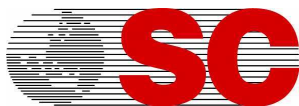


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SOUTH CHINA HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 265)

PROFIT WARNING FOR THE SIX MONTHS ENDED 30 JUNE 2014 AND RESUMPTION IN TRADING

This announcement is made by South China Holdings Limited (the “**Company**” together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on the preliminary review of the management accounts of the Group, the Group is expected to record unaudited net loss attributable to owners of the Company of approximately HK\$13.8 million for the six months ended 30 June 2014 (the “**Period**”) as compared with unaudited net profit attributable to owners of the Company of approximately HK\$14.1 million for the corresponding period in 2013 (the “**Profit Warning Statement**”).

The expected change from net profit to net loss attributable to owners of the Company from the first half of 2013 to the first half of 2014 was primarily attributable to the (i) fair value loss on financial assets at fair value through profit or loss recorded in the Period as opposed to a fair value gain for the corresponding period in 2013; (ii) increase in legal costs incurred for a series of litigations against Sinosoft Technology Group Limited and other parties as more particularly set out in the Company’s announcements dated 20 June 2013, 26 June 2013, 24 July 2013, 30 July 2013, 20 August 2013, 2 September 2013, 3 December 2013 and 12 May 2014; and (iii) decrease in profit from the Group’s travel business for the Period as compared to that for the corresponding period in 2013.

The Company is in the process of finalizing the unaudited interim results of the Group for the Period (the “**Interim Results**”). The information contained in this announcement is only based on the preliminary assessment by the Board of the unaudited consolidated management accounts of the Group for the Period and the information currently available to the Company. Details of the Group’s results for the Period will be disclosed as and when the Interim Results is announced on 19 August 2014.

With the publication of the announcement of the Company dated 25 April 2014 in relation to, among other things, the preliminary discussion between certain shareholders of the Company and an independent third party in respect of a possible transaction, which may lead to a change in control of the Company and a mandatory general offer (the “**Offer**”) in accordance with Rule 26.1 of The Code on Takeovers and Mergers (the “**Takeovers Code**”), the offer period has commenced since 25 April 2014. The Profit Warning Statement constitutes a profit forecast under Rule 10 of the Takeovers Code and requires to be reported on by the Company’s auditor and financial adviser in compliance with Rule 10.4 of the Takeovers Code. Meanwhile, this announcement is required to be made pursuant to Rule 13.09(2)(a) of the Listing Rules, which requires the Company to issue the profit warning announcement as soon as practicable. Due to the time constraint in issuing this announcement in compliance with the relevant rules and regulations, the Company has practical difficulty in meeting the reporting requirements set out in Rule 10.4 of the Takeovers Code for the purpose of this announcement.

The Company would like to draw the attention of the Shareholders and potential investors that the Profit Warning Statement does not meet the standard required by Rule 10 of the Takeovers Code. Shareholders and potential investors should exercise caution in placing reliance on the Profit Warning Statement in assessing the merits and demerits of the Offer, the Special Deals, the Connected Transactions and the respective transactions contemplated thereunder.

The Executive (as defined in the Takeovers Code) will also normally require the profit forecasts to be reported on as soon as reasonably practicable and the relevant reports to be contained in the next document to be sent to shareholders. As the Company is currently finalizing the Interim Results and is expected to publish the Interim Results on 19 August 2014 which precedes the despatch of the composite document, the Interim Results would fall under Rule 10.9 of the Takeovers Code and the reporting on requirement on the Profit Warning Statement will no longer be required.

Warning: The Offer is a possibility only.

The Offer may or may not be made. Shareholders and potential investors are advised to exercise caution in dealing in the shares of the Company (the “Shares”).

Reference is also made to the circular (the “**Circular**”) of the Company dated 12 August 2014. Notwithstanding the information disclosed in this announcement, the Board confirms that there is no material change in the financial or trading position or other information of the Group as disclosed in the Circular since the latest practicable date of the Circular of 8 August 2014. The Independent Financial Adviser (as defined in the Circular) also confirms that, taking into account of the information disclosed in this announcement, its opinion regarding the Special Deals and the Connected Transactions (as defined in the Circular) set out in the section headed “**Letter from Hercules Capital Limited**” of the Circular remains the same.

Trading Halt and Resumption in Trading

At the request of the Company, trading in the Shares on the Stock Exchange has been halted with effect from 1:00 p.m. on 11 August 2014 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 13 August 2014.

By Order of the Board
South China Holdings Limited
Cheung Choi Ngor
Executive Director

Hong Kong, 12 August 2014

As at the date of this announcement, the directors of the Company are (1) Mr. Ng Hung Sang, Mr. Richard Howard Gorges, Ms. Cheung Choi Ngor and Mr. Ng Yuk Fung Peter as executive directors; (2) Ms. Ng Yuk Mui Jessica and Mr. David Michael Norman as non-executive directors; and (3) Mr. David John Blackett, Mrs. Tse Wong Siu Yin Elizabeth and Mr. Cheng Hong Kei as independent non-executive directors.

All the directors of the Company jointly and severally accept fully responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.