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SOUTH CHINA ASSETS HOLDINGS LIMITED

南華資產控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 08155)

ANNOUNCEMENT OF THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

QUARTERLY RESULTS

The board of directors (the “Board”) of South China Assets Holdings Limited (the “Company”) announces that the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months and nine months ended 30 September 2020 together with the relevant comparative figures as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	2	703	259	3,752	9,095
Cost of sales		(579)	–	(1,914)	(7,266)
Other operating income	3	173	137	342	1,254
Fair value gain/(loss) on financial assets at fair value through profit or loss		1,935	1,741	(3,385)	580
Gain on disposal of financial assets		58,686	954	61,646	1,813
Administrative and other operating expenses		(1,726)	(3,941)	(7,379)	(10,829)
Operating profit/(loss)		59,192	(850)	53,062	(5,353)
Finance costs		(2,894)	(3,232)	(9,178)	(11,692)
Profit/(loss) before income tax		56,298	(4,082)	43,884	(17,045)
Income tax expense	5	–	–	–	–
Profit/(loss) for the period		56,298	(4,082)	43,884	(17,045)
Profit/(loss) attributable to:					
Equity holders of the Company		56,404	(4,082)	44,124	(17,045)
Non-controlling interests		(106)	–	(240)	–
		56,298	(4,082)	43,884	(17,045)
Earnings/(loss) per share					
Basic and diluted	7	HK0.51 cent	HK(0.04) cent	HK0.40 cent	HK(0.15) cent

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three months ended		Nine months ended	
	30 September		30 September	
	2020	2019	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit/(loss) for the period	<u>56,298</u>	<u>(4,082)</u>	<u>43,884</u>	<u>(17,045)</u>
Other comprehensive income, that will not be reclassified subsequently to profit or loss				
Fair value gain on financial assets at fair value through other comprehensive income	39,215	42,100	28,619	32,613
Other comprehensive income, that may be reclassified subsequently to profit or loss				
Exchange differences on translation of financial statements of overseas subsidiaries	<u>6,816</u>	<u>323</u>	<u>3,181</u>	<u>293</u>
Other comprehensive income for the period	<u>46,031</u>	<u>42,423</u>	<u>31,800</u>	<u>32,906</u>
Total comprehensive income for the period	<u><u>102,329</u></u>	<u><u>38,341</u></u>	<u><u>75,684</u></u>	<u><u>15,861</u></u>
Total comprehensive income attributable to:				
Equity holders of the Company	102,435	38,341	75,924	15,861
Non-controlling interests	<u>(106)</u>	<u>–</u>	<u>(240)</u>	<u>–</u>
	<u><u>102,329</u></u>	<u><u>38,341</u></u>	<u><u>75,684</u></u>	<u><u>15,861</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2020

	Share capital <i>HK\$'000</i>	Treasury shares <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Financial assets revaluation reserve <i>HK\$'000</i>	Employee compensation reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total equity <i>HK\$'000</i>	
Balance at 1 January 2019 as originally presented	111,785	(20,191)	6,044	(168,855)	23,848	(1,503)	86,131	37,259	
Change in accounting policy									
Adoption of HKFRS 16	-	-	-	-	-	-	(3)	(3)	
Restated balance at 1 January 2019	111,785	(20,191)	6,044	(168,855)	23,848	(1,503)	86,128	37,256	
Transfer between reserves									
Release of reserve upon disposal of financial assets	-	-	-	2,601	-	-	(2,601)	-	
Comprehensive income									
Loss for the period	-	-	-	-	-	-	(17,045)	(17,045)	
Other comprehensive income									
Changes in fair value of financial assets	-	-	-	32,613	-	-	-	32,613	
Exchange realignment	-	-	-	-	-	293	-	293	
Total comprehensive income for the period	-	-	-	32,613	-	293	(17,045)	15,861	
At 30 September 2019 (unaudited)	<u>111,785</u>	<u>(20,191)</u>	<u>6,044</u>	<u>(133,641)</u>	<u>23,848</u>	<u>(1,210)</u>	<u>66,482</u>	<u>53,117</u>	
	Share capital <i>HK\$'000</i>	Treasury shares <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Financial assets revaluation reserve <i>HK\$'000</i>	Employee compensation reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Non- Controlling Interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 31 December 2019 and 1 January 2020 (audited)	111,785	(20,191)	6,044	(142,933)	23,848	(3,655)	61,461	-	36,359
Transfer between reserves									
Release of reserve upon disposal of financial assets	-	-	-	100,839	-	-	(100,839)	-	-
Comprehensive income									
Profit for the period	-	-	-	-	-	-	44,124	(240)	43,884
Other comprehensive income									
Changes in fair value of financial assets	-	-	-	28,619	-	-	-	-	28,619
Exchange realignment	-	-	-	-	-	3,181	-	-	3,181
Total comprehensive income for the period	-	-	-	28,619	-	3,181	44,124	(240)	75,684
Non-controlling interest in a subsidiary	-	-	-	-	-	-	-	1,600	1,600
At 30 September 2020 (unaudited)	<u>111,785</u>	<u>(20,191)</u>	<u>6,044</u>	<u>(13,475)</u>	<u>23,848</u>	<u>(474)</u>	<u>4,746</u>	<u>1,360</u>	<u>113,643</u>

Notes:

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the nine months ended 30 September 2020 have been reviewed by the audit committee of the Company.

The unaudited condensed consolidated financial statements have been prepared in accordance with the disclosure requirements of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”), the accounting principles generally accepted in Hong Kong and the relevant Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants.

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2019 except that the Group has adopted the newly issued and revised Hong Kong Financial Reporting Standards (“HKFRSs”), which are effective for the annual period beginning on 1 January 2020, as disclosed in the annual financial statements for the year ended 31 December 2019.

In the current quarterly period, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants which are mandatory effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Amendments to HKAS 1(Revised) and HKAS 8	Definition of Material

The directors do not expect that the amendments listed above will have a material impact on the Group’s condensed consolidated financial statements upon application.

2. REVENUE

Revenue derived from the Group’s principal activities recognised during the period are as follows:

	Three months ended		Nine months ended	
	30 September		30 September	
	2020	2019	2020	2019
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue				
Sale of properties	–	–	–	7,683
Interest income from money lender business	370	259	1,480	789
Sale of face masks and related products	333	–	2,272	–
Rendering of services	–	–	–	623
	<u>703</u>	<u>259</u>	<u>3,752</u>	<u>9,095</u>

3. OTHER OPERATING INCOME

During the three months and nine months ended 30 September 2020, other operating income mainly represents government subsidy and bank interest income.

During the three months and nine months ended 30 September 2019, other operating income mainly represents bad debt recovered and bank interest income.

4. SEGMENT INFORMATION

The Group has identified its operating segments based on the regular internal financial information reported to the Group's management for their decisions about resources allocation and review of performance. The Group has identified three reportable segments as follows:

- (a) the financial services segment which is engaged in provision of investment advisory and asset management services and money lending business;
- (b) the property development segment which is engaged in property development business in the People's Republic of China ("PRC"); and
- (c) the face mask segment which is engaged in manufacture and sale of face masks and related products.

These segments are monitored and strategic decisions are made on the basis of adjusted segment operating result.

The following tables present revenue and loss for the Group's operating segments for the nine months ended 30 September 2020 and 30 September 2019:

For the nine months ended 30 September 2020

	Financial Services HK\$'000 (Unaudited)	Property Development HK\$'000 (Unaudited)	Face mask HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
Segment revenue:				
Revenue from external customers	<u>1,480</u>	<u>–</u>	<u>2,272</u>	<u>3,752</u>
Segment results	<u>(168)</u>	<u>(536)</u>	<u>(600)</u>	<u>(1,304)</u>
Unallocated corporate income				330
Unallocated corporate expenses				(4,602)
Fair value loss on financial assets at fair value through profit or loss				(3,385)
Gain on disposal of financial assets				61,646
Unallocated finance costs				<u>(8,801)</u>
Profit before income tax				43,884
Income tax expense				<u>–</u>
Profit for the period				<u>43,884</u>

For the nine months ended 30 September 2019

	Financial Services <i>HK\$'000</i> (Unaudited)	Property Development <i>HK\$'000</i> (Unaudited)	Consolidated <i>HK\$'000</i> (Unaudited)
Segment revenue:			
Revenue from external customers	1,412	7,683	9,095
Segment results	<u>(2,201)</u>	<u>(7,646)</u>	(9,847)
Unallocated corporate income			4,801
Unallocated corporate expenses			(3,102)
Fair value gain on financial assets at fair value through profit or loss			580
Gain on disposal of financial assets			1,813
Unallocated finance costs			<u>(11,290)</u>
Loss before income tax			(17,045)
Income tax expense			<u>–</u>
Loss for the period			<u>(17,045)</u>

During the nine months ended 30 September 2020, revenue from financial services segment and face mask segment are attributable to a single geographical region, Hong Kong. During the nine months ended 30 September 2019, revenue from financial services segment are attributable to a single geographical region, Hong Kong and revenue from property development segment are attributable to a single geographical region, the PRC. The Group did not depend on any single customer under the segments for the nine months ended 30 September 2020 and 30 September 2019.

5. INCOME TAX EXPENSE

No provision for Hong Kong profits tax was made as the Group had no estimated assessable profits arising in or derived from Hong Kong during the period ended 30 September 2020 and 2019.

The Group's subsidiaries in the PRC are subject to the PRC enterprise income tax ("EIT") at the standard rate of 25% on the estimated assessable profits. No provision for EIT has been made as the subsidiaries operated in the PRC had no assessable profits for the period ended 30 September 2020 and 2019.

6. INTERIM DIVIDEND

The Board resolved not to declare the payment of an interim dividend for the nine months ended 30 September 2020 (nine months ended 30 September 2019: Nil).

7. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings/(loss) per share attributable to the equity holders of the Company is based on the following data:

	Three months ended		Nine months ended	
	30 September		30 September	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Unaudited profit/(loss) attributable to the equity holders of the Company used in the basic earnings/(loss) per share calculation	<u>56,404</u>	<u>(4,082)</u>	<u>44,124</u>	<u>(17,045)</u>
	Three months ended		Nine months ended	
	30 September		30 September	
	2020	2019	2020	2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares in issue during the period	11,178,498,344	11,178,498,344	11,178,498,344	11,178,498,344
Less: Weighted average number of shares held for share award scheme	<u>(169,163,118)</u>	<u>(169,163,118)</u>	<u>(169,163,118)</u>	<u>(169,163,118)</u>
Weighted average number of ordinary shares used in the basic earnings/(loss) per share calculation	<u>11,009,335,226</u>	<u>11,009,335,226</u>	<u>11,009,335,226</u>	<u>11,009,335,226</u>

Diluted earnings/(loss) per share for the nine months ended 30 September 2020 and 30 September 2019 were the same as the basic earnings/(loss) per share. The Company's share options have no dilution effect for the three months and nine months ended 30 September 2020 and 30 September 2019 because the exercise prices of the Company's share options were higher than the average market prices of the shares for both periods.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the nine months period ended 30 September 2020 (the “Period”), the Group recorded revenue of approximately HK\$3.8 million, representing a decrease of approximately 58.7% comparing with that of approximately HK\$9.1 million for the corresponding period in 2019. Such decrease in revenue was mainly due to no revenue from sale of property had been recognized during the Period.

There was a profit attributable to the equity holders of the Company for the Period of approximately HK\$44.1 million (nine months ended 30 September 2019: loss of HK\$17 million) which was mainly due to gain from disposal of financial assets.

As at 30 September 2020, the Group had net asset value of approximately HK\$113.6 million (31 December 2019: HK\$36.4 million). Such increase in net asset value was mainly due to fair value gain and disposal gain of financial assets.

BUSINESS REVIEW

The Group’s main businesses are: (i) property development in the PRC; (ii) provision of financial services in Hong Kong (subsidiaries of the Company are licensed to carry out types 1, 2, 4, 9 regulated activities under the Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong, and to provide money lending services under Money Lenders Ordinance, Cap. 163 of the Laws of Hong Kong); and (iii) the manufacturing and sale of face masks and related products.

The review of the principal business segments of the Group during the Period is as follows:

(a) Property development

During the Period, no revenue attributed to the property development business has been recognized.

The following table shows the Group's property development projects as at 30 September 2020:

Project	Location	Type	Status as of 30 September 2020	Total gross floor area (Note)
Phase 2 of Zhongjie Project	Cangzhou Zhongjie Industrial Park District	Residential property	First complex: Under-planning and in the progress of application for the mandatory certificate-construction planning certificate (建設工程規劃許可證)	Approximately 10,000 square meters
Huanghua Project	Huanghua New City	Commercial property	Under-planning	Approximately 100,000 square meters
Xiazhuzhuang Project	Wuqing Xiazhuzhuang Street	Industrial property	Under-planning	Approximately 53,334 square meters

Note: Gross floor area is calculated based on the Group's development plans, which may be subject to change.

(b) Financial services

This segment covers a wide range of financial services including but not limited to investment advisory services, money lending and wealth management. During the Period, the Group had revenue of approximately HK\$1.5 million (nine months ended 30 September 2019: approximately HK\$1.4 million) in this segment.

The Group's strategy is to build up a "one-stop financial services center" offering customers a diverse range of financial services. No revenue from rendering investment advisory services was recorded during the Period (nine months ended 30 September 2019: HK\$0.6 million) due to poor market sentiment attributable to COVID-19.

The Group also carries out money lending business covering personal loans, tax loans, small business loans, specialised lending loans and debt consolidation loans. During the Period, the Group had revenue of approximately HK\$1.5 million (nine months ended 30 September 2019: approximately HK\$0.8 million) in this business and the gross loan portfolio of the money lending business amounted to HK\$13.2 million as at 30 September 2020. The Group on the one hand adopted a more prudent approach under the unstable market sentiment attributable to COVID-19 by tightening its credit approval of new loan and loan refinancing applications, but on the other hand it strengthened its debt collection functions for minimizing credit risk.

The Board considered that the key risk exposures of the Group's businesses under this segment are market risk and credit risk. In addition, the Group did not take trade positions to minimize its exposure to price risk and foreign exchange risk.

(c) Manufacturing and sale of face masks and related products

The Group commenced its business in manufacturing and sale of face masks in the second quarter of 2020. During the Period, revenue from this segment amounted to approximately HK\$2.3 million with a segment loss of approximately HK\$0.6 million which was mainly due to starting cost including testing and accreditation fees.

INVESTMENT PORTFOLIO

The Group's investment portfolio consists of ordinary shares and redeemable convertible preference shares ("RCPSs") of South China Holdings Company Limited ("SCHC"), which are presented under financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income, respectively.

Stock code	Name of security	Carrying value as at 30 September 2020 HK\$'000	Fair value gain (loss) during the Period HK\$'000
00413	SCHC		
	– Ordinary shares	46,060	(10,820)
	– RCPSs	66,606	36,054
		<u>112,666</u>	<u>25,234</u>

The principal business of SCHC includes trading and manufacturing, property investment and development, agriculture and forestry.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2020, the Group had a current ratio of 1.9 (31 December 2019: 1.4) and a gearing ratio of 3.3% (31 December 2019: 18%). The increase in gearing ratio was due to the increase in equity and repayment of bank loan during the Period. The Group financed its operations and investments by internal resources and bank borrowings.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES

Face mask business

On 9 April 2020, South China Industries (BVI) Limited ("SCI"), a wholly-owned subsidiary of SCHC and the Company entered into a joint venture agreement for the purpose of formation of a joint venture company in which the Company and SCI hold 60% and 40% respectively. The joint venture company is an investment holding company which carries out production and sale of face masks and related products for capturing tremendous demand for face masks against COVID-19 worldwide. Given the Company holds 60% of the joint venture company, the joint venture company is a non-wholly-owned subsidiary of the Company, and its financial results are consolidated into the financial statements of the Group.

Property development business

On 21 May 2020, Proper Mark International Limited (“Proper Mark”), an indirect wholly-owned subsidiary of the Company, and South China Industries (China) Limited (“SCI China”), an indirect wholly-owned subsidiary of SCHC, entered into a sale and purchase agreement pursuant to which SCI China conditionally agreed to dispose of and Proper Mark conditionally agreed to purchase 100% of the entire issued share capital of Silver Giant Limited (“Silver Giant”), an indirect wholly-owned subsidiary of SCHC, at a total consideration of HK\$17,500,000. Silver Giant indirectly wholly owns a development site at Tianjin Xiazhuang Street (天津市下朱莊街) in which industrial complexes and ancillary offices would be developed for lease and sale. On 15 July 2020, all conditions precedent in respect of the acquisition were fulfilled, and completion subsequently took place. Upon completion, Silver Giant has become an indirect wholly-owned subsidiary of the Company.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATE OR ANY RELATED HEDGES

During the Period, the Group had no significant exposure to fluctuations in foreign exchange rate or any related hedges.

PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

As at 30 September 2020, the Group had no pledge of assets and contingent liabilities.

PROSPECTS

The Board believes it is the best interest of the Group to continue consolidating its existing financial services, expanding the scope of property development businesses and diversifying into new viable businesses such as face mask production which is expected to produce steady income stream.

(a) Property development business

Zhongjie Project

Planning works of phase 2 of the project, which consists of 2 complexes, were commenced in the first quarter of 2020. The construction works of the first complex have started in November 2020 subsequent to issuance of construction works commencement permit by the local authority in October 2020, and the main construction works are expected to be completed at about the end of 2021. Pre-sale of the premises of the first complex is expected to be taken place in about December 2020.

Huanghua Project

Huanghua New City has been more mature recently in terms of erection of a number of residential complexes and other community facilities, e.g. hospital, apart from the operation of a hi-speed train station in about two years. Huanghua Project has 2 phases. Given the satisfactory economic parameters including demographic condition, the planning works of phases 1 have started in October 2020 and the construction works are expected to be commenced in about the first half of 2021 and to be completed by the end of 2022.

Xiazhuzhuang Project

The project has two development phases which consists of industrial complexes and ancillary offices. The construction work of phase one is expected to be commenced in the second half of 2021.

(b) Financial services business

The Group has identified wealth management services e.g. funds, bonds and insurance, as an additional main business apart from brokerage. The Group has focused its investment in engagement of several teams of relevant and experienced personnel for achieving business targets.

Due to the force majeure event of outbreak of COVID-19, the Group's risk management has been tightened aiming at minimizing key risks through clearly defined terms of business with customers, stringent investment and credit control over transactions with customers, and regular monitoring of cash flow.

(c) Face mask business

In view of the significant surge in demand for face masks due to the pandemic, the Group has established a production line of face mask to meet the demands in Hong Kong and overseas in the second quarter of 2020. The Group is able to produce a maximum of approximately 80,000 units of qualified face masks per day to its clients, which are being sold both online and offline sales points.

As the face mask business remains in the initial stage, the Group keeps its product development and diversification for market penetration and development respectively by means of continuous automation upgrade, strengthened R&D capabilities and stringent cost structure in both raw materials and labour.

Looking forward to the year ending 31 December 2020, the global market will continue being shadowed by economic, political and public health risks, including the US-Sino trade war, the political campaigns in Hong Kong and the pandemic that will cast impact on every business sector of the world, which in turn will affect the global economic growth. Despite the foregoing challenges, the Board believes that business opportunities will always exist. The Group will be cautious in capital allocation in its businesses and in any other business sector which is expected to bring positive impact on the Group's profitability and cash flow, and in turn would be beneficial to its shareholders.

EVENTS AFTER THE REPORTING PERIOD

Sicundian town project

On 6 October 2020, the Company issued an announcement regarding SCHC's indirect wholly-owned subsidiary namely 天津南華譽基房地產開發有限公司 (“Tianjin Yuji”) and 滄州南華房地產開發有限公司 (“Cangzhou Real Estate”), an indirect wholly-owned subsidiary of the Company, entered into an engagement agreement (the “Engagement Agreement”), pursuant to which Tianjin Yuji has conditionally agreed to engage Cangzhou Real Estate to provide comprehensive management services (including but not limited to design and planning) of a property development project located in Sicundian town of Wuqing district in Tianjin on its behalf at a total engagement fee of RMB30.0 million (equivalent to approximately HK\$34.1 million). Up to the date of this announcement, the conditions as stipulated in the Engagement Agreement have not yet fulfilled.

UPDATE ON THE LISTING STATUS

The review hearing by the GEM Listing Committee was taken place on 9 September 2020. On 24 September 2020, the Company received a letter from the GEM Listing Committee, notifying the Company that the GEM Listing Committee was of the view that the Company failed to carry out a business with a sufficient level of operations and assets of sufficient value to support its operations under GEM Listing Rule 17.26 to warrant the continued listing of its shares. On 29 September 2020, the Company requested the decision of the GEM Listing Committee be referred to the GEM Listing Review Committee for review. The Board understands that the shares of the Company will not be suspended unless the decision is upheld by the GEM Listing Review Committee. Up to the date of this announcement, the hearing date of the review of the decision by the GEM Listing Review Committee has yet been fixed.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the nine months ended 30 September 2020.

By Order of the Board
South China Assets Holdings Limited
南華資產控股有限公司
Ng Hung Sang
Chairman and Executive Director

Hong Kong, 10 November 2020

As at the date of this announcement, the directors of the Company are (1) Mr. Ng Hung Sang, Ms. Cheung Choi Ngor, Mr. Richard Howard Gorges and Ms. Ng Yuk Mui Jessica as executive directors; (2) Mr. Ng Yuk Yeung Paul as non-executive director; and (3) Mr. Cheng Hong Kei, Ms. Pong Scarlett Oi Lan, BBS, J.P. and Mr. Yeung Chi Hang as independent non-executive directors.

This announcement, for which the directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM 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 announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least seven days from the date of its publication and on the website of the Company at www.scassets.com.