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SOUTH CHINA HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 265)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

GROUP RESULTS

The board of directors (the “Board”) of South China Holdings Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2012 together with comparative figures for the last financial year as follows:

CONSOLIDATED INCOME STATEMENT

	<i>Notes</i>	2012 HK\$'000	2011 HK\$'000 (Restated)
CONTINUING OPERATIONS			
Revenue	2	164,169	152,271
Cost of sales		<u>(50,267)</u>	<u>(47,962)</u>
Gross profit		113,902	104,309
Other income		3,894	10,323
Fair value gain on investment properties		600	12,800
Fair value gain/(loss) on financial assets at fair value through profit or loss		6,191	(20,043)
Selling and distribution costs		(7,332)	(6,935)
Administrative expenses		(85,766)	(88,913)
Other operating expenses		<u>(387)</u>	<u>(5,368)</u>
Profit from operations	2	31,102	6,173
Finance costs	3	<u>(7,095)</u>	<u>(6,645)</u>
Profit/(loss) before tax from continuing operations	4	24,007	(472)

CONSOLIDATED INCOME STATEMENT (Continued)

	<i>Notes</i>	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i> <i>(Restated)</i>
Profit/(loss) before tax from continuing operations	4	24,007	(472)
Income tax expense	5	<u>(4,811)</u>	<u>(4,893)</u>
Profit/(loss) for the year from continuing operations		19,196	(5,365)
DISCONTINUED OPERATIONS			
Loss for the year from discontinued operations	6	<u>-</u>	<u>(19,201)</u>
Profit/(loss) for the year		<u>19,196</u>	<u>(24,566)</u>
Attributable to:			
- Owners of the Company		19,154	(14,769)
- Non-controlling interests		<u>42</u>	<u>(9,797)</u>
		<u>19,196</u>	<u>(24,566)</u>
Earning/(loss) per share attributable to owners of the Company	7		
Basic			
- For profit/(loss) for the year		<u>HK1.1 cents</u>	<u>HK(0.8) cent</u>
- For profit/(loss) from continuing operations		<u>HK1.1 cents</u>	<u>HK(0.2) cent</u>
Diluted			
- For profit/(loss) for the year		<u>HK1.1 cents</u>	<u>HK(0.8) cent</u>
- For profit/(loss) from continuing operations		<u>HK1.1 cents</u>	<u>HK(0.2) cent</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i> <i>(Restated)</i>
Profit/(loss) for the year	<u>19,196</u>	<u>(24,566)</u>
Other comprehensive income/(loss)		
Changes in fair value of available-for-sale financial assets	15,391	(3,847)
Exchange differences on translation of foreign operations	<u>(1,435)</u>	<u>4,508</u>
Other comprehensive income for the year	<u>13,956</u>	<u>661</u>
Total comprehensive income/(loss) for the year	<u>33,152</u>	<u>(23,905)</u>
Attributable to:		
- Owners of the Company	33,145	(15,986)
- Non-controlling interests	<u>7</u>	<u>(7,919)</u>
	<u>33,152</u>	<u>(23,905)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December 2012	As at 31 December 2011	As at 1 January 2011
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>	<i>HK\$'000</i>
			<i>(Restated)</i>	<i>(Restated)</i>
Non-current assets				
Property, plant and equipment		8,031	8,586	18,227
Investment properties		38,600	38,000	25,200
Prepaid land lease payments		-	-	17,726
Interests in associates		-	-	702
Biological assets		-	-	1,264
Available-for-sale financial assets		44,710	29,319	33,166
Other non-current assets		28,331	28,368	27,345
Goodwill		2,994	2,994	5,500
Total non-current assets		122,666	107,267	129,130
Current assets				
Inventories		30,038	30,730	48,720
Trade and other receivables	8	220,863	269,515	257,241
Financial assets at fair value through profit or loss		30,098	23,907	43,950
Due from affiliates		-	-	2,037
Advances to non-controlling shareholders of subsidiaries		1,775	1,778	1,694
Pledged bank deposits		15,214	15,835	16,885
Cash and cash equivalents		31,854	57,149	65,998
Total current assets		329,842	398,914	436,525
Current liabilities				
Trade and other payables	9	143,320	208,191	197,466
Interest-bearing bank and other borrowings		62,750	87,552	109,765
Advances from non-controlling shareholders of subsidiaries		25	25	404
Tax payable		1,166	1,077	2,060
Total current liabilities		207,261	296,845	309,695
Net current assets		122,581	102,069	126,830
Total assets less current liabilities		245,247	209,336	255,960

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

	As at 31 December 2012 HK\$'000	As at 31 December 2011 HK\$'000 (Restated)	As at 1 January 2011 HK\$'000 (Restated)
Total assets less current liabilities	245,247	209,336	255,960
Non-current liabilities			
Advances from shareholders	59,541	56,782	62,860
Net assets	185,706	152,554	193,100
Equity			
Equity attributable to owners of the Company			
Issued capital	45,584	45,584	45,584
Reserves	119,435	86,290	106,557
	165,019	131,874	152,141
Non-controlling interests	20,687	20,680	40,959
Total equity	185,706	152,554	193,100

Notes:

1. Principal accounting policies and basis of preparation

The accounting policies and basis of preparation adopted in these financial statements are generally consistent with those adopted in the Group's audited 2011 annual financial statements except that the Group has adopted the newly issued and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations), which are effective for the annual period beginning on 1 January 2012 as disclosed in the audited 2011 annual financial statements.

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Transfers of Financial Assets</i>
HKAS 12 Amendments	Amendments to HKAS 12 <i>Income Taxes – Deferred Tax: Recovery of Underlying Assets</i>

Other than as further explained below regarding the impact of amendments to HKAS 12, the adoption of the revised HKFRSs has had no significant financial effect on these financial statements.

The HKAS 12 Amendments clarify the determination of deferred tax for investment property measured at fair value and introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, the amendments incorporate the requirement previously in HK(SIC)-Int 21 *Income Taxes – Recovery of Revalued Non-Depreciable Assets* that deferred tax on non-depreciable assets, measured using the revaluation model in HKAS 16, should always be measured on a sale basis. Prior to the adoption of the amendments, deferred tax with respect to the Group's investment properties was provided on the basis that the carrying amount will be recovered through use, and accordingly the profits tax rate had been applied to the calculation of deferred tax arising on the revaluation of the Group's investment properties. Upon the adoption of HKAS 12 Amendments, deferred tax in respect of the Group's investment properties is provided on the presumption that the carrying amount will be recovered through sale. The effects of the above change are summarised below:

	2012 HK\$'000	2011 HK\$'000
<i>Consolidated income statement for the year ended 31 December</i>		
Decrease in income tax expense	90	1,928
Increase in profit/(decrease in loss) for the year	90	(1,928)
 Increase in basic earning/(decrease in basic loss) per share	 HK0.005 cent	 HK(0.106) cent
Increase in diluted earning/(decrease in diluted loss) per share	HK0.005 cent	HK(0.106) cent
 <i>Consolidated statement of financial position at 31 December</i>		
Decrease in deferred tax liabilities and total non-current liabilities	(4,403)	(4,313)
Increase in net assets and reserves	4,403	4,313
 <i>Consolidated statement of financial position at 1 January</i>		
Decrease in deferred tax liabilities and total non-current liabilities		(2,385)
Increase in net assets and reserves		2,385

2. Revenue and segmental information

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts; the value of services rendered and commission income during the year.

The Group discontinued its information technology and forestry business during the year ended 31 December 2011.

An analysis of the Group's segment information is as follows:

Year ended 31 December 2012

	Travel related and other services HK\$'000	Trading and manufacturing of jewellery HK\$'000	Investment holding HK\$'000	Total continuing operations HK\$'000	Information technology HK\$'000	Forestry HK\$'000	Total discontinued operations HK\$'000	Total HK\$'000
Segment revenue								
Sales to external customers	103,096	61,073	-	<u>164,169</u>	-	-	-	<u>164,169</u>
Segment results	26,721	3,255	1,126	31,102	-	-	-	31,102
<u>Reconciliation:</u>								
Finance costs				<u>(7,095)</u>			-	<u>(7,095)</u>
Profit before tax				<u>24,007</u>			-	<u>24,007</u>
Segment assets and total assets	251,475	34,823	166,210	<u>452,508</u>	-	-	-	<u>452,508</u>
Segment liabilities	135,694	6,233	60,959	202,886	-	-	-	202,886
<u>Reconciliation:</u>								
Corporate and other unallocated liabilities				<u>63,916</u>			-	<u>63,916</u>
Total liabilities				<u>266,802</u>			-	<u>266,802</u>

Year ended 31 December 2011

	Travel related and other services HK\$'000	Trading and manufacturing of jewellery HK\$'000	Investment holding HK\$'000 (Restated)	Total continuing operations HK\$'000	Information technology HK\$'000	Forestry HK\$'000	Total discontinued operations HK\$'000	Total HK\$'000
Segment revenue								
Sales to external customers	94,301	57,970	-	<u>152,271</u>	58,493	-	<u>58,493</u>	<u>210,764</u>
Segment results	26,517	3,184	(23,528)	6,173	(3,479)	(585)	(4,064)	2,109
<u>Reconciliation:</u>								
Finance costs				(6,645)			(1,141)	(7,786)
Share of profits and losses of associates				<u>-</u>			<u>(8)</u>	<u>(8)</u>
Loss before tax				<u>(472)</u>			<u>(5,213)</u>	<u>(5,685)</u>
Segment assets and total assets	324,338	36,988	144,855	<u>506,181</u>	-	-	<u>-</u>	<u>506,181</u>
Segment liabilities	198,636	6,323	60,039	264,998	-	-	-	264,998
<u>Reconciliation:</u>								
Corporate and other unallocated liabilities				<u>88,629</u>			<u>-</u>	<u>88,629</u>
Total liabilities				<u>353,627</u>			<u>-</u>	<u>353,627</u>

Geographical segments:

Revenue from external customers

	2012			2011		
	Continuing operations HK\$'000	Discontinued operations HK\$'000	Total HK\$'000	Continuing operations HK\$'000	Discontinued operations HK\$'000	Total HK\$'000
Hong Kong	78,428	-	78,428	76,202	-	76,202
Mainland China	<u>85,741</u>	<u>-</u>	<u>85,741</u>	<u>76,069</u>	<u>58,493</u>	<u>134,562</u>
	<u>164,169</u>	<u>-</u>	<u>164,169</u>	<u>152,271</u>	<u>58,493</u>	<u>210,764</u>

The revenue information above is based on the location of the customers.

The gross proceeds received and receivable from the sale of air-tickets and the provision of other travel related services are as follows:

	2012 HK\$'000	2011 HK\$'000
Gross proceeds received and receivable	<u>3,278,270</u>	<u>2,999,382</u>

3. Finance costs

An analysis of finance costs is as follows:

	2012 HK\$'000	2011 HK\$'000
Interest on bank loans, overdrafts and other loans wholly repayable within five years		
Continuing operations	4,336	3,788
Discontinued operations	-	985
Interest on advances from a non-controlling shareholder of a former subsidiary		
Discontinued operations	-	156
Interest on advances from directors		
Continuing operations	2,759	2,857
	7,095	7,786
Attributable to:		
Continuing operations	7,095	6,645
Discontinued operations	-	1,141
	7,095	7,786

4. Profit/(loss) before tax

For the year ended 31 December 2012, profit before tax is arrived at after charging depreciation and amortisation of approximately HK\$2,804,000 (2011: HK\$3,686,000) in respect of the Group's property, plant and equipment and prepaid land lease payments.

5. Income tax

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

6. Discontinued operations

On 29 July 2011, the Company entered into an agreement with an independent third party to dispose of the entire issued share capital of Genion Limited, which owned 60% equity interests in Chongqing South China Zenith Information Technology Co., Ltd., which in turn owned 100% equity interests in Chongqing Zenith International Information Technology Co., Ltd.* (重慶中天國際信息技術有限公司), 50% equity interests in Chongqing Jin Tung Tai Information Technology Co., Ltd.* (重慶金通泰信息技術有限公司) and 18% equity interests in Chongqing Fortuna Information Technology Co., Ltd., respectively. Genion Limited and its subsidiaries (collectively "Genion"), which were engaged in information technology business, constituted the information technology business segment with

operations in Mainland China. Upon completion of the disposal of Genion on 25 August 2011, the Group ceased the information technology business thereafter.

On 11 January 2011, the Company entered into an agreement to dispose of the entire equity interests of Thousand China Investments Limited and its subsidiaries (collectively “TCL”), which were engaged in forestry business, to South China (China) Limited (“SCC”), of which a substantial shareholder was also a substantial shareholder of the Company. Upon completion of the disposal of TCL on 31 January 2011, the Group ceased the forestry business thereafter.

Financial information relating to Genion and TCL for the year ended 31 December 2011 is set out below. The consolidated income statement distinguishes the discontinued operations from the continuing operations.

	2011		
	Genion HK\$'000	TCL HK\$'000	Total HK\$'000
Revenue	58,493	-	58,493
Other income	994	-	994
Expenses	(62,966)	(585)	(63,551)
Finance costs (note 3)	(1,141)	-	(1,141)
Share of profits and losses of associates	(8)	-	(8)
Loss before tax from discontinued operations	(4,628)	(585)	(5,213)
Income tax	(98)	-	(98)
	(4,726)	(585)	(5,311)
Gain/(loss) on disposal of subsidiaries	(14,320)	430	(13,890)
Loss for the year from discontinued operations	<u>(19,046)</u>	<u>(155)</u>	<u>(19,201)</u>
			2011
Loss per share:			
Basic, from discontinued operations			<u>HK0.64 cent</u>
Diluted, from discontinued operations			<u>HK0.64 cent</u>

The calculations of basic and diluted loss per share from discontinued operations are based on:

	2011
Loss attributable to owners of the Company from discontinued operations	<u>HK\$11,619,000</u>
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculations	<u>1,823,401,000</u>

7. Earning/(loss) per share attributable to owners of the Company

The calculations of basic and diluted earning/(loss) per share are based on:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i> (Restated)
<u>Profit/(loss)</u>		
Profit/(loss) attributable to owners of the Company, used in the basic earning/(loss) per share calculations:		
From continuing operations	19,154	(3,150)
From discontinued operations	-	(11,619)
	<u>19,154</u>	<u>(14,769)</u>
Profit/(loss) attributable to owners of the Company, used in the diluted earning/(loss) per share calculations:		
From continuing operations	19,154	(3,150)
From discontinued operations	-	(11,619)
	<u>19,154</u>	<u>(14,769)</u>
	2012	Number of shares 2011
<u>Shares</u>		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earning/(loss) per share calculations	<u>1,823,401,000</u>	<u>1,823,401,000</u>

The Company's share options have no dilutive effect for the two years ended 31 December 2012 and 2011 because the exercise price of the Company's share options was higher than the average market price for share for the two years ended 31 December 2012 and 2011.

8. Trade and other receivables

Included in trade and other receivables of the Group are trade receivables of HK\$171,277,000 (2011: HK\$222,471,000). The Group's trading terms with its customers are on credit with credit periods ranging from one to three months (2011: one to three months), depending on a number of factors including trade practices, collection history and location of customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

An aging analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provision, is as follows:

	2012 HK\$'000	2011 HK\$'000
Within 90 days	162,588	212,544
91 to 180 days	4,748	9,398
181 to 365 days	2,355	461
Over 365 days	1,586	68
	<u>171,277</u>	<u>222,471</u>

Included in other receivables is an amount due from a former subsidiary of the Group of HK\$13,095,000 (2011: HK\$13,110,000), which bears interest at 8% per annum and is repayable in September 2013. The terms are mutually agreed by both parties.

9. Trade and other payables

Included in trade and other payables of the Group are trade payables of HK\$87,961,000 (2011: HK\$154,647,000) and their aging analysis as at the end of reporting period, based on the invoice date is as follows:

	2012 HK\$'000	2011 HK\$'000
Within 90 days	86,701	153,610
91 to 180 days	184	289
181 to 365 days	170	138
Over 365 days	906	610
	<u>87,961</u>	<u>154,647</u>

The trade payables are non-interest-bearing and are normally settled on 15 to 90 days' terms (2011: 15 to 90 days).

EXTRACT FROM INDEPENDENT AUDITORS' REPORT

Basis of qualified opinion

The consolidated financial statements of the Group for the year ended 31 December 2011 included the net loss of HK\$19,046,000 arising from the operations and disposal of a group during the prior year, which included the net loss of the disposed group of HK\$4,726,000 and the loss arising from the disposal amounting to HK\$14,320,000. The amounts were included in the "Discontinued Operations" in the Group's consolidated income statement for the year ended 31 December 2011 and the related notes disclosures. Our opinion on the consolidated financial statements of the Group for the year ended 31 December 2011 was qualified for limitation of audit scope as we were unable to obtain sufficient appropriate audit evidence or perform alternative procedures to verify the above net loss included in the consolidated income statement and the related notes disclosures.

Our opinion on the current year's consolidated financial statements is also modified because of the possible effect of this matter on the comparability of the current year's figures and corresponding figures in relation to the "Discontinued Operations" as disclosed in the consolidated income statement.

Qualified opinion

In our opinion, except for the possible effects on the corresponding figures in relation to the "Discontinued Operations" included in the consolidated income statement, as described in the Basis of qualified opinion paragraph, the consolidated financial statements give a true and fair view of the Group's profit and cash flows for the year ended 31 December 2012 in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance. In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2012 in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group recorded revenue of HK\$164.2 million and a profit of HK\$19.2 million for the year ended 31 December 2012. As compared to 2011, revenue increased by 7.8% and the results turned from loss for the year of HK\$24.6 million in 2011 to profit after tax of HK\$19.2 million in 2012. The Group's profit before tax and before the fair value changes on investment properties and financial assets recorded a significant improvement in performance of HK\$10.4 million, or increased by 1.5 times to HK\$17.2 million for the year ended 31 December 2012 as compared to HK\$6.8 million of the corresponding year.

Travel Related and Other Services

The travel related and other services segment mainly comprises Four Seas Travel. The segment recorded a 9.3% increase in revenue to HK\$103.1 million and a 0.8% increase in operating profit to HK\$26.7 million for the year ended 31 December 2012 as compared to the corresponding year.

Travel related and other services included revenue from Four Seas Travel amounting to HK\$97.9 million and reported operating profit of HK\$27.5 million, representing a 10.0% and 2.3% increase respectively as compared to the corresponding year in 2011. 2012 continued to be a year of economic turbulences, corporate clients tightened their cost and remained cautious in their business travel spending. Although facing the impact of a weak economic environment, Hong Kong business remained steady in 2012 and recorded a 2.9% growth in revenue as compared to 2011. To cope with our strategic move, Four Seas Travel had extended our reach to Mainland China since 2007 and already has six branches in Shenzhen, Guangzhou, Chongqing, Nanjing, Shanghai and Beijing. During the year, Mainland China market achieved a significant growth in both air-tickets wholesale and corporate travel business despite the Mainland China market is still at its development stage. Net revenue from Mainland China market increased by 52.4% to HK\$19.5 million in 2012 and accounted for approximately 19.9% (2011: 14.4%) of the total net revenue of Four Seas Travel. The gross revenue from Mainland China market increased from HK\$558.1 million in 2011 to HK\$835.2 million in 2012, representing a 49.7% growth as compared to the corresponding year. The operating result of Mainland China market recorded a loss of HK\$0.9 million (2011: HK\$1.5 million), representing a 42.2% improvement as compared to the corresponding year in 2011. Four Seas Travel was facing the pressure of salaries increment in the year of 2012, with the expectation that the salaries would stabilize and the sound effects of promotion and marketing, management is confident that there will be a gradual improvement in operating result in Mainland China market.

Trading and Manufacturing

The trading and manufacturing segment includes the distribution and sale of jewellery products such as precious stones, jade, gold and silver in our flagship store in Nanjing and counters of large department stores in Nanjing and Maanshan. The segment recorded a 5.4% increase in revenue to HK\$61.1 million (2011: HK\$58.0 million) and 2.2% increase in profit from operations to HK\$3.3 million (2011: HK\$3.2 million). The segment's performance remained steady in 2012.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2012, the Group had a current ratio of 1.59 and a gearing ratio of 14.3% (31 December 2011: 1.34 and 16.6% respectively). The gearing ratio was computed by the Group's net debt divided by capital plus net debt. The Group's operations and investments continue to be financed by internal resources and bank borrowings.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

During the year ended 31 December 2012, the Group did not have any material acquisition and disposal of subsidiaries and associates.

PROSPECTS

Travel Related and Other Services

Four Seas Travel will continue to allocate resources in promotion and marketing to expand and diversify its business product types such as MICE (Meetings, Incentives, Conferences and Exhibitions), hotel booking and cruise products in order to widen our client base in both Hong Kong and Mainland China markets. In addition, we will simultaneously emphasize on internal training and continue to develop our online booking platform so as to provide high quality or even better services to our customers and capture potential market growth. Our leading position in the Hong Kong air-tickets wholesale market gives us strategic advantages in expanding our leisure, MICE and corporate travel business, which have all seen steady growth and increases in our market position in the past few years. In meanwhile, Four Seas Travel continues to leverage on our competitive advantage and success in Hong Kong to Mainland China market. The Group's ultimate strategy is to become one of major players in Mainland China market.

Trading and Manufacturing

We are continuously looking for high potential point-of-sale in Nanjing and surrounding cities. In addition, we will strengthen and consolidate the scale of sale and profitability of the existing point-of-sale in the coming year in order to achieve continuity in revenue growth and profit improvement.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2012 (2011: Nil).

CORPORATE GOVERNANCE CODE

The Company has complied with all the code provisions as set out in the Code on Corporate Governance Practices (effective until 31 March 2012) and the Corporate Governance Code (effective from 1 April 2012) contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited throughout the year ended 31 December 2012.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the year ended 31 December 2012, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the Listing Rules. The audit committee consists of three independent non-executive directors and one non-executive director, namely Mr. Cheng Hong Kei (the committee chairman), Mr. David John Blackett, Mrs. Tse Wong Siu Yin Elizabeth and Mr. David Michael Norman.

The Group's annual results for the year ended 31 December 2012 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures were made.

By order of the Board
South China Holdings Limited
Ng Hung Sang
Chairman

Hong Kong, 26 March 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.

* *for identification purpose*