



South China Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 265)



South China Industries Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 413)

JOINT ANNOUNCEMENT
Change in terms
relating to
financial assistance and guarantee to affiliated company

In accordance with the disclosure obligation under rule 13.16 of the Listing Rules, the directors of SCH and SCI report on the details of the financial assistance given to, and/or guarantee given for facilities granted to, Firm Wise, their affiliated company as at 6 December 2005.

As disclosed in the latest interim reports of SCH and SCI for the six months ended 30 June 2005, the aggregate of financial assistance given to, and/or guarantee given for facilities granted to, Firm Wise, of which SCH and SCI was indirectly interested in 30%, exceeds 8% of the respective consolidated total asset value of SCH and SCI. Against this background, on 6 December 2005, the advances to Firm Wise reduced principally due to repayment of HK\$81 million to SCI by Firm Wise through the extension of banking facilities of Firm Wise. As a result of such extension of banking facilities, the amount of guarantee given by SCI increased correspondingly. The maturity date of the guarantee was changed from August 2008 to November 2010. Both SCH and SCI are of the opinion that there is no change in the level of financial assistance and guarantee commitment given to Firm Wise as a whole, which amount remains at approximately HK\$418 million.

As at 6 December 2005, the aggregate of the financial assistance given to, and/or guarantee given for facilities granted to, Firm Wise amounted to approximately HK\$418 million, representing approximately 13.1% and 19.3% of the respective consolidated total asset value of SCH and SCI as published in their respective latest interim reports for the six months ended 30 June 2005.

As at 6 December 2005, the advances to Firm Wise amounted to HK\$208,344,000 which are unsecured, interest bearing at 0.5% per annum, repayable on demand and subordinated to the bank loans of Firm Wise. The guarantee, which will mature in November 2010, is given for facilities granted to Firm Wise in an amount of up to HK\$210,000,000. The facilities are fully utilized. The advances and guarantee given were used to finance a property project in Hong Kong.

Save as disclosed above, no other financial assistance, or guarantee has been given by SCH and SCI to their affiliated companies as at the date of this announcement.

SOURCE OF FUNDS

Advances to Firm Wise were funded by internal resources and bank borrowings of SCI Group.

GENERAL

SCH and SCI will comply with the relevant disclosure requirements pursuant to rules 13.20 and 13.22 of the Listing Rules should the circumstances giving rise to such obligation exist.

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

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

DEFINITIONS

“Firm Wise”	Firm Wise Investment Limited, a private company incorporated in Hong Kong with limited liability.
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“SCH”	South China Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange. As at the date of this announcement, Mr. Ng Hung Sang, Robert, Chairman of SCH and SCI, is directly and indirectly interested in about 73.72% of the issued shares in SCH

“SCI” South China Industries Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange. As at the date of this announcement, SCH holds about 74.79% of the issued share capital of SCI

“Stock Exchange” The Stock Exchange of Hong Kong Limited

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

By order of the board of directors of
South China Industries Limited
Cheung Choi Ngor, Christina
Director

Hong Kong, 23 December 2005

A copy of this announcement can be obtained
from our website 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.