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SHUN CHEONG HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 650)

PROPOSED RIGHTS ISSUE OF 208,395,600 RIGHTS SHARES AT HK\$0.50 EACH ON THE BASIS OF THREE RIGHTS SHARES FOR EVERY TWO EXISTING SHARES HELD ON THE RECORD DATE AND RESUMPTION OF TRADING

Underwriter

Upsky Enterprises Limited

PROPOSED RIGHTS ISSUE

The Company proposes to carry out the Rights Issue of 208,395,600 Rights Shares at the Subscription Price of HK\$0.50 per Rights Share on the basis of three Rights Shares for every two existing Shares held on the Record Date. The estimated net proceeds of the Rights Issue is approximately HK\$101 million which shall be applied by the Group to finance the acquisition of the Hotel, if materialises.

As at the date of this announcement, Upsky, a company wholly-owned by Mr. Mo Tianquan (a non-executive Director and a substantial Shareholder), is interested in 70,178,249 Shares, representing approximately 50.51% of the issued share capital of the Company. Upsky has undertaken that it shall accept or procure the acceptance of 105,267,373 Rights Shares, being the rights entitlement which will be provisionally allotted to it as the holder of 70,178,249 Shares under the Rights Issue on the Acceptance Date.

The Underwritten Shares will be fully underwritten by Upsky on the terms and subject to the conditions set out in the Underwriting Agreement. If Upsky terminates the Underwriting Agreement (see sub-section headed “Termination of the Underwriting Agreement” of this announcement) or the conditions of the Rights Issue (see sub-section headed “Conditions of the Rights Issue” of this announcement) are not fulfilled, the Rights Issue shall not proceed and shall lapse. Upsky has also undertaken that it shall place such number of the Underwritten Shares to independent third parties to comply with the public float requirements under the Listing Rules in the event that the percentage of public float resulting from completion of the Rights Issue falls below the required minimum percentage under the Listing Rules. Upsky shall take appropriate steps/measures to ensure sufficient public float of the Shares upon completion of the Rights Issue.

The Rights Issue may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the Shares or Rights Shares in their nil-paid form, and if they are in any doubt about their position, they are recommended to consult their professional adviser(s). Moreover, investors’ attention is drawn to the section headed “Warning of the risks of dealing in the Shares and the nil-paid Rights Shares” below.

The last day of dealing in the Shares on a cum-rights basis is 8 May 2008. The Shares will be dealt with on an ex-rights basis from 9 May 2008. The Rights Shares are expected to be dealt with in their nil-paid form from 22 May 2008 to 30 May 2008 (both dates inclusive). To qualify for the Rights Issue, any transfer of the Shares (together with the relevant share certificates) must be lodged for registration with the Company’s share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17/F., Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, by 4:30 p.m. on 13 May 2008. The Acceptance Date is expected to be on 4 June 2008 or such other date as the Company and Upsky may agree in writing. The Company shall apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms.

A circular containing, among other things, details of the Rights Issue and the Underwriting Agreement, the recommendation of the Independent Board Committee and the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, together with a notice convening the SGM will be despatched to the Shareholders as soon as practicable.

The Rights Issue Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders as soon as practicable. The Company shall send only the Prospectus to the Excluded Shareholders (if any) for information purposes.

The Company has established an Independent Board Committee (which comprises all the three independent non-executive Directors, being Prof. Ye Jianping, Mr. Derek Palaschuk and Mr. Yao Xusheng) (i) to advise the Independent Shareholders as to whether the terms of the Rights Issue and the Underwriting Agreement are fair and reasonable so far as the Independent Shareholders are concerned and whether the Rights Issue and the Underwriting Agreement are in the interests of the Company and the Shareholders as a whole, and (ii) to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser.

PROPOSED RIGHTS ISSUE

Issue statistics

Basis of the Rights Issue:	three Rights Shares for every two existing Shares held on the Record Date
Number of existing Shares in issue:	138,930,400 Shares as at the date of this announcement
Number of Rights Shares:	208,395,600 Rights Shares
Underwriter:	Upsky Enterprises Limited

Under the Rights Issue, 208,395,600 nil-paid Rights Shares would be provisionally allotted, representing approximately 150.00% of the existing issued share capital of the Company and approximately 60.00% of the issued share capital of the Company as enlarged by the issue of 208,395,600 Rights Shares.

As at the date of this announcement and save as and except for the Convertible Bond, the Company had no outstanding convertible securities, options or warrants in issue which would otherwise confer any right to subscribe for, convert or exchange into the existing Shares.

Qualifying Shareholders

To qualify for the Rights Issue, a Qualifying Shareholder must be registered as a member of the Company as at the close of business on the Record Date. In order to be registered as members of the Company on the Record Date, all transfers of the Shares must be lodged (together with the relevant share certificate(s)) with the Company's share registrar by 4:30 p.m. (Hong Kong time) on 13 May 2008.

The share registrar of the Company is:

Computershare Hong Kong Investor Services Limited
Shops 1712-16, 17/F., Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

The Company shall send the Rights Issue Documents to the Qualifying Shareholders. The Company shall send only the Prospectus to the Excluded Shareholders (if any) for information purposes.

Closure of register of members

The register of members of the Company will be closed from 14 May 2008 to 19 May 2008, both days inclusive. No transfer of Shares will be registered during this period.

TERMS OF THE RIGHTS ISSUE

Subscription Price

The Subscription Price of HK\$0.50 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the provisional allotment of the Rights Shares under the Rights Issue or application for excess Rights Shares or when a renouncee of any provisional allotment of the Rights Shares or a transferee of nil-paid Rights Shares applies for the Rights Shares. The Subscription Price represents:

- (i) a discount of approximately 64.03% to the closing price of HK\$1.39 per Share as quoted on the Stock Exchange on 7 April 2008, being the Last Trading Day;
- (ii) a discount of approximately 64.08% to the average closing price of approximately HK\$1.392 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 63.90% to the average closing price of approximately HK\$1.385 per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 41.59% to the theoretical ex-rights price of approximately HK\$0.856 based on the closing price of HK\$1.39 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (v) a premium of approximately 4.07% over the unaudited net asset value of approximately HK\$0.48 per Share as at 30 September 2007 and 138,930,400 Shares in issue as at the date of this announcement.

The Subscription Price was arrived at after arm's length negotiation between the Company and Upsky with reference to the unaudited net asset value of approximately HK\$0.48 per Share as at 30 September 2007. Moreover, it is noted that the general market practice for rights issue transactions by companies listed in Hong Kong is to issue rights shares at a discount to the prevailing market price of their respective shares. The Directors are of the view that the level of discount of the Subscription Price to the prevailing market price of the Shares would be able to enhance the attractiveness of the Rights Issue and thus encourage the Shareholders to participate in the Rights Issue. Therefore, the Directors consider that the discount of the Subscription Price to the current market price of the Shares as proposed is acceptable and the Rights Issue is in the interests of the Company and the Shareholders as a whole.

Basis of Provisional Allotments

Three Rights Shares (in nil-paid form) for every two existing Shares held by the Qualifying Shareholders as at the close of business on the Record Date.

Status of the Rights Shares

The Rights Shares (when allotted, issued and fully paid) will rank pari passu with the then existing Shares in issue in all respects. Holders of fully paid Rights Shares shall be entitled to receive all future dividends and distributions which may be declared, made or paid after the date of allotment and issue of the Rights Shares.

Certificates for the Rights Shares

Subject to the fulfillment by the Company of the conditions precedent to the Rights Issue as contained in the Underwriting Agreement, certificates for all fully-paid Rights Shares are expected to be posted by 13 June 2008 to those Qualifying Shareholders who have paid for and have accepted the Rights Shares by ordinary mail, at their own risk.

Refund cheques for the Rights Issue

Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before 13 June 2008 by ordinary post to the applicants at their own risk.

Fractions of the Rights Shares

No fractions of the Rights Shares shall be allotted and the Company shall sell any Rights Shares created from the aggregation of fractions of the Rights Shares in nil-paid form (if a net premium can be obtained thereof) and the net proceeds of sale (after deducting the expenses of sale, if any) shall be retained for the benefit of the Company.

Rights Shares that would have been allotted to Excluded Shareholders had they been Qualifying Shareholders

The Company shall provisionally allot the Rights Shares that would have been allotted in nil-paid form to Excluded Shareholders had they been Qualifying Shareholders to a nominee of the Company which shall arrange for the sale of such nil-paid rights as soon as practicable after the commencement of dealings on the Stock Exchange in the Rights Shares in nil-paid form if a net premium can be obtained thereof, and, if and to the extent that such rights can be so sold, the nominee shall thereafter account to the Company for the net proceeds of sale (after deducting the expenses of sale, if any), which will be distributed by the Company in HK\$ to the Excluded Shareholders pro rata provided that rounded down amounts of less than HK\$100 will not be so distributed but will be retained for the benefit of the Company.

The Company is seeking legal opinions from the overseas legal advisers as to whether the issue of the Rights Shares to the Overseas Shareholders may contravene the applicable securities legislation of the relevant overseas places or the requirements of the relevant regulatory body or stock exchange in that place pursuant to Rule 13.36(2)(a) of the Listing Rules. If the Directors, based on the legal opinions provided by the overseas legal advisers, consider it necessary or expedient not to offer the Rights Shares to such Overseas Shareholder(s) 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, no Rights Share will be offered to such Overseas Shareholder(s). In such circumstances, the Rights Issue will not be extended to the Excluded Shareholders.

Application for excess Rights Shares

Qualifying Shareholders are entitled to apply for any nil-paid Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders, any unsold entitlements of the Excluded Shareholders and any unsold fractions of the Rights Shares.

Applications may be made by completing the form of application for excess Rights Shares and lodging the same with a separate remittance for the excess Rights Shares. The Directors shall allocate the excess Rights Shares at their discretion on a fair and equitable basis following the principles below:

- (1) preference will be given to applications for less than a board lot of the Rights Shares where they appear to the Directors that such applications are made to round up odd-lot holdings to whole-lot holdings; and
- (2) subject to availability of excess Rights Shares after allocation under principle (1) above, the excess Rights Shares will be allotted to the Qualifying Shareholders based on a sliding scale with reference to the number of the excess Rights Shares applied by them (that is, Qualifying Shareholders applying for smaller number of the Rights Shares are allocated with a higher percentage of successful application but shall receive less number of the Rights Shares; whereas Qualifying Shareholders applying for large number of the Rights Shares are allocated with a smaller percentage of successful application but shall receive higher number of Rights Shares).

Shareholders with their Shares held by a nominee company should note that the Board shall 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 top-up of odd lots for allocation of excess Rights Shares will not be extended to ultimate beneficial owners individually. Shareholders with their Shares held by a nominee company are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

For Shareholders whose Shares are held by their nominees and would like to have their names registered on the register of members of the Company, they must lodge all necessary document with the share registrar of the Company in Hong Kong for completion of the relevant registration by 4:00 p.m. on 4 June 2008.

Application for listing

The Company shall apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. Nil-paid Rights Shares are expected to be traded in board lots of 10,000 (as the Shares are currently traded on the Stock Exchange in board lots of 10,000). Dealing in the Rights Shares (in both nil-paid and fully-paid forms) will be subject to the payment of stamp duty in Hong Kong.

Undertaking of Upsky

As at the date of this announcement, Upsky, a company wholly-owned by Mr. Mo Tianquan (a non-executive Director and a substantial Shareholder), is interested in 70,178,249 Shares, representing approximately 50.51% of the issued share capital of the Company. Pursuant to the Underwriting Agreement, Upsky has undertaken with the Company that it shall accept or procure the acceptance of 105,267,373 Rights Shares, being the rights entitlement which will be provisionally allotted to it as the holder of 70,178,249 Shares under the Rights Issue prior to 4:00 p.m. on the Acceptance Date.

Undertaking of Tanisca

Pursuant to the subscription agreement dated 29 October 2007, the Company agreed to issue the Convertible Bond in the principal amount of HK\$120,000,000 to Tanisca. Subsequently, the Convertible Bond was issued to Tanisca on 28 March 2008.

Assuming full conversion of the Convertible Bond, the Company shall issue 200,000,000 new Shares (subject to adjustments) to Tanisca. As at the date of this announcement, Tanisca has not exercised any of its conversion right under the Convertible Bond and has undertaken with the Company that it shall not exercise any of its conversion right under the Convertible Bond up to and including the Record Date. The conversion price of the Convertible Bond will be subject to adjustment for the Rights Issue and the Company shall issue further announcement regarding the adjustment to the conversion price as when necessary and appropriate.

Conditions of the Rights Issue

The obligations of the Underwriter under the Underwriting Agreement are conditional on the following:

- (a) the delivery to the Stock Exchange and registration with the share registrar of Company in Hong Kong respectively one copy of each of the Rights Issue Documents duly certified by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Board (and all other documents required to be attached thereto) no later than the Record Date or otherwise in compliance with the Listing Rules and the Companies Ordinance;

- (b) the filing of one copy of the Prospectus signed by one Director on behalf of all Directors with the Registrar of Companies in Bermuda prior to or as reasonably practicable after the publication of the Prospectus;
- (c) the posting of the Rights Issue Documents to the Qualifying Shareholders and the posting of the Prospectus stamped “For Information Only” to the Excluded Shareholders; in each case, on the first Business Day after the Record Date;
- (d) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment), and not having revoked, the listing of, and permission to deal in the Rights Shares, in nil-paid and fully-paid forms prior to 22 May 2008, being the expected date of commencement of dealings in the Rights Shares in nil-paid form (or such other date as may be agreed between the Company and the Underwriter);
- (e) if required, the Bermuda Monetary Authority granting the consent to the issue of the Rights Shares on or before the Acceptance Date;
- (f) the performance in full by Upsky of its undertakings to take up and accept the number of Rights Shares which will be provisionally allotted to it as the holder of 70,178,249 Shares; and
- (g) the approval by the Independent Shareholders in respect of the Rights Issue, the Underwriting Agreement and any transactions contemplated thereunder.

In the event that the above conditions have not been satisfied or waived on or before the time and dates specified in the Underwriting Agreement (or in each case such later date as the Underwriter and the Company may agree), all liabilities of the parties to the Underwriting Agreement will cease and none of the parties shall have any claim against the other (save for any antecedent breaches).

UNDERWRITING ARRANGEMENT

The Underwriting Agreement

Date:	7 April 2008
Underwriter:	Upsky Enterprises Limited
Number of the Rights Shares:	208,395,600 Rights Shares
Number of the Underwritten Shares:	103,128,227 Underwritten Shares
Underwriting commission:	2.00% of the Subscription Price of the Underwritten Shares

Termination of the Underwriting Agreement

If at any time on or before 4:00 p.m. on the second Business Day following the Acceptance Date:

- (a) the Underwriter shall become aware of the fact that, or shall have reasonable cause to believe that any of the Warranties in the Underwriting Agreement was untrue, inaccurate, misleading or breached, and in each case the same is (in the reasonable opinion of the Underwriter) material in the context of the Rights Issue; or
- (b) there shall be
 - (i) any new law or regulation is enacted, or there is any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, whether in Hong Kong or elsewhere;
 - (ii) any change in local, national or international financial, political, industrial or economic conditions;
 - (iii) any change of an exceptional nature in local, national or international equity securities or currency markets;
 - (iv) any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict;
 - (v) any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange;
 - (vi) any suspension in the trading of the Shares on the Stock Exchange for a continuous period of seven trading days (as defined under the Listing Rules);
 - (vii) any change or development involving a prospective change in taxation or exchange controls in Hong Kong or elsewhere,

which is or are, in the reasonable opinion of the Underwriter:-

- (a) likely to have a material adverse effect on the business, financial position or prospects of the Group taken as a whole; or
- (b) likely to have a material adverse effect on the success of the Rights Issue or the level of Rights Shares to be taken up; or
- (c) so material as to make it inappropriate, inadvisable or inexpedient to proceed further with the Rights Issue,

then the Underwriter may, by notice in writing given to the Company on or before 4:00 p.m. on the second Business Day following the Acceptance Date, rescind the Underwriting Agreement and thereupon all obligations of the Underwriter hereunder shall cease and 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 (save for any antecedent breaches) and the Rights Issue shall not proceed.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

Existing Shares will be dealt with on a cum-rights basis until 8 May 2008. The Rights Shares will be dealt with in their nil-paid form from 22 May 2008 to 30 May 2008 (both dates inclusive). If the Underwriter terminates the Underwriting Agreement (see sub-section headed “Termination of the Underwriting Agreement” above) or the conditions of the Rights Issue (see sub-section headed “Conditions of the Rights Issue” above) cannot be fulfilled or waived on or before the latest acceptance time of the Rights Issue (or such later time and/or date as the Company and the Underwriter may determine in writing), the Rights Issue shall not proceed and shall lapse.

Any dealings in the Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled, and any dealings in the Rights Shares in their nil-paid form between 22 May 2008 and 30 May 2008, both dates inclusive, are accordingly subject to the risk that the Rights Issue may not become unconditional or may not proceed.

Shareholders and potential investors should therefore exercise caution when dealing in the Shares or Rights Shares in their nil-paid form, and if they are in any doubt about their position, they are recommended to consult their professional adviser.

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY ARISING FROM THE RIGHTS ISSUE

The changes in the shareholding structure of the Company arising from the Rights Issue are as follows:

	As at the date of this announcement		Immediately following completion of the Rights Issue (assuming all the Shareholders have applied for the Rights Shares in full)		Immediately following completion of the Rights Issue (assuming 0% acceptance by the Shareholders other than Upsky)	
	<i>Number of Shares</i>	<i>(%)</i>	<i>Number of Shares</i>	<i>(%)</i>	<i>Number of Shares</i>	<i>(%)</i>
Upsky	70,178,249	50.51	175,445,622	50.51	278,573,849	80.21
Public Shareholders	<u>68,752,151</u>	<u>49.49</u>	<u>171,880,378</u>	<u>49.49</u>	<u>68,752,151</u>	<u>19.79</u>
Total	<u>138,930,400</u>	<u>100.00</u>	<u>347,326,000</u>	<u>100.00</u>	<u>347,326,000</u>	<u>100.00</u>

RESTORATION OF PUBLIC FLOAT

As set forth under the section headed “Changes in the shareholding structure of the Company arising from the Rights Issue” above, immediately upon completion of the Rights Issue, assuming no Rights Share is taken up by the Shareholders other than Upsky, the public float of the Company will decrease to approximately 19.79%. In this regard, Upsky has undertaken that it shall place such number of the Underwritten Shares to independent third parties to comply with the public float requirements under the Listing Rules in the event that the percentage of public float resulting from completion of the Rights Issue falls below the required minimum percentage under the Listing Rules. Upsky shall take appropriate steps/measures to ensure sufficient public float of the Shares upon completion of the Rights Issue.

EXPECTED TIMETABLE

The expected timetable for the Rights Issue is set out below:

	2008 (Hong Kong time)
Last day of dealings in the Shares on a cum-rights basis	8 May
Commencement of dealings in the Shares on an ex-rights basis	9 May
Latest time for lodging transfer of the Shares in order to be qualified for the Rights Issue	4:30 p.m. on 13 May
Register of members closes (both dates inclusive)	14 May to 19 May
Record Date	19 May
Register of members re-opens	20 May
Despatch of the Rights Issue Documents.	20 May
First day of dealings in nil-paid Rights Shares	22 May
Latest time for splitting nil-paid Rights Shares.	4:30 p.m. on 27 May
Last day of dealings in nil-paid Rights Shares	30 May
Latest time for acceptance of, and payment for, the Rights Shares and application for excess Rights Shares.	4:00 p.m. on 4 June
Underwriting Agreement becomes unconditional	4:00 p.m. on 10 June

Announcement of results of the Rights Issue to be published in the respective websites of the Stock Exchange and the Company	12 June
Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares expected to be posted on or before.	13 June
Certificates for the Rights Shares expected to be posted on or before.	13 June
Dealings in fully-paid Rights Shares commence.	17 June

Dates or deadlines specified in this announcement are indicative only and may be varied by agreement between the Company and Upsky. Any consequential changes to the expected timetable will be published or notified to the Shareholders appropriately.

INFORMATION ON THE GROUP

The Company is an investment holding company and the principal activities of the Group are consisted of the provision of building related maintenance services in Hong Kong.

As referred to in the annual report of the Company for the year ended 31 March 2007, the Group’s audited turnover for the year ended 31 March 2007 was approximately HK\$210.51 million (2006: approximately HK\$195.87 million), while its audited loss for the year ended 31 March 2007 was approximately HK\$2.73 million (2006: approximately HK11.32 million).

As referred to in the interim report of the Company for the six months ended 30 September 2007, the Group’s unaudited turnover for the six months ended 30 September 2007 was approximately HK\$74.30 million (2006: approximately HK\$108.06 million) while its unaudited loss for the six months ended 30 September 2007 was approximately HK\$5.28 million (2006: approximately HK0.6 million).

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

As disclosed in the announcement of the Company dated 12 March 2008, the Company, through its wholly-owned subsidiary, entered into a non-legally binding framework agreement with Beihai Yinhe and Mr. Gao, pursuant to which Beihai Yinhe and Mr. Gao have agreed to sell and the Company has agreed to acquire the entire equity interest in the Hotel, which holds, among others, a hotel and the relevant land use right in Nanning, the PRC. Details of the acquisition of the Hotel are set out in the aforementioned announcement of the Company dated 12 March 2008.

Currently, the Company is in the process of obtaining approvals from the relevant PRC government authorities and negotiating on the terms of the acquisition of the Hotel. The net proceeds of the Rights Issue, after deduction of expenses, are estimated to be of approximately HK\$101 million, the Company intends to apply the net proceeds from the Rights Issue to finance the acquisition of the Hotel, if materialises. In the event that the acquisition of the Hotel is not materialised, part of the net proceeds from the Rights Issue will be reserved as capital for other investment opportunities to be identified by the Company, while the remaining of the net proceeds (if any) will be utilised as general working capital of the Group.

Further announcement(s) will be made by the Company in respect of any material development in respect of the acquisition of the Hotel to comply with the disclosure and/or approval requirements under the Listing Rules.

FUND RAISING ACTIVITIES OF THE COMPANY WITHIN 12 MONTHS TO THE DATE OF THIS ANNOUNCEMENT

Date of announcement	Description	Net proceeds (approximately)	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
15 August 2007	Subscription of new Shares	HK\$18 million	To strengthen the Company's capital base and provide flexibility for the Group's future development and expansion	The net proceeds have been reserved as general working capital of the Group
29 October 2007	Issue of the Convertible Bond	HK\$120 million	To strengthen the Company's capital base and provide flexibility for the Group's future development and expansion	The net proceeds have been reserved as general working capital of the Group

Save as disclosed above, the Company did not carry out any rights issue, open offer or other issue of equity securities for fund raising purpose or otherwise within the past 12 months prior to the date of this announcement.

SGM

The SGM will be held to consider and, if thought fit, passing the ordinary resolution(s) by way of poll to approve the Rights Issue and the Underwriting Agreement. Pursuant to Rule 7.19(6) of the Listing Rules, Upsky and its associates, and parties acting in concert with any of them shall abstain from voting on the relevant resolution(s) at the SGM.

GENERAL

The Company has established an Independent Board Committee (which comprises all the three independent non-executive Directors, being Prof. Ye Jianping, Mr. Derek Palaschuk and Mr. Yao Xusheng) (i) to advise the Independent Shareholders as to whether the terms of the Rights Issue and the Underwriting Agreement are fair and reasonable so far as the Independent Shareholders are concerned and whether the Rights Issue and the Underwriting Agreement are in the interests of the Company and the Shareholders as a whole, and (ii) to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser.

A circular containing, among other things, details of the Rights Issue and the Underwriting Agreement, the recommendation of the Independent Board Committee and the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, together with a notice convening the SGM will be despatched to the Shareholders as soon as practicable.

The Rights Issue Documents setting out details of the Rights Issue and the Underwriting Agreement will be despatched to the Qualifying Shareholders as soon as practicable, subject to the conditions set out under the sub-section headed “Conditions of the Rights Issue” under the section headed “Proposed Rights Issue” of this announcement being satisfied.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading of the Shares on the Stock Exchange has been suspended from 2:30 p.m. on 7 April 2008 pending the publication of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 9 April 2008.

DEFINITIONS

Unless the context otherwise requires, capitalized terms used in this announcement shall have the following meanings:

“Acceptance Date”	4 June 2008, being the last day for acceptance and payment of the Rights Shares, or such other date as the Company and the Underwriter may agree in writing
“associate(s)”	shall have the meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturdays) on which banks are generally open for business in Hong Kong
“Beihai Yinhe and Mr. Gao”	北海銀河高科技產業股份有限公司 (Beihai Yinhe High Technology Industry Company Limited*) and Mr. Gao Jian who respectively owns 95% and 5% of the equity interests in the Hotel
“Companies Ordinance”	Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	Shun Cheong Holdings Limited, a company incorporated in Bermuda and the shares of which are listed on the main board of the Stock Exchange

“Convertible Bond”	a convertible bond issued by the Company to Tanisca in the aggregate principal amount of HK\$120,000,000 with a term of five years on 28 March 2008
“Director(s)”	director(s) of the Company
“Excluded Shareholder(s)”	Shareholder(s) whose names appear on the register of members of the Company as at the close of business on the Record Date and whose address(es) as shown on such register is/are outside Hong Kong where the Directors, based on legal opinions provided by legal advisers, consider it necessary or expedient not to offer the Rights Shares to such Shareholder(s) 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
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hotel”	廣西沃頓國際大酒店有限公司 (Guangxi Wharton International Hotel Company Limited*)
“Independent Board Committee”	comprises all the three independent non-executive Directors, being Prof. Ye Jianping, Mr. Derek Palaschuk and Mr. Yao Xusheng, to advise the Independent Shareholders in respect of the Rights Issue and the Underwriting Agreement
“Independent Financial Adviser”	the independent financial adviser to be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue and the Underwriting Agreement
“Independent Shareholders”	Shareholders who are not interested or involved in the Rights Issue, being Shareholders other than Upsky, its associates and their respective parties acting in concert
“independent third party(ies)”	shall have the meaning as ascribed to it under the Listing Rules
“Last Trading Day”	7 April 2008, being the last half trading day of the Shares on the Stock Exchange prior to this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Overseas Shareholder(s)”	Shareholder(s) whose names appear on the register of members of the Company as at the close of business on the Record Date and whose address(es) as shown on such register is/are outside Hong Kong
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus to be issued by the Company in relation to the Rights Issue
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company as at the close of business on the Record Date, other than the Excluded Shareholders
“Record Date”	19 May 2008, the record date to determine entitlements to the Rights Issue
“Rights Issue”	the issue of 208,395,600 Rights Shares at the Subscription Price on the basis of three Rights Share for every two existing Shares held on the Record Date payable in full on acceptance
“Rights Issue Documents”	the Prospectus, the provisional allotment letters and the forms of application for excess Rights Shares to be issued by the Company
“Rights Share(s)”	new Share(s) to be allotted and issued in respect of the Rights Issue
“SGM”	the special general meeting of the Company to be convened for the purposes of considering, among other things, the Rights Issue and the Underwriting Agreement
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.50 per Rights Share
“Tanisca”	Tanisca Investments Limited, a company wholly-owned by Mr. Mo Tianquan (a non-executive Director and a substantial Shareholder)
“Underwriting Agreement”	the underwriting agreement entered into between the Company and Upsky dated 7 April 2008 in relation to the Rights Issue

“Underwriter” or “Upsky”	Upsky Enterprises Limited, a company wholly-owned by Mr. Mo Tianquan (a non-executive Director and a substantial Shareholder) and is interested in 70,178,249 Shares, representing approximately 50.51% of the issued share capital of the Company as at the date of this announcement
“Underwritten Shares”	103,128,227 Rights Shares fully underwritten by Upsky on and subject to terms and conditions as set out in the Underwriting Agreement
“Warranties”	the representations, warranties and undertakings contained in the Underwriting Agreement
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 8 April 2008

The Directors as at the date of this announcement:

Executive Directors:

Ms. Cao Jing (*executive chairman*)

Mr. Zhang Shaohua (*managing director*)

Non-executive Director:

Mr. Mo Tianquan

Independent non-executive Directors:

Prof. Ye Jianping

Mr. Derek Palaschuk

Mr. Yao Xusheng.

* *For identification purpose only*