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SOUTH CHINA HOLDINGS COMPANY LIMITED

南華集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00413)

PROFIT WARNING

This announcement is made by South China Holdings Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the information currently available and the preliminary review of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2023 (the “**Period**”), the Group expects to record a net loss of approximately HK\$85 million for the Period as compared with a net profit of approximately HK\$38 million for the corresponding period in 2022. This is mainly attributable to (i) drop in operating profit from the trade and manufacturing segment as a result of decrease in sales orders received from the major customers during the Period for the major customers adopted prudent ordering strategies after aggressive approach to pull in their respective shipment schedules in the first half of 2022 for avoidance of deadlock in logistics that they suffered in 2021; (ii) increase in finance costs due to increase in the Hong Kong Interbank Offered Rate during the Period as compared to the corresponding period in 2022; and (iii) decrease in gain on disposal of debentures of berths recognised during the Period. The impacts of above outweighed the gain on disposal of subsidiaries of approximately HK\$78 million recognised during the Period.

The Company is in the process of finalizing the interim results of the Group for the Period. The information contained in this announcement is only based on the preliminary assessment by the Board on the unaudited consolidated management accounts of the Group for the Period and the unaudited information currently available to the Company. The actual financial results of the Group for the Period may differ from the information disclosed in this announcement. The Group’s unaudited consolidated results for the Period are expected to be published in late August 2023.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
South China Holdings Company Limited
南華集團控股有限公司
Cheung Choi Ngor
Executive Director

Hong Kong, 18 August 2023

As at the date of this announcement, the directors of the Company are:

Executive Directors:

Mr. Ng Hung Sang
Ms. Cheung Choi Ngor
Mr. Ng Yuk Yeung Paul

Non-executive Directors:

Ms. Ng Yuk Mui Jessica
Mr. Ng Yuk Fung Peter
Ms. Li Yuen Yu Alice
Mr. Yu Pui Hang

Independent Non-executive Directors:

Mrs. Tse Wong Siu Yin Elizabeth
Mr. Kam Yiu Shing Tony
Ms. Pong Scarlett Oi Lan, BBS, J.P.
Mr. Wong Chun Tat, J.P.