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SHUN CHEONG HOLDINGS LIMITED

順昌集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 650)

PROFIT WARNING AND UPDATE ON LITIGATION MATTER

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules. The Board wishes to inform Shareholders and potential investors that the Group is expected to record a loss for the year ended 31 March 2014. The information contained in this announcement is only based on the Company's preliminary review of the consolidated management accounts of the Group, which have not been reviewed or audited by the Company's auditors.

Open Land Holdings Limited (hereinafter referred to the "Open Land"), the wholly-owned subsidiary of the Company, has recently received the Civil Judgment from the Nanning Intermediate Court (hereinafter referred to the "Nanning Intermediate Court") concerning a lawsuit brought by Beihai Yinhe Industry Investment Co., Ltd. (hereinafter referred to the "Beihai Yinhe") against Open Land. Open Land and its lawyers do not agree with the Civil Judgment from the Nanning Intermediate Court, and prepare to file appeal.

1. PROFIT WARNING

This announcement is made by Shun Cheong Holdings Limited (the "Company", together with its subsidiaries shall be referred to as the "Group") pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"). The board of directors (the "Board") of the Company wishes to inform shareholders of the Company (the "Shareholders") and

* For identification purpose only

potential investors that the Group is expected to record a loss for the year ended 31 March 2014. Such expected loss was mainly attributable to:

- (1) A large scale of the decoration has been initiated and accomplished in Guangxi Wharton Hotel in the financial year ended 31 March 2014, which covered totally twelve floors of the Hotel. The decoration has significant impact on the Hotel operation, and the management believes that the Hotel will provide improved customer service and better hotel facilities in coming years.
- (2) On 5 June 2014, the wholly owned subsidiary, Open Land Holdings Limited, received the Civil Judgment ((2013) Nan Shi Min San Chu Zi No. 41), and it does not agree with the Civil Judgment and intends to file appeal with lawyers. For the prudential purposes, the management of the Company made provision for the litigation issue.

As the Company is still in the process of finalizing the annual results of the Group for the year ended 31 March 2014, the information contained in this announcement is only based on the Company's preliminary review of the consolidated management financial statements of the Group, which have not been reviewed or audited by the Company's auditors. The audited results of the Group for the year ended 31 March 2014 are expected to be published in late June 2014.

2. UPDATE ON LITIGATION MATTERS

References are made to the Company's announcement made on 26 June 2013 (the "Announcement"). Unless otherwise defined, capitalized terms used in this announcement have the same meaning as defined in the Announcement.

On 5 June 2014, the Civil Judgment ((2013) Nan Shi Min San Chu Zi No.41) was received by Open Land from the Intermediate People's Court Guangxi Zhuang Autonomous Region. The Civil Judgment stated as follows:

1. It was confirmed that the Supplemental Agreement Regarding Guangxi Wharton International Hotel's the 2nd Phase Land Issues dated 3 December 2008 entered into among the plaintiff, Beihai Yinhe, the defendant, Open Land and the third party, Guangxi Wharton International Hotel Co., Ltd. was terminated on 9 October 2010.
2. The defendant, Open Land shall pay RMB110 million to the plaintiff, Beihai Yinhe.
3. The defendant, Open Land shall indemnify for the loss incurred by the plaintiff, Beihai Yinhe, which shall be calculated based on the principal in an amount of RMB110 million by installment at the People's Bank of China lending rate from 10 January 2011 and ending on the last day of the period as specified in the judgment.
4. The costs of this case amounted to RMB660,853, of which RMB10,000 shall be assumed by the plaintiff, Beihai Yinhe, and RMB650,853 shall be assumed by the defendant, Open Land Holdings Limited.

LITIGATION IMPACT ON THE COMPANY

Open Land and its lawyers do not agree with the Civil Judgment, and prepare to file appeal to a higher court in China. The Group is undertaking legal procedures to protect the interests and assets of Open Land, and the Company cannot determine the possible impacts yet.

DOCUMENTS FOR REFERENCE

- (1) The Civil Judgement ((2013) Nan Shi Min San Chu Zi No. 41) of the Intermediate People's Court Guangxi Zhuang Autonomous Region.
- (2) Originals of Other Related Documents.

The Company will make further announcement if and when there is any significant development in respect of this matter.

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

Hong Kong, 24 June 2014

As at the date hereof, the Board comprises six directors, of whom two are executive directors, namely Ms. Cao Jing (executive chairman) and Mr. Zhang Shaohua (managing director), one is non-executive director, namely Mr. Mo Tianquan, and three are independent non-executive directors, namely Prof. Ye Jianping, Mr. Palaschuk Derek Myles and Mr. Wu Jiahong.