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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)

DISCLOSEABLE TRANSACTION FURTHER DISPOSAL OF LISTED SECURITIES

THE SECOND COMEC DISPOSAL

The Company, through its wholly-owned subsidiary, disposed of a total of 36,000 COMEC H Shares (which represents approximately 0.006% of the total issued COMEC H Shares and approximately 0.003% of the total issued shares of COMEC) on the market on 23 December 2021 for an aggregate consideration of approximately HK\$280,000 (exclusive of transaction costs).

The average selling price of each of the Second Disposed COMEC Shares was approximately HK\$7.77.

LISTING RULES IMPLICATIONS

The Second COMEC Disposal when aggregated with the First COMEC Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, as one of the applicable percentage ratios exceeds 5% but is less than 25%.

Reference is made to the announcement of the Company dated 22 December 2021 in relation to the disposal of a total of 936,000 COMEC H Shares on the market in a series of transactions conducted between 21 December 2021 and 22 December 2021.

THE SECOND COMEC DISPOSAL

The Company, through its wholly-owned subsidiary, disposed of a total of 36,000 COMEC H Shares (which represents approximately 0.006% of the total issued COMEC H Shares and approximately 0.003% of the total issued shares of COMEC) on the market on 23 December 2021 for an aggregate consideration of approximately HK\$280,000 (exclusive of transaction costs). The average selling price of each of the Second Disposed COMEC Shares was approximately HK\$7.77.

As the Second COMEC Disposal was made through the market, the Company was not aware of the identities of the purchasers of the Second Disposed COMEC Shares and accordingly, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, the purchasers of the Second Disposed COMEC Shares are Independent Third Parties.

REASONS FOR AND BENEFITS OF THE SECOND COMEC DISPOSAL

The Company is an investment holding company. The principal activities and business of the Group consist of 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 holding.

The Second COMEC Disposal was made at the market price of COMEC H Shares. The Board is of the view that the Second COMEC Disposal will enhance the liquidity of the Group. The Group intends to use the proceeds from the Second COMEC Disposal for general working capital.

As at 31 December 2020, the carrying amount of the Second Disposed COMEC Shares were approximately HK\$279,000. As a result of the Second COMEC Disposal, the Group is expected to recognise a gain of approximately HK\$1,000 (before taxation and without deduction of expenses related to the Second COMEC Disposal), which is calculated based on the difference between the carrying amount of the Second Disposed COMEC Shares as at 31 December 2020 and the aggregate consideration of the Second COMEC Disposal (exclusive of transaction costs). The actual amount of gain or loss as a result of the Second COMEC Disposal to be recorded by the Group will be subject to the review and final audit by the auditor of the Company.

Having considered the factors above, the Directors are of the view that the Second COMEC Disposal was fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

INFORMATION ABOUT COMEC

According to publicly available information, COMEC was established on 7 June 1993 in the PRC, the H Shares of which are listed on the Stock Exchange (Stock Code: 317) and the A Shares of which are listed on Shanghai Stock Exchange (Stock Code: 600685). COMEC and its subsidiaries are mainly engaged in the manufacturing of equipment for railways, ships, aerospace and other transportation facilities, and its scope of business is metal shipbuilding; marine equipment manufacturing; container manufacturing; metal structures manufacturing; metal pressure vessel manufacturing; mechanical parts processing; tempered glass manufacturing; cutting tool manufacturing; other furniture manufacturing; ship maintenance; general equipment repairs; engineering survey and design; machinery technology transfer services; interior decoration and design; water transport equipment rental services; container leasing services; machinery and equipment leasing; construction general contracting services; overseas dispatch of all kinds of labour service personnel (excluding seamen); provision of docks; barge anchorages; floats and other facilities for ships.

The following financial information is extracted from the public documents of COMEC:

	For the year ended	
	31 December	
	2020	2019
	<i>RMB'Million</i>	<i>RMB'Million</i>
Operating Income	11,608	21,829
Profit before taxation	3,652	991
Net profit	3,627	929
Net assets	11,858	8,755

IMPLICATIONS UNDER THE LISTING RULES

The Second COMEC Disposal when aggregated with the First COMEC Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, as one of the applicable percentage ratios exceeds 5% but is less than 25%.

DEFINITIONS

Unless the context requires otherwise, the following terms have the following meanings in this announcement:

“A Share(s)”	the domestic shares which are listed on Shanghai Stock Exchange
“Board”	board of the Directors
“COMEC”	CSSC Offshore & Marine Engineering (Group) Company Limited was established on 7 June 1993 in the PRC, the H Shares of which are listed on the Stock Exchange (Stock Code: 317) and the A Shares of which are listed on Shanghai Stock Exchange (Stock Code: 600685)
“COMEC H Share(s)”	the H Share(s) of COMEC which are listed on the Stock Exchange
“Company”	South China Financial Holdings Limited, a company incorporated in Hong Kong whose shares are listed on the Main Board of the Stock Exchange
“Director(s)”	director(s) of the Company
“First COMEC Disposal”	the Company, through its wholly-owned subsidiary, disposed of a total of 936,000 COMEC H Shares (which represents approximately 0.16% of the total issued COMEC H Shares and approximately 0.07% of the total issued shares of COMEC) on the market in a series of transactions conducted between 21 December 2021 and 22 December 2021 for an aggregate consideration of approximately HK\$7.4 million (exclusive of transaction costs)

“Group”	the Company and its subsidiaries
“H Share(s)”	the overseas listed foreign invested shares which are listed on the Stock Exchange
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	third party(ies) independent of the Company and the connected persons of the Company
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Second COMEC Disposal”	the Company, through its wholly-owned subsidiary, disposed of a total of 36,000 COMEC H Shares (which represents approximately 0.006% of the total issued COMEC H Shares and approximately 0.003% of the total issued shares of COMEC) on the market on 23 December 2021 for an aggregate consideration of approximately HK\$280,000 (exclusive of transaction costs). The average selling price of each of the Second Disposed COMEC Shares was approximately HK\$7.77
“Second Disposed COMEC Shares”	the COMEC H Shares disposed of under the Second COMEC Disposal
“Shareholder(s)”	holder(s) of the issued share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 23 December 2021

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