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SOUTH CHINA HOLDINGS COMPANY LIMITED

南華集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00413)

CONTINUING CONNECTED TRANSACTIONS RENEWAL OF TENANCY AGREEMENTS

INTRODUCTION

Reference is made to the announcement of the Company dated 24 March 2017 in relation to the renewal of tenancy agreements in which First City and Glorious Dragon as landlords entered into the 2017 HK Four Seas Tenancy Agreement and the 2017 Four Seas Tours Tenancy Agreement with HK Four Seas and Four Seas Tours as tenants respectively. On 29 March 2019, First City and Glorious Dragon entered into the 2019 HK Four Seas Tenancy Agreement and the 2019 Four Seas Tours Tenancy Agreement with HK Four Seas and Four Seas Tours respectively, for renewal of the 2017 Four Seas Tenancy Agreements which will expire on 31 March 2019.

RENEWAL OF TENANCY AGREEMENTS

The principal terms of the 2019 Four Seas Tenancy Agreements are summarized as follows:

2019 HK Four Seas Tenancy Agreement

Parties	: First City (as landlord) HK Four Seas (as tenant)
Term	: two (2) years from 1 April 2019 to 31 March 2021
Premises	: 1st Floor, On Lok Yuen Building, 25, 27 and 27A Des Voeux Road Central, Hong Kong
Monthly rental	: HK\$139,728.00 (exclusive of management fee, government rates and utility charges)

2019 Four Seas Tours Tenancy Agreement

Parties	: Glorious Dragon (as landlord) Four Seas Tours (as tenant)
Term	: two (2) years from 1 April 2019 to 31 March 2021
Premises	: 2nd Floor, On Lok Yuen Building, 25, 27 and 27A Des Voeux Road Central, Hong Kong
Monthly rental	: HK\$136,320.00 (exclusive of management fee, government rates and utility charges)

REASONS FOR AND BENEFITS OF THE RENEWAL OF THE TENANCY AGREEMENTS

The rentals for the premises set out in the 2019 Four Seas Tenancy Agreements were arrived at after arm's length negotiations between the relevant parties by reference to the prevailing market rent of properties of similar size and area in the vicinity.

The subject premises are investment properties of the Group held for rental income. The renewal of the tenancy agreements provides the Group with continuous and stable rental income.

The Directors (including the independent non-executive Directors) considered that the transactions contemplated under the 2019 Four Seas Tenancy Agreements are entered into in the ordinary and usual course of business of the Group and on normal commercial terms after arm's length negotiations, which are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

RELATIONSHIPS BETWEEN THE PARTIES

First City and Glorious Dragon are indirect wholly-owned subsidiaries of the Company.

Mr. Ng, the chairman of the Board, an executive Director and the controlling shareholder of the Company and, hence, a connected person thereof, is the ultimate beneficial owner of HK Four Seas and holds more than 30% beneficial interest in Four Seas Tours. By virtue of being associates of Mr. Ng, HK Four Seas and Four Seas Tours are connected persons of the Company according to the Listing Rules.

ANNUAL CAP

The annual cap for the 2019 Four Seas Tenancy Agreements is determined by reference to the agreed annual rentals received or receivables thereunder. The aggregated annual cap, being the largest aggregated annual rental to be received during the terms from SCM Management Tenancy Agreements and the 2019 Four Seas Tenancy Agreements shall be HK\$5 million.

INFORMATION ON THE COMPANY, HK FOUR SEAS AND FOUR SEAS TOURS

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

HK Four Seas, which is engaged in wholesale travel business, provides air ticketing wholesale and travel related services mainly to travel agents.

Four Seas Tours, which is engaged in corporate travel business, provides travel agency and travel related services mainly to corporate customers.

LISTING RULES IMPLICATIONS

Mr. Ng is the chairman of the Board, an executive Director and the controlling shareholder of the Company, and hence a connected person of the Company under Rule 14A.07(1) of the Listing Rules. On the other hand, Mr. Ng is an ultimate beneficial owner of HK Four Seas and holds more than 30% beneficial interest in Four Seas Tours. By virtue of being associates of Mr. Ng, HK Four Seas and Four Seas Tours are connected persons of the Company under Rule 14A.07(4) of the Listing Rules. Given the foregoing, the transactions contemplated under the 2019 Four Seas Tenancy Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (other than the profits ratio) relating to the 2019 Four Seas Tenancy Agreements on an annual basis exceed 0.1% but is less than 5%, the transactions contemplated under the 2019 Four Seas Tenancy Agreements are subject to announcement, reporting and annual review requirements but exempt from the shareholders' approval pursuant to Rule 14A.76(2) of the Listing Rules.

In view of Mr. Ng's beneficial interests in HK Four Seas and Four Seas Tours and hence a material interest in the transactions as contemplated under the 2019 Four Seas Tenancy Agreements, Mr. Ng abstained from voting on the Board resolutions in relation to the 2019 Four Seas Tenancy Agreements.

Ms. Cheung Choi Ngor, the vice chairman, the co-chief executive officer and an executive Director of the Company, is also a director of First City, Glorious Dragon, HK Four Seas and Four Seas Tours respectively.

Mr. Ng Yuk Yeung Paul, the executive vice chairman, the co-chief executive officer and an executive Director of the Company, who is an associate of Mr. Ng and is also a director of First City, Glorious Dragon and HK Four Seas respectively.

Ms. Ng Yuk Mui Jessica, a non-executive Director, who is an associate of Mr. Ng and is also a director of Four Seas Tours.

Mr. Ng Yuk Fung Peter, a non-executive Director, who is an associate of Mr. Ng and is also a director of HK Four Seas.

In view of the above common directorships, Ms. Cheung Choi Ngor, Mr. Ng Yuk Yeung Paul, Ms. Ng Yuk Mui Jessica and Mr. Ng Yuk Fung Peter abstained from voting on the Board resolutions in relation to the 2019 Four Seas Tenancy Agreements.

DEFINITIONS

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

“2017 Four Seas Tenancy Agreements”	2017 HK Four Seas Tenancy Agreement and 2017 Four Seas Tours Tenancy Agreement
“2017 Four Seas Tours Tenancy Agreement”	the tenancy agreement dated 24 March 2017 entered into between Glorious Dragon as landlord and Four Seas Tours as tenant for a term from 1 April 2017 and expiring on 31 March 2019
“2017 HK Four Seas Tenancy Agreement”	the tenancy agreement dated 24 March 2017 entered into between First City as landlord and HK Four Seas as tenant for a term from 1 April 2017 and expiring on 31 March 2019
“2019 Four Seas Tenancy Agreements”	2019 HK Four Seas Tenancy Agreement and 2019 Four Seas Tours Tenancy Agreement
“2019 Four Seas Tours Tenancy Agreement”	the tenancy agreement dated 29 March 2019 entered into between Glorious Dragon as landlord and Four Seas Tours as tenant for a term commencing from 1 April 2019 and expiring on 31 March 2021
“2019 HK Four Seas Tenancy Agreement”	the tenancy agreement dated 29 March 2019 entered into between First City as landlord and HK Four Seas as tenant for a term commencing from 1 April 2019 and expiring on 31 March 2021
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	South China Holdings Company Limited, an exempted company incorporated in the Cayman Islands with limited liability, and its ordinary shares are being listed and traded on the main board of the Stock Exchange (stock code: 00413)
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company

“First City”	First City Limited, a company incorporated in Hong Kong with limited liability and an indirectly wholly-owned subsidiary of the Company
“Four Seas Tours”	Four Seas Tours Limited, a company incorporated in Hong Kong with limited liability in which Mr. Ng holds more than 30% beneficial interest
“Glorious Dragon”	Glorious Dragon Investments Limited, a company incorporated in Hong Kong with limited liability and an indirectly wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“HK Four Seas”	Hong Kong Four Seas Tours Limited, a company incorporated in Hong Kong with limited liability and beneficially owned by Mr. Ng
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Ng”	Mr. Ng Hung Sang, the chairman of the Board, an executive Director and controlling shareholder of the Company
“SCM Management Tenancy Agreements”	(i) a tenancy agreement dated 29 December 2017 entered into between Copthorne Holdings Corp. as landlord and South China Media Management Limited as tenant in relation to the tenancy of Units A and B on 3rd Floor of Wah Shing Centre, 5 Fung Yip Street, Chai Wan, Hong Kong for the period from 1 January 2018 to 31 December 2019 (both days inclusive); and (ii) a tenancy agreement dated 29 December 2017 entered into between Copthorne Holdings Corp. as landlord and South China Media Management Limited as tenant in relation to the tenancy of Unit B on 12th Floor of Wah Shing Centre, 5 Fung Yip Street, Chai Wan, Hong Kong for the period from 1 January 2018 to 31 December 2019 (both days inclusive), details of which were set out in the announcement of the Company dated 29 December 2017
“Shareholders”	the holders of the ordinary shares in the issued share capital of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	the meaning ascribed to it under the Listing Rules
“%”	per cent.

By Order of the Board
South China Holdings Company Limited
南華集團控股有限公司
Richard Howard Gorges
Executive Director

Hong Kong, 29 March 2019

As at the date of this announcement, the Directors are (1) Mr. Ng Hung Sang, Ms. Cheung Choi Ngor, Mr. Richard Howard Gorges and Mr. Ng Yuk Yeung Paul as executive Directors; (2) Ms. Ng Yuk Mui Jessica, Mr. Ng Yuk Fung Peter, Mr. David Michael Norman and Ms. Li Yuen Yu Alice as non-executive Directors; and (3) Mr. Chiu Sin Chun, Mr. Kam Yiu Shing Tony, Mrs. Tse Wong Siu Yin Elizabeth and Mr. Yip Dicky Peter, J.P. as independent non-executive Directors.