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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 1,000,000 SINOPEC SSC H Shares (which represents approximately 0.02% of the total issued SINOPEC SSC H Shares and approximately 0.01% of the total issued shares of SINOPEC SSC) on the market on 27 February 2023 for an aggregate consideration of approximately HK\$0.61 million (exclusive of transaction costs); and (ii) a total of 1,000,000 MCCL H Shares (which represents approximately 0.03% of the total issued MCCL H Shares and approximately 0.01% of the total issued shares of MCCL) on the market on 27 February 2023 for an aggregate consideration of approximately HK\$1.73 million (exclusive of transaction costs).

The average selling price of (i) each of Disposed SINOPEC SSC Shares was approximately HK\$0.61; and (ii) each of Disposed MCCL Shares was approximately HK\$1.73.

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%.

The MCCL 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 MCCL Disposal, when aggregate with the Previous MCCL 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 7 March 2022, 21 December 2022, 22 December 2022, 28 December 2022, 19 January 2023, 20 January 2023 and 24 February 2023 in relation to the disposal of a total of 32,248,000 SINOPEC SSC H Shares, on a net basis, on the market from 7 March 2022 to 24 February 2023; and (ii) dated 22 March 2022 and 6 April 2022 in relation to the disposal of a total of 4,344,000 MCCL H Shares, on a net basis, on the market from 22 March 2022 to 3 October 2022.

### **THE SINOPEC SSC DISPOSAL**

The Company, through its wholly-owned subsidiary, disposed of a total of 1,000,000 SINOPEC SSC H Shares (which represents approximately 0.02% of the total issued SINOPEC SSC H Shares and approximately 0.01% of the total issued shares of SINOPEC SSC) on the market on 27 February 2023 for an aggregate consideration of approximately HK\$0.61 million (exclusive of transaction costs).

The average selling price of each of Disposed SINOPEC SSC Shares was approximately HK\$0.61.

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.

### **THE MCCL DISPOSAL**

The Company, through its wholly-owned subsidiary, disposed of a total of 1,000,000 MCCL H Shares (which represents approximately 0.03% of the total issued MCCL H Shares and approximately 0.01% of the total issued shares of MCCL) on the market on 27 February 2023 for an aggregate consideration of approximately HK\$1.73 million (exclusive of transaction costs).

The average selling price of each of Disposed MCCL Shares was approximately HK\$1.73.

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

### **REASONS FOR AND BENEFITS OF THE SINOPEC SSC DISPOSAL AND THE MCCL 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 SINOPEC SSC Disposal and the MCCL Disposal were made at the market price of SINOPEC SSC H Shares and MCCL H Shares respectively. The Board is of the view that the SINOPEC Disposal and the MCCL Disposal will enhance the liquidity of the Group. The Group intends to use the proceeds from the SINOPEC SSC Disposal and the MCCL Disposal for general working capital.

As at 31 December 2022, the carrying amount of the Disposed SINOPEC SSC Shares was approximately HK\$0.51 million. As a result of the SINOPEC SSC Disposal, the Group is expected to recognise a gain of approximately HK\$0.1 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.

As at 31 December 2022, the carrying amount of the Disposed MCCL Shares was approximately HK\$1.73 million. As a result of the MCCL Disposal, the Group is expected there is no gain or loss (before taxation and without deduction of expenses related to the MCCL Disposal), which is calculated based on the difference between the carrying amount of the Disposed MCCL Shares as at 31 December 2022 and the aggregate consideration of the MCCL Disposal (exclusive of transaction costs). The actual amount of gain or loss as a result of the MCCL 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 SINOPEC SSC Disposal and the MCCL Disposal were fair and reasonable, on normal commercial terms and in the interests of the Company and the 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:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2021</b>	<b>2020</b>
	<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

### **INFORMATION ABOUT MCCL**

According to publicly available information, MCCL was a joint stock limited company with limited liability incorporated under the laws of the PRC on 1 December 2008, and its A shares (stock code: 601618) and H shares (stock code: 01618) are listed on the Shanghai Stock Exchange and the Stock Exchange, respectively. MCCL and its subsidiaries provide services and products as follows: provision of engineering, construction and other-related contracting services for metallurgical and non-metallurgical projects; development and sale of residential and commercial properties, affordable housing and primary land development; development and production of metallurgical equipment, steel structures and other metal products; and development, mining and processing of mineral resources and the production of nonferrous metal and polysilicon.

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

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2021</b>	<b>2020</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	500,571,647	400,114,623
Profit before taxation	14,012,179	11,917,270
Net profit	11,607,194	9,382,357
Net assets	151,387,759	140,355,307

### **IMPLICATIONS UNDER THE LISTING RULES**

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%.

The MCCL 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 MCCL Disposal when aggregate with the Previous MCCL 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
“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 MCCL Shares”	the MCCL H Shares disposed of under the MCCL 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

“MCCL”	Metallurgical Corporation of China Ltd.* (中國冶金科工股份有限公司), a joint stock limited company with limited liability incorporated under the laws of the PRC on 1 December 2008, and its A shares (stock code: 601618) and H shares (stock code: 01618) are listed on the Shanghai Stock Exchange and the Stock Exchange, respectively
“MCCL Disposal”	the Company, through its wholly-owned subsidiary, disposed of a total of 1,000,000 MCCL H Shares (which represents approximately 0.03% of the total issued MCCL H Shares and approximately 0.01% of the total issued shares of MCCL) on the market on 27 February 2023 for an aggregate consideration of approximately HK\$1.73 million (exclusive of transaction costs)
“MCCL H Share(s)”	the H Share(s) of MCCL which are listed 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 MCCL Disposal”	the Company, through its wholly-owned subsidiary, disposed a total of 4,344,000 MCCL H Shares, on a net basis, on the market from 22 March 2022 to 3 October 2022 as disclosed in the announcements of the Company dated 22 March 2022 and 6 April 2022
“Previous SINOPEC SSC Disposal”	the Company, through its wholly-owned subsidiary, disposal of a total of 32,248,000 SINOPEC SSC H Shares, on a net basis, on the market from 7 March 2022 to 24 February 2023 as disclosed in the announcements of the Company dated 7 March 2022, 21 December 2022, 22 December 2022, 28 December 2022, 19 January 2023, 20 January 2023 and 24 February 2023
“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 1,000,000 SINOPEC SSC H Shares (which represent approximately 0.02% of the total issued SINOPEC SSC H Shares and approximately 0.01% of the total issued shares of SINOPEC SSC) on the market on 27 February 2023 for an aggregate consideration of approximately HK\$0.61 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, 27 February 2023

*As at the date of this announcement, the Directors are (1) Mr. Ng Hung Sang, Ms. Cheung Choi Ngor, Ms. Ng Yuk Mui Jessica and Mr. Ng Yuk Yeung Paul 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.*