



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)
Mr. Ng Yuk Yeung Paul

Registered office:

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

Independent non-executive Directors:

Mr. Tung Woon Cheung Eric
Mrs. Tse Wong Siu Yin Elizabeth
Ms. Li Yuen Yu Alice

4 December 2025

To the Shareholders

Dear Sirs,

**CONNECTED TRANSACTION
PROPOSED ALTERATIONS OF THE TERMS OF
HK\$89,840,000 CONVERTIBLE BONDS DUE 2026
AND
NOTICE OF THE EGM**

INTRODUCTION

Reference is made to the announcement of the Company dated 6 November 2025 in relation to the Proposed Alterations.

The purpose of this circular is to provide you with, among other things, (i) further information regarding the Supplemental Agreement and the Proposed Alterations; (ii) the letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Supplemental Agreement and the transactions contemplated thereunder (including the Proposed Alterations); (iii) the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and Independent Shareholders in relation to the Supplemental Agreement and the transactions contemplated thereunder (including the Proposed Alterations); and (iv) the notice of the EGM together with the proxy form.

LETTER FROM THE BOARD

PROPOSED ALTERATIONS OF THE TERMS OF THE BONDS

Background

Reference is made to the joint announcement of the Company and SCH dated 13 September 2022 and the circular of the Company dated 16 December 2022 in relation to, among other things, the acquisition of the entire issued share capital of Genius Year Limited from Thousand China (an indirect wholly-owned subsidiary of SCH) as vendor to Power Path (a direct wholly-owned subsidiary of the Company) as purchaser under the SPA.

On 13 January 2023, the aforesaid acquisition under the SPA was completed, as part of the settlement of the total consideration of the acquisition, the Bonds in the aggregate principal amount of HK\$89,840,000 were issued by the Company to Thousand China. From the issuance of the Bonds on 13 January 2023 to the Latest Practicable Date, no redemption of the Bonds by the Company was taken place. The Bonds will be repayable in full with accrued interests at the rate of one (1)% per annum on the Maturity Date (i.e. 12 January 2026) pursuant to the existing Conditions of the Bonds.

Supplemental Agreement

On 6 November 2025 (after trading hours), the Company and the Bondholder entered into the Supplemental Agreement, pursuant to which the Company and the Bondholder conditionally agreed to the Proposed Alterations by execution of the Supplemental Deed by the Company as follows:

- (i) the Maturity Date be extended from the date falling on the third (3rd) anniversary of the date of issue of the Bonds to the date falling on the sixth (6th) anniversary of the date of issue of the Bonds, i.e. an extension of three (3) years to 12 January 2029; and
- (ii) the interest rate under the Bonds be increased from one (1)% per annum during the period from the date of issue of the Bonds to the third (3rd) anniversary of the date of issue of the Bonds to (a) one (1)% per annum during the period from the date of issue of the Bonds to the third (3rd) anniversary of the date of issue of the Bonds and (b) two (2)% per annum during the period from the date immediately following the date falling on the third (3rd) anniversary of the date of issue of the Bonds to the Maturity Date; and
- (iii) the Conversion Price be changed from HK\$0.32 per Conversion Share to HK\$0.28 per Conversion Share subject to adjustments in the manner provided in the Instrument.

Save for the Proposed Alterations, all other Conditions of the Bonds shall remain unchanged.

LETTER FROM THE BOARD

The Proposed Alterations are subject to the fulfilment of the following conditions:

- (a) the Stock Exchange granting the approval in relation to the Proposed Alterations in accordance with Rule 28.05 of the Listing Rules;
- (b) the passing by the Independent Shareholders and the SCH Independent Shareholders of all necessary resolution(s) at the EGM and the SCH EGM respectively to approve the Proposed Alterations and the transactions as contemplated under the Supplemental Agreement;
- (c) all necessary consents and approvals in respect of the Proposed Alterations and the transactions contemplated under the Supplemental Agreement (including but not limited to the necessary approvals to be obtained under the Listing Rules) required to be obtained on the part of the Company and SCH having been obtained; and
- (d) the Listing Committee of the Stock Exchange having granted listing of, and permission to, deal in the Conversion Shares to be issued upon the exercise of conversion rights attached to the Bonds.

None of the above conditions precedent shall be waived by the parties to the Supplemental Agreement. The Supplemental Deed shall not be executed by the Company and have no effect unless and until all the conditions precedent set out above are fulfilled. As at the Latest Practicable Date, none of the conditions precedent has been fulfilled. If any of the aforesaid conditions is not fulfilled by the Long Stop Date, the Supplemental Agreement will automatically cease and terminate and the parties thereto shall be released from all obligations and liabilities thereunder, if any.

Principal terms of the Bonds (before and after the Proposed Alterations)

Subject to the fulfillment of the conditions precedent to the Proposed Alterations, the principal terms of the Bonds before and after the Proposed Alterations are summarised as follows:

	Current (i.e. before the Proposed Alterations)	After the Proposed Alterations
Maturity Date	the date falling on the third (3 rd) anniversary from the date of issue of the Bonds, i.e. on 12 January 2026 (the Bonds were issued by the Company on 13 January 2023).	the date falling on the sixth (6 th) anniversary from the date of issue of the Bonds, i.e. on 12 January 2029 (the Bonds were issued by the Company on 13 January 2023).

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	Current (i.e. before the Proposed Alterations)	After the Proposed Alterations
Interest rate and interest payment date	one (1)% per annum (from the date of issue of the Bonds to the Maturity Date) to be paid on the Maturity Date.	(a) one (1)% per annum during the period from the date of issue of the Bonds to the third (3 rd) anniversary from the date of issue of the Bonds to be paid on the third (3 rd) anniversary from the date of issue of the Bonds and (b) two (2)% per annum during the period from the date immediately following the date falling on the third (3 rd) anniversary of the date of issue of the Bonds to the Maturity Date to be paid on the Maturity Date.
Conversion Price	HK\$0.32 per Conversion Share, which is subject to adjustments for, among other matters, consolidation, reduction or sub-division of the Shares, capitalization of profits or reserves, rights issue, or issue of convertible securities, warrants or options carrying the right to subscribe for the Shares, but no adjustment shall be made for, among other matters, the issue of the Bonds; the issue and allotment of any Conversion Shares upon the exercise of the conversion rights attached to the Bonds; the grant of any options or the issue and allotment of any Shares pursuant to the exercise of any options granted under the share option scheme of the Company; and the issue and allotment of Shares to the public and/or any Shareholder for fund raising purposes.	HK\$0.28 per Conversion Share, which is subject to adjustments for, among other matters, consolidation, reduction or sub-division of the Shares, capitalization of profits or reserves, rights issue, or issue of convertible securities, warrants or options carrying the right to subscribe for the Shares, but no adjustment shall be made for, among other matters, the issue of the Bonds; the issue and allotment of any Conversion Shares upon the exercise of the conversion rights attached to the Bonds; the grant of any options or the issue and allotment of any Shares pursuant to the exercise of any options granted under the share option scheme of the Company; and the issue and allotment of Shares to the public and/or any Shareholder for fund raising purposes.

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Other principal terms of the Bonds remain unchanged and are summarized as follows:

Redemption	The Company may redeem any Bonds at any time which remain outstanding before 5:00 p.m. (Hong Kong time) on the Maturity Date at the principal amount.
Conversion rights	Subject as provided in the Conditions, the bondholder(s) of the Bonds shall have the right to convert the Bonds into the Shares subject to mutual agreement in writing between the bondholder(s) of the Bonds and the Company at any time during the period commencing from the date of issue of the Bonds up to 5:00 p.m. (Hong Kong time) on the fifth (5th) Business Days prior to the Maturity Date by complying with the relevant procedures set out in the Conditions.
Transferability	The Bonds shall be transferrable to any other person provided that the Bonds are not to be transferred to a connected person of the Company and such transfer shall comply with the requirements under the Listing Rules and/or any other requirements imposed by the Stock Exchange (if any).
Status	The Bonds constitute direct, unsecured, unconditional, unsubordinated and unsecured obligations of the Company and shall rank <i>pari passu</i> and without any preference or priority among themselves, and the payment obligations of the Company shall, save for such exceptions as may be provided by mandatory provisions of the applicable laws, at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Company.
Voting rights	The Bonds do not confer any right to the holder(s) of the Bonds to attend or vote at any Shareholders' meeting.

Conversion Price

The amended Conversion Price was determined after arm's length negotiations between the Company and SCH with reference to the prevailing market price of the Shares representing:

- (a) a discount of approximately 3.45% to the closing price of HK\$0.29 per Share as quoted on the Stock Exchange on 6 November 2025, being the date of the Supplemental Agreement; and
- (b) a discount of approximately 3.45% over the average closing price of approximately HK\$0.29 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to the date of the Supplemental Agreement.

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As at the Latest Practicable Date, assuming all Bonds are converted at the amended Conversion Price, a maximum of 320,857,142 Conversion Shares will be allotted and issued upon exercise of the conversion rights attached to the Bonds in full, representing:

- (a) approximately 106.50% of the issued share capital of the Company; and
- (b) approximately 51.57% of the issued share capital of the Company as to be enlarged by all issued Conversion Shares after the exercise of the conversion rights attached to the Bonds (assuming that there is no other issue or repurchase of the Shares).

The Directors (including independent non-executive Directors after having considered the advice of the Independent Financial Adviser) consider that the amended Conversion Price is fair and reasonable.

The theoretical dilution effect of the issue of the Conversion Shares at the revised Conversion Price calculated based on the benchmarked price of approximately HK\$0.29 is approximately 1.8% and thus the issue of the Conversion Shares at the revised Conversion Price will not result in a theoretical dilution effect of 25% or more on its own as referred to under Rule 7.27B of the Listing Rules. The cumulative theoretical dilution effect in aggregation with the conversion shares to be issued in relation to the HK\$50,000,000 convertible bonds, as disclosed in the announcement of the Company dated of 6 November 2025, calculated based on the benchmark price of approximately HK\$0.29 is approximately 7.8%. The Company will continue to comply with Rule 7.27B of the Listing Rules after the Proposed Alterations.

The Conversion Shares that are to be allotted and issued upon exercise of the conversion right attaching to the Bonds will be subject to a specific mandate to be sought at the EGM.

An application will be made by the Company to the Listing Committee for listing of, and permission to deal in, the Conversion Shares.

Reasons for and benefits of the Proposed Alterations

Given the current unsound financial situation of the Company and subsequent to the discussions with the management of SCH, it is not practicable for the Company to repay the principal of the Bonds upon the original Maturity Date. In addition, the two carbon trading projects indirectly held by Genius Year Limited applying to China Certified Emission Reduction (CCER) scheme must meet the CCER standards and regulatory requirements. Only certain projects are eligible under the CCER scheme, including renewables, forestry and methane capture. The aforesaid projects must undergo validation and verification by accredited agencies under Ministry of Ecology and Environment (“MEE”), and only verified reduction generate CCER credits may be traded in National CCER registry which is managed by MEE. The process of validation and verification by the accredited agency is lengthy, especially for large scale projects. The total areas of the two projects are relatively large covering about 92 million sq. m. which must fulfill such key principles set out by the accredited agency as additionality (reductions must go beyond business-as-usual), measurability (emission must be quantifiable), permanence (reductions must be long term) and verification (subject to independent third-party audit). By extending the Maturity Date pursuant to the Supplemental

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Agreement and the Supplemental Deed, it would enable the Company to postpone a substantial cash outflow so as easing the immediate financial burden of the Group to repay the Bonds. It also facilitates the Group in securing alternative financial resources to fulfil its payment obligations under the Bonds and provides the Group with greater financial flexibility in the deployment of its working capital for its current and new business operations and development, such as broking, margin financing, corporate advisory and sponsorship, asset and wealth management, equity capital market, property investment and provision of services to corporations in respect of arranging overseas conventions, exhibitions and travels.

Other financing alternatives to raise funds to settle the Bonds including bank borrowings and equity financing have been considered. In respect of the bank borrowings, the interest thereon will be higher than the interest of the Bonds, which in turn will be an additional cost burden to the Group. In addition, under the prevailing market conditions, there may be huge uncertainty in the outcome of fund raising through equity financing (including placing of new Shares, rights issue and open offer) and equity financing may result in higher dilution on the shareholding of the existing Shareholders as deeper discount may be required to attract the potential investors. Given the foregoing, it is considered that other financing alternatives are not the most effective means to refinance the Bonds.

The terms of the Proposed Alterations were arrived at after arm's length negotiations between the Company and Thousand China. The revised interest rate was determined taking into account the prevailing market rate and the current financial and liquidity position of the Group. In assessing the prevailing market rate, the Group has made reference to the convertible bonds issued or proposed to be issued by companies listed on the Stock Exchange as announced within two (2) months prior to the date of the Supplemental Agreement. Four (4) other convertible bonds (collectively, the “**Samples**”) were identified in the market, issued by DTXS Silk Road (620.HK), Karrie International Holdings Limited (1050.HK), Moisselle International Holdings Limited (130.HK) and Hatcher Group Limited (8365.HK). The annual interest rate of the Samples ranged from nil to 3.85% per annum, while the conversion price relative to the respective closing price ranged from a discount of about 7.26% to a premium of 20%. The revised interest rate of the Bonds falls within the aforesaid range of annual interest rate of the Samples. Despite the interest rate of the Bonds is proposed to be increased from one (1)% per annum during the period from the date of issue of the Bonds to the third (3rd) anniversary of the date of issue of the Bonds to (a) one (1)% per annum during the period from the date of issue of the Bonds to the third (3rd) anniversary of the date of issue of the Bonds and (b) two (2)% per annum during the period from the date immediately following the date falling on the third (3rd) anniversary of the date of issue of the Bonds to the Maturity Date, it remains a level substantially lower than the average cost of fund of the Group of approximately 3.8% per annum.

The existing Conversion Price is HK\$0.32 per Conversion Share, which is higher than the 1-month, 3-month and 6-month average closing price of the Shares of approximately HK\$0.29, HK\$0.28 and HK\$0.26 respectively. At the current level, the conversion right has little or no value to the Bondholder, as it would be cheaper for the Bondholder to buy the Shares directly in the market. By adjusting the conversion price to HK\$0.28, the Company restores the commercial value of the conversion feature of the Bonds.

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The amended Conversion Price of HK\$0.28 represents a modest discount to the prevailing market price of the Shares, which falls within the aforesaid range of conversion price relative to the respective closing price of the Samples and is a general practice in capital markets. The adjustment creates incentive for the Bondholder to convert the Bonds into Shares, which would reduce the Company's debt burden to repay the Bonds on maturity and strengthen its capital base.

As at 30 June 2025, the Group had cash and bank balances of approximately HK\$49.6 million. Given that the outstanding principal amount of the Bonds was approximately HK\$89.8 million, the available cash resources alone would not be sufficient to fully repay the Bonds upon maturity.

To secure alternative financial resources to fulfil its payment obligations on maturity, the Company intends to dispose of its entire issued share capital of Genius Year Limited, which had a carrying amount of approximately HK\$84.5 million as at 30 June 2025, for cash consideration. The proceeds from such disposal, if materialised, are expected to be applied towards the repayment of the Bonds upon maturity.

As at the Latest Practicable Date, however, no potential purchasers have expressed interest in the proposed disposal of the entire issued share capital of Genius Year Limited. The Company will continue to explore feasible financing and disposal opportunities to ensure that sufficient financial resources are available to meet its obligations when due.

In view of the above factors, the Board is of the view that the terms and conditions of the Supplemental Agreement and the transactions contemplated thereunder (including the Proposed Alterations) are on normal commercial terms, fair and reasonable, and in the interests of the Group and the Shareholders as a whole.

Information on the parties

The Company is an investment holding company. Its principal subsidiaries are principally engaged in broking, margin financing, corporate advisory and underwriting, asset and wealth management as well as property investment.

Power Path is a direct wholly-owned subsidiary of the Company. Its principal business is investment holding.

SCH and its principal subsidiaries are principally engaged in trading and manufacturing of toys and shoes, property investment and development, agriculture as well as forestry businesses.

The Bondholder is an indirect wholly-owned subsidiary of SCH. Its principal business is investment holding.

LETTER FROM THE BOARD

Effect on shareholding structure of the Company

Assuming that there is no change in the Shares from the Latest Practicable Date, the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) upon conversion of the convertible bonds not resulting Total Grace and the parties acting in concert with it exceeding the 2% creeper rule under Rule 26.1 of the Takeover Code; (iii) immediate upon full conversion of the whole principal of HK\$89,840,000 convertible bonds at the conversion price of HK\$0.28 per conversion shares; (iv) immediate upon full conversion of the whole principal of HK\$50,000,000 convertible bonds at the conversion price of HK\$0.22 per conversion share; and (v) immediate upon (a) full conversion of the whole principal of HK\$89,840,000 convertible bonds at the conversion price of HK\$0.28; and (b) full conversion of the whole principal of HK\$50,000,000 convertible bonds at the conversion price of HK\$0.22 per conversion share will be as follows:

	As at the Latest Practicable Date		Upon conversion of the convertible bonds not resulting Total Grace and the parties acting in concert with it exceeding the 2% creeper rule under Rule 26.1 of the Takeover Code		Immediate upon full conversion of the whole principal of HK\$89,840,000 convertible bonds at the conversion price of HK\$0.28 per conversion share		Immediate upon full conversion of the whole principal of HK\$50,000,000 convertible bonds at the conversion price of HK\$0.22 per conversion share		Immediate upon (a) full conversion of the whole principal of HK\$89,840,000 convertible bonds at the conversion price of HK\$0.28 per conversion share and (b) full conversion of the whole principal of HK\$50,000,000 convertible bonds at the conversion price of HK\$0.22 per conversion share	
	No. of Shares	Approximately %	No. of Shares	Approximately %	No. of Shares	Approximately %	No. of Shares	Approximately %	No. of Shares	Approximately %
Uni-Spark	7,178,761	2.38	7,178,761	2.36	7,178,761	1.15	7,178,761	1.36	7,178,761	0.85
Fung Shing	23,526,030	7.81	23,526,030	7.73	23,526,030	3.78	23,526,030	4.45	23,526,030	2.77
Parkfield	44,623,680	14.81	44,623,680	14.66	44,623,680	7.17	44,623,680	8.44	44,623,680	5.25
Ronastar	1,999,872	0.66	1,999,872	0.66	1,999,872	0.32	1,999,872	0.38	1,999,872	0.24
Mr. Ng	13,005,264	4.32	13,005,264	4.27	13,005,264	2.09	13,005,264	2.46	13,005,264	1.53
Total Grace	0	0.00	3,146,000	1.03	0	0.00	227,272,727	43.00	227,272,727	26.76
Thousand China	0	0.00	0	0.00	320,857,142	51.57	0	0.00	320,857,142	37.77
Mr. Ng and his close associates	90,333,607	29.98	93,479,607	30.71	411,190,749	66.09	317,606,334	60.09	638,463,476	75.17
Mr. Paul Ng	14,988,000	4.97	14,988,000	4.92	14,988,000	2.41	14,988,000	2.84	14,988,000	1.76
Ms. Cheung	13,598,311	4.51	13,598,311	4.47	13,598,311	2.19	13,598,311	2.57	13,598,311	1.60
Mr. Richard Howard Gorges	5,000,000	1.66	5,000,000	1.64	5,000,000	0.80	5,000,000	0.95	5,000,000	0.59
Parties acting in concert (Mr. Ng and his close associates, Mr. Paul Ng, Ms. Cheung and Mr. Richard Howard Gorges)	123,919,918	41.13	127,065,918	41.74	444,777,060	71.49	351,192,645	66.44	672,049,787	79.12
Public Shareholders	177,357,152	58.87	177,357,152	58.26	177,357,152	28.51	177,357,152	33.56	177,357,152	20.88
TOTAL	301,277,070	100.00	304,423,070	100.00	622,134,212	100.00	528,549,797	100.00	849,406,939	100.00

For illustrative purpose only, the maximum number of Conversion Shares to be issued upon exercise of the conversion rights of the Bonds would be approximately 3,146,000 assuming there is no mandatory general offer being triggered by the Bondholder under the Takeovers Code.

LETTER FROM THE BOARD

The Independent Shareholders should note that the number of Conversion Shares to be issued pursuant to such conversion shall be limited to the maximum number of Shares issuable by the Company which would not result in (i) a breach of the Public Float Requirement; and (ii) a mandatory general offer being triggered under the Takeovers Code, and the balance number of the Conversion Shares attaching to the Bonds will not be issued until (i) the Company is able to comply with the aforesaid issues of Public Float Requirement and mandatory general offer; or (ii) a general offer is made by the Bondholder and parties acting in concert with it respectively; or (iii) a whitewash waiver is approved and granted by the SFC (as the case may be).

Fund raising activities in the past 12-month period

The Company had not conducted any other fund raising activities in the past twelve (12) months immediately preceding the Latest Practicable Date.

Implications under the Listing Rules

Pursuant to Rule 28.05 of the Listing Rules, any alterations in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of such convertible debt securities. The Company will apply to the Stock Exchange for approval of the Proposed Alterations pursuant to Rule 28.05 of the Listing Rules.

As at the Latest Practicable Date, Mr. Ng and his associates held approximately 34.96% of the total issued share capital of the Company (Mr. Ng is an executive Director and chairman of the Board) and approximately 68.81% of the total issued share capital of SCH (Mr. Ng is an executive director and chairman of the board of directors of SCH). Therefore, each of the Company and SCH is an associate of Mr. Ng. Accordingly, the Proposed Alterations constitute connected transaction of the Company by virtue of the Listing Rules, which is subject to announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As Mr. Ng, Mr. Paul Ng (an associate of Mr. Ng), Ms. Cheung, Ms. Jessica Ng (another associate of Mr. Ng) are common directors of the Company and SCH, they are required to abstain from voting on the relevant Board resolutions.

Save for Mr. Ng, Mr. Paul Ng, Ms. Cheung, Ms. Jessica Ng and Mr. Richard Howard Gorges and their respective associates, no other Shareholder had a material interest in the Proposed Alterations, and is required to abstain from voting on the resolutions to be proposed at the EGM.

LETTER FROM THE BOARD

Independent Board Committee and Independent Financial Adviser

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Tung Woon Cheung Eric, Mrs. Tse Wong Siu Yin Elizabeth and Ms. Li Yuen Yu Alice, has been established to consider the terms of the Supplemental Agreement and the transactions contemplated thereunder (including the Proposed Alterations), and to advise the Independent Shareholders as to whether the terms of the Supplemental Agreement and the transactions contemplated thereunder (including the Proposed Alterations) are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Gransing Securities Co., Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Supplemental Agreement and the transactions contemplated thereunder (including the Proposed Alterations).

EGM

The EGM will be held on Monday, 12 January 2026 at 11:00 a.m. at 28th Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong for the Shareholders to consider and, if thought fit, pass the resolutions to approve, among other things, the Supplemental Agreement and the transactions as contemplated thereunder (including the Proposed Alterations). The resolutions in relation to the Supplemental Agreement and the transactions as contemplated thereunder (including the Proposed Alterations) at the EGM will be voted on by the Independent Shareholders by way of poll.

Save for Mr. Ng, Uni-Spark, Ronastar, Parkfield, Fung Shing, Mr. Paul Ng, Ms. Cheung, Ms. Jessica Ng and Mr. Richard Howard Gorges and their respective associates, holding approximately 41.13% of the total number of issued Shares in aggregate as at the Latest Practicable Date, no other Shareholder had a material interest in the Proposed Alterations, and is required to abstain from voting on the resolution to be proposed at the EGM.

The notice convening the EGM is set out on pages EGM-1 to EGM-3 of this circular.

A form of proxy for use at the EGM is also enclosed. Whether or not you intend to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to Union Registrars Limited, the share registrar of the Company in Hong Kong, at Suites 3301-04, 33rd Floor, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, as soon as possible and in any event not later than forty-eight (48) hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish.

LETTER FROM THE BOARD

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the list of Shareholders who are entitled to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 9 January 2026 to Monday, 12 January 2026 (both dates inclusive). No transfer of Shares will be registered during these days. In order to qualify to attend and vote at the EGM, all instruments of transfer together with the relevant share certificate(s) must be lodged with Union Registrars Limited, the share registrar of the Company in Hong Kong, at Suites 3301–04, 33rd Floor, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration no later than 4:00 p.m. on Thursday, 8 January 2026.

RECOMMENDATION

The Board (including the members of the Independent Board Committee after having considered the advice of the Independent Financial Adviser) considers that the Supplemental Agreement and the transactions as contemplated thereunder (including the Proposed Alterations) are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole, and recommends that the Independent Shareholders vote in favour of the resolution relating to the Supplemental Agreement and the transactions as contemplated thereunder (including the Proposed Alterations) at the EGM.

FURTHER INFORMATION

Your attention is drawn to (i) the letter from the Independent Board Committee which contains the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Supplemental Agreement and the transactions contemplated thereunder (including the Proposed Alterations); (ii) the letter from the Independent Financial Adviser which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Supplemental Agreement and the transactions contemplated thereunder (including the Proposed Alterations); and (iii) the additional information set out in the appendix to this circular and the notice of the EGM.

Warnings: The Proposed Alterations are subject to the fulfilment of a number of conditions, including but not limited to approval of the Supplemental Agreement and the transactions as contemplated thereunder (including the Proposed Alterations) by the Independent Shareholders at the EGM. As such, all transactions as contemplated under the Supplemental Agreement may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.

Yours faithfully
By order of the Board
South China Financial Holdings Limited
南華金融控股有限公司
Ng Yuk Mui Jessica
Executive Director