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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 Company, through its wholly-owned subsidiary, disposed of a total of 800,000 CEA H Shares (which represents approximately 0.015% of the total issued CEA H Shares and approximately 0.004% of the total issued shares of CEA) on the market on 25 May 2022 for an aggregate consideration of approximately HK\$2.1 million (exclusive of transaction costs).

The average selling price of each of Disposed CEA Shares was approximately HK\$2.68.

The Fourth Disposal, on a standalone basis, does not constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules, as none of the applicable percentage ratios exceeds 5%.

The Fourth Disposal when aggregate with the Previous Disposals 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 29 March 2022, 23 May 2022 and 24 May 2022 in relation to the disposal of a total of 5,426,000 CEA H Shares on the market in a series of transactions conducted between 26 January 2022 and 24 May 2022.

THE FOURTH DISPOSAL

The Company, through its wholly-owned subsidiary, disposed of a total of 800,000 CEA H Shares (which represents approximately 0.015% of the total issued CEA H Shares and approximately 0.004% of the total issued shares of CEA) on the market on 25 May 2022 for an aggregate consideration of approximately HK\$2.1 million (exclusive of transaction costs).

The average selling price of each of Disposed CEA Shares was approximately HK\$2.68.

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

REASONS FOR AND BENEFITS OF THE FOURTH 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 Fourth Disposal was made at the market price of CEA H Shares. The Board is of the view that the Fourth Disposal will enhance the liquidity of the Group. The Group intends to use the proceeds from the Fourth Disposal for general working capital.

As at 31 December 2021, the carrying amount of the Disposed CEA Shares was approximately HK\$2.3 million. As a result of the Fourth Disposal, the Group is expected to recognise a loss of approximately HK\$0.2 million (before taxation and without deduction of expenses related to the Fourth Disposal), which is calculated based on the difference between the carrying amount of the Disposed CEA Shares as at 31 December 2021 and the aggregate consideration of the Fourth Disposal (exclusive of transaction costs). The actual amount of gain or loss as a result of the Fourth 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 Fourth Disposal was fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

INFORMATION ABOUT CEA

According to publicly available information, CEA was established in the PRC on 14 April 1995. CEA and its subsidiaries are principally engaged in the operation of civil aviation, including the provision of passenger, cargo, mail delivery and other extended transportation services.

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

	For the year ended 31 December	
	2021	2020
	<i>RMB'Million</i>	<i>RMB'Million</i>
Revenue	67,127	58,727
Loss before income tax	(17,513)	(16,488)
Loss for the year	(13,284)	(12,561)
Net assets	57,154	59,154

IMPLICATIONS UNDER THE LISTING RULES

The Fourth Disposal, on a standalone basis, does not constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules, as none of the applicable percentage ratios exceeds 5%.

The Fourth Disposal when aggregate with the Previous Disposals 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
“CEA”	China Eastern Airlines Corporation Limited, a joint stock company limited by shares, the A Shares (Stock Code: 600115), H Shares (Stock Code: 670) and American depositary shares (Stock Code: CEA) of which are listed on Shanghai Stock Exchange, the Stock Exchange and the New York Stock Exchange, respectively
“CEA H Share(s)”	the H Share(s) of CEA 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
“Disposed CEA Shares”	the CEA H Shares disposed of under the Fourth Disposal
“First Disposal”	the Company, through its wholly-owned subsidiary, disposed of a total of 3,500,000 CEA H Shares on the market on 29 March 2022 for an aggregate consideration of approximately HK\$9.1 million (exclusive of transaction costs)
“Fourth Disposal”	the Company, through its wholly-owned subsidiary, disposed of a total of 800,000 CEA H Shares (which represents approximately 0.015% of the total issued CEA H Shares and approximately 0.004% of the total issued shares of CEA) on the market on 25 May 2022 for an aggregate consideration of approximately HK2.1 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
“Previous Disposals”	the Company, through its wholly-owned subsidiary, disposed a total of 5,426,000 CEA H Shares (including but not limited to the First Disposal, the Second Disposal and the Third Disposal) on the market in a series of transactions between 26 January 2022 and 24 May 2022 for an aggregate consideration of approximately HK\$14.2 million
“RMB”	Renminbi, the lawful currency of the PRC
“Second Disposal”	the Company, through its wholly-owned subsidiary, disposed of a total of 1,300,000 CEA H Shares on the market on 23 May 2022 for an aggregate consideration of approximately HK3.4 million (exclusive of transaction costs)
“Shareholder(s)”	holder(s) of the issued share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Third Disposal”	the Company, through its wholly-owned subsidiary, disposed of a total of 590,000 CEA H Shares on the market on 24 May 2022 for an aggregate consideration of approximately HK1.57 million (exclusive of transaction costs)
“%”	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, 25 May 2022

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.