SHUN CHEONG HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 650)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2006

The board of directors (the "Board") of Shun Cheong Holdings Limited (the "Company") announces that the unaudited condensed consolidated income statement of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2006 and the condensed consolidated balance sheet of the Group as at 30 September 2006 together with comparative figures are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 September	
		2006	2005
		(Unaudited)	(Unaudited and restated)
	Notes	***HK$'000***	*HK$'000*
CONTINUING OPERATION			
TURNOVER	*2*	**108,068**	87,590
Cost of maintenance		**(99,275)**	(78,130)
Gross profit		**8,793**	9,460
Other revenue and gains		**624**	11
Administrative expenses		**(8,273)**	(10,159)
Other operating income and expenses, net		**(1,609)**	(1,154)
Finance costs	*3*	**(76)**	(660)
LOSS BEFORE TAX	*4*	**(541)**	(2,502)
Tax	*5*	**(28)**	(35)
Loss for the period from a continuing operation		**(569)**	(2,537)
DISCONTINUED OPERATIONS			
Loss for the period from discontinued operations		**–**	(5,420)
LOSS FOR THE PERIOD		**(569)**	(7,957)
ATTRIBUTABLE TO:			
Equity holders of the parent		**(577)**	(7,613)
Minority interests		**8**	(344)
		(569)	(7,957)
LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	*6*		
Basic			
– From continuing and discontinued operations		**(0.50 cents)**	(6.57 cents)
– From a continuing operation		**(0.50 cents)**	(1.93 cents)

CONDENSED CONSOLIDATED BALANCE SHEET

	30 September 2006 (Unaudited) *HK$'000*	31 March 2006 (Audited) *HK$'000*
NON-CURRENT ASSETS		
Property, plant and equipment	**2,630**	2,742
CURRENT ASSETS		
Gross amount due from contract customers	**29,808**	28,011
Trade and other receivables	**64,877**	55,453
Retention money receivables	**1,097**	1,352
Prepayments, deposits and other assets	**595**	266
Cash and cash equivalents	**34,554**	37,088
Total current assets	**130,931**	122,170
CURRENT LIABILITIES		
Gross amount due to contract customers	**19,760**	12,833
Trade payables	**38,022**	21,279
Retention money payables	**1,552**	1,552
Other payables and accruals	**8,381**	23,282
Due to related companies	**9,715**	9,294
Tax payable	**162**	134
Total current liabilities	**77,592**	68,374
NET CURRENT ASSETS	**53,339**	53,796
Net assets	**55,969**	56,538
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	**1,159**	1,159
Reserves	**53,576**	54,153
	54,735	55,312
Minority interests	**1,234**	1,226
Total equity	**55,969**	56,538

Notes:

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

The unaudited interim condensed consolidated 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" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The unaudited interim condensed consolidated 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 2006.

Accounting policies

The accounting policies and basis of preparation adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in preparation of the Group's annual financial statements for the year ended 31 March 2006, except in relation to the following amendments to and interpretation of Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that affect the Group and are adopted for the first time for the current period's financial statements:

HKAS 39 Amendment	The Fair Value Option
HKAS 39 & HKFRS 4 Amendments	Financial Guarantee Contracts
HK(IFRIC)-Int 4	Determining whether an Arrangement contains a Lease

The adoption of these amendments and interpretation has had no material impact on the accounting policies of the Group and the methods of computation in the Group's unaudited interim condensed consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these unaudited interim condensed consolidated financial statements. The Group has already commenced an assessment of the potential impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on its result of operations and financial position.

HKAS 1 (Amendment)	Capital Disclosures[1]
HKFRS 7	Financial Instruments: Disclosures[1]
HK(IFRIC) – Int 8	Scope of HKFRS2[4]
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives[3]
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment[2]

[1] Effective for annual periods beginning on or after 1 January 2007.
[2] Effective for annual periods beginning on or after 1 November 2006.
[3] Effective for annual periods beginning on or after 1 June 2006.
[4] Effective for annual periods beginning on or after 1 May 2006.

2. SEGMENT INFORMATION

(a) Business segments

The Group is principally engaged in the building services maintenance business and project management. The contracting services and trading business were discontinued in March 2006. An analysis of the Group's revenue and results by business segments is as follows:

	Continuing operation		Discontinued operations									
	Maintenance Services Six months ended 30 September		Contracting Services Six months ended 30 September		Trading Business Six months ended 30 September		Sub-total Six months ended 30 September		Eliminations Six months ended 30 September		Consolidated Six months ended 30 September	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:												
Sales	**108,068**	87,590	**–**	185,621	**–**	20,463	**–**	206,084	**–**	(48,186)	**108,068**	245,488
Segment results:	**(1,089)**	(1,853)	**–**	(5,642)	**–**	(632)	**–**	(6,274)	**–**	–	**(1,089)**	(8,127)
Interest income and unallocated gains, net	**624**	11					**–**	1,118	**–**	–	**624**	1,129
Finance costs	**(76)**	(660)					**–**	(198)	**–**	–	**(76)**	(858)
Loss before tax	**(541)**	(2,502)					**–**	(5,354)	**–**	–	**(541)**	(7,856)
Tax	**(28)**	(35)					**–**	(66)	**–**	–	**(28)**	(101)
Loss for the period	**(569)**	(2,537)					**–**	(5,420)	**–**	–	**(569)**	(7,957)

(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

	Continuing operation		Discontinued operations		Total	
	Six months ended 30 September		Six months ended 30 September		Six months ended 30 September	
	2006	2005	**2006**	2005	**2006**	2005
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Interest on bank loans, overdrafts and other loans wholly repayable within five years	**76**	660	**–**	198	**76**	858

4. LOSS BEFORE TAX

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

	Continuing operation Six months ended 30 September		Discontinued operations Six months ended 30 September		Eliminations Six months ended 30 September		Total Six months ended 30 September	
	2006 (Unaudited) *HK$'000*	2005 (Unaudited) *HK$'000*	**2006 (Unaudited) *HK$'000***	2005 (Unaudited) *HK$'000*	**2006 (Unaudited) *HK$'000***	2005 (Unaudited) *HK$'000*	**2006 (Unaudited) *HK$'000***	2005 (Unaudited) *HK$'000*
Cost of inventories sold	**–**	–	**–**	395	**–**	–	**–**	395
Cost of maintenance and installation	**99,275**	78,130	**–**	194,342	**–**	(48,186)	**99,275**	224,286
	99,275	78,130	**–**	194,737	**–**	(48,186)	**99,275**	224,681
Depreciation	**112**	344	**–**	244	**–**	–	**112**	588
Minimum lease payments under operating leases in respect of land and buildings	**271**	230	**–**	106	**–**	–	**271**	336
Staff costs (including directors' emoluments)	**5,812**	8,135	**–**	11,971	**–**	–	**5,812**	20,106
Provision for doubtful debts	**1,609**	1,154	**–**	1,232	**–**	–	**1,609**	2,386
Unrealised (gain)/loss on investments at fair value through profit or loss	**–**	(133)	**–**	–	**–**	–	**–**	(133)
(Gain)/loss on disposals of items of property, plant and equipment	**–**	–	**–**	(9)	**–**	–	**–**	(9)

5. TAX

	Continuing operation Six months ended 30 September		Discontinued operations Six months ended 30 September		Total Six months ended 30 September	
	2006 (Unaudited) *HK$'000*	2005 (Unaudited) *HK$'000*	**2006 (Unaudited) *HK$'000***	2005 (Unaudited) *HK$'000*	**2006 (Unaudited) *HK$'000***	2005 (Unaudited) *HK$'000*
Group:						
Current – Hong Kong	**28**	35	**–**	66	**28**	101
Deferred	**–**	–	**–**	–	**–**	–
	28	35	**–**	66	**28**	101

Hong Kong profits tax has been provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profits arising in Hong Kong during the period.

6. LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

From continuing and discontinued operations

The calculation of the basic loss per share is based on the net loss for the period attributable to equity holders of the parent of HK$577,000 (2005: net loss of HK$7,613,000) and on the 115,930,400 (2005: 115,930,400) shares in issue during the period.

Diluted loss per share for the periods ended 30 September 2006 and 2005 have not been presented as no diluting events existed during either periods.

From a continuing operation

The calculation of the basic loss per share is based on the net loss for the period attributable to equity holders of the parent of HK$577,000 (2005: net loss of HK$2,240,000). The denominators used are the same as those detailed above for the basic loss per share from continuing and discontinued operations.

From discontinued operations

Basic loss per share for the discontinued operations for the six months ended 30 September 2005 was HK$4.63 cents per share based on the net loss for that period attributable to equity holders of the parent of HK$5,373,000. The denominators used are the same as those detailed above for the basic loss per share from continuing and discontinued operations.

7. CONTINGENT LIABILITIES

The Company provided certain representations, warranties and undertakings to Chinney Alliance Trading (BVI) Limited ("CAT") upon disposal of its subsidiaries engaging in building related contracting services on 31 March 2006 (the "Warranties"). CAT may claim the Company for breach of any of the Warranties up to a maximum amount of HK$10,000,000 until 31 March 2007, being 12 months from the completion of the disposal. Up to the date of the approval of these financial statements, the Company did not receive any claims from CAT in respect of the Warranties.

Save as disclosed above, the Group has no significant liabilities as at 30 September 2006.

8. COMPARATIVE AMOUNTS

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 2006 (2005: Nil).

REVIEW OF OPERATIONS

The Group's turnover for the six months ended 30 September 2006 was HK$108.1 million (2005: HK$87.6 million) and loss for the period was HK0.6 million (2005: HK$7.9 million comprising of HK$2.5 million from a continuing operation and HK$5.4 million from discontinued operations).

In March 2006, the Group disposed of Shun Cheong Investments and its subsidiaries engaging in building related contracting services for both the public and private sectors (the "Contracting Group"). For the purposes of disclosure in the financial statements, the businesses of the Contracting Group were regarded as discontinued operations. After the disposal, the business operations of the Group were basically building related maintenance services (the "Maintenance Services"). As a result of the adoption of new and revised accounting standards issued by the HKICPA, the consolidated income statement for the previous period is restated accordingly to conform with current period's presentation.

Consolidated turnover of HK$108.1 million for the six months ended 30 September 2006 was entirely attributable to the Maintenance Services, showing a 23.4% increase from HK$87.6 million for the previous period. The increase in business volume was primarily attributable to the increase in work orders received from the Hong Kong Government and the Hong Kong Housing Authority under the 3-year term maintenance contracts previously awarded. However, additional subcontracting fees were incurred for these maintenance contracts as well as the increase in material costs which caused a decrease in gross profit ratio. With the overhead control policy started in December 2005, the Group was able to achieve a saving of 21% in staff costs and hence, the Group's loss from a continuing operation reduced from HK$2.5 million for the previous period to HK$0.6 million for the current period.

BUSINESS PROSPECT

The economy of Hong Kong continued to improve, with GDP in the third quarter of 2006 expanded briskly by 6.8% in real term, up from 5.5% in the second quarter. The increase in GDP was mainly attributable to external trade. However, the performance of the construction sector remains weak. After the disposal of the Contracting Group, the Group concentrates on building related maintenance business which is by nature less susceptible to property development cycles of Hong Kong and has lower capital outlay compared with the businesses carried out by the Contracting Group. As at 30 September 2006, the Group had uncompleted contracts on hand of approximately HK$195 million (31 March 2006: HK$211 million). Your directors remain cautiously optimistic on the performance of the maintenance business for the rest of the financial year.

FINANCIAL REVIEW

Liquidity and financial resources

The Group's cash and bank balances are mostly in Hong Kong dollar. As at 30 September 2006, the Group has unpledged cash and bank deposit balances of approximately HK$34.6 million (31 March 2006: HK$37.1 million). The balances mainly came from the cash consideration of HK$35 million received upon the completion of the disposal of the Contracting Group on 31 March 2006. As at 30 September 2006, the Group had no outstanding bank borrowings (31 March 2006: Nil). The gearing ratio, which represented the total bank borrowings to the equity attributable to equity holders of the parent, was nil (31 March 2006: Nil). As the Group's transactions are mostly settled in Hong Kong dollar, the use of financial instruments for hedging purposes is not considered necessary.

Funding and treasury policy

The assets and liabilities of the Group are mainly denominated in Hong Kong dollar. 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 2006, the Group had no time deposits pledged to the banks (31 March 2006: Nil) to secure general banking facilities.

Investments

As at 30 September 2006, the Group had no investments in listed and unlisted equity securities. (31 March 2006: Nil).

Employees and remuneration policies
The Group employed approximately 150 staff in Hong Kong as at 30 September 2006. 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

(a) 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, who resigned as chairman and executive director of the Company on 19 July 2006, 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 Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"). Details of the continuing connected transaction 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 annual caps 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 of HK$78 million for the year ending 31 March 2008. During the six months ended 30 September 2006, the amount for the subcontracting services provided under the Agreement was approximately HK$63 million.

(b) On 31 December 2005, subcontracting agreements were entered into among Shun Cheong Electrical Engineering Company Limited ("SCEE") and Westco Airconditioning Limited ("Westco"), both as main contractors, which were disposed of in March 2006, and Tinhawk Company Limited ("Tinhawk", as a subcontractor), a subsidiary of the Company, for the subcontracting of certain maintenance work contracts. Pursuant to the subcontracting agreements, Tinhawk shall receive subcontracting fees from SCEE and/or Westco after deducting management fees calculated based on 3% of the contract amounts receivable from clients. Upon the completion of the Group's disposal of the Contracting Group on 31 March 2006, the above subcontracting arrangement constituted continuing connected transactions of the Company under the Listing Rules. Details of the subcontracting arrangements were set out in a circular to the shareholders of the Company dated 10 March 2006.

    The continuing connected transactions were approved by the independent shareholders of the Company at the special general meeting held on 27 March 2006 with annual caps for the total subcontracting fees receivables by the Group under the subcontracting agreements for the financial years ending 31 March 2007 and 2008 of HK$114 million and HK$82 million, respectively. During the six months ended 30 September 2006, the amount for the subcontracting services provided pursuant to the subcontracting agreements was approximately HK$44 million.

GENERAL INFORMATION

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 2006.

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.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

   The Company has not appointed a chief executive officer and Ms. Cao Jing, Chairman of the Company is responsible for the management of the Board. In view of the size of the Group, it is considered unnecessary to appoint a chief executive officer of the Company.

2. 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.

3. 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, (a) any director appointed to fill a casual vacancy shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election; and (b) at each annual general meeting one-third of the directors for the time being (or, if their number is not three or a multiple of three, then the number nearest one-third) shall retire from office by rotation save that the Executive Chairman 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 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 provides the Group a strong and consistent leadership and is of great importance to the smooth operations of the Group. As a result, the Board concurs that the Executive Chairman need not be subject to retirement by rotation. The Company currently has no Managing Director.

4. 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 determined by the Board and the Chairman of the Board respectively, taking into account of market situation and individual performance. This policy has been in place prior to the establishment of the Remuneration Committee.

Audit Committee

The Audit Committee of the Company comprises three independent non-executive directors, namely Yu Hon To, David (Chairman), Ye Jianping and Zhang Shaohua. 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 2006 has not been audited, but has been reviewed by the Audit Committee.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 September 2006, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

By Order of the Board
Cao Jing
Chairman

Hong Kong, 18 December 2006

As at the date of this announcement, the board of directors of the Company comprises of five directors, of whom two are executive directors, namely Ms. Cao Jing (Chairman) and Mr. Mo Tianquan; and three are independent non-executive directors, namely Mr. Yu Hon To, David, Professor Ye Jianping and Mr. Zhang Shaohua.

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