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SKYOCEAN INTERNATIONAL HOLDINGS LIMITED

天洋國際控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 593)

CONNECTED TRANSACTION IN RELATION TO PROMOTION SERVICES AGREEMENT

The Board announces that on 30 June 2015, Dreameast, an indirect wholly-owned subsidiary of the Company, entered into the Promotion Services Agreement with Beijing SkyOcean pursuant to which Dreameast will provide Beijing SkyOcean and its subsidiaries certain promotion services in relation to promotion of the trade name of Beijing SkyOcean in the PRC. Beijing SkyOcean shall pay Dreameast a service fees in the amount of RMB150 million.

Since Beijing SkyOcean is held as to 80% by Mr. Zhou, the ultimate controlling Shareholder of the Company, holding approximately 68.52% of the issued share capital of the Company as at the date of this announcement, Beijing SkyOcean is a connected person of the Company for the purpose of the Listing Rules. Accordingly, the transaction contemplated under the Promotion Services Agreement constitutes a connected transaction under Chapter 14A of the Listing Rules.

Based on the applicable size tests performed with respect of the service fees under Promotion Services Agreement, each of the relevant percentage ratios exceed 5% for the Company. Pursuant to Rule 14A.35, 14A.36 and 14A.49 of the Listing Rules, the transactions contemplated under the Promotion Services Agreement is therefore subject to the reporting, announcement and independent shareholders' approval requirements. Appropriate disclosure of the transaction will also be made in the next published annual report and accounts of the Company in accordance with Rules 14A.71 and 14A.72.

The Directors (including the independent non-executive Directors) are of the view that as far as the Shareholders of the Company are concerned, the Promotion Services Agreement is entered into in the ordinary course of the Company's business, on normal commercial terms, fair and reasonable and in the best interests of the Company and its Shareholders as a whole.

The Independent Board Committee has been established to advise the Independent Shareholders in relation to the transactions contemplated under Promotion Services Agreement. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) details of Promotion Services Agreement and transactions contemplated thereunder; (ii) the recommendations of the Independent Board Committee; (iii) the advice of independent financial adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the SGM and other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 22 July 2015.

BACKGROUND

The Board announces that on 30 June 2015, Dreameast, an indirect wholly-owned subsidiary of the Company, entered into the Promotion Services Agreement with Beijing SkyOcean pursuant to which Dreameast provides Beijing SkyOcean certain promotion services for the period ending 31 December 2015. Beijing SkyOcean shall pay Dreameast a service fees in the amount of RMB150 million.

Details of the Promotion Services Agreement are set out below.

THE PROMOTION SERVICES AGREEMENT

Date: 30 June 2015

Parties: (i) Principal : Beijing SkyOcean
(ii) Service provider : Dreameast

Subject matter: Pursuant to the Promotion Services Agreement, Dreameast will provide Beijing SkyOcean and its subsidiaries with certain promotion services in relation to the trade name of Beijing SkyOcean, including marketing analysis, formulating of marketing strategies, design, and promotion activities, including publication of journals in various magazines and providing strategic advisory services. The services are expected to commence after approval by the Independent Shareholders having been obtained until 31 December 2015.

Service fees:

Beijing SkyOcean will pay total service fees in the amount of RMB150 million, which is based on the planned budget of Beijing SkyOcean for the relevant marketing and brand promotion expenses, and the expected costs and expenses of the Group including advertising expenses and costs for engaging third party agent(s) in assisting to provide the relevant services.

Other major terms:

Dreameast shall be responsible for organising and carrying out the promotion activities in accordance with the terms of the Promotion Services Agreement, including entering into contracts with other parties which are necessary for the day-to-day operation of promotion activities, and Beijing SkyOcean shall have the right of final decision.

Dreameast shall not be responsible for any claims or liabilities in relation to the underlying subject of the promotion services, and Beijing SkyOcean undertakes to indemnify Dreameast in the event Dreameast suffered any economic losses arising therefrom.

Dreameast and Beijing SkyOcean further agree that written consent from each of the party is needed to give effect to any changes to the scope of the promotion services.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS CONTEMPLATED UNDER THE PROMOTION SERVICES AGREEMENT

The Group intends to expand into the business of marketing, business promotion and brand development. The Board believes that it is in the best interests of Dreameast to enter into the Promotion Services Agreement as it will generate additional income for the Group, and the provision of the promotion activities for Beijing SkyOcean will be a good opportunity for the Group to expand into this new business area.

The Directors (including the independent non-executive Directors) are of the view that as far as the Shareholders of the Company are concerned, the Promotion Services Agreement is entered into in the ordinary course of the Company's business, on normal commercial terms, fair and reasonable and in the best interests of the Company and its Shareholders as a whole.

The Directors (including independent non-executive Directors) consider that the terms of the Promotion Services Agreement are fair and reasonable, on normal commercial terms and in the interest of the Company and its shareholders as a whole. Except for Mr. Zhou, no Director has a material interest in the transactions contemplated under the Promotion Services Agreement nor is required to abstain from voting on the board resolution approving these transactions.

LISTING RULES IMPLICATIONS

Since Beijing SkyOcean is held as to 80% by Mr. Zhou, the ultimate controlling Shareholder of the Company, holding approximately 68.52% of the issued share capital of the Company as at the date of this announcement, Beijing SkyOcean is a connected person of the Company for the purpose of the Listing Rules. Accordingly, the transaction contemplated under the Promotion Services Agreement constitutes a connected transaction under Chapter 14A of the Listing Rules.

Based on the applicable size tests performed with respect of the service fees under Promotion Services Agreement, each of the relevant percentage ratios exceed 5% for the Company. Pursuant to Rule 14A.35, 14A.36 and 14A.49 of the Listing Rules, the transaction contemplated under the Promotion Services Agreement is therefore subject to the reporting, announcement and independent shareholders' approval requirements. Appropriate disclosure of the transaction will also be made in the next published annual report and accounts of the Company in accordance with Rules 14A.71 and 14A.72.

APPROVAL BY INDEPENDENT SHAREHOLDERS

Mr. Zhou and its associates, being substantial shareholders of the Company interested in the Promotion Services Agreement and the transactions contemplated thereunder, will abstain from voting in respect of the Promotion Services Agreement and the transactions contemplated thereunder at the SGM. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, save for Mr. Zhou and its associates, no Shareholder (or its associates) has any material interest in the Promotion Services Agreement and the transactions contemplated thereunder.

The Independent Board Committee has been established to advise the Independent Shareholders in relation to the transactions contemplated under the Promotion Services Agreement and the transactions contemplated thereunder. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) details of Promotion Services Agreement and transactions contemplated thereunder; (ii) the recommendations of the Independent Board Committee; (iii) the advice of independent financial adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the SGM and other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 22 July 2015.

GENERAL

The Group is principally engaged in provision of elderly care services, medical equipment distribution, investment in financial instruments and property development.

Beijing SkyOcean is a conglomerate engaged in the business of investment, asset management and property development.

DEFINITIONS

In this announcement, the following expressions shall have the respective meanings set opposite thereto:

“Beijing SkyOcean”	北京天洋國際控股有限公司 (Beijing SkyOcean International Holdings Limited*), a company incorporated in the PRC and is held as to 80% by Mr. Zhou
“Board”	the board of Directors
“Company”	SkyOcean International Holdings Limited, a company incorporated in Bermuda with limited liability, the issued securities of which are listed on the Main Board of the Stock Exchange (stock code: 593 and warrant code: 664)
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“controlling shareholder”	has the same meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Dreameast”	夢東方(三河)娛樂有限公司 (Dreameast (Sanhe) Entertainment Limited*), a company incorporated in the PRC and an indirect wholly owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

* For identification purpose only

“Independent Board Committee”	an independent committee of the Board established by the Board comprising Mr. Li Chak Hung, Dr. Meng Xiaosu, Mr. Yang Buting and Mr. Zhao Daxin (all being independent non-executive Directors) to advise the Independent Shareholders in respect of the Trademark Licence and Operation Management Services Agreement and the transactions contemplated thereunder
“Independent Shareholders”	The Shareholders, other than Mr. Zhou and his associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“Mr. Zhou”	Mr. Zhou Zheng, being a Director and substantial shareholder of the Company
“Promotion Services Agreement”	the promotion services agreement dated 30 June 2015 entered into between Dreameast and Beijing OceanSky in relation to the provision of promotion services by Dreameast to Beijing OceanSky in relation to the promotion of the trade name of Beijing SkyOcean
“PRC”	the People’s Republic of China and, for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shares”	share(s) of par value of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	holders of Share(s)
“SkyOcean Group”	天洋控股集團有限公司 (SkyOcean Group Holdings Limited*), a company incorporated in the PRC and is held as to 80% by Mr. Zhou

* For identification purpose only

“SGM”	a special general meeting to be convened by the Company to consider and approve the Promotion Services Agreement and the transactions contemplated thereunder
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules
“%”	Percentage

The exchange rate of RMB1.00 to HK\$1.2681 used in this announcement for translation of RMB to HK\$ is for illustrative purpose only.

By order of the Board
SKYOCEAN INTERNATIONAL HOLDINGS LIMITED
Chan Tak Kwong
Company Secretary

Hong Kong, 30 June 2015

As at the date of this announcement, the Board comprises Mr. Zhou Zheng (Chairman and Chief Executive Officer), Mr. Liu Li, Mr. Yang Hongguang and Mr. Chan Tak Kwong being the executive Directors, and Mr. Li Chak Hung, Dr. Meng Xiaosu, Mr. Yang Buting and Mr. Zhao Daxin being the independent non-executive Directors.