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**SOUTH CHINA (CHINA) LIMITED**  
(Incorporated in the Cayman Islands with limited liability)  
(Stock Code: 413)



**SOUTH CHINA FINANCIAL HOLDINGS LIMITED**  
(Incorporated in Hong Kong with limited liability)  
(Stock Code: 619)

## **JOINT ANNOUNCEMENT CONNECTED TRANSACTIONS**

### **INTRODUCTION**

On 24 April 2014, SCFH, as Vendor, entered into the Deed with South China Industries (BVI) Limited, as Purchaser, a direct wholly-owned subsidiary of SCC, whereby the Vendor has agreed to sell and the Purchaser has agreed to purchase the Sale Shares for HK\$1.00 and the Sale Debt for HK\$4,552,704 upon and subject to the terms and conditions set out in the Deed. The Target Company has by entering into the Deed given its consent that as from the Completion, the Sale Debt, which is interest-free and unsecured, shall be owed to the Purchaser.

### **THE PRINCIPAL TERMS OF THE DEED**

The principal terms of the Deed are as follows:-

1. Date : 24 April 2014
2. Parties : (i) Vendor;  
(ii) Purchaser; and  
(iii) Target Company
3. Consideration : HK\$1.00 for the Sale Shares  
HK\$4,552,704 for the Sale Debt

The Consideration was arrived at after arm's length negotiation between the Vendor and the Purchaser with reference to the net asset value of the Target Company as at 31 March 2014, the date to which the latest available financial statements of the Target Company were made up, for the Sale Shares and on a dollar-to-dollar basis for the Sale Debt. As such, the Transactions are not expected to have any significant impact on (i) the profit or loss of the SCFH Group and (ii) the total assets and net assets of the SCC Group.

### **COMPLETION**

Completion took place on 24 April 2014. Immediately after Completion, the Target Company ceased to be a subsidiary of the Vendor, and the Purchaser owned (i) the entire equity interest of the Target Company which became an indirect wholly-owned subsidiary of SCC; and (ii) all the rights, title and interest in the

Sale Debt. As such, the assets and financial results of the Target Company will be consolidated into the accounts of SCC with effect from 24 April 2014.

The sales proceeds from the Transactions will be used by SCFH as general working capital for its general operation.

## **INFORMATION ON SCFH AND THE TARGET COMPANY**

SCFH is an investment holding company. The principal activities of its subsidiaries consist of securities, bullion, forex and commodities broking and trading, margin financing, money lending, provision of corporate advisory and underwriting services, wealth management and investment holding.

The Target Company was nominated as the tenant to the Tenancy Agreement. Save as being the said tenant, the Target Company has no business activity. The only asset of the Target Company is the rental deposit paid under the Tenancy Agreement which was financed by the Sale Debt, the only liability of the Target Company.

## **INFORMATION ON SCC AND THE PURCHASER**

SCC is an investment holding company. Its subsidiaries are principally engaged in the trading and manufacturing of toys, shoes, electronic toys and leather products, property investment and development, and agriculture and forestry.

The Purchaser is a direct wholly-owned subsidiary of SCC and an investment holding company.

## **RELATIONSHIP BETWEEN MR. NG AND HIS ASSOCIATES**

SCC is owned as to 20.19% by Eartrade Investments Limited (“Eartrade”) (including 9.82% owned by Bannock Investment Limited (“Bannock”), 16.39% by Fung Shing Group Limited (“Fung Shing”), 15.59% by Parkfield Holdings Limited (“Parkfield”), 0.69% by Ronastar Investments Limited (“Ronastar”), 2.15% by Worldunity Investments Limited (“Worldunity”), and 6.21% by Mr. Ng, 1.79% by his spouse, Ms. Ng Lai King Pamela (“Ms. Ng”), 2.28% by his daughter, Ms. Ng Yuk Mui Jessica (“Ms. Jessica Ng”), 5.45% and 2.28% by each of his sons, Mr. Ng Yuk Fung Peter (“Mr. Peter Ng”) and Mr. Ng Yuk Yeung Paul (“Mr. Paul Ng”), respectively. Each of Fung Shing, Parkfield and Ronastar is wholly-owned by Mr. Ng. Bannock is a wholly-owned subsidiary of Eartrade and Eartrade is owned as to 60% by Mr. Ng, 20% by Ms. Cheung and the remaining 20% by Mr. Gorges. Worldunity is wholly-owned by South China Holdings Limited which, in turn, is 73.72% beneficially owned by Mr. Ng. Each of Eartrade, Bannock, Fung Shing, Parkfield, Ronastar, Worldunity, Ms. Ng, Ms. Jessica Ng, Mr. Peter Ng and Mr. Paul Ng is an associate of Mr. Ng and a connected person of SCC within the meaning of the Listing Rules.

SCFH is owned as to 19.42% by Eartrade (including 9.44% owned by Bannock), 15.75% by Fung Shing, 14.79% by Parkfield, 0.66% by Ronastar and 3.69% by Mr. Ng, 4.63% by his spouse, Ms. Ng, and 2.50 % by his son, Mr. Peter Ng. Each of Fung Shing, Parkfield and Ronastar is wholly-owned by Mr. Ng. Bannock is a wholly-owned subsidiary of Eartrade and Eartrade is owned as to 60% by Mr. Ng, 20% by Ms. Cheung and the remaining 20% by Mr. Gorges. Each of Eartrade, Bannock, Fung Shing, Parkfield, Ronastar, Ms. Ng and Mr. Peter Ng is an associate of Mr. Ng and a connected person of SCFH within the meaning of the Listing Rules.

## **REASONS AND BENEFITS FOR ENTERING INTO THE DEED**

So far as SCFH is concerned, given that SCFH has 2 other locations of business operations (in addition to the premises under the Tenancy Agreement), the Transactions allow more flexibility to SCFH for the management of its rental arrangement in respect of its office locations and the possible consolidation of the same in the medium to long term.

So far as SCC is concerned, the Transactions enable SCC to secure the use of the premises under the Tenancy Agreement, an office in a prestigious building at a prime location.

## **LISTING RULES IMPLICATIONS**

In respect of both SCFH and SCC, as the Percentage Ratios under the relevant tests are less than 5% and Mr. Ng and his associates are the existing controlling group of shareholders in SCFH and SCC, the Transactions constitute connected transactions for SCFH and SCC under the Listing Rules. As such, Mr. Ng and his associates (namely, Ms. Jessica Ng, Mr. Peter Ng and Mr. Paul Ng) together with Ms. Cheung and Mr. Gorges, who are executive directors of both SCFH and SCC, have abstained from voting on the board resolutions approving the Transactions. The SCFH Directors and SCC Directors (including the respective independent non-executive directors) considered that the Transactions are on normal commercial terms, fair and reasonable, and in the interests of respective companies and the shareholders of respective companies as a whole. The Transactions are subject to the reporting and announcement requirements but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms have the meanings set opposite them below:

“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Completion”	completion of the Transactions contemplated under the Deed;
“Deed”	the deed dated 24 April 2014 entered into by the Vendor, the Purchaser and the Target Company;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of the China;
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Gorges”	Mr. Richard Howard Gorges, an executive director of each of SCFH and SCC;
“Mr. Ng”	Mr. Ng Hung Sang, the Chairman, an executive director and a substantial shareholder of each of SCFH and SCC;
“Ms. Cheung”	Ms. Cheung Choi Ngor, an executive director of each of SCFH and SCC;
“Percentage Ratio(s)”	has the meaning ascribed to it under the Listing Rules;

“Purchaser”	South China Industries (BVI) Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of SCC;
“Sale Debt”	the amount of HK\$4,552,704 owed by the Target Company to the Vendor immediately before Completion, representing the total outstanding loans owed to the Vendor as at the date of the Deed which is unsecured, interest-free and repayable on demand;
“Sale Shares”	2 ordinary shares in the capital of the Target Company, being all the shares in the issued share capital of the Target Company;
“SCC”	South China (China) Limited, an exempted company incorporated in the Cayman Islands with limited liability and the ordinary shares therein listed on Main Board of the Stock Exchange;
“SCC Directors”	the directors (including the independent non-executive directors) of SCC;
“SCC Group”	SCC and its subsidiaries;
“SCFH”	South China Financial Holdings Limited, a company incorporated in Hong Kong with limited liability and the ordinary shares therein listed on Main Board of the Stock Exchange;
“SCFH Directors”	the directors (including the independent non-executive directors) of SCFH;
“SCFH Group”	SCFH and its subsidiaries;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules;
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules;
“Target Company”	Intercourt Investments Limited, a company incorporated in Hong Kong with limited liability;
“Tenancy Agreement”	the tenancy agreement dated 15 March 2011 entered into between the lawful attorney of the landlord and the Target Company as tenant in respect of the tenancy of the premises known as “28th Floor, Bank of China Tower, 1 Garden Road, Hong Kong” for a term of three years commencing from 1 September 2011 to 31 August 2014 (both days inclusive) at a monthly rental of HK\$1,386,240.00;
“Transactions”	the sale and purchase of the Sale Shares and the Sale Debt;
“Vendor”	SCFH;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong; and
“%”	per cent.

On behalf of the Board of  
**South China (China) Limited**  
**Cheung Choi Ngor**  
*Executive Director*

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

Hong Kong, 25 April 2014

*As at the date of this announcement, the SCC Directors are (1) Mr. Ng Hung Sang, Ms. Cheung Choi Ngor, Mr. Richard Howard Gorges, Mr. Ng Yuk Fung Peter and Mr. Law Albert Yu Kwan as executive directors; (2) Ms. Ng Yuk Mui Jessica as non-executive director; and (3), Mr. Chiu Sin Chun, Mrs. Tse Wong Siu Yin Elizabeth, Ms. Li Yuen Yu Alice, Mr. Yip Dicky Peter, J.P., Dr. Leung Tony Ka Tung and Mr. Lau Lai Chiu Patrick as independent non-executive directors.*

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