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## **SOUTH CHINA HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 265)**

### **UPDATE ON LITIGATION IN RESPECT OF SOFTWARE JOINT VENTURE**

Reference is made to the announcements of South China Holdings Limited (“Company”) regarding the litigation initiated by Nanjing South China Skytech against Nanjing Skytech published on 20 June 2013 (“First Announcement”) and the legal proceedings commenced by Janful against Sinosoft Technology published on 26 June 2013 (“Second Announcement”). Unless otherwise defined, capitalized terms used in this announcement shall have the same respective meanings as those defined in the First Announcement and the Second Announcement.

The Company wishes to make the following response to the announcement of Sinosoft Technology (Stock Code: 1297) published on 21 July 2013 regarding the judgment (“Judgment”) in relation to the compulsory liquidation of Nanjing South China Skytech (“Liquidation”) laid down by the Nanjing Intermediate People’s Court (“Nanjing Intermediate Court”) in the People’s Republic of China (“PRC”) on 18 July 2013.

According to the legal opinion obtained by the Company from a PRC legal counsel, the Judgment is in serious violation of PRC Companies Law and relevant judicial interpretations. The legal opinion also states that:

1. the Nanjing Intermediate Court had no authority to grant the Judgment before a scheduled evidence collection hearing for the Liquidation;
2. Nanjing South China Skytech has never received any notice of the hearing held on 18 July 2013, and never intended to give up its legal right to object and/or participate in the Liquidation case. The Nanjing Intermediate Court has no power to unilaterally deprive Nanjing South China Skytech of this legal right in the Liquidation case; and
3. the Judgment had deprived Nanjing South China Skytech of its legal right and does not have any legal basis, and is repugnant of the basic principles of justice and equity.

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

Hong Kong, 24 July 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.*