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SOUTH CHINA HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 265)

ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEES AND APPOINTMENT OF THE INDEPENDENT FINANCIAL ADVISER

Reference is made to the joint announcement issued by South China Holdings Limited (the “**Company**”) and Orient Victory Real Estate Group Holdings Limited on 25 June 2014 in relation to, among other things, the possible Offer, the Disposal and transactions contemplated under the Deed of Assignment, the Service Agreement, the Four Seas Shareholders’ Agreement and the King Link Shareholders’ Agreement (“**Announcement**”). Terms defined herein have the same meanings as defined in the Announcement, unless otherwise stated herein.

The Company announces that the Takeovers Code independent board committee, which comprises all non-executive Directors including Mr. David Michael Norman, Mr. David John Blackett, Mrs. Tse Wong Siu Yin Elizabeth and Mr. Cheng Hong Kei but excluding Ms. Ng Yuk Mui Jessica, being the daughter of Mr. Ng and presumed to be not independent for the purpose of giving advice to the Independent Shareholders in respect of the relevant transactions, has been established to make a recommendation to the Independent Shareholders as to whether each of the Offer, the Disposal (including the transactions contemplated under the Deed of Assignment), the Service Agreement and the respective transactions contemplated thereunder are fair and reasonable and as to voting.

In addition, the Listing Rules independent board committee (together with the Takeovers Code independent board committee, the “**Independent Board Committees**”), which comprises all the independent non-executive Directors including Mr. David John Blackett, Mrs. Tse Wong Siu Yin Elizabeth and Mr. Cheng Hong Kei, has been established to form a view in respect of the Disposal (including the transactions contemplated under the Deed of Assignment), the Service Agreement, the Four Seas Shareholders’ Agreement and the King Link Shareholders’ Agreement and to make a recommendation to the Independent Shareholders as to whether they are in the ordinary and usual course of business of the Company and their terms are fair and reasonable and in the interests of the Company and its shareholders as a whole and on how to vote.

Hercules Capital Limited (“**Hercules**”) has been appointed as the Independent Financial Adviser to advise the Independent Board Committees and the Independent Shareholders in respect of the Offer, the Special Deals, the Connected Transactions and the respective transactions contemplated thereunder. The appointment of Hercules as the Independent Financial Adviser has been approved by the Independent Board Committees.

The advice of Hercules and the recommendation of the Independent Board Committees in respect of the Special Deals and the Connected Transactions, in particular, as to whether the Special Deals and the Connected Transactions are, or are not, fair and reasonable, will be included in the circular to be despatched. The advice of Hercules and the recommendation of the Takeovers Code independent board committee in respect of the Offer, in particular, as to whether the Offer is, or is not, fair and reasonable and as to its acceptance, will be included in the composite offer document to be despatched.

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

Hong Kong, 16 July 2014

As at the date of this announcement, the board of directors of the Company comprises Mr. Ng Hung Sang, Mr. Richard Howard Gorges, Ms. Cheung Choi Ngor and Mr. Ng Yuk Fung Peter as executive Directors; Ms. Ng Yuk Mui Jessica and Mr. David Michael Norman as non-executive Directors; and Mr. David John Blackett, Mrs. Tse Wong Siu Yin Elizabeth and Mr. Cheng Hong Kei as independent non-executive Director^{32s}.

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.