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

ANNOUNCEMENT

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

The Board of Directors (the “Board”) of South China Holdings Limited (the “Company” together with its subsidiaries referred to as the “Group”) would advise that subsequent to the end of the reporting period ended 31 December 2010, several senior executives of Chongqing South China Zenith Information Technology Co., Ltd. (“Zenith”), a 60% owned subsidiary of the Company, were summoned by a local government authority in Mainland China to assist in an investigation (the “Investigation”). The accounting records, including the general ledger and related supporting documents of Zenith were seized by the local government authority.

Because of the above, Messrs. Ernst & Young, the independent auditors of the Company, have advised that they are not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, Messrs. Ernst & Young have advised the Company that they will not express an opinion on the financial statements, which are expected to be issued on 31 March 2011.

So far as the directors are aware, the Investigation is still underway and that the daily operation of Zenith is carried on in the usual manner. The directors are currently not aware of any circumstances which would result in significant implications to Zenith’s financial position. In any event, the directors do not consider that the Investigation would have a significant implication to the Group’s financial position.

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

Hong Kong, 28 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.