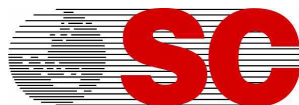


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SOUTH CHINA FINANCIAL HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 619)

SUPPLEMENTARY ANNOUNCEMENT RELATING TO SHARE AWARD SCHEME

Reference is made to the announcement of South China Financial Holdings Limited (the “Company”) dated 10 June 2015 relating to the share award scheme (the “Announcement”). Unless otherwise defined, capitalized terms used in this announcement shall bear the same meanings as those defined in the Announcement.

The Board would like to provide the following supplemental information in respect of the Scheme.

PARTICIPANTS OF THE SCHEME

The Board (and/or the Trustee pursuant to its powers under the section headed “The Returned Shares” and the Trust Deed) may, from time to time, at their absolute discretion select any Employee (excluding any Excluded Employee) for participation in the Scheme as a Selected Employee. However, until so selected, no Employee shall be entitled to participate in the Scheme.

DURATION OF THE SCHEME

Subject to any early termination as may be determined by the Board pursuant to the section headed “Termination” below, the Scheme shall be valid and effective for a term of 15 years commencing on 10 June 2015, the date on which the Scheme is adopted by the Board (the “Adoption Date”), provided that no further settlement of Reference Amount shall be made on or after the 10th anniversary date of the Adoption Date.

OPERATION OF THE SCHEME

(A) Subject to the section headed “The Scheme Limit” below,

- (a) the Board shall select Selected Employee(s) and determine the Reference Awarded Sum for the purchase of Shares and/or Other Shares to be awarded. The Board shall, after having regard to the requirement under (J) below, cause to be paid the Reference Amount, being the sum of (i) the aggregate of the Reference Awarded Sums awarded to all Selected Employees and (ii) the related

purchase expenses (including for the time being, the brokerage fee, stamp duty, the Securities and Futures Commission transaction levy, Stock Exchange trading fee and investor compensation levy and such other necessary expenses required for the completion of the purchase of all the Awarded Shares) to the Trustee (or as it shall direct) from the Company's resources as soon as practicable; and

- (b) the Board may cause to be paid an amount to the Trustee from the Company's resources from time to time for the purpose of purchase of Shares and/or Other Shares, prior to the selection of Selected Employee(s), provided always that any Shares and/or Other Shares purchased shall form part of the capital of the Trust Fund.

As a long-established financial services provider providing a wide range of financial services, notwithstanding that the economic benefits of the Other Company may have no correlation with the Company's performance, the inclusion of Other Shares in the Scheme, however, leverages the Company's expertise in identifying sources of potential return and formulating innovative portfolio strategies, and shall serve as an alternative mean to cash bonuses for the participants under the Scheme who thereby shall be more conversant with the industry and the services the Company provides.

- (B) Awarded Shares and Related Income held by the Trustee upon the Trust and which are referable to a Selected Employee shall vest in that Selected Employee in accordance with the direction given by the Board at the time of the Award, provided that the Selected Employee remains at all times after the Reference Date and on each of the vesting dates an Employee of the Company or a subsidiary of the Company (for this purpose, the date or each such date on which the Awarded Shares and the Related Income are to vest being hereinafter referred to as a "Vesting Date").
- (C) Notwithstanding (B) above, in respect of a Selected Employee who died or retired at his normal retirement date or earlier by agreement with the Company or subsidiary of the Company at any time prior to a Vesting Date, all the Awarded Shares and the Related Income of a Selected Employee shall be deemed to be vested on the day immediately prior to his death or retirement at his normal retirement date or earlier by agreement with the Company or the Subsidiary.
- (D) In the event of the death of a Selected Employee, the Trustee shall hold the vested Awarded Shares and the Related Income (hereinafter referred to as "Benefits") upon trust and to transfer the same to the legal personal representatives of the Selected Employee and subject as aforesaid the Trustee shall hold the Benefits or so much thereof as shall not be transferred or applied under the foregoing powers within (i) two years of the death of the Selected Employee (or such longer period as the Trustee and the Board shall agree from time to time) or (ii) the Trust Period (whichever is shorter) upon trust to transfer the same to the legal personal representatives of the Selected Employee or, if the Benefits would otherwise become bona vacantia, the Benefits shall be forfeited and cease to be transferable and such Benefits shall be held as Returned Shares for the purposes of the Scheme. Notwithstanding the foregoing, the Benefits held upon the trusts hereof shall until transfer is made in accordance herewith be

retained and may be invested and otherwise dealt with by the Trustee in every way as if they had remained part of the Trust Fund.

- (E) Save as provided in (C) above, in the event (i) a Selected Employee ceases to be an Employee, or (ii) the Subsidiary by which a Selected Employee is employed ceases to be a subsidiary of the Company (or of a member of the Group), or (iii) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company) (each of these, an event of “Total Lapse”), the Award shall automatically lapse forthwith and all the Awarded Shares and Related Income of such Award shall not vest on the relevant Vesting Date but shall become Returned Shares for the purposes of the Scheme.
- (F) In the event (i) a Selected Employee is found to be an Excluded Employee or (ii) a Selected Employee fails to return duly executed transfer documents prescribed by the Trustee for the relevant Awarded Shares and the Related Income within the stipulated period (whether in the ordinary vesting pursuant to the vesting timetable set out in (B) above or on such other dates as provided in these rules of the Scheme), or (iii) an order for the winding-up of the Other Company is made or a resolution is passed for the voluntary winding-up of the Other Company (otherwise than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Other Company pass to a successor company) (each of these, an event of “Partial Lapse”), the relevant part of an Award made to such Selected Employee shall automatically lapse forthwith and the relevant Awarded Shares and Related Income shall not vest on the relevant Vesting Date but shall become Returned Shares for the purposes of the Scheme.
- (G) Except in the circumstances as set out in (C) above in respect of the death of a Selected Employee or retirement of a Selected Employee at his normal retirement date or earlier by agreement with the Company or Subsidiary, or a Total Lapse,
 - (i) barring any unforeseen circumstances, unless otherwise agreed between the Board and the Trustee, one month prior to any Vesting Date, the Trustee shall send to the relevant Selected Employee (with a copy to the Company) a vesting notice together with such prescribed transfer documents which require the Selected Employee to execute to effect the vesting and transfer of the Awarded Shares and the Related Income on the relevant Vesting Date; and
 - (ii) subject to the receipt by the Trustee of (a) transfer documents prescribed by the Trustee and duly signed by the Selected Employee within the period stipulated in the vesting notice referred to in (G)(i) above, and (b) a confirmation from the Company that all vesting conditions having been fulfilled, the Trustee shall transfer the relevant Awarded Shares and the Related Income to the relevant Selected Employee.

- (H) Any Award made hereunder shall be personal to the Selected Employee to whom it is made and shall not be assignable and no Selected Employee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to either the Reference Awarded Sum or the Reference Amount or the Awarded Shares referable to him pursuant to such Award or the Related Income or any of the Returned Shares under the Scheme.
- (I) For the avoidance of doubt,
- (i) a Selected Employee shall only have a contingent interest in the Awarded Shares and the Related Income which are referable to him subject to the vesting of such Shares or Other Shares (as the case maybe) in accordance with (B) above;
 - (ii) a Selected Employee shall have no rights in the Residual Cash or any of the Returned Shares;
 - (iii) no instructions may be given by a Selected Employee to the Trustee in respect of the Awarded Shares and the Related Income, and such other properties of the Trust;
 - (iv) the Trustee shall not exercise the voting rights in respect of any Shares or Other Shares (as the case maybe) held under the Trust (including but not limited to the Awarded Shares, the Further Shares, the Returned Shares, any bonus and scrip Shares or Other Shares (as the case maybe));
 - (v) a Selected Employee shall have no rights in the balance fractional share of the Related Income of an Award and of the Shares or Other Shares (as the case maybe) not so allocated to him and the fractional share arising out of consolidation of Shares or Other Shares (as the case maybe) (such Shares or Other Shares (as the case maybe) shall be deemed as Returned Shares for the purposes of the Scheme);
 - (vi) all cash income and the sale proceeds of non-scrip distribution declared in respect of a Share and/or Other Share (as the case maybe) held upon the Trust will be applied towards the purchase of Further Shares, in the event the record date for ascertaining entitlement to distribution in respect of the Shares or Other Shares (as the case maybe) held upon the Trust is on a date earlier than a Vesting Date but the date of purchase of the Further Shares falls on or after the Vesting Date, the Trustee shall transfer such relevant Further Shares to the Selected Employee forthwith, after the purchase, subject to the receipt of duly executed prescribed transfer document by the Trustee within the stipulated period;
 - (vii) save as provided under (D) above, in the event a Selected Employee ceases to be an Employee on the relevant Vesting Date, the award of the Awarded Shares and the Related Income in respect of the relevant Vesting Date shall lapse, such Awarded Shares and Related Income shall not vest on the relevant Vesting Date and the Selected Employee shall have no claims against the Company or the Trustee; and

- (viii) in the case of the death of a Selected Employee, the Benefits shall be forfeited if no transfer of the Benefits to the legal personal representatives of the Selected Employee is made within the period prescribed in (D) above, the legal personal representatives of the Selected Employee shall have no claims against the Company or the Trustee.
- (J) No payment shall be made to the Trustees pursuant to (A) above and no instructions to acquire Shares or Other Shares shall be given to the Trustees under the Scheme where any director of the Company is in possession of unpublished price sensitive information in relation to the Company or the Other Company (as the case maybe) or where dealings by directors are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time.
- (K) In respect of the administration of the Scheme, the Company shall comply with all applicable disclosure regulations including without limitation those imposed by the Listing Rules from time to time.
- (L) Cash income of an Awarded Share shall be applied towards (i) the purchase of Further Shares to be held upon trust referable to the relevant Selected Employees and the payment of the relevant purchase expenses and (ii) the remainder, if any, to defray the fees, costs and expenses of the Trust.

THE RETURNED SHARES

The Trustee shall hold Returned Shares exclusively for the benefit of all or one or more of the Employees (excluding any Excluded Employee), whether the awardee is a Selected Employee at the time of award, as the Trustee in its absolute discretion shall at any time determine, after having taken into consideration recommendations of the Board.

When Returned Shares have been awarded, the Trustee shall notify the Board accordingly.

THE SCHEME LIMIT

The Company shall settle a sum of up to and not exceeding HK\$20 million for the purpose of purchase of such number of Shares and/or Other Shares (as the case maybe) to be awarded by the Board to Selected Employee(s) under the Scheme. As long as the applicable rules and laws are complied with, such as maintaining sufficient public float, there is no requirement about the amount of Shares may be purchased in terms of percentage to the total issued share capital of the Company under the Scheme.

There is no restriction under the Scheme on the maximum percentage of Shares to be granted and the maximum percentage of Shares that could be awarded to a Selected Employee. The Company will comply with the relevant provisions under the Listing Rules where appropriate.

ALTERATION OF THE SCHEME

The Scheme may be altered in any respect by a resolution of the Board provided that no such alteration shall operate to affect adversely any subsisting rights of any Selected Employee hereunder except with:

- (i) the consent in writing of Selected Employees is obtained amounting to three-fourths in nominal value of all Shares and Other Shares (as the case maybe) so held by the Trustee on that date; or
- (ii) the sanction of a special resolution passed at a meeting of Selected Employees.

TERMINATION

(A) The Scheme shall terminate on the earlier of;

- (i) on the 15th anniversary date of the Adoption Date; or
- (ii) the vesting of all the Awarded Shares to the Employees as awarded by the Board; and
- (iii) such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any Selected Employee.

(B) Upon termination,

- (i) all the Awarded Shares and Related Income shall become vested on the Selected Employee so referable on such date of termination save in respect of the Total Lapse, subject to the receipt by the Trustee of the transfer documents prescribed by the Trustee and duly executed by the Selected Employee within the period stipulated by the Trustee;
- (ii) Returned Shares and such non-cash income remaining in the Trust Fund shall be sold by the Trustee, within 20 Business Days (on which the trading of the Shares or Other Shares (as the case maybe) has not been suspended) of receiving notice of such termination of the Scheme (or such longer period as the Board may otherwise determine); and
- (iii) Residual Cash, net proceeds of sale referred to in (ii) above and such other funds remaining in the Trust (after making appropriate deductions in respect of all disposal costs, liabilities and expenses in accordance with the Trust Deed) shall be remitted to the Company forthwith after the sale. For the avoidance of doubt, the Trustee may not transfer any Shares or Other Shares (as the case maybe) to the Company nor may the Company otherwise hold any Shares or Other Shares (as the case maybe) whatsoever (other than its interest in the proceeds of sale of such Shares or Other Shares (as the case maybe) pursuant to (ii) above).

(C) For the avoidance of doubt, the temporary suspension of the granting of any Award shall not be construed as a decision to terminate the operation of the Scheme.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Award”	an award of Shares and/or Other Shares purchased with the Reference Awarded Sum (together with any Related Income) by the Board pursuant to (A)(a) under the section headed “Operation of the Scheme” or an award of Shares or Other Shares (together with any Related Income) by the Board or by the Trustee pursuant to (A)(b) under the section headed “Operation of the Scheme” or by the Trustee pursuant to the section headed “The Returned Shares” to a Selected Employee pursuant to the Scheme;
“Awarded Shares”	in respect of a Selected Employee, such number of Shares and/or Other Shares purchased with the Reference Awarded Sum and allocated by the Trustee from the total number of Shares or Other Shares purchased out of cash paid by the Company by way of settlement pursuant to (A)(a) under the section headed “Operation of the Scheme” to the Trustee; or an award of Shares and/or Other Shares (together with any Related Income) by the Board or by the Trustee pursuant to (A)(b) under the section headed “Operation of the Scheme”; or such number of Returned Shares awarded by the Trustee pursuant to the section headed “The Returned Shares”;
“Business Day”	a day (other than a Saturday) on which the Stock Exchange is open for trading and on which banks are open for business in Hong Kong;
“Employee”	any employee (including without limitation any connected person of the Company as defined under the Listing Rules) of the Company or of any Subsidiary;
“Excluded Employee”	any Employee who is resident in a place where the settlement of the Reference Amount and the award of the Awarded Shares and/or the award of the Returned Shares and/or the vesting and transfer of Shares or Other Shares pursuant to the terms of the Scheme is not permitted under the laws and regulations of such place or where in the view of the Board or the Trustee (as the case may be) compliance with applicable laws and regulations in such place make it necessary or expedient to exclude such Employee;
“Further Shares”	Shares and/or Other Shares purchased by the Trustee out of cash income or net proceeds of sale of non-cash and non-scrip distributions declared and distributed by the Company or the Other Company (as the case maybe) in respect of Shares and/or Other Shares (as the case maybe) held upon the Trust;

“Partial Lapse”	shall have the meaning as set out in (F) under section headed “Operation of the Scheme”;
“Reference Amount”	shall have the meaning as set out (A)(a) under section headed “Operation of the Scheme”;
“Reference Awarded Sum”	in respect of a Selected Employee, such amount, as determined by the Board from time to time pursuant to (A)(b) under section headed “Operation of the Scheme”, for the purchase of Awarded Shares;
“Related Income”	all income derived from a Share and/or Other Share held upon the Trust in the form of Shares or Other Shares (including but not limited to, the Further Shares, and any bonus Shares and scrip Shares and/or Other Shares received in respect of the Share and/or Other Share). For the avoidance of doubt, excluding any nil paid right, bonus warrant, non cash and non scrip distribution or proceeds of sale of the same or Residual Cash;
“Residual Cash”	being cash remaining in the Trust Fund in respect of an Awarded Share (including interest income derived from deposits maintained with licensed banks in Hong Kong, cash income and sale proceeds which have not been applied in the acquisition of Further Shares);
“Returned Shares”	such Awarded Shares and Related Income which are not vested and/or forfeited in accordance with the terms of the Scheme (whether as a result of a Total Lapse or a Partial Lapse or otherwise), or was forfeited in accordance with the terms of the Scheme, or such Shares or Other Shares being deemed to be Returned Shares;
“Selected Employee”	Employee(s) selected by the Board pursuant to section headed “Participants of the Scheme” and Employee(s) selected by the Trustee after having taken into consideration recommendations of the Board pursuant to the section headed “The Returned Shares” for participation in the Scheme;
“Subsidiary”	a company which is for the time being and from time to time a subsidiary (within the meaning given under section 2 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) of the Company, whether incorporated in Hong Kong or elsewhere;
“Total Lapse”	shall have the meaning as set out in (E) under section headed “Operation of the Scheme”;

- “Trust Fund”
- (a) all Shares and Other Shares acquired by the Trustee for the purpose of the Trust out of (i) cash paid to the Trustee by way of settlement or otherwise contributed by the Company and such other person; and (ii) cash income or net proceeds of sale of non-cash and non-scrip distribution in respect of the Shares and Other Shares so held under the Trust, Residual Cash and such other scrip income (including but not limited to bonus Shares and Other Shares and scrip dividends declared by the Company and Other Company (as the case maybe)) derived from the Shares and Other Shares held upon the Trust; and
 - (b) all other properties from time to time representing (i) and (ii) above; and
- “Vesting Date” shall have the meaning as set out in (B) under section headed “Operation of the Scheme”.

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

Hong Kong, 18 September 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.