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SOUTH CHINA FINANCIAL HOLDINGS LIMITED

南華金融控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00619)

(1) POLL RESULTS OF EXTRAORDINARY GENERAL MEETING HELD ON 23 AUGUST 2019; AND (2) LAPSE OF RIGHTS ISSUE

References are made to the circular (the “**Circular**”) and the notice (the “**Notice**”) of the extraordinary general meeting (“**EGM**”) of South China Financial Holdings Limited (the “**Company**”) dated 2 August 2019 regarding (i) the Rights Issue; (ii) application for the Whitewash Waiver; and (iii) notice of EGM. Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Circular.

POLL RESULTS OF THE EGM

The Board announced that all the proposed resolutions as set out in the notice of the EGM were not approved by the Independent Shareholders of the Company by way of poll. As at the date of the EGM, there were 301,277,070 Shares in issue. The relevant poll results are set out as follows:

RESOLUTIONS		Total number of Shares actually voted	Number of Shares actually voted (Approximate % of total number of Shares actually voted)	
			For	Against
ORDINARY RESOLUTIONS				
1.	To approve the Rights Issue and the transactions contemplated thereunder (including the Placing Agreement for the purpose of the Compensatory Arrangements) in terms as set out in Ordinary Resolution number 1 in the Notice, and to authorise any Directors to sign or execute such documents and do all such acts and things in connection with the implementation of or giving effect to or the completion of any matters relating to the Rights Issue, the Placing Agreement and the transactions contemplated thereunder as they may in their discretion consider to be necessary, appropriate, desirable or expedient to implement or to give effect to any matters relating to the Rights Issue.	62,708,772	28,596,978 (45.60%)	34,111,794 (54.40%)
2.	To approve the Underwriting Agreement and the transactions contemplated thereunder in terms as set out in Ordinary Resolution number 2 in the Notice, and to authorise any Directors to sign or execute such documents and do all such acts and things in connection with the implementation of or giving effect to or the completion of any matters relating to the Underwriting Agreement and the transactions contemplated thereunder as they may in their discretion consider to be necessary, appropriate, desirable or expedient to implement or to give effect to any matters relating to the Underwriting Agreement.	62,708,772	28,596,978 (45.60%)	34,111,794 (54.40%)

RESOLUTIONS		Total number of Shares actually voted	Number of Shares actually voted (Approximate % of total number of Shares actually voted)	
			For	Against
SPECIAL RESOLUTION				
3.	To approve the Whitewash Waiver granted or to be granted by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong to the Underwriter and the parties acting in concert with it pursuant to the Code on Takeovers and Mergers from an obligation to make a general mandatory offer for all the issued shares of the Company not already owned by the Underwriter and the parties acting in concert with it as a result of the taking up of the Underwritten Shares pursuant to the Underwriting Agreement and to authorise the Directors to do all such things and acts and execute all documents which they consider necessary, appropriate, desirable or expedient to implement or to give effect to any matters relating to the Whitewash Waiver.	62,708,772	28,596,978 (45.60%)	34,111,794 (54.40%)

Notes:

1. The number of Shares entitling the Independent Shareholders to attend and vote on the proposed resolutions at the EGM was 183,815,152.
2. No Shares entitling the Shareholders to attend and abstain from voting in favour of the proposed resolutions at the EGM as set out in Rule 13.40 of the Listing Rules.
3. In accordance with Rule 7.19A(1) and Rule 7.27A(1) of the Listing Rules, the Directors (excluding the independent non-executive Directors) and chief executive of the Company and their respective associates had abstained from voting in favour since there is no controlling shareholder.

In accordance with the Takeovers Code, (i) the Underwriter and any parties acting in concert with the Underwriter (namely Mr. Ng, Fung Shing Group Limited, Parkfield Holdings Limited, Ronastar Investments Limited, Mr. Paul Ng, Ms. Cheung and Mr. Gorges); and (ii) Shareholders who are involved in, or interested in, the Rights Issue, the Underwriting Agreement or the Whitewash Waiver, including but not limited to the Underwriter and parties acting in concert with it, are required to and did abstain from voting on the resolution(s) to approve the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver at the EGM. As at the date of the EGM, Ms. Jessica Ng, the daughter of Mr. Ng does not own/hold any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company and is therefore not entitled to vote on any of the resolutions at the EGM.

Therefore, the number of Shares that are required under the Listing Rules and the Takeovers Code to abstain from voting on the proposed resolutions was 117,461,918 in aggregate comprising (i) Mr. Ng, the chairman of the Board, an executive Director and Substantial Shareholder of the Company and the

beneficial owner of the Underwriter, together with his associates (namely the Underwriter, Fung Shing Group Limited, Parkfield Holdings Limited, Ronastar Investments Limited and Mr. Paul Ng), holding 100,161,607 Shares in aggregate; and (ii) Ms. Cheung, a Director and Mr. Gorges, both being directors of the Underwriter, holding 12,300,311 and 5,000,000 Shares respectively.

4. Union Registrars Limited, the share registrar of the Company, acted as scrutineer for the poll taken at the EGM.
5. As stated in the Circular, Hon. Raymond Arthur William Sears, Q.C., is deemed to be interested in 53,000 Shares by virtue of his spouse's interest in such Shares. Whereby it is intended that he will not accept any of his deemed entitlement of 53,000 Rights Shares in respect of the Rights Issue, but he will vote in favour of the relevant resolutions to be proposed at the EGM to approve the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder, and the Whitewash Waiver. Saved as disclosed above, no Shareholders had stated any intention in the Circular to vote for or against the proposed resolutions.
6. Save as disclosed, no other Shareholder is required to abstain from voting at the EGM.

As less than 50% of the votes were cast in favour of each of the proposed ordinary resolutions and less than 75% of the votes were cast in favour of the proposed special resolution, all the proposed resolutions were not passed by the Independent Shareholders by way of poll.

LAPSE OF RIGHTS ISSUE

As disclosed in the Circular, the Rights Issue is conditional upon, among others, the approval by the Independent Shareholders by way of poll at the EGM. As the Rights Issue was not approved by the Independent Shareholders at the EGM, the Underwriting Agreement will not become unconditional and the Rights Issue will not proceed. Accordingly, the Prospectus Documents will not be despatched and the expected timetable for the Rights Issue, the associated trading arrangements and book close arrangement as set out in the Circular will not come into effect. Although the Rights Issue will not proceed, the Directors consider that there is no material adverse impact on the financial position and operation of the Company. As stated in the Circular, the Company intended to use part of the proceeds from the Rights Issue to strengthen its capital base for its margin financing business as required under Guidelines. As the Rights Issue will not proceed, the Company is considering (i) other way of financing for the capital base for its margin financing business; (ii) scale-down its margin financing business; and/or (iii) reduce both the number of clients and the size of the margin loan portfolio in order to meet the Guidelines. As at the date of this announcement, there is no concrete plan decided by the Company as to the way of financing for the capital base for its margin financing.

Shareholders and potential investors should exercise caution when dealing in the Shares.

By Order of the Board
South China Financial Holdings Limited
Ng Yuk Mui Jessica
Executive Director and Chief Executive Officer

Hong Kong, 23 August 2019

As at the date of this announcement, the Directors are (1) Mr. Ng Hung Sang, Ms. Cheung Choi Ngor and Ms. Ng Yuk Mui Jessica as executive Directors; and (2) Hon. Raymond Arthur William Sears, Q.C., Mrs. Tse Wong Siu Yin Elizabeth and Mr. Tung Woon Cheung Eric as independent non-executive Directors.

The Directors jointly and severally accept full responsibility for the 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.