

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



SOUTH CHINA HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 265)

VOLUNTARY ANNOUNCEMENT UPDATE ON LITIGATIONS IN RESPECT OF SOFTWARE JOINT VENTURE

South China Holdings Limited (“Company”) wishes to update its shareholders on the latest development of a series of litigations against Sinosoft Technology Group Limited (“Sinosoft”), Nanjing Skytech Co., Limited 南京擎天科技有限公司 (“Nanjing Skytech”) and certain members of the former management team of Nanjing South China Skytech Co., Limited 南京南華擎天資訊科技有限公司 (“Nanjing South China Skytech”), including Ms. Xin Yingmei.

Nanjing South China Skytech is the Company’s 66.7%-owned software joint venture established under a joint venture agreement dated 31 January 2000 entered into between Janful Limited (“Janful”), an indirect wholly-owned subsidiary of the Company, and Nanjing Skytech, a wholly-owned subsidiary of Sinosoft.

In addition to a lawsuit commenced by Janful in Hong Kong in June 2013 against Sinosoft and two co-defendants claiming unlawful registration of intellectual property rights for the software products belonging to Nanjing South China Skytech as referred to in the announcement of the Company dated 26 June 2013, Janful served a letter (“Letter”) via its solicitors on Sinosoft on 23 August 2013, stating therein that:

- (a) page 196 of the prospectus of Sinosoft dated 27 June 2013 contained defamatory statements of Janful concerning the operation of Nanjing South China Skytech (“Defamatory Allegations”); and
- (b) the Defamatory Allegations are completely false and highly misleading, and amount to a very serious libel on Janful.

By the Letter, Janful demanded Sinosoft to (1) publish a public retraction of the Defamatory Allegations and an apology to Janful, (2) undertake not to repeat the Defamatory Allegations or any part thereof against Janful or its senior management and (3) undertake to compensate Janful for the damage and injuries it suffered by reason of the publication of the Defamatory Allegations by Sinosoft.

Since Sinsoft had failed to meet Janful's demand stated in the Letter and had denied the Defamatory Allegations openly via an announcement made by it on 27 August 2013, Janful initiated legal proceedings against Sinsoft ("Defamation Action") and filed a writ of summons with the High Court (Court of First Instance) of Hong Kong on 30 August 2013 making, amongst others, the following claims:

- (a) an injunction to restrain Sinsoft by its directors, servants, agents or otherwise howsoever from further publishing or causing to be printed, published or distributed the Defamatory Allegations or similar words defamatory of Janful in any way or by any means; and
- (b) damages for libel, including aggravated and exemplary damages.

The Company will issue further announcement(s) to update its shareholders as and when appropriate should there be any major development in respect of the Defamation Action and the series of litigations against Sinsoft and Nanjing Skytech.

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

Hong Kong, 2 September 2013

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.