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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 (i) a total of 270,000 CEA H Shares (which represent approximately 0.005% of the total issued CEA H Shares and approximately 0.001% of the total issued shares of CEA) on the market on 19 January 2023 for an aggregate consideration of approximately HK\$0.89 million (exclusive of transaction costs); and (ii) a total of 4,700,000 SINOPEC SSC H Shares (which represent approximately 0.09% of the total issued SINOPEC SSC H Shares and approximately 0.02% of the total issued shares of SINOPEC SSC) on the market on 19 January 2023 for an aggregate consideration of approximately HK\$2.68 million (exclusive of transaction costs).

The average selling price of (i) each of the Disposed CEA Shares was approximately HK\$3.30; and (ii) each of the Disposed SINOPEC SSC Shares was approximately HK\$0.57.

The CEA 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 CEA Disposal, when aggregated with the Previous CEA 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%.

The SINOPEC SSC 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 SINOPEC SSC Disposal, when aggregate 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 (i) dated 29 March 2022, 23 May 2022, 24 May 2022, 25 May 2022, 27 June 2022, 26 August 2022 and 30 August 2022 in relation to the disposal of a total of 8,080,000 CEA H Shares, on a net basis, on the market from 26 January 2022 to 28 December 2022; and (ii) dated 7 March 2022, 21 December 2022, 22 December 2022 and 28 December 2022 in relation to the disposal of a total of 26,554,000 SINOPEC SSC H Shares, on a net basis, on the market from 24 February 2022 to 28 December 2022.

THE CEA DISPOSAL

The Company, through its wholly-owned subsidiary, disposed of a total of 270,000 CEA H Shares (which represent approximately 0.005% of the total issued CEA H Shares and approximately 0.001% of the total issued shares of CEA) on the market on 19 January 2023 for an aggregate consideration of approximately HK\$0.89 million (exclusive of transaction costs). The average selling price of each of the Disposed CEA Shares was approximately HK\$3.30.

As the CEA 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.

THE SINOPEC SSC DISPOSAL

The Company, through its wholly-owned subsidiary, disposed of a total of 4,700,000 SINOPEC SSC H Shares (which represent approximately 0.09% of the total issued SINOPEC SSC H Shares and approximately 0.02% of the total issued shares of SINOPEC SSC) on the market on 19 January 2023 for an aggregate consideration of approximately HK\$2.68 million (exclusive of transaction costs). The average selling price of each of the Disposed SINOPEC SSC Shares was approximately HK\$0.57.

As the SINOPEC SSC 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 CEA DISPOSAL AND SINOPEC SSC 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 CEA Disposal and the SINOPEC SSC Disposal were made at the market price of CEA H Shares and SINOPEC SSC H Shares respectively. The Board is of the view that the CEA Disposal and SINOPEC SSC Disposal will enhance the liquidity of the Group. The Group intends to use the proceeds from the CEA Disposal and the SINOPEC SSC Disposal for general working capital.

As at 31 December 2022, the carrying amount of the Disposed CEA Shares was approximately HK\$0.86 million. As a result of the CEA Disposal, the Group is expected to recognise a gain of approximately HK\$0.03 million (before taxation and without deduction of expenses related to the CEA Disposal), which is calculated based on the difference between the carrying amount of the Disposed CEA Shares as at 31 December 2022 and the aggregate consideration of the CEA Disposal (exclusive of transaction costs). The actual amount of gain or loss as a result of the CEA Disposal to be recorded by the Group will be subject to the review and final audit by the auditor of the Company.

As at 31 December 2022, the carrying amount of the Disposed SINOPEC SSC Shares was approximately HK\$2.40 million. As a result of the SINOPEC SSC Disposal, the Group is expected to recognise a gain of approximately HK\$0.28 million (before taxation and without deduction of expenses related to the SINOPEC SSC Disposal), which is calculated based on the difference between the carrying amount of the Disposed SINOPEC SSC Shares as at 31 December 2022 and the aggregate consideration of the SINOPEC SSC Disposal (exclusive of transaction costs). The actual amount of gain or loss as a result of the SINOPEC SSC 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 CEA Disposal and the SINOPEC SSC Disposal were fair and reasonable, on normal commercial terms and in the interests of the Company and the 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	57,152	59,154

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 CEA 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 CEA Disposal, when aggregated with the Previous CEA 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%.

The SINOPEC SSC 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 SINOPEC SSC Disposal, when aggregate 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:

“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: 00670) 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 Disposal”	the Company, through its wholly-owned subsidiary, disposed of a total of 270,000 CEA H Shares (which represent approximately 0.005% of the total issued CEA H Shares and approximately 0.001% of the total issued share of CEA) on the market on 19 January 2023 for an aggregate consideration of approximately HK\$0.89 million (exclusive of transaction costs)
“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 (Stock Code: 00619)
“Director(s)”	director(s) of the Company
“Disposed CEA Shares”	the CEA H Shares disposed of under the CEA Disposal
“Disposed SINOPEC SSC Shares”	the SINOPEC SSC H Shares disposed of under the SINOPEC SSC 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
“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 CEA Disposal”	the Company, through its wholly-owned subsidiary, disposed a total of 8,080,000 CEA H Shares, on a net basis, on the market from 26 January 2022 to 28 December 2022 as disclosed in the announcements of the Company dated 29 March 2022, 23 May 2022, 24 May 2022, 25 May 2022, 27 June 2022, 26 August 2022 and 30 August 2022
“Previous SINOPEC SSC Disposal”	the Company, through its wholly-owned subsidiary, disposal of a total of 26,554,000 SINOPEC SSC H Shares, on a net basis, on the market from 24 February 2022 to 28 December 2022 as disclosed in the announcements of the Company dated 7 March 2022, 21 December 2022, 22 December 2022 and 28 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 Disposal”	the Company, through its wholly-owned subsidiary, disposed of a total of 4,700,000 SINOPEC SSC H Shares (which represent approximately 0.09% of the total issued SINOPEC SSC H Shares and approximately 0.02% of the total issued shares of SINOPEC SSC) on the market on 19 January 2023 for an aggregate consideration of approximately HK\$2.68 million (exclusive of transaction costs)
“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, 19 January 2023

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., Mr. Tung Woon Cheung Eric and Mr. Lam Douglas Tak Yip, SC as independent non-executive Directors.