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SOUTH CHINA HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 265)

CLARIFICATION ANNOUNCEMENT

This announcement is made at the request of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Unless otherwise specified, capitalised terms used herein shall have the same meaning as those used in the Announcement previously posted on 28 March 2011.

The directors are not aware of the circumstances which led to the Investigation. Further, the directors are not aware of any circumstances which lead them to believe that Zenith (the 60% owned subsidiary) is the target of the Investigation.

The daily operation of Zenith is carried on in the usual manner. The Company has been able to retrieve the general ledger from the authority, though as of the date of this announcement, the Investigation is still underway.

So far as the directors are aware, none of the persons involved in the Investigation is part of the management and/or a director of the Company. So far as the directors are aware, the senior executives involved of Zenith are the general manager (who is also a director of Zenith) and the assistant general manager.

The net assets of each of Zenith and the Group attributable to equity owners of the Company as at 30 June 2010 were HK\$23,778,000 and HK\$137,338,000 respectively as set out in the unaudited interim financial statements of the Company.

The Company will disclose any further material developments of the Investigation by further announcement in a timely manner.

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

Hong Kong, 29 March 2011

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.