THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this prospectus or as to the actions to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Shun Cheong Holdings Limited, you should at once hand this prospectus and the accompany application forms to the purchaser or transferee or to the bank, licensed securities dealer or other agents through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Copies of the documents specified in the paragraph headed "Documents delivered to the Registrars of Companies" in Appendix II to this prospectus have been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) and filed with the Registrar of Companies in Bermuda in accordance with the Companies Act 1981 of Bermuda (as amended). The Registrar of Companies in Hong Kong, the Securities and Futures Commission of Hong Kong and the Registrar of Companies in Bermuda take no responsibility for the contents of any documents referred to above.

Dealings in the securities of Shun Cheong Holdings Limited may be settled through CCASS operated by HKSCC and you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests.

Subject to the granting of the listing of, and permission to deal in, the Offer Shares on the Stock Exchange the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Offer Shares on the Stock Exchange or such other dates as determined by HKSCC. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Shun Cheong Holdings Limited
順昌集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 650)

OPEN OFFER TO QUALIFYING SHAREHOLDERS ON THE BASIS OF ONE OFFER SHARE FOR EVERY TWO EXISTING SHARES HELD ON THE RECORD DATE

The latest time for acceptance of and payment for the Offer Shares and for application and payment for excess Offer Shares is 4:00 p.m. on 10 July 2007. The procedure for acceptance is set out on page 8 of this prospectus.

If, prior to the Latest Time for Termination (provided that if the date of the Latest Time for Termination shall be a business day on which tropical cyclone warning No. 8 or above or a "black" rainstorm warning signal is or remains hoisted or in effect between 9.00 a.m. and 12:00 noon on that day the date of the Latest Time for Termination shall be the next business day on which no tropical cyclone warning No. 8 or above or a "black" rainstorm warning signal is or remains hoisted or in effect between 9:00 a.m. and 12:00 noon on that day):

(i) the occurrence of the following events would, in the absolute opinion of the Underwriter, materially and adversely affect the business, financial or trading position or prospects of the Group as a whole or the success of the Open Offer or otherwise makes it inexpedient or inadvisable for the Company or the Underwriter to proceed with the Open Offer:

  (a) the introduction of any new law or regulation or any change in existing law or regulation or any material change in the judicial interpretation or application thereof or other occurrence of any nature whatsoever; or

  (b) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events or changes occurring or continuing before, on and/or after the date of the Underwriting Agreement and including an event or change in relation to or a development of an existing state of affairs) of a political, military, financial, regulatory, economic, currency or other nature (whether or not sui generis with any of the foregoing or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict) resulting in a material adverse change in, or which might reasonably be expected to result in a material adverse change in political, economic or stock market conditions; or

  (c) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances; or

  (d) a change or development involving a prospective material change in taxation in Hong Kong and Bermuda or the implementation of exchange controls which shall or might materially adversely affect the Company; or

  (e) any material change in market conditions, taxation or exchange control or combination of circumstances in Hong Kong and Bermuda (including without limitation suspension or material restriction on trading in securities);

(ii) if the Underwriter shall receive notification pursuant to the Underwriting Agreement of, or shall otherwise become aware of, the fact that any of the representations or warranties contained in the Underwriting Agreement was, when given, untrue or inaccurate or would be untrue or inaccurate if repeated as provided in the Underwriting Agreement and the Underwriter shall, in its absolute opinion, determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the business, financial or trading position or prospects of the Group taken as a whole or is otherwise likely to have a materially prejudicial effect on the Open Offer; or

(iii) any change occurs in the circumstances of the Group which in the opinion of the Underwriter would materially and adversely affect the business, financial or trading position or prospects of the subsidiaries of the Company as a whole; or

(iv) the Company commits any breach of or omits to observe any of the obligations or undertakings expressed to be assumed by it under the Underwriting Agreement which breach or omission, in the opinion of the Underwriter, would have a material and adverse effect on the business, financial or trading position of the subsidiaries of the Company as a whole; or

(v) the occurrence of any event, or series of events, beyond the control of the Underwriter (including, without limitation, acts of government, strike, lock-outs, fire, explosion, flooding, civil commotion, acts of war or acts of God) which, in the opinion of the Underwriter, have or would have the effect of making any part of the Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Open Offer or pursuant to the underwriting thereof.

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

If the Underwriter terminates the Underwriting Agreement, the Open Offer will not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

It should be noted that the Shares have been dealt in on an ex-entitlement basis since 18 June 2007. Dealings in such Shares take place while the conditions to which the Open Offer is subject remain unfulfilled. Any Shareholder or other person dealing in such Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be 12 July 2007), will accordingly bear the risk that the Open Offer may not become unconditional or may not proceed. Shareholders or other person contemplating selling or purchasing Shares during such period who is in any doubt about their position is recommended to consult their professional advisers.

26 June 2007

* *For identification purposes only*

CONTENTS

In this prospectus, unless the context otherwise requires, the following terms shall have the following meanings:

"Announcement"	the announcement made by the Company on 5 June 2007 in relation to the Open Offer
"Application Form(s)"	the SF(s) and the EAF(s)
"associate"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Business Day"	a day (other than Saturday, Sunday and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a "black" rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks are open for business in Hong Kong
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Company"	Shun Cheong Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
"Companies Ordinance"	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
"Director(s)"	the director(s) of the Company
"EAF(s)"	the form(s) of application for use by the Qualifying Shareholders to apply for excess Offer Shares, being in such usual form as may be agreed between the Company and the Underwriter
"Excluded Shareholder(s)"	Shareholders whose names appear on the register of members of the Company on the Record Date and whose addresses as shown on such register are outside Hong Kong where the Directors, after making enquiries, consider it necessary or expedient on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place not to offer the Offer Shares to such Shareholders

"Group"	the Company and its subsidiaries
"Hong Kong"	The Hong Kong Special Administrative Region of the People's Republic of China
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Last Trading Day"	4 June 2007, being the last full trading day immediately prior to the suspension of trading in the Shares on the Stock Exchange pending the issue of the Announcement
"Latest Acceptance Time"	4:00 p.m. on 10 July 2007 or such other time as Upsky may agree in writing with the Company, being the latest time for acceptance of the Offer Shares
"Latest Practicable Date"	21 June 2007, being the latest practicable date prior to the issue of this prospectus for ascertaining certain information contained herein
"Latest Time for Termination"	4:00 p.m. (Hong Kong time) on the second Business Day after the Latest Acceptance Time
"Listing Committee"	has the meaning ascribed thereto in the Listing Rules
"Listing Rules"	Rules Governing the Listing of Securities on the Stock Exchange
"Offer Share(s)"	57,965,200 new Share(s) to be issued and allotted under the Open Offer
"Open Offer"	the proposed offer of the Offer Shares on the basis of one Offer Share for every two existing Shares held by the Qualifying Shareholders at the Subscription Price on the Record Date
"Overseas Shareholder(s)"	Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date and whose registered address(es) on that date is/are in (a) place(s) outside Hong Kong
"PRC"	the People's Republic of China, for the purpose of this prospectus, excluding Hong Kong, Macau and Taiwan
"Posting Date"	26 June 2007 or such later date as Upsky may agree in writing with the Company for the despatch of the Prospectus Documents
"Prospectus"	this prospectus of the Company containing, among other things, details of the Open Offer

"Prospectus Documents"	the Prospectus and the Application Form(s)
"Qualifying Shareholders"	Shareholders whose names appear on the register of members of the Company at the close of business on the Record Date with registered addresses in the territories where the making of the Open Offer will not violate any relevant local laws, regulations and other requirements
"Record Date"	25 June 2007 or such other date as Upsky may agree in writing with the Company for the determination of entitlements of the Qualifying Shareholders under the Open Offer
"SF(s)"	the subscription form(s) being issued to Qualifying Shareholders in respect of their entitlement under the Open Offer
"SFC"	Securities and Futures Commission of Hong Kong
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Price"	subscription price for the Offer Shares, being HK$0.40 per Offer Share
"subsidiary" or "subsidiaries"	has the meaning ascribed to it under section 2 of the Companies Ordinance
"Upsky" or "Underwriter"	Upsky Enterprises Limited, a company wholly-owned by Mr. Mo Tianquan (an executive director of the Company) and the underwriter of the Open Offer
"Underwriting Agreement"	the underwriting agreement dated 5 June 2007 entered into between the Company and Upsky in relation to the underwriting of the Open Offer
"Underwritten Shares"	the Offer Shares which Upsky has agreed to underwrite pursuant to the Underwriting Agreement, being 22,876,076 Shares
"USA"	the United States of America
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"%"	per cent.

The expected timetable for the Open Offer is set out below:

	2007
Last day of dealings in Shares on a cum-entitlement basis	Friday, 15 June
First day of dealings in Shares on an ex-entitlement basis	Monday, 18 June
Latest time for lodging transfers of Shares in order to qualify for the Open Offer	4:30 p.m. on Wednesday, 20 June
Register of members closes (both dates inclusive)	Thursday, 21 June to Monday, 25 June
Record Date	Monday, 25 June
Register of members re-opens	Tuesday, 26 June
Despatch of the Prospectus Documents	Tuesday, 26 June
Latest time for acceptance of, and payment for, Offer Shares and for application and payment for excess Offer Shares	4:00 p.m. on Tuesday, 10 July
Open Offer expected to become unconditional on or before	4:00 p.m. on Thursday, 12 July
Announcement of results of the Open Offer to be published on the newspapers on or before	Tuesday, 17 July
Certificates for Offer Shares and refund cheques in respect of wholly or partly unsuccessful applications for excess Offer Shares expected to be despatched on or before	Tuesday, 17 July
Dealings in Offer Shares on the Stock Exchange expected to commence on	9:30 a.m. on Thursday, 19 July

Note: All times refer to Hong Kong local time in this prospectus.

The above timetable is indicative only and may be executed or varied as agreed by the Company and Upsky pursuant to the Underwriting Agreement. Any changes to the expected timetable will be published or notified to the Shareholders.

Shun Cheong Holdings Limited
順昌集團有限公司*
(Incorporated in Bermuda with limited liability)
(Stock code: 650)

Executive Directors:
Ms. Cao Jing *(Executive Chairman)*
Mr. Mo Tianquan

Independent non-executive Directors:
Mr. Yu Hon To, David
Professor Ye Jianping
Mr. Zhang Shaohua

Registered Office:
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Head office and principal place of business:
Suite 2302, Wing On Centre
111 Connaught Road Central
Hong Kong

26 June 2007

To the Shareholders,

Dear Sir or Madam,

INTRODUCTION

It was announced on 5 June 2007 that the Company proposes to raise approximately HK$23 million, before expenses, by issuing 57,965,200 Offer Shares by way of Open Offer to the Qualifying Shareholders at the Subscription Price of HK$0.40 per Offer Share on the basis of one Offer Share for every two existing Shares held on the Record Date.

The purpose of this prospectus is to provide you with further information regarding, among other things, the Open Offer and the financial and other information of the Group.

THE OPEN OFFER

The Company proposes to raise approximately HK$23 million, before expenses, by issuing 57,965,200 Offer Shares by way of Open Offer to the Qualifying Shareholders at the Subscription Price of HK$0.40 per Offer Share on the basis of one Offer Share for every two existing Shares held on the Record Date. There were no fund raising activities conducted by the Company in the 12 months preceding the date of the Announcement. The Open Offer is not available to the Excluded Shareholders.

* *For identification purposes only*

Issue statistics

Basis of the Open Offer:	One Offer Share for every two existing Shares held by the Qualifying Shareholders on the Record Date
Number of Shares in issue as at the Latest Practicable Date:	115,930,400 Shares
Number of Offer Shares to be issued:	57,965,200 Offer Shares
Subscription Price:	HK$0.40 per Offer Share

As at the Latest Practicable Date, the Company has no other share options, warrant derivatives or other securities convertible into or exchangeable for Shares outstanding.

TERMS OF THE OPEN OFFER

Subscription Price for the Offer Shares

The Subscription Price of HK$0.40 per Offer Share is payable in full when a Qualifying Shareholder accepts his/her/its allotment under the Open Offer or applies for excess Offer Shares.

The Subscription Price represents:

(i) a discount of approximately 51.22% to the closing price of HK$0.820 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 41.18% to the theoretical ex-entitlement price of approximately HK$0.68 per Share based on the closing price per Share as quoted on the Stock Exchange on the Last Trading Day;

(iii) a discount of approximately 51.40% to the average closing price of approximately HK$0.823 per Share for the previous ten trading days as quoted on the Stock Exchange up to and including the Last Trading Day;

(iv) a discount of approximately 15.25% to the unaudited net asset value per Share of HK$0.472 based on the interim report of the Company for the six months ended 30 September 2006;

(v) a discount of approximately 16.14% to the audited net asset value per Share of HK$0.477 based on the annual report of the Company for the year ended 31 March 2006;

(vi) a discount of approximately 55.56% to the closing price of HK$0.900 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and

(vii) a discount of approximately 61.72% to the average closing price of approximately HK$1.045 per Share for the previous ten trading days as quoted on the Stock Exchange up to and including the Latest Practicable Date.

Note: The theoretical ex-entitlement price is calculated based on the following formula:

$$\frac{(2 \text{ x closing price on the Last Trading Day}) + 1 \text{ x (the Subscription Price)}}{(2 + 1)}$$

The Subscription Price was determined after arm's length negotiation between the Company and Upsky with reference to prevailing market conditions, the price performance of the Shares and the financial position of the Company. The Board considers that the Subscription Price and the terms and conditions of the Open Offer are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

Qualifying Shareholders and Excluded Shareholders

To qualify for the Open Offer, a Shareholder must be registered as a member of the Company on the Record Date and must not be an Excluded Shareholder.

In order to be registered as a member of the Company on the Record Date, all transfer of Shares (together with the relevant share certificate(s)) must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. (Hong Kong time) on Wednesday, 20 June 2007 pursuant to the expected timetable.

The invitation to subscribe for the Offer Shares to be made to the Qualifying Shareholders will not be transferable. There will not be any trading in nil-paid entitlements on the Stock Exchange.

The Prospectus will not be registered or filed under the applicable securities or equivalent legislation of any jurisdiction other than Hong Kong and Bermuda. Based on the register of members of the Company, as at the Latest Practicable Date, there were 3 Overseas Shareholders whose registered addresses as shown in the register of members of the Company are outside Hong Kong, including the PRC, Spain and Malaysia. Pursuant to Rule 13.36(2)(a) (including notes 1 and 2 thereof) of the Listing Rules, the Board has made enquiries regarding the legal restrictions under the applicable securities legislation of the relevant jurisdictions and the requirements of the relevant regulatory body or stock exchange with respect to the offer of the Offer Shares to such Overseas Shareholders.

Based on the result of the enquiries, the Board was informed that there are no local regulatory compliance requirement or legal restrictions in these jurisdiction in connection with the proposed open offer. The Board is therefore of the view that it is necessary and expedient to extend the proposed open offer to all the above Overseas Shareholders.

It is the responsibility of any person (including but not limited to nominee, agent and trustee) outside Hong Kong wishing to make an application for the Offer Shares to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant territory or jurisdiction, including the obtaining of any governmental or other consents and to pay any levies, taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith. Any acceptance by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been complied with. Shareholders should consult their professional advisers if in doubt.

Closure of register of members

Pursuant to the expected timetable, the register of members of the Company will be closed from Thursday, 21 June 2007 to Monday, 25 June 2007, both dates inclusive. No transfer of Shares will be registered during this period.

Fractions of Offer Shares

The Company will not allot fractions of Offer Shares. All fractions of Offer Shares will be aggregated and will be sold in the market, if a premium (net of expenses) can be achieved, and the Company will retain the proceeds from such sale(s). Any unsold fractions of Offer Shares will be made available for excess application.

Procedure for acceptance and payment or transfer

The SF which entitles a Qualifying Shareholder to take up the number of the Offer Shares shown therein is enclosed with this prospectus. If Qualifying Shareholder wishes to accept all the Offer Shares provisionally allotted to him/her/it as specified in the SF, the Qualifying Shareholder must lodge the SF in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:00 p.m. on Tuesday, 10 July 2007. All remittances must be made in Hong Kong dollars. Cheques must be drawn on an account with, or cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "SHUN CHEONG HOLDINGS LIMITED – OPEN OFFER ACCOUNT" and crossed "ACCOUNT PAYEE ONLY". No receipt will be given for such remittance.

It should be noted that unless the SF, together with the appropriate remittance, has been lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, for completion of the relevant registration by 4:00 p.m. on Tuesday, 10 July 2007, the relevant provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

All cheques and cashier's orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Any SF in respect of which the accompanying cheque or cashier's order is dishonoured on first presentation is liable to be rejected, and in that event the relevant provisional allotment of the Offer Shares and all rights thereunder will be deemed to have been declined and will be cancelled.

If the Underwriter exercises its right to terminate its obligation under the Underwriting Agreement before the Latest Time for Termination or if any of the conditions precedent to the Open Offer (as set out in the sub-section headed "Conditions of the Open Offer" below) is not fulfilled (or, if appropriate, waived), the Open Offer will not proceed and the monies received (without interest) in respect of the relevant provisional allotment of the Offer Shares will be returned to the Qualifying Shareholders, by means of cheques crossed "ACCOUNT PAYEE ONLY" to be despatched by ordinary post to their registered addresses and in the case of joint applicants to the registered address of the applicant whose name first appears on the register of members or the transfer form at their own risk on or before Tuesday, 17 July 2007.

Application for Offer Shares in excess of assured allotments

Qualifying Shareholders will have the right to apply for any Offer Shares in excess of their own assured allotments under the SFs but are not assured of being allocated any Shares in excess of those in their assured allotments.

The Directors will allocate the Offer Shares in excess of assured allotments at their discretion, but on a fair and equitable basis, and will give preference to topping-up odd lots to whole board lots. Any Offer Shares not applied for by the Qualifying Shareholders will be taken up by the Underwriter.

Application for excess Offer Shares may be made by completing the EAF in accordance with the instructions printed thereon and lodging the same with a separate remittance for the excess Offer Shares being applied for with the Registrar by no later than 4:00 p.m. on Tuesday, 10 July 2007.

Shareholders with their Shares held by a nominee company should note that the Directors will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, Shareholders should note that the aforesaid arrangement in relation to the application for excess Offer Shares will not be extended to beneficial owners individually.

The latest time for acceptance of, and payment for, the Offer Shares and application for excess Offer Shares is expected to be at 4:00 p.m. on Tuesday, 10 July 2007, or such later date as may be agreed between the Company and the Underwriters in writing. All remittances must be made by cheque or cashier's order in Hong Kong dollars. Cheques must be drawn on account with, or cashier's order must be issued by, a licensed bank in Hong Kong and made payable to "SHUN CHEONG HOLDINGS LIMITED – EXCESS APPLICATION ACCOUNT" and crossed "ACCOUNT PAYEE ONLY". The Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, will notify you of any allotment of excess Offer Shares made to you, the allotment of which will be allocated on a fair and equitable basis to be decided at the sole discretion of the Directors by reference to the number of excess Offer Shares applied for by each Qualifying Shareholder, but the Directors will give preference to topping-up odd lots to whole board lots.

All cheques and cashier's orders will be presented for payment following receipt and all interest earned on such monies shall be retained for the benefit of the Company. Any EAF in respect of which the accompanying cheque or cashier's order is dishonoured on first presentation is liable to be rejected and cancelled.

If no excess Offer Shares are allotted to the Qualifying Shareholders, the amount tendered on application is expected to be refunded in full (without interest) on or before Tuesday, 17 July 2007. If the number of excess Offer Shares allotted to the Qualifying Shareholders is less than that applied for, the surplus application monies (without interest) are also expected to be refunded on or before Tuesday, 17 July 2007.

If the Underwriter exercises its right to terminate its obligation under the Underwriting Agreement before the Latest Time for Termination or if any of the conditions precedent to the Open Offer (as set out in the sub-section headed "Conditions of the Open Offer" below) is not fulfilled (or, if appropriate, waived), the Open Offer will not proceed and the monies received in respect of the relevant applications for excess Offer Shares will be refunded in full (without interest) to the Qualifying Shareholders or, in the case of joint applicants, to the first-named person without interest, by means of cheques crossed "ACCOUNT PAYEE ONLY" to be despatched by ordinary post at their own risk on or before Tuesday, 17 July 2007.

Effect of bad weather on the Latest Time for Acceptance and payment for the Offer Shares

If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong on the latest date for acceptance of and payment for the Offer Shares at any local time between 12:00 noon and 4:00 p.m., the Latest Acceptance Time will be postponed to 4:00 p.m. on the following Business Day, which does not have either of those warnings in force in Hong Kong at any time between 12:00 noon and 4:00 p.m.. Accordingly, the dates subsequent to the expected date of the Latest Acceptance Time mentioned in the section headed "Expected timetable" in this Prospectus may be affected. A press announcement will be made by the Company in such event as soon as practicable.

Share certificates

Subject to the fulfillment of conditions of the Open Offer as set out in the section headed "Conditions of the Open Offer" below, certificates for all fully-paid Offer Shares are expected to be posted on or before Tuesday, 17 July 2007 to those who have applied and paid for the Offer Shares at their own risk.

Application for Listing

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares on the Stock Exchange.

Dealings in the Offer Shares on the Stock Exchange will be subject to the payment of the applicable stamp duty, Stock Exchange trading fee, the SFC transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Status of the Offer Shares

The Offer Shares (when allotted, issued and fully-paid) will rank pari passu in all respects with the Shares in issue on the date of allotment. Holders of fully-paid Offer Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid by reference to a record date falling after the date of allotment of the Offer Shares.

UNDERWRITING ARRANGEMENTS

Underwriting Agreement

Date:	5 June 2007
Underwriter:	Upsky Enterprises Limited
Number of Offer Shares underwritten:	22,876,076 Offer Shares (representing all the Offer Shares other than those 35,089,124 Offer Shares irrevocably undertaken to be applied by Upsky)
Commission:	an underwriting commission of 1% of the aggregate Subscription Price of the Offer Shares underwritten by Upsky

Undertaking from Upsky

Upsky, holding 70,178,249 Shares as at the Latest Practicable Date (representing approximately 60.53% of the existing issued share capital of the Company), has irrevocably undertaken to the Company to take up its full entitlement of 35,089,124 Offer Shares under the Open Offer.

Underwritten Shares

The remaining balance of 22,876,076 Offer Shares have been fully underwritten by Upsky subject to and upon fulfillment of the terms and conditions of the Underwriting Agreement.

Termination of the Underwriting Agreement

The Underwriter reserves the right to terminate the arrangements set out in the Underwriting Agreement. If, prior to the Latest Time for Termination:

(i) the occurrence of the following events would, in the absolute opinion of the Underwriter, materially and adversely affect the business, financial or trading position or prospects of the Group as a whole or the success of the Open Offer or otherwise makes it inexpedient or inadvisable for the Company or the Underwriter to proceed with the Open Offer:

(a) the introduction of any new law or regulation or any change in existing law or regulation or any material change in the judicial interpretation or application thereof or other occurrence of any nature whatsoever; or

(b) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events or changes occurring or continuing before, on and/or after the date of the Underwriting Agreement and including an event or change in relation to or a development of an existing state of affairs) of a political, military, financial, regulatory, economic, currency or other nature (whether or not sui generis with any of the foregoing or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict) resulting in a material adverse change in, or which might reasonably be expected to result in a material adverse change in political, economic or stock market conditions; or

(c) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances; or

(d) a change or development involving a prospective material change in taxation in Hong Kong and Bermuda or the implementation of exchange controls which shall or might materially adversely affect the Company; or

(e) any material change in market conditions, taxation or exchange control or combination of circumstances in Hong Kong and Bermuda (including without limitation suspension or material restriction on trading in securities);

(ii) if the Underwriter shall receive notification pursuant to the Underwriting Agreement of, or shall otherwise become aware of, the fact that any of the representations or warranties contained in the Underwriting Agreement was, when given, untrue or inaccurate or would be untrue or inaccurate if repeated as provided in the Underwriting Agreement and the Underwriter shall, in its absolute opinion, determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the business, financial or trading position or prospects of the Group taken as a whole or is otherwise likely to have a materially prejudicial effect on the Open Offer; or

(iii) any change occurs in the circumstances of the Group which in the opinion of the Underwriter would materially and adversely affect the business, financial or trading position or prospects of the subsidiaries of the Company as a whole; or

(iv) the Company commits any breach of or omits to observe any of the obligations or undertakings expressed to be assumed by it under the Underwriting Agreement which breach or omission, in the opinion of the Underwriter, would have a material and adverse effect on the business, financial or trading position of the subsidiaries of the Company as a whole; or

(v) the occurrence of any event, or series of events, beyond the control of the Underwriter (including, without limitation, acts of government, strike, lock-outs, fire, explosion, flooding, civil commotion, acts of war or acts of God) which, in the opinion of the Underwriter, have or would have the effect of making any part of the Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Open Offer or pursuant to the underwriting thereof.

Upon the giving of notice by the Underwriter pursuant to the Underwriting Agreement, all obligations of the Underwriter as stated in the Underwriting Agreement shall cease and determine and (save for any antecedent breaches thereof) no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement provided that the Company shall repay the Underwriter forthwith in full the Subscription Price paid by the Underwriter to the Company pursuant to the Underwriting Agreement and remain liable to pay to the Underwriter such fees and expenses (other than underwriting commission) or as may then be agreed by the parties.

CONDITIONS OF THE OPEN OFFER

The Open Offer is conditional upon, among others, the fulfillment of the following conditions:

(i) (where required under the Companies Ordinance and the Listing Rules) the passing by the Shareholders of the necessary resolutions in general meeting to approve the Open Offer (including the arrangement on the Excluded Shareholders in respect of the Open Offer) on or before the Posting Date;

(ii) the delivery to the Stock Exchange and filing and registration with the Registrar of Companies in Hong Kong respectively of one copy of each of the Prospectus Documents each duly certified by all Directors (or by their agents duly authorised in writing) in compliance with section 38D of the Companies Ordinance (and all other documents required to be attached thereto) and otherwise complying with the requirements of the Companies Ordinance and the Listing Rules on or before the Posting Date;

(iii) (where applicable) the delivery to the Registrar of Companies in Bermuda one copy of the Prospectus and any other documents as required in compliance with the requirements of the Companies Act 1981 of Bermuda (as amended) on or before the Posting Date;

(iv) the posting of copies of the Prospectus Documents to the Qualifying Shareholders on or before the Posting Date;

(v) compliance with and performance of all the undertakings and obligations in accordance with the terms of the undertaking letter in all respects by the Underwriter before 4:00 p.m. on the second Business Day after the Latest Acceptance Time; and

(vi) the Listing Committee of the Stock Exchange (a) agreeing to grant the listing of and permission to deal in, the Offer Shares, either unconditionally or subject to such conditions which the Underwriter in its reasonable opinion accepts and the satisfaction of such conditions (if any); and (b) not having withdrawn or revoked the listing and permission.

Conditions (i) to (iv) have been fulfilled as at the Posting Date. In the event that the remaining conditions have not been satisfied and/or waived in whole or in part by the Underwriter in writing on or before the time and dates specified therein (or such other date as the Company and the Underwriter may mutually agree in writing) or if the Underwriter Agreement was being terminated, all obligations and liabilities of the parties hereto shall cease and determine and no party shall have any claim against the other parties (save for any antecedent breaches thereof) save that all such reasonable costs, fees and other out-of-pocket expenses (excluding underwriting fees and related expenses) as have been properly incurred by the Underwriter in connection with the underwriting of the 22,876,076 Offer Shares by the Underwriter shall be borne by the Company.

INFORMATION ON THE GROUP

In March 2006, the Group disposed of Shun Cheong Investments Limited and its subsidiaries engaging in building related contracting services for both the public and private sectors. After the said disposal, the business operations of the Group were basically building related maintenance services.

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 HK$0.6 million (2005: HK$7.9 million comprising of HK$2.5 million from a continuing operation and HK$5.4 million from discontinued operations).

REASONS OF THE OPEN OFFER AND USE OF PROCEEDS

The Directors consider that the Open Offer provides a good opportunity for the Group to raise funds to strengthen its capital base and improve its financial position to provide flexibility for the Group's future development and expansion.

As stated in the composite offer document of the Company dated 12 June 2006, it is the intention of Upsky to carry on the existing building related maintenance services business and the directors of Upsky will conduct a review of the financial position, operations and management of the Group with a view to determining the future strategy of the Group's business activities.

The net proceeds of the Open Offer, after deduction of expenses, are estimated to be approximately HK$22 million. The Company intends to apply such amount to strengthen the capital base of the Group in order to seize any investment opportunities to be identified by the Company and any remaining balance will be utilized as the Group's general working capital. As at the Latest Practicable Date, the Directors are still considering the future strategy of the Group's business activities and no suitable investment opportunities have been identified by the Directors.

WARNING OF THE RISKS OF DEALING IN SHARES AND OFFER SHARES

The Shares have been dealt with on an ex-entitlement basis from 18 June 2007. If Upsky terminates the Underwriting Agreement, or the conditions of the Underwriting Agreement are not fulfilled or waived, the Open Offer will not proceed. Any person dealing in the Shares on an ex-entitlement basis will accordingly bear the risk that the Underwriting Agreement may not become unconditional and the Open Offer may not proceed.

Any Shareholder or other person contemplating selling or purchasing Shares from now up to the date on which the Underwriting Agreement becomes unconditional, who is in any doubt about his/her position is recommended to consult his/her own professional advisers.

Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the changes in the shareholding structure of the Company arising from the Open Offer:

	As at the Latest Practicable Date		**Immediately following completion of the Open Offer assuming all the Shareholders have applied for the Offer Shares in full**		**Immediately following completion of the Open Offer assuming Upsky have applied for Offer Shares in full and Upsky in the capacity of the Underwriter takes up in full the underwriting commitment pursuant to the Underwriting Agreement**	
	Number of Shares	*Share-holding (%)*	*Number of Shares*	*Share-holding (%)*	*Number of Shares*	*Share-holding (%)*
Upsky	70,178,249	60.53	105,267,373	60.53	128,143,449	73.69
Other Shareholders	45,752,151	39.47	68,628,227	39.47	45,752,151	26.31
Total	115,930,400	100.00	173,895,600	100.00	173,895,600	100.00

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this prospectus.

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

SUMMARY OF FINANCIAL RESULTS

The following is a summary of the audited consolidated results for the three years ended 31 March 2006 and the unaudited interim results for the six months ended 30 September 2006 extracted from the published financial statements of the Group:

	Year ended 31 March			Six months ended 30 September
	2004	**2005**	**2006**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	734,189	123,780	195,871	108,068
Gross profit	100,598	7,703	21,516	8,793
Profit/(Loss) for the year/period	11,232	(34,567)	(11,323)	(569)
Net profit/(loss) attributable to equity holders of the Company	1,805	(33,729)	(11,102)	(577)
Earnings/(loss) per share attributable to equity holders of the Company	1.56 cents	(29.09) cents	(9.58) cents	(0.50) cents

The following is a summary of the audited consolidated assets and liabilities as at 31 March 2004, 31 March 2005 and 31 March 2006 and the unaudited consolidated assets and liabilities as at 30 September 2006 extracted from the published financial statements of the Group:

	As at 31 March			As at 30 September
	2004	**2005**	**2006**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Total non-current assets	24,403	22,107	2,742	2,630
Total current assets	297,310	329,002	122,170	130,931
Total non-current liabilities	7,047	6,926	0	0
Total current liabilities	195,442	259,552	68,374	77,592
Total equity attributable to equity holders of the Company	100,143	66,414	55,312	54,735

AUDITED FINANCIAL INFORMATION FOR THE YEAR ENDED 31 MARCH 2006

Set out below are the full texts of the auditors' report of the Company for the year ended 31 March 2006 as extracted from the 2006 annual reports of the Company. Reference to page numbers in the auditors' report and the audited financial statements of the Group is to the page numbers of the 2006 annual report of the Company.

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2006

	Notes	2006 HK$'000	2005 HK$'000 (Restated)
CONTINUING OPERATION			
TURNOVER	5	195,871	123,780
Cost of maintenance		(174,355)	(116,077)
Gross profit		21,516	7,703
Other revenue and gains	5	3	514
Administrative expenses		(19,879)	(21,461)
Other operating income/(expenses), net	6	(404)	(89)
Finance costs	7	(1,216)	(995)
Loss on disposal of subsidiaries	27	(2,818)	–
LOSS BEFORE TAX	6	(2,798)	(14,328)
Tax	10	(114)	(53)
Loss for the year from a continuing operation		(2,912)	(14,381)
DISCONTINUED OPERATIONS			
Loss for the year from discontinued operations	12	(8,411)	(20,186)
LOSS FOR THE YEAR		(11,323)	(34,567)
Attributable to:			
Equity holders of the parent	11	(11,102)	(33,729)
Minority interests		(221)	(838)
		(11,323)	(34,567)
LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	13		
Basic			
– From continuing and discontinued operations		(9.58) cents	(29.09) cents
– From a continuing operation		(2.64) cents	(11.44) cents
Diluted		N/A	N/A

CONSOLIDATED BALANCE SHEET

31 March 2006

	Notes	2006 HK$'000	2005 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	2,742	19,093
Long term investments	16	–	3,014
Total non-current assets		2,742	22,107
CURRENT ASSETS			
Gross amount due from contract customers	17	28,011	90,500
Inventories	18	–	395
Trade and other receivables	19	55,453	175,244
Retention money receivables		1,352	22,505
Prepayments, deposits and other assets		266	604
Tax recoverable		–	4,693
Pledged time deposits	20	–	26,800
Cash and cash equivalents	20	37,088	8,261
Total current assets		122,170	329,002
CURRENT LIABILITIES			
Gross amount due to contract customers	17	12,833	91,745
Trade payables	21	21,279	33,576
Bills payable		–	3,263
Retention money payables		1,552	24,623
Other payables and accruals	29(a)	23,282	59,102
Due to related companies	29(b)	9,294	–
Tax payable		134	357
Interest-bearing bank loans and overdrafts	22	–	46,886
Total current liabilities		68,374	259,552
NET CURRENT ASSETS		53,796	69,450
TOTAL ASSETS LESS CURRENT LIABILITIES		56,538	91,557

	Notes	2006 HK$'000	2005 HK$'000
NON-CURRENT LIABILITIES			
Loan from a minority shareholder of a subsidiary	23	–	6,900
Deferred tax liabilities	24	–	26
Total non-current liabilities		–	6,926
Net assets		56,538	84,631
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital	25	1,159	1,159
Reserves	26(a)	54,153	65,255
		55,312	66,414
Minority interests		1,226	18,217
Total equity		56,538	84,631

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2006

		Attributable to equity holders of the parent							
	Notes	Issued share capital *HK$'000*	Share premium account *HK$'000*	Contributed surplus *HK$'000*	Capital redemption reserve *HK$'000*	Retained profits/ (accumulated losses) *HK$'000*	Total *HK$'000*	Minority interests *HK$'000*	Total equity *HK$'000*
At 1 April 2004		46,372	110,632	–	132	(56,993)	100,143	19,081	119,224
Capital Reorganisation	25	(45,213)	(110,632)	46,909	–	108,936	–	–	–
Dissolution of subsidiaries	27	–	–	–	–	–	–	(26)	(26)
Loss for the year		–	–	–	–	(33,729)	(33,729)	(838)	(34,567)
At 31 March 2005 and 1 April 2005		1,159	–	46,909	132	18,214	66,414	18,217	84,631
Loss for the year		–	–	–	–	(11,102)	(11,102)	(221)	(11,323)
Dividend paid to a minority shareholder	28	–	–	–	–	–	–	(6,000)	(6,000)
Disposal of subsidiaries	27	–	–	–	–	–	–	(10,770)	(10,770)
At 31 March 2006		1,159	–	46,909	132	7,112	55,312	1,226	56,538

CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 March 2006

	Notes	2006 HK$'000	2005 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax:			
From a continuing operation		(2,798)	(14,328)
From discontinued operations	12	(8,358)	(19,498)
Adjustments for:			
Finance costs	7	1,666	1,084
Interest income	5	(960)	(1,317)
Gain on dissolution of an associate	5	–	(199)
Depreciation	6	1,048	1,749
Gain on disposal of items of property, plant and equipment	6	(693)	(29)
Provision for doubtful debts	6	3,125	1,531
Fair value gain on equity investments at fair value through profit or loss	6	(50)	–
Impairment of available-for-sale financial assets	6	2,160	–
Unrealised holding losses on long term investments	6	–	654
Loss/(gain) on disposal/dissolution of subsidiaries	27	2,818	(313)
Operating loss before working capital changes		(2,042)	(30,666)
Decrease/(increase) in gross amount due from contract customers		20,230	(5,702)
Decrease in inventories		395	2,853
Decrease/(increase) in trade and other receivables	28	16,006	(32,864)
Decrease in retention money receivables		1,710	2,839
Decrease/(increase) in prepayments, deposits and other assets		116	(59)
Increase/(decrease) in gross amount due to contract customers		(35,175)	29,918
Increase in trade payables		20,154	2,948
Increase/(decrease) in bills payable		4,464	(3,180)
Increase/(decrease) in retention money payables		(924)	3,881
Increase/(decrease) in other payables and accruals		(16,522)	14,855
Increase in amounts due to related companies		646	–
Cash generated from/(used in) operations		9,058	(15,177)
Interest paid		(1,666)	(1,041)
Interest element on finance lease rental payments		–	(43)
Hong Kong profits tax refunded/(paid)		1,538	(3,145)
Net cash inflow/(outflow) from operating activities – Page 27		8,930	(19,406)

	Notes	2006 HK$'000	2005 HK$'000
Net cash inflow/(outflow) from operating activities – page 26		8,930	(19,406)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		960	1,317
Purchases of items of property, plant and equipment	14	(2,846)	(656)
Proceeds from disposal of items of property, plant and equipment		16,182	578
Disposal/dissolution of subsidiaries	27	21,869	(133)
Net cash inflow from investing activities		36,165	1,106
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital element on finance lease rental payments		–	(180)
Increase/(decrease) in trust receipt loans		(12,512)	6,532
Repayment of bank loans		–	(3,333)
Net cash inflow/(outflow) from financing activities		(12,512)	3,019
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		32,583	(15,281)
Cash and cash equivalents at beginning of year		4,505	19,786
CASH AND CASH EQUIVALENTS AT END OF YEAR		37,088	4,505
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	20	2,088	2,751
Non-pledged time deposits with original maturity of less than three months when acquired	20	35,000	5,510
Time deposits with original maturity of less than three months when acquired, pledged as security for bank overdraft facilities	20	–	26,800
Bank overdrafts	22	–	(30,556)
		37,088	4,505

BALANCE SHEET

31 March 2006

	Notes	2006 HK$'000	2005 HK$'000
NON-CURRENT ASSETS			
Interests in subsidiaries and total non-current assets	15	7,459	59,878
CURRENT ASSETS			
Prepayments, deposits and other assets		109	209
Cash and cash equivalents	20	35,011	74
Total current assets		35,120	283
CURRENT LIABILITIES			
Other payables and accruals		2,101	219
Due to related companies	29(b)	757	–
Total current liabilities		2,858	219
NET CURRENT ASSETS		32,262	64
Net assets		39,721	59,942
EQUITY			
Issued capital	25	1,159	1,159
Reserves	26(b)	38,562	58,783
Total equity		39,721	59,942

NOTES TO FINANCIAL STATEMENTS

31 March 2006

1. CORPORATE INFORMATION

The Company was incorporated in Bermuda as an exempted company with limited liability on 20 August 1992 and its shares are listed on The Stock Exchange of Hong Kong Limited. Subsequent to the balance sheet date, Upsky Enterprises Limited, a company incorporated in British Virgin Islands, became the ultimate holding company of the Company. Further details are set out in note 34 to the financial statements.

During the year, the Group engaged in the following principal activities:

– building related contracting services, including the design and installation of electrical equipment, water pumps and fire services equipment, air-conditioning systems and plumbing and drainage systems in new buildings and project management ("Contracting Services").

– trading and installation of electrical and mechanical engineering materials and equipment ("Trading Business").

– building related maintenance services, including the maintenance of the above installations and general building maintenance ("Maintenance Services").

On 31 March 2006, the Group discontinued its Contracting Services and Trading Business upon the disposal of certain subsidiaries on that date. Further details regarding the discontinued operations are set out in notes 12 and 27 to the financial statements. The Group's subsidiaries engaging in the discontinued operations are collectively referred to as the "Contracting Group" and the Company and the remaining subsidiaries are collectively referred to as the "Remaining Group".

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include 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, except for equity investments which have been measured at fair value. These financial statements are presented in Hong Kong dollar ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2006. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

Minority interests represent the interests of outside shareholders in the results and net assets of the Company's subsidiaries.

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The following new and revised HKFRSs affect the Group and are adopted for the first time for the current year'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 14	Segment Reporting
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
HKAS 39 Amendment	Transition and Initial Recognition of Financial Assets and Financial Liabilities
HKFRS 3	Business Combinations
HKFRS 5	Non-current Assets Held for Sale and Discontinued Operations
HK-Int 4	Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases

The adoption of HKASs 2, 7, 8, 10, 11, 12, 14, 16, 18, 19, 21, 23, 27, 33, 36, 37, HKFRS 3 and HK-Int 4 has had no material impact on the accounting policies of the Group and the Company and the methods of computation in the Group's and the Company's financial statements.

HKAS 1 has affected the presentation of minority interests on the face of the consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity and other disclosures.

HKAS 24 has expanded the definition of related parties and affected the Group's related party disclosures.

The impact of adopting the other HKFRSs is summarised as follows:

(a) HKAS 17 – Leases

In prior years, leasehold land and buildings held for own use were stated at cost less accumulated depreciation and any impairment losses.

Upon the adoption of HKAS 17, the Group's leasehold interest in land and buildings should be separated into leasehold land and buildings and to be accounted for separately. Leasehold land is classified as an operating lease, because the title of the land is not expected to pass to the Group by the end of the lease term, while buildings continue to be classified as part of property, plant and equipment.

In accordance with HKAS 17, since the Group's lease payments cannot be allocated reliably between the land and building elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

The adoption of HKAS 17 has no effect on the consolidated income statement and the consolidated balance sheet for the years ended 31 March 2006 and 2005.

(b) HKAS 32 and HKAS 39 – Financial Instruments

Equity securities

In prior years, the Group classified its investments in equity securities as long term investments. Those investments which were intended to be held on a long term basis and for non-trading purposes were stated at their fair values on an individual basis with gains and losses recognised in the income statement. Upon the adoption of HKAS 39, these non-trading securities held by the Group at 1 April 2005 in the amount of HK$2,500,000 are designated as available-for-sale investments under the transitional provisions of HKAS 39 and accordingly are stated at fair value with gains or losses being recognised as a separate component of equity until subsequent derecognition or impairment. The remaining equity securities held by the Group at 1 April 2005 in the amount of HK$514,000 were designated as financial assets at fair value through profit or loss under the transitional provisions of HKAS 39 and accordingly are stated at fair value with gains or losses being recognised in the income statement.

The adoption of HKAS 39 has not resulted in any change in the measurement of these equity securities.

(c) HKFRS 5 – Non-current Assets Held for Sale and Discontinued Operations

The Group has applied HKFRS 5 prospectively in accordance with the transitional provisions of HKFRS 5, which has resulted in a change in accounting policy on the recognition of a discontinued operation. Under the previous SSAP 33 "Discontinuing Operations", the Group would recognise a discontinued operation at the earlier of:

- the date the Group enters into a binding sale agreement; and
- the date the board of directors have approved and announced a formal disposal plan.

HKFRS 5 requires a component of the Group to be classified as discontinued when the criteria to be classified as held for sale have been met or when that component of the Group has been disposed of. An item is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Such a component may represent a separate major line of business or geographical area of operations, part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or a subsidiary acquired exclusively with a view to resale. The principal impact of this change in accounting policy is that a discontinued operation is recognised by the Group at a later point than it would be under SSAP 33 due to the stricter criteria of HKFRS 5.

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements. Unless otherwise stated, these HKFRSs are effective for annual periods beginning on or after 1 January 2006:

HKAS 1 Amendment	Capital Disclosures
HKAS 19 Amendment	Actuarial Gains and Losses, Group Plans and Disclosures
HKAS 21 Amendment	Net Investment in Foreign Operation
HKAS 39 Amendment	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 Amendment	The Fair Value Option
HKAS 39 & HKFRS 4 Amendments	Financial Guarantee Contracts
HKFRSs 1 & 6 Amendments	First-time Adoption of Hong Kong Financial Reporting Standards and Exploration for and Evaluation of Mineral Resources
HKFRS 6	Exploration for and Evaluation of Mineral Resources
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 4	Determining Whether an Arrangement Contains a Lease
HK(IFRIC)-Int 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
HK(IFRIC)-Int 6	Liabilities arising from Participating in a Special Market – Waste Electrical and Electronic Equipment
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives

HKAS 1 Amendment shall be applied for annual periods beginning on or after 1 January 2007. The revised standard will affect the disclosures about qualitative information about the Group's objective, policies and processes for managing capital; quantitative data about what the Company regards as capital; and compliance with any capital requirements and the consequences of any non-compliance.

HKFRS 7 will replace HKAS 32 and has modified the disclosure requirements of HKAS 32 relating to financial instruments. This HKFRS shall be applied for annual periods beginning on or after 1 January 2007.

In accordance with the amendments to HKAS 39 regarding financial guarantee contracts, financial guarantee contracts are initially recognised at fair value and are subsequently measured at the higher of (i) the amount determined in accordance with HKAS 37 and (ii) the amount initially recognised, less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18.

The HKAS 19 Amendment, HKAS 39 Amendment regarding cash flow hedge accounting of forecast intragroup transactions, HKAS 21 Amendment, HKFRSs 1 and 6 Amendments, HKFRS 6, HK(IFRIC)-Int 5, HK(IFRIC)-Int 6, HK(IFRIC)-Int 7, HJK(IFRIC)-Int 8 and HK(IFRIC)-Int 9 do not apply to the activities of the Group. HK(IFRIC)-Int 6 shall be applied for annual periods beginning on or after 1 December 2005. HKAS 21 Amendment, HK(IFRIC)-Int 7, HK(IFRIC)-Int 8 and HK(IFRIC)-Int 9 shall be applied for annual periods beginning on or after 1 January 2006, 1 March 2006, 1 May 2006 and 1 June 2006, respectively.

Except as stated above, the Group expects that the adoption of the other pronouncements listed above will not have any significant impact on the Group's financial statements in the period of initial application.

2.4 SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES

Effect on the consolidated balance sheet

At 1 April 2005 **Effect of new policies** **(Increase/(decrease))**	**Effect of adopting HKASs 32 and 39** **Change in classification of equity investments *** *HK$'000*
Assets	
Long term investments	(3,014)
Available-for-sale financial assets	2,500
Equity investments at fair value through profit or loss	514
	–

* Adjustment/presentation taken effect prospectively from 1 April 2005

Except for the above, the effect of adopting new and revised HKFRSs has had no effect on the consolidated balance sheet as at 31 March 2006, the balances of equity at 1 April 2004 and at 1 April 2005 and the consolidated income statement for the years ended 31 March 2005 and 2006.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

Impairment of assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, construction contract assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years. A reversal of such impairment loss is credited to the income statement in the period in which it arises.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment and the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Land and buildings	2%
Furniture and office equipment	20%
Motor vehicles	20%
Leasehold improvements	3 years or over the lease terms, whichever is shorter

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at each balance sheet date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investments and other financial assets

Applicable to the year ended 31 March 2005:

The Group classified its equity investments, other than subsidiaries and associates, as long term investments.

Listed securities are stated at their fair values on the basis of their quoted market prices at the balance sheet date, on an individual investment basis. Unlisted securities are stated at their estimated fair values, on an individual basis. The estimated fair values of unlisted investments are determined by the directors having regard to, inter alia, the available audited financial statements or latest available unaudited financial information.

The gains or losses arising from changes in the fair value of a security that are held for non-trading purposes are credited or charged to the income statement in the period in which they arise.

Applicable to the year ended 31 March 2006:

Financial assets in the scope of HKAS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at the balance sheet date.

All regular way purchases and sales of financial assets are recognised on the trade date i.e., the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category "financial assets at fair value through profit or loss". Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in the income statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets in listed and unlisted equity securities that are designated as available for sale or are not classified in any of the other two categories. After initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses recognised as a separate component of equity until the investment is derecognised 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 income statement.

When the fair value of unlisted equity securities cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) 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.

Fair value

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; a discounted cash flow analysis and option pricing models.

Impairment of financial assets (applicable to the year ended 31 March 2006)

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Assets carried at cost

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial assets

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the income statement. Impairment losses on equity instruments classified as available-for-sale are not reversed through profit or loss.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;

- the Group retains the rights to receive cash flows from the asset, but has assumed an obligation to pay in full without material delay to a third party under a "pass-through" arrangement; or

- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, where the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in net profit or loss when the liabilities are derecognised as well as through the amortisation process.

Derecognition of financial liabilities (applicable to the year ended 31 December 2005)

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Installation and maintenance contracts and contracts in progress

Contract revenue comprises the agreed contract amount and appropriate amounts from variation orders, claims and incentive payments. Contract costs incurred comprise direct materials, the costs of subcontracting, direct labour and an appropriate proportion of variable and fixed installation and maintenance overheads.

Revenue from fixed price installation and maintenance contracts is recognised by the percentage of completion method, measured by reference to the percentage of certified work performed to date to the estimated total contract sum of the relevant contracts. When the outcome of the contracts cannot be estimated reliably, revenue is recognised only to the extent of certified work performed that is probable to be recoverable.

Provision is made for foreseeable losses as soon as they are anticipated by management.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from contract customers.

Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to contract customers.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement, or in equity if it relates to items that are recognised in the same or a different period directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the balance sheet date of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are initially recorded using the functional currency rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the balance sheet date. All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the balance sheet date, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the balance sheet date and, their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are included in a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

For the purpose of the consolidated cash flow statement, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the balance sheet, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Related parties

A party is considered to be related to the Group if:

(a) the party, directly, or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Company that gives it significant influence over the Group; or (iii) has joint control over the Group;

(b) the party is an associate;

(c) the party is a jointly-controlled entity;

(d) the party is a member of the key management personnel of the Group or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d); or

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases are included in property, plant and equipment and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the income statement so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the income statement on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the income statement on the straight-line basis over the lease terms.

Employee benefits

Paid leave carried forward

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the balance sheet date is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the balance sheet date for the expected future cost of such paid leave earned during the year by the employees and carried forward.

Retirement benefits schemes

The Group operates two defined contribution retirement benefits schemes, including an Occupational Retirement Schemes Ordinance retirement benefits scheme (the "ORSO Scheme") and a Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all of its employees (including executive directors).

The ORSO Scheme is managed by an independent trustee. The Group makes monthly contributions to the scheme at 5% to 15% of the employees' basic salaries while the employees are not required to make any contributions. The employees are entitled to receive 100% of the contributions made by the Group together with the accrued earnings thereon upon retirement or leaving the Group after completing 10 years of service or at a reduced scale of 30% to 90% after completing three to nine years of service. Forfeited contributions and related earnings are used to reduce the contributions payable by the Group.

Under the MPF Scheme, contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

The assets of both schemes are held separately from those of the Group in independently administered funds.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) from installation and maintenance contracts, on the percentage of completion basis, as further explained in the accounting policy for "Installation and maintenance contracts and contracts in progress" above;

(c) project management income, when project management services have been rendered; and

(d) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Judgements

The preparation of the Group's financial statements requires the use of estimates and assumptions about future events and conditions. In this connection, the directors consider the significant areas where management's judgement is necessary are those in relation to (i) the valuation of the Group's available-for-sale financial assets and equity investments at fair value through profit or loss; (ii) the provision for foreseeable losses on the amounts due from contract customers; and (iii) the recognition of losses on the Group's trade and other receivables and retention money receivables.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are considered to be reasonable. It should be noted that actual results could differ from those estimates.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

The Group tests annually whether property, plant and equipment has suffered any impairment, in accordance with the accounting policy stated in note 3. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates such as future revenue and discount rates.

4. SEGMENT INFORMATION

Segment information is presented by way of the Group's primary segment reporting basis, by business segment. In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets. No further 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.

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 business 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 business segments. The summarised details of the business segments are as follows:

(a) Maintenance Services: the building services maintenance business, which involves the maintenance of the installations mentioned in (b) below and general building maintenance.

(b) Contracting Services: the building services contracting business and project management segment, which includes 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; and

(c) Trading Business: the trading of electrical and mechanical engineering materials and equipment segment.

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

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's business segments for the years ended 31 March 2006 and 2005:

	Continuing operation		Discontinued operations											
	Maintenance Services		Contracting Services		Trading Business		Eliminations		Subtotal		Eliminations		Consolidated	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	HK$'000	*HK$'000*	*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	195,871	123,780	372,529	481,393	44,764	26,144	(5,564)	(1,963)	411,729	505,574	(98,687)	(79,323)	508,913	550,031
Segment results	538	(13,829)	(6,573)	(15,219)	(712)	(5,085)	–	–	(7,285)	(20,304)	–	–	(6,747)	(34,133)
Interest income and unallocated gains	3	514							1,489	1,502	–	–	1,492	2,016
Impairment of available-for-sale financial assets	–	–	(2,160)	–	–	–	–	–	(2,160)	–	–	–	(2,160)	–
Fair value gain on equity investments at fair value through profit or loss	–	–	50	–	–	–	–	–	50	–	–	–	50	–
Unrealised holding losses on long term investments	–	–	–	(654)	–	–	–	–	–	(654)	–	–	–	(654)
Gain/(loss) on disposal of property, plant and equipment	695	(18)	12	47	(14)	–	–	–	(2)	47	–	–	693	29
Finance costs	(1,216)	(995)							(450)	(89)	–	–	(1,666)	(1,084)
Loss on disposal of subsidiaries	(2,818)	–							–	–	–	–	(2,818)	–
Loss before tax	(2,798)	(14,328)							(8,358)	(19,498)	–	–	(11,156)	(33,826)
Tax	(114)	(53)							(53)	(688)	–	–	(167)	(741)
Loss for the year	(2,912)	(14,381)							(8,411)	(20,186)	–	–	(11,323)	(34,567)
Assets and liabilities														
Segment assets	124,912	99,751	–	171,001	–	7,032	–	–	–	178,033	–	–	124,912	277,784
Unallocated assets	–	32,793	–	83,309	–	6,117	–	(15,552)	–	73,874	–	(63,898)	–	42,769
Bank overdrafts included in segment assets	–	547	–	25,236	–	4,773	–	–	–	30,009	–	–	–	30,556
Total assets	124,912	133,091							–	281,916	–	(63,898)	124,912	351,109
Segment liabilities	68,374	64,459	–	139,815	–	8,035	–	–	–	147,850	–	–	68,374	212,309
Unallocated liabilities	–	32,305	–	53,631	–	17,127	–	(15,552)	–	55,206	–	(63,898)	–	23,613
Bank overdrafts included in segment assets	–	547	–	25,236	–	4,773	–	–	–	30,009	–	–	–	30,556
Total liabilities	68,374	97,311							–	233,065	–	(63,898)	68,374	266,478
Other segment information:														
Depreciation	496	911	550	798	2	40	–	–	552	838	–	–	1,048	1,749
Capital expenditure	124	508	2,708	148	14	–	–	–	2,722	148	–	–	2,846	656
Provision for doubtful debts	1,099	71	1,614	139	412	1,321	–	–	2,026	1,460	–	–	3,125	1,531

5. TURNOVER, OTHER REVENUE AND GAINS

Turnover represents the net invoiced value of services rendered and goods sold, after allowances for returns and trade discounts, and an appropriate proportion of contract revenue from long term installation and maintenance contracts during the year.

An analysis of the Group's turnover, other revenue and gains is as follows:

	Continuing operation		Discontinued operations		Eliminations		Total	
	2006	2005	2006	2005	2006	2005	2006	2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover								
Building services contracting and maintenance businesses	195,871	123,780	369,912	479,171	(98,687)	(79,323)	467,096	523,628
Project management income	–	–	2,649	2,222	–	–	2,649	2,222
Trading and installation of electrical and mechanical engineering materials and equipment	–	–	39,168	24,181	–	–	39,168	24,181
	195,871	123,780	411,729	505,574	(98,687)	(79,323)	508,913	550,031
Other revenue								
Interest income	3	327	957	990	–	–	960	1,317
Others	–	187	532	–	–	–	532	187
	3	514	1,489	990	–	–	1,492	1,504
Gains								
Gain on dissolution of subsidiaries	–	–	–	313	–	–	–	313
Gain on dissolution of an associate	–	–	–	199	–	–	–	199
	–	–	–	512	–	–	–	512
	3	514	1,489	1,502	–	–	1,492	2,016

6. LOSS BEFORE TAX

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

	Continuing operation		Discontinued operations		Eliminations		Total	
	2006	2005	2006	2005	2006	2005	2006	2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost of inventories sold	–	–	395	17,332	–	–	395	17,332
Cost of maintenance and installation	174,355	116,077	387,935	472,364	(98,687)	(79,323)	463,603	509,118
	174,355	116,077	388,330	489,696	(98,687)	(79,323)	463,998	526,450
Depreciation	496	911	552	838	–	–	1,048	1,749
Minimum lease payments under operating leases in respect of land and buildings	478	476	559	619	–	–	1,037	1,095
Auditors' remuneration	326	348	495	452	–	–	821	800
Employee benefits expenses (including directors' remuneration *(note 8)*):								
Wages, salaries and bonus	30,918	25,853	20,268	25,105	–	–	51,186	50,958
Pension scheme contributions	1,398	1,239	970	1,782	–	–	2,368	3,021
Less: Forfeited contributions	(63)	–	(330)	(309)	–	–	(393)	(309)
Net pension scheme contributions*	1,335	1,239	640	1,473	–	–	1,975	2,712
	32,253	27,092	20,908	26,578	–	–	53,161	53,670
Less: Amount capitalised in contract costs	(16,910)	(10,537)	–	–	–	–	(16,910)	(10,537)
Amounts charged to administrative expenses	15,343	16,555	20,908	26,578	–	–	36,251	43,133
Loss on disposal of subsidiaries *(note 27)*	2,818	–	–	–	–	–	2,818	–
Other operating (income)/ expenses, net								
Provision for doubtful debts	1,099	71	2,026	1,460	–	–	3,125	1,531
Recovery of previously provided doubtful debts	–	–	–	(134)	–	–	–	(134)
(Gain)/loss on disposal of items of property, plant and equipment	(695)	18	2	(47)	–	–	(693)	(29)
Impairment of available-for-sale financial assets	–	–	2,160	–	–	–	2,160	–
Fair value gain on equity investments at fair value through profit or loss	–	–	(50)	–	–	–	(50)	–
Unrealised holding losses on long term investments	–	–	–	654	–	–	–	654
	404	89	4,138	1,933	–	–	4,542	2,022

* As 31 March 2006, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2005: Nil).

7. FINANCE COSTS

	Continuing operation		Discontinued operations		Total	
	2006	**2005**	**2006**	**2005**	**2006**	**2005**
	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	1,216	995	450	46	1,666	1,041
Interest on finance leases	–	–	–	43	–	43
	1,216	995	450	89	1,666	1,084

No interest was capitalised by the Group in the current or prior years.

8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Fees:		
Executive directors	–	–
Independent non-executive directors	360	362
	360	362
Other emoluments to executive directors:		
Salaries, allowances and benefits in kind	3,189	3,322
Performance related payments	–	330
Pension scheme contributions	159	175
Gratuity	160	–
	3,508	3,827
	3,868	4,189

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2006 *HK$'000*	2005 *HK$'000*
Yu Hon To, David	120	122
Ho Hin Kwan, Edmund	120	120
Chan Chok Ki	120	120
	360	362

There were no other emoluments payable to the independent non-executive directors during the year (2005: Nil).

(b) Executive directors

	Fees *HK$'000*	Salaries, allowances and benefits in kind *HK$'000*	Performance related payments *HK$'000*	Pension scheme contributions *HK$'000*	Gratuity *HK$'000*	Total remuneration *HK$'000*
2006						
Executive directors:						
Au Shiu Wai, Frank	–	907	–	80	160	1,147
Au Yu Fai, Patrick	–	975	–	67	–	1,042
Chan Yuen Keung, Zuric	–	1,307	–	12	–	1,319
Hong Yiu	–	–	–	–	–	–
Yu Sek Kee, Stephen	–	–	–	–	–	–
	–	3,189	–	159	160	3,508
2005						
Executive directors:						
Au Shiu Wai, Frank	–	1,040	80	96	–	1,216
Au Yu Fai, Patrick	–	975	150	67	–	1,192
Chan Yuen Keung, Zuric	–	1,307	100	12	–	1,419
Hong Yiu	–	–	–	–	–	–
Wong Sai Wing, James	–	–	–	–	–	–
Yu Sek Kee, Stephen	–	–	–	–	–	–
	–	3,322	330	175	–	3,827

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group included three (2005: three) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining two (2005: two) non-director, highest paid employees for the year are as follows:

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	1,557	1,557
Performance related payments	–	120
Pension scheme contributions	122	122
	1,679	1,799

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2006	**2005**
HK$1 to HK$1,000,000	2	1
HK$1,000,001 to HK$1,500,000	–	1
	2	2

10. TAX

The Company is exempted from tax in Bermuda until 2016. 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 year.

	Continuing operation		Discontinued operations		Total	
	2006	**2005**	**2006**	**2005**	**2006**	**2005**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Group:						
Current – Hong Kong						
Charge for the year	114	19	53	793	167	812
Under/(over)provision in prior years	–	53	–	(3)	–	50
Deferred *(note 24)*	–	(19)	–	(102)	–	(121)
Total tax charge for the year	114	53	53	688	167	741

A reconciliation of the tax credit applicable to loss before tax using the statutory rate in Hong Kong to the tax expense for the year is as follows:

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Loss before tax (including loss from discontinued operations)	(11,156)	(33,826)
Tax at the statutory tax rate of 17.5% (2005: 17.5%)	(1,952)	(5,919)
Adjustments in respect of current tax of previous years	–	50
Income not subject to tax	(122)	(2)
Expenses not deductible for tax	1,510	448
Tax losses utilised from previous years	(1,009)	(226)
Tax losses not recognised	1,677	6,402
Others	63	(12)
Tax expense for the year	167	741
Tax charge attributable to discontinued operations *(note 12)*	(53)	(688)
Tax charge attributable to a continuing operation reported in the consolidated income statement	114	53

11. NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The net loss from ordinary activities attributable to equity holders of the parent for the year ended 31 March 2006 dealt with in the financial statements of the Company was approximately HK$20,221,000 (2005: HK$2,267,000) (note 26(b)).

12. DISCONTINUED OPERATIONS

In March 2006, the Group disposed of its Contracting Services and Trading Businesses under a sale and purchase agreement (the "Disposal Agreement") entered into between the Company and Chinney Alliance Trading (BVI) Limited ("CAT"), a wholly-owned subsidiary of Chinney Alliance Group Limited ("CAG"), a then substantial shareholder of the Company, whereby the entire issued share capital of its wholly-owned subsidiary, Shun Cheong Investments Limited ("SCI"), was sold for a cash consideration of HK$35,000,000 (the "Disposal). The Disposal was completed on 31 March 2006 after the following conditions had been satisfied:

(i) a corporate restructuring (the "Corporate Restructuring") was undertaken such that SCI became the holding company of a group of companies engaging in Contracting Services and Trading Business (the "Contracting Group");

(ii) an aggregate amount of approximately HK$18,053,000 due from the Contracting Group to the Remaining Group was waived (the "Waiver") and was taken into account in arriving at the net assets of the Contracting Group on disposal;

(iii) the Disposal was approved by the Company's independent shareholders at a special general meeting which was held on 27 March 2006;

(iv) the disposal was approved by the shareholders of CAG at a special general meeting which was held on 27 March 2006; and

(v) the execution of a deed of indemnity by CAG in favour of the Company (the "Deed of Indemnity") pursuant to which CAG guarantees and indemnifies unconditionally and irrevocably all liabilities and all obligation of the Company under the corporate guarantees provided by the Company to banks for general banking facilities granted to certain subsidiaries of the Contracting Group, as well as the liabilities of CAT for warranties provided by CAT. The Deed of Indemnity was executed by CAG on 31 March 2006.

Details of the principal subsidiaries included in the Remaining Group are set out in note 15 to the financial statements.

The results attributable to the discontinued operations for the year are presented below:

	2006	**2005**
	HK$'000	*HK$'000*
Turnover	411,729	505,574
Cost of installation and cost of sales#	(388,330)	(489,696)
Gross profit	23,399	15,878
Other revenue and gains	1,489	1,502
Administrative expenses	(28,658)	(34,856)
Other operating income/(expenses), net	(4,138)	(1,933)
Finance costs	(450)	(89)
Loss before tax	(8,358)	(19,498)
Tax	(53)	(688)
Loss for the year from discontinued operations	(8,411)	(20,186)
Minority interests	366	(281)
Loss for the year attributable to the equity holders of the parent	(8,045)	(20,467)

The Contracting Group's cost of installation and cost of sales included approximately HK$98,687,000 (2005: HK$79,323,000) for building related maintenance services rendered by certain subsidiaries within the Remaining Group during the year. As set out in note 4 to the financial statements, such costs would be eliminated on consolidation.

The net cash flows attributable to the discontinued operations are as follows:

	2006	2005
	HK$'000	*HK$'000*
Net cash inflow/(outflow) from operating activities	21,976	(4,497)
Net cash inflow/(outflow) from investing activities	(591)	1,291
Net cash outflow from financing activities	(12,512)	(10,468)
Net cash inflow/(outflow)	8,873	(13,674)
Loss per share:		
Basic	(6.94) cents	(17.65) cents
Diluted	N/A	N/A

The calculations of basic loss per share from the discontinued operations are based on:

	2006	2005
	HK$'000	*HK$'000*
Net loss attributable to equity holders of the parent from the discontinued operations	8,045	20,467

	Number of shares	
	2006	2005
Weighted average number of shares in issue during the year used in the basic loss per share calculation	115,930,400	115,930,400

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

The calculation of loss per share amounts is based on the net loss for the year attributable to equity holders of the parent, and the weighted average number of ordinary shares in issue during the year.

The calculations of basic loss per share are based on:

	Group	
	2006	2005
	HK$'000	*HK$'000*
Loss		
Loss attributable to equity holders of the parent		
From a continuing operation	3,057	13,262
From discontinued operations	8,045	20,467
	11,102	33,729

	Number of shares 2006	2005
Shares		
Weighted average number of shares in issue during the year used in the basic loss per share calculation	115,930,400	115,930,400

Diluted loss per share amounts for the years ended 31 March 2006 and 2005 have not been presented as no diluting events existed during either years.

14. PROPERTY, PLANT AND EQUIPMENT

Group

	Land and buildings *HK$'000*	Furniture and office equipment *HK$'000*	Motor vehicles *HK$'000*	Leasehold improvements *HK$'000*	Total *HK$'000*
31 March 2006					
At 31 March 2005 and at 1 April 2005:					
Cost	22,378	4,737	1,462	756	29,333
Accumulated depreciation	(4,214)	(3,952)	(1,341)	(733)	(10,240)
Net carrying amount	18,164	785	121	23	19,093
At 1 April 2005, net of accumulated depreciation	18,164	785	121	23	19,093
Additions	–	743	–	2,103	2,846
Disposals	(15,460)	(29)	–	–	(15,489)
Depreciation provided during the year	(320)	(505)	(43)	(180)	(1,048)
Disposal of subsidiaries *(note 27)*	(28)	(753)	–	(1,879)	(2,660)
At 31 March 2006, net of accumulated depreciation	2,356	241	78	67	2,742
At 31 March 2006:					
Cost	3,086	798	271	266	4,421
Accumulated depreciation	(730)	(557)	(193)	(199)	(1,679)
Net carrying amount	2,356	241	78	67	2,742

Group

	Land and buildings *HK$'000*	Furniture and office equipment *HK$'000*	Motor vehicles *HK$'000*	Leasehold improvements *HK$'000*	Total *HK$'000*
31 March 2005					
At 31 March 2004 and at 1 April 2004:					
Cost	22,378	9,802	4,505	1,750	38,435
Accumulated depreciation	(3,765)	(8,479)	(3,870)	(1,586)	(17,700)
Net carrying amount	18,613	1,323	635	164	20,735
At 1 April 2004, net of accumulated depreciation	18,613	1,323	635	164	20,735
Additions	–	352	271	33	656
Disposals and write-offs	–	(30)	(510)	(9)	(549)
Depreciation provided during the year	(449)	(860)	(275)	(165)	(1,749)
At 31 March 2005, net of accumulated depreciation	18,164	785	121	23	19,093
At 31 March 2005:					
Cost	22,378	4,737	1,462	756	29,333
Accumulated depreciation	(4,214)	(3,952)	(1,341)	(733)	(10,240)
Net carrying amount	18,164	785	121	23	19,093

The Group's land and buildings are located in Hong Kong and are held under medium-term leases.

The Group had no pledged property, plant and equipment as at 31 March 2006. At 31 March 2005, certain of the Group's land and buildings with an aggregate net book value of HK$15,716,000 were pledged to secure general banking facilities granted to the Group (note 22).

15. INTERESTS IN SUBSIDIARIES

	Company 2006 *HK$'000*	2005 *HK$'000*
Unlisted shares, at cost	1	33,116
Due from a subsidiary	7,486	147,434
Due to a subsidiary	(28)	–
	7,459	180,550
Impairment	–	(120,672)
	7,459	59,878

The balances with subsidiaries are unsecured, interest-free, and have no fixed terms of repayment.

The carrying amounts of the balances with subsidiaries approximate to their fair values.

Particulars of the principal subsidiaries at the balance sheet date are as follows:

Name	Place of incorporation and operations	Nominal value of issued ordinary share capital	Percentage of equity attributable to the Company*	Principal activities
Ever Billion Engineering Limited	Hong Kong	HK$100	100.00	Provision of building and electrical maintenance services
Shun Cheong Real Estates Limited	Hong Kong	HK$10,000	100.00	Property holding
Tinhawk Company Limited	Hong Kong	HK$2,000,000	90.00	Installation and maintenance of water pumps and fire prevention and fighting systems

* All the above subsidiaries are held indirectly by the Company.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

16. LONG TERM INVESTMENTS

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Listed equity investments in Hong Kong, at market value	–	514
Unlisted equity investments, at fair value	–	2,500
	–	3,014

As at 1 April 2005, upon the Group's adoption of HKASs 32 and 39, the Group's investments in equity securities were designated as either available-for-sale financial assets or equity investments at fair value through profit or loss. Further details regarding the changes in the classification of the Group's equity investments are set in note 2.4 to the financial statements.

17. GROSS AMOUNT DUE FROM/(TO) CONTRACT CUSTOMERS

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Gross amount due from contract customers	28,011	90,500
Gross amount due to contract customers	(12,833)	(91,745)
	15,178	(1,245)
Contract costs incurred plus recognised profits less recognised losses and foreseeable losses to date	827,741	3,284,629
Less: Progress billings	(812,563)	(3,285,874)
	15,178	(1,245)

18. INVENTORIES

Inventories comprised electrical cables, conduits, wiring accessories, light fittings and switch gears.

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Merchandise for sale	–	395

19. TRADE AND OTHER RECEIVABLES

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Trade receivables	28,590	122,992
Other receivables	26,863	52,252
	55,453	175,244

The Group grants to its trade customers credit periods normally ranging 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.

An aged analysis of the trade receivables as at the balance sheet date, based on invoice date and net of provisions for bad and doubtful debts, is as follows:

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
0 to 30 days	11,450	60,816
31 to 60 days	3,905	11,867
61 to 90 days	3,841	6,738
Over 90 days	9,394	43,571
	28,590	122,992

Included in the Group's trade receivables balance as at 31 March 2006 as set out above are amounts due from a related company, Chinney Construction Company, Limited ("Chinney Construction"), of approximately HK$506,000 (2005: HK$41,442,000), which arose from the provision of various building and maintenance services. Please refer to note 29(a) for details of related party transactions with Chinney Construction.

20. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	Group		Company	
	2006	**2005**	**2006**	**2005**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cash and bank balances	2,088	2,751	11	74
Time deposits	35,000	32,310	35,000	–
	37,088	35,061	35,011	74
Less: Pledged time deposits	–	(26,800)	–	–
Cash and cash equivalents	37,088	8,261	35,011	74

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one week and one month depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The carrying amounts of the cash and bank balances and the time deposits approximate to their fair values.

21. TRADE PAYABLES

An aged analysis of the trade payables as at the balance sheet date, based on invoice date, is as follows:

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
0 to 30 days	6,474	17,321
31 to 60 days	2,703	7,414
Over 60 days	12,102	8,841
	21,279	33,576

The trade payables are non-interest-bearing and are normally settled on 60-day terms.

22. INTEREST-BEARING BANK LOANS AND OVERDRAFTS

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Current:		
Bank overdrafts – secured	–	25,490
Bank overdrafts – unsecured	–	5,066
Trust receipt loans – unsecured	–	16,330
	–	46,886

The maturity of the above bank loans and overdrafts is as follows:

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Analysis into:		
Bank overdrafts repayable within one year or on demand	–	30,556
Trust receipt loans repayable within three months from date of advance	–	16,330
	–	46,886

As at 31 March 2005, the bank overdrafts and trust receipt loans as set out above bore interest at floating interest rates and their carrying amounts approximated to their fair values.

As at 31 March 2005, the Group's banking facilities, including overdrafts, letters of credit and bank guarantees of approximately HK$76,500,000, of which HK$67,793,000 have been utilised as at the balance sheet date, were secured by bank deposits of the Group of approximately HK$26,800,000 (note 20) and certain of the Group's land and buildings with an aggregate net book value of approximately HK$15,716,000 (note 14).

The Group did no have any banking facilities as at 31 March 2006.

23. LOAN FROM A MINORITY SHAREHOLDER OF A SUBSIDIARY

The loan from a minority shareholder of a subsidiary was unsecured, interest-free and had no fixed terms of repayment.

On 31 March 2006, the loan was assumed by the Contracting Group upon the completion of the Disposal *(note 27)*.

24. DEFERRED TAX LIABILITIES

The movements in deferred tax liabilities during the year are as follows:

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Accelerated tax depreciation		
At 1 April	26	147
Deferred tax credited to the consolidated income statement during the year *(note 10)*	–	(121)
Disposal of subsidiaries *(note 27)*	(26)	–
Deferred tax liabilities at 31 March	–	26

The Group has tax losses arising in Hong Kong of approximately HK$15,345,000 (2005: HK$72,244,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time or whose future profit streams are unpredictable.

At 31 March 2006, there was no significant unrecognised deferred tax liability (2005: Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries as the Group has no liability to additional tax should such amounts be remitted.

25. SHARE CAPITAL

	Company	
	2006	**2005**
	HK$'000	*HK$'000*
Authorised:		
8,000,000,000 ordinary shares of HK$0.01 each (2005: 8,000,000,000 ordinary shares of HK$0.01 each)	80,000	80,000
Issued and fully paid:		
115,930,400 ordinary shares of HK$0.01 each (2005: 115,930,400 ordinary shares of HK$0.01 each)	1,159	1,159

In the prior year, pursuant to a special resolution passed on 16 September 2004, the following share consolidation, capital reduction, share sub-division and cancellation of share premium account (hereinafter known as the "Capital Reorganisation") were effected. The details are set out below:

(a) the consolidation of every four ordinary shares of HK$0.10 each (issued and unissued) into one ordinary share of nominal value of HK$0.40 (the "Consolidated Share");

(b) the reduction of the nominal value of each Consolidated Share in issue from HK$0.40 to HK$0.01 by the cancellation of HK$0.39 from the paid-up capital of each Consolidated Share;

(c) the sub-division of each authorised but unissued Consolidated Share of HK$0.40 into 40 ordinary shares of HK$0.1 each (the "New Share");

(d) the increase of the authorised share capital to HK$80,000,000 by the creation of 4,521,285,600 New Shares of HK$0.01 each ranking pari passu in all respects with each other;

(e) the application of the total credit of HK$45,212,856 arising from the capital reduction as detailed in (b) above to set off the accumulated losses of the Company of HK$108,935,656 as at 31 March 2004, and

(f) the cancellation of the share premium account of HK$110,631,927 and the application of the credit so arising as follows:

    (i) to eliminate the balance of the accumulated losses of the Company as at 31 March 2004; and

    (ii) to apply the remaining credit of HK$46,909,127 arising therefrom to the Company's contributed surplus account.

Upon completion of the Capital Reorganisation, the authorised share capital of the Company became HK$80,000,000 divided into 8,000,000,000 shares of HK$0.10 each. The issued share capital of the Company was reduced from HK$46,372,160 dividing into 463,721,600 shares of HK$0.10 each to HK$1,159,304 dividing into 115,930,400 shares of HK$0.01 each.

A summary of the transactions during the year ended 31 March 2005 with reference to the above movements in the Company's issued ordinary share capital is as follows:

	Number of Shares in issue	**Issued share capital**	**Share premium account**	**Total**
		HK$'000	*HK$'000*	*HK$'000*
At 1 April 2004	463,721,600	46,372	110,632	157,004
Share consolidation *(a)*	(347,791,200)	–	–	–
Capital reduction *(b)*	–	(45,213)	–	(45,213)
Cancellation of share premium account *(f)*	–	–	(110,632)	(110,632)
At 31 March 2005, at 1 April 2005 and at 31 March 2006	115,930,400	1,159	–	1,159

26. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 25 of the financial statements.

(b) Company

	Share premium account	Contributed surplus	Capital redemption reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2004	110,632	14,009	132	(108,936)	15,837
Capital Reorganisation *(note 25)*	(110,632)	46,909	–	108,936	45,213
Loss for the year	–	–	–	(2,267)	(2,267)
At 31 March 2005 and 1 April 2005	–	60,918	132	(2,267)	58,783
Loss for the year	–	–	–	(20,221)	(20,221)
At 31 March 2006	–	60,918	132	(22,488)	38,562

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus is distributable to shareholders in certain circumstances.

27. DISPOSAL/DISSOLUTION OF SUBSIDIARIES

	2006	2005
	HK$'000	*HK$'000*
Net assets disposed of:		
Property, plant and equipment	2,660	–
Available-for-sale equity investments	340	–
Equity investments at fair value through profit or loss	564	–
Gross amount due from contract customers	42,259	–
Trade and other receivables	94,660	6
Retention money receivables	19,443	–
Due from the Remaining Group	9,353	–
Prepayments, deposits and other assets	222	–
Tax recoverable	2,765	–
Pledged time deposits	26,800	–
Cash and bank balances	7,841	133
Gross amount due to contract customers	(43,737)	–
Trade payables	(32,451)	–
Bills payable	(7,727)	–
Retention money payables	(22,147)	–
Other payables and accruals	(21,393)	(426)
Due to related companies	(705)	–
Trust receipt loans	(3,818)	–
Bank overdrafts	(21,510)	–
Deferred tax liabilities	(26)	–
Loan from a minority shareholder of a subsidiary	(6,900)	–
Minority interests	(10,770)	(26)
	35,723#	(313)
(Loss) on disposal/gain on dissolution of subsidiaries	(2,818)	313
	32,905	–
Satisfied by:		
Cash	35,000	–
Less: Relevant costs for the Disposal	(2,095)	–
	32,905	–

The carrying amount of net assets disposed of as set out above was arrived at after taking into account of the Waiver amounting HK$18,053,000 as set out in note 12 to the financial statements.

An analysis of the net inflow/(outflow) of cash and cash equivalents in respect of the disposal/dissolution of subsidiaries is as follows:

	2006	2005
	HK$'000	*HK$'000*
Cash consideration	35,000	–
Cash and bank balances disposed of	(7,841)	(133)
Pledged time deposits disposal of	(26,800)	–
Bank overdrafts disposed of	21,510	–
Net inflow/(outflow) of cash and cash equivalents in respect of the disposal/dissolution of subsidiaries	21,869	(133)

The subsidiaries disposed of in the year ended 31 March 2006 contributed HK$411,729,000 to the Group's consolidated turnover and loss of HK$8,411,000 to the Group's consolidated loss for the year.

The results of the subsidiaries dissolved in the year ended 31 March 2005 had no significant impact on the Group's consolidated turnover or loss for that year.

28. NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT

Major non-cash transaction

During the year, the Group paid dividend of HK$6,000,000 to a minority shareholder of a former subsidiary by offsetting against other receivables due from it.

29. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

		Group	
		2006	2005
	Notes	*HK$'000*	*HK$'000*
Billing of building maintenance works and building services installation works to Chinney Construction	*(i)*	108,358	120,152
Purchase of merchandise from Chinney Alliance Engineering Limited	*(ii)*	491	817
Sub-contracting charge paid to a 49.9% minority shareholder of Shun Wing for the completion of work orders of a building maintenance contract		2,249	25,846

Notes:

(i) Chinney Construction is a company of which Wong Sai Wing, James (who resigned as chairman and executive director of the Company on 17 September 2004) and Chan Yuen Keung, Zuric are also directors and have indirect beneficial interests therein.

The transactions constituted continuing connected transactions for the Group under the Listing Rules.

The amount due from Chinney Construction is unsecured, interest-free and is repayable within normal credit terms of 60 days. Details of the balance are included in note 19 to the financial statements. The maximum amount due from Chinney Construction during the year was HK$10,466,211 (2005: HK$47,369,000).

As at 31 March 2006, the Group also had an amount payable to Chinney Construction of HK$14,350,000 (2005: HK$22,930,000) included in other payables and accruals. The balance is unsecured, interest-free and has no fixed terms of repayment.

(ii) Chinney Alliance Engineering Limited is a wholly-owned subsidiary of CAG, which was a substantial shareholder of the Company as at 31 March 2006. Yu Sek Kee, Stephen is also a director of CAG.

In the opinion of the directors, the above transactions were conducted at mutually agreed rates in the ordinary and usual course of the Group's business.

(b) Outstanding balances with related parties:

(i) Details of the Company's amount due from a subsidiary are included in note 15 to the financial statements.

(ii) Details of the Company's loan from a minority shareholder of a subsidiary are included in note 23 to the financial statement.

(iii) The Group and the Company had outstanding balances due to related companies of HK$9,294,000 and HK$757,000 (2005: Nil), respectively, as at the balance sheet date. The balances are unsecured, interest-free and have no fixed terms of repayment.

(c) Other transactions with related parties:

(i) In March 2006, the Company disposed of its entire equity interest in a wholly-owned subsidiary namely SCI, to CAT, a wholly-owned subsidiary of CAG, a then substantial shareholder of the Company for a cash consideration of HK$35,000,000. Accordingly, the transaction constituted a connected transaction for the Company under the Listing Rules. Details in respect of this transaction are set out in note 12 to the financial statements.

(ii) As at 31 March 2006, the Company provided corporate guarantees of HK$75,000,000 to banks for general banking facilities granted to certain subsidiaries of the Contracting Group. Further details are set out in note 30(a) to the financial statements.

(d) Compensation of key management personnel of the Group:

The executive directors are the key management personnel of the Group. Details of their remuneration are disclosed in note 8 to this financial statements.

30. CONTINGENT LIABILITIES

(a) As at 31 March 2006, the Group had contingent liabilities of approximately HK$39,442,000 in respect of corporate guarantees provided by the Company to banks for general banking facilities granted to certain former subsidiaries of the Company to the extent of banking facilities utilised. Pursuant to the Deed of Indemnity, CAG guarantees and indemnifies unconditionally and irrevocably all liabilities and obligations of the Company under such corporate guarantees.

Subsequent to balance sheet date, the above corporate guarantees provided by the Company were released and replaced by corporate guarantees provided by CAG.

As at 31 March 2005, in addition to the bank deposits of HK$26,800,000 and certain of the Group's land and buildings with an aggregate net book value of approximately HK$15,716,000 as security for the banking facilities granted to the Group (note 22), the Company provides corporate guarantees to banks for the banking facilities granted to the Group. As at 31 March 2005, the banking facilities utilised by the Group amounted to approximately HK$67,793,000 which included the issuance of performance bonds by banks amounting to HK$13,070,000.

(b) The Company provided certain representation, warranties and undertakings to CAT under the Disposal Agreement in respect of the Disposal (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 Agreement. 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, as at 31 March 2006, the Company and the Group had no significant contingent liabilities (2005: Nil).

31. OPERATING LEASE ARRANGEMENTS

As lessee, the Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to four years.

At 31 March 2006, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2006	**2005**
	HK$'000	*HK$'000*
Within one year	588	828
In the second to fifth years, inclusive	343	983
	931	1,811

32. COMMITMENTS

Apart from those disclosed in note 31, at the balance sheet date, neither the Group nor the Company had any significant commitments.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and bank balances and interest-bearing bank loans and overdrafts. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and other receivables and payables, gross amounts due from and to contract customers, retention money receivables and payables, bills payable, and prepayments and accruals which arise directly from the Group's operations.

The main risks arising from the Group's financial instruments are cash flow interest rate risk, credit risk and liquidity risk. The management meet periodically to analyse and formulate measures to manage the Group's exposure to these risks. Generally, the Group introduces conservative strategies on its risk management. As the Group's exposure to these risks is kept to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The directors review and agree policies for managing each of these risks and they are summarised as follows:

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The interest rates and terms of repayment of interest-bearing bank loans and overdrafts are disclosed in note 22. Other financial assets and liabilities do not have material interest rate risk.

Interest-bearing bank loans and other borrowings, cash and bank balances, and short term time deposits are stated at cost and are not revalued on a periodic basis. Interest income and expenses at floating-rates are charged to the consolidated income statement as incurred.

The nominal interest rates of the financial instruments approximate to their respective effective interest rates.

Credit risk

The Group maintains various credit policies for business operations as detailed in note 19. In addition, all receivables balances are closely monitored on an ongoing basis to minimise the Group's exposure to bad debts.

With respect to credit risk arising from the other financial assets of the Group, which mainly comprise cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparties, with a maximum exposure equal to the carrying amount of these instruments.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and trust receipt loans. The Group's policy is to maintain the Group at net current asset position.

The Group's overall risk management policy focuses on monitoring all potential financial risks to the Group. Whenever necessary, the Group will reduce the risk exposure.

34. POST BALANCE SHEET EVENTS

On 12 April 2006, CAG sold its 27.6% equity interest in the Company to Upsky Enterprises Limited ("Upsky"), a company wholly owned by an independent non-executive director of CAG.

On 8 May 2006, the Company received a voluntary conditional cash offer by Upsky to acquire all the Company's shares in issue (the "Offer") at the offer price of HK$0.30 per share. On 3 July 2006, the Offer was declared unconditional. On 17 July 2006, the Offer closed and Upsky received valid acceptances in respect of 38,178,249 shares of the Company under the Offer. As a result, Upsky owned 70,178,249 shares of the Company, representing approximate 60.53% of the issued share capital of the Company as at the date hereof and become the ultimate holding company of the Company.

Subsequent to the balance sheet date, the corporate guarantees provided by the Company to banks amounting to HK$75,000,000 for general banking facilities granted to certain subsidiaries of the Contracting Group were released and canceled before 30 June 2006. Further details of the corporate guarantees provided by the Company are set out in note 30(a) to the financial statements.

35. COMPARATIVE AMOUNTS

As further explained in notes 2.2 and 2.4 to the financial statements, due to the adoption of new HKFRSs during the current year, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with new requirements. Accordingly, certain comparative amounts have been reclassified and restated to conform with the current year's presentation and accounting treatment.

36. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 18 July 2006.

UNAUDITED CONSOLIDATED INTERIM REPORT

The following information is extracted from the Group's unaudited consolidated interim report for the six months ended 30 September 2006.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Six months ended 30 September 2006 (Unaudited) HK$'000	2005 (Unaudited and restated) HK$'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	*3*	624	11
Administrative expenses		(8,273)	(10,159)
Other operating income and expenses, net		(1,609)	(1,154)
Finance costs	*4*	(76)	(660)
LOSS BEFORE TAX	*5*	(541)	(2,502)
Tax	*6*	(28)	(35)
Loss for the period from a continuing operation		(569)	(2,537)
DISCONTINUED OPERATIONS			
Loss for the period from discontinued operations	*7*	–	(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	*8*		
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

	Notes	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	*9*	29,808	28,011
Trade and other receivables	*10*	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	*9*	19,760	12,833
Trade payables	*11*	38,022	21,279
Retention money payables		1,552	1,552
Other payables and accruals		8,381	23,282
Due to related companies	*13(b)*	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	*12*	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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent						
	Issued share capital	**Contributed surplus**	**Capital redemption reserve**	**Retained profits**	**Total**	**Minority interests**	**Total**
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2006	1,159	46,909	132	7,112	55,312	1,226	56,538
(Loss)/profit for the period	–	–	–	(577)	(577)	8	(569)
At 30 September 2006	1,159	46,909	132	6,535	54,735	1,234	55,969
At 1 April 2005	1,159	46,909	132	18,214	66,414	18,217	84,631
Loss for the period	–	–	–	(7,613)	(7,613)	(344)	(7,957)
At 30 September 2005	1,159	46,909	132	10,601	58,801	17,873	76,674

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 30 September	
	2006	**2005**
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Net cash (outflow)/inflow from operating activities	(3,158)	2,455
Net cash inflow from investing activities	624	535
Net cash inflow from financing activities	–	2,026
Net (decrease)/increase in cash and cash equivalents	(2,534)	5,016
Cash and cash equivalents at beginning of period	37,088	4,505
Cash and cash equivalents at end of period	34,554	9,521
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	34,554	3,458
Non-pledged time deposits with original maturity of less than three months when acquired	–	5,566
Time deposits with original maturity of less than three months when acquired, pledged as security for bank overdraft facilities	–	26,800
Bank overdrafts	–	(26,303)
	34,554	9,521

NOTES TO THE INTERIM FINANCIAL STATEMENTS

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 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		Contracting Services		Trading Business		Sub-total		Eliminations		Consolidated	
	Six months ended 30 September		Six months ended 30 September		Six months ended 30 September		Six months ended 30 September		Six months ended 30 September		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. OTHER REVENUE AND GAINS

	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 income	624	11	–	640	624	651
Others	–	–	–	478	–	478
	624	11	–	1,118	624	1,129

4. 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

5. LOSS BEFORE TAX

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

	Continuing operation		Discontinued operations		Eliminations		Total	
	Six months ended 30 September		Six months ended 30 September		Six months ended 30 September		Six months ended 30 September	
	2006	2005	2006	2005	2006	2005	2006	2005
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'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)

6. TAX

	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*
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.

7. DISCONTINUED OPERATIONS

The Group disposed of its contracting services and trading businesses in March 2006. The results attributable to the discontinued operations for the period were as follows:

	Six months ended 30 September	
	2006	**2005**
	(Unaudited)	**(Unaudited)**
	HK$'000	*HK$'000*
Turnover	–	206,084
Cost of installation and cost of sales	–	(194,737)
Gross profit	–	11,347
Other revenue and gains	–	1,118
Administrative expenses	–	(16,531)
Other operating income and expenses, net	–	(1,090)
Finance costs	–	(198)
Loss before tax	–	(5,354)
Tax	–	(66)
Loss for the period from discontinued operations	–	(5,420)
Minority interests	–	47
Loss for the period attributable to the equity holders of the parent	–	(5,373)

The net cash flows attributable to the discontinued operation are as follows:

	Six months ended 30 September 2006 (Unaudited) *HK$'000*	2005 (Unaudited) *HK$'000*
Net cash inflow from operating activities	–	13,842
Net cash inflow from investing activities	–	1,113
Net cash outflow from financing activities	–	(11,784)
Net cash inflow	–	3,171

8. 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.

9. GROSS AMOUNT DUE FROM/(TO) CONTRACT CUSTOMERS

	30 September 2006 (Unaudited) *HK$'000*	31 March 2006 (Audited) *HK$'000*
Gross amount due from contract customers	29,808	28,011
Gross amount due to contract customers	(19,760)	(12,833)
	10,048	15,178
Contract costs incurred plus recognised profits less recognised losses and foreseeable losses to date	820,374	827,741
Less: Progress billings	(810,326)	(812,563)
	10,048	15,178

10. TRADE AND OTHER RECEIVABLES

	30 September 2006 (Unaudited) *HK$'000*	31 March 2006 (Audited) *HK$'000*
Trade receivables	35,472	28,590
Other receivables	29,405	26,863
	64,877	55,453

An aged analysis for the trade receivables as at 30 September 2006, based on invoice date and net of provisions for bad and doubtful debts, is as follows:

	As at 30 September 2006 (Unaudited) *HK$'000*	As at 31 March 2006 (Audited) *HK$'000*
0 – 30 days	15,708	11,450
31 – 60 days	2,959	3,905
61 – 90 days	3,341	3,841
Over 90 days	13,464	9,394
	35,472	28,590

The Group grants to its trade customers credit periods normally ranging 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.

A provision is made when there is objective evidence that the Group will not be able to collect the amounts due according to the original terms of the receivables.

Included in the Group's trade receivables balances as at 30 September 2006 as set out above are amounts due from Chinney Construction of approximately HK$8,698,000 (31 March 2006: HK$506,000) which arose from the provision of various building and maintenance services. The amount due from Chinney Construction is unsecured, interest free and is repayable within normal credit terms of 60 days. Please refer to note 13(a) for details of related party transactions with Chinney Construction.

11. TRADE PAYABLES

An aged analysis of trade payables as at 30 September 2006, based on invoice date, is as follows:

	30 September 2006 (Unaudited) *HK$'000*	**31 March 2006** (Audited) *HK$'000*
0 – 30 days	9,269	6,474
31 – 60 days	3,120	2,703
Over 60 days	25,633	12,102
	38,022	21,279

The trade payables are non-interest bearing and are normally settled on 60-day terms.

12. SHARE CAPITAL

	30 September 2006 (Unaudited) *HK$'000*	**31 March 2006** (Audited) *HK$'000*
Authorised:		
8,000,000,000 ordinary shares of HK$0.01 each	80,000	80,000
Issued and fully paid:		
115,930,400 ordinary shares of HK$0.01 each	1,159	1,159

13. RELATED PARTY TRANSACTIONS

(a) Significant transactions between the Group and related parties during the period

		Six months ended 30 September	
		2006	2005
		(Unaudited)	(Unaudited)
	Notes	*HK$'000*	*HK$'000*
Billing of building maintenance works and building services installation works to Chinney Construction	*(i)*	63,089	38,674
Billing of building maintenance works and building services installation works to Shun Wing Construction & Engineering Company Limited ("Shun Wing")	*(ii) & (iv)*	428	–
Billing of electrical and mechanical maintenance works to SCEE and Westco	*(iii) & (iv)*	43,601	–

Notes:

(i) Chinney Construction is a company of which Mr. Chan Yuen Keung, Zuric (who resigned as chairman and executive director of the Company on 19 July 2006) is a director and has 13.95% indirect beneficial interests therein.

The transactions constituted continuing connected transactions for the Group under the Listing Rule.

Details of the amount due from Chinney Construction are included in note 10 to the financial statements.

As at 30 September 2006, the Group also had an amount payable to Chinney Construction of HK$3,000,000 (31 March 2006: HK$14,350,000) included in other payables and accruals. The balance is unsecured, interest-free and has no fixed terms of repayment.

(ii) Mr. Chan Yuen Keung, Zuric, (who resigned as chairman and executive director of the Company on 19 July 2006), Mr. Au Yu Fai, Patrick (who resigned as an executive director of the Company on 19 July 2006) and Mr. Yu Sek Kee, Stephen (who resigned as an executive director of the Company on 16 September 2006) are common directors of Ever Billion and Shun Wing.

(iii) Mr. Chan Yuen Keung, Zuric (who resigned as chairman and executive director of the Company on 19 July 2006), Mr. Au Yu Fai, Patrick (who resigned as an executive director of the Company on 19 July 2006) and Mr. Yu Sek Kee, Stephen (who resigned as an executive director of the Company on 16 September 2006) are common directors of Tinhawk, SCEE and Westco.

(iv) In March 2006, the Company disposed of its contracting services and trading businesses. Shun Wing, SCEE and Westco were companies within the group disposed of. Accordingly, balances with these companies in 2005 were eliminated on consolidation. No comparative figures were shown.

(b) Outstanding balances with related companies

The Group had outstanding balances due to related companies of HK$9,715,000 (31 March 2006: HK$9,294,000) as at 30 September 2006. The balances are unsecured, interest-free and have no fixed terms of repayment.

(c) Compensation of key management personnel of the Group

	Six months ended 30 September	
	2006	**2005**
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Salaries and other short-term employee benefits	1,246	1,533
Post-employment benefits	84	88

14. COMMITMENTS

As lessee, the Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to three years. At 30 September 2006, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 September 2006	**31 March 2006**
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Within one year	1,067	588
In the second to fifth years, inclusive	1,052	343
	2,119	931

15. CONTINGENT LIABILITIES

The Company provided certain representations, warranties and undertakings to Chinney Alliance Trading (BVI) Limited ("CAT") upon disposal of the Contracting Group (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 contingent liabilities as at 30 September 2006.

16. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the current period's presentation.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

For illustrative purposes only, the pro forma statement which has been prepared in accordance with paragraph 4.29 of the Listing Rules is set out here to provide the investors with further information on how the Open Offer might have affected the financial position of the Group. Although reasonable care has been exercised in preparing the said information, prospective investors who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a complete picture of the actual financial position of the Group after the completion of the Open Offer.

Set out below is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group based on the unaudited consolidated net tangible assets of the Group as at 30 September 2006 adjusted to reflect the effects of the Open Offer assuming that 57,965,200 offer shares (the "Offer Shares") will be issued pursuant to the Open Offer:

	Unaudited consolidated net tangible assets of the Group as at 30 September 2006 (before the Open Offer)	**Estimated net proceeds from the Open Offer** *Note*	**Unaudited pro forma adjusted consolidated net tangible assets of the Group after the Open Offer**
Net tangible assets	HK$54,735,000	HK$22,186,000	HK$76,921,000
Number of shares issued	115,930,400	57,965,200	173,895,600
Unaudited pro forma adjusted consolidated net tangible assets per share before/after the Open Offer	HK$0.47		HK$0.44

Note:

The estimated net proceeds from the Open Offer is calculated based on the issue of 57,965,200 Offer Shares at a price of HK$0.40 per Offer Share on the basis of one Offer Share for every two existing shares as at the latest practicable date as set out in the Prospectus, and after deducting the estimated expenses of approximately HK$1 million.

COMFORT LETTER ON UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

ERNST & YOUNG

18th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong

26 June 2007

The Board of Directors
Shun Cheong Holdings Limited
Suite 2302, Wing On Centre
111 Connaught Road Central
HONG KONG

Dear Sirs,

Shun Cheong Holdings Limited (the "Company") and its subsidiaries (the "Group")

We report on the unaudited pro forma statement (the "Unaudited Pro forma NTA") relating to adjusted consolidated net tangible assets of the Group as set out in the Section headed "UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP" of Appendix I to the prospectus of the Company dated 26 June 2007 (the "Prospectus") in connection with the open offer (the "Open Offer") to qualifying shareholders on the basis of one offer share for every two existing shares held as at 25 June 2007 (the "Record Date"). The Unaudited Pro forma NTA is unaudited and has been prepared by the directors of the Company, solely for illustrative purposes, to provide information to the shareholders of the Company about how the Open Offer might affect the consolidated net tangible assets of the Group after the completion of the Open Offer.

The historical financial information is derived from the unaudited historical financial information of the Group and where applicable, appearing elsewhere in the Prospectus. The basis of preparation is set out in the accompanying introduction and notes to the Unaudited Pro Forma Statement of Adjusted Consolidated Net Tangible Assets of the Group.

Respective responsibilities of directors of the Company and reporting accountants

It is solely the responsibility of the directors of the Company to prepare the Unaudited Pro forma NTA in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro forma NTA and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro forma NTA beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements (HKSIR) 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with the source documents, considering the unaudited evidence supporting the adjustments and discussing the Unaudited Pro forma NTA with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro forma NTA has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro forma NTA as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The Unaudited Pro forma NTA is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 30 September 2006 had the Open Offer actually been completed on that date or any future date.

Opinion

In our opinion:

(a) the Unaudited Pro forma NTA has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro forma NTA as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

INDEBTEDNESS

As at the close of business on 30 April 2007, being the latest practicable date for ascertaining certain information relating to this indebtedness statement, the Group did not have any bank or other borrowings.

Apart from intra-group liabilities, the Group did not have any outstanding mortgages, charges, debentures, loan capital, debt securities, loans, bank overdraft or other similar indebtedness, financial lease or hire purchase commitments, liabilities under acceptance or acceptance credits or guarantees or other material contingent liabilities as at 30 April 2007.

MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 March 2006, being the date to which the latest published audited accounts of the Group were made up.

WORKING CAPITAL

The Directors are of the opinion that, following the Open Offer, taking into account the existing cash and bank balances, the existing banking facilities and other loan facilities available and the expected net proceeds of the Open Offer, the Group will have sufficient working capital for its present requirements and for the period ending 12 months from the date of this prospectus in the absence of unforeseeable circumstances.

FINANCIAL AND BUSINESS PROSPECTS OF THE GROUP

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 Shun Cheong Investments Limited and its subsidiaries engaging in building related contracting services for both the public and private sectors (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). The Directors remain cautiously optimistic on the performance of the maintenance business for the rest of the financial year.

RESPONSIBILITY STATEMENT

This prospectus includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors jointly and individually accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in this prospectus have been arrived at after due and careful consideration and there are no other facts the omission of which would make any statement in this prospectus misleading.

SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date were, and following completion of the Open Offer will be, as follows:

	Shares	*HK$'000*
Authorised share capital	8,000,000,000	80,000
Issued and fully paid up share capital as at the Latest Practicable Date	115,930,400	1,159
Offer Shares to be issued pursuant to the Open Offer	57,965,200	580
Issued and fully paid up share capital upon completion of the Open Offer	173,895,600	1,739

No Shares have been issued by the Company since 31 March 2006 (being the date to which its latest published audited accounts were prepared) up to the Latest Practicable Date. All of the Shares currently in issue rank pari passu in all respects with each other, including, in particular, as to dividends, voting rights and capital.

As at the Latest Practicable Date, the Company has no other share options, warrant derivatives or other securities convertible into or exchangeable for Shares outstanding.

The Shares are listed and traded on the Main Board of the Stock Exchange. No part of the issued share capital of the Company is listed or dealt in, nor is any listing of or permission to deal in the Shares being or proposed to be sought on, any other stock exchange.

DISCLOSURE OF INTERESTS BY DIRECTORS

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and chief executive of the Company has any interests and short position in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of SFO); or were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies of the Listing Rules and none of the Directors is a director or employee of a company which had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long positions in ordinary shares of the Company

Name of Director	Nature of interests	Number of ordinary shares directly beneficially owned	Percentage of the Company's issued share capital
Mo Tianquan	Corporate	70,178,249 *(Note)*	60.53

Note: These shares are held by Upsky Enterprises Limited, a company in which Mr. Mo Tianquan is a director and the sole shareholder.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year ended 31 March 2006 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any directors or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

DISCLOSURE OF INTERESTS BY SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, as at the Latest Practicable Date and so far as was known to the Directors and chief executive of the Company, there were no other persons who has an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of shareholder	Capacity and nature of interests	Number of Shares owned	Percentage of the Company's issued share capital
Upsky	Directly beneficially owned	70,178,249	60.53 *(Note 1)*
Mo Tianquan	Attributable interest of controlled corporation	70,178,249	60.53 *(Note 1 and 2)*

Notes:

(1) All interests stated above represent long positions.

(2) The entire issued share capital of Upsky is legally and beneficially owned by Mr. Mo Tianquan who is therefore deemed to have an interest in the Shares in which Upsky is interested. Accordingly, the interest held by each of Upsky and Mr. Mo Tianquan refers to the same parcel of shares.

Save as disclosed above, as at the Latest Practicable Date, no person, other than a director or chief executive of the Company, whose interests are set out in the section "Disclosure of interests by Directors" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO or who has, directly or indirectly, interests in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances in general meetings of any other member of the Group.

PARTICULARS OF DIRECTORS

Names and addresses of the Directors

Name	Address
Ms. Cao Jing	1589, Jufeng Road #46, Pudong, Shanghai 201208, PRC
Mr. Mo Tianquan	1589, Jufeng Road #46, Pudong, Shanghai 201208, PRC
Mr. Yu Hon To, David	5A Monte Verde, 41 Repulse Bay Road, Hong Kong
Professor Ye Jianping	No.2-9-1501, Xin Ji Yuan Jia Yuan, Wanliu Zhong Lu, Haidian District, Beijing 100089, PRC
Mr. Zhang Shaohua	No. 21, Block 7, Lane 3, Tianhuayuan, Beijing Economic Development Area, Beijing, China

BIOGRAPHIES OF THE DIRECTORS

Executive Director

CAO Jing, aged 39, is a director and chairman of the Company. She has 10 years of experience in architecting large-scale enterprise software, project management and leading development in various companies in the USA. Ms. Cao holds a Bachelor's Degree in Automation Engineering from Tsinghua University, the PRC, and a Master's Degree in Electrical Engineering from Wright State University, the USA. She is also a director of Upsky Enterprises Limited and the spouse of Mr. Mo Tianquan.

MO Tianquan, aged 43, is a director of the Company. He has over 10 years of experience in the provision of on-line information and analysis on the trading, leasing, financing and valuation of real estate properties. He holds a Bachelor's Degree in Mechanical Engineering from South China University of Technology, a Master's Degree in Engineering from Tsinghua University, the PRC and a Degree of Master of Arts from Indiana University, the USA. He is a director and chief executive officer of SouFun Holdings Limited, a wholly-foreignowned company conducting real estate internet business in the PRC. Mr. Mo is also a director of and has beneficial interests in all the issued share capital of Upsky Enterprises Limited, the ultimate holding company of the Company holding approximately 60.53% of the issued share capital of the Company as at the Latest Practicable Date. He is the spouse of Ms. Cao Jing.

Independent non-executive Director

YU Hon To, David, aged 59, was appointed as an independent non-executive director of the Company in 2004. Mr. Yu is a founder and director of Management Capital Limited, which specialises in direct investment and financial advisory activities. He is also an independent non-executive director of BALtrans Holdings Limited, Great China Holdings Limited, Ming Pao Enterprise Corporation Limited, One Media Group Limited and Playmates Holdings Limited, whose shares are listed on the Stock Exchange. He was a partner of an international accounting firm with extensive experience in corporate finance. Mr. Yu is a fellow member of the Institute of Chartered Accountants in England and Wales and an associate member of the Hong Kong Institute of Certified Public Accountants.

YE Jianping, aged 47, has been teaching in the Renmin University of China since 1985 and is the professor and department head of the Department of Land and Real Estate Management of the Renmin University of China. Professor Ye is also a council member of the China Land Science Society and the vice chairman of the China Institute of Real Estate Appraisers and Agents. He holds a Bachelor's Degree in Engineering from the Wuhan University, a Master's Degree in Economics and Doctorate in Management from the Renmin University of China. He is also a fellow member of The Royal Institute of Chartered Surveyors, a China Real Estate Appraiser and a China Land Appraiser.

ZHANG Shaohua, aged 43, is an entrepreneur with over 17 years of experiences in starting up, developing and managing businesses in various industry sectors. Mr. Zhang is the founder of and has been the managing director of Beijing Beyondal Electric Co. Ltd. since 2003, a company which has a large market share in setting up internet data centre in the People's Republic of China. He had worked as the General Manager (China) for GE Digital Energy and in other companies in the areas of power quality and precision environmental control industry for many years. He holds a Bachelor's degree in Science from the South China University of Technology and a Master's degree in Business Administration from the Capital University of Economics and Business.

DIRECTOR'S SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered or proposed to enter into any service agreements with any member of the Group, excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Group within two years immediately preceding the date of the Announcement up to and including the Latest Practicable Date which are or may be material:

(1) an agreement dated 10 October 2005 entered into between Shun Cheong Real Estates Limited and Honey Lady International Limited for the sale and purchase of the Workshop Nos. 1, 3, 5, 7 and 9, 2nd Floor, Premier Centre, 20 Cheung Shun Street, Lai Chi Kok, Kowloon, Hong Kong at a consideration of HK$16.5 million;

(2) the sub-contracting agreements entered into between each of Shun Cheong Electrical Engineering Company Limited and Westco Airconditioning Limited (as main contractors) and Tinhawk Company Limited (as sub-contractor) on 31 December 2005 for certain maintenance work contracts;

(3) a sale and purchase agreement dated 26 January 2006 (the "S&P Agreement") entered into between Shun Cheong, Chinney Alliance Trading (BVI) Limited and Chinney Alliance Group Limited ("CAG") for the sale and purchase of the entire issued share capital in Shun Cheong Investments Limited, a then wholly-owned subsidiary of Shun Cheong at a consideration of HK$35,000,000;

(4) the deed of indemnity executed by CAG on 31 March 2006 in favour of Shun Cheong under which CAG will indemnity Shun Cheong (as the vendor under the S&P Agreement) against certain liabilities of Shun Cheong as well as Chinney Alliance Trading (BVI) Limited (as the purchaser under the S&P Agreement); and

(5) the Underwriting Agreement.

Save as disclosed, as at the Latest Practicable Date, there are no material contracts (not being contracts entered into in the ordinary course of business) being entered into by any member of the Group within the two years immediately preceding the date of this prospectus which are or may be material.

QUALIFICATIONS AND CONSENT OF EXPERT

The following are the qualifications of the experts who have given opinions or advice which are contained or referred to in this prospectus:

Name	**Qualification**
Ernst & Young	Certified Public Accountants

As at the Latest Practicable Date, Ernst & Young did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Ernst & Young did not have any direct or indirect interest in any assets which had been acquired or disposed of by or leased to, or which are proposed to be acquired, disposed of by or leased to any member of the Group, since 31 March 2006, the date to which the latest published audited consolidated financial statements of the Group were made up.

Ernst & Young has given and have not withdrawn their written consent to the issue of this prospectus with inclusion of their letter, if applicable, which have been prepared for inclusion in this prospectus, and references to their name in the form and context in which they are included.

CORPORATE INFORMATION

Registered office	Canon's Court, 22 Victoria Street, Hamilton HM 12 Bermuda
Head office and principal place of business in Hong Kong	Suite 2302, Wing On Centre, 111 Connaught Road Central, Hong Kong
Company secretary	NGAN Mei Fan, a fellow member of both the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.
Authorised representatives	CAO Jing and NGAN Mei Fan
Auditors	Ernst & Young 18/F Two International Finance Centre, 8 Finance Street, Central, Hong Kong
Hong Kong branch share registrar and transfer office	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Principal share registrar and transfer office	Butterfield Fund Services (Bermuda) Limited Rosebank Centre, 11 Bermudiana Road, Pembroke HM08, Bermuda
Principal bankers	DBS Bank (Hong Kong) Limited 16/F., The Center, 99 Queen's Road Central, Central, Hong Kong The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central, Hong Kong
Legal advisers	*As to Hong Kong Law* X.J. Wang & Co. Suite 2208, 22/F, Jardine House, 1 Connaught Place, Central, Hong Kong *As to Bermuda Law* Appleby 5511 The Center, 99 Queen's Road, Central, Hong Kong

AUDIT COMMITTEE

An audit committee of the Company was established in accordance with the requirements of the Code of Best Practice, for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises of Mr. Yu Hon To, David, Professor Ye Jianping and Mr. Zhang Shaohua. Mr. Yu Hon To, David is the chairman of the audit committee.

GENERAL

(a) There was no contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date in which any Director was materially interested and which was significant in relation to the business of the Group.

(b) None of the Directors, has or has had, any direct or indirect interest in any assets which have been acquired, disposed of or leased to, or which are proposed to be acquired, disposed of or leased to, the Company or any of its subsidiaries, respectively, since 31 March 2006, the date to which the latest published audited consolidated financial statements of the Group were made up.

(c) None of any part of the equity or debt securities of the Group is listed or dealt in any other recognized stock exchange or on which listing or permission to deal is being or is proposed to be sought.

(d) None of the Directors is materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group taken as a whole.

(e) None of the Directors or their respective associates were considered to have interest in any business which competes or may compete, either directly or indirectly, with the business of the Group or have or may have any other conflicts of interest with the Group pursuant to the Listing Rules.

(f) The English text of the Prospectus and the Application Forms shall prevail over their respective Chinese texts.

BINDING EFFECT

The Prospectus Documents and the acceptances of the Open Offer are governed by and shall be construed in accordance with the laws of Hong Kong. Where an application is made in pursuance of any of such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions, other than the penal provisions, of Sections 44A and 44B of the Companies Ordinance, so far as applicable.

EXPENSES

The expenses in connection with the Open Offer, including the financial advisory fee, underwriting commission, printing, registration, translation, legal and accounting charges are estimated to amount to approximately HK$1 million and will be payable by the Company.

DOCUMENTS DELIVERED TO THE REGISTRARS OF COMPANIES

A copy of the Prospectus Documents having attached thereto all documents required to be condensed or attached to it (if any) has been registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies Ordinance and has been filed with the Registrar of Companies in Bermuda pursuant to the Companies Act 1981 of Bermuda (as amended).

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the head office and principal place of business of the Company in Hong Kong at Suite 2302, Wing On Centre, 111 Connaught Road Central, Hong Kong during normal business hours on any weekday other than public holidays, from the date of this prospectus up to and including 10 July 2007:

(1) the memorandum of association and bye-laws of the Company;

(2) the annual reports of the Company for the two years ended 31 March 2005 and 2006;

(3) the interim report of the Company for the six months ended 30 September 2006;

(4) the material contracts referred to in the paragraph headed "Material contracts" of this appendix;

(5) the comfort letter issued by Ernst & Young on unaudited pro forma statement of adjusted consolidated net tangible assets of the Group, the text of which is set out on pages 77 to 78 of this prospectus; and

(6) the written consents from Ernst & Young referred to in paragraph headed "Qualifications and consent of experts" of this Appendix.