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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 in relation to**

### **(i) Surrender Agreement; (ii) Partial Surrender Agreement; and (iii) New Tenancy Agreements**

The Board of the Company announces that:

- (I) on 17 January 2017, Copthorne as landlord entered into (i) the Surrender Agreement with Jessicacode as tenant in relation to the surrender of the tenancy of Premises I under the Jessicacode Rental Agreement and (ii) the Partial Surrender Agreement with SCM Management as tenant in relation to the surrender of tenancy in respect of Premises II under the SCM Tenancy I respectively; and
- (II) on 17 January 2017, Copthorne as landlord and CPL as tenant entered into (i) the New Tenancy Agreement I in relation to the tenancy of Premises I and (ii) the New Tenancy Agreement II in relation the tenancy of Premises II.

#### **LISTING RULES IMPLICATIONS**

Pursuant to the Surrender Agreement and the Partial Surrender Agreement, the tenancies under the Jessicacode Rental Agreement and the SCM Tenancy I were early terminated and varied respectively, accordingly, they are subject to the announcement requirement under Rule 14A.35 of the Listing Rules for the Company.

Copthorne is an indirect wholly-owned subsidiary of the Company. Mr. Ng is the Chairman, an Executive Director and a controlling shareholder of the Company. On completion of the acquisition of Golden Ways Limited and Media Bonus Limited by a wholly-owned subsidiary of SCF (details of the acquisition have been set out in the announcement of SCF dated 3 November 2016 and the circular issued by SCF dated 29 December 2016), CPL will become an indirect wholly-owned subsidiary of SCF. Mr. Ng is also the chairman, an executive director and a substantial shareholder of SCF.

As each of the applicable Percentage Ratios (other than profit ratio) calculated in accordance with the Listing Rules for the continuing connected transaction under the New Tenancy Agreements on an annual basis is less than 0.1%, the transactions under the New Tenancy Agreements on a standalone basis are fully exempted from Shareholders' approval, annual review and all disclosure requirements under Rule 14A.76(1) of the Listing Rules.

When aggregating the continuing connected transactions under the New Tenancy Agreements and Other Existing Remaining Tenancies in accordance with Rule 14A.81 of the Listing Rules, the applicable Percentage Ratios (other than profits ratio) in respect of the above aggregated continuing connected transactions on an annual basis are less than 0.1%, they are fully exempted from Shareholders' approval, annual review and all disclosure requirements under Rule 14A.76(1) of the Listing Rules.

## **SURRENDER AGREEMENT**

On 17 January 2017, Copthorne as landlord entered into the Surrender Agreement with Jessicacode as tenant in relation to the surrender of the tenancy of Premises I under the Jessicacode Rental Agreement.

Pursuant to the Surrender Agreement, Jessicacode shall surrender Premises I to Copthorne on 17 January 2017 to the intent that upon such surrender, the tenancy in respect of Premises I under the Jessicacode Rental Agreement shall absolutely cease and be terminated and in return, both parties shall release each other from all obligations, claims, costs and liabilities in respect of Premises I under the Jessicacode Rental Agreement. No compensation of the surrender of the tenancy of Premises I under the Jessicacode Rental Agreement will be received or paid by the parties.

## **PARTIAL SURRENDER AGREEMENT**

On 17 January 2017, Copthorne as landlord entered into the Partial Surrender Agreement with SCM Management as tenant in relation to the surrender of Premises II under the SCM Tenancy I.

Pursuant to the Partial Surrender Agreement, SCM Management shall surrender Premises II to Copthorne on 17 January 2017 to the intent that upon such surrender, the tenancy in respect of Premises II under the SCM Tenancy I shall absolutely cease and be terminated and in return, both parties shall release each other from all obligations, claims, costs and liabilities in respect of Premises II under the SCM Tenancy I. No compensation of the surrender of the tenancy in respect of Premises II under the SCM Tenancy I will be received or paid by the parties.

The SCM Tenancy I shall remain continue in full force and effect with respect to Premises III. Key terms of the tenancy of Premises III are as follows:-

Parties:	Copthorne as landlord SCM Management as tenant
Premises:	Units A and B, 3 <sup>rd</sup> Floor, Wah Shing Centre, 5 Fung Yip Street, Chai Wan, Hong Kong
Term:	2 years from 1 January 2016 to 31 December 2017 (both days inclusive)
Rental:	HK\$64,152.00 per month (exclusive of management fees, government rates and utility charges)

## **NEW TENANCY AGREEMENTS**

On 17 January 2017, Copthorne as landlord entered into the New Tenancy Agreements with CPL as tenant in relation to the tenancies of Premises I and Premises II. Key terms of the New Tenancy Agreements are as follows:-

### **New Tenancy Agreement I**

Parties: Cophorne as landlord  
CPL as tenant

Premises: Unit C, 3<sup>rd</sup> Floor, Wah Shing Centre, 5 Fung Yip Street, Chai Wan, Hong Kong

Term: commencing from 18 January 2017 to 30 June 2017 (both days inclusive)

Rental: HK\$30,123.50 per month  
(exclusive of management fees, government rates and utility charges)

### **New Tenancy Agreement II**

Parties: Cophorne as landlord  
CPL as tenant

Premises: Unit D, 3<sup>rd</sup> Floor, Wah Shing Centre, 5 Fung Yip Street, Chai Wan, Hong Kong

Term: commencing from 18 January 2017 to 31 December 2017 (both days inclusive)

Rental: HK\$34,424.50 per month  
(exclusive of management fees, government rates and utility charges)

### **REASONS OF AND BENEFITS FOR THE SURRENDER AGREEMENTS AND THE NEW TENANCY AGREEMENTS**

For the sake of keeping the effective user of Premises I and Premises II be the signing party to the tenancy agreement, the Surrender Agreements and the New Tenancy Agreements were signed. The term of New Tenancy Agreement I is from 18 January 2017 to 30 June 2017 which is the same as the unexpired term of tenancy under the Jessicacode Rental Agreement. The term of New Tenancy Agreement II is from 18 January 2017 to 31 December 2017 which is the same as the unexpired term of tenancy under SCM Tenancy I.

There are no changes in the rentals for Premises I, Premises II and Premises III, which were arrived at arm's length negotiations between the relevant parties by reference to the then prevailing market rent of properties of similar size and quality in the vicinity.

The subject premises of the New Tenancy Agreements are investment properties held by Cophorne for rental income. The entering into of the New Tenancy Agreements provides the Group with stable rental income without discontinuation. The Directors (including the independent non-executive Directors) considered that (i) the New Tenancy Agreements were entered into in the ordinary and usual course of business of the Company on normal commercial terms; (ii) the terms of the transactions contemplated thereunder are fair and reasonable; and (iii) such transactions are in the interests of the Group and Shareholders as a whole.

### **AGGREGATE ANNUAL CAPS OF THE NEW TENANCY AGREEMENTS AND THE OTHER EXISTING REMAINING TENANCIES**

Pursuant to Rule 14A.81 of the Listing Rules, the transactions contemplated under the Four Seas Tours Tenancy Agreement, HK Four Seas Tenancy Agreement, SCM Tenancy Agreements (excluding the surrendered Premises II) and the New Tenancy Agreements were aggregated for continuing connected transaction classification purposes. Set out below is the aggregate annual cap of the abovementioned transactions, which was determined with reference to the amount of rental received / receivable under the relevant tenancy agreements for the remaining lease periods:

	Annual Cap Year 2017 HK\$
Four Seas Tours Tenancy Agreement	399,000
HK Four Seas Tenancy Agreement	399,000
Jessicacode Rental Agreement (up to 17 January 2017)	16,519
SCM Tenancy Agreements (excluding Premises II from 18 January 2017 onwards)	1,762,130
New Tenancy Agreements (commencing from 18 January 2017)	<u>558,438</u>
Aggregate annual cap	<u><u>3,135,087</u></u>

## **INFORMATION ON THE COMPANY AND CPL**

The Company is an investment holding company. Its 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.

CPL is engaged in the publication business and subject to the acquisition being completed by SCF, it will then become an indirect wholly-owned subsidiary of SCF. SCF is an investment holding company with the group principal activities consist of securities, commodities, bullion and forex broking and trading, margin financing, money lending, provision of corporate advisory, underwriting and wealth management services, property investment and investment holding.

## **LISTING RULES IMPLICATIONS**

Pursuant to the Surrender Agreement and the Partial Surrender Agreement, the tenancies under the Jessicacode Rental Agreement and the SCM Tenancy I were early terminated and varied respectively, accordingly, they are subject to the announcement requirement under Rule 14A.35 of the Listing Rules for the Company.

Copthorne is an indirect wholly-owned subsidiary of the Company. Mr. Ng is the Chairman, an Executive Director and a controlling shareholder of the Company. On completion of the acquisition of Golden Ways Limited and Media Bonus Limited by a wholly-owned subsidiary of SCF (details of the acquisition have been set out in the announcement of SCF dated 3 November 2016 and the circular issued by SCF dated 29 December 2016), CPL will become an indirect wholly-owned subsidiary of SCF. Mr. Ng is also the chairman, an executive director and a substantial shareholder of SCF.

As each of the applicable Percentage Ratios (other than profit ratio) calculated in accordance with the Listing Rules for the continuing connected transaction under the New Tenancy Agreements on an annual basis is less than 0.1%, the transactions under the New Tenancy Agreements on a standalone basis are fully exempted from Shareholders' approval, annual review and all disclosure requirements under Rule 14A.76(1) of the Listing Rules.

When aggregating the continuing connected transactions under the New Tenancy Agreements and Other Existing Remaining Tenancies in accordance with Rule 14A.81 of the Listing Rules, the applicable Percentage Ratios (other than profits ratio) in respect of the above aggregated continuing connected transactions on an annual basis are less than 0.1%. Therefore, they are fully exempted from Shareholders' approval, annual review and all disclosure requirements under Rule 14A.76(1) of the Listing Rules.

In view of Mr. Ng's common directorship and interests in the Company and SCF (Mr. Ng is a controlling shareholder of the Company and a substantial shareholder of SCF), he has abstained from voting on the Board resolutions in relation to the New Tenancy Agreements.

Ms. Ng Yuk Mui Jessica ("Ms. Jessica Ng") is a non-executive director of the Company, an executive director of SCF and a director of CPL.

Mr. Ng Yuk Yeung Paul (“Mr. Paul Ng”) is an executive director of the Company and a director of CPL.

In view of the above common directorships, Ms. Jessica Ng and Mr. Paul Ng have abstained from voting on the Board resolutions in relation to the New Tenancy Agreements.

## DEFINITIONS

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

“Board”	the board of Directors;
“Company”	South China Holdings Company Limited, an exempted company incorporated in the Cayman Islands with limited liability, the ordinary shares of which are listed on the main board of the Stock Exchange (stock code: 00413);
“controlling shareholder”	the meaning ascribed to it under the Listing Rules;
“Copthorne”	Copthorne Holdings Corp., a company incorporated in Panama with limited liability and an indirect wholly-owned subsidiary of the Company;
“CPL”	Capital Publishing Limited, a company incorporated in Hong Kong with limited liability (subject to the acquisition being completed by SCF, it will then become an indirect wholly-owned subsidiary of SCF);
“Directors”	directors of the Company;
“First City”	First City Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company;
“Four Seas Tours Tenancy Agreement”	an tenancy agreement dated 31 December 2015 entered into between Glorious Dragon as landlord and Four Seas Tours as tenant in respect of the premises at 2 <sup>nd</sup> Floor, On Lok Yuen Building, 25, 27 and 27A Des Voeux Road Central, Hong Kong for the period from 1 January 2016 to 31 March 2017 (both days inclusive), details of which were set out in the announcement of the Company dated 15 January 2016;
“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 indirect wholly-owned subsidiary of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars;

“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 Four Seas Tenancy Agreement”	a tenancy agreement dated 31 December 2015 entered into between First City as landlord and HK Four Seas as tenant in respect of the premises at 1 <sup>st</sup> Floor, On Lok Yuen Building, 25, 27 and 27A Des Voeux Road Central, Hong Kong for the period from 1 January 2016 to 31 March 2017 (both days inclusive), details of which were set out in the announcement of the Company dated 15 January 2016;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Jessicacode”	Jessicacode Management Limited, a company incorporated in Hong Kong with limited liability, which is indirectly wholly-owned by Mr. Ng;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Ng”	Mr. Ng Hung Sang, an executive Director, the Chairman of the Board and a controlling shareholder of the Company;
“New Tenancy Agreement I”	the tenancy agreement dated 17 January 2017 entered into between Copthorne as landlord and CPL as tenant for the tenancy of Premises I on the terms substantially the same as the Jessicacode Rental Agreement;
“New Tenancy Agreement II”	the tenancy agreement dated 17 January 2017 entered into between Copthorne as landlord and CPL as tenant for the tenancy of Premises II on the terms substantially the same as the SCM Tenancy I;
“New Tenancy Agreements”	the New Tenancy Agreement I and the New Tenancy Agreement II;
“Other Existing Remaining Tenancies”	the tenancies under the SCM Tenancy Agreements (excluding the surrendered Premises II), the HK Four Seas Tenancy Agreement and the Four Seas Tours Tenancy Agreement;
“Partial Surrender Agreement”	a partial surrender agreement dated 17 January 2017 entered into between Copthorne as landlord and SCM Management as tenant in relation to the surrender of Premises II under the SCM Tenancy I;
“Percentage Ratio(s)”	the meaning ascribed to it under the Listing Rules;
“Premises I”	the premises at Unit C, 3 <sup>rd</sup> Floor, Wah Shing Centre, 5 Fung Yip Street, Chai Wan, Hong Kong;
“Premises II”	the premises at Unit D, 3 <sup>rd</sup> Floor, Wah Shing Centre, 5 Fung Yip Street, Chai Wan, Hong Kong;
“Premises III”	the premises at Units A and B, 3 <sup>rd</sup> Floor, Wah Shing Centre, 5 Fung Yip Street, Chai Wan, Hong Kong;

“Jessicacode Rental Agreement”	a tenancy agreement dated 30 June 2015 entered into between Copthorne as landlord and Jessicacode as tenant in relation to the tenancy of Premises I for the period from 1 July 2015 to 30 June 2017 (both days inclusive), details of which were set out in the announcement of the Company dated 30 June 2015;
“SCM Management”	South China Media Management Limited, a company incorporated in Hong Kong with limited liability, which is indirectly wholly-owned by Mr. Ng;
“SCM Tenancy Agreements”	the three tenancy agreements and license agreement (for 2 car parking spaces) dated 31 December 2015 entered into between Copthorne as the landlord and SCM Management as the tenant in respect of (i) SCM Tenancy I of Premises II and Premises III; (ii) tenancy of Units C and D on 4 <sup>th</sup> Floor of Wah Shing Centre, 5 Fung Yip Street, Chai Wan, Hong Kong; and (iii) tenancy of Unit B on 12 <sup>th</sup> Floor of Wah Shing Centre, 5 Fung Yip Street, Chai Wan, Hong Kong and (iv) license agreement in respect of car parking spaces nos. 13A and 13B of Wah Shing Centre, 5 Fung Yip Street, Chai Wan, Hong Kong for the period from 1 January 2016 to 31 December 2017 (both days inclusive), details of which were set out in the announcement of the Company dated 15 January 2016;
“SCM Tenancy I”	a tenancy agreement dated 31 December 2015 entered into between Copthorne as landlord and SCM Management as tenant in relation to the tenancy of Premises II and Premises III for the period from 1 January 2016 to 31 December 2017 (both days inclusive), details of which were set out in the announcement of the Company dated 15 January 2016;
“SCF”	South China Financial Holdings Limited, a company incorporated in Hong Kong with limited liability, the ordinary shares of which are listed on the main board of the Stock Exchange (stock code: 00619);
“Shareholder(s)”	the holder(s) of the Shares;
“Shares”	ordinary shares in the issued share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Substantial Shareholder”	the meaning ascribed to it under the Listing Rules;
“Surrender Agreement”	a surrender agreement dated 17 January 2017 entered into between Copthorne as landlord and Jessicacode as tenant in relation to the surrender of the tenancy of Premises I under the Jessicacode Rental Agreement;
“Surrender Agreements”	the Surrender Agreement and the Partial Surrender Agreement; and
“%”	per cent.

By order of the Board of  
**South China Holdings Company Limited**  
**南華集團控股有限公司**  
**Cheung Choi Ngor**  
*Executive Director*

Hong Kong, 17 January 2017

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