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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
relating to
the Delisting Proposal of Wah Shing and resumption of trading

The directors of SCH and SCI jointly announce that on 15 November 2005, SCI, through its wholly-owned subsidiary, SCI (BVI), requested the directors of Wah Shing to put forward the Delisting Proposal to Minority Shareholders in connection with a proposed privatization of Wah Shing by way of a voluntary delisting from the Official List of the SGX-ST pursuant to Rule 1306 of the Listing Manual. The Delisting Proposal will involve, among others, the following:

1. a conditional offer by SCI (BVI) to purchase from the Minority Shareholders, at an exit offer price of S\$0.18 (equivalent to approximately HK\$0.82) in cash, each Share held by them; and
2. to apply for a voluntary delisting of Wah Shing from the Official List of the SGX-ST pursuant to Rule 1306 of the Listing Manual.

If the conditions of the Delisting Proposal described below are fulfilled, the listing of the Shares on the SGX-ST will be withdrawn.

Investors and shareholders are reminded that the Delisting Proposal is conditional on the fulfillment of certain conditions and, accordingly, may or may not proceed and are advised to exercise caution when dealing in securities of SCI and SCH.

The Delisting Proposal constitutes a discloseable transaction of SCH and SCI under rule 14.06 of the Listing Rules. A circular containing, amongst others, details of the Delisting Proposal will be sent to the respective shareholders of SCH and SCI as soon as practicable.

At the request of SCH and SCI, trading in each of the shares in SCH and SCI was suspended with effect from 2:30 p.m. on 15 November 2005 pending the release of this announcement. A respective application has been made by SCH and SCI to the Stock Exchange for the resumption of trading of the shares in SCH and SCI from 9:30 a.m. on 16 November 2005.

The directors of SCH and SCI jointly announce that on 15 November 2005, SCI, through its wholly-owned subsidiary, SCI (BVI), requested the directors of Wah Shing to put forward the Delisting Proposal to Minority Shareholders in connection with a proposed privatization of Wah Shing by way of a voluntary delisting from the Official List of the SGX-ST pursuant to Rule 1306 of the Listing Manual.

TERMS OF THE DELISTING PROPOSAL

The Delisting Proposal will involve, among others, the following:

1. a conditional offer by SCI (BVI) to purchase from the Minority Shareholders, at an exit offer price of S\$0.18 (equivalent to approximately HK\$0.82) in cash, each Share held by them; and
2. to apply for a voluntary delisting of Wah Shing from the SGX-ST under Rule 1306 of the SGX-ST Listing Manual.

In the event that the Exit Offer has been accepted by the holders of 90% or more of the issued and paid-up share capital of Wah Shing (other than Shares already held at the Date of Exit Offer by SCI (BVI) or its nominee(s) or its subsidiaries), SCI (BVI) will be entitled to exercise the right of compulsory acquisition at the Exit Offer Price per Share under Section 102(1) of the Companies Act 1981 of Bermuda (as amended), provided that the number of Shareholders who accept the Exit Offer must constitute at least 75% of the number of all Shareholders (other than the holders of those Shares already held at the Date of Exit Offer by SCI (BVI) or its nominee(s) or its subsidiaries). SCI (BVI) intends to exercise this right of compulsory acquisition if the conditions for compulsory acquisition as referred to above are satisfied. In such event and upon completion of the compulsory acquisition, Wah Shing would become a wholly-owned subsidiary of SCI (BVI).

As at the date of this announcement, other than Shares already held by SCI (BVI) or its nominee(s) or its subsidiaries as disclosed herein, SCH and SCI or any other members of the Group or any party acting in concert are not interested in any Shares.

EXIT OFFER PRICE

The Exit Offer Price represents:

1. a premium of about 80.0% to the closing price per Share of S\$0.10 (equivalent to approximately HK\$0.46) as quoted on SGX-ST on 14 November 2005, being the last trading day prior to the date of this announcement. Such large premium is only attributable to the drop in the closing price on a single day (i.e. 14 November 2005) and the Exit Offer Price is based on the trading prices and volume of Shares on the SGX-ST for the last three months;
2. a premium of about 46.3% to S\$0.123 (equivalent to approximately HK\$0.56), being the average closing price per Share as quoted on SGX-ST for the ten trading days up to and including 14 November 2005; and
3. a discount of about 45.5% to the consolidated audited net tangible asset per Share as of 31 December 2004 of about S\$0.33 (equivalent to approximately HK\$1.52).

The Exit Offer Price of S\$0.18 in cash for each Share is based on the trading prices and volume of the Shares on the SGX-ST for the last three months.

As at the date of this announcement, Minority Shareholders are interested in 102,490,312 Shares, representing about 37.66% of the issued share capital of Wah Shing. The amount of cash required for these Shares is about S\$18.4 million (equivalent to approximately HK\$84.3) which will be satisfied preceding the date of the delisting of the Shares. Such amount will be financed by internal resources and bank borrowings of SCI.

CIMB-GK Securities Pte. Ltd., the financial adviser which was appointed by Wah Shing to advise Wah Shing on the Delisting Proposal, has confirmed that sufficient financial resources are available to SCI (BVI) to satisfy in full all acceptances of the Exit Offer by the Minority Shareholders.

CONDITIONS OF THE DELISTING PROPOSAL

The Delisting Proposal will be conditional upon, among others, the following:-

1. the convening of a SGM by Wah Shing to obtain the Shareholders' approval;
2. the resolution to delist Wah Shing being approved by a majority of at least 75% in nominal value of the Shares held by the Shareholders present and voting, on a poll, either in person or by proxy at the SGM;
3. the resolution to delist Wah Shing not having been voted against by 10% or more in nominal value of the Shares held by Shareholders present and voting, on a poll, either in person or by proxy at the SGM; and
4. the requisite approvals from the relevant governing authorities with regard to the Delisting Proposal.

Investors and shareholders are reminded that the Delisting Proposal is conditional on the fulfillment of certain conditions and, accordingly, may or may not proceed and are advised to exercise caution when dealing in securities of SCI and SCH.

SCH and SCI will make further announcement to keep public informed if and when the Delisting Proposal is approved and of any material changes to the terms of the Delisting Proposal from those described in this announcement.

REASONS FOR THE DELISTING PROPOSAL

The directors of SCH and SCI consider that the implementation of the Delisting Proposal will rationalize the Group's structure which in turn allow a greater flexibility towards the management of the Group, and save the cost on maintenance of a listed vehicle which is required to comply with the increasing compliance and regulatory requirements. In addition, the Delisting Proposal will also enable the Group to increase its stake in Wah Shing at a discount to its net tangible asset value.

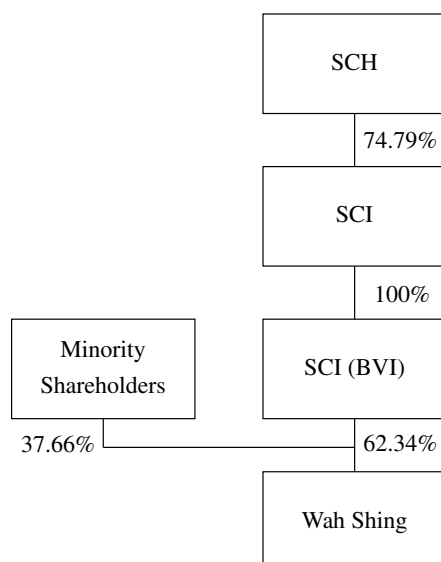
Accordingly, the directors of SCH are of the view that the terms of the Delisting Proposal are fair and reasonable and the Delisting Proposal is in the interests of SCH and its shareholders as a whole; and the directors SCI are of the view that the terms of the Delisting Proposal are fair and reasonable and the Delisting Proposal is in the interests of SCI and its shareholders as a whole.

The board of directors for each of SCH and SCI confirms that they have no immediate intention to list the Shares in any other stock exchanges.

INFORMATION ON WAH SHING

Wah Shing was incorporated in Bermuda and its shares have been listed on the Main Board of the SGX-ST since 1996. Wah Shing is an investment holding company and its subsidiaries are principally engaged in the manufacturing and distribution of toys, toy-related products and moulds under Original Equipment Manufacturing and Original Design Manufacturing arrangements. Other principal activities include property development and investment, equity securities investment and the manufacturing and trading of footwear. As at the date of this announcement, the issued and paid-up share capital of Wah Shing consists of 272,160,000 ordinary shares of HK\$0.20 each. SCI (BVI) currently holds 169,669,688 Shares, representing about 62.34% of the issued share capital of Wah Shing.

Set out below the simplified shareholding structure of Wah Shing as at the date of this announcement:



As at the date of this announcement, there were no outstanding options, warrants or convertible securities issued by Wah Shing.

The audited net tangible asset values of Wah Shing (prepared in accordance with International Accounting Standards) as at 31 December 2004 and 31 December 2003 were approximately HK\$412.8 million and HK\$379.8 million respectively. The audited profits of Wah Shing before and after taxation and extraordinary items (prepared in accordance with International Accounting Standards) for the year ended 31 December 2004 were approximately HK\$46.1 million and HK\$43.3 million respectively. The audited profits of Wah Shing before and after taxation and extraordinary items (prepared in accordance with International Accounting Standards) for the year ended 31 December 2003 were approximately HK\$50.6 million and HK\$42.3 million respectively.

INFORMATION ON SCH

SCH is an investment holding company. Its subsidiaries and associates are principally engaged in trading and manufacturing, securities and commodities brokerage and trading, margin financing, money lending, provision of corporate advisory services and underwriting services, information technology, property investment and development, agriculture, implementation and marketing of software applications, publishing and printing business, marketing and promotional services, sale of air ticket and travel related businesses.

INFORMATION ON SCI

SCI is an investment holding company. Its subsidiaries and associates are principally engaged in the manufacturing and trading of toys, compressors, shoes, metal tooling, leather products, motors, machinery, capacitors, clothing, property investment and development, agriculture, information technology and travel related businesses. SCH beneficially holds 74.79% of the issued share capital of SCI.

GENERAL

The Delisting Proposal constitutes a discloseable transaction of SCH and SCI under rule 14.06 of the Listing Rules. A circular containing, amongst others, details of the Delisting Proposal will be sent to the respective shareholders of SCH and SCI as soon as practicable.

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.

SUSPENSION AND RESUMPTION OF TRADING

At the request of SCH and SCI, trading in each of the shares in SCH and SCI was suspended with effect from 2:30 p.m. on 15 November 2005 pending the release of this announcement. A respective application has been made by SCH and SCI to the Stock Exchange for the resumption of trading of the shares in SCH and SCI from 9:30 a.m. on 16 November 2005.

DEFINITIONS

“Date of Exit Offer”	the date on which the Exit Offer closes
“Delisting Proposal”	a proposed privatization of Wah Shing by way of the voluntary delisting from the Official List of the SGX-ST pursuant to Rule 1306 of the Listing Manual
“Exit Offer”	an exit offer to Minority Shareholders the Exit Offer Price for each Share held by them
“Exit Offer Price”	S\$0.18 (equivalent to approximately HK\$0.82) in cash for each Share
“Group”	SCH, SCI and their subsidiaries and associates
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Listing Manual”	the SGX-ST Listing Manual
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Minority Shareholders”	Shareholders who are independent of SCH and SCI and their connected persons (as defined under the Listing Rules)
“S\$”	Singapore dollar(s), the lawful currency of Singapore
“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, SCI and Wah Shing, 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
“SCI (BVI)”	South China Industries (BVI) Limited, an exempted company incorporated in the British Virgin Islands with limited liability, which is beneficially wholly-owned by SCI
“SGX-ST”	The Singapore Exchange Securities Trading Limited
“SGM”	a special general meeting to be convened and held by Wah Shing to consider the Delisting Proposal

“Shares”	ordinary share(s) of HK\$0.20 each in the share capital of Wah Shing
“Shareholders”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Wah Shing”	Wah Shing International Holdings Limited, an exempted company incorporated in Bermuda with limited liability and listed on the SGX-ST, and beneficially owned as to about 62.34% by SCI.

An exchange rate of S\$1 to HK\$4.57 is used in this announcement.

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, 15 November 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.