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## **SOUTH CHINA FINANCIAL HOLDINGS LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 00619)**

### **MEMORANDUM OF UNDERSTANDING IN RELATION TO POSSIBLE CONNECTED TRANSACTIONS ACQUISITION OF FINANCIAL MEDIA BUSINESSES**

This is an announcement made by South China Financial Holdings Limited (the Company, together with its subsidiaries, the “Group”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

The board of directors (the “Board”) of the Company is pleased to announce that, on 5 October 2016, the Company, as the purchaser, entered into a memorandum of understanding (the “MOU”) with (i) Golden Ways Limited; (ii) Capital Entrepreneur Limited; (iii) Capital CEO Limited; and (iv) Capital Publishing Limited, as the vendors, (the “Vendors”) for the sale and purchase of the financial media businesses, including, among others, the publication of the magazines namely, Capital Weekly (資本壹週), Capital Money (資本創富), Capital Entrepreneur (資本企業家), Capital CEO (資本才俊) and Capital (資本雜誌), event hosting and other related businesses, and the related tangible and/or intangible assets (the “Possible Transaction”).

The terms and conditions of the Possible Transaction are subject to further negotiation and the due diligence results and, where the parties to the MOU (the “Parties”) agree to proceed with the Possible Transaction, the Company or its nominee(s) and the Vendors will enter into the formal sale and purchase agreement.

The MOU is valid until (i) the date of execution of the formal sale and purchase agreement for the Possible Transaction; (ii) the date of notice of any of the Parties’ decision not to proceed with the Possible Transaction; or (iii) 31 December 2016, whichever being applicable. The MOU does not create any legally binding obligations on the parties in relation to the Possible Acquisition but is legally binding as to such terms relating to, among others, disclosure for information for due diligence, payment of refundable deposit of HK\$5 million (the “Deposit”), refund of Deposit, confidentiality, governing laws and jurisdiction.

Under the MOU, the Company shall pay the Deposit within three business days from the date of MOU. Such Deposit shall be applied towards payment of the consideration for the Possible Transaction upon signing of the formal sale and purchase agreement where the Parties agree to proceed with the Possible Transaction. If no formal sale and purchase agreement is signed on 31 December 2016 or any of the Parties notify the others in writing of its decision not to proceed with the Possible Transaction, the Deposit shall be refunded to the Company in full without interest within three working days from 31 December 2016 or the date of notice of decision not to proceed with the Possible Transaction, whichever being applicable.

The Group intended to build and develop the financial public relation business and management expected that the abovementioned financial media businesses will have synergy with such business.

Mr. Ng, an executive Director and the Chairman of the Board and a substantial shareholder of the Company, is the ultimate beneficial owner of all the issued share capital of the Vendors. Therefore, the Vendors are connected persons of the Company under Chapter 14A of Listing Rules. As such, the transactions contemplated under the MOU, if proceeded with, will constitute connected transactions for the Company under the Listing Rules.

The Board wishes to emphasize that the Possible Transaction may or may not proceed and that the Company and the Vendors have not entered into any binding agreement in relation to the Possible Transaction as at the date of this announcement. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company. The Company will make further announcement in respect of the Possible Transaction as and when appropriate in accordance with the Listing Rules.

By Order of the Board  
**South China Financial Holdings Limited**  
**Ng Yuk Mui Jessica**  
*Executive Director*

Hong Kong, 5 October 2016

*As at the date of this announcement, the Directors of the Company are (1) Mr. Ng Hung Sang, Ms. Cheung Choi Ngor and Ms. Ng Yuk Mui Jessica 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.*