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SOUTH CHINA FINANCIAL HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 619)

PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY TWO EXISTING SHARES HELD ON THE RECORD DATE AND RESUMPTION OF TRADING

Underwriter of the Rights Issue



英皇證券(香港)有限公司
Emperor Securities Limited

The Company proposes to raise approximately HK\$251 million before expenses by way of the Rights Issue.

PROPOSED RIGHTS ISSUE

Issue statistics

Basis of the Rights Issue	:	One (1) Rights Share for every two (2) existing Shares held on the Record Date
Subscription Price	:	HK\$0.1 per Rights Share
Number of Shares in issue as at the date of this announcement	:	5,028,084,500 Shares
Number of Rights Shares	:	2,514,042,250 Rights Shares (assuming no further Shares will be issued on or before the Record Date)
Number of issued Shares upon completion of the Rights Issue	:	7,542,126,750 Shares

Amount to be raised	:	Approximately HK\$251 million before expenses
Right of excess applications	:	Qualifying Shareholders may apply for Rights Shares in excess of their provisional allotment

The Company does not have any outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares as at the date of this announcement.

Assuming no Shares will be issued on or before the Record Date, the 2,514,042,250 Rights Shares represent 50% of the Company's issued share capital as at the date of this announcement and will represent approximately 33.33% of the Company's issued share capital as enlarged by the Rights Issue.

Qualifying Shareholders

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and not be a Non-Qualifying Shareholder.

In order to be registered as members of the Company at the close of business on the Record Date, any relevant transfer documents (together with the relevant share certificates) must be lodged with the Registrar at A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 13 May 2015.

Closure of register of members

The register of members of the Company will be closed from Thursday, 14 May 2015 to Monday, 18 May 2015 (both dates inclusive) for determining the entitlements to the Rights Issue. No transfer of Shares will be registered during this period.

Basis of provisional allotments

The basis of the provisional allotment shall be one (1) Rights Share (in nil-paid form) for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing a PAL and lodging the same with a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

Rights of Overseas Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. The Company will comply with Rule 13.36(2)(a) of the Listing Rules and make enquiries regarding the feasibility of extending the offer of the Rights Shares to Overseas Shareholders, if any. If, based on the legal opinions to be provided by the legal advisors to the Company, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the place of his registered address or the requirements of the relevant regulatory body or stock exchange in that place, the Rights Issue will not be extended to such Overseas Shareholders. As at the date of this announcement, there were two Overseas Shareholders.

The Company will send the Prospectus to the Non-Qualifying Shareholders for their information only, but will not send any PAL and EAF to them.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders, to be sold in the market in their nil-paid form during the period from Wednesday, 27 May 2015 to Wednesday, 3 June 2015, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, of more than HK\$100 will be paid on pro-rata basis to the relevant Non-Qualifying Shareholders. In view of administrative costs, the Company will retain individual amounts of HK\$100 or less for its own benefit. Any unsold entitlement of Non-Qualifying Shareholders to the Rights Shares and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders will be made available for excess applications by Qualifying Shareholders under the EAF(s).

Subscription price

The Subscription Price for the Rights Shares is HK\$0.1 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, application for excess Rights Shares under the Rights Issue or when a renouncee of any provisional allotment of the Rights Shares or a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (a) a discount of approximately 42.53% to the closing price of HK\$0.174 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 32.89% to the theoretical ex-rights price of approximately HK\$0.149 per Share based on the closing price of HK\$0.174 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (c) a discount of approximately 40.83% to the average closing price of approximately HK\$0.169 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day.

The Subscription Price was determined after arm's length negotiations between the Company and the Underwriter with reference to the market price of the Shares under the prevailing market conditions. The Directors (including the independent non-executive Directors) consider that the terms of the Rights Issue, including the Subscription Price which has been set at a reasonable discount to the recent closing prices of the Shares with an objective of encouraging existing Shareholders to take up their entitlements so as to participate in the potential growth of the Company in the future, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole. The net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue) upon full acceptance of the relevant provisional allotment of Rights Shares will be approximately HK\$0.099.

Status of Rights Shares

The Rights Shares, when allotted and fully paid, will rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid the record date of which is after the date of allotment of the Rights Shares in their fully-paid form.

Share certificates and refund cheques for the Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted on Monday, 22 June 2015 by ordinary post to the allottees, at their own risk, to their registered addresses. Refund cheques in respect of wholly or partially unsuccessful applications for the excess Rights Shares (if any) are expected to be posted on Monday, 22 June 2015 by ordinary post to the applicants, at their own risk, to their registered addresses.

Fractions of Rights Shares

The Company will not provisionally allot fractions of Rights Shares in nil-paid form to the Qualifying Shareholders. All fractions of Rights Shares will be aggregated (and rounded down to the nearest whole number) and all nil-paid Rights Shares arising from such aggregation will be sold in the market for the benefit of the Company if a premium (net of expenses) can be achieved. Any unsold fractions of Rights Shares will be made available for excess application by the Qualifying Shareholders under the EAF(s).

Application for excess Rights Shares

Qualifying Shareholders may apply, by way of excess application, for any unsold entitlements of the Non-Qualifying Shareholders, for any Rights Shares provisionally allotted but not accepted and for any unsold Rights Shares arising out of the aggregation of fractional entitlements.

Application for excess Rights Shares can be made only by duly completing and signing an EAF (in accordance with the instructions printed therein) and lodging the same with a separate cheque or banker's cashier order for the sum payable for the excess Rights Shares being applied for with the Registrar at A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong by not later than 4:00 p.m. on Monday, 8 June 2015.

The Directors will allocate the excess Rights Shares (if any) at their discretion on a fair and equitable basis and on a pro rata basis in proportion to the number of excess Rights Shares being applied for under each application. No reference will be made to Rights Shares subscribed through applications by PAL or the existing number of Shares held by Qualifying Shareholders. No preference will be given to topping up odd lots to whole board lots.

Shareholders with Shares held by a nominee (or which are held in CCASS) should note that the Board will consider the nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company. Accordingly, such Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to the relevant beneficial owners individually.

Shareholders with Shares held by a nominee (or which are held in CCASS) are advised to consider whether they would like to arrange for the registration of their relevant Shares under the names of the beneficial owners prior to the Record Date for the purpose of the Rights Issue. Shareholders and investors should consult their professional advisers if they are in doubt as to their status.

Odd lot matching services

In order to alleviate the difficulties arising from the existence of odd lots of Rights Shares arising from the Rights Issue, the Company will arrange the odd lot matching services on a best effort basis, to those Shareholders who wish to acquire odd lots of the Rights Shares to make up a full board lot, or to dispose of their holding of odd lots of the Rights Shares. Further details in respect of the odd lots arrangement will be set out in the Prospectus.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from their respective commencement dates of dealings on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms, which are registered in the register of members of the Company, will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

THE UNDERWRITING AGREEMENT

On 30 April 2015, the Underwriter and the Company entered into the Underwriting Agreement, pursuant to which the Underwriter has conditionally agreed to fully underwrite all the Rights Shares, other than those agreed to be taken up by certain Shareholders and Directors pursuant to the Irrevocable Undertaking. The Underwriter has sub-underwritten 131,000,000 Underwritten Shares to the Sub-underwriter.

Agreement date	:	30 April 2015
Underwriter	:	Emperor Securities Limited. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Underwriter and its ultimate beneficial owners are Independent Third Parties.
Total number of Rights Shares being underwritten by the Underwriter	:	1,436,685,198 Rights Shares (having taken into account the Irrevocable Undertaking and assuming no new Shares being issued and there being no repurchase of Shares by the Company on or before the Record Date)
Commission	:	Underwriter will receive 1% of the aggregate Subscription Price of the Underwritten Shares

The terms of the Underwriting Agreement (including the commission rate) were determined after arm's length negotiation between the Company and the Underwriter by reference to the existing financial position of the Group, the size of the Rights Issue, and the current and expected market condition. The Board considers the terms of the Underwriting Agreement including the commission rate are fair and reasonable so far as the Company and the Shareholders are concerned.

The Sub-underwriting Agreement

On 30 April 2015, the Underwriter entered into a sub-underwriting agreement with the Sub-underwriter. If some or all of the Underwritten Shares is not accepted or applied for under PALs or EAFs, the Sub-underwriter shall, act on behalf of its clients which are Independent Third Parties, subscribe for 131,000,000 Rights Shares that are not taken up by the Qualifying Shareholders. As such, the Sub-underwriter shall in any event not itself take up such Rights Shares pursuant to the sub-underwriting agreement. Details of the sub-underwriting agreement are summarised as below:

Sub-underwriter	:	South China Securities Limited (a wholly-owned subsidiary of the Company), acting on behalf of its clients who are Independent Third Parties
Commission	:	Sub-underwriter will receive 0.75% of the aggregate Subscription Price of the 131,000,000 Rights Shares to be underwritten by the Sub-underwriter

The Irrevocable Undertaking

As of the date of this announcement, certain Shareholders and Directors have provided an irrevocable and unconditional undertaking to the Company and the Underwriter, among other things, (i) to accept their entitlements to the provisional allotment of 1,077,357,052 Rights Shares; (ii) to deliver the duly completed and signed PALs and all relevant documents to the Registrar with full payment therefor in accordance with the terms of the Prospectus Documents on or before the Latest Time for Acceptance; and (iii) not to sell or transfer Shares held by them in any manner before the completion or lapse of the Rights Issue.

Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination,

- (A) one or more of the following events or matters shall occur, arise, exist, or come into effect:
- (i) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) after the signing of the Underwriting Agreement;
 - (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring after the signing of the Underwriting Agreement or continuing after the signing the Underwriting Agreement), of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets;

- (iii) any material adverse change after the signing of the Underwriting Agreement in the business or in the financial or trading position of any member of the Group;
- (iv) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out occurred after the signing of the Underwriting Agreement;
- (v) after signing of the Underwriting Agreement, there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange whether due to exceptional financial circumstances or otherwise;
- (vi) there is, after signing of the Underwriting Agreement, any change or any development involving a prospective change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, imposition of economic sanctions, on Hong Kong, the People's Republic of China or other jurisdiction relevant to any member of the Group and a change in currency conditions for the purpose of the clause in the Underwriting Agreement governing the termination of the Underwriting Agreement includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs; or
- (vii) the Prospectus when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or the Takeovers Code or any applicable regulations) which has not prior to the date thereof been publicly announced or published by the Company,

which event or events is or are in the reasonable opinion of the Underwriter:

- (a) likely to have a material adverse effect on the business or financial or trading position or prospects of the Group as a whole;
 - (b) likely to have a material adverse effect on the success of the Rights Issue or the level of the Rights Shares taken up; or
 - (c) make it inappropriate, inadvisable or inexpedient to proceed further with the Rights Issue;
- (B) any breach of any of the warranties or undertakings or any omission to observe any of the obligations or undertakings contained in the representations, warranties and undertakings in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (C) any Specified Event comes to the knowledge of the Underwriter,

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

Upon giving of notice pursuant to the Underwriting Agreement, all obligations of the Underwriter and the Company under the Underwriting Agreement shall terminate forthwith provided that the Company shall remain liable to pay to the Underwriter such fees and expenses (other than the underwriting commission) payable by the Company pursuant to the Underwriting Agreement. If the Underwriter exercises such right, the Rights Issue will not proceed.

Conditions of the Rights Issue

The Rights Issue is conditional upon the following conditions being fulfilled or waived (as appropriate):

- (a) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of, and permission to deal in, the Rights Shares (in their nil-paid and fully-paid forms) prior to the Latest Time for Termination;
- (b) the filing and registration of all the Prospectus Documents (together with any other documents required by applicable law or regulation to be annexed thereto) with the Registrar of Companies in Hong Kong by no later than the Posting Date;
- (c) the posting of the Prospectus Documents to the Qualifying Shareholders by no later than the Posting Date;
- (d) each of the relevant Shareholders and Directors complying with his/its obligations under the Irrevocable Undertaking;
- (e) the Underwriting Agreement not being terminated by the Underwriter pursuant to the terms thereof on or before the Latest Time for Termination; and
- (f) there being no breach of the undertakings and obligations of the Company under the terms of the Underwriting Agreement at the Latest Time for Termination.

The conditions precedent set out in paragraphs (a) to (e) above are incapable of being waived by the Underwriter and the Company. The Underwriter may waive the condition precedent set out in paragraph (f) in whole or in part by written notice to the Company.

If the conditions precedent set out in above paragraphs are not satisfied, and/or remained un-fulfilled at the respective time and dates specified therein (or such other time as may be extended by the Underwriter (as permitted under the relevant legal and regulatory requirements)), the Underwriting Agreement shall terminate (save in respect of the provisions in relation to fees and expenses, indemnity, notices and governing law and any rights or obligations which have accrued under the Underwriting Agreement prior to such termination) and no party will have any claim against any other party for costs, damages, compensation or otherwise, and the Rights Issue will not proceed. The Irrevocable Undertaking shall lapse upon the termination of the Underwriting Agreement.

EXPECTED TIMETABLE

The expected timetable for the Rights Issue is set out below. The expected timetable is subject to change, and any such change will be announced in a separate announcement by the Company as and when appropriate.

	2015 (Hong Kong time)
Last day of dealings in the Shares on cum-rights basis	Monday, 11 May
Commencement of dealings in the Shares on ex-rights basis	Tuesday, 12 May
Latest time for lodging transfers of Shares to be entitled for Rights Issue	4:30 p.m. on Wednesday, 13 May
Register of members closes for determining entitlements under the Rights Issue (both days inclusive)	Thursday, 14 May to Monday, 18 May
Record Date	Monday, 18 May
Register of members re-opens	Tuesday, 19 May
Despatch of the Prospectus Documents	Friday, 22 May
First day for dealings in nil-paid Rights Shares	9:00 a.m. on Wednesday, 27 May
Latest time for splitting nil-paid Rights Shares	4:30 p.m. on Friday, 29 May
Last day for dealings in nil-paid Rights Shares	4:00 p.m. on Wednesday, 3 June
Latest time for acceptance of, and payments for, the Rights Shares and application and payment for excess Rights Shares	4:00 p.m. on Monday, 8 June
Latest time for the termination of the Underwriting Agreement and the Rights Issue become unconditional	4:00 p.m. on Thursday, 11 June
Announcement of results of the Rights Issue to be published	Friday, 19 June
Share certificates for fully-paid Rights Shares expected to be posted	Monday, 22 June
Refund cheques for wholly and partially unsuccessful excess applications to be posted	Monday, 22 June
Dealings in fully-paid Rights Shares commences	9:00 a.m. on Tuesday, 23 June

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company as at the date of this announcement; and immediately after completion of the Rights Issue.

Assuming no further issue of new Shares or repurchase of Shares up to completion of the Rights Issue:

Shareholders	As at the date of this announcement		Assuming all Shareholders have taken up all the Rights Shares		Immediately after completion of the Rights Issue Assuming no Shareholders has taken up the Rights Shares (except the relevant Shareholders and Directors under the Irrevocable Undertaking)	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Fung Shing Group Limited (<i>Note 1</i>)	792,100,504	15.75	1,188,150,756	15.75	1,188,150,756	15.75
Parkfield Holdings Limited (<i>Note 1</i>)	743,728,000	14.79	1,115,592,000	14.79	1,115,592,000	14.79
Ronastar Investments Limited (<i>Note 1</i>)	33,331,200	0.66	49,996,800	0.66	49,996,800	0.66
Mr. Ng (<i>Notes 1 and 2</i>)	185,554,400	3.69	278,331,600	3.69	278,331,600	3.69
Mr. Richard Howard Gorges (<i>Note 2</i>)	209,174,000	4.16	313,761,000	4.16	209,174,000	2.77
Ms. Cheung Choi Ngor (<i>Note 2</i>)	205,000,000	4.08	307,500,000	4.08	307,500,000	4.08
Mr. Ng Yuk Yeung Paul (<i>Note 2</i>)	195,000,000	3.88	292,500,000	3.88	292,500,000	3.88
Hon. Raymond Arthur William Sears, Q.C. (<i>Notes 2 and 3</i>)	1,600,000	0.03	2,400,000	0.03	1,600,000	0.02
The Underwriter (<i>Note 4</i>)	-	-	-	-	1,436,685,198	19.05
Public Shareholders (excluding the Underwriter and the Sub-underwriter)	<u>2,662,596,396</u>	<u>52.95</u>	<u>3,993,894,594</u>	<u>52.95</u>	<u>2,662,596,396</u>	<u>35.30</u>
Total	<u>5,028,084,500</u>	<u>100.00</u>	<u>7,542,126,750</u>	<u>100.00</u>	<u>7,542,126,750</u>	<u>100.00</u>

Notes:

1. Fung Shing Group Limited, Parkfield Holdings Limited and Ronastar Investments Limited are wholly-owned by Mr. Ng. As such, Mr. Ng is deemed to have interest in the Shares held by the said companies.

2. Mr. Ng, Mr. Richard Howard Gorges, Ms. Cheung Choi Ngor, Mr. Ng Yuk Yeung Paul and Hon. Raymond Arthur William Sears, Q.C. are Directors.
3. The 1,600,000 Shares are the spouse interest of Hon. Raymond Arthur William Sears, Q.C.
4. The Underwriter has sub-underwritten 131,000,000 Underwritten Shares to the Sub-underwriter, which acts on behalf of its clients who are Independent Third Parties.

REASONS FOR THE RIGHTS ISSUE

The principal activity of the Company is investment holding. The principal activities of the subsidiaries consist of securities, commodities, bullion and forex broking and trading, margin financing, money lending, provision of corporate advisory and underwriting services, wealth management, property investment and investment holding.

To transform from a traditional local retail brokerage firm into a versatile financial institution, the Company intends to use the proceeds of for expanding and leveraging on its existing businesses, in particular, securities trading, share margin, money lending and wealth management, the Directors consider that the Rights Issue represents a good opportunity to strengthen the financial position of the Group and to raise additional funds at a reasonable cost to support the Group's continuing development and business growth. The Rights Issue will also give the Qualifying Shareholders the opportunity to subscribe for the Shares according to their respective shareholding interests in the Company. Hence, the Board considers that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

The gross proceeds of the Rights Issue will be approximately HK\$251 million. The net proceeds from the Rights Issue, after the deduction of the relevant commission and other related expenses, are estimated to be approximately HK\$248.5 million. The Company intends to use the net proceeds of the Rights Issue for expansion of the existing businesses of the Company, with 24% of the net proceeds for the brokerage business, 38% for the margin financing business and 32% for the money lending business; and the remaining for general working capital and to finance any future business opportunities to be identified by the Company.

FUND RAISING ACTIVITIES INVOLVING ISSUE OF SECURITIES IN THE PAST 12 MONTHS

No fund raising exercise was carried out by the Company during the 12 months period immediately preceding the date of this announcement.

LISTING RULES IMPLICATIONS

As the Rights Issue will increase the issued share capital and the market capitalisation of the Company by not more than 50% within the 12-month period immediately preceding the date of this announcement, the Rights Issue is not conditional on approval by the Shareholders.

GENERAL

The Prospectus containing further information regarding, among other things, the Rights Issue, information on application and acceptances of the Rights Issue and application for excess Rights Shares, and other information in respect of the Group, the PALs and the EAFs are

expected to be despatched to the Qualifying Shareholders on Friday, 22 May 2015. The Prospectus (without the PAL and EAF) will be despatched to the Non-Qualifying Shareholders for their information only.

WARNING OF THE RISKS OF DEALING IN SHARES AND RIGHTS SHARES

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sub-paragraph headed “Termination of the Underwriting Agreement” above). Accordingly, the Rights Issue may or may not proceed.

The Shares are expected to be dealt in on an ex-rights basis from Tuesday, 12 May 2015. Dealings in the Rights Shares in nil-paid form are expected to take place from Wednesday, 27 May 2015 to Wednesday, 3 June 2015 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been halted from 9:00 a.m. on Tuesday, 28 April 2015 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:00 a.m. on Monday, 4 May 2015.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Board” the board of Directors

“Business Day(s)” a day (excluding Saturday and Sunday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business

“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	South China Financial Holdings Limited, a company incorporated in Hong Kong with limited liability, the ordinary shares of which are listed on Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“EAF(s)”	the form(s) of application for use by the Qualifying Shareholders who wish to apply for excess Rights Shares, being in such form as may be agreed between the Company and the Underwriter
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third parties independent of and not connected (as defined under the Listing Rules) with the Company and connected person(s) of the Company
“Irrevocable Undertaking”	the irrevocable undertaking dated 30 April 2015 executed by each of Mr. Ng, Ms. Cheung Choi Ngor, Mr. Ng Yuk Yeung Paul, Fung Shing Group Limited, Parkfield Holdings Limited and Ronastar Investments Limited in favour of the Company and the Underwriter
“Last Trading Day”	27 April 2015, being the last trading day of the Shares on the Stock Exchange before the release of this announcement
“Latest Time for Acceptance”	4:00 p.m. on Monday, 8 June 2015 or such other time as may be agreed between the Company and the Underwriter, being the latest time for acceptance of the offer of and payment for the Rights Shares
“Latest Time for Termination”	4:00 p.m. on Thursday, 11 June 2015, being the third Business Day after the Latest Time for Acceptance, or such other time as may be agreed between the Company and the Underwriter
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Mr. Ng”	Mr. Ng Hung Sang, the Chairman, Executive Director and substantial Shareholder of the Company
“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Rights Issue to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Overseas Shareholder(s)”	Shareholder(s) with registered address(es) (as shown on the register of members of the Company on the Record Date) which is(are) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Posting Date”	22 May 2015 or such other date as the Underwriter may agree in writing with the Company, being the date of despatch of the Prospectus Documents
“Prospectus”	the prospectus to be despatched to the Shareholders containing details of the Rights Issue
“Prospectus Documents”	the Prospectus, PAL and EAF
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholder(s)
“Record Date”	18 May 2015 or such other date as may be agreed between the Company and the Underwriter, being the date for determining entitlements of Shareholders to participate in the Rights Issue
“Registrar”	Union Registrars Limited at A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong
“Rights Issue”	the proposed issue by way of rights on the Record Date at the Subscription Price pursuant to the Prospectus Documents and as contemplated under the Underwriting Agreement
“Rights Share(s)”	2,514,042,250 Shares to be allotted and issued by the Company under the Rights Issue
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	the holder(s) of the issued Shares
“Specified Event”	an event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which render any of the warranties contained in the Underwriting Agreement untrue, inaccurate misleading

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.1 per Rights Share
“Sub-underwriter”	South China Securities Limited, a wholly-owned subsidiary of the Company and a licensed corporation to carry out business in type 1 (dealing in securities) regulated activities under the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong), acting on behalf of its clients who are Independent Third Parties
“Underwriter”	Emperor Securities Limited, a licensed corporation to carry out business in type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong)
“Underwriting Agreement”	the underwriting agreement entered into between the Company and the Underwriter on 30 April 2015 in relation to the underwriting arrangement in respect of the Rights Issue
“Underwritten Shares”	1,436,685,198 Rights Shares underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement
“%”	per cent

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

Hong Kong, 30 April 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.