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SOUTH CHINA FINANCIAL HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 619)

ANNOUNCEMENT PURSUANT TO RULE 3.7 OF THE TAKEOVERS CODE

Reference is made to the announcement of South China Financial Holdings Limited (the “**Company**”) dated 9 June 2014 (the “**First Announcement**”) regarding the inside information in respect of the possible acquisition of the shares of the Company held by Earntrade and the Other Selling Shareholders by the Potential Purchaser (the “**Possible Transaction**”) and the announcement of the Company dated 9 July 2014 (the “**Last Announcement**”). Unless otherwise defined, all capitalised terms used herein shall have the respective meanings ascribed to them in the First Announcement.

The board of directors of the Company (the “**Board**”) wishes to update the shareholders of the Company (the “**Shareholders**”) and potential investors that, as confirmed by Earntrade, the discussions with the Potential Purchaser about the Possible Transaction was still in progress, and no formal agreement in respect of the Possible Transaction has been entered into between Earntrade, the Other Selling Shareholders and the Potential Purchaser to date. Furthermore, Earntrade, on behalf of itself and the Other Selling Shareholders, had entered into an agreement on 7 August 2014 with the Potential Purchaser regarding extension of the original long stop date of 11 August 2014 stated in the MOU to the extended long stop date of 1 September 2014. Apart from the above, the Company was not aware of any significant development in the Possible Transaction, which should be brought to the attention of the Shareholders and potential investors, since the date of the Last Announcement.

In compliance with Rule 3.7 of the Takeovers Code, monthly announcement(s) setting out the progress of the Possible Transaction will be made until announcement of firm intention to make an offer under Rule 3.5 of the Takeovers Code or of a decision not to proceed with an offer is made. Further announcement(s) will be made by the Company as and when appropriate or required in accordance with the Listing Rules and the Takeovers Code (as the case may be).

There is no assurance whatsoever that the MOU may lead to the signing of a formal agreement and, hence, any offer for the Shares. The Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

By Order of the Board
South China Financial Holdings Limited
Cheung Choi Ngor
Executive Director

Hong Kong, 9 August 2014

As at the date of this announcement, the directors of the Company are (1) Mr. Ng Hung Sang, Mr. Richard Howard Gorges, Ms. Cheung Choi Ngor, Mr. Ng Yuk Yeung Paul and Mr. Chan Hing Wah as executive directors; and (2) Mrs. Tse Wong Siu Yin Elizabeth, Hon. Raymond Arthur William Sears, Q.C. and Mr. Tung Woon Cheung Eric as independent non-executive directors.

All the directors of the Company jointly and severally accept full responsibility for accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement 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.