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SHUN CHEONG HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 650)

DISCLOSEABLE TRANSACTION FORMATION OF A JOINT VENTURE COMPANY

The Board wishes to announce that on 15 February 2008 (after the trading hours of the Stock Exchange) the Company entered into the JV Agreement with Yizhou in relation to the formation of a limited liability joint venture company in Guangxi Province, PRC to engage in import and export, processing and sales of minerals and investment in mining (excluding mine exploration).

Pursuant to the JV Agreement, the JV Company will be owned as to 60% by the Company and 40% by Yizhou.

The registered capital of the JV Company will be US\$3 million and will be contributed as to US\$1.8 million (equivalent to approximately HK\$14.04 million) by the Company by way of cash and as to US\$1.2 million (equivalent to approximately HK\$9.36 million) by Yizhou by way of cash.

The JV Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. A circular containing further details of the JV Agreement will be sent to the Shareholders within 21 days after publication of this announcement.

INTRODUCTION

On 15 February 2008 (after the trading hours of the Stock Exchange) the Company entered into the JV Agreement with Yizhou in relation to the formation of a limited liability joint venture company in Guangxi Province, PRC to engage in import and export, processing and sales of mineral products and investment in mining (excluding mine exploration).

THE JV AGREEMENT

- Date: 15 February 2008 (after the trading hours of the Stock Exchange)
- Parties: (a) The Company and
(b) Yizhou
- Registered capital: The registered capital of the JV Company will be US\$3 million which was determined on an arm's length basis between the Company and Yizhou
- Capital contribution: Pursuant to the JV Agreement, the registered capital of the JV Company will be contributed as to US\$1.8 million (equivalent to approximately HK\$14.04 million) by the Company by way of cash and as to US\$1.2 million (equivalent to approximately HK\$9.36 million) by Yizhou by way of cash. As a result the JV Company will be owned as to 60% by the Company and 40% by Yizhou.
- The Company intends to finance its portion of capital contribution to the JV Company from internal resources. Apart from the capital commitments as set out above, there is no further capital commitments required to be made by the Company pursuant to the JV Agreement. The registered capital will be paid in accordance with the requirement of relevant rules and regulations of establishing a corporation in PRC. If there is any further capital commitment made to the JV Company in the future, appropriate disclosure will be made by the Company in accordance with the Listing Rules.
- Scope of business: The scope of business of the JV Company shall be import and export, processing and sales of minerals and investment in mining (excluding mine exploration)
- Operative terms: Unlimited or the maximum terms approved by the relevant government authorities and applicable rules and regulations
- Profit distribution: 50% of the distributable annual net profit of the JV Company will be made to the equity holders of the JV Company in accordance with their respective equity interests therein
- Board composition and management: The board of directors of the JV Company will consist of three directors, of which two will be appointed by the Company and one will be appointed by Yizhou. The chairman and general manager of the JV Company will be appointed by the Company and Yizhou respectively.

Upon establishment of the JV Company, the Company will hold 60% equity interest in the JV Company. The financial results of the JV Company will be consolidated into the Group.

INFORMATION ON YIZHOU

Yizhou is a company incorporated in Nanning City, Guangxi Province, the PRC. It is principally engaged in import and export and processing of metals and minerals.

To the best knowledge of the Directors and having made all reasonable enquiries, Yizhou and its ultimate shareholders are third parties independent of the Company and its connected persons as defined under the Listing Rules.

REASONS FOR THE FORMATION OF JV COMPANY

The Group is principally engaged in the building services maintenance business and project management. It has always been the Company's strategy to seek suitable investment opportunities to broaden the Group's source of income.

The PRC is one of the leading mineral trading markets. According to the China Statistical Yearbook, total sales of metal materials in the PRC increased from approximately RMB451 billion in 2003 to approximately RMB1,211 billion in 2005, representing a compound annual growth rate of approximately 64%.

The Directors are of the view that the entering into of the JV Agreement provides an excellent opportunity for the Group to diversify into the promising mineral sector and will benefit the Company in the future. The Directors consider that the terms of the JV Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GENERAL

The JV Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. A circular containing further details of the JV Agreement will be sent to the Shareholders within 21 days after publication of this announcement.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Shun Cheong Holdings Limited, a company incorporated in Bermuda with limited liability of which shares are listed on the Stock Exchange
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries

“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“JV Agreement”	the joint venture agreement dated 15 February 2008 entered into between the Company and Yizhou in relation to the formation of the JV Company
“JV Company”	Upsky Resources Trading Limited, a limited liability joint venture company to be formed under the laws of PRC pursuant to the JV Agreement
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Shareholder(s)”	holder(s) of the Shares
“Shares”	ordinary shares of HK\$0.01 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yizhou”	中國廣西怡洲經濟貿易有限公司 (China Guangxi Yizhou Economic Trading Company Limited), a company incorporated in the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

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

Hong Kong, 18 February 2008

As at the date hereof, the board of directors of the Company comprises of four directors, of which two are executive directors, namely Ms. Cao Jing (Chairman) and Mr. Mo Tianquan; and two are independent non-executive directors, namely Professor Ye Jianping and Mr. Zhang Shaohua.