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

Connected Transaction

Provision of Loan

THE LOAN AGREEMENT

The directors of SCC would like to announce that, on 15 March 2011 Phipnic entered into the Loan Agreement with Wealth Box pursuant to which Phipnic agreed to grant to Wealth Box a loan for a sum of HK\$78,000,000, upon and subject to the terms and conditions set out therein.

IMPLICATION UNDER THE LISTING RULES

Mr. Ng is the chairman, an executive director and a substantial shareholder of each of SCC and SCL. As such, each of SCC and SCL is a connected person to each other under the Listing Rules and the Loan constitutes a connected transaction. As each of the applicable percentage ratios under the relevant tests of the Loan is lower than the 5% threshold for SCC, the Loan is subject to reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and is exempt from the independent shareholders' approval requirement. Given that the financial assistance provided by SCC is on normal commercial terms and without security over assets of SCL, such a connected transaction for SCL is exempt from all reporting, announcement and independent shareholders' approval requirements pursuant to Rule 20.65(4) of the GEM Listing Rules.

Mr. Ng and his associates are deemed to be interested in the Transaction, so Mr. Ng, Ms. Ng Yuk Mui, Jessica, Mr. Ng Yuk Fung, Peter and Mr. Ng Yuk Yeung, Paul abstained from voting on the board resolutions of SCC and SCL in respect of the Transaction. Save for the directors mentioned above, none of the directors had other interests in the Transaction or was otherwise required to abstain from voting on the board resolutions of SCC and SCL approving the Transaction.

I. INTRODUCTION

The directors of SCC would like to announce that, on 15 March 2011 Phipnic entered into the Loan Agreement with Wealth Box pursuant to which Phipnic agreed to grant to Wealth Box a loan for a sum of HK\$78,000,000, upon and subject to the terms and conditions set out therein.

II. THE PRINCIPAL TERMS OF THE LOAN AGREEMENT

The principal terms of the Loan Agreement are as follows: -

1. Date: 15 March 2011
2. Lender: Phipnic, a wholly-owned subsidiary of SCC
3. Borrower: Wealth Box, a wholly-owned subsidiary of SCL
4. The Loan: HK\$78,000,000
5. Term: Three (3) years commencing from the date of drawdown of the Loan
6. Purpose: For funding the working capital requirements of the Borrower
7. Interest: Prime Rate
8. Repayment: To be repaid at the earlier of:
 - (a) Three (3) years from the drawdown date;
 - (b) the date on which the Borrower in its sole opinion that is financially capable to do so; and
 - (c) on demand of the Lender.

III. REASONS FOR AND BENEFITS OF THE LOAN FOR SCC AND SCL

The Loan would provide SCL with sufficient working capital to expand business of the SCL Group. SCC considers that the Loan represents an efficient use of its funding resources and generates interest income at an acceptable and reasonable rate of return.

The directors of SCC and SCL are of the view that the terms of the Loan Agreement are on normal commercial terms, and fair and reasonable and thus the entering into of the Loan Agreement is in the interests of SCC and SCL and the shareholders of SCC and SCL as a whole.

IV. INFORMATION ON SCC

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

V. INFORMATION ON BORROWER

Wealth Box is a company incorporated in Hong Kong. It is a wholly-owned subsidiary of SCL, a company listed on GEM.

VI. IMPLICATION UNDER THE LISTING RULES

Mr. Ng is the chairman, an executive director and a substantial shareholder of each of SCC and SCL. As such, each of SCC and SCL is a connected person to each other under the Listing Rules and the Loan constitutes a connected transaction. As each of the applicable percentage ratios under the relevant tests of the Loan is lower than the 5% threshold for SCC, the Loan is subject to reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and is exempt from the independent shareholders' approval requirement. Given that such financial assistance provided by SCC is on normal commercial terms and without security over assets of SCL, such a connected transaction for SCL is exempt from all reporting, announcement and independent shareholders' approval requirements pursuant to Rule 20.65(4) of the GEM Listing Rules.

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VII. 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 and the GEM Listing Rules;
“GEM”	the Growth Enterprise Market of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Loan Agreement”	the loan agreement dated 15 March 2011 entered into between Phipnic and Wealth Box in relation to the Loan;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Loan”	the advance from Phipnic to Wealth Box in the amount of HK\$78,000,000;
“Mr. Ng”	Mr. Ng Hung Sang, the Chairman and executive director and substantial shareholder of SCC and SCL;
“Prime Rate”	prime lending rate charged from time to time by The Hongkong and Shanghai Banking Corporation Limited;
“Phipnic”	Phipnic Investments Limited 輝力投資有限公司, a company incorporated in Hong Kong with limited liability and is a wholly owned subsidiary of SCC;

“SCC”	South China (China) Limited, an exempted company incorporated in the Cayman Islands with limited liability with its shares listed on the Stock Exchange (Stock Code: 00413);
“SCL”	South China Land Limited 南華置地有限公司, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the GEM (Stock Code: 08155);
“SCL Group”	SCL and its subsidiaries
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transaction”	A connected transaction in respect of the financial assistance provided by SCC to SCL; and
“Wealth Box”	Wealth Box Investments Limited 裕滿投資有限公司, a company incorporated in Hong Kong with limited liability and is a wholly owned subsidiary of SCL;
“%”	per cent.

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

Hong Kong, 15 March 2011

As at the date of this announcement, the directors of SCC are (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 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.