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SOUTH CHINA FINANCIAL HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 619)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

GROUP RESULTS

The board of directors (the “Board”) of South China Financial Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2014 together with comparative figures for the last financial year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Notes</i>	2014 HK\$'000	2013 HK\$'000
Revenue	2&4	105,744	104,989
Other income		1,890	1,433
Fair value gain/(loss) on investment properties		(33,159)	72,030
Fair value gain/(loss) on financial assets at fair value through profit or loss		933	(26,237)
Reversal of impairment/(impairment) of loans and trade receivables, net		(428)	867
Other operating expenses		(136,947)	(136,981)
Profit/(loss) from operating activities		(61,967)	16,101
Finance costs	5	(7,545)	(7,171)
Impairment of investment in an associate		-	(1,116)
Share of losses of associates		(2,819)	(6,673)
Profit/(loss) before tax	3	(72,331)	1,141
Income tax credit/(expense)	6	(573)	62
Profit/(loss) for the year		(72,904)	1,203
Attributable to:			
Equity holders of the Company		(72,893)	1,218
Non-controlling interests		(11)	(15)
		(72,904)	1,203
Earnings/(loss) per share attributable to equity holders of the Company	7		
Basic and diluted		(HK1.45 cents)	HK 0.02 cent

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
	<i>Notes</i>	2014	2013
		HK\$'000	HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		3,619	5,884
Investment properties	8	397,500	430,000
Intangible assets		836	836
Investments in associates	9	4,315	7,134
Available-for-sale investments	10	28,467	22,867
Other assets		13,031	9,871
Long term loans receivable		6,502	13,074
Long term deposits		850	1,452
Total non-current assets		455,120	491,118
CURRENT ASSETS			
Financial assets at fair value through profit or loss		148,524	160,430
Loans receivable		194,436	210,946
Trade receivables	11	191,586	148,257
Other receivables, prepayments and deposits		36,737	21,529
Pledged time deposits		1,997	5,500
Cash held on behalf of clients		628,708	520,384
Cash and bank balances		127,175	102,121
Total current assets		1,329,163	1,169,167
CURRENT LIABILITIES			
Client deposits		704,414	452,652
Trade payables	12	110,943	169,546
Other payables and accruals		19,708	11,618
Tax payable		21	61
Interest-bearing bank borrowings		324,664	308,042
Total current liabilities		1,159,750	941,919
NET CURRENT ASSETS		169,413	227,248
TOTAL ASSETS LESS CURRENT LIABILITIES		624,533	718,366
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		160,185	184,976
Deposits received		1,467	1,959
Deferred tax liabilities		29,004	28,868
Total non-current liabilities		190,656	215,803
Net assets		433,877	502,563

		As at 31 December	
	Notes	2014 HK\$'000	2013 HK\$'000
EQUITY			
Equity attributable to equity holders of the Company			
Share capital: nominal value		-	125,652
Other statutory capital reserves		-	221,697
Share capital and other statutory capital reserves	13	348,334	347,349
Other reserves		85,000	154,660
		433,334	502,009
Non-controlling interests		543	554
Total equity		433,877	502,563

Notes:

1. Principal accounting policies and basis of preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. The financial statements have been prepared under the historical cost convention, except for investment properties, available-for-sale investments and financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

The Group has adopted the following revised standards and new interpretation for the first time for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	<i>Investment Entities</i>
Amendments to HKAS 32	<i>Offsetting Financial Assets and Financial Liabilities</i>
Amendments to HKAS 36	<i>Recoverable Amount Disclosures for Non-Financial Assets</i>
Amendments to HKAS 39	<i>Novation of Derivatives and Continuation of Hedge Accounting</i>
HK(IFRIC)-Int 21	<i>Levies</i>
Amendment to HKFRS 2 included in <i>Annual Improvements 2010-2012 Cycle</i>	<i>Definition of Vesting Condition¹</i>
Amendment to HKFRS 3 included in <i>Annual Improvements 2010-2012 Cycle</i>	<i>Accounting for Contingent Consideration in a Business Combination¹</i>

1. Principal accounting policies and basis of preparation (continued)

Amendment to HKFRS 13 *Short-term Receivables and Payables*
included in *Annual*
Improvements 2010-2012
Cycle

Amendment to HKFRS 1 *Meaning of Effective HKFRSs*
included in *Annual*
Improvements 2011-2013
Cycle

¹ Effective from 1 July 2014

The adoption of the above revised standards and new interpretation has had no significant financial effect on these financial statements.

2. Revenue

Revenue, which is also the Group's turnover, represents commission and brokerage income from securities, forex, bullion and futures contracts and insurance broking; profit on the trading of securities, forex, bullion and futures contracts; interest income; handling fee income; corporate advisory fees; commission income from share underwriting and placing; dividend income and gross rental income.

An analysis of revenue is as follows:

	2014 HK\$'000	2013 HK\$'000
Commission and brokerage income	55,688	57,658
Profit on the trading of securities, forex, bullion and futures contracts, net	5,878	13,028
Interest income from loans and trade receivable	17,551	17,701
Interest income from bullion and forex	1,229	990
Interest income from banks and financial institutions	2,203	1,973
Rendering of services	7,003	5,335
Gross rental income	8,390	5,345
Handling fee income	6,328	2,050
Dividend income from listed investments	1,474	909
	105,744	104,989

3. Profit/(loss) before tax

	2014 HK\$'000	2013 HK\$'000
The Group's profit/(loss) before tax is arrived at after charging:		
Cost of services provided	32,241	31,991
Depreciation	3,093	3,787
Interest expenses for margin financing and money lending operations	3,933	4,080

4. Operating segment information

An analysis of the Group's revenue, contribution to profit/(loss) before tax, assets and liabilities by business segment for the years ended 31 December 2014 and 2013 is as follows:

Year ended 31 December 2014

	Broking HK\$'000	Trading and investment HK\$'000	Margin financing and money lending HK\$'000	Corporate advisory and underwriting HK\$'000	Wealth management HK\$'000	Property investment HK\$'000	Other business HK\$'000	Consolidated HK\$'000
Segment revenue:								
Revenue from external customers	54,068	9,855	19,825	5,688	3,006	8,390	4,912	105,744
Segment results:	(24,389)	(11,396)	7,924	(1,422)	(1,906)	(26,184)	1,975	(55,398)
<u>Reconciliation:</u>								
Corporate and other unallocated expenses								(6,569)
Share of losses of associates								(2,819)
Finance costs								(7,545)
Loss before tax								(72,331)
Segment assets:	913,497	199,702	252,955	5,316	1,174	398,900	2,276	1,773,820
<u>Reconciliation:</u>								
Corporate and other unallocated assets								10,463
Total assets								1,784,283
Segment liabilities:	(801,688)	(59,805)	(195,208)	(673)	(584)	(3,303)	(4,568)	(1,065,829)
<u>Reconciliation:</u>								
Corporate and other unallocated liabilities								(284,577)
Total liabilities								(1,350,406)
Other segment information:								
Fair value gain on financial assets at fair value through profit or loss	-	(933)	-	-	-	-	-	(933)
Impairment of loans and trade receivables, net	98	-	330	-	-	-	-	428
Depreciation	2,065	513	261	139	86	29	-	3,093
Capital expenditure*	499	127	65	101	21	666	-	1,479

* Capital expenditure represents additions to property, plant and equipment and investment properties.

4. Operating segment information (continued)

Year ended 31 December 2013

	Broking HK\$ '000	Trading and investment HK\$ '000	Margin financing and money lending HK\$ '000	Corporate advisory and underwriting HK\$ '000	Wealth management HK\$ '000	Property investment HK\$ '000	Consolidated HK\$ '000
Segment revenue:							
Revenue from external customers	55,461	16,654	19,803	4,276	3,450	5,345	<u>104,989</u>
Segment results:	(26,561)	(33,122)	8,943	(2,871)	(1,639)	75,131	19,881
<u>Reconciliation:</u>							
Corporate and other unallocated expenses							(3,780)
Impairment of investment in an associate							(1,116)
Share of losses of associates							(6,673)
Finance costs							<u>(7,171)</u>
Profit before tax							<u>1,141</u>
Segment assets:	717,691	209,438	279,413	6,434	1,243	431,655	1,645,874
<u>Reconciliation:</u>							
Corporate and other unallocated assets							14,411
Total assets							<u>1,660,285</u>
Segment liabilities:	(615,486)	(42,833)	(193,284)	(320)	(622)	(2,997)	(855,542)
<u>Reconciliation:</u>							
Corporate and other unallocated liabilities							(302,180)
Total liabilities							<u>(1,157,722)</u>
Other segment information:							
Fair value loss on financial assets at fair value through profit or loss	-	26,237	-	-	-	-	26,237
Impairment/(reversal of impairment) of loans and trade receivables, net	552	-	(1,419)	-	-	-	(867)
Depreciation	2,462	623	455	107	104	36	3,787
Capital expenditure*	<u>1,587</u>	<u>518</u>	<u>140</u>	<u>97</u>	<u>71</u>	<u>116</u>	<u>2,529</u>

* Capital expenditure represents additions to property, plant and equipment and investment properties.

4. Operating segment information (continued)

Geographical information

Non-current assets

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Hong Kong	406,382	441,820
Other jurisdictions	<u>20,271</u>	<u>26,431</u>
	<u>426,653</u>	<u>468,251</u>

The non-current assets information above is based on the location of assets and excludes available-for-sale investments.

5. Finance costs

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Interest on:		
Bank loans wholly repayable within five years	2,532	2,734
Bank loans wholly repayable over five years	<u>5,013</u>	<u>4,437</u>
	<u>7,545</u>	<u>7,171</u>

6. Income tax

No provision for Hong Kong profits tax has been made as the Group has available tax losses carried forward to offset the assessable profits arising in Hong Kong. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

7. Earnings/(loss) per share

The calculations of basic and diluted earnings/(loss) per share are based on:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
<u>Earnings</u>		
Profit/(loss) attributable to equity holders of the Company	<u>(72,893)</u>	<u>1,218</u>
	Number of shares	
	2014	2013
<u>Shares</u>		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	<u>5,027,585,870</u>	<u>5,027,631,760</u>

No share option was outstanding as at 31 December 2014. The Company's share options had no dilution effect for the year ended 31 December 2013 because the exercise price of the Company's share options was higher than the average market prices of shares for the year.

8. Investment properties

	2014 HK\$'000	2013 HK\$'000
Carrying amount as at 1 January	430,000	357,900
Additions	659	70
Net gain/(loss) from a fair value adjustment	(33,159)	72,030
Carrying amount at 31 December	<u>397,500</u>	<u>430,000</u>

The Group's investment properties are situated in Hong Kong and are held under long term leases.

The Group's investment properties consist of commercial office premises in Hong Kong. The directors of the Company have determined that the investment properties consist of one class of asset, i.e., commercial, based on the nature, characteristics and risks of each property. The Group's investment properties were revalued on 31 December 2014 based on valuations performed by Roma Appraisals Limited, independent professionally qualified valuers, at HK\$397,500,000.

The fair value loss of HK\$33,159,000 for the current year was recognized through profit or loss. The investment properties are leased to third parties under operating leases.

On 31 December 2014, the Group's investment properties with a carrying value of HK\$397,500,000 (2013: HK\$430,000,000) were pledged to secure general banking facilities granted to the Group.

9. Investment in associates

	2014 HK\$'000	2013 HK\$'000
Share of net assets	5,431	8,250
Provision for impairment	(1,116)	(1,116)
	<u>4,315</u>	<u>7,134</u>

Particulars of the associates are as follows:

Name	Registered capital	Place of registration and business	Percentage of ownership interest attributable to the Group	Principal activities
嘉田文化發展(天津)有限公司	RMB20,000,000	PRC/Mainland China	45%	Media and entertainment
上海華威創富股權投資管理有限公司	RMB20,000,000	PRC/Mainland China	50%	Provision of fund management services

10. Available-for-sale investments

	2014 HK\$'000	2013 HK\$'000
Listed equity investments in Hong Kong, at fair value	26,040	20,440
Club debentures, at fair value	2,427	2,427
	<u>28,467</u>	<u>22,867</u>

11. Trade receivables

The Group allows a credit period up to the respective settlement dates of securities, forex, bullion and commodities transactions or a credit period mutually agreed between the contracting parties. The following is the ageing analysis of net trade receivable at the date of statement of financial position:

	2014 HK\$'000	2013 HK\$'000
Current to 90 days	<u>191,586</u>	<u>148,257</u>

12. Trade payables

All of the Group's trade payables are aged within 30 days.

13. Share capital

	2014 HK\$'000	2013 HK\$'000
Shares		
Authorised: (note (i))		
Nil (2013: 8,000,000,000 ordinary shares of HK\$0.025 each) (note (ii))	-	200,000
Issued and fully paid:		
5,028,084,500 (2013: 5,026,084,500) ordinary shares	348,334	125,652

Notes:

- (i) Under the Hong Kong Companies Ordinance (Cap. 622), which commenced operation on 3 March 2014, the concept of authorised share capital no longer exists.
- (ii) In accordance with section 135 of the Hong Kong Companies Ordinance (Cap. 622), the Company's share no longer have a par or nominal value with effect from 3 March 2014. There is no impact on the number of shares in issue or the relative entitlement of any of the members of the Company as a result of this transition.

13. Share capital (continued)

A summary of movements in the Company's share capital is as follows:

	Number of share in issue	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Total HK\$'000
At 1 January 2013	5,028,334,500	125,708	220,027	1,614	347,349
Repurchase and cancellation of ordinary shares (note (a))	(2,250,000)	(56)	-	56	-
At 31 December 2013 and 1 January 2014	5,026,084,500	125,652	220,027	1,670	347,349
Transition to no-par value regime on 3 March 2014 (note (b))	-	221,697	(220,027)	(1,670)	-
Issue of shares upon the exercise of share options (note (c))	2,000,000	985	-	-	985
At 31 December 2014	5,028,084,500	348,334	-	-	348,334

Notes:

- (a) In the prior year, the Company repurchased 2,250,000 ordinary shares from the Hong Kong Stock Exchange. All the ordinary shares repurchased were cancelled during the year ended 31 December 2013 and the issued share capital of the Company was reduced by the par value thereof, that is, HK\$56,000. The premium paid on the repurchase of the ordinary shares of HK\$133,000 was charged to retained profits during that year. In accordance with Section 49H of the Hong Kong Companies Ordinance (Cap. 32), an amount equivalent to the par value of the ordinary shares cancelled was transferred to the capital redemption reserve.
- (b) In accordance with the transitional provision set out in section 37 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), on 3 March 2014, any amount standing to the credit of the share premium account and capital redemption reserve has become part of the Company's share capital.
- (c) The subscription rights attaching to 2,000,000 share options were exercised at the subscription price of HK\$0.128 per share, resulting in the issue of 2,000,000 shares for a total cash consideration of HK\$256,000. An amount of HK\$729,000 was transferred from the share option reserve to share capital upon the exercise of the share options.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Today the Group is a stronger business with better prospects to meet the increasing opportunities made available by the booming China market.

The China market has advanced with important milestones in 2014. With the implementation of the Shanghai-Hong Kong Stock Connect in the second half of 2014, cross border flow of funds between Hong Kong and the mainland and market turnovers have significantly increased, boosting “A” share performance and the Hang Seng Index in the later half of the year. Implemented in conjunction, the relaxation of RMB exchange regulations for Hong Kong residents have significantly increased the RMB offshore pool and generated many new business opportunities. The Shenzhen-Hong Kong Stock Connect, expected to be implemented in 2015, will present another wave of new stimulus to the market.

In the meanwhile, global market conditions continued to be challenging with unbounded uncertainties. While investors wait for the ending of Quantitative Easing (“QE”) in the U.S. and its implementation in Europe, Japan’s QE implementation and geopolitics in Europe and the Middle East have weighed heavily on the global financial and currency market. Regulatory compliance demanded unprecedented vigilance to governance in all business areas and locations. Closer to home in the PRC, changes to policies and regulations are fast and often abrupt, such as the implementation of market liberalization policies and controls on brokerage business. All of them demanded attentive daily management and readiness in adjustment of business models.

The Group recorded a loss of HK\$72.9 million for the year ended 31 December 2014 compared with the profit of HK\$1.2 million for the year ended 31 December 2013.

Broking, trading and investment

Total value of transaction recorded by the Group in relation to securities brokerage for the year ended 31 December 2014 was about the same level in comparison to the same period in 2013. Due to keen competition, revenue from this segment has slightly decreased to HK\$54.1 million for the year ended 31 December 2014 as compared to HK\$55.5 million for the year ended 31 December 2013. Operating loss for the year ended 31 December 2014 for this segment was HK\$24.4 million, an improvement of HK\$2.2 million as compared to the same period in 2013.

Due to improving investment sentiment especially in the second half of 2014, trading and investment loss was trimmed down from HK\$33.1 million for the year ended 31 December 2013 to HK\$11.4 million for the year ended 31 December 2014.

Margin financing and money lending

Our loan and advance portfolio for margin financing, finance lease and personal loan amounted to HK\$200.9 million as at 31 December 2014 as compared with HK\$224.0 million as at 31 December 2013. Revenue from margin financing and money lending was \$19.8 million for the year ended 31 December 2014 which was about the same level for the year ended 31 December 2013. Operating profit for this segment amounted to HK\$7.9 million for the year ended 31 December 2014.

Corporate advisory and underwriting

Our corporate advisory and underwriting business continued to improve in contributing revenue in 2014. Revenue from this segment increased by 33% from HK\$4.3 million for the year ended 31 December 2013 to HK\$5.7 million for the year ended 31 December 2014. Operating loss was further reduced from HK\$2.9 million for the year ended 31 December 2013 to HK\$1.4 million for the year ended 31 December 2014, representing an improvement of 50.5%.

Wealth management

Revenue from wealth management was HK\$3.0 million for the year ended 31 December 2014 compared to HK\$3.5 million for the year ended 31 December 2013. Operating loss increased from HK\$1.6 million for the year ended 31 December 2013 to HK\$1.9 million for the year ended 31 December 2014.

Property investment

As of 31 December 2014, all the floor area under investment properties was rented out to third parties. Rental income of HK\$8.4 million was recorded for the year ended 31 December 2014. As a result of the fair value loss of HK\$33.2 million of the investment properties as at 31 December 2014, operating loss of HK\$26.2 million was recorded for the year ended 31 December 2014 as compared with the profit of HK\$75.1 million in 2013.

Other business

The Group commenced to build up the business in providing clearing and custodian services to clients in the last quarter of 2013. This segment contributed revenue of HK\$4.9 million for the year ended 31 December 2014. Operating profit of HK\$2.0 million was recorded for the year ended 31 December 2014.

LIQUIDITY AND FINANCIAL RESOURCES

The Group had obtained short term bank credit facilities which were reviewed on a yearly basis and a long term mortgage loan. The facilities for the share margin finance operations were secured by the securities of our margin clients and the Group. The facilities for the money lending operations were clean loans. The outstanding credit facilities were guaranteed by the Company.

The Group monitors capital using a gearing ratio, which is net debt divided by capital plus net debt. Net debt includes interest-bearing bank borrowings, other borrowings, less cash and bank balances. Capital represents total equity. As at 31 December 2014, net debt amounted to HK\$357.7 million (31 December 2013: HK\$390.9 million), which, when related to the Group's capital and net debt of HK\$791.6 million (31 December 2013: HK\$893.5 million), represented a gearing ratio of approximately 45.2% (31 December 2013: 43.8%).

LIQUIDITY AND FINANCIAL RESOURCES (continued)

The Group had a cash balance of HK\$127.2 million at the end of the year (31 December 2013: HK\$102.1 million). The Group had sufficient working capital to meet its operational needs.

PROSPECTS

As a focused local financial institution, the Group offers an integrated set of products and services for its targeted clients. Our products and services are designed and distributed to meet our clients' needs. We are seeing a gradual result from our full-fledged financial service platform.

The uninspiring European economy and expected U.S. interest rate hikes will continue to subdue global economic growth in the short term. Income growth will be challenging in the global market but the prospects are much brighter in China, which remains to be the world's powerhouse of economic growth. As compared to its accelerated growth in the past two decades, China's economic growth will be moderate but it will steadfastly continue with supportive government policies and financial services reforms. However, regulatory focus would be more scrupulous as ever across the globe and China will be following in the same light, thus affecting the sustainability and profitability of products, businesses and the structural formation of businesses worldwide and locally.

Our strategy to identify core activities and invest in them for growth remains on course. Using our extensive local expertise and capabilities, we provide a broad array of comprehensive solutions. Our IPO pipeline is growing in 2015. Having completed restructuring of our asset management team, we are ready to launch new funds and services in 2015. We are increasing our loan books and will continue to develop our margin financing business.

Technological improvements enhance the experience of clients and can reduce their costs and ours. We are revamping our web and mobile services and embark on more backroom automation to generate long-term rewards.

Our colleagues are fully engaged and our new programs are ready for the year. We are committed to deliver on the strategy of focusing on core businesses to generate sustainable returns and meet the needs of all our clients and shareholders.

FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 31 December 2014 (2013: Nil).

CORPORATE GOVERNANCE CODE

The Company had complied with all the code provisions as set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules throughout the year ended 31 December 2014 except that Mr. Ng Hung Sang, the Chairman and an Executive Director of the Company, was unable to attend the annual general meeting of the Company held on 10 June 2014 since he had other business engagements, which deviated from code provision E.1.2.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2014, the Company did not redeem any of its shares listed on the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any such shares.

CHANGE OF INFORMATION IN RESPECT OF DIRECTOR

The total remuneration of Mr. Richard Howard Gorges, an Executive Director of the Company, for the year ended 31 December 2014 amounting to HK\$640,000 (comprising of director's fees of HK\$10,000, salaries of HK\$600,000 and pension scheme contribution of HK\$30,000). While Mr. Richard Howard Gorges remained entitled to the same director's fees at HK\$10,000 per annum, by mutual agreement he ceased to be employed by the Company on 30 April 2014 despite continuing to be a director of the Company. Due to an inadvertent oversight, such a change of director's remuneration was not included in the Group's Interim Report for the six months ended 30 June 2014 as required under Rule 13.51B(1) of the Listing Rules.

AUDIT COMMITTEE

The Company has established an Audit Committee with written terms of reference in compliance with the Listing Rules. The Audit Committee presently comprises three Independent Non-executive Directors, namely Mr. Tung Woon Cheung Eric (Chairman of the Committee), Mrs. Tse Wong Siu Yin Elizabeth and Hon. Raymond Arthur William Sears, Q.C.

The Group's annual results for the year ended 31 December 2014 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures were made.

By Order of the Board
South China Financial Holdings Limited
Ng Hung Sang
Chairman and Executive Director

Hong Kong, 30 March 2015

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 and Mr. Ng Yuk Yeung Paul 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.