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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)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Reference is made to the annual report of South China Financial Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the year ended 31 December 2020 which was published on 27 April 2021 (the “**2020 Annual Report**”). Unless the context otherwise specifies, all capitalized terms used herein shall have the same meanings as those defined in the 2020 Annual Report.

In addition to the information disclosed in the 2020 Annual Report, the board of directors (the “**Board**”) of the Company would like to provide further information in respect of the other operating expenses of the Group (“**Other Operating Expenses**”) for the year ended 31 December 2020 disclosed on page 59 of the 2020 Annual Report together with comparative figures of 2019 as below:

Other Operating Expenses:

	2020	2019	
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>% change</i>
Cost of services provided	18,785	25,480	(26.3)
Cost of media publications and financial public relation services (“ Media Services ”)	48,625	34,550	40.7
Cost of inventories sold	16,216	20,745	(21.8)
Depreciation of property, plant and equipment	1,021	1,481	(31.1)
Depreciation of right-of-use assets	3,758	2,862	31.3
Amortisation of intangible assets	1,729	1,706	1.3
Auditor’s remuneration	1,970	2,333	(15.6)
Lease payments not included in the measurement of lease liabilities	12,234	16,295	(24.9)

	<i>Notes</i>	2020 HK\$'000	2019 HK\$'000	% change
Employee benefit expense (including directors' remuneration):				
Wages, salaries and benefits in kind		44,129	112,950	(60.9)
Pension scheme contributions, net		1,865	4,451	(58.1)
		45,994	117,401	(60.8)
Direct operating expenses arising from rental		1,583	1,615	(2.0)
Impairment of other receivables		6,867	—	N/A
Communication expenses	1	9,965	11,637	(14.4)
Management and professional fees	2	9,779	6,990	39.9
Marketing and promotional fees	3	8,587	1,965	337.0
Restructuring costs	4	17,423	—	N/A
Others	5	21,688	11,579	87.3
		226,224	256,639	(11.9)

Notes:

- (1) "Communication expenses" mainly represented subscription fees for market information databases and trading platforms and telephone and fax expenses.
- (2) "Management and professional fees" mainly included accounting and secretarial fees, tax filing fees, legal advisory fees and consultancy fees for business operations, etc.
- (3) "Marketing and promotional fees" mainly represented the marketing costs incurred in promoting financial services and money lending businesses.
- (4) "Restructuring costs" mainly represented non-recurring restructuring costs of Media Services, included costs of streamlining divisions and building core multi-media and event platforms.
- (5) "Others" included net foreign exchange differences, recruitment expenses, printing, stationery, office supplies, travelling and other miscellaneous expenses, etc.

N/A: Not applicable

Save as disclosed above, all other information contained in the 2020 Annual Report remained unchanged.

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, 10 September 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.