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SOUTH CHINA HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

SUBDIVISION OF SHARES

AND

CHANGE IN BOARD LOTS SIZE OF SHARES FOR TRADING

The board of directors of South China Holdings Limited is pleased to announce that the ordinary resolution approving the Share Subdivision was duly passed at the extraordinary general meeting held on 15 August 2001 and the Share Subdivision will be effective on 16 August 2001.

The board lots of trading will be increased from 2,000 Shares to 5,000 Subdivided Shares commencing from 16 August 2001 and the arrangement for dealings in the Subdivided Shares is set out below.

THE SHARE SUBDIVISION

Further to the announcement dated 11 July 2001 and the circular dated 27 July 2001 to the shareholders of the Company, the board of directors (the "Board") of South China Holdings Limited (the "Company") is pleased to announce that the ordinary resolution approving the subdivision (the "Share Subdivision") of each of the existing issued and unissued ordinary shares of HK\$0.10 each (the "Shares") in the share capital of the Company into four shares of HK\$0.025 each (the "Subdivided Shares") was duly passed at the extraordinary general meeting held on 15 August 2001. Application has been made to the Listing Committee of The Stock Exchange of Hong Kong Limited for the grant of the listing of and the permission to deal in Subdivided Shares. The Share Subdivision will be effective on 16 August 2001.

CHANGE IN BOARD LOTS SIZE

The board lots for trading will be increased from 2,000 Shares to 5,000 Subdivided Shares

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commencing from 16 August 2001. The board lots for trading of warrants of the Company will remain at 10,000 units.

**ARRANGEMENT FOR DEALINGS IN THE SUBDIVIDED
SHARES**

The arrangement for dealings in the Subdivided Shares is set out below:

Effective date of Share Subdivisionon Thursday, 16 August 2001

Dealing in Subdivided Shares commences 10:00 a.m. on Thursday, 16 August 2001

Existing counter for trading in existing

Shares in board lots of 2,000 Shares

temporarily closes 10:00 a.m. on Thursday, 16 August 2001

Temporary counter for trading in Subdivided Shares in board lots of

8,000 Subdivided Shares (in the form of existing Share certificates)

opens 10:00 a.m. on Thursday, 16 August 2001

First day of free-exchange of certificates for existing Shares

for new certificates for the Subdivided Shares on Thursday, 16 August 2001

Existing counter for trading in Subdivided Shares in board lots of 5,000 Subdivided

Shares (in the form of new certificates for the Subdivided Shares)

reopens 10:00 a.m. on Thursday, 30 August 2001

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Parallel trading in Subdivided Shares (in the form of new certificates

for Subdivided Shares and existing Shares certificates)

commences 10:00 a.m. on Thursday, 30 August 2001

Temporary counter of trading in Subdivided Shares in board lots of 8,000

Subdivided Shares (in the form of certificates for existing Shares)

ends 4:00 p.m. on Thursday, 20 September 2001

Parallel trading in Subdivided Shares (in the form of new certificates

for Subdivided Shares and existing Shares certificates)

ends 4:00 p.m. on Thursday, 20 September 2001

Last day for free exchange of certificates for existing Shares

for new certificates for Subdivided Shares on Thursday, 27 September 2001

ODD LOTS TRADING FACILITY ARRANGEMENT

The Company has appointed South China Securities Limited of 28th Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong (the “Agent”) as an agent to match the sale and purchase of odd lots of Shares which may arise as a result of the change in board lots (during the period from Thursday, 30 August 2001 to Thursday, 20 September 2001, both days inclusive). Holders of Shares in odd lots represented by the existing certificates for Shares who wish to take advantage of this facility either to dispose their odd lots or to top up their odd lots to a full board lot may contact Mr. Chan Chung Ming, Benjamin of the Agent at telephone number 2845 5365 or the aforementioned address. However, holders of odd lots of Shares should note that the Agent does not guarantee any matching of odd lots.

EXCHANGE OF SHARE CERTIFICATES

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All existing Share certificates in respect of the Shares will continue be good evidence of legal title and may be lodged with the Registrar, Standard Registrars Limited (the "Registrar") at 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong in exchange for new certificates for the Subdivided Shares free of charge at the Registrar's office during 9:00 a.m. to 4:00 p.m. (Monday to Friday) during the period from Thursday, 16 August 2001 up to and including Thursday, 27 September 2001. Thereafter, existing Share certificates for the Shares will be accepted for exchange only upon payment of a fee, which is currently HK\$2.50 for the issue of each new certificate for Subdivided Shares. Nonetheless, certificates for Shares will cease to be marketable and will not be acceptable for dealing purpose after 20 September 2001 but will continue to be good evidence of legal title and may be exchanged for the Subdivided Shares at any time.

ADJUSTMENT IN RELATION TO THE SUBSCRIPTION PRICE OF THE 2001 WARRANTS

The subscription price of the 2001 Warrants of the Company will be adjusted from HK\$2.20 to HK\$0.55 each as a result of the Share Subdivision and the aforesaid adjustment will take effect as from 16 August 2001. Arthur Andersen & Co., the auditors of the Company, has confirmed the aforementioned adjustments in accordance with the terms and conditions of the warrant instrument dated 17 November 2000.

For and on behalf of the Board

South China Holdings Limited

Yuen Kam Tim, Francis

Company Secretary

15 August 2001

Hong Kong Special Administrative Region of the People's Republic of China