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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 CEA H Shares (which represents approximately 0.02% of the total issued CEA H Shares and approximately 0.004% of the total issued shares of CEA) on the market on 25 April 2023 for an aggregate consideration of approximately HK\$3.08 million (exclusive of transaction costs); and (ii) a total of 1,300,000 MCCL H Shares (which represents approximately 0.05% of the total issued MCCL H Shares and approximately 0.01% of the total issued shares of MCCL) on the market on 25 April 2023 for an aggregate consideration of approximately HK\$2.91 million (exclusive of transaction costs).

The average selling price of (i) each of Disposed CEA Shares was approximately HK\$3.08; and (ii) each of Disposed MCCL Shares was approximately HK\$2.24.

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 aggregate 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 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 23 May 2022, 24 May 2022, 25 May 2022, 27 June 2022, 26 August 2022, 30 August 2022, 19 January 2023, 20 January 2023 and 28 March 2023 in relation to the disposal of a total of 7,244,000 CEA H Shares on a net basis, on the market from 23 May 2022 to 28 March 2023; and (ii) dated 27 February 2023 and 23 March 2023 in relation to the disposal of a total of 1,958,000 MCCL H Shares, on a net basis, on the market from 6 May 2022 to 23 March 2023.

THE CEA DISPOSAL

The Company, through its wholly-owned subsidiary, disposed of a total of 1,000,000 CEA H Shares (which represents approximately 0.02% of the total issued CEA H Shares and approximately 0.004% of the total issued shares of CEA) on the market on 25 April 2023 for an aggregate consideration of approximately HK\$3.08 million (exclusive of transaction costs).

The average selling price of each of Disposed CEA Shares was approximately HK\$3.08.

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 MCCL DISPOSAL

The Company, through its wholly-owned subsidiary, disposed of a total of 1,300,000 MCCL H Shares (which represents approximately 0.05% of the total issued MCCL H Shares and approximately 0.01% of the total issued shares of MCCL) on the market on 25 April 2023 for an aggregate consideration of approximately HK\$2.91 million (exclusive of transaction costs).

The average selling price of each of Disposed MCCL Shares was approximately HK\$2.24.

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

As at 31 December 2022, the carrying amount of the Disposed CEA Shares was approximately HK\$3.17 million. As a result of the CEA Disposal, the Group is expected to recognise a loss of approximately HK\$90,000 (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 MCCL Shares was approximately HK\$2.25 million. As a result of the MCCL Disposal, the Group is expected to recognise a gain of approximately HK\$663,000 (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 CEA 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 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 | |
| | 2022 | 2021 |
| | <i>RMB' Million</i> | <i>RMB' Million</i> |
| Revenue | 46,111 | 67,127 |
| Loss before taxation | (40,154) | (17,513) |
| Net loss | (39,900) | (13,284) |
| Net assets | 32,343 | 57,152 |

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:

| | For the year ended | |
|------------------------|---------------------------|----------------|
| | 31 December | |
| | 2022 | 2021 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Revenue | 592,669,072 | 500,571,647 |
| Profit before taxation | 15,392,116 | 14,012,179 |
| Net profit | 12,927,472 | 11,607,194 |
| Net assets | 161,909,125 | 151,387,759 |

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 aggregate 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 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 |
| “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 1,000,000 CEA H Shares (which represents approximately 0.02% of the total issued CEA H Shares and approximately 0.004% of the total issued shares of CEA) on the market on 25 April 2023 for an aggregate consideration of approximately HK\$3.08 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 MCCL Shares” | the MCCL H Shares disposed of under the MCCL 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 1,300,000 MCCL H Shares (which represents approximately 0.05% of the total issued MCCL H Shares and approximately 0.01% of the total issued shares of MCCL) on the market on 25 April 2023 for an aggregate consideration of approximately HK\$2.91 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 CEA Disposal” | the Company, through its wholly-owned subsidiary, disposed a total of 7,244,000 CEA H Shares, on a net basis, on the market from 23 May 2022 to 28 March 2023, as disclosed in the announcements of the Company dated 23 May 2022, 24 May 2022, 25 May 2022, 27 June 2022, 26 August 2022, 30 August 2022, 19 January 2023, 20 January 2023 and 28 March 2023 |
| “Previous MCCL Disposal” | the Company, through its wholly-owned subsidiary, disposed a total of 1,958,000 MCCL H Shares, on a net basis, on the market from 6 May 2022 to 23 March 2023 as disclosed in the announcements of the Company dated 27 February 2023 and 23 March 2023 |
| “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, 25 April 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

* *For identification purpose only*