Listed Company Information

SOUTH CHINA H<0265>, SOUTH CHI STRAT<0175> & SOUTH CHINA IND<0413> - Joint Announcement & Resumption of SOUTH CHI STRAT

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South China Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

South China Industries Limited
(Incorporated in the Cayman Islands with limited liability)

South China Strategic Investments Limited
(Incorporated in the Cayman Islands with limited liability)

Onswin Limited
(Incorporated in the British Virgin Islands with limited liability)

Discloseable transaction
for South China Holdings Limited and
South China Industries Limited
and
an unconditional cash offer by
South China Securities Limited
on behalf of Onswin Limited,
a wholly-owned subsidiary of
South China Industries Limited,
for all the issued shares of
South China Strategic Investments Limited
(other than those already owned by Onswin Limited
or parties acting in concert with it)

SUMMARY

The respective boards of directors of Onswin and South China Strategic jointly announce that 75,406,000 South China Strategic Shares, representing approximately 11.08% of the issued share capital of South China Strategic, were acquired by Onswin on 26th May, 1999 from two independent third parties at the price of HK$0.20 per South China Strategic Share. As a result, the beneficial interest in South China Strategic held by Onswin increased from approximately 45.38% to 56.46% and as a result South China Strategic has become a subsidiary of South China Industries.

The increase of 11.08% in the shareholding of South China Strategic together with the 4.97% interest acquired by South China Industries in the past twelve months exceeded the 5% creeper limit provided under Rule 26 of the Code. Accordingly, Onswin is required to make a mandatory offer pursuant to Rule 26 of the Code for all the issued South China Strategic Shares other than those already owned by Onswin or parties acting in concert with it.

Given that there are three executive directors, namely, Mr Ng Hung Sang, Robert, Ms Cheung Choi Ngor, Christina, Mr Richard Howard Gorges, who are common to the boards of South China Industries and South China Strategic, a potential conflict-of-interest situation has arisen in view of the Acquisition, the implementation of which would result in a general offer. The directors of South China Industries accept that they should have followed the requirements under Rule 2.4 of the Code by establishing an independent committee to assess the Acquisition and consulting the Executive (as defined under the Code) on this matter to avoid any conflict before South China Industries proceeded with the Acquisition. In these circumstances and in compliance with Rule 2.4 of the Code, South China Industries will set up an independent board committee and has engaged an independent financial adviser to advise its shareholders whether the Acquisition and the Unconditional Cash Offer to be made is in the interests of the shareholders of South China Industries.

The Unconditional Cash Offer will still proceed regardless of the opinion of the independent board committee and the independent financial adviser of South China Industries.

The Acquisition constitutes a discloseable transaction for South China Industries under the Listing Rules. A circular containing, among other things, further information on the Acquisition, the opinion of the independent financial adviser to the independent board committee of South China Industries and the recommendation of the independent board committee of South China Industries will be despatched to the shareholders of South China Industries as soon as practicable.

The Acquisition constitutes a discloseable transaction for South China Holdings under the Listing Rules. A circular containing, among other things, further information on the Acquisition will be despatched to the shareholders of South China Holdings as soon as practicable.

An independent board committee of South China Strategic will be formed to advise the Independent Shareholders in respect of the Unconditional Cash Offer. An independent financial adviser will be appointed to advise the independent board committee of South China Strategic regarding the Unconditional Cash Offer.

A composite document containing details of the Unconditional Cash Offer, the opinion of the independent financial adviser to the independent board committee of South China Industries, the recommendation of the independent board committee of South China Industries, the advice of the independent financial adviser to the independent board committee of South China Strategic and the recommendation of the independent board committee of South China Strategic, together with the acceptance and transfer forms, will be despatched to shareholders of South China Strategic as soon as practicable in accordance with the Code.

TERMS OF THE UNCONDITIONAL CASH OFFER

Offeror:
Onswin, a wholly-owned subsidiary of South China Industries

Offeree:
South China Strategic

The Unconditional Cash Offer:
On 26th May, 1999, Onswin acquired 75,406,000 South China Strategic Shares, representing approximately 11.08% of the issued share capital of South China Strategic, by way of cross-trade transactions from two independent third parties not connected with any member of the South China industries including its directors, or substantial shareholder and their respective associates, at the price of HK$0.20 per South China Strategic Share. The consideration payable by Onswin for acquiring the 75,406,000 South China Strategic Shares was approximately HK$15,081,200 which was settled in cash on 28th May, 1999 and was financed by the internal resources of South China Industries.

Prior to the twelve-month period before the Acquisition, Onswin was beneficially interested in 274,948,146 South China Strategic Shares, representing approximately 40.40% of South China Strategic's issued share capital.

During the twelve-month period before the Acquisition, Onswin acquired in aggregate 33,842,000 South China Strategic Shares, representing approximately 4.97% of the issued share capital of South China Strategic, at prices ranging from HK$0.060 to HK$0.090 per South China Strategic Share. 27,800,000 of such South China Strategic Shares were acquired by Onswin from independent third parties in December 1998 effected off-market at a price of HK$0.130 per South China Strategic Shares. The remaining 6,042,000 South China Strategic Shares were effected on the market at prices ranging from HK$0.060 to HK$0.090.

Immediately prior to the Acquisition, Onswin was beneficially interested in 308,790,146 South China Strategic Shares, representing approximately 45.38% of South China Strategic's issued share capital as at 26th May, 1999. South China Strategic was then an associated company of South China Holdings and South China Industries. South China Holdings, through its 70.54% owned subsidiary, South China Industries, held approximately 45.38% of the issued share capital of South China Strategic. South China Holdings also holds approximately 72.05% of the issued share capital of South China Brokerage. Accordingly, South China Holdings and its directors, subsidiaries and associated companies and their respective associates including South China Strategic and South China Brokerage are to be treated as parties acting in concert with Onswin pursuant to the Code. Apart from South China Industries and South China Holdings, no such parties or their connected persons has any shareholding in South China Strategic.

The reason for South China Industries to increase its shareholding in South China Strategic is that the directors of South China Industries are confident and optimistic in the business prospects of South China Strategic. After the Acquisition, the shareholding of Onswin and parties acting in concert with it in South China Strategic has increased from approximately 45.38% to 56.46% of the issued share capital of South China Strategic. South China Strategic has become a subsidiary of South China Industries.

Furthermore, as a result of the Acquisition, the aggregate shareholding of Onswin and parties acting in concert with it in South China Strategic has increased by 11.08%, which together with the 4.97% acquired by South China Industries in the past twelve months exceeded the 5% creeper limit provided under Rule 26 of the Code. Accordingly, Onswin is required to make a mandatory offer at the highest price which Onswin and parties acting in concert with it paid for South China Strategic Shares during the six-months period preceding the suspension of trading in South China Strategic Shares on 26th May, 1999 for all the issued South China Strategic Shares other than those already owned by Onswin or parties acting in concert with it.

The Acquisition constitutes a discloseable transaction for both South China Holdings and South China Industries under the Listing Rules.

South China Capital has been retained by Onswin as its financial adviser in relation to the Unconditional Cash Offer and South China Securities has been retained to make the Unconditional Cash Offer on behalf of Onswin.

On 26th May, 1999, South China Capital, on behalf of Onswin, notified the board of directors of South China Strategic of the making of the Unconditional Cash Offer by Onswin.

Offer Price:
HK$0.20 per South China Strategic Share in cash.

The Offer Price represents the highest price paid by Onswin and parties acting in concert with it for South China Strategic Shares during the six-months period prior to the suspension of the trading in South China Strategic Shares on 26th May, 1999.

The Offer Price represents a discount of approximately 2% to the closing price of HK$0.205 quoted on the Stock Exchange prior to the suspension of the trading in South China Strategic Shares on 26th May, 1999.

The Offer Price also represents a discount of approximately 41% to the audited consolidated net asset value of approximately HK$0.34 per South China Strategic Share based on the audited consolidated net asset value of approximately HK$228,623,000 as at 31st December, 1998 and the 680,527,568 South China Strategic Shares in issue at the same date.

Total consideration:
As at the date of Acquisition, there were 680,527,568 South China Strategic Shares in issue. As a result of the Acquisition, Onswin and parties acting in concert with it holds 384,196,146 South China Strategic Shares.

In the event of full acceptance of the Unconditional Cash Offer, the consideration payable by Onswin in respect of the Unconditional Cash Offer for 296,331,422 South China Strategic Shares would be approximately HK$59,266,284. As at the date of the Acquisition, South China Strategic does not have in issue any other convertible securities. The consideration will be payable in cash and will be financed by the internal resources of South China Industries.

No shareholders of South China Strategic have irrevocably committed to accept or reject the Unconditional Cash Offer.

South China Capital and South China Securities are satisfied that sufficient financial resources are available to Onswin to satisfy full acceptance of the Unconditional Cash Offer.

Effect of accepting the Unconditional Cash Offer:
By accepting the Unconditional Cash Offer, shareholders of South China Strategic will sell their South China Strategic Shares, together with all rights attached to them, including the rights to receive all dividends and distributions declared, made or paid on or after the date of this announcement.

Stamp duty:
Stamp duty at a rate of HK$1.25 for every HK$1,000 or part thereof will be deducted from the consideration payable to shareholders of South China Strategic who accept the Unconditional Cash Offer.

INFORMATION RELATING TO ONSWIN AND THE SOUTH CHINA INDUSTRIES GROUP

Onswin is a private company incorporated in the British Virgin Islands on 22nd February, 1995 with limited liability and is a wholly-owned subsidiary of South China Industries which is in turn a subsidiary of South China Holdings. The board of directors of Onswin consists of Ms Cheung Choi Ngor, Christina and Mr Richard Howard Gorges who are also directors of South China Industries, South China Strategic, South China Holdings and South China Brokerage. Biographical details of Ms Cheung Choi Ngor, Christina and Mr Richard Howard Gorges are set out in the section headed `Intention of Onswin'. Onswin is an investment holding company, the sole asset of which is its shareholding in South China Strategic and its performance under the Unconditional Cash Offer will be guaranteed by South China Industries.

South China Industries is a public company, the securities of which are listed on the Stock Exchange. The South China Industries Group is primarily engaged in the manufacturing and trading of toys, compressors, shoes, metal toolings, leather products, motors, machinery, capacitors, clothing, and property development. The board of South China Industries currently comprises six executive directors (namely, Mr Ng Hung Sang, Robert, Ms Cheung Choi Ngor, Christina, Mr Richard Howard Gorges, Mr Tan Boon Sang, Mr Lo Kwok Choi, Mr Lee Lap Tak) and two independent non-executive directors (namely, Mr Liang Ningguang and Mr Lee Wai Choi, Albert). South China Industries is a 70.54% owned subsidiary of South China Holdings.

As at 31st December, 1998, Mr Ng Hung Sang, Robert, Mr Richard Howard Gorges and Ms Cheung Choi Ngor, Christina, through companies wholly-owned and controlled by them, had interest in 121,987,440 shares in South China Holdings, representing approximately 26.7% of the issued share capital of South China Holdings. Mr Tan Boon Seng, through Lee Hing Development Limited and other companies, is interested in 102,342,563 shares in South China Holdings, representing approximately 22.4% of the issued share capital of South China Holdings. In addition, Mr Ng Hung Sang, Robert, through Parkfield Holdings Limited and Ronastar Investments Limited, beneficially owns 94,404,400 shares in South China Holdings, representing approximately 20.7% of the issued share capital of South China Holdings.

For the year ended 31st December, 1998, the audited consolidated profit before taxation, profit after taxation but before minority interests and profit attributable to shareholders of South China Industries amounted to approximately HK$29,954,000, HK$18,061,000 and HK$1,837,000 respectively. For the year ended 31st December, 1997, the audited consolidated profit before taxation, profit after taxation but before minority interests and profit attributable to shareholders of South China Industries amounted to approximately HK$51,947,000, HK$41,703,000 and HK$28,209,000 respectively. The audited consolidated net asset values of South China Industries as at 31st December, 1998 and 31st December, 1997 were approximately HK$790,657,000 and HK$819,818,000 respectively.

INFORMATION RELATING TO THE SOUTH CHINA STRATEGIC GROUP

South China Strategic is a public company, the securities of which are listed on the Stock Exchange. The South China Strategic Group is primarily engaged in property development and investment and investment holding. Since the acquisition of Four Seas in March 1999, it has also been engaged in air ticketing and travel related business. The intention of South China Strategic regarding Four Seas remains the same as stated in the offer document issued by South China Strategic dated 15th February, 1999.

As announced on 20th May, 1999, the board of directors of South China Strategic proposed to change the name of South China Strategic to South China Information and Technology Limited to reflect its intention to diversify into technology-related business in both Hong Kong and the PRC. The change of name is subject to the passing of a special resolution at an extraordinary general meeting to be held on 17th June, 1999.

For the year ended 31st December, 1998, the audited consolidated loss before taxation, loss after taxation and loss attributable to shareholders of South China Strategic amounted to approximately HK$73,697,000, HK$73,697,000 and HK$73,426,000 respectively. For the year ended 31st December, 1997, the audited consolidated loss before taxation, loss after taxation and loss attributable to shareholders of South China Strategic amounted to approximately HK$235,270,000, HK$235,270,000 and HK$235,312,000 respectively. The audited consolidated net asset values of South China Strategic as at 31st December, 1998 and 31st December, 1997 were approximately HK$228,623,000 and HK$312,447,000 respectively.

INTENTION OF ONSWIN

The board of directors of South China Strategic currently comprises three executive directors, (namely, Mr Ng Hung Sang, Robert, Ms

Cheung Choi Ngor, Christina and Mr Richard Howard Gorges who are also directors of South China Industries) and two independent non-executive directors. Onswin has no intention to alter the existing board composition of South China Strategic after completion of the Unconditional Cash Offer.

Particulars of the directors of South China Strategic:

Executive Directors

Mr Ng Hung Sang, Robert, aged 49, is the chairman of each of South China Strategic, South China Holdings, South China Brokerage, South China Industries, Wah Shing and Four Seas. He holds a Master's degree in marketing from Lancaster University, the United Kingdom and is a fellow member of the Chartered Institute of Management Accountants.

Ms Cheung Choi Ngor, Christina, aged 45, is a vice-chairman of South China Brokerage, a vice-chairman and the chief executive of South China Industries, a deputy chairman and the chief executive of Wah Shing, the deputy chairman of Four Seas and a director of South China Holdings and Onswin. She holds a Master's degree in business administration from the University of Illinois, the United States of America.

Mr Richard Howard Gorges, aged 55, is a vice-chairman of South China Brokerage and South China Industries, a deputy chairman of Wah Shing, a director of South China Holdings, Four Seas and Onswin. He holds a Master's degree in law from Cambridge University, the United Kingdom.

Independent Non-Executive Director

Ms Tse Wong Siu Yin, Elizabeth, aged 41, is the chairman of the Hong Kong Flower Retailers Association, the chairman of Friends of Community Chest (Southern District), the president of The Hong Kong Girl Guides (Southern District) Associates and the Honorary President of Southern District Scout Council. She was the president of Soroptimists International of Hong Kong and holds a Bachelor's degree in nutrition from the University of Western Ontario, Canada. She is an independent non-executive director of South China Brokerage and was appointed an independent non-executive director of South China Strategic in June 1996.

Mr Yeung Chik Kin, aged 47, has extensive experience in business administration. He is a director and the company secretary of Lee Hing Development Limited and was appointed an independent non-executive director of South China Strategic in June 1996.

Onswin intends that South China Strategic will continue its existing businesses. Onswin does not intend to make any material changes to the businesses of the South China Strategic Group. It is intended that the daily operation and management of the South China Strategic Group will continue to be carried out by its existing management and there will not be any material changes to the employees of the South China Strategic Group by reason only of the Unconditional Cash Offer.

REASONS AND BENEFITS OF THE ACQUISITION

As referred to the announcement dated 20th May, 1999, South China Strategic proposed to change its name to South China Information and Technology Limited to reflect its proposed business diversification mentioned below. Although South China Strategic Group is not currently engaged in technology-related business, the intention of the directors of South China Strategic is to diversify into the technology-related business in both Hong Kong and PRC. The initial projects will include the setting up of web-sites for related companies and subsidiaries of South China Strategic for the provision of services and purchases via the Internet such as stock trading, magazine subscription and hotel and airline ticket bookings. The cost of diversifying into technology-related business ranges between approximately US$0.3 million to US$0.5 million for each project and a maximum of US$2 million in aggregate. South China Strategic intends to finance the diversification by internal resources. South China Industries has no intention to inject funds into South China Strategic for such technology-related business. Preliminary discussions are under way with independent third parties relating to the provision of such services and further announcement will be made as and when appropriate in the event of any further progress arising from such discussions. South China Strategic will also continue to explore further technology-related business opportunities.

The directors of South China Industries are confident and optimistic in the business prospects of the existing core business of South China Strategic and the latter's proposed diversification into the technology-related business in both Hong Kong and the PRC. After the suspension of its media business, South China Strategic has successfully managed to reduce its loss. Although South China Strategic has reported a loss of approximately HK$73,426,000 for the financial year ended 31st December, 1998, the loss attributable to shareholders of South China Strategic represents a reduction of approximately 69%, from the loss of approximately HK$235,312,000 for the financial year ended 31st December, 1997. For the financial year ended 31st December, 1998, the operating losses from the continuing business (including exceptional items) and discontinued business (including exceptional items) of South China Strategic were approximately HK$22,562,000 and HK$50,912,000 respectively. For the year ended 31st December, 1997, the operating loss from the continuing business (including exceptional items) and the discontinued business (including exceptional items) were HK$20,172,000 and HK$214,866,000 respectively. The directors of South China Industries believe that the reduction in operating losses and the proposed diversification into technology-related business may provide South China Strategic an opportunity to return to operating profitability in the near future.

South China Strategic is also beneficially interested in approximately 65% of Four Seas which is principally engaged in the sale of airline tickets, the provision of other travel related business and property investments. Apart from the existing air ticketing business for outbound travellers, Four Seas has planned to diversify into inbound package tours for tourists visiting Hong Kong and the PRC, as well as outbound package tours for travellers from Hong Kong and the PRC. Four Seas is also actively negotiating for strategic partners in London, England in relation to an expansion of its travel business. Preliminary discussions are going on between Four Seas and independent third parties in major cities in the PRC relating to the organisation and operation of special theme parks. No concrete terms or agreements have yet been reached. Further announcement will be made regarding the progress on such negotiations as and when appropriate.

The directors of South China Industries consider that the Acquisition and the Unconditional Cash Offer are in the best interest of shareholders of South China Industries as a whole.

The main reasons for the Acquisition are as follows:

- the directors of South China Industries believe that the worst period of the Asian financial crisis is over. Recent economic development and statistics are showing signs of recovery in the Hong Kong economy and the PRC economy is expected to remain prosperous;
- with the take-off in high technology and the increasing use of e-commerce in Hong Kong and Asia, the proposed business diversification mentioned above will provide an opportunity for South China Strategic and a new and steady income. Although the technology industry may be competitive after the announcement made by the Hong Kong Government to promote Hong Kong as a `Technology Centre', the directors of South China Industries still believe that the intended diversification into technology-related business provides South China Strategic a good opportunity and a base to return to profitability in the near future. However, no specific project has been identified. All projects are in preliminary discussions and further announcements will be made on any further progress as and when appropriate; and
- South China Strategic has been relieved from the financial burden of its discontinued media business.

The directors of South China Industries believe that the Acquisition would allow South China Industries to participate in the future earning potential and better overall growth prospect of South China Strategic.

Prior to the Acquisition on 26th May, 1999, South China Industries had not been offered any opportunity to purchase South China Strategic Shares in large lots. After the close of trading on 25th May, 1999, South China Industries was offered the opportunity to purchase 75,406,000 South China Strategic Shares. After assessing the offer with reference to the net asset value of South China Strategic and consulting other executive directors of South China Industries, namely Mr Ng Hung Sang, Robert, Mr Richard Howard Gorges, Mr Tan Boon Seng, Mr Lo Kwok Choi and Mr Lee Lap Tak and the independent non-executive directors, namely Mr Liang Ningguang and Mr Lee Wai Choi, Albert, it was resolved to buy the said shares. The Offer Price represents a discount of approximately 41% to the net asset value of approximately HK$0.34 per South China Strategic Share as at 31st December, 1998. It is the intention of Onswin to hold the South China Strategic Shares acquired as a long-term investment with a view to maximising the shareholders' value of South China Industries by participating in the potential future earnings of South China Strategic.

As South China Holdings has an approximately 70.54% interest in South China Industries, South China Holdings will also share the benefits of the Acquisition.

MAINTAINING THE LISTING STATUS OF SOUTH CHINA STRATEGIC

The Stock Exchange has stated that it will closely monitor trading in the South China Strategic Shares if, at the close of the Unconditional Cash Offer, less than 25% of the South China Strategic Shares are held by the public.

If the Stock Exchange believes that:

- a false market exists or may exist in the South China Strategic Shares; or
- there are too few South China Strategic Shares in public hands to maintain an orderly market,

then it will consider exercising its discretion to suspend trading in the South China Strategic Shares.

Onswin intends to keep South China Strategic listed on the Stock Exchange following the close of the Unconditional Cash Offer. The directors of South China Industries, Onswin and South China Strategic have jointly and severally undertaken to the Stock Exchange to take appropriate steps following the close of the Unconditional Cash Offer to ensure that sufficient public float exists in the South China Strategic Shares.

If South China Strategic remains listed on the Stock Exchange, the Stock Exchange will closely monitor all acquisitions or disposals of assets by South China Strategic. The Stock Exchange has the discretion to require South China Strategic to issue a circular to its shareholders irrespective of the size of the proposed transaction, particularly when such proposed transaction represents a departure from the principal activities of South China Strategic. The Stock Exchange also has the power to aggregate a series of transactions and any such transactions may result in South China Strategic being treated as if it were a new listing applicant.

TRADING IN THE SHARES OF SOUTH CHINA INDUSTRIES AND SOUTH CHINA STRATEGIC

Trading in the shares of South China Industries and South China Strategic were suspended at the request of South China Industries and South China Strategic respectively with effect from 10:52 a.m. on Wednesday, 26th May, 1999. Application has been made to the Stock Exchange for resumption of trading in the shares of South China Strategic with effect from 10:00 a.m. on 3rd June, 1999. Trading in the shares of South China Industries will remain suspended pending the release of the opinion of the independent board committee and the independent financial adviser of South China Industries.

GENERAL

The Acquisition constitutes a discloseable transaction for South China Industries under the Listing Rules. A circular containing, among other things, further information on the Acquisition, the opinion of the independent financial adviser to the independent board committee of South China Industries and the recommendation of the independent board committee of South China Industries will be despatched to the shareholders of South China Industries as soon as practicable.

An independent board committee of South China Strategic will be formed to advise the Independent Shareholders in respect of the Unconditional Cash Offer. An independent financial adviser will be appointed to advise the independent board committee of South China Strategic regarding the Unconditional Cash Offer.

The Acquisition constitutes a discloseable transaction for South China Holdings. A Circular containing, among other things, further information on the Acquisition will be despatched to the shareholders of South China Holdings as soon as possible.

A composite document containing details of the Unconditional Cash Offer, the opinion of the independent financial adviser to the independent board committee of South China Industries, the advice of the independent financial adviser to the independent board committee of South China Strategic and the recommendation of the independent board committee of South China Strategic, together with the acceptance and transfer forms, will be despatched to shareholders of South China Strategic as soon as practicable in accordance with the Code.

TERMS USED IN THIS ANNOUNCEMENT

`Acquisition'	the acquisition of 75,406,000 South China Strategic Shares by Onswin on 26th May, 1999 by way of cross-trade transactions from two independent third parties
`associate'	has the meaning ascribed name under the Listing Rules
`Code'	the Hong Kong Code on Takeovers and Mergers
`Four Seas`	Four Seas Travel International Limited, a company incorporated in Bermuda, the securities of which are listed on the Stock Exchange
`Hong Kong'	Hong Kong Special Administrative Region of the PRC
`Independent Shareholders'	shareholders of South China Strategic other than Onswin and parties acting in concert with it
`Listing Rules'	the Rules Governing the Listing of Securities on the Stock Exchange
`Offer Price'	HK$0.20 per South China Strategic Share
`Onswin'	Onswin Limited, a limited liability company

	incorporated in the British Virgin Islands and a wholly-owned subsidiary of South China Industries
`PRC’	the People’s Republic of China and for the purpose of this announcement, excluding Hong Kong
`South China Brokerage’	South China Brokerage Company Limited, a company incorporated in Hong Kong, the securities of which are listed on the Stock Exchange
`South China Capital’	South China Capital Limited, a registered investment adviser under the Securities Ordinance (Chapter 333 of the Laws of Hong Kong) and a wholly-owned subsidiary of South China Brokerage
`South China Holdings’	South China Holdings Limited, a company incorporated in the Cayman Islands, the securities of which are listed on the Stock Exchange
`South China Industries’	South China Industries Limited, a company incorporated in the Cayman Islands, the securities of which are listed on the Stock Exchange
`South China Securities’	South China Securities Limited, a registered dealer under the Securities Ordinance (Chapter 333 of the Laws of Hong Kong) and a wholly-owned subsidiary of South China Brokerage
`South China Strategic’	South China Strategic Investments Limited, a company incorporated in the Cayman Islands, the securities of which are listed on the Stock Exchange
`South China Strategic Group’	South China Strategic and its subsidiaries
`South China Strategic Shares’	shares of HK$0.10 each in the capital of South China Strategic
`Stock Exchange’	The Stock Exchange of Hong Kong Limited
`Unconditional Cash Offer’	an unconditional cash offer to be made for the South China Strategic Shares (other than those already owned by Onswin or parties acting in concert with it) under the Code by South China Securities on behalf of Onswin
`Wah Shing’	Wah Shing International Holdings Limited, a company incorporated in Bermuda, the securities of which are listed on the Stock Exchange of Singapore Limited

By Order of the Board
South China Holdings Limited
Yuen Kam Tim, Francis
Company Secretary

By Order of the Board
South China Industries Limited
Yuen Kam Tim, Francis
Company Secretary

By Order of the Board
South China Strategic Investments Limited
Yuen Kam Tim, Francis
Company Secretary

By Order of the Board
Onswin Limited
Yuen Kam Tim, Francis
Company Secretary

Hong Kong, 2nd June, 1999

All directors of South China Holdings jointly and severally accept full responsibility for the accuracy of the information contained in this announcement other than information relating to Onswin, South China Industries and South China Strategic and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement other than those relating to Onswin, South China Industries and South China Strategic have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

All directors of South China Industries and Onswin jointly and severally accept full responsibility for the accuracy of the information contained in this announcement other than information relating to South China Holdings and South China Strategic and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement those other than relating to South China Holdings and South China Strategic have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

All directors of South China Strategic jointly and severally accept full responsibility for the accuracy of the information contained in this announcement other than information relating to Onswin, South China Industries and South China Holdings and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement other than those relating to Onswin, South China Industries and South China Holdings have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.