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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)**



**SOUTH CHINA ASSETS HOLDINGS  
LIMITED**

南華資產控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 08155)**

## **JOINT VOLUNTARY ANNOUNCEMENT**

### **FORMATION OF JOINT VENTURE**

This announcement is made by South China Holdings Company Limited and South China Assets Holdings Limited jointly on a voluntary basis.

#### **INTRODUCTION**

The SCHC Board and the SCAH Board are pleased to announce that on 3 February 2020, SCI (a wholly-owned subsidiary of SCHC) and SCAH entered into the MOU for an intention to cooperate in production and sales of medical face masks and related products.

On 9 April 2020 (after trading hours), SCI and SCAH entered into the JV Agreement for the purpose of formation of the JV Company. The JV Company will be an investment holding company and will directly or indirectly carry out production and sales of medical face masks and related products.

Upon the formation of the JV Company, SCAH will hold 60% of the equity interests in the JV Company. Therefore, the JV Company will be a non-wholly-owned subsidiary of SCAH, and its financial results will be consolidated into the financial statements of SCAH.

#### **PRINCIPAL TERMS OF THE JV AGREEMENT**

The principal terms of the JV Agreement are summarised below:

Date:	9 April 2020
Parties:	SCI SCAH
Shareholding:	SCI - 40% SCAH - 60%

Maximum Contribution: HK\$4 million, to be contributed by SCI and SCAH as follows:

- (1) 40% (amounting to HK\$1.6 million in the form of a shareholder loan) by SCI; and
- (2) 60% (amounting to HK\$2.4 million in the form of a shareholder loan) by SCAH.

Main business of the JV Company:

Production and sale of medical face masks and related products.

Board composition of the JV Company:

Three (3), of which one (1) director is to be appointed by SCI and two (2) directors are to be appointed by SCAH.

### **REASONS FOR AND BENEFITS OF THE TRANSACTION**

Resulting from the current COVID-19 pandemic, it is expected that the demand for medical face masks and relevant products will be tremendous, and such vast demand will last for a relatively long period.

By cooperating through the JV Company, both SCHC and SCAH may share the advantage of the capability and strength of each other.

The SCHC Board (including its independent non-executive directors) are of the view that the Transaction is on normal commercial terms, and that the terms of the JV Agreement are fair and reasonable and in the interests of SCHC and its shareholders as a whole.

The SCAH Board (including its independent non-executive directors) are of the view that the Transaction is on normal commercial terms, and that the terms of the JV Agreement are fair and reasonable and in the interests of SCAH and its shareholders as a whole.

### **INFORMATION ON SCHC, SCAH AND SCI**

SCHC 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.

SCAH is an investment holding company. Its principal subsidiaries are engaged in the property development in the PRC, money lending, provision of investment advisory and asset management service and dealing in securities and futures.

SCI is an investment holding company wholly owned by SCHC.

## **LISTING RULES IMPLICATIONS**

Mr. Ng, the common controlling shareholder of SCHC and SCAH, is a connected person of SCHC under Chapter 14A of the Listing Rules and of SCAH under Chapter 20 of the GEM Listing Rules.

Given the maximum contribution by SCHC into the JV Company is HK\$1.6 million and each of the applicable percentage ratios for the Transaction is less than 0.1% and the Transaction was entered into on normal commercial terms, the Transaction constitutes a de minimis connected transaction for SCHC under Chapter 14A of the Listing Rules and is fully exempted from independent shareholders' approval, annual review and all disclosure requirements.

Given (1) the total maximum contribution to the JV Company is HK\$4 million, (2) each of the applicable percentage ratios for the Transaction is below 5%, (3) the total consideration is less than HK\$3 million and (4) the Transaction was entered into on normal commercial terms, the Transaction constitutes a de minimis connected transaction for SCAH under Chapter 20 of the GEM Listing Rules, which is fully exempted from the shareholders' approval, annual review and disclosure requirements.

Ms. Cheung Choi Ngor and Mr. Richard Howard Gorges, are both common directors of SCHC and SCAH and also directors of SCI. Accordingly, Ms. Cheung Choi Ngor and Mr. Richard Howard Gorges abstained from voting on the board resolutions of each of SCHC and SCAH in relation to the approval of the JV Agreement and the Transaction.

Mr. Ng, Ms. Ng Yuk Mui Jessica, Mr. Ng Yuk Yeung Paul, are all common directors of SCHC and SCAH. Accordingly, Mr. Ng, Ms. Ng Yuk Mui Jessica and Mr. Ng Yuk Yeung Paul abstained from voting on the board resolutions of each of SCHC and SCAH in relation to the approval of the JV Agreement and the Transaction.

Save as disclosed above, no other directors of SCHC and SCAH are regarded as having a material interest in the Transaction and hence no other directors of SCHC and SCAH are required under the Listing Rules or GEM Listing Rules (as the case may be) to abstain from voting on the board resolutions of each of SCHC and SCAH in relation to the approval of the JV Agreement and the Transaction.

## **DEFINITIONS**

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

“connected person”	the meaning ascribed to it under the Listing Rules or GEM Listing Rules (as the case may be)
“controlling shareholder”	the meaning ascribed to it under the Listing Rules or GEM Listing Rules (as the case may be)
“GEM”	GEM operated by the Stock Exchange

“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JV Agreement”	the joint venture agreement entered into between SCI and SCAH on 9 April 2020
“JV Company”	Wisdom Luck Limited, a company incorporated in the British Virgin Islands with limited liability and to be beneficially owned as to 40% by SCI and 60% by SCAH pursuant to the JV Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the memorandum of understanding dated 3 February 2020 entered into between SCI and SCAH
“Mr. Ng”	Mr. Ng Hung Sang, the chairman, an executive director and the controlling shareholder of each of SCHC and SCAH
“PRC”	the People’s Republic of China which, for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of PRC and Taiwan
“SCAH Board”	the board of directors of SCAH
“SCAH”	South China Assets Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, and its ordinary shares are being listed and traded on GEM of the Stock Exchange (stock code: 08155)
“SCHC Board”	the board of directors of SCHC
“SCHC”	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)
“SCI”	South China Industries (BVI) Limited, a company incorporated in the British Virgin Islands with limited liability, which is an wholly-owned subsidiary of SCHC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Transaction” the transactions contemplated under the JV Agreement, including, among others, the formation of the JV Company between SCAH and SCHC through SCI

“%” per cent

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

By Order of the Board  
**South China Assets Holdings Limited**  
南華資產控股有限公司  
**Ng Yuk Mui Jessica**  
*Executive Director*

Hong Kong, 9 April 2020

*As at the date of this announcement, the directors of SCHC 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.*

*As at the date of this announcement, the directors of SCAH are (1) Mr. Ng Hung Sang, Ms. Cheung Choi Ngor, Mr. Richard Howard Gorges and Ms. Ng Yuk Mui Jessica as executive directors; (2) Mr. Ng Yuk Yeung Paul as non-executive director; and (3) Mr. Cheng Hong Kei, Ms. Pong Scarlett Oi Lan, BBS, J.P. and Mr. Yeung Chi Hang as independent non-executive directors.*

*This announcement, for which the directors of SCAH collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to SCAH. The directors of SCAH, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least seven days from the date of its publication and on the website of SCAH at [www.scassets.com](http://www.scassets.com).*