expected that the difficult operating environment will improve with more private developments and increase in government spending in the public sector.

On the other hand, the rapid development in gambling and entertainment businesses in Macau brings great business opportunity to Hong Kong based construction companies, technical staff and skilled workers. During the period under review, the Group was awarded an aggregate sum of approximately HK$140 million contracts in Macau. The Group is actively exploring the market and is optimistic in obtaining more contracts in Macau.

FINANCIAL REVIEW

Liquidity and financial resources

The Group's total bank borrowings amounted to HK$44.7 million as at 30 September 2005 (as at 31 March 2005: HK$46.9 million), which represented trust receipt loans and overdrafts and were wholly repayable within one year.

Total cash and bank balances as at 30 September 2005 was HK$35.8 million (31 March 2005: HK$35.1 million), which included pledged time deposit of HK$26.8 million (31 March 2005: HK$26.8 million). The Group had a total of HK$11 million committed but undrawn banking facilities at period-end.

Subsequent to the balance sheet date, an aggregate sum of HK$16.5 million was received in respect of the disposal of the property located in Workshops Nos. 1, 3, 5, 7 and 9, 2nd Floor, Premier Centre, 20 Cheung Shun Street, Lai Chi Kok, Kowloon, Hong Kong which enhanced the working capital of the Group. Details of the transactions are set out in the section headed "Events after the Balance Sheet Date" below.

The gearing ratio of the Group, as measured by the total bank borrowings of HK$44.7 million to shareholders' fund of HK$58.8 million, was 76% as at 30 September 2005 (31 March 2005: 71%).

Funding and treasury policy

The assets and liabilities of the Group are mainly denominated in Hong Kong dollars. Accordingly, the Group has minimal exposure to foreign exchange fluctuation. However, the Group will closely monitor the overall currency and interest rate exposures. When considered appropriate, the Group will hedge against currency exposure as well as interest rate exposure.

Pledge of assets

As at 30 September 2005, the Group pledged bank time deposits of HK$26.8 million (31 March 2005: HK$26.8 million) to secure general banking facilities granted to the Group.

Contingent liability

As at 30 September 2005, the Group provides corporate guarantees to a bank and certain insurance companies amounted to HK$11.6 million for the issue of performance bonds and demand bonds.

Employees and remuneration policies

The Group employed approximately 260 staff in Hong Kong as at 30 September 2005. 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.

CONTINUING CONNECTED TRANSACTIONS

On 10 August 2004, Ever Billion Engineering Limited ("Ever Billion"), a wholly-owned subsidiary of the Company, entered into an agreement with Chinney Construction Company, Limited ("Chinney Construction") for the subcontracting of a three-year building and land maintenance contract dated 1 March 2004 awarded by the Architectural Services Department of the Government of the Hong Kong Special Administrative Region to Chinney Construction (the "Agreement"). Chan Yuen Keung, Zuric, the chairman and executive director of the Company, is also a director of and has 13.95% indirect beneficial interests in Chinney Construction. The Agreement constitutes a continuing connected transaction of the Company under the Listing Rules. Details of the continuing connected transactions were disclosed in a circular dated 24 August 2004 to all shareholders of the Company.

The continuing connected transaction was approved by independent shareholders of the Company on a special general meeting held on 16 September 2004 with an annual cap for the contract amount of the Agreement of HK$120 million for each of the three years ended/ending 31 March 2005, 2006 and 2007, and HK$78 million for the year ending 31 March 2008. During the six months ended 30 September 2005, the amount for the services provided under the Agreement was approximately HK$38,764,000.

EVENTS AFTER THE BALANCE SHEET DATE

On 10 October 2005, Shun Cheong Real Estates Limited ("SCRE"), an indirect wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement for the disposal of Workshops Nos. 1, 3, 5, 7 and 9, 2nd Floor, Premier Centre, 20 Cheung Shun Street, Lai Chi Kok, Kowloon, Hong Kong to a unrelated third party for a cash consideration of HK$16.5 million (the "Disposal"). A sum of HK$1.65 million was received by SCRE upon the signing of the sale and purchase agreement as deposit. The Disposal constituted a major transaction of the Company under the Listing Rules and was conditional upon the approval by the shareholders of the Company. Details of the transaction were disclosed in a circular to all shareholders of the Company dated 24 October 2005.

The Disposal was approved by the shareholders of the Company at a special general meeting of the Company held on 9 November 2005. The balance of the consideration of HK$14.85 million was received upon completion on 14 December 2005. Based on the sale proceeds of the Disposal, the Group would record a gain of approximately HK$0.6 million.

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 2005.

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 (a) all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment; and (b) every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

   According to the provisions of the Company's Bye-laws, at each annual general meeting one-third of the directors for the time being (or, if their number is not a multiple of three, the number nearest to one-third) shall retire from office by rotation provided that the Executive Chairman and/or the Managing Director of the Company shall not be subject to retirement by rotation or be taken into account in determining the number of directors to retire in each year.

   The Board will ensure the retirement of each director, other than those hold office as Executive Chairman and/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 and the 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 A.5.4 stipulates that the Board should establish written guidelines on no less exacting terms than the Model Code for relevant employees in respect of their dealing in the securities of the issuer.

   A Code for Securities Transactions for Relevant Employees which is on no less exacting terms than the Model Code has been adopted by the Board on 21 December 2005.

Audit Committee

The Audit Committee of the Company comprises three independent non-executive directors, namely Yu Hon To, David (Chairman), Chan Chok Ki and Ho Hin Kwan, Edmund. 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 2005 has not been audited, but has been reviewed by the Audit Committee.

REMUNERATION COMMITTEE

The Company has established the Remuneration Committee which comprises three members, namely Ho Hin Kwan, Edmund (Chairman) and Chan Chok Ki, who are independent non-executive directors, and Yu Sek Kee, Stephen, who is an executive director.

NOMINATION COMMITTEE

The Company has established the Nomination Committee which comprises three members, namely Chan Chok Ki (Chairman) and Yu Hon To, David, who are independent non-executive directors, and Chan Yuen Keung, Zuric, who is an executive director.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 September 2005, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

By Order of the Board
Chan Yuen Keung, Zuric
Chairman

Hong Kong, 21 December 2005

At the date of this announcement, the Board comprises 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.