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JOINT ANNOUNCEMENT



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

**DISCLOSEABLE AND CONNECTED
TRANSACTION IN RESPECT OF
ACQUISITION OF INTEREST IN
SOUTH CHINA LAND LIMITED**



SOUTH CHINA (CHINA) LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 413)

**MAJOR AND CONNECTED
TRANSACTION IN RESPECT OF
ACQUISITION OF INTEREST IN
SOUTH CHINA LAND LIMITED**



SOUTH CHINA LAND LIMITED
南華置地有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 8155)

SKYCHANCE GROUP LIMITED
(Incorporated in the British Virgin Islands with limited liability)

**POSSIBLE UNCONDITIONAL MANDATORY CASH OFFERS BY
FUBON CAPITAL (HK) LIMITED ON BEHALF OF
SKYCHANCE GROUP LIMITED
TO ACQUIRE ALL THE ISSUED SHARES AND
OUTSTANDING SHARE OPTIONS OF
SOUTH CHINA LAND LIMITED 南華置地有限公司
(OTHER THAN THOSE ALREADY OWNED OR AGREED
TO BE ACQUIRED BY THE OFFEROR AND
PARTIES ACTING IN CONCERT WITH IT)**

Joint financial advisers to South China (China) Limited

AmCap
Ample Capital Limited
豐盛融資有限公司



亞洲資產管理
ASIA INVESTMENT MANAGEMENT

**Independent financial adviser to the
independent board committees and independent shareholders of
South China Holdings Limited
and South China (China) Limited**

Hercules

Hercules Capital Limited

**Independent financial adviser to the independent board committee of
South China Land Limited 南華置地有限公司**

VEDA | CAPITAL
智略資本

THE ACQUISITION

On 26 October 2007, Skychance and the Vendors entered into the S&P Agreement pursuant to which Skychance has agreed to conditionally acquire and the Vendors have agreed to conditionally dispose of the Sale Shares, representing approximately 68.45% of the issued share capital of SCL at an aggregate consideration of HK\$97,078,576.84 at a price of HK\$0.28 per Sale Share. The aggregate consideration is to be satisfied by the issue of the Promissory Note(s) by Skychance upon Completion. Skychance is a wholly-owned subsidiary of SCC.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Vendors are in aggregate interested in 1,344,181,812 SCH Shares, representing approximately 73.72% of SCH's issued share capital. SCH, through its wholly-owned subsidiaries, holds approximately 74.79% interest in SCC. By virtue of the deemed interest in SCH, the Vendors are deemed to be interested in approximately 74.79% in SCC. Each of Earntrade, Bannock, Fung Shing, Parkfield and Ronastar is an investment holding Company controlled by Mr. Ng and Mr. Ng is a director of SCH and SCC, hence each of the Vendors is considered a Connected Person of SCH and SCC. Accordingly, the entering into of the S&P Agreement by Skychance constitutes a connected transaction of SCC and SCH. As the applicable percentage ratios in respect of the Acquisition and in aggregating the previous connected transaction disclosed in the joint announcement of SCH and SCC dated 4 July 2007 represent more than 25% but are less than 100%, the Acquisition is classified as a major and connected transaction under the Listing Rules for SCC and is subject to the approval of the SCC Independent Shareholders by way of poll at the SCC EGM. Further, as the applicable percentage ratios in respect of the Acquisition and in aggregating the previous connected transaction disclosed in the joint announcement of SCH and SCC dated 4 July 2007 represent more than 5% but less than 25%, the Acquisition is classified as a discloseable and connected transaction under the Listing Rules for SCH and is subject to the approval of the SCH Independent Shareholders by way of poll at the SCH EGM. As the Vendors are materially interested in the Acquisition and are entitled to exercise control over the voting right in respect of SCH Shares and SCC Shares, the Vendors and their respective associates shall abstain from voting for the resolutions in connection with the Acquisition which are to be proposed at the SCH EGM and the SCC EGM.

THE OFFERS

As at the date of this announcement, (i) the Offeror holds 120,000 SCL Shares, representing approximately 0.02% of the issued share capital of SCL; and (ii) the Offeror and parties acting in concert with it (i.e. the Vendors) hold 346,829,203 SCL Shares, representing approximately 68.47% of SCL's issued share capital. The Offeror will own an aggregate of 346,829,203 SCL Shares, representing approximately 68.47% of SCL's issued share capital immediately following Completion (assuming no new issue or repurchase of SCL Shares or conversion of the Convertible Notes until

Completion). As the Offeror's shareholding in SCL is expected to, upon Completion, exceed the 30% threshold stipulated under Rule 26.1 of the Takeovers Code, the Offeror will be required to make unconditional mandatory cash offers (i) for all of the then issued SCL Shares not already beneficially-owned or agreed to be acquired by the Offeror and parties acting in concert with it; and (ii) for all outstanding Share Options not held by the Offeror and parties acting in concert with it. The Offers, if and when made, will be unconditional in all respects.

GENERAL

The SCC EGM will be held to consider and, if thought fit, passing the resolutions to approve the Acquisition. A circular containing, among other things, (i) details of the proposed Acquisition; (ii) the recommendations of the SCC Independent Board Committee to the SCC Independent Shareholders regarding the Acquisition; (iii) a letter of advice from the independent financial adviser to the SCC Independent Board Committee and the SCC Independent Shareholders in relation to the Acquisition and the terms of the Offers; and (iv) the notice of the SCC EGM will be despatched to the SCC Shareholders as soon as practicable.

The SCH EGM will be held to consider and, if thought fit, passing the resolutions to approve the Acquisition. A circular containing, among other things, (i) details of the proposed Acquisition; (ii) the recommendations of the SCH Independent Board Committee to the SCH Independent Shareholders regarding the Acquisition; (iii) a letter of advice from the independent financial adviser to the SCH Independent Board Committee and the SCH Independent Shareholders in relation to the Acquisition; and (iv) the notice of the SCH EGM will be despatched to the SCH Shareholders as soon as practicable.

The SCL Independent Board Committee has been established by SCL to advise the SCL Independent Shareholders on the terms of the Offers and an independent financial adviser, Veda Capital, has been appointed to advise the SCL Independent Board Committee in this regard. The appointment of Veda Capital as the independent financial adviser has been approved by the SCL Independent Board Committee. The SCL Independent Board Committee includes Mr. Law Cho Wa, Dr. Lo Wing Yan, William, JP and Mr. Cheng Yuk Wo, all independent non-executive SCL Directors. Ms. Ng Yuk Mui, Jessica, a non-executive SCL Director, is the daughter of Mr. Ng, one of the Vendors, and is accordingly excluded from the SCL Independent Board Committee. Ms. Ng Yuk Mui, Jessica is also a non-executive director of SCC and SCH.

Pursuant to Rule 8.2 of the Takeovers Code, the offer document containing, amongst other things, the terms of the Offers, together with forms of acceptance and transfer, should normally be posted to the SCL Shareholders by or on behalf of the Offeror 21 days from the date of this announcement. The Offeror and SCL intend to combine the offer document and SCL's response document in a composite offer and response document. Such composite offer and response document in connection with the Offers would set out, inter alia, details of the Offers (accompanied by the acceptance and transfer form in respect of the Offers) and incorporating the respective letters of advice from the SCL Independent Board Committee and Veda Capital on the Offers will be issued and dispatched by the Offeror and SCL jointly to the SCL Shareholders in accordance with the Takeovers Code. Pursuant to Note 2 to Rule 8.2 of the Takeovers Code, the Executive's consent is required if the making of the Offers is subject to prior fulfillment of certain conditions precedent and the conditions precedent cannot be fulfilled within the time period required by Rule 8.2 of the Takeovers Code. Application will be made by the Offeror for the Executive's consent under Rule 8.2 of the Takeovers Code to extend the deadline for the despatch of such composite offer and response document within seven days of Completion.

In accordance with Rule 3.8 of the Takeovers Code, the respective associates (as defined under the Takeovers Code) of SCL and the Offeror are hereby reminded to disclose their dealings in any securities of SCL pursuant to the requirements of the Takeovers Code.

Pursuant to Note 11 to Rule 22 of the Takeovers Code, stockbrokers, banks and others who deal in relevant securities (as defined under the Takeovers Code) on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million. This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved. Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.

The SCH Shareholders and the securities holders of SCC should note that the S&P Agreement is conditional upon the fulfillment of certain conditions. The SCH Shareholders, the securities holders of SCC and the potential investors are therefore advised to exercise caution in dealing in the securities of SCH and SCC respectively.

The SCL Shareholders should note that the S&P Agreement is conditional upon the fulfillment of certain conditions, and the Offers will only be made if the S&P Agreement becomes unconditional and the Acquisition is completed in accordance with the S&P Agreement. As such, the Offers are only a possibility and may or may not proceed. The SCL Shareholders and the potential investors are therefore advised to exercise caution in dealing in the securities of SCL.

THE ACQUISITION

Introduction

On 26 October 2007, Skychance and the Vendors entered into the S&P Agreement pursuant to which Skychance has agreed to conditionally acquire and the Vendors have agreed to conditionally dispose of the Sale Shares, representing approximately 68.45% of the issued share capital of SCL at an aggregate consideration of HK\$97,078,576.84 at a price of HK\$0.28 per Sale Share.

The S&P Agreement

Date : 26 October 2007

Parties : Skychance as the Purchaser, a wholly-owned subsidiary of SCC; and (i) Earntrade, (ii) Bannock, (iii) Fung Shing, (iv) Parkfield, (v) Ronastar and (vi) Mr. Ng as the Vendors

Assets to be acquired

346,709,203 SCL Shares, representing approximately 68.45% of the issued share capital of SCL as at the date of this announcement. The Sale Shares are attributable as to: (i) 62,661,600 SCL Shares held by Earntrade; (ii) 59,325,840 SCL Shares held by Bannock; (iii) 99,012,563 SCL Shares held by Fung Shing; (iv) 101,422,000 SCL Shares held by Parkfield ; (v) 4,166,400 SCL Shares held by Ronastar; and (vi) 20,120,800 SCL Shares held by Mr. Ng.

Consideration

The aggregate consideration for the sale and purchase of the Sale Shares is HK\$97,078,576.84 at a price of HK\$0.28 per Sale Share. The aggregate consideration is to be satisfied by the issue of the Promissory Note(s) by Skychance upon Completion. The consideration per Sale Share of HK\$0.28 represents:

- (i) a discount of approximately 39.78% to the closing price of HK\$0.465 per SCL Share as quoted on the Stock Exchange on 26 October 2007 (being the last trading date immediately prior to the signing of the S&P Agreement);
- (ii) a discount of approximately 40.17% to the average closing price of HK\$0.468 per SCL Share as quoted on the Stock Exchange during the five trading days up to and including 26 October 2007 (being the last trading date immediately prior to the signing of the S&P Agreement); and
- (iii) a discount of approximately 36.79% to the average closing price of HK\$0.443 per SCL Share as quoted on the Stock Exchange during the ten trading days up to and including 26 October 2007 (being the last trading date immediately prior to the signing of the S&P Agreement).

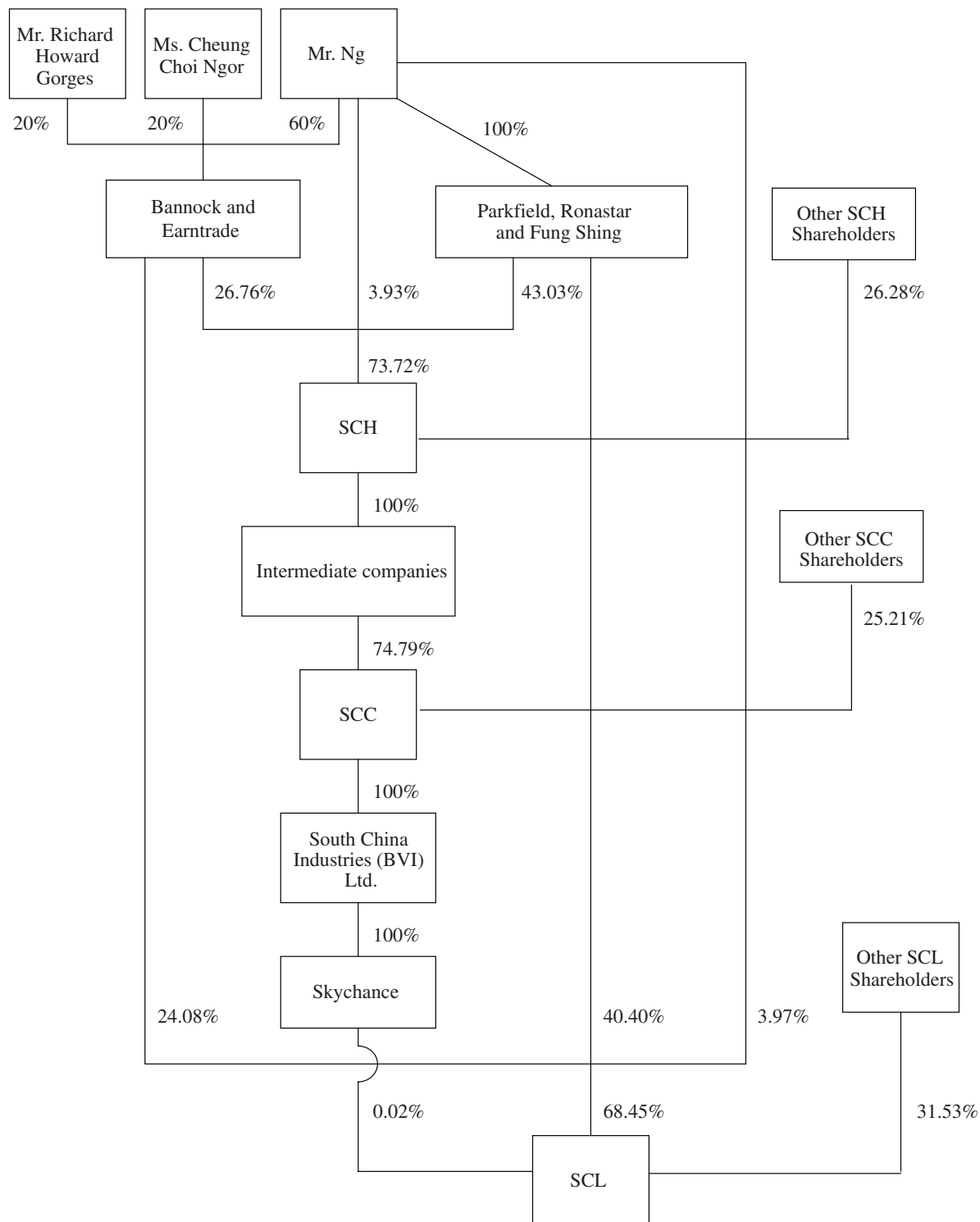
The consideration was arrived at after arm's length negotiations between SCC and the Vendors with reference to (i) unaudited consolidated net asset value attributable to equity holders of SCL as at 30 June 2007 of HK\$0.155 per SCL Share; (ii) the recent price of the SCL Shares as quoted on the Stock Exchange; and (iii) the future business prospects of SCL. The SCC Directors (including the independent non-executive SCC Directors) are of the view that the Acquisition is conducted on normal commercial terms and the terms thereof are fair and reasonable to and in the interests of SCC and the SCC Shareholders as a whole.

The SCH Directors (including the independent non-executive SCH Directors) concur with the view of the SCC Directors (including the independent non-executive SCC Directors) that the Acquisition is conducted on normal commercial terms and the terms thereof are fair and reasonable to and in the interests of SCH and the SCH Shareholders as a whole.

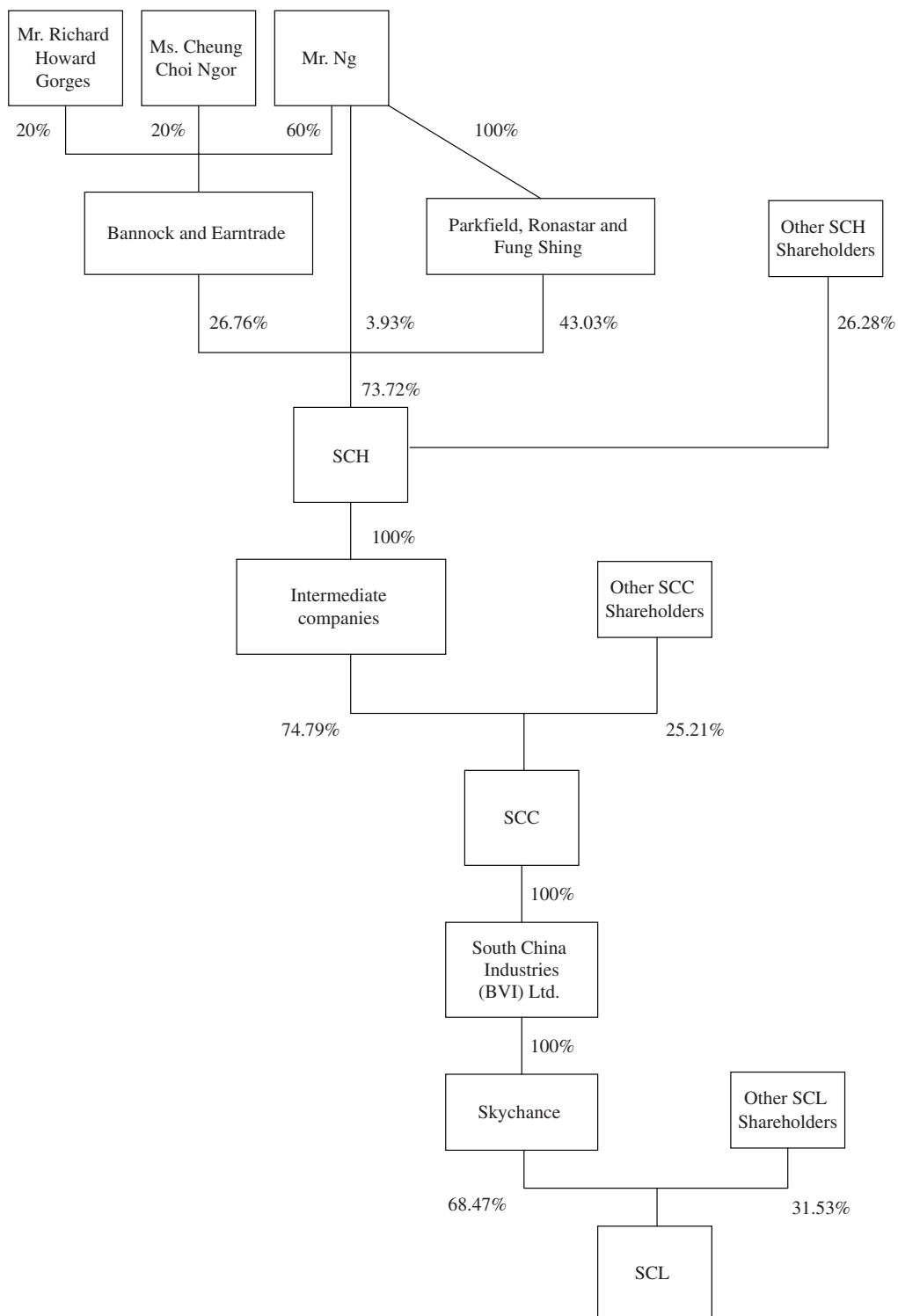
Shareholding structure of SCL

The shareholding structure of SCL as at the date of this announcement and after the Acquisition is set out below:

As at the date of this announcement



Immediately following the Completion



Conditions precedent

The Completion of the Acquisition shall be conditional upon, among others:

- (i) the passing of all necessary resolutions by the SCH Shareholders and/or the SCC Shareholders (other than such shareholders who are required to abstain from voting at the general meetings of SCH and/or SCC pursuant to the requirements under the Takeovers Code and/or the Listing Rules) at the SCH EGM and/or the SCC EGM by way of a poll (if required) to approve the Acquisition; and
- (ii) no written or verbal indication or evidence of any indication having been received by any party of the S&P Agreement or SCL from the Stock Exchange or the Commission that as a result of or in connection with the transactions contemplated under the S&P Agreement:
 - (a) any rules, regulations or requirements of the Stock Exchange and/or the Commission have been, may or will be breached; and/or
 - (b) the SCL is, may or will be treated as a new listing applicant under the Listing Rules; and/or
 - (c) the listing status of the SCL on the Stock Exchange may or will be suspended, cancelled, revoked or adversely affected (including, without limitation, the imposition of any unusual or onerous conditions to the listing) for any reason other than the clearance of this announcement.

Under the S&P Agreement, Skychance may waive any of the conditions (except condition (i) set out above) at any time by notice in writing. If any of the conditions is not fulfilled (or otherwise waived by Skychance) on or before 31 January 2008 (or such a later date as the parties thereto may agree in writing), the S&P Agreement shall forthwith terminate and all rights and obligations of the parties thereto shall, subject to the provisions of the S&P Agreement, cease to have effect immediately upon such termination.

Completion

Completion is expected to take place on the second business day after the day on which the last of the conditions (other than those referred to in the S&P Agreement) under the S&P Agreement is fulfilled or waived by Skychance (or such a later date as the parties thereto may agree in writing).

The Promissory Note(s)

The principal terms of the Promissory Note(s) to be issued to the Vendors are set out below:

Issuer	:	Skychance
Principal amount	:	HK\$97,078,576.84
Maturity	:	the day falling 18 months from the date of issue of the Promissory Note(s)
Interest rate	:	the Promissory Note(s) shall bear interest of 2% p.a. payable at maturity
Redemption	:	unless previously redeemed or cancelled in accordance with the terms of the Promissory Note(s), Skychance is required to redeem the outstanding principal amount of the Promissory Note(s) upon the maturity

Listing Rules implications

As at the date of this announcement, the Vendors are in aggregate interested in 1,344,181,812 SCH Shares, representing approximately 73.72% of SCH's issued share capital. SCH, through its wholly-owned subsidiaries, holds approximately 74.79% interest in SCC. By virtue of the deemed interest in SCH, the Vendors are deemed to be interested in approximately 74.79% in SCC. Each of Earntrade, Bannock, Fung Shing, Parkfield and Ronastar is an investment holding company controlled by Mr. Ng and Mr. Ng is a director of SCH and SCC, hence each of the Vendors is considered a Connected Person of SCH and SCC. Accordingly, the entering into of the S&P Agreement by Skychance constitutes a connected transaction of SCC and SCH. As the applicable percentage ratios in respect of the Acquisition and in aggregating the previous connected transaction disclosed in the joint announcement of SCH and SCC dated 4 July 2007 represent more than 25% but less than 100%, the Acquisition is classified as a major and connected transaction under the Listing Rules for SCC and is subject to the approval of the SCC Independent Shareholders by way of poll at the SCC EGM. Further, as the applicable percentage ratios in respect of the Acquisition and in aggregating the previous connected transaction disclosed in the joint announcement of SCH and SCC dated 4 July 2007, represent more than 5% but less than 25%, the Acquisition is classified as a discloseable and connected transaction under the Listing Rules for SCH and is subject to the approval of the SCH Independent Shareholders by way of poll at the SCH EGM. As the Vendors are materially interested in the Acquisition and are entitled to exercise control over the voting right in respect of SCH Shares and SCC Shares, the Vendors and their respective associates shall abstain from voting for the resolutions in connection with the Acquisition which are to be proposed at the SCH EGM and the SCC EGM.

REASONS FOR AND THE BENEFITS OF THE ACQUISITION

In March and July 2007, the SCC Group disposed of the entire interest in Praise Rich Limited under the Disposals to SCL. Praise Rich Limited indirectly holds an 80% equity interest in a joint venture which owns the Shenyang Project (the details of which are set out in SCC's circulars dated 12 February 2007 and 13 June 2007 respectively). As a result of the Disposals, the SCC Group has become the major creditor of SCL through its holding of the Convertible Notes with aggregate face value of HK\$800 million. The full exercise of the conversion rights attached to the Convertible Notes by the SCC Group would enable the SCC Group to become the single largest SCL Shareholder with an approximately 95.47% interest in the issued share capital of SCL as enlarged by the issue of SCL Shares upon conversion. In addition, SCC has undertaken to provide a guarantee in connection with a loan facility of up to HK\$500 million to be borrowed by the SCL Group (the details of which are set out in SCL's circular dated 12 February 2007). The SCC Board is generally of a view that though SCC is a prospective controlling SCL Shareholder and the provider of the guarantee to a loan facility mentioned immediately above, SCC does not have the rightful control of SCL through its holding of the Convertible Notes and cannot participate in the upside potential available to the SCL Shareholders directly. Although the Shenyang Project is now held by SCL after the completion of the Disposals in July 2007, the SCC Board still maintains a view that the Shenyang Project is of great potential which would offer great value to its investors. By participating as an indirect investor of the Shenyang Project, SCC will be able to capitalize on the value when the Shenyang Project is completed.

As an alternative to the acquisition of the Sale Shares from the Vendors, the SCC Board has considered to exercise the conversion rights attached to the Convertible Notes such that it can become a controlling SCL Shareholder. Under the Listing Rules, as the Vendors and SCC are connected parties, if the SCC Group elects to convert the Convertible Notes, it can only convert up to and hold a maximum of 20.70% equity interest, as enlarged by the issue of the SCL Shares upon conversion, in SCL in order that the minimum public float of 25% be maintained. The conversion of the Convertible Notes up to a 20.70% interest held by the SCC Group will not enable the SCC Group to hold a controlling interest in SCL and is not considered to be a desirable approach under the circumstances. In comparison, the SCC Group will acquire an approximately 68.45% interest in SCL which is a controlling interest under the Acquisition. Despite the 25% minimum public float must be maintained, it is expected that the SCC Group will be able to maintain a controlling shareholding in SCL of not less than 68.47% after the Offers. Further, the SCC Board is of the view that this is not an appropriate time to convert the Convertible Notes as SCL is still undergoing the transformation stage of business restructuring. Over time, when SCL has been transformed to a full fledged property developer in the PRC within its best achievable capability, SCC will be able to capitalize a better value on SCL and realize its investment in SCL via the conversion of its holding of the Convertible Notes into SCL Shares at a known and reasonable price.

Currently, both of Mr. Ng and Mr. Ng Yuk Fung, Peter are common executive directors to SCC and SCL and the Vendors hold beneficial interests of approximately 68.45% in SCL. Upon completion of the Acquisition, SCC will become the controlling SCL Shareholder with approximately 68.47% interest in SCL. This has the advantage of rationalizing the group structure without the Vendors taking controlling interests in SCL with SCC assuming a position of a major creditor of SCL holding a right to convert the Convertible Notes into an approximately 95.47% interest in the enlarged issued share capital of SCL. The SCC Board also believes that the Acquisition also serves the purpose of streamlining the investment activities of SCC and SCL so that subsequent to the Completion, SCC will be involved in property investment and other activities and SCL will focus solely in property development activities in the PRC. This has the advantage of eliminating all likely business conflicts and competition between the companies and ensuring the most efficient application of financing means and management.

Under the Acquisition, Skychance shall issue the Promissory Note(s) with maturity of 18 months bearing interest of 2% p.a. payable at maturity to the Vendors upon Completion. The SCC Board acknowledges that the arrangement avails itself the position of a controlling SCL Shareholder with the least required immediate cash outflow. In a long term perspective, the SCC Board considers that it is in the interest of SCC and the SCC Shareholders to take the opportunity to extend its business exposure to the PRC property market through the Shenyang Project and projects in the other parts of the PRC through the listed vehicle, SCL. The SCC Board, therefore, proposed to the SCC Shareholders to consider the Acquisition from the Vendors.

The SCH Board concurs with the view of the SCC Board.

As for SCL, the SCL Board notes that upon SCL becoming a subsidiary of SCC, it would have access to more financial resources such as bank financing guaranteed and/or provided by SCC which has a much larger asset base than SCL. The SCL Board considers this to be a great benefit to the overall operations of the SCL Group as it would be made available more financial resources to finance the Shenyang Project and other potential property development projects. If SCC were to obtain a controlling stake in SCL by way of converting the Convertible Notes, the percentage shareholding of the existing SCL Shareholders would inevitably be diluted. Under the Acquisition, SCC would be able to meet its objectives without any impact on the percentage shareholding of the existing SCL Shareholders.

SHAREHOLDING STRUCTURE OF SCL

The shareholding structure of SCL as at the date of this announcement and immediately following Completion is set out below:

	Shareholding as at the date of this announcement		Shareholding immediately following the Completion	
	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>
<i>The Vendors</i>				
Earntrade	62,661,600	12.37	—	—
Bannock	59,325,840	11.71	—	—
Fung Shing	99,012,563	19.55	—	—
Parkfield	101,422,000	20.02	—	—
Ronastar	4,166,400	0.83	—	—
Mr. Ng	20,120,800	3.97	—	—
Subtotal of the Vendors	346,709,203	68.45	—	—
Offeror (<i>note</i>)	120,000	0.02	346,829,203	68.47
Subtotal of the Offeror and parties acting in concert with it	346,829,203	68.47	346,829,203	68.47
<i>Other SCL Shareholders</i>				
Public SCL Shareholders	159,669,141	31.53	159,669,141	31.53
Total	<u>506,498,344</u>	<u>100.00</u>	<u>506,498,344</u>	<u>100.00</u>

Note: The Offeror is an indirect wholly-owned subsidiary of SCC. Accordingly, SCC will be beneficially interested in 346,829,203 SCL Shares, representing approximately 68.47% of SCL's issued share capital immediately after Completion (assuming no new issue or repurchase of SCL Shares or conversion of the Convertible Notes until Completion).

THE OFFERS

As at the date of this announcement, (i) the Offeror holds 120,000 SCL Shares, representing approximately 0.02% of the issued share capital of SCL; and (ii) the Offeror and parties acting in concert with it (i.e. the Vendors) hold 346,829,203 SCL Shares, representing approximately 68.47% of SCL's issued share capital. The Offeror will own an aggregate of 346,829,203 SCL Shares, representing approximately 68.47% of SCL's issued share capital immediately following Completion (assuming no new issue or repurchase of SCL Shares or conversion of the Convertible Notes until Completion). As the Offeror's shareholding in SCL is expected to, upon Completion, exceed the 30% threshold stipulated under Rule 26.1 of the Takeovers Code, the Offeror will be required to make unconditional mandatory cash offers (i) for all of the then issued SCL Shares not already beneficially-owned or agreed to be acquired by the Offeror and parties acting in concert with it; and (ii) for all outstanding Share Options not held by the Offeror and parties acting in concert with it. The Offers, if and when made, will be unconditional in all respects.

Under the Acquisition, the Vendors (collectively being the controlling SCL Shareholders) are able to dispose their holding of Sale Shares at the price of HK\$0.28 per Sale Share. Although the ultimate control of SCL will not change as a result of the Acquisition and the Offers, to ensure all SCL Shareholders (including the Vendors) are being treated even-handedly as stipulated by general principle no. 1 of the Takeovers Code, the SCC Directors have resolved that the Offers should be made at the Share Offer Price of HK\$0.33 per SCL Share which is no less favorable than the disposal price of the Sale Shares by the Vendors under the Acquisition.

Principal terms of the Offers

Subject to Completion, Fubon Capital, on behalf of the Offeror, will make (i) the Share Offer to acquire all the issued SCL Shares not already beneficially-owned or agreed to be acquired by the Offeror and parties acting in concert with it; and (ii) the Option Offer to acquire all outstanding Share Options not held by the Offeror and parties acting in concert with it on the following basis:

For each SCL Share	HK\$0.3300
For each outstanding Share Option:	
– with an exercise price of HK\$0.2166 per SCL Share	HK\$0.1134
– with an exercise price of HK\$0.3100 per SCL Share	HK\$0.0200
– with an exercise price of HK\$0.3150 per SCL Share	HK\$0.0150

As at the date of this announcement, SCL has 506,498,344 SCL Shares in issue and there are outstanding Convertible Notes held by the Offeror which, when fully exercised, can be converted into 10,666,666,666 SCL Shares. In addition, SCL also has granted 16,000,000 Share Options outstanding which, when fully exercised, can be converted into 16,000,000 SCL Shares. The outstanding Share Options are held by 5 individuals as to (i) 10,000,000 Share Options by 2 SCL Directors; and (ii) 6,000,000 Share Options by 3 other individuals. Save as disclosed above, SCL does not have other outstanding warrants, options, derivatives or securities convertible into SCL Shares in issue as at the date of this announcement. Save for the issue of the Convertible Notes and the acquisition of 120,000 SCL Shares on 7 September

2007 by Skychance at a price of HK\$0.33 per SCL Share, Skychance or any of the parties acting in concert with it has not dealt in any SCL Shares or any other securities, including warrants, options or subscription rights in respect of any equity share capital of SCL during the six months prior to date of this announcement.

As the Convertible Notes are already held by the Offeror, no offer in respect of the convertible instruments issued by SCL will be made. In respect of the Option Offer, all of the Optionholders have individually undertaken to SCL and the Offeror that (i) he will not exercise the Share Options held by him to convert into SCL Shares until after the close of the Offers; and (ii) he has waived his rights to the Option Offer and accordingly will not accept the Option Offer. The Optionholders will hold the Share Options following the close of the Offers and the Share Options will remain exercisable in accordance to the terms of SCL's share option scheme adopted on 24 June 2002.

Comparisons of value

The Share Offer Price of HK\$0.33 per SCL Share is approximately 17.86% higher than the consideration per Sale Share of HK\$0.28. The Share Offer Price represents:

- (i) a discount of approximately 29.03% to the closing price of HK\$0.465 per SCL Share as quoted on the Stock Exchange on 26 October 2007 (being the last trading date immediately prior to the signing of the S&P Agreement);
- (ii) a discount of approximately 25.51% to the average closing price of HK\$0.443 per SCL Share as quoted on the Stock Exchange during the ten trading days up to and including 26 October 2007 (being the last trading date immediately prior to the signing of the S&P Agreement);
- (iii) a discount of approximately 12.74% to the average closing price of HK\$0.378 per SCL Share as quoted on the Stock Exchange during the thirty trading days up to and including 26 October 2007 (being the last trading date immediately prior to the signing of the S&P Agreement); and
- (iv) a premium of approximately 112.90% to the unaudited consolidated net tangible asset per SCL Share of approximately HK\$0.155 as at 30 June 2007.

Highest and lowest SCL Share prices

During the six-month period preceding the date of this announcement, the highest and lowest daily closing prices of the SCL Shares as quoted on the Stock Exchange were HK\$0.470 on 22, 23 and 24 October 2007 and HK\$0.290 on 27 April 2007 and 4 May 2007 respectively.

Total consideration

As at the date of this announcement, there are 506,498,344 SCL Shares in issue. At the Share Offer Price of HK\$0.33 per SCL Share, the entire issued share capital of SCL would be valued at around HK\$167.14 million. As at the date of this announcement, there are 16,000,000 Share Options outstanding which, when fully exercised, can be converted into 16,000,000 SCL Shares. Based on 175,669,141 SCL Shares (comprising 159,669,141 SCL Shares in issue and 16,000,000 SCL Shares that can be issued pursuant to the full exercise of all of the outstanding Share Options) subject to the Share Offer, the Share Offer would be valued at approximately HK\$57.97 million. Based on 16,000,000 outstanding Share Options (of which 11,000,000 Share Options with an exercise price of HK\$0.2166 per SCL Share, 2,000,000 Share Options with an exercise price of HK\$0.3100 per SCL Share and 3,000,000 Share Options with an exercise price of HK\$0.3150 per SCL Share) and their respective Option Offer Price of HK\$0.1134, HK\$0.020 and HK\$0.015 per Share Option, the total consideration payable under the Option Offer for all of the outstanding Share Options held by the Optionholders is approximately HK\$1.34 million. As stated above, all of the Optionholders have waived their rights to the Option Offer and accordingly will not accept the Option Offer.

The Offeror will finance the Offers with bank facilities. Fubon Capital is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offers.

Effects of accepting the Offers

By accepting the Share Offer, the relevant SCL Shareholders will sell their respective SCL Shares to the Offeror at the Share Offer Price free from all liens, charges, options, claims, equities, adverse interests, third-party rights or encumbrances whatsoever and together with all rights accruing or attaching thereto, including (without limitation) the right to receive dividends and distributions declared, made or paid, if any, on or after Completion.

By accepting the Option Offer (which all Optionholders have already undertaken not to do), the Optionholders would sell to the Offeror their Share Options free from all liens, charges, options, claims, equities, adverse interests, third-party rights or encumbrances whatsoever and together with all rights accruing or attaching thereto. As all of the Optionholders have undertaken that they will not accept the Option Offer, they will remain as Optionholders following the close of the Offers and accordingly, the outstanding Share Options are not expected to be cancelled as a result of the Option Offer.

Stamp duty

If the Share Offer is made, seller's ad valorem stamp duty at the rate of HK\$1.00 for every HK\$1,000 (or part thereof) of the consideration arising on acceptance of the Share Offer will be deducted from the consideration due to the accepting SCL Shareholders. The Offeror will arrange for payment of the stamp duty by the accepting SCL Shareholders in connection with the acceptance of the Share Offer and the transfer of their respective SCL Shares.

There is no stamp duty payable by the Optionholders who accept the Option Offer for the Share Options (which all Optionholders have already undertaken not to do).

Payment

Payment in cash in respect of acceptances of the Offers will be made as soon as possible but in any event within ten days of the date on which (i) the relevant documents of title are received by the Registrar to render each such acceptance complete and valid; and (ii) when the Offers have become or are declared unconditional, whichever is later.

MAINTAINING THE LISTING STATUS OF SCL

The Offeror intends SCL to remain listed on the Stock Exchange. SCC will undertake to the Stock Exchange to take appropriate steps to ensure that the prescribed minimum percentage of SCL Shares would be held in the public hands.

INFORMATION ON SCL

SCL is an investment holding company listed on the GEM. The SCL Group is principally engaged in publication and marketing of monthly Chinese financial and economic magazines, namely “Capital”, “Capital CEO” and “Capital Entrepreneur” as well as property development in the PRC.

The audited consolidated net asset value for SCL as at 31 December 2006 was approximately HK\$996,000 and the unaudited consolidated net asset value for SCL as at 30 June 2007 was approximately HK\$385,980,000. SCL had a profit before and after income tax of approximately HK\$153,000 and a loss of approximately HK\$1,950,000 attributable to the SCL Shareholders for the years ended 31 December 2006 and 2005 respectively. As SCC and SCH will effectively hold indirect interests in SCL of approximately 68.47% and 51.21% respectively upon Completion, it is expected that SCL will be classified as a subsidiary of SCC and SCH following Completion. The SCL Shares held by the Vendors were distributed by SCH by way of dividend in specie on 25 February 2002. Accordingly there is no original purchase cost to the SCL Shares held by the Vendors.

INFORMATION ON THE OFFEROR

The Offeror, a company incorporated in the British Virgin Islands on 3 May 2005, is currently holding 120,000 SCL Shares (representing 0.02% of the total issued share capital of SCL) and also the holder of the Convertible Notes with aggregate face value of HK\$800 million. The full exercise of the conversion rights attached to the Convertible Notes by the Offeror would enable the Offeror to become the single largest SCL Shareholder with an approximately 95.47% interest in the issued share capital of SCL as enlarged by the issue of SCL Shares upon conversion.

The Offeror is wholly-owned by SCC which is an investment holding company listed on the Main Board. The SCC Group is principally engaged in the manufacturing of toys, compressors, shoes, electronic toys products, leather products, motors, machinery, capacitors and clothing, property investment and development and agriculture and woods. As at the date of this announcement, SCH beneficially holds approximately 74.79% of the issued share capital of SCC.

SCH is an investment holding company listed on the Main Board. Its subsidiaries and associates are principally engaged in the trading and manufacturing, securities, bullion and commodities brokerage and trading, margin financing, money lending, provision of corporate advisory services and underwriting services, information technology related businesses, property investment and development, implementation and marketing of software applications, magazines publishing and printing businesses, marketing and promotional services, agricultural production, sale of air tickets and the provision of other related services.

INTENTION OF THE OFFEROR WITH SCL

The Offeror intends that SCL Group will continue its existing businesses in publication and marketing of monthly Chinese financial and economic magazines and property development in the PRC and will maintain the listing status of SCL on the GEM. The Offeror has no intention to dispose of or re-deploy the assets of the SCL Group following Completion. The Offeror intends that there will not be any material changes in the management or employees of the SCL Group as a result of the Offers.

PRELIMINARY ADVICE OF THE OFFEROR'S INDEPENDENT FINANCIAL ADVISER

In view of the potential conflict of interest between the Vendors and the SCC Board, the SCC Board has sought for an independent advice from Hercules Capital regarding the Offers in accordance with Rule 2.4 of the Takeovers Code. Based on the currently available information, Hercules Capital has preliminarily advised that the making of the Offers is in the interest of SCC and the SCC Independent Shareholders as a whole although the Offeror may apply for a waiver of the general offer obligation under Note 6 to Rule 26.1 of the Takeovers Code after considering that (i) the performance of SCL Group is improving in the recent financial periods and the Shenyang Project currently held by SCL Group is expected to have great potential in further enhancing the shareholders' value of SCL; (ii) SCC Group may be able to further increase its shareholding in SCL at a discounted price through the Offers so as to maximize the future benefits of being a shareholder of SCL; and (iii) the Offers can ensure all SCL Shareholders are being treated even-handedly as stipulated by general principle no. 1 of the Takeovers Code.

Furthermore, having considered that (i) the discount implied by the Share Offer Price of HK\$0.33 to the closing price of SCL Shares on the last trading day immediately prior to the signing of the S&P Agreement falls within the market range of the recently announced general offers of listed companies in Hong Kong; (ii) the premium of the Share Offer Price over the latest audited consolidated net asset value per SCL Share is in line with the recently announced general offers of listed companies in Hong Kong; (iii) the Share Offer Price of HK\$0.33 is equivalent to the consideration paid by Skychance for its purchase of 120,000 SCL Shares on 7 September 2007, and represents the minimum offer price that is permitted under the Takeovers Code; and (iv) the Option Offer Price represents the difference between

the Share Offer Price of HK\$0.33 and the respective exercise price of the outstanding Share Options, which fairly reflects the intrinsic value of the Share Options, Hercules Capital is of the opinion that the terms of the Offers are fair and reasonable so far as the SCC Independent Shareholders are concerned. Details of the advice from Hercules Capital will be disclosed in the circular to be issued by SCC.

GENERAL

The SCC Independent Board Committee has been established by SCC to advise the SCC Independent Shareholders in relation to the Acquisition and an independent financial adviser, Hercules Capital, has been appointed to advise the SCC Independent Board Committee and the SCC Independent Shareholders in relation to the Acquisition and the terms of the Offers. The SCC EGM will be held to consider and, if thought fit, passing the resolutions to approve the Acquisition. A circular containing, among other things, (i) details of the proposed Acquisition; (ii) the recommendations of the SCC Independent Board Committee to the SCC Independent Shareholders regarding the Acquisition; (iii) a letter of advice from the independent financial adviser to the SCC Independent Board Committee and the SCC Independent Shareholders in relation to the Acquisition and the terms of the Offers; and (iv) the notice of the SCC EGM will be despatched to the SCC Shareholders as soon as practicable.

The SCH EGM will be held to consider and, if thought fit, passing the resolutions to approve the Acquisition. A circular containing, among other things, (i) details of the proposed Acquisition; (ii) the recommendations of the SCH Independent Board Committee to the SCH Independent Shareholders regarding the Acquisition; (iii) a letter of advice from the independent financial adviser to the SCH Independent Board Committee and the SCH Independent Shareholders in relation to the Acquisition; and (iv) the notice of the SCH EGM will be despatched to the SCH Shareholders as soon as practicable.

The SCL Independent Board Committee has been established by SCL to advise the SCL Independent Shareholders on the terms of the Offers and an independent financial adviser, Veda Capital, has been appointed to advise the SCL Independent Board Committee in this regard. The appointment of Veda Capital as the independent financial adviser has been approved by the SCL Independent Board Committee. The SCL Independent Board Committee includes Mr. Law Cho Wa, Dr. Lo Wing Yan, William, JP and Mr. Cheng Yuk Wo, all independent non-executive SCL Directors. Ms. Ng Yuk Mui, Jessica, a non-executive SCL Director, is the daughter of Mr. Ng, one of the Vendors, and is accordingly excluded from the SCL Independent Board Committee. Ms. Ng Yuk Mui, Jessica is also a non-executive director of SCC and SCH.

Pursuant to Rule 8.2 of the Takeovers Code, the offer document containing, amongst other things, the terms of the Offers, together with forms of acceptance and transfer, should normally be posted to the SCL Shareholders by or on behalf of the Offeror 21 days from the date of this announcement. The Offeror and SCL intend to combine the offer document and SCL's response document in a composite offer and response document. Such composite offer and response document in connection with the Offers would set out, inter alia, details of the Offers (accompanied by the acceptance and transfer form in respect of the Offers) and incorporating the respective letters of advice from the SCL Independent Board Committee and Veda Capital on the Offers will be issued and dispatched by the Offeror and SCL jointly to the SCL Shareholders in accordance with the Takeovers Code. Pursuant to Note 2 to Rule 8.2

of the Takeovers Code, the Executive's consent is required if the making of the Offers is subject to prior fulfillment of certain conditions precedent and the conditions precedent cannot be fulfilled within the time period required by Rule 8.2 of the Takeovers Code. Application will be made by the Offeror for the Executive's consent under Rule 8.2 of the Takeovers Code to extend the deadline for the despatch of such composite offer and response document within seven days of Completion.

In accordance with Rule 3.8 of the Takeovers Code, the respective associates (as defined under the Takeovers Code) of SCL and the Offeror are hereby reminded to disclose their dealings in any securities of SCL pursuant to the requirements of the Takeovers Code.

Pursuant to Note 11 to Rule 22 of the Takeovers Code, stockbrokers, banks and others who deal in relevant securities (as defined under the Takeovers Code) on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million. This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved. Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.

The SCH Shareholders and the securities holders of SCC should note that the S&P Agreement is conditional upon the fulfillment of certain conditions. The SCH Shareholders, the securities holders of SCC and the potential investors are therefore advised to exercise caution in dealing in the securities of SCH and SCC respectively.

The SCL Shareholders should note that the S&P Agreement is conditional upon the fulfillment of certain conditions, and the Offers will only be made if the S&P Agreement becomes unconditional and the Acquisition is completed in accordance with the S&P Agreement. As such, the Offers are only a possibility and may or may not proceed. The SCL Shareholders and the potential investors are therefore advised to exercise caution in dealing in the securities of SCL.

DEFINITIONS

Terms used in this announcement have the following meanings unless the context otherwise requires:

“Acquisition”	the conditional acquisition of the Sale Shares by the Purchaser pursuant to the terms of the S&P Agreement
“Bannock”	Bannock Investment Limited, a company incorporated in the Republic of Liberia with limited liability and a wholly-owned subsidiary of Earntrade, which is in turn owned as to 60% by Mr. Ng, 20% by Ms. Cheung Choi Ngor and the remaining 20% by Mr. Richard Howard Gorges
“Commission”	Securities and Futures Commission of Hong Kong
“Completion”	completion of the Acquisition under the terms of the S&P Agreement
“Connected Person(s)”	has the meaning ascribed to it under the Listing Rules
“Convertible Notes”	the two convertible notes issued by SCL to Skychance with aggregate face value of HK\$800 million
“Disposals”	the disposals of the entire interest in Praise Rich Limited by the SCC Group to SCL in March and July 2007
“Earntrade”	Earntrade Investments Limited, a company incorporated in Hong Kong with limited liability which is owned as to 60% by Mr. Ng, 20% by Ms. Cheung Choi Ngor and the remaining 20% by Mr. Richard Howard Gorges
“Executive”	the Executive Director of the Corporate Finance Division of the Commission or any of its delegate
“Fubon Capital”	Fubon Capital (HK) Limited, a licensed corporation to carry out types 1, 4 and 6 regulated activities (dealing in securities, advising on securities and advising on corporate finance respectively) under the SFO, the entity making the Offers on behalf of the Offeror
“Fung Shing”	Fung Shing Group Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly-owned by Mr. Ng
“GEM”	the Growth Enterprise Market of the Stock Exchange

“Hercules Capital”	Hercules Capital Limited, a licensed corporation to carry out type 6 regulated activity (advising on corporate finance) under the SFO, the independent financial adviser to (i) the SCC Independent Board Committee and SCC Independent Shareholders; and (ii) the SCH Independent Board Committee and SCH Independent Shareholders in respect of the Acquisition and/or the terms of the Offers
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the Main Board of the Stock Exchange
“Mr. Ng”	Mr. Ng Hung Sang, director and controlling shareholder of SCH, SCC, SCL, Parkfield, Earnttrade, Fung Shing, Bannock and Ronastar
“Offer Shares”	the SCL Shares not already owned or agreed to be acquired by the Offeror and parties acting in concert with it
“Offeror”	Skychance
“Offers”	the Share Offer and the Option Offer
“Option Offer”	the possible unconditional mandatory cash offer to be made by Fubon Capital on behalf of the Offeror for all outstanding Share Options in accordance with the Takeovers Code
“Option Offer Price”	the price of, as the case may be, HK\$0.1134, HK\$0.020 and HK\$0.015 per Share Option for each outstanding Share Option
“Optionholder(s)”	holder(s) of the Share Options
“Parkfield”	Parkfield Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly-owned by Mr. Ng
“PRC”	the People’s Republic of China
“Promissory Note(s)”	the promissory note(s) to be issued by Skychance to the Vendors upon Completion as the consideration in connection with the Acquisition
“Purchaser”	Skychance

“Registrar”	Union Registrars Limited, the share registrar of SCL located at Rooms 1901-02, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong
“Ronastar”	Ronastar Investments Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly-owned by Mr. Ng
“S&P Agreement”	the conditional sale and purchase agreement dated 26 October 2007 entered into between the Purchaser and the Vendors in connection with the Acquisition
“Sale Share(s)”	the 346,709,203 SCL Shares held by the Vendors to be conditionally purchased by the Purchaser under the Acquisition
“SCC”	South China (China) Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board
“SCC Board”	the board of SCC Directors
“SCC Director(s)”	the director(s) of SCC
“SCC EGM”	the extraordinary general meeting of SCC to be convened to approve the Acquisition
“SCC Group”	SCC and its subsidiaries
“SCC Independent Board Committee”	the independent board committee of SCC comprising Mr. Chiu Sin Chun and Ms. Li Yuen Yu, Alice established to give its advice to the SCC Independent Shareholders in respect of the Acquisition. Mrs. Tse Wong Siu Yin, Elizabeth, who is an independent non-executive director of both SCH and SCC, is considered to be interested in the Acquisition and therefore cannot act as a member of the SCC Independent Board Committee.
“SCC Independent Shareholders”	SCC Shareholders who are not interested or involved in the Acquisition, being the SCC Shareholders other than the Vendors and their associates
“SCC Share(s)”	the share(s) of HK\$0.02 each in the issued share capital of SCC
“SCC Shareholder(s)”	the shareholder(s) of SCC

“SCH”	South China Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability holding a 74.79% interest in SCC, the shares of which are listed on the Main Board
“SCH Board”	the board of SCH Directors
“SCH Director(s)”	the director(s) of SCH
“SCH EGM”	the extraordinary general meeting of SCH to be convened to approve the Acquisition
“SCH Independent Board Committee”	the independent board committee of SCH comprising Mr. David John Blackett and Mr. Cheng Hong Kei established to give its advice to the SCH Independent Shareholders in respect of the Acquisition. Mrs. Tse Wong Siu Yin, Elizabeth, who is an independent non-executive director of both SCH and SCC, is considered to be interested in the Acquisition and therefore cannot act as a member of the SCH Independent Board Committee.
“SCH Independent Shareholders”	SCH Shareholders who are not interested or involved in the Acquisition, being the SCH Shareholders other than the Vendors and their associates
“SCH Share(s)”	the share(s) of HK\$0.025 each in the issued share capital of SCH
“SCH Shareholder(s)”	the shareholder(s) of SCH
“SCL”	South China Land Limited 南華置地有限公司, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the GEM
“SCL Board”	the board of SCL Directors
“SCL Director(s)”	the director(s) of SCL
“SCL Group”	SCL and its subsidiaries
“SCL Independent Board Committee”	the independent board committee of SCL comprising Mr. Law Cho Wa, Dr. Lo Wing Yan, William, JP and Mr. Cheng Yuk Wo established to give its advice to the SCL Independent Shareholders in respect of the Offers

“SCL Independent Shareholders”	SCL Shareholders who are not interested or involved in the Offers, being the SCL Shareholders other than the Offeror, its parties acting in concert and its associates
“SCL Share(s)”	the share(s) of HK\$0.01 each in the issued share capital of SCL
“SCL Shareholder(s)”	the shareholder(s) of SCL
“SFO”	the Securities and Futures Ordinance
“Share Offer”	the possible unconditional mandatory cash offer to be made by Fubon Capital on behalf of the Offeror for all of the Offer Shares in accordance with the Takeovers Code
“Share Offer Price”	the price of HK\$0.33 per SCL Share
“Share Option(s)”	the share options which have been granted by SCL in accordance with SCL’s share option scheme adopted on 24 June 2002
“Shenyang Project”	the development of a site at Zhaoyang Street in the Shenhe District of Shenyang, the PRC (中國瀋陽市沈河區朝陽街)
“Skychance”	Skychance Group Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly-owned by SCC, being the Purchaser to the Acquisition and the Offeror to the Offers
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers and Share Repurchases
“Veda Capital”	Veda Capital Limited, a licensed corporation to carry out type 6 regulated activity (advising on corporate finance) under the SFO, the independent financial adviser to the SCL Independent Board Committee in respect of the Offers

“Vendors” collectively, Bannock, Earntrade, Fung Shing, Parkfield, Ronastar and Mr. Ng

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

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

By order of the board of directors of
South China (China) Limited
Cheung Choi Ngor
Director

By order of the board of directors of
South China Land Limited
南華置地有限公司
Ng Yuk Yeung, Paul
Director

By order of the board of directors of
Skychance Group Limited
Cheung Choi Ngor
Director

Hong Kong, 26 October 2007

As of the date of this announcement, the SCH Board comprises (1) Mr. Ng Hung Sang, Mr. Richard Howard Gorges, Ms. Cheung Choi Ngor and Mr. Ng Yuk Fung, Peter as executive directors; (2) Mr. David Michael Norman and Ms. Ng Yuk Mui, Jessica 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.

As of the date of this announcement, the SCC Board comprises (1) Mr. Ng Hung Sang, Ms. Cheung Choi Ngor, Mr. Richard Howard Gorges and Mr. Ng Yuk Fung, Peter as executive directors; (2) Ms. Ng Yuk Mui, Jessica as non-executive director; and (3) Mr. Chiu Sin Chun, Mrs. Tse Wong Siu Yin, Elizabeth and Ms. Li Yuen Yu, Alice as independent non-executive directors.

As at the date of this announcement, the SCL Board comprises (1) Mr. Ng Hung Sang, Mr. Ng Yuk Yeung, Paul, Mr. Hui Ping and Mr. Ng Yuk Fung, Peter as executive directors; (2) Ms. Ng Yuk Mui, Jessica as non-executive director; and (3) Mr. Law Cho Wa, Dr. Lo Wing Yan, William, JP and Mr. Cheng Yuk Wo as independent non-executive directors.

The SCH Directors SCC Directors and the directors of the Offeror, being Mr. Richard Howard Gorges and Ms. Cheung Choi Ngor, 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 SCL Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules of the Stock Exchange for the purpose of giving information with regard to SCL. The SCL Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for a minimum period of 7 days from the date of its publication and on the website of SCL at www.sctrade.com.