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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in South China Financial Holdings Limited, you should at once hand this circular and the accompanying proxy form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)**

### ADOPTION OF NEW SHARE OPTION SCHEME AND NOTICE OF EXTRAORDINARY GENERAL MEETING

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A notice convening an extraordinary general meeting (the “EGM”) of South China Financial Holdings Limited (the “Company”) to be held at 28th Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong on Tuesday, 9 August 2022 at 10:00 a.m. is set out on pages 20 and 21 of this circular.

A proxy form for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM or any adjournment thereof, you are requested to read the notice and complete and return the proxy form in accordance with the instructions printed thereon, to the Company’s share registrar, Union Registrars Limited at Suites 3301–04 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the extraordinary general meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

#### PRECAUTIONARY MEASURES FOR THE EGM

To safeguard the health and safety of the Shareholders and to prevent the spreading of the COVID-19 pandemic, the following precautionary measures will be implemented at the EGM: (i) compulsory temperature screening/ checks; (ii) wearing of surgical face mask; and (iii) no provision of refreshments or drinks or souvenir. Attendees who do not comply with the precautionary measures referred to in (i) and (ii) above may be denied entry to the EGM venue, at the absolute discretion of the Company as permitted by law. Any person who does not comply with the precautionary measures or is subject to any Hong Kong Government prescribed quarantine may be denied entry into the EGM venue. For the health and safety of the Shareholders, the Company would like to encourage Shareholders to exercise their right to vote at the EGM by appointing the Chairman of the EGM as their proxy and to return their proxy forms by the time specified above, instead of attending the EGM in person.

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## DEFINITIONS

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*In this circular, unless the context requires otherwise, the following expressions have the following meanings:*

“2012 Share Option Scheme”	the share option scheme adopted by the Company on 5 June 2012 with a valid period of ten (10) years effective on 11 June 2012 and expired on 11 June 2022
“Articles of Association”	the articles of association of the Company
“Board”	the Company’s board of Directors
“Business Day”	means a day (other than a Saturday, Sunday or public holiday and days on which a typical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong) on which licensed banks in Hong Kong are generally open for ordinary banking business throughout their normal business hours
“Company”	South China Financial Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Effective Date”	the date on which the conditions referred to in the New Share Option Scheme are fulfilled
“EGM”	the extraordinary general meeting of the Company to be convened and held at 28th Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong on Tuesday, 9 August 2022 at 10:00 a.m., notice of which is set out on pages 20 and 21 of this circular
“Exercise Price”	the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option under the New Share Option Scheme
“Grantee”	any Participant who accepts the offer of the grant of any Option in accordance with the terms of the New Share Option Scheme or (where the context so permits) a person entitled to any such Option in consequence of the death of the original Grantee
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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## DEFINITIONS

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“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	30 June 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share Option Scheme”	the new share option scheme proposed to be adopted by the Company at the EGM, a summary of the principal terms of which is set out in Appendix to this circular
“Option(s)”	share option(s) that may be granted under the New Share Option Scheme by the Board to the Participant(s) with rights to subscribe for Shares at a pre-determined exercise price in accordance with the New Share Option Scheme
“Participant(s)”	(i) any executive director, employee or proposed employee (whether full-time or part-time) of any member of the Group; (ii) any non-executive director (including any independent non-executive director) of any member of the Group; (iii) any business partner, agent, consultant, contractor or representative of any member of the Group; (iv) any supplier of goods or services to any member of the Group; (v) any customer of any member of the Group; (vi) any person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to any member of the Group; and (vii) any other group or classes of participants from time to time determined by the Board as having contributed or may contribute to the long-term development and growth of any member of the Group (including any discretionary object of a participant which is a discretionary trust); and, for the purposes of the New Share Option Scheme, shall include any company wholly owned by one or more persons belonging to any of the aforesaid classes of participants
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trading Day”	means a day on which the Stock Exchange is open for the trading of securities
“%”	per cent.



**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)**

**Executive Directors:**

Mr. Ng Hung Sang (*Chairman*)  
Ms. Cheung Choi Ngor (*Vice-chairman*)  
Ms. Ng Yuk Mui Jessica (*Executive Vice Chairman*  
*and Chief Executive Officer*)

**Registered office:**

28th Floor  
Bank of China Tower  
1 Garden Road  
Central  
Hong Kong

**Independent Non-executive Directors:**

Mrs. Tse Wong Siu Yin Elizabeth  
Hon. Raymond Arthur William Sears, Q.C.  
Mr. Tung Woon Cheung Eric

8 July 2022

*To the Shareholders and, for information only, the holders of share options of the Company*

Dear Sir or Madam,

**ADOPTION OF NEW SHARE OPTION SCHEME  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

Reference is made to the announcement of the Company dated 9 June 2022 in relation to the proposed adoption of the New Share Option Scheme.

The purpose of this circular is to provide you with the relevant information regarding the proposed adoption of the New Share Option Scheme and to give you notice of the EGM at which resolution will be proposed to consider, and, if thought fit, approve at the EGM, among other matters, the proposed adoption of the New Share Option Scheme.

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## LETTER FROM THE BOARD

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### PROPOSED ADOPTION OF THE NEW SHARE OPTION SCHEME

The 2012 Share Option Scheme was valid and effective for a period of ten (10) years effective on 11 June 2012 and expired on 11 June 2022. For details, please refer to the circular of the Company dated 27 April 2012. Upon expiration of the 2012 Share Option Scheme, no further options will be granted thereunder. As at the Latest Practicable Date, the Company did not have share options remain outstanding under the 2012 Share Option Scheme. Other than the 2012 Share Option Scheme, the Company did not maintain any other share option scheme as at the Latest Practicable Date. There is no material difference between the terms of the 2012 Share Option Scheme and the New Share Option Scheme except the eligibility of persons who are qualified as the Participants.

At the EGM, an ordinary resolution will be proposed for the Company to approve and adopt the New Share Option Scheme, which will take effect on the date of its adoption at the EGM subject to the Listing Committee of the Stock Exchange granting approval for the listing of and dealing in the Shares to be issued and allotted pursuant to the exercise of Options in accordance with the terms and conditions of the New Share Option Scheme. The purpose of the New Share Option Scheme is to provide incentives or rewards to Participants thereunder for their contribution to the Group and to enable the Group to attract and retain employees with relevant qualifications and experience to work for the Group.

The New Share Option Scheme provides that the Company may specify the Participant to whom Options shall be granted, the number of Shares subject to each Option and the date on which the Options shall be granted. The basis for determining the exercise price is also specified precisely in the rules of the New Share Option Scheme. Also, there is no performance target specified in the New Share Option Scheme. The Board considers that the aforesaid criteria and rules will serve to preserve the value of the Company and encourage Participant to acquire proprietary interests in the Company. As at the Latest Practicable Date, the Company has no intention or plan to grant Option after the adoption of the New Share Option Scheme and has not identified any Participant which will be entitled to participate in the New Share Option Scheme.

The Board is of the view that the inclusion of the Participants other than the directors and employees of the Group as part of the Participants is appropriate and in the interests of the Company and the Shareholders as a whole, given that the success of the Group requires the co-operation and contribution not only from its directors and employees, but also from various other parties who play a vital role in and make actual or potential contribution to the business and development of the Group, which may include its business partner, agent, consultants, contractor or representative, supplier of goods or services, customer, any person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services, or any other group or classes of participants from time to time determined by the Board as having contributed or may contribute to the long-term development and growth of any member of the Group (including any discretionary object of a participant which is a discretionary trust). As the Group is principally engaged in securities, commodities and bullion broking and trading, margin financing, money lending, provision of corporate advisory and underwriting services, asset and wealth management, property investment, media publications and financial public relation services, sale of jewellery products and investment

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## LETTER FROM THE BOARD

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holding, the Board is of the view that the grant of Options will potentially provide the Participants other than the directors and employees of the Group with a personal stake in the Group, as a result of which (i) such Participants will be motivated to optimize their performance efficiency for the benefit of the Group; and (ii) the Group will be able to maintain the existing business relationships and exploring potential partnerships with the aforesaid Participants, which could share common interests and objectives with the Group upon their exercise of the Options. The grant of Options serves to offer incentives for the Participants other than the directors and employees of the Group to provide the Group with quality goods, better services and/or more valuable advice, thereby cultivating sustainable relationships with the Group, which in turn contribute to the long-term development, growth and competitiveness of the Group. In particular, the Board considers that the grant of Options to the Participants other than the directors and employees of the Group is a more appropriate means to reward those Participants instead of cash reward or other settlement as the grant of Options (i) will not induce cash flow constraints given the loss-making financial performance of the Group in the past few years; (ii) enable the Group to retain its liquid capital to carry on its current businesses under the regulatory requirements and to expand its business; and (iii) could be more cost effective for the Group.

In assessing the eligibility of a Participant other than directors or employees of the Group, the Board will, on a case by case basis, take into account a wide range of factors, including but not limited to (i) the scale of their business dealings with the Group; (ii) the length of business relationships between them and the Group; (iii) the positive impacts they have brought on the Group's business development; (iv) the Group's future business plans in relation to further collaboration with such Participant and the long term support that the Group may receive accordingly; and (v) track record in the quality of services provided and/or co-operation with the Group. As such, the Board is of the view that with the adoption of the New Share Option Scheme that covers a broad category of Participants, the Group will be well-placed to incentivise those who or which have been central to the business development of the Group to make further contribution on a continuing basis.

The business partner, agent, consultant, contractor or representative are included as Participant. Such business partner, agent, consultant, contractor or representative may have positive impacts on the Group's business which is material to the business development and long term growth of the Group as determined by the Board. The Board, on a case by case basis, will take into account the following factors when determining the eligibility of such business partner, agent, consultant, contractor or representative, including but not limited to (i) whether such business partner, agent, consultant, contractor or representative could bring positive impacts on the Group's business; (ii) the Group's future business plans in relation to further collaboration with such business partner, agent, consultant, contractor or representative and the long term support that the Group may receive accordingly; (iii) the scale of their business dealings with the Group; and (iv) the length of business relationships between such business partner, agent, consultant, contractor or representative and the Group. For illustrative purpose, in the event that a business partner is able to contribute to the long-term business growth of the Group by introducing potential business opportunities to the Group, the Board will consider both qualitative and quantitative factors when determining the eligibility of such business partner, including but not limited to (i) the number of potential business

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## LETTER FROM THE BOARD

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opportunities; (ii) the size of those potential business opportunities; (iii) the sustainability of those potential business opportunities; and (iv) the background, reputation and track record of that business partner.

The supplier of goods or services is included as Participant. Such supplier may provide service in relation to the Group's business which is material to the business operations and long term growth of the Group as determined by the Board. The Board, on a case by case basis, will take into account the following factors when determining the eligibility of such supplier, including but not limited to (i) whether such supplier has a proven track record of timely delivery of goods or services; (ii) the quality of goods or services delivered/provided; (iii) the scale of their business dealings with the Group; and (iv) the length of business relationships between them and the Group. For illustrative purpose, in the event that a supplier of goods or services is considered to become the Participant, the Board will normally consider both qualitative and quantitative factors when determining the eligibility of such supplier, including but not limited to (i) the value of goods or services provided by such supplier; (ii) the quality of those goods or services; (iii) the background, reputation and track record of the supplier; and (iv) the replacement cost of such supplier and the materials (including continuity and stability of supply of such goods or services).

The customer is included as Participant. Such customer may have positive impacts on the Group's business which is material to the business development and long term growth of the Group as determined by the Board. The Board, on a case by case basis, will take into account the following factors when determining the eligibility of such customer, including but not limited to (i) whether such customer could bring positive impacts on the Group's business; (ii) the Group's future business plans in relation to further collaboration with such customer and the long term support that the Group may receive accordingly; (iii) the scale of their business dealings with the Group; and (iv) the length of business relationships between them and the Group. For illustrative purpose, in the event that a customer is considered to become the Participant, the Board, will normally consider both qualitative and quantitative factors when determining the eligibility of such customer, including but not limited to (i) the value of goods or services to be sold to such customer; (ii) the creditability and the repayment ability of such customer; (iii) the background, reputation and track record of the customer; and (iv) financial impact casted by such customer on the Group.

The person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services is included as Participant. Such person or entity may have contributions on the Group's business which is material to the business development and long term growth of the Group as determined by the Board. The Board, on a case by case basis, will take into account the following factors when determining the eligibility of such person or entity, including but not limited to (i) whether such person or entity could bring positive impacts on the Group's business; (ii) the Group's future business plans in relation to further collaboration with such person or entity and the long term support that the Group may receive accordingly; (iii) the scale of their business dealings with the Group; (iv) the length of business relationships between them and the Group; and (v) their capability, expertise or business connections. For illustrative purpose, in the event that a consultant is considered to become the Participant, the Board will normally consider both qualitative and quantitative factors when determining the eligibility of such consultant,



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## LETTER FROM THE BOARD

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including but not limited to (i) his contribution to the Group's competence or strategy in the relevant area by attributing to an increase in revenue or a reduction in costs; (ii) the background, reputation and track record of such consultant; and (iii) the replacement cost of such consultant (including continuity and stability of provision of the necessary services).

Other group or classes of participants from time to time determined by the Board as having contributed or may contribute to the long-term development and growth of any member of the Group (including any discretionary object of a participant which is a discretionary trust) is included as Participant. Such participant may have positive impact on the Group's business which is material to the business development and long term growth of the Group as determined by the Board. The Board will take into account the following factors when determining the eligibility of such participant, including but not limited to (i) whether such participant could bring positive impacts on the Group's business; (ii) the Group's future business plans in relation to further collaboration with such participant and the long term support that the Group may receive accordingly; (iii) the scale of their business dealings with the Group; and (iv) the length of business relationships between them and the Group.

In view of above, the Board believes that the grant of Options to a Participant other than directors or employees of the Group is in the interest of the Company and the Shareholders, and in line with the objectives of the New Share Option Scheme.

The maximum number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme and any other schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue as at the date of approval of the New Share Option Scheme (the "Scheme Mandate Limit"). Based on 301,277,070 Shares in issue as at the Latest Practicable Date and assuming no further Shares will be issued or repurchased prior to the EGM, Options to subscribe for up to a maximum of 30,127,707 Shares may be granted under the New Share Option Scheme and any other schemes of the Company. Options lapsed in accordance with the terms of the New Share Option Scheme will not be counted for the calculating the Scheme Mandate Limit. The Company may seek approval by the Shareholders for "refreshing" the Scheme Mandate Limit. However, the total number of Shares which may be issued upon exercise of all options (including Options) to be granted under all the schemes (including the New Share Option Scheme) of the Company under the Scheme Mandate Limit as "refreshed" must not exceed 10% of the issued share capital of the Company at the date of the approval of the refreshed Scheme Mandate Limit. The maximum number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme and any other scheme of the Company must not exceed 30% of the Shares in issue from time to time.

None of the Directors is a trustee of the New Share Option Scheme or has a direct or indirect interest in the trustee of the New Share Option Scheme. As at the Latest Practicable Date, the Company does not appoint or intend to appoint a trustee under the New Share Option Scheme.

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## LETTER FROM THE BOARD

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The implementation of the New Share Option Scheme will be subject to and conditional upon:

- (1) the passing of an ordinary resolution by the Shareholders at the EGM to approve the adoption of the New Share Option Scheme; and
- (2) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the Shares falling to be issued pursuant to the exercise of any options granted under the New Share Option Scheme.

Application will be made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in the Shares, representing a maximum of 10% of the Company's issued share capital as at the date of adoption of the New Share Option Scheme, which fall to be issued pursuant to the exercise of the options granted under the New Share Option Scheme.

### VALUATION OF OPTIONS

The Board considers that it is inappropriate to state the value of the Options that can be granted pursuant to the New Share Option Scheme as if they had been granted on the Latest Practicable Date prior to its adoption by the Shareholders given that a number of variables which are necessary for the calculation of the value of the Options cannot be ascertained at this stage. Such variables include the exercise price, exercisable period, interest rate, expected stock price volatility and other relevant variables. With a scheme life of ten (10) years, the Board is of the view that it is too premature to state whether or not Options will be granted under the New Share Option Scheme, and if so, the number of Options that may be granted. It is also difficult to ascertain with accuracy the exercise price of the Shares given the volatility which the Share price may be subject to during the 10-year duration of the New Share Option Scheme. In the circumstances, the Board is of the view that the value of the Options depends on a number of variables which are either difficult to evaluate or can only be evaluated subject to a number of theoretical basis and speculative assumptions. Accordingly, the Board believed that any calculation of the value of the Options will not be meaningful and may be misleading to Shareholders in the circumstances.

However, in the event that the New Share Option Scheme is adopted by the Shareholders and Options are granted thereunder, the value of the Options will be given in the interim report and annual report of the Company as required by the Listing Rules.

### EXTRAORDINARY GENERAL MEETING

A notice convening the EGM is set out on pages 20 and 21. At the EGM, relevant resolution will be proposed to approve the adoption of the New Share Option Scheme.

There is enclosed with the circular a proxy form for use at the EGM. Whether or not you are able to attend the EGM or any adjournment thereof, you are requested to read the notice and complete and return the proxy form in accordance with the instructions printed thereon, to the Company's share registrar, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as

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## LETTER FROM THE BOARD

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possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish. In the event that the Shareholder having lodged a proxy form attends the EGM, his proxy form will be deemed to have been revoked.

### VOTE BY POLL

Under Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Accordingly, all the resolution put to vote at the EGM will be taken by poll. No Shareholder is required to abstain from voting on any of the resolution to be proposed at the EGM.

### DOCUMENT AVAILABLE FOR INSPECTION

A summary of the principal terms of the New Share Option Scheme is set forth in Appendix to this circular. A copy of the New Share Option Scheme proposed to be adopted by the Company at the EGM will be published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.sctrade.com](http://www.sctrade.com)) for a period of not less than fourteen (14) days before the date of the EGM and is available for inspection at the EGM.

### RESPONSIBILITY STATEMENT

This circular for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material aspects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

### RECOMMENDATION

The Board considers that the adoption of the New Share Option Scheme is in the best interests of the Company and the Shareholders as a whole and so recommend the Shareholders to vote in favour of the resolution to be proposed at the EGM.

Yours faithfully  
For and on behalf of the Board  
**South China Financial Holdings Limited**  
南華金融控股有限公司  
**Ng Yuk Mui Jessica**  
*Executive Director*

*This Appendix summarizes the principal terms of the New Share Option Scheme but does not form part of, nor was it intended to be, part of the New Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the New Share Option Scheme.*

The following is a summary of the principal terms of the New Share Option Scheme which is proposed to be approved and adopted by the Company at the EGM:

**(A) PURPOSE OF THE NEW SHARE OPTION SCHEME**

The purpose of the New Share Option Scheme is to provide incentive or rewards to the Participants for their contribution to the Group and to enable the Group to attract and retain employees of appropriate qualifications and with necessary experience to work for the Group.

**(B) WHO MAY JOIN**

The Board may, at their absolute discretion, grant Options to any person belonging to any of the following classes of participants to subscribe for Shares:

- (i) any executive director, employee or proposed employee (whether full-time or part-time) of any member of the Group;
- (ii) any non-executive director (including any independent non-executive director) of any member of the Group;
- (iii) any business partner, agent, consultant, contractor or representative of any member of the Group;
- (iv) any supplier of goods or services to any member of the Group;
- (v) any customer of any member of the Group;
- (vi) any person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to any member of the Group; and
- (vii) any other group or classes of participants from time to time determined by the Board as having contributed or may contribute to the long-term development and growth of any member of the Group (including any discretionary object of a participant which is a discretionary trust); and, for the purposes of the New Share Option Scheme, shall include any company wholly owned by one or more persons belonging to any of the aforesaid classes of participants.

For the avoidance of doubt, the grant of any Options by the Company for the subscription of Shares to any person who fall within any of the above classes of Participants shall not, by itself, unless the Board otherwise determined, be construed as a grant of Option under the New Share Option Scheme.

The Board shall be entitled at any time and from time to time within ten (10) years after the Effective Date to offer to grant to any Participant as the Board may in its absolute discretion select, and subject to such other conditions (including but not limited to terms and conditions in relation to vesting, exercise or otherwise) as the Board may think fit provided that no Options may be exercised more than ten (10) years after it has been granted and no such conditions shall be inconsistent with any other terms and conditions of the New Share Option, an Option to subscribe for such number of Shares as the Board may determine at the Exercise Price.

**(C) MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION**

- (i) The total number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme and any other schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue as at the date of approval of the New Share Option Scheme (the “Scheme Mandate Limit”). Options lapsed in accordance with the terms of the New Share Option Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit.
- (ii) The Company may seek approval by its shareholders in general meeting for “refreshing” the Scheme Mandate Limit. However, the total number of Shares which may be issued upon exercise of all options (including Options) to be granted under all the schemes (including the New Share Option Scheme) of the Company under the Scheme Mandate Limit as “refreshed” must not exceed 10% of the issued share capital of the Company at the date of the approval of the refreshed Scheme Mandate Limit. All Options previously granted under the New Share Option Scheme (including those outstanding, cancelled, lapsed in accordance with the New Share Option Scheme or exercised Options) will not be counted for the purpose of calculating the Scheme Mandate Limit as “refreshed”. The Company must send a circular to its shareholders containing information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required the Rule 17.02(4) of the Listing Rules.

- (iii) The Company may seek separate approval by its shareholders in general meeting for granting Options beyond the Scheme Mandate Limit provided the Options in excess of the Scheme Mandate Limit are granted only to Participant(s) specifically identified by the Company before such approval is sought. The Company must send a circular to the shareholders of the Company containing a generic description of the specified participants who may be granted such Options, the number and terms of the Options to be granted, the purpose of granting Options to the specified participants with an explanation as to how the terms of the Options serve such purpose, the information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.
- (iv) The limit on the number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Scheme Mandate Limit and any other schemes of the Company must not exceed 30% of the total number of Shares in issue from time to time. No options (including Options) shall be granted under any schemes (including the Scheme Mandate Limit) of the Company will result in the limit being exceeded.
- (v) Unless approved by the Shareholders, the total number of Shares issued and to be issued upon exercise of Options granted to each Participant under the Scheme Mandate Limit and any share option scheme of the Company (including exercised and outstanding Options) in any 12-month period shall not exceed 1% of the total number of Shares in issue of the Company.
- (vi) Where any further grant of Options to a Participant would result in the total number of Shares issued and to be issued upon exercise of all Options granted and to be granted to such Participant (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the total number of Shares issued, such further grant shall be separately approved by the shareholders of the Company in general meeting with such Participant and his close associates (or his associates if the Participant is a connected person) abstaining from voting. The Company must send a circular to the shareholders and the circular must disclose the identity of the Participant, the number and terms of the Options to be granted (and Options previously granted to such Participant), the information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules. The number and terms (including the Exercise Price) of the Options to be granted to such Participant must be fixed before shareholders' approval and the date of Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the Exercise Price under note (1) to Rule 17.03(9) of the Listing Rules.

**(D) GRANT OF OPTIONS TO CONNECTED PERSONS**

- (i) Any grant of Options to a director, chief executive or substantial shareholder of the Company or any of their respective associates under the New Share Option Scheme must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the Grantee of the Options).
- (ii) Where any grant of Options to a substantial shareholder of the Company or an independent non-executive Director or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person(s) in the 12-month period up to and including the date of such grant:
  - (1) representing in aggregate over 0.1% of the Shares in issue; and
  - (2) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million,

such further grant of Options by the Board must be approved by the independent Shareholders in a general meeting and the Company must send a circular to the Shareholders, which must contain: (a) details of the number and terms (including exercise price) of the Option to be granted to each Grantee, which must be fixed before the Shareholders' meeting, and the date of board meeting for proposing such further grant is to be taken as the date of grant for the purpose of calculating the exercise price under note (1) to Rule 17.03(9) of the Listing Rules; (b) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is Grantee of the Option) to the independent Shareholders as to voting; (c) the information required Rules 17.02(2)(c) and (d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules; and (d) the information required under Rule 2.17 of the Listing Rules.

**(E) TIME OF ACCEPTANCE AND EXERCISE OF AN OPTION**

There is no specific requirement under the New Share Option Scheme that an Option must be held for any minimum period before it can be exercised, but the terms of the New Share Option Scheme provide that the Board has the discretion to impose a minimum period at the time of grant of any particular Option. Acceptance of an offer of the grant of an Option shall be made within 28 days from the date of offer. An offer shall remain open for acceptance by the Participant within 28 days from the date of offer provided that no such offer shall be open for acceptance after the tenth anniversary of the Effective Date or after the New Share Option Scheme has been terminated. An Option shall be deemed to have been granted and accepted when the duplicate letter comprising acceptance of the Option duly signed by the Grantee together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company, and such remittance shall in no circumstances be refundable. An Option may be exercised in accordance with the terms of the New Share Option Scheme at any time during the Option Period.

**(F) PERFORMANCE TARGETS**

Save as determined by the Board and provided in the offer of grant of Options, there is no performance target that must be achieved before the Options can be exercised.

**(G) EXERCISE PRICE**

The Exercise Price shall be at least the higher of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a Trading Day; and (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five (5) Trading Days immediately preceding the date of grant.

**(H) RANKING OF SHARES**

The Shares to be allotted and issued upon the exercise of an Option will be subject to all the provisions of the Articles of Association for the time being in force and will rank *pari passu* with the fully paid Shares in issue as at the date of allotment of the Shares or, if that date falls on a day when the register of members of the Company is closed, the first Business Day in Hong Kong on which the register of members of the Company is re-opened and accordingly will entitle the holders to have the voting, transfer and other rights including those arising on a liquidation of the Company and the rights to participate in all dividends or other distributions paid or made on or after the date of allotment of the Shares or, if that date falls on a day when the register of members of the Company is closed, the first Business Day in Hong Kong on which the register of members of the Company is re-opened other than any dividend or other distributions previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the later of the date of allotment of the Shares or the date when the name of Grantee is registered on the register of members of the Company.

**(I) RESTRICTIONS ON THE TIME OF GRANT OF OPTIONS**

The Company may not grant any Options after inside information has come to its knowledge until (and including) the Trading Day after it has announced the information. In particular, the Company may not grant any Options during the period commencing one month immediately preceding the earlier of (i) the date of the Board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for approving the Company's results for any year, half-year or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or any other interim period (whether or not required under the Listing Rules) and ending on the date of the results announcement (for the avoidance of doubt, no Option may be granted during any period of delay in publishing announcement).

**(J) RIGHTS ARE PERSONAL TO GRANTEE**

An Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or in any manner dispose of or create any interest in favour of any third party over or in relation to any Option. Any breach of the foregoing shall entitle the Company to cancel any outstanding Option or part thereof granted to such Grantee without incurring any liability on the part of the Company.



**(K) RIGHTS ON CEASING EMPLOYMENT**

If the Grantee ceases to be an employee of the Company or its subsidiaries, for any reason other than death or the termination of employment on one or more of the grounds specified in paragraph (T)(iv) below, the Grantee may exercise the Option up to his entitlement at the date of cessation (to the extent which has become exercisable and not already exercised) within the period of one month following the date of such cessation, which date shall be the last actual working day with the Group whether salary is paid in lieu of notice or not.

**(L) RIGHTS ON DEATH**

If the Grantee ceases to be a Participant by reason of death before exercising the Option in full (provided that none of the events which would be a ground for termination for his or her employment under paragraph (T) below arises prior to his or her death), the legal representative(s) of the Grantee shall be entitled within a period of twelve (12) months from the date of death to exercise the Option (to the extent which has become exercisable and not already exercised).

**(M) RIGHTS ON A GENERAL OFFER**

If a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry of the Option, the Grantee (or, as the case may be, his legal personal representatives) shall be entitled to exercise the Option in full (to the extent which has become exercisable and not already exercised) at any time within one (1) month after the date on which the offer becomes or is declared unconditional.

**(N) RIGHTS ON WINDING UP**

In the event a notice is given by the Company to its shareholders to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date or soon after it despatches such notice to each member of the Company give notice thereof to all Grantee and thereupon, each Grantee (or, as the case may be, his legal personal representatives) shall be entitled to exercise all or any of his Option (to the extent which has become exercisable and not already exercised) at any time not later than two (2) Business Days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate Exercise Price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid.

**(O) RIGHTS ON COMPROMISE OR ARRANGEMENT**

If an application is made to the court (otherwise than where the Company is being voluntarily wound up) in connection with a proposed compromise or arrangement between the Company and its creditors (or any class of them) or between the Company and its members (or any class of them), the Grantee may by notice in writing to the Company within two (2) months after the date of such application, exercise the Option in full (to the extent which has become exercisable and not already exercised) or to the extent specified in such notice.

**(P) REORGANISATION OF CAPITAL STRUCTURE**

- (i) Subject to sub-paragraph (P)(ii) below, in the event of any alteration in the capital structure of the Company (other than an issue of Shares either for private placement or as consideration in respect of a transaction to which the Company is a party) pursuant to a capitalization issue, rights issue, sub-division or consolidation of Shares or reduction of capital or otherwise howsoever in accordance with the requirements of the Stock Exchange or the Listing Rules, whilst any Option may become or remains exercisable, such corresponding alterations (if any) shall be made to:

- (1) the number of Shares subject to any outstanding Options; and/or
- (2) the Exercise Price; and/or
- (3) the method of exercise of the Option; and/or
- (4) the maximum number of Shares referred to in paragraph (C) above,

as an independent financial adviser or the auditors of the Company shall certify in writing to the Board, either generally or as regards any particular Grantee, to be in their opinion fair and reasonable and in accordance with the requirements set out in this sub-paragraph (P)(i), provided that no such alteration shall be made the effect of which would be to increase the proportion of the issued share capital of the Company for which any Grantee is entitled to subscribe pursuant to the Options held by him.

The capacity of the independent financial adviser or the auditors in this sub-paragraph (P)(i) is that of experts and not of arbitrators and their certification, in the absence of manifest error, shall be final and binding on the Company and the Grantees.

The costs of the auditors or the appointment of independent financial adviser shall be borne by the Company.

- (ii) (1) Any alteration as referred to in sub-paragraph (P)(i) above should give a Grantee the same proportion of the equity capital of the Company as that to which that Grantee was previously entitled; and

- (2) Any alteration as a result of an issue of securities with a price-dilutive element, such as a rights issue, open offer or capitalization issue, should be based on a scrip factor similar to the one used in accounting standards in adjusting the earnings per share figures (referred to in Hong Kong Accounting Standards 33) and the acceptable adjustments set out in the supplementary guidance and any future guidance/interpretation of the Listing Rules issued by the Stock Exchange from time to time unless such alteration receives the prior approval of the Shareholders in a general meeting.

#### **(Q) DURATION AND ADMINISTRATION OF THE NEW SHARE OPTION SCHEME**

Subject to the early termination of the New Share Option Scheme pursuant to the terms thereof, the New Share Option Scheme shall be valid and effective for a period of ten (10) years commencing on the Effective Date (the “Option Period”), after which period no further Options will be granted but in all other respects the provisions of the New Share Option Scheme shall remain in full force and effect and Options granted prior thereto may continue to be exercisable in accordance with their terms of issue.

The New Share Option Scheme shall be subject to the administration of the Board whose decision (save as otherwise provided therein) shall, subject to compliance with the Listing Rules, be final and binding on all parties. The Board shall, subject to the provisions contained therein, have the right to (i) interpret and construe the provisions of the New Share Option Scheme; (ii) to determine the persons (other than directors, chief executive, substantial shareholders of the Company) to whom Options will be awarded under the New Share Option Scheme; (iii) the number and the Exercise Price to be awarded; (iv) the date on which any Option will be granted; (v) the minimum period (if any) for which an Option must be held before it may be exercised; (vi) to make such appropriate and equitable adjustments to the terms of Options granted under the New Share Option Scheme as it deems necessary; (vii) to make such other decisions or determinations as it shall deem appropriate in the administration of the New Share Option Scheme; and (viii) delegate any or all of its powers to a committee of the Board to be established by the Board from time to time.

#### **(R) ALTERATIONS TO THE TERMS OF THE NEW SHARE OPTION SCHEME**

The New Share Option Scheme may be altered in any respect by resolution of the Board except that alterations of the provisions of the New Share Option Scheme relating to:

- (i) matters set out in Rule 17.03 of the Listing Rules to the advantage of Grantees or prospective Grantees; or
- (ii) any change to the authority of the Board or the administrators of the New Share Option Scheme in relation to any alteration to the terms of the New Share Option Scheme; or

- (iii) the terms and conditions of the New Share Option Scheme which are of a material nature or any change to the terms of the Options granted (except where the alterations take effect automatically under the existing terms of the New Share Option Scheme) shall not be made except with the prior approval of the shareholders of the Company in general meeting, provided that no such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction in writing of such number of Grantees as shall together hold Options.

The amended terms of the New Share Option Scheme or the Options must still comply with the relevant requirements of Chapter 17 of the Listing Rules.

#### **(S) CANCELLATION OF OPTIONS**

Any cancellation of Options granted but not exercised, if the Grantee of the relevant Options so agrees, must be approved by the Board. Where the Company cancels Options and issues new ones to the same Grantee, the issue of such new Options may only be made under the New Share Option Scheme with available unissued Options (excluding the cancelled Options) within the Scheme Mandate Limit.

#### **(T) LAPSE OF OPTIONS**

An Option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (i) the expiry of the Option Period;
- (ii) the expiry of the periods referred to in paragraphs (K), (L) and (M) above;
- (iii) subject to paragraph (N) above, the date of the commencement of the winding up of the Company;
- (iv) the date on which the Grantee ceases to be an employee of the Company or its subsidiaries by reason of the termination of his employment on any one or more of the grounds that he has been guilty of serious misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offences involving his integrity or honesty or on any other ground on which an employer would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the Grantee's service contract with the Company or the relevant subsidiary (a resolution of the Board to the effect that the employment of a Grantee having or not having been terminated on one or more of the grounds specified in this sub-paragraph (iv) shall be conclusive and binding on the Grantee);
- (v) subject to paragraph (O) above, the proposed compromise or arrangement becoming effective;

(vi) the date on which the Grantee commits a breach of paragraph (J) above if the Company shall exercise the Company's right to cancel the same; and

(vii) the date on which the Options are cancelled in accordance with paragraph (S).

**(U) TERMINATION**

The Company, may by resolution in general meeting, or the Board may at any time terminate the New Share Option Scheme and in such event no further Option will be offered but the provisions of the New Share Option Scheme shall remain in full force and to the extent necessary to give effect to the exercise of any Option granted prior thereto or otherwise as may be required in accordance with the provisions of the New Share Option Scheme. Options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the New Share Option Scheme.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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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)**

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting of South China Financial Holdings Limited (the “**Company**”) will be held at 28th Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong on Tuesday, 9 August 2022 at 10:00 a.m. (the “**EGM**”) for the purpose of considering and, if thought fit, passing with or without amendment(s) the following resolution as ordinary resolution of the Company:

#### ORDINARY RESOLUTION

“**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the shares of the Company falling to be issued pursuant to the share option scheme (the “**New Share Option Scheme**”), the terms of which are set out in the document marked “A” which has been produced to this meeting and signed by the chairman of this meeting for the purpose of identification, the rules of the New Share Option Scheme be and are hereby approved and adopted by the Company and the directors of the Company be and are hereby authorised to grant options and to allot, issue and deal with Shares pursuant to the exercise of any option granted thereunder and to take all such acts, matters and things as they may in their discretion consider necessary or expedient to give effect to and implement the New Share Option Scheme.”

For and on behalf of the Board  
**South China Financial Holdings Limited**  
南華金融控股有限公司  
**Ng Yuk Mui Jessica**  
*Executive Director*

Hong Kong, 8 July 2022

*Notes:*

1. The register of members of the Company will be closed from Wednesday, 3 August 2022 to Tuesday, 9 August 2022, both days inclusive, during which period no share transfers will be effected. In order to be eligible to attend and vote at the EGM, all share transfers accompanied by the relevant share certificates must be lodged with the Company’s share registrar, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong not later than 4:00 p.m. on Tuesday, 2 August 2022.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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2. A member entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and on a poll vote instead of him. A proxy need not be a member of the Company.
3. In order to be valid, a proxy form and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, must be deposited with the Company's share registrar, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, not less than 48 hours before the time fixed for holding the meeting or any adjournment thereof. Completion and return of the proxy form will not preclude any member from attending and voting in person at the EGM or any adjourned meeting thereof should he so wish.
4. In the case of joint shareholdings, any one of such persons may vote, either personally or by proxy in respect of such share, provided that if more than one of such joint holders be present at the meeting or any adjournment thereof personally or by proxy, the more senior shall alone be entitled to vote and for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register of members in respect of the joint holding.
5. If Typhoon Signal No. 8 or above, or a "black" rainstorm warning is in effect any time after 8:00 a.m. on the date of the EGM, the meeting will be postponed. The Company will publish an announcement on the website of the Company at [www.sctrade.com](http://www.sctrade.com) and on the HKExnews website of The Stock Exchange of Hong Kong Limited at [www.hkexnews.hk](http://www.hkexnews.hk) to notify the shareholders of the Company of the date, time and venue of the rescheduled meeting.
6. To safeguard the health and safety of the shareholders of the Company and to prevent the spreading of the COVID-19 pandemic, certain precautionary measures will be implemented at the EGM, including (i) compulsory temperature screening/checks; (ii) wearing of surgical face mask; and (iii) no provision of refreshments or drinks or souvenir. Attendees who do not comply with the precautionary measures referred to in (i) and (ii) above may be denied entry to the EGM venue, at the absolute discretion of the Company as permitted by law. Any person who does not comply with the precautionary measures or is subject to any Hong Kong Government prescribed quarantine may be denied entry into the EGM venue. For the health and safety of the shareholders of the Company, the Company would like to encourage shareholders of the Company to exercise their right to vote at the EGM by appointing the Chairman of the EGM as their proxy and to return their proxy forms by the time specified above, instead of attending the EGM in person.