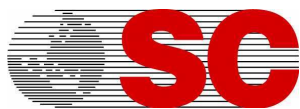


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SOUTH CHINA HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 265)

TOTAL GRACE

INVESTMENTS LIMITED

*(Incorporated in the British Virgin Islands
with limited liability)*

**TERMINATION OF
(1) MAJOR TRANSACTION REGARDING THE ACQUISITION
OF THE SATELLITE APPLICATIONS BUSINESS
(2) POSSIBLE UNCONDITIONAL VOLUNTARY CASH OFFER
FOR SHARES IN SOUTH CHINA (BVI) LIMITED
BY SOUTH CHINA CAPITAL LIMITED
ON BEHALF OF TOTAL GRACE INVESTMENTS LIMITED
AND
(3) PROPOSED CHANGE OF COMPANY NAME**

**Financial Adviser to
South China Holdings Limited**

Hercules

Hercules Capital Limited

Financial Adviser to the Offeror



South China Capital Limited

The Company has become aware that the acquisition of the Civilian Satellite Applications Business under the S&P Agreement may take longer time than expected, and noted the fluctuations in market conditions. The Purchaser, a wholly-owned subsidiary of the Company, has therefore agreed with the Vendor and Guarantor on 10 January 2012 to terminate the Acquisition.

The ancillary transactions, including, inter alia, the Offer and the proposed change of company name, as stipulated in the Announcement will not proceed.

Reference is made to the joint announcement dated 19 October 2011 made by the Company and the Offeror in relation to, among others, the Acquisition, the Group Reorganization and the Offer (the "Announcement"). Capitalized terms used herein shall have the same meanings as those defined in the Announcement, unless otherwise stated.

As stipulated in the Announcement, the Purchaser, a wholly-owned subsidiary of the Company, has entered into the S&P Agreement with the Vendor and the Guarantor on 30 September 2011 to acquire the Sale Shares, which ultimately own the Civilian Satellite Applications Business.

The Company has become aware that the acquisition of the Civilian Satellite Applications Business may take longer time than expected, and noted the fluctuations in market conditions. The Purchaser has therefore agreed with the Vendor and Guarantor on 10 January 2012 to terminate the Acquisition.

The ancillary transactions, including, inter alia, the Offer and the proposed change of company name, as stipulated in the Announcement will not proceed.

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

By order of the board
Total Grace Investments Limited
Ng Hung Sang
Sole Director

Hong Kong, 10 January 2012

As at the date of this announcement, the Board comprises four executive Directors, namely, Mr. Ng Hung Sang, Mr. Richard Howard Gorges, Ms. Cheung Choi Ngor and Mr. Ng Yuk Fung, Peter; two non-executive Directors, namely, Ms. Ng Yuk Mui, Jessica and Mr. David Michael Norman; and three independent non-executive Directors, namely, Mr. David John Blackett, Mrs. Tse Wong Siu Yin, Elizabeth and Mr. Cheng Hong Kei.

As at the date of this announcement, the Offeror has only one director, namely Mr. Ng Hung Sang.

The Directors jointly and severally accept full responsibility for the accuracy of 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.

The sole director of the Offeror accepts full responsibility for the accuracy of information contained in this announcement and confirms, having made all reasonable inquiries, that to the best of his 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.