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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 3,000,000 SINOPEC SSC H Shares (which represents approximately 0.06% of the total issued SINOPEC SSC H Shares and approximately 0.02% of the total issued shares of SINOPEC SSC) on the market on 28 December 2022 for an aggregate consideration of approximately HK\$1.53 million (exclusive of transaction costs).

The average selling price of each of Disposed SINOPEC SSC Shares was approximately HK\$0.51.

The 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 Disposal, when aggregated with the Previous SINOPEC SSC 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 are made to the announcements of the Company dated 7 March 2022, 21 December 2022 and 22 December 2022 in relation to the disposal of a total of 23,554,000 SINOPEC SSC H Shares, on a net basis, on the market from 24 February 2022 to 22 December 2022.

THE DISPOSAL

The Company, through its wholly-owned subsidiary, disposed of a total of 3,000,000 SINOPEC SSC H Shares (which represents approximately 0.06% of the total issued SINOPEC SSC H Shares and approximately 0.02% of the total issued shares of SINOPEC SSC) on the market on 28 December 2022 for an aggregate consideration of approximately HK\$1.53 million (exclusive of transaction costs).

The average selling price of each of Disposed SINOPEC SSC Shares was approximately HK\$0.51.

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

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

As at 31 December 2021, the carrying amount of the Disposed SINOPEC SSC Shares was approximately HK\$1.95 million. As a result of the Disposal, the Group is expected to recognise a loss of approximately HK\$0.42 million (before taxation and without deduction of expenses related to the Disposal), which is calculated based on the difference between the carrying amount of the Disposed SINOPEC SSC Shares as at 31 December 2021 and the aggregate consideration of the Disposal (exclusive of transaction costs). The actual amount of gain or loss as a result of the 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 Disposal was fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

INFORMATION ABOUT SINOPEC SSC

According to publicly available information, SINOPEC SSC, formerly known as Sinopec Yizheng Chemical Fibre Company Limited, which was registered in the PRC and exclusively established by Yihua Group Corporation on 31 December 1993. With more than 60 years of business operation and rich experience in project execution, SINOPEC SSC is the largest, integrated, and professional oilfield service provider in the PRC and a leader in providing integrated and full industrial-chain services covering the whole life cycle of oil and gas exploration. SINOPEC SSC has five major business sectors-geophysics, drilling, logging & mud logging, downhole operation service and engineering construction, covering the full industrial-chain from exploration, drilling, completion, oil and gas production, collection and transportation, and well abandonment.

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

| | For the year ended 31 December | |
|------------------------|---------------------------------------|---------------------|
| | 2021 | 2020 |
| | <i>RMB' Million</i> | <i>RMB' Million</i> |
| Revenue | 69,533 | 68,073 |
| Profit before taxation | 491 | 348 |
| Net profit | 180 | 79 |
| Net assets | 6,862 | 6,723 |

IMPLICATIONS UNDER THE LISTING RULES

The 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 Disposal, when aggregated with the Previous SINOPEC SSC 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:

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| “A Share(s)” | the domestic shares which are listed on Shanghai Stock Exchange |
| “Board” | board of the Directors |
| “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 |
| “Disposal” | the Company, through its wholly-owned subsidiary, disposed of a total of 3,000,000 SINOPEC SSC H Shares (which represents approximately 0.06% of the total issued SINOPEC SSC H Shares and approximately 0.02% of the total issued shares of SINOPEC SSC) on the market on 28 December 2022 for an aggregate consideration of approximately HK\$1.53 million (exclusive of transaction costs) |
| “Disposed SINOPEC SSC Shares” | the SINOPEC SSC H Shares disposed of under the Disposal |
| “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 |

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| “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 SINOPEC SSC Disposal” | the Company, through its wholly-owned subsidiary, disposal of a total of 23,554,000 SINOPEC SSC H Shares, on a net basis, on the market from 24 February 2022 to 22 December 2022 as disclosed in the announcements of the Company dated 7 March 2022, 21 December 2022 and 22 December 2022 |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Shareholder(s)” | holder(s) of the issued share(s) of the Company |
| “SINOPEC SSC” | SINOPEC Oilfield Service Corporation was established on 31 December 1993 in the PRC, the H Shares of which are listed on the Stock Exchange (Stock Code: 01033) and the A Shares of which are listed on Shanghai Stock Exchange (Stock Code: 600871) |
| “SINOPEC SSC H Share(s)” | the H Share(s) of SINOPEC SSC which are listed on the Stock Exchange |
| “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, 28 December 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, K.C. and Mr. Tung Woon Cheung Eric as independent non-executive Directors.