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South China Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 265)



South China Brokerage Company Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 619)

**JOINT ANNOUNCEMENT
TERMINATION OF A DISCLOSEABLE TRANSACTION**

SCB has not obtained satisfactory advice from the Technical Adviser as to the due diligence work on PRC Co and its subsidiaries, being one of the conditions precedent to the Agreement, SCB has notified the Vendors to terminate the Agreement on 15 August 2006.

References are made to the joint announcements of SCB and SCH dated 7 March 2006, 29 March 2006 and 29 June 2006 (the “Joint Announcements”) in respect of the acquisition of 100% interest in a company with a controlling interest in exploration/mining rights in gold, copper and tungsten mines and extension of time to despatch the Circulars on or before 31 August 2006. Terms used in this announcement shall have the same meaning as defined in the Joint Announcements unless the context otherwise provides.

The board of directors of each of SCB and SCH announces that as SCB has not obtained satisfactory advice from the Technical Adviser as to the due diligence work on PRC Co and its subsidiaries, being one of the conditions precedent to the Agreement, SCB has notified the Vendors on 15 August 2006 to terminate the Agreement. No material expense has been incurred by SCB in relation to the Acquisition. Upon termination of the Agreement, each party is released and discharged from all obligations and claims in relation to the Agreement. The termination of the Agreement has no material impact on SCB and SCB will continue to look for other investment opportunities in the PRC.

On behalf of the Board
South China Holdings Limited
Cheung Choi Ngor
Director

On behalf of the Board
South China Brokerage Company Limited
Cheung Choi Ngor
Director

Hong Kong, 15 August 2006

As at the date of this announcement, the board of directors of SCH comprises (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, Ms. Wong Siu Yin, Elizabeth and Mr. Cheng Hong Kei as independent non-executive directors.

As at the date of this announcement, the board of directors of SCB comprises (1) Mr. Ng Hung Sang, Mr. Richard Howard Gorges, Ms. Cheung Choi Ngor, Mr. Chan Hing Wah, Mr. Ng Chun Sang and Mr. Ng Yuk Yeung, Paul as executive directors; and (2) Ms. Wong Siu Yin, Elizabeth, Hon. Raymond Arthur William Sears, Q.C. and Mr. Tung Woon Cheung, Eric as independent non-executive directors.

A copy of this announcement can be obtained from our website at www.sctrade.com



南 華 集 團 成 員
A Member of South China Group

Please also refer to the published version of this announcement in The Standard.