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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 SECOND 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 0.005% of the total issued shares of MCCL) on the market on 25 August 2021 for an aggregate consideration of approximately HK\$2.7 million (exclusive of transaction costs).

The average selling price of each of Disposed MCCL Shares was approximately HK\$2.71.

LISTING RULES IMPLICATIONS

The Second MCCL Disposal when aggregated with the First 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 is made to the announcement of the Company dated 2 August 2021 in relation to the disposal of a total of 3,150,000 MCCL H Shares on the market in a series of transactions conducted between 13 July 2021 and 2 August 2021.

THE SECOND 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 0.005% of the total issued shares of MCCL) on the market on 25 August 2021 for an aggregate consideration of approximately HK\$2.7 million (exclusive of transaction costs). The average selling price of each of Disposed MCCL Shares was approximately HK\$2.71.

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

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

As at 31 December 2020, the carrying amount of the Second Disposed MCCL Shares were approximately HK\$1.4 million. As a result of the Second MCCL Disposal, the Group is expected to recognise a gain of approximately HK\$1.3 million (before taxation and without deduction of expenses related to the Second MCCL Disposal), which is calculated based on the difference between the carrying amount of the Second Disposed MCCL Shares as at 31 December 2020 and the aggregate consideration of the Second MCCL Disposal (exclusive of transaction costs). The actual amount of gain or loss as a result of the Second 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 Second MCCL Disposal was fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

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: 1618) 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	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	400,114,623	338,637,609
Profit before taxation	11,917,270	9,782,158
Net profit	9,382,357	7,576,819
Net assets	140,355,307	116,905,508

IMPLICATIONS UNDER THE LISTING RULES

The Second MCCL Disposal when aggregated with the First 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
“Director(s)”	director(s) of the Company
“Disposed MCCL Shares”	the MCCL H Shares disposed of under the Second MCCL Disposal
“First MCCL Disposal”	the Company, through its wholly-owned subsidiary, disposed of a total of 3,150,000 MCCL H Shares (which represents approximately 0.11% of the total issued MCCL H Shares and approximately 0.02% of the total issued shares of MCCL) on the market in a series of transactions conducted between 13 July 2021 and 2 August 2021 for an aggregate consideration of approximately HK\$7.2 million (exclusive of transaction costs)
“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: 1618) are listed on the Shanghai Stock Exchange and the Stock Exchange, respectively
“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
“RMB”	Renminbi, the lawful currency of the PRC
“Second Disposed MCCL Shares”	the MCCL H Shares disposed of under the Second MCCL Disposal
“Second 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 0.005% of the total issued shares of MCCL) on the market on 25 August 2021 for an aggregate consideration of approximately HK\$2.7 million (exclusive of transaction costs). The average selling price of each of Disposed MCCL Shares was approximately HK\$2.71
“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 August 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.

* *For identification purposes only*