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SOUTH CHINA HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 265)

VOLUNTARY ANNOUNCEMENT ARBITRATION INITIATED AGAINST NANJING SKYTECH

The board of directors (the “Board”) of South China Holdings Limited (the “Company”) wishes to inform its shareholders and the potential investors that the China International Economic and Trade Arbitration Commission (“CIETAC”) has accepted the arbitration application of Janful Limited (“Janful”), a company incorporated in Hong Kong and an indirect wholly owned subsidiary of the Company, against Nanjing Skytech Co., Limited 南京擎天資訊科技有限公司 (“Nanjing Skytech”).

Janful and Nanjing Skytech entered into a joint venture agreement dated 31 January 2000 (the “JV Agreement”) whereby both parties agreed to establish Nanjing South China Skytech Co. Ltd. 南華擎天科技有限公司 (“Nanjing SC Skytech”). Janful shall pay the capital contributions in cash and own 66.7% of the registered capital of Nanjing SC Skytech. Nanjing Skytech shall contribute by injection of certain assets and the intellectual property rights of certain software (the “Intellectual Property Rights”) and own 33.3% of the registered capital of Nanjing SC Skytech. According to the terms of the JV Agreement, Nanjing Skytech shall transfer certain assets including, among others, the Intellectual Property Rights to Nanjing SC Skytech within one month from the incorporation of Nanjing SC Skytech. However, Nanjing Skytech has not transferred the Intellectual Property Rights to Nanjing SC Skytech to date.

Regarding the breach of Nanjing Skytech in respect of its failure to transfer the Intellectual Property Rights to Nanjing SC Skytech as agreed, Janful sought to demand Nanjing Skytech to transfer the Intellectual Property Rights to Nanjing SC Skytech in the arbitration application submitted to CIETAC.

CIETAC has delivered the arbitration notice dated 18 April 2014 to Nanjing Skytech.

Up to the date of this announcement, CIETAC has not scheduled a date for the arbitration hearing.

The Company will issue further announcement(s) to update its shareholders as and when appropriate should there be any major development in the abovementioned arbitration.

By order of the Board
South China Holdings Limited
Cheung Choi Ngor
Executive Director

Hong Kong, 12 May 2014

As at the date of this announcement, the directors of the Company are (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, Mrs. Tse Wong Siu Yin Elizabeth and Mr. Cheng Hong Kei as independent non-executive directors.