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



SOUTH CHINA HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 265)

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE RENEWAL OF THE FOUR SEAS RENTAL AGREEMENTS

RENEWAL OF THE FOUR SEAS RENTAL AGREEMENTS

On 12 December 2011, two indirect wholly-owned subsidiaries of SCC entered into the Four Seas Rental Agreements as the landlords with HK Four Seas, an indirect wholly-owned subsidiary of SCH, as the tenant for the renewal of the tenancies of two premises at an aggregate monthly rent of HK\$211,580 for a term of two years commencing from 1 January 2012 to 31 December 2013.

LISTING RULES IMPLICATION

Mr. Ng is the chairman and a substantial shareholder of each of SCC and SCH, hence he is considered a connected person of each of SCC and SCH. The Four Seas Rental Agreements constitute continuing connected transactions for each of SCC and SCH.

As each of the percentage ratios (other than the profits ratio) for the Four Seas Rental Agreements on an annual basis is less than 5%, the transactions under the Four Seas Rental Agreements are only subject to the reporting and announcement requirements and are exempt from the independent shareholders' approval requirements under the Listing Rules.

Details of the Four Seas Rental Agreements will be included in the next published annual report and accounts of each of SCC and SCH pursuant to Rule 14A.45 of the Listing Rules.

RENEWAL OF THE FOUR SEAS RENTAL AGREEMENTS

On 12 December 2011, two indirect wholly-owned subsidiaries of SCC entered into the Four Seas Rental Agreements as the landlords with HK Four Seas, an indirect wholly-owned subsidiary of SCH, as the tenant for the renewal of the tenancies of two premises at an aggregate monthly rent of HK\$211,580 for a term of two years commencing from 1 January 2012 to 31 December 2013. Details of which are set out as follows:

		<u>Monthly rent</u>	
	<u>Landlord</u>	<u>HK\$</u>	<u>Premises</u>
1	First City	110,120	1/F, On Lok Yuen Building, 25, 27 and 27A Des Voeux Road Central, Hong Kong
2	Glorious Dragon	101,460	2/F, On Lok Yuen Building, 25, 27 and 27A Des Voeux Road Central, Hong Kong

The consideration was arrived at after arm's length negotiations between the parties with reference to the prevailing market rates of properties of similar size and area in the vicinity. The consideration to be paid by the SCH Group will be satisfied by internal resources.

One of the principal activities of the SCC Group is to engage in properties investment and the Four Seas Rental Agreements provide the SCC Group with stable rental income and allow the HK Four Seas to continue the business operation in the premises. Directors of SCC (including the independent non-executive directors) believe that the terms of the Four Seas Rental Agreements are fair and reasonable and the entering into of the Four Seas Rental Agreements is in the interests of SCC and the shareholders of SCC as a whole. Directors of SCH (including the independent non-executive directors) also believe that the terms of the Four Seas Rental Agreements are fair and reasonable and the entering into of the Four Seas Rental Agreements is in the interests of SCH and the shareholders of SCH as a whole.

Proposed Annual Cap

Directors of SCC propose that the annual cap, which means the maximum aggregate annual value as defined under the Listing Rules, is HK\$2.54 million, being the rental to be received under the Four Seas Rental Agreements for each year.

Basis of the Annual Cap

The annual cap proposed for the rental contemplated under the Four Seas Rental Agreements is determined by reference to the agreed rent under the Four Seas Rental Agreements.

INFORMATION ON SCC

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

INFORMATION ON SCH AND HK FOUR SEAS

SCH is an investment holding company. Its subsidiaries are principally engaged in sale of airline tickets and travel package, provision of hotel accommodation booking and travel related services, information technology, property investment and development and trading and manufacturing of jewellery products.

HK Four Seas is principally engaged in the sale of airlines tickets and provision of other travel related services.

LISTING RULES IMPLICATION

Mr. Ng is the chairman and a substantial shareholder of each of SCC and SCH, hence he is considered a connected person of each of SCC and SCH. The Four Seas Rental Agreements constitute continuing connected transactions for each of SCC and SCH.

As each of the percentage ratios (other than the profits ratio) for the Four Seas Rental Agreements on an annual basis is less than 5%, the transactions under the Four Seas Rental Agreements are only subject to the reporting and announcement requirements and are exempt from the independent shareholders' approval requirements under the Listing Rules.

Details of the Four Seas Rental Agreements will be included in the next published annual report and accounts of each of SCC and SCH pursuant to Rule 14A.45 of the Listing Rules. Each of SCC and SCH will re-comply with the Listing Rules if the Four Seas Rental Agreements be renewed upon maturity.

DEFINITIONS

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

“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“First City”	First City Limited, a company incorporated in Hong Kong with limited liability, is an indirect wholly-owned subsidiary of SCC;
“Four Seas Rental Agreements”	the two rental agreements entered into between two indirect wholly-owned subsidiaries of SCC as landlords and HK Four Seas as tenant, details of which are set out under the sub-heading “Renewal of the Four Seas Rental Agreements” of this announcement;
“Glorious Dragon”	Glorious Dragon Investments Limited, a company incorporated in Hong Kong with limited liability, is an indirect wholly-owned subsidiary of SCC;
“HK Four Seas”	Hong Kong Four Seas Tours Limited, a company incorporated in Hong Kong with limited liability, is an indirect wholly-owned subsidiary of SCH;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Ng”	Mr. Ng Hung Sang, the chairman and a substantial shareholder of each of SCC and SCH;
“SCC”	South China (China) Limited, an exempted company incorporated in the Cayman Islands with limited liability with its shares listed on the Stock Exchange;
“SCC Group”	SCC and its subsidiaries;
“SCH”	South China Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange;
“SCH Group”	SCH and its subsidiaries;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong; and
“%”	per cent.

By order of the Board of
South China (China) Limited
Cheung Choi Ngor
Director

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

Hong Kong, 12 December 2011

As at the date of this announcement, the board of directors of SCC comprises (1) Mr. Ng Hung Sang, Ms. Cheung Choi Ngor, Mr. Richard Howard Gorges and Mr. Ng Yuk Fung, Peter 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 and Ms. Li Yuen Yu, Alice as independent non-executive directors.

As at the date of this announcement, the board of directors of SCH comprises (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.