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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 DISPOSAL OF LISTED SECURITIES**

The Company, through its wholly-owned subsidiary, disposed of a total of 7,298,000 CISC H Shares (which represents approximately 1.36% of the total issued CISC H Shares and approximately 0.08% of the total issued shares of CISC) on the market in a series of transactions conducted between 30 January 2023 and 27 July 2023 for an aggregate consideration of approximately HK\$5.98 million (exclusive of transaction costs).

The average selling price of Disposed CISC Shares was approximately HK\$0.82.

The CISC 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 CISC DISPOSAL**

The Company, through its wholly-owned subsidiary, disposed of a total of 7,298,000 CISC H Shares (which represents approximately 1.36% of the total issued CISC H Shares and approximately 0.08% of the total issued shares of CISC) on the market in a series of transactions conducted between 30 January 2023 and 27 July 2023 for an aggregate consideration of approximately HK\$5.98 million (exclusive of transaction costs). The average selling price of Disposed CISC Shares was approximately HK\$0.82.

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

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

As at 31 December 2022, the carrying amount of the Disposed CISC Shares was approximately HK\$6.13 million. As a result of the CISC Disposal, the Group is expected to recognise a loss of approximately HK\$151,000 (before taxation and without deduction of expenses related to the CISC Disposal), which is calculated based on the difference between the carrying amount of the Disposed CISC Shares as at 31 December 2022 and the aggregate consideration of the CISC Disposal (exclusive of transaction costs). The actual amount of gain or loss as a result of the CISC 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 CISC Disposal was fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

## INFORMATION ABOUT CISC

According to publicly available information, CISC was incorporated and registered with Chongqing Municipal Administration of Industry and Commerce on 11 August 1997, the H Shares of which are listed on the Stock Exchange (Stock Code: 01053) and the A Shares of which are listed on Shanghai Stock Exchange (Stock Code: 601005). CISC and its subsidiaries are mainly engaged in the production, processing and sale of steel plates, steel sections, wire rods, bar materials, billets and thin plates, and in the production and sale of coking and coal chemical products, pig iron & grain slag, steel slag, and steel scrap.

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

	<b>For the year ended 31 December</b>	
	<b>2022</b>	<b>2021</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	36,561,531	39,849,418
(Loss)/Profit before taxation	(1,201,895)	2,262,886
Net (loss)/profit	(1,019,409)	2,274,395
Net assets	21,341,918	22,375,211

## IMPLICATIONS UNDER THE LISTING RULES

The CISC 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
“CISC”	Chongqing Iron & Steel Company Limited, which was incorporated and registered with Chongqing Municipal Administration of Industry and Commerce on 11 August 1997, the H Shares of which are listed on the Stock Exchange (Stock Code: 01053) and the A Shares of which are listed on Shanghai Stock Exchange (Stock Code: 601005)
“CISC Disposal”	the Company, through its wholly-owned subsidiary, disposed of a total of 7,298,000 CISC H Shares (which represents approximately 1.36% of the issued share capital of CISC and approximately 0.08% of the total issued shares of CISC) on the market in a series of transactions conducted between 30 January 2023 and 27 July 2023 for an aggregate consideration of approximately HK\$5.98 million (exclusive of transaction costs). The average selling price of Disposed CISC Shares was approximately HK\$0.82
“CISC H Share(s)”	the H Share(s) of CISC 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 CISC Shares”	the CISC H Shares disposed of under the CISC 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
“RMB”	Renminbi, the lawful currency of the PRC
“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, 27 July 2023

*As at the date of this announcement, the Directors are:*

***Executive Directors***

*Mr. Ng Hung Sang*

*Ms. Cheung Choi Ngor*

*Ms. Ng Yuk Mui Jessica*

*Mr. Ng Yuk Yeung Paul*

***Independent Non-executive Directors***

*Mrs. Tse Wong Siu Yin Elizabeth*

*Hon. Raymond Arthur William Sears, K.C.*

*Mr. Tung Woon Cheung Eric*

*Mr. Lam Douglas Tak Yip, SC*