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**If you have sold or transferred** all your shares in the Company, you should at once hand this circular to the purchaser(s) or the transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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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)**

**MAJOR TRANSACTION  
IN RELATION TO THE DISPOSAL OF  
LAND USE RIGHT AND PLANT BUILDING**

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Capitalised terms used on this cover page have the same meanings as defined in the section headed “Definitions” in this circular, unless the context requires otherwise.

A letter from the Board is set out on pages 4 to 12 of this circular.

The Sale and Purchase Agreement and the Disposal have been approved by written shareholders’ approval obtained from Mr. Ng, the controlling shareholder of the Company, together with his associates pursuant to Rule 14.44 of the Listing Rules in lieu of a resolution to be passed by the Shareholders at a general meeting of the Company.

This circular is being despatched to the Shareholders for information only.

In case of any inconsistency between the English text and the Chinese text of this circular, the English text shall prevail.

22 May 2026

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## DEFINITIONS

*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“associate(s)”	having the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (other than Saturday, Sunday or public holiday) on which banks in the PRC are open for general commercial business, and “Business Days” shall be more than one (1) Business Day
“Company”	South China Holdings Company Limited (南華集團控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, and its ordinary shares are being listed and traded on the main board of the Stock Exchange (stock code: 00413)
“Completion”	the completion of the Disposal under the Sale and Purchase Agreement
“connected person(s)”	having the meaning ascribed thereto under the Listing Rules
“controlling shareholder”	having the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Disposal Assets by the Vendor to the Purchaser pursuant to the Sale and Purchase Agreement
“Disposal Assets”	comprises two contiguous pieces of land with a total site area of approximately 132,727.92 sq.m., on which two 3-storey factories, a 5-storey factory, six single-storey warehouse, ten 5-storey dormitories, a 3-storey restaurant, a single-storey electricity room and canteen, and numerous ancillary facilities erected thereon and were completed between 1998 and 2013. The total gross floor area of the buildings is approximately 102,388.26 sq.m.
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

## DEFINITIONS

“Independent Valuer”	Graval Consulting Limited, an independent valuer, appointed by the Vendor for the purpose of conducting valuation on the Disposal Assets
“Land”	a plot of land of industrial use with an area of approximately 200 mu situated at 中國廣東省東莞市清溪鎮謝坑管理區及謝坑村二坑地段 (Xiekeng Management Zone and Erkeng Area of Xiekeng Village, Qingxi Town, Dongguan City, Guangdong Province, the PRC*), the land use right of which was held by the Vendor prior to the Disposal and forming part of the Disposal Assets
“Latest Practicable Date”	20 May 2026, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mainland China or PRC”	the People’s Republic of China, for the purpose of this circular, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Mr. Ng”	Mr. Ng Hung Sang, the controlling shareholder, the chairman of the Board and an executive Director of the Company
“mu”	a unit of land measurement, where 1 mu is equivalent to approximately 666.67 sq. m.
“Purchaser”	東莞市雁源供應鏈管理有限公司 (Dongguan City Yanyuan Supply Management Limited*), a company incorporated in the PRC with limited liability which is an independent third party
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 24 December 2025 entered into between the Vendor and the Purchaser in relation to the Disposal
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Shareholder(s)”	holder(s) of the Shares

## DEFINITIONS

“Share(s)”	ordinary share(s) of the Company
“sq. m.”	square meter
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USA”	the United States of America
“Vendor”	長榮玩具(東莞)有限公司 (Everwin Toys (Dongguan) Limited*), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

\* *English transliteration denotes Chinese names and addresses for identification purposes only*



**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)**

***Executive Directors:***

Mr. Ng Hung Sang (*Chairman*)

Ms. Cheung Choi Ngor

*(Vice Chairman and Co-Chief Executive Officer)*

Mr. Ng Yuk Yeung Paul

*(Executive Vice Chairman*

*and Co-Chief Executive Officer)*

***Registered Office:***

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Cayman Islands

***Non-executive Directors:***

Ms. Ng Yuk Mui Jessica

Mr. Yu Pui Hang

***Head Office and Principal Place  
of Business in Hong Kong:***

36th Floor, The Centrium,

60 Wyndham Street, Central,

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***Independent Non-executive Directors:***

Mr. Kam Yiu Shing Tony

Ms. Pong Scarlett Oi Lan, BBS, J.P.

Mr. Wong Chun Tat, J.P.

22 May 2026

*To the Shareholders*

Dear Sir/Madam,

**MAJOR TRANSACTION  
IN RELATION TO THE DISPOSAL OF  
LAND USE RIGHT AND PLANT BUILDING**

**INTRODUCTION**

Reference is made to the announcements of the Company dated 24 December 2025, 5 January 2026, 23 January 2026, 28 January 2026 and 5 May 2026 respectively in relation to the Sale and Purchase Agreement and the transaction contemplated thereunder which constitute a major transaction for the Company under Chapter 14 of the Listing Rules.

The purpose of this circular is to provide you with, among other things, (i) the details of the Sale and Purchase Agreement and the Disposal; (ii) the financial information of the Group; (iii) the valuation report on the Disposal Assets; and (iv) other information as required by the Listing Rules.

## LETTER FROM THE BOARD

### SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are as follows:

**Date:**

24 December 2025 (signed after trading hours)

**Parties:**

- (1) 長榮玩具(東莞)有限公司 (Everwin Toys (Dongguan) Company Limited\*) as the Vendor; and
- (2) 東莞市雁源供應鏈管理有限公司 (Dongguan City Yanyuan Supply Management Limited\*) as the Purchaser.

**Disposal Assets:**

The Disposal Assets disposed of by the Vendor are: (a) the land use right of the Land; and (b) the plant building (including all erections and facilities thereof) erected on the Land.

The Land was acquired by the Vendor in 1996 and the plant building was erected by the Vendor in 1998. The carrying value of the Disposal Assets as at 31 December 2025 amounted to approximately HK\$59.7 million.

**Consideration and payment terms:**

The aggregate consideration for the Disposal Assets is RMB290 million (equivalent to approximately HK\$318.7 million) which shall be payable by the Purchaser to the Vendor as follows (or in such other manner as mutually agreed in writing by the Purchaser and the Vendor):

- (a) RMB10 million (equivalent to approximately HK\$11 million) being the first payment to be paid by 24 December 2025;
- (b) RMB15 million (equivalent to approximately HK\$16.5 million) being the second payment to be paid by 31 December 2025;
- (c) RMB130 million (equivalent to approximately HK\$142.8 million) being the third payment to be paid within three (3) months upon issuance of the release undertaking by the mortgagee bank;
- (d) RMB55 million (equivalent to approximately HK\$60.4 million) being the fourth payment to be paid within three (3) Business Days upon submission of application for the transfer procedures (i.e. for change of the holder of the land use right certificate of the Land to the Purchaser);

## LETTER FROM THE BOARD

- (e) RMB60 million (equivalent to approximately HK\$66 million) being the fifth payment to be paid within ten (10) Business Days upon completion of the transfer procedures as set out in sub-paragraph (d) hereinabove; and
- (f) the remaining sum of RMB20 million (equivalent to approximately HK\$22 million) to be paid within three (3) Business Days upon completion of tax payment by the Vendor.

### **Basis of the Consideration**

The aggregate consideration of RMB290 million (equivalent to approximately HK\$318.7 million) for the Disposal Assets payable by the Purchaser to the Vendor was determined by the parties after arm's length negotiations with reference to the preliminary assessment of the Disposal Assets having the total value of approximately RMB280 million (equivalent to approximately HK\$307.7 million) (the "**Preliminary Assessment**") conducted by the Independent Valuer, which is independent of the Company and its connected persons, by using the market approach as it may provide an indication of value by comparing the Disposal Assets with identical or similar assets for which price information is available. The Independent Valuer has also considered the other two generally accepted valuation approaches — income approach and cost approach, but market approach is considered the most appropriate method in assessment of the value of the Disposal Assets given that there is sufficient market information of similar assets in the locality.

In valuing the Disposal Assets, the Independent Valuer has made a key assumption that the Building Ownership Certificates for the 5-storey factory and single-story warehouse of the Disposal Assets, with a total gross area of approximately 17,253.47 sq.m. had been obtained as at the valuation date (i.e. 28 February 2026) and were legally transferable in the market. In addition, the Independent Valuer adopted the following assumptions: (i) the Vendor had free and uninterrupted rights to use the Disposal Assets for the whole of the residual term as granted and was entitled to transfer them without payment of any additional premium to the governing authorities or any third party; (ii) the Disposal Assets would be sold on the open market in their existing state without the benefits of any deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would affect their value; (iii) no account was taken of any option or right of pre-emption affecting the sale of the Disposal Assets and no forced sales situation in any manner was assumed in the Preliminary Assessment; (iv) no allowance was made in the valuation for any charges, mortgages or amounts owing on the Disposal Assets, or for any expenses or taxation which might be incurred in effecting a sale; (v) all consents, approvals and licences from the relevant governing authorities for the Disposal Assets had been granted without any onerous conditions or undue time delay which might affect their value; and (vi) all applicable zoning and use regulations and restrictions had been complied with. Notwithstanding the aforesaid assumptions, the Independent Valuer relied to a considerable extent on information provided by the Group and accepted advices given to it on such matters, in particular, but

## LETTER FROM THE BOARD

not limited to the tenure, planning approvals, statutory notices, easements, particulars of occupancy, site and floor areas and other relevant matters in the identification of the Disposal Assets.

The Board has undertaken the following steps and considered various factors in assessing whether the Preliminary Assessment is fair and reasonable:

- (a) (i) reviewed the scope of work set out in the mandate of the Independent Valuer, and the Independent Valuer's professional credentials, licensing status and resources; (ii) assessed independence, professional qualifications, experience and track record of the Independent Valuer in respect of similar transactions in the PRC; and (iii) discussed with the Independent Valuer its relevant past engagements. The Board is satisfied that the Independent Valuer has the requisite expertise, experience and capability to conduct the Preliminary Assessment in a competent and objective manner;
- (b) carefully reviewed the valuation methodology, amongst various approaches — market approach, income approach and cost approach, and their respective applicability. The Board is satisfied that the market approach is appropriate and reasonable for the valuation of the Disposal Assets, given that it is a common and widely adopted approach in valuing similar properties in the industry;
- (c) discussed with the Independent Valuer the key assumptions underlying the valuation, including the use of comparables of smaller size. These comparables were subject to a percentage adjustment, as detailed in the adjustment factor "Quantum" in the Preliminary Assessment, given that listing comparables meeting the Independent Valuer's selection criteria, particularly those similar in size to the Disposal Assets, were not available in the market, and the Company likewise did not identify such comparables. Accordingly, the Board considered that the assumptions adopted and the adjusted comparables are fair, reasonable and consistent with market practice; and
- (d) confirmed with the Independent Valuer that the valuation report was prepared in accordance with generally accepted valuation standards.

Apart from its careful review of the valuation methodology, the Board has also thoroughly examined the inputs, adjustments adopted and their underlying factors and rationales in the valuation report, together with the supporting market evidence. In particular, the Board discussed with the Independent Valuer the selection criteria and relevance of the comparable transactions adopted under the market approach, and considered that these were appropriate and reasonable in the circumstances. On this basis, the Board is of the view that the valuation method adopted, the resulting valuation amount, and the Consideration agreed with the Purchaser are normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

## LETTER FROM THE BOARD

### Completion

Completion is not subject to any condition precedent, which shall take place as more particularly set out in the Sale and Purchase Agreement, namely, upon (i) handover of the plant building on the Land by the Vendor to the Purchaser; and (ii) change of holder of the land use right certificate of the Land to the Purchaser.

Completion took place on 31 March 2026 in accordance with the terms and conditions of the Sale and Purchase Agreement. The aggregate consideration of RMB290 million (equivalent to approximately HK\$318.7 million) has been fully received by the Vendor as of the Latest Practicable Date. Following Completion, the Disposal Assets were no longer owned by the Vendor, and the Company ceased to hold any interest in them.

### FINANCIAL EFFECTS OF THE DISPOSAL AND USE OF PROCEEDS

The Group expects to record a net gain of approximately HK\$200.8 million from the Disposal. This gain is derived from the difference between the Consideration of approximately HK\$318.7 million and (i) the net carrying value of the Disposal Assets of approximately HK\$59.4 million and the reversal of relevant deferred tax liabilities of approximately HK\$9.1 million, based on the management accounts of Vendor as of 31 March 2026; and (ii) the related tax expenses of approximately HK\$67.6 million. The actual amount of gain arising from the Disposal may differ, and will be subject to review and final audit by the auditors of the Company.

The gross proceeds from the Disposal amount to approximately HK\$318.7 million. The Group intends to apply these proceeds as follows:

- (i) approximately HK\$67.6 million to settle the related taxes;
- (ii) approximately HK\$142.9 million to repay the bank loans;
- (iii) approximately HK\$53.5 million to settle staff costs;
- (iv) approximately HK\$24.7 million to settle trade payables; and
- (v) the remaining balance of approximately HK\$30.0 million as the general working capital.

As a result of the Disposal, the Group's total assets are expected to decrease by approximately HK\$29.4 million, and its total liabilities are expected to decrease by approximately HK\$230.2 million, including the settlement of the bank loans of approximately HK\$142.9 million, staff costs of approximately HK\$53.5 million, trade payable of approximately HK\$24.7 million and deferred tax liabilities of approximately HK\$9.1 million. Save for the unaudited gain mentioned hereinabove, the Disposal is not expected to have any material impact on the earnings of the Group.

## LETTER FROM THE BOARD

### REASONS FOR AND BENEFITS OF THE DISPOSAL

The Vendor experienced a substantial decrease in the purchase orders of the specific toy product received from the customer for the year of 2025 resulting from (a) the drastic decrease in demand for the product in the USA due to some consumer complaints and safety claims relating to the product; and (b) the on-going Sino-US trade tensions, including the impact of tariffs. Entering into 2026, the Vendor faced escalating cost pressures, driven by higher oil prices arising from conflicts in the Middle East and the continued appreciation of the RMB. As a result, the Disposal Assets were unable to generate profit for the Group given their heavy operating and labour costs which could not be covered by the revenue generated from the customer purchase orders.

By taking into account the sales revenue in the first quarter of 2026, the total sales revenue of the trading and manufacturing segment for the year is expected to be approximately HK\$700 million. This forecast reflects the combined effect of declining purchase orders and rising production costs, underscoring the importance of streamlining operations. Following the completion of the Disposal, and subsequent to the recent closure of four Guangxi factories, the Group now has four factories remaining. These remaining factories will be closely monitored to ascertain whether their production generates sufficient revenue to cover their respective costs. Should this prove unsustainable, the Group will consider adjusting its operational strategy in this segment by shifting from manufacturing to a trading-based model for toys, thereby ensuring the sustainability of the business.

In addition, the Disposal provides an opportunity for the Group to recognize a gain on the Disposal of approximately HK\$200.8 million which in turn will improve its liquidity and financial position. Upon completion of the Disposal, the Group intends to negotiate with the Purchaser for the potential leaseback of a portion of the factory premises. In parallel, the Group has formulated plans to restructure its toy manufacturing operations to consolidate production into more efficient and cost-effective facilities located in other areas. Given the foregoing, the Board considered that the consideration for the Disposal with reference to, among other things, the Preliminary Assessment is on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole. No Director has any material interest in the Disposal, nor is any Director required to abstain from voting on the Board's decision on the Disposal.

## LETTER FROM THE BOARD

### FINANCIAL INFORMATION OF THE VENDOR

Set out below is a summary of the unaudited financial information for the attributable to the Disposal Assets of the Vendor for the two financial years ended 31 December 2024 and 2025:

	For the year ended 31 December	
	2024	2025
	Approximately	Approximately
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue*	776,925	529,879
Profit/(loss) before taxation and extraordinary items	205	(129,815)
Loss after taxation and extraordinary items	(449)	(130,014)

As at 31 December 2024 and 31 December 2025, the unaudited total net asset value of the Vendor was approximately HK\$688,458,000 and HK\$558,444,000 respectively.

\* Except for the rental income of HK\$2,410,000 and HK\$2,557,000 for the years ended 31 December 2024 and 2025 respectively, the rest of the revenue comes from manufacturing.

### INFORMATION OF THE VENDOR

The Vendor is a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company, which is principally engaged in OEM manufacturing of a specific toy product for a branded customer in the USA.

### INFORMATION OF THE GROUP

The principal businesses of the Group are manufacturing of toys, trading of footwear products, property investment and development, and agriculture and forestry.

### INFORMATION OF THE PURCHASER

Based on the information provided by the Purchaser, the Purchaser is a limited liability company established in the PRC, of which (i) 45% of its registered capital is being owned by 東莞市海方潤源企業管理有限公司 (Dongguan City Haifang Runyuan Enterprise Management Limited\*) (“**Haifang Runyuan**”) (the ultimate beneficial owners of Haifang Runyuan are (i) 譚毅 (Tan Yi\*) and 陸航 (Lu Hang\*) who respectively owns and holds 50% of the registered capital of Haifang Runyuan); (ii) 20% of its registered capital is being owned by 廣東中進實業投資集團有限公司 (Guangdong Zhongjin Industrial Investment Group Limited\*) (“**Zhongjin Industrial**”) (the ultimate beneficial owner of Zhongjin Industrial is 曾敬峰 (Zeng Jingfeng\*); (iii) 20% of its registered capital is being owned by 東莞市長環源科技有限公司 (Dongguan City Changjingyuan Technology Limited\*) (“**Changjingyuan**”) (the ultimate beneficial owners are (i) 胡文武 (Hu Wenwu\*) (“**Mr. Hu**”) and 徐紅燕 (Xu Hongyan\*) who respectively owns and holds 55% and 45% of the registered capital of 東莞市四安管理有限公司 (Dongguan City Si'an Management Limited\*) which owns and holds 99% of the registered

## LETTER FROM THE BOARD

capital of Changjingyuan (the remaining 1% of the registered capital of Changjingyuan is owned and held by Mr. Hu); and (iv) 15% of its registered capital is being owned by 程先鳳 (Cheng Xianfeng\*), a Chinese national.

The scope of business of the Purchaser includes supply chain management services, warehousing services, property leasing, property management services, logistics information consulting, retail trade, wholesale trade, import and export of goods or technologies, leasing of cold storage facilities, sale of primary agricultural products. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owner is a third party independent of and not connected with the Company and its connected persons.

### LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio calculated under Rule 14.07 of the Listing Rules in respect of the Disposal is more than 25% and all applicable percentage ratios are less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder or its/his/her associate(s) has any material interest in the Sale and Purchase Agreement and the transaction contemplated thereunder and accordingly, no Shareholder is required to abstain from voting if the Company were to convene a Shareholders' meeting for approving the Sale and Purchase Agreement and the transaction contemplated thereunder.

On 24 December 2025, the Company obtained a written shareholders' approval from Mr. Ng, the controlling shareholder of the Company, together with his associates, who are collectively holding 8,094,759,715 Shares (representing approximately 61.23% of the issued share capital of the Company as at the date of this circular), for approving the Disposal in lieu of a resolution to be passed by the Shareholders at a general meeting of the Company pursuant to Rule 14.44 of the Listing Rules. Accordingly, no general meeting of the Company will be held for the purpose of approving the Sale and Purchase Agreement and the transaction contemplated thereunder.

### RECOMMENDATION

The Board is of the view that the terms of the Disposal have been negotiated on an arm's length basis, which are on normal commercial terms, fair and reasonable, and that the Disposal is in the interests of the Company and the Shareholders as a whole. Accordingly, notwithstanding that no general meeting will be convened by the Company, the Directors recommend the Shareholders would vote in favour of the ordinary resolution to approve the Disposal if a general meeting were to be convened for the approval of the Disposal.

**LETTER FROM THE BOARD**

**ADDITIONAL INFORMATION**

Your attention is drawn to the additional information set out in the Appendices to this circular.

Yours faithfully,  
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*

**FINANCIAL INFORMATION OF THE GROUP**

The audited consolidated financial statements of the Company for the years ended 31 December 2022, 2023, 2024 and 2025 together with the relevant notes thereto are disclosed in the following documents which have been published on both the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://www.scholding.com>). Please refer to the hyperlinks as stated below:

- pages 81 to 199 of the annual report of the Company for the year ended 31 December 2022 published on 24 April 2023  
  
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0424/2023042400886.pdf>)
- pages 81 to 195 of the annual report of the Company for the year ended 31 December 2023 published on 23 April 2024  
  
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0423/2024042300565.pdf>)
- pages 85 to 199 of the annual report of the Company for the year ended 31 December 2024 published on 15 April 2025  
  
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0415/2025041500450.pdf>)
- pages 92 to 209 of the annual report of the Company for the year ended 31 December 2025 published on 22 April 2026  
  
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2026/0422/2026042201305.pdf>)

**STATEMENT OF INDEBTEDNESS**

As at the close of business on 31 March 2026, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had the following indebtedness:

**Indebtedness**

		<i>HK\$'000</i>
<b>Bank and other borrowings</b>		
Interest-bearing bank borrowings		
— secured	(i) & (ii)	2,745,407
— unsecured	(iii)	295,434
Amount due to related parties	(iv)	744,082
Amount due to non-controlling shareholders of subsidiaries	(v)	1,035
Lease liabilities	(vi)	<u>264,773</u>
 Total		 <u><u>4,050,731</u></u>

- (i) As at 31 March 2026, the Group's secured bank loans comprised of:
- (a) secured bank loans of approximately HK\$2,444,452,000 which were secured by the Group's investment properties situated in Hong Kong and Mainland China;
  - (b) secured bank loans of approximately HK\$134,866,000 which were secured by the Group's ownership interests in leasehold land and buildings;
  - (c) secured bank loans of approximately HK\$125,993,000 which were secured by the Group's completed properties for sale; and
  - (d) secured bank loans of approximately HK\$40,096,000 secured by the Group's bank deposits.
- (ii) As at 31 March 2026, the Group's secured bank loans of approximately HK\$2,587,525,000 were guaranteed and approximately HK\$157,882,000 were unguaranteed.
- (iii) As at 31 March 2026, the Group's unsecured bank loans of approximately HK\$295,434,000 were guaranteed.

(iv) Amount due to related parties

The amounts due to related parties amounted to approximately HK\$744,082,000 were unsecured and unguaranteed.

(v) Amount due to non-controlling shareholders of subsidiaries

The amounts due to non-controlling shareholders of subsidiaries amounted to approximately HK\$1,035,000 were unsecured and not guaranteed by any party.

(vi) Lease liabilities

As at the close of business on 31 March 2026, the total unaudited lease liabilities of the Group amounted to approximately HK\$264,773,000. Certain lease liabilities of approximately HK\$170,338,000 were secured by rental deposits and unguaranteed, and the lease liabilities of approximately HK\$94,435,000 were unsecured and unguaranteed.

### **Contingent liabilities**

A subsidiary of the Company in China provided guarantees to certain financial institutions in an aggregate amount of approximately HK\$134,785,000 on behalf of independent purchasers of premises of the Group's properties held for sales in the PRC in relation to which the related premises ownership certificates had not been issued as at 31 March 2026. The said guarantees would be released upon the issuance of the premises ownership certificate to those buyers.

Save as aforesaid or otherwise disclosed herein and apart from intra-group liabilities, normal trade and other payables and contract liabilities, at the close of business on 31 March 2026, the Group did not have (a) any debt securities issued and outstanding, and authorized or otherwise created but unissued ; (b) any term loans; (c) any borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptances credits or hire purchase commitments; (d) any debentures, mortgages or charges; or (e) any guarantee or other material contingent liabilities.

For the purpose of this statement of indebtedness, foreign currency amounts have been translated into Hong Kong dollars at the approximate exchange rates prevailing as at 31 March 2026.

### **SUFFICIENCY OF WORKING CAPITAL**

The Directors are of the opinion that, taking into account of the internal resources and banking facilities available to the Group, as well as the effect of the Disposal, the Group will have sufficient working capital for at least twelve (12) months from the date of this circular.

### **MATERIAL ADVERSE CHANGES**

Up to the Latest Practicable Date, save and except the OEM manufacturing sector as more particularly described in “Trading and Manufacturing” under “Trading and Financial Prospects” hereinbelow, the Directors are not aware of any material adverse changes in the financial or trading position or prospects of the Group since 31 December 2025, being the date to which the latest audited consolidated financial statements of the Group were made up.

### **TRADING AND FINANCIAL PROSPECTS**

The principal business segments of the Group are trading and manufacturing, property investment and development, and agriculture and forestry.

#### **Trading and Manufacturing**

The OEM manufacturing sector continues to operate under a complex global environment shaped by elevated interest rates, geopolitical tensions, and evolving trade policies. Demand from major export markets, particularly the USA and Europe, remains sensitive to consumer sentiment and retail inventory strategies. Buyers continue to adopt conservative ordering patterns, shorter order cycles, and tighter cost-control measures.

##### *Key Market Drivers*

- (i) Tariffs and Sourcing Diversification — although Mainland China remains the dominant global production base for toys and consumer goods, international buyers increasingly request production in alternative jurisdictions to optimize supply chain resilience and mitigate tariff exposure. This trend is expected to continue, influencing factory utilisation rates and capital allocation decisions.

- (ii) Cost Pressure — labour, logistics, and financing costs remain elevated. The Group faces margin pressure as buyers resist price increases but keep pressuring down prices, leading to negative profit in some production lines.
- (iii) Supply Chain Adjustments — geopolitical disruptions and shipping route volatility require greater flexibility in procurement and logistics planning, leading to a temporary increase in operational expenditure.

Under the above-mentioned key market drivers, the revenue performance of the Group has been significantly affected. Therefore, the Group has been using its endeavours in monitoring and re-engineering operations and production since the second half of 2025 by means of restructuring of manpower, consolidation of production lines and proactive discussions with buyers to recalibrate ordering and pricing strategies for the purpose of maintaining its sustainability. Margins remain under strong pressure due to lower prices offered by buyers and higher material input and financing costs.

### **Property Investment and Development**

The Mainland China's property market continues to undergo structural adjustment. Residential demand remains uneven across regions, with stronger performance in first-tier and selected second-tier cities. Policy measures laid down by the central government aimed at stabilising the sector — such as targeted financing support and initiatives to promote reasonable housing demand — may gradually improve market sentiment, although recovery is expected to be gradual.

For commercial properties, leasing demand varies by sector. Retail assets benefit from improving domestic consumption, while office assets face pressure from corporate consolidation and new supply. Industrial and logistics properties remain relatively resilient due to ongoing e-commerce and supply-chain demand.

Hong Kong's property market remains influenced by elevated interest rates, moderated economic growth, and cautious investment sentiment. Residential prices have softened, and transaction volumes remain subdued. Save and except the traditional prime commercial districts, e.g. Central and Admiralty, the office market continues to face competitive leasing conditions due to new supply and evolving workplace patterns. Retail properties show signs of recovery supported by inbound tourism, while industrial assets remain supported by long-term structural demand.

The Group will continue to deploy its leasing strategy by diversifying its tenant portfolio in response to the changing environment and capitalizing on anticipated market recovery. By comparing with the sales and leasing market, the real estate market in Mainland China will remain competitive and challenging. The Group is cautiously optimistic about its sales and rental contributions. Recurring rental income in both Mainland China and Hong Kong is expected to remain a stable contributor, supported by active leasing management. Financing costs will remain a key consideration given the interest-rate environment, and the Group is expected to continue managing liquidity and refinancing risks prudently.

Furthermore, the Group will continue to study conversion of usage of some other land bank assets from industrial to commercial use and solution of resolving low-efficiency land sites in Mainland China for the purposes of increasing both the land value and return from development of such lands after conversion and solution. On the other hand, the central government announced a batch of development projects which is expected to bring along business opportunities to the land bank assets of the Group in Mainland China. The Group will keep revisiting the business plans on those land bank assets in those areas where the development projects are located and taking proactive approach in response to the progress of the development plan. In addition, the Group will keep exploring any sale and purchase opportunities in other land bank assets.

### **Agriculture and Forestry**

The agriculture and forestry sector in Mainland China continues to be shaped by national policies promoting rural revitalisation, ecological conservation, and sustainable land use. Demand for agricultural products remains stable, supported by resilient domestic consumption and food-security priorities. Forestry resources benefit from long-term government support for carbon sequestration, environmental protection, and biodiversity initiatives. The Group currently holds long-term leases of over 290,000 mu (approximately 193 million sq.m.) of woodland, farmland, fishpond and lake space in various major provinces in Mainland China. The Group will continue to explore plantation opportunities of high profit margin species and focus on utilisation of resources and cost control for improving the operating results of this segment.

The operating environment across the Group's business segments is expected to remain shaped by global economic moderation, elevated interest rates, geopolitical uncertainties, and evolving policy frameworks in Mainland China and Hong Kong. While each business sector of the Group faces its own structural challenges, opportunities remain in areas supported by long-term demand fundamentals, policy direction, and operational resilience.

The segment of OEM manufacturing is expected to face performance pressure as the Group's global buyers continue to manage inventory carefully amid elevated interest rates, geopolitical uncertainties, and ongoing sourcing diversifications in different jurisdictions, even though Mainland China remains the most efficient production base. In the property sector, the markets in Mainland China and Hong Kong are likely to remain influenced by moderated economic growth, tight financing conditions, and evolving policy measures. The Group's investment properties, however, continue to provide stable recurring income supported by active leasing management. Agriculture and forestry business in Mainland China should benefit from long-term policy support for rural revitalisation, ecological protection, and sustainable land use, with stable demand for agricultural products and gradual development in forestry linked to environmental initiatives. Across all segments, disciplined financial management, operational efficiency, and alignment with long-term policy and market trends will be central to navigating the current macroeconomic environment.

*The following is the text of letter and valuation report, prepared for the purpose of incorporation in this circular, received from Graval Consulting Limited, an independent property valuer, in connection with their valuation as at 28 February 2026 of the property interests to be disposed of by the Group in the People's Republic of China.*



Graval Consulting Limited  
Suites 2401-02, 24/F,  
Shui On Centre, 6-8 Harbour Road,  
Wanchai, Hong Kong

22 May 2026

The Board of Directors  
**South China Holdings Company Limited**  
36th Floor, The Centrium,  
60 Wyndham Street, Central,  
Hong Kong

Dear Sirs and Madams,

Re: Valuation of a land and the plant building (including all erections and facilities thereof) erected thereon located at No. 150 Xiekeng Road, Xiekeng Management Zone and Erkeng Area of Xiekeng Village, Qingxi Town, Dongguan City, Guangdong Province, the People's Republic of China (the "**Property**")

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## INSTRUCTIONS

We refer to your instruction for us to value the property interests held by South China Holdings Company Limited (the "**Company**") or its subsidiaries (together referred as the "**Group**") located in the People's Republic of China (the "**PRC**"). We confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property in existing state as at 28 February 2026 (the "**Valuation Date**") for the purpose of incorporation into the circular issued by the Company on the date hereof.

This letter which forms part of our valuation report explains the basis and methodology(ies) of valuation, clarifying assumptions, valuation considerations, title investigations and limiting conditions of this valuation.

## BASIS OF VALUATION

The valuation is our opinion of the market value ("**Market Value**") which is defined by the Hong Kong Institute of Surveyors as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion".

## VALUATION STANDARDS

In valuing the property interests, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards 2024 Edition published by the Hong Kong Institute of Surveyors (“**HKIS**”), the RICS Valuation — Global Standards (Effective on 31 January 2025) published by the Royal Institution of Chartered Surveyors (“**RICS**”) and the International Valuation Standards (“**IVS**”) published by International Valuation Standards Council (“**IVSC**”) (Effective on 31 January 2025).

## VALUATION METHODOLOGY(IES)

According to the RICS Valuation — Global Standards (Effective on 31 January 2025), there are three generally accepted valuation approaches: market approach, income approach and cost approach.

Market approach is an approach that provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available.

Income approach is an approach that provides an indication of value by converting future cash flows to a single current capital value.

Cost approach is an approach that provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or construction.

The income approach is generally adopted for rent-generating properties given an active open leasing market and/or properties with tenancy agreements in generating rental payment. However, the property is primarily for owner-occupied only as at the Valuation Date so that we considered the income approach is inapplicable to the valuation.

The cost approach only considers the cost to reproduce or replace in new condition the property appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation. Hence, we considered the cost approach is inapplicable to the valuation that as there is no convincing association of the values of the property with costs.

In valuing the Property, we have adopted the Market approach as there is sufficient market information of the similar assets in the locality. Market approach is a common and popular approach in valuing such kind of property in the industry.

**TITLE INVESTIGATION**

We have been shown copies of various documents relating to the property interest. However, we have not examined the original documents to verify the existing title to the property interest or to ascertain any amendment which does not appear on the copies handed to us. We have assumed that the copies of the documents obtained are consistent with their originals. All documents have been used for reference only. We have relied considerably on the information given by the Group's PRC legal advisers, 廣東君信經綸君厚律師事務所 (Guang Dong J&J Law Firm\*), concerning the validity of the title to the property interest located in the PRC.

**AREA MEASUREMENT AND INSPECTION**

Our Mr. Dennis Wong (BSc) has inspected the Property on 6 January 2026. In the course of our inspections, we did not note any serious structural defects. However, no structural survey has been made and we are therefore unable to report whether the Property are free from rot infestation or any other defects. No tests were carried out on any of the services.

We have not carried out detailed on-site measurement to verify the correctness of the areas in respect of the Property but have assumed that the areas shown on the documents handed to us are correct. All dimensions, measurements and areas are approximate.

Moreover, we have not carried out investigations on site to determine the suitability of the ground conditions and the services etc., for any future development. Nor did we undertake archaeological, ecological or environmental surveys for the Property. Our valuation is prepared on the assumption that these aspects are satisfactory and no extraordinary expenses or delay will be incurred during the development period.

No environmental impact study has been ordered or made. Full compliance with applicable national, provincial and local environmental regulations and laws is assured unless otherwise stated, defined and considered in the valuation report.

Our valuation has been made on the basis that there is no substantial change in the physical conditions of the Property between the Valuation Date and the date of our inspection.

**VALUATION ASSUMPTION**

In valuing the property interests, we have assumed that the owner has free and uninterrupted rights to use the property interest for the whole of the unexpired term as granted and is entitled to transfer the property interest with the residual term without payment of any further premium to the government authorities or any third parties.

Our valuation has been made on the assumption that the owner sells the property interests of the Property on the open market in its existing state without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the values of the property interests. In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the property and no forced sale situation in any manner is assumed in our valuation.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

All consents, approvals and license from relevant government authorities for the property interests have been granted without any onerous conditions or undue time delay which might affect their values. All the required licenses, consents, or other legislative or administrative authority from any local, provincial, or national government, private entity or organization either have been or can be obtained or renewed for any use which the valuation report covers.

All applicable zoning and use regulations and restrictions have been complied with unless nonconformity has been stated, defined, and considered in the valuation report. However, we have assumed that the utilization of the property interest and improvements are within the boundaries of the property interest described and that no encroachment or trespass exists, unless noted in the valuation report.

### **LIMITING CONDITIONS**

We have relied to a considerable extent on information provided by the Group and have accepted advices given to us on such matters, in particular, but not limited to tenure, planning approvals, statutory notices, easements, particulars of occupancy, site and floor areas, room and facilities schedule and all other relevant matters in the identification of the Property.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also been advised by the Group that no material fact has been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

This valuation is to be used only for the purpose stated herein, any use or reliance for any other purpose, by you or third parties, is invalid. No reference to our name or our valuation report in whole or in part, in any document you prepare and/or distribute to third parties may be made without written consent.

**REMARKS**

Unless otherwise stated, all money amounts stated are in Renminbi (RMB).

The English transliteration of the Chinese name(s) in this valuation report, where indicated by an asterisk (\*), is included for information purposes only, and should not be regarded as the official English name(s) of such Chinese name(s).

We hereby confirm that we are independent of and not connected with the Group, and have neither present nor prospective interests in the Group, the Property or the values reported herein.

We enclose herewith the valuation report.

Yours faithfully,

For and on behalf of

**Graval Consulting Limited**

**Sr Lawrence Chan Ka Wah**

*MRICS, MHKIS, R.P.S. (GP), MCIREA, RICS Registered Valuer*

Partner

*Sr Lawrence Chan Ka Wah is a member of the Royal Institution of Chartered Surveyors, a member of the Hong Kong Institute of Surveyors, Registered Professional Surveyors in the General Practice Section, a RICS Registered Valuer and a member of the China Institute of Real Estate Appraisers and Agents, who has over 20 years' experience in the valuation of properties in Hong Kong, Macau, the PRC and the Asia-Pacific Region. Lawrence joined Graval Consulting Limited in 2020.*

## VALUATION REPORT

## Property interests to be disposed of by the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 28 February 2026 RMB												
Land and the plant building (including all erections and facilities thereof) erected thereon located at No. 150 Xiekeng Road, Xiekeng Management Zone and Erkeng Area of Xiekeng Village, Qingxi Town, Dongguan City, Guangdong Province, the PRC (中國廣東省東莞市清溪鎮謝坑管理區及謝坑村二坑謝坑路150號之土地及該土地上矗立之廠房建築物(包括其所有附著物及設施))	<p>The Property comprises two contiguous pieces of land with a total site area of approximately 132,727.92 sq.m., on which two 3-storey factories, a 5-storey factory, six single-storey warehouse, ten 5-storey dormitories, a 3-storey restaurant, a single-storey electricity room and canteen, and numerous ancillary facilities erected thereon and were completed between 1998 and 2013.</p> <p>The total gross floor area of the Property is approximately 102,388.26 sq.m.. The details are as follows:</p>	<p>As advised by the Company, portion of the Property (“<b>Factory C1</b>”) with a gross floor area of approximately 11,485 sq.m. was leased for a term of 3 years commencing on 1 March 2024 and expiring on 28 February 2027 at a monthly rent of RMB206,730 exclusive of utilities charges and subject to rent refund clauses.</p> <p>The remaining portions of the Property is owner-occupied by the Group for production and other ancillary purpose as at the Valuation Date.</p>	<p>279,000,000</p> <p>(Renminbi Two Hundred and Seventy Nine Million Only)</p> <p>(Subject to assumption made on Note 8)</p>												
	<table border="0"> <tr> <td>Use</td> <td>Approximate Gross Floor Area (sq.m.)</td> </tr> <tr> <td>Factory</td> <td>54,705.47</td> </tr> <tr> <td>Warehouse</td> <td>16,800.00</td> </tr> <tr> <td>Dormitory</td> <td>23,024.64</td> </tr> <tr> <td>Restaurant, Canteen and ancillaries</td> <td><u>7,858.15</u></td> </tr> <tr> <td><b>Total</b></td> <td><b><u>102,388.26</u></b></td> </tr> </table>	Use	Approximate Gross Floor Area (sq.m.)	Factory	54,705.47	Warehouse	16,800.00	Dormitory	23,024.64	Restaurant, Canteen and ancillaries	<u>7,858.15</u>	<b>Total</b>	<b><u>102,388.26</u></b>		
Use	Approximate Gross Floor Area (sq.m.)														
Factory	54,705.47														
Warehouse	16,800.00														
Dormitory	23,024.64														
Restaurant, Canteen and ancillaries	<u>7,858.15</u>														
<b>Total</b>	<b><u>102,388.26</u></b>														
	<p>The land use rights of the Property were granted for a term expiring on 17 November 2048 (re: site area of approximately 66,723.05 sq.m.) and expiring on 21 November 2054 (re: site area of approximately 66,004.87 sq.m.) for industrial use respectively.</p>														

## Notes:

1. Pursuant to 5 Real Estate Ownership Certificates all registered on 10 December 2020, the land use rights of the portion of the Property with a site area of approximately 66,004.87 sq.m. were granted to 長榮玩具(東莞)有限公司 (Everwin Toys (Dongguan) Company Limited\*) for a term expiring on 21 November 2054 for industrial use. Moreover, as stipulated in the Real Estate Ownership Certificates, the ownership of the buildings of the portion of the Property with a total gross floor area of approximate 12,000.00 sq.m. is vested in 長榮玩具(東莞)有限公司 (Everwin Toys (Dongguan) Company Limited\*). The details are as follows:

Real Estate Ownership Certificate No.	Building	No. of Storey	Approximate Gross Floor Area (sq.m.)
Yue (2020) Dong Guan Bu Dong Chan Quan Di No.0321128	Factory 1	1	2,400.00
Yue (2020) Dong Guan Bu Dong Chan Quan Di No.0321138	Factory 2	1	2,400.00
Yue (2020) Dong Guan Bu Dong Chan Quan Di No.0320883	Factory 3	1	2,400.00
Yue (2020) Dong Guan Bu Dong Chan Quan Di No.0321101	Factory 4	1	2,400.00
Yue (2020) Dong Guan Bu Dong Chan Quan Di No.0321103	Factory 5	1	2,400.00
<b>Total:</b>			<b><u>12,000.00</u></b>

2. Pursuant to 18 Real Estate Ownership Certificates all registered on 4 February 2021, the land use rights of the portion of the Property with a site area of approximately 66,723.05 sq.m. were granted to 長榮玩具(東莞)有限公司 (Everwin Toys (Dongguan) Company Limited\*) for a term expiring on 17 November 2048 for industrial use. Moreover, as stipulated in the Real Estate Ownership Certificates, the ownership of the buildings of the portion of the Property with a total gross floor area of approximate 73,134.79 sq.m. is vested in 長榮玩具(東莞)有限公司 (Everwin Toys (Dongguan) Company Limited\*). The details are as follows:

Real Estate Ownership Certificate No.	Building	No. of Storey	Approximate Gross Floor Area (sq.m.)
Yue (2021) Dong Guan Bu Dong Chan Quan Di No.0038480	Factory A1	3	7,020.00
Yue (2021) Dong Guan Bu Dong Chan Quan Di No.0038854	Factory A2	3	6,996.00
Yue (2021) Dong Guan Bu Dong Chan Quan Di No.0038640	Factory A3	3	7,020.00
Yue (2021) Dong Guan Bu Dong Chan Quan Di No.0038627	Factory B1	3	7,020.00
Yue (2021) Dong Guan Bu Dong Chan Quan Di No.0038663	Factory B2	3	7,176.00
Yue (2021) Dong Guan Bu Dong Chan Quan Di No.0038719	Factory B3	3	7,020.00
Yue (2021) Dong Guan Bu Dong Chan Quan Di No.0038874	Dormitory A	5	2,532.00
Yue (2021) Dong Guan Bu Dong Chan Quan Di No.0039582	Dormitory B	5	2,532.00
Yue (2021) Dong Guan Bu Dong Chan Quan Di No.0038576	Dormitory C3	5	2,532.00
Yue (2021) Dong Guan Bu Dong Chan Quan Di No.0038862	Dormitory C4	5	2,532.00
Yue (2021) Dong Guan Bu Dong Chan Quan Di No.0038886	Dormitory C5	5	2,532.00
Yue (2021) Dong Guan Bu Dong Chan Quan Di No.0038619	Dormitory C6	5	2,532.00
Yue (2021) Dong Guan Bu Dong Chan Quan Di No.0038497	Dormitory H	5	1,411.72
Yue (2021) Dong Guan Bu Dong Chan Quan Di No.0038896	Dormitory I	5	1,920.42
Yue (2021) Dong Guan Bu Dong Chan Quan Di No.0038645	Dormitory J	5	1,968.50
Yue (2021) Dong Guan Bu Dong Chan Quan Di No.0039581	Dormitory 7	5	2,532.00
Yue (2021) Dong Guan Bu Dong Chan Quan Di No.0039580	Restaurant	3	6,538.15
Yue (2021) Dong Guan Bu Dong Chan Quan Di No.0038559	Electricity room/canteen	1	1,320.00
<b>Total:</b>			<b><u>73,134.79</u></b>

3. Pursuant to two Construction Work Planning Permits, 長榮玩具(東莞)有限公司 (Everwin Toys (Dongguan) Company Limited\*) has been approved to construct a factory and a warehouse with a total gross floor area of 17,253.47 sq.m.. The details are as follows:

Construction Work Planning Permit No.	Date of Issue	Building	No. of Storey	Approximate Gross Floor Area (sq.m.)
Jian Zi Di No. 2010-22-10001	23 December 2011	Factory C1	5	12,453.47
Jian Zi Di No. 2012-22-10002	15 June 2012	Warehouse J	1	4,800.00
<b>Total:</b>				<b><u>17,253.47</u></b>

4. Pursuant to two Construction Work Commencement Permits, 長榮玩具(東莞)有限公司 (Everwin Toys (Dongguan) Company Limited\*) has been approved to commence the construction of the factory and warehouse with a total gross floor area of 17,253.47 sq.m.. The details are as follows:

Construction Work Commencement Permits No.	Date of Issue	Building	No. of Storey	Approximate Gross Floor Area (sq.m.)
4419002010042000501	20 April 2010	Factory C1	5	12,453.47
4419002012120400101	4 December 2012	Warehouse J	1	4,800.00
<b>Total:</b>				<b><u>17,253.47</u></b>

5. Pursuant to a Completion Certificates — Document No. Jian Bei Zheng Zi Di No. 441900201112290001 dated 20 December 2011, the Factory C1 with a gross floor area of approximately 12,453.47 sq.m. was completed in 2011. As advised by the Company, Warehouse J with a gross floor area of approximately 4,800.00 sq.m. was completed in 2013.
6. Pursuant to Tenancy Agreement dated 16 December 2023, supplementary agreement (I) dated 26 February 2024 and supplementary agreement (II) dated 11 June 2024 entered into between 長榮玩具(東莞)有限公司 (Everwin Toys (Dongguan) Company Limited\*) and 廣東中發建築有限公司, portion of the Property (“**Factory C1**”) with a gross floor area of approximately 11,485 sq.m. was leased to 廣東中發建築有限公司 for a term of 3 years commencing on 1 March 2024 and expiring on 28 February 2027 at a monthly rent of RMB206,730 exclusive of utilities charges and subject to rent refund clauses.
7. Pursuant to 房地產最高額抵押協議變更協議(二) (Maximum Loan Amount Mortgage Contract — Amendment Agreement (II)\*) — Document No.(2021)匯深抵字第CN11002235638-191206&201222-01-SL02號 ((2021) Hui Shen Di Zi Di No. CN11002235638-191206&201222-01-SL02) entered into between 匯豐銀行(中國)有限公司深圳分行 (HSBC Bank (China) Company Limited, Shenzhen Branch\*) (the “**Mortgagee**”) and 長榮玩具(東莞)有限公司 (Everwin Toys (Dongguan) Company Limited\*) (the “**Mortgagor**”), portion of the Property (i.e. Factory 2, Factory 3, Factory A1, Factory A2, Factory A3, Factory B1, Factory B2, Factory B3, Dormitory A, Dormitory B, Dormitory C3, Dormitory C4, Dormitory C5, Dormitory C6, Dormitory H, Dormitory I, Dormitory J, Dormitory 7, Restaurant, Electricity room/canteen) with a total gross floor area of approximately 77,934.79 sq.m. was mortgaged from the Mortgagor to the Mortgagee for a maximum loan amount of RMB130,000,000.

8. As advised by the Company, a 5-storey factory (Factory C1) and a single-storey warehouse (Warehouse J) of the Property with a total gross floor area of approximately 17,253.47 sq.m. of the Property have not been obtained the Building Ownership Certificate as at the Valuation Date. Due to the lack of Building Ownership Certificate, those portions of the Property are not entitled to be transferred. Hence, we have ascribed no commercial value to those portions of the Property in our valuation.

For indicative purpose, the market value of those portions of the Property is RMB58,000,000, by assuming those portions of the Property have been obtained the Building Ownership Certificates and are legally transferable in the market.

9. Our Mr. Dennis Wong (BSc, has over 20-year experience in valuation industry) inspected the Property on 6 January 2026, the external and internal conditions of the Property were fair.
10. The Property is situated at the southwestern of Xiekeng Road (謝坑路) near its the junction of Qiangxi Liantang Road (清溪蓮塘路) within the area known as Xiekeng Village (謝坑村), Qingxi Town (清溪鎮) of Dongguan City (東莞市). Buildings in the locality comprise factories complex, warehouses and workshops. The hub area of Qingxi Town (清溪鎮) is about 15-minute driving distance from the Property; while Shenzhen Baoan International Airport (深圳寶安國際機場) and Dongguan Railway Station (東莞南站) are about 45-minute and 20-minute driving distance respectively.
11. In valuing the Property, there is generally no centralized, publicly available registry of the actual transaction prices for industrial properties in the PRC. We have adopted market approach in our valuation by making reference to five listing comparables. The use of listing price comparables instead of complete transaction prices is in line with recognized market practices within the PRC real estate appraisal community as a result of limited available data on completed transaction prices. Those listing comparables are gathered from hz.58.com (58.同城房產), a popular agency online platform in the PRC, which are considered to be major and popular providers of property listing information in the PRC. The five listing comparables form an exhaustive list of transactions based on the selection criteria below.

Listing Comparables	1	2	3	4	5
Location	Qingxi Town, Dongguan City (東莞市清溪鎮)	Qingxi Town, Dongguan City (東莞市清溪鎮)	Qingxi Town, Dongguan City (東莞市清溪鎮)	Qingxi Town, Dongguan City (東莞市清溪鎮)	Qingxi Town, Dongguan City (東莞市清溪鎮)
Usage	Factory	Factory	Factory	Factory	Factory
Gross Floor Area (sq.m.)	1,527	1,000	2,037	1,000	1,000
Exterior condition	Good	Good	Good	Good	Reasonable
Headroom (m)	8	8	8	7.5	6
Facilities	Factory, Dormitory, Canteen	Factory, Dormitory, Canteen	Factory, Dormitory, Canteen	Factory, Dormitory, Canteen	Factory
Listing Date	February 2026	February 2026	February 2026	February 2026	February 2026
Listing Price (RMB)	7,000,000	4,300,000	7,800,000	3,990,000	4,000,000
Listing Unit Rate (RMB/sq.m.)	4,584	4,300	3,829	3,990	4,000

The selection criteria for the comparables are as follows:

- i. Situated within the same town, i.e. Qingxi Town, Dongguan City;
- ii. Being factory complex; and
- iii. The listing dates of all listing comparables were within 1 month immediately preceding the Valuation Date.

Appropriate adjustments and analysis are considered to the differences in several aspects including time, nature of transaction, location, property type, quantum, exterior condition, headroom and facilities between the comparables and the Property. The general basis of adjustment is that if the comparables is superior to the Property, a downward adjustment is made. Alternatively, if the comparables is inferior or less desirable than the Property, an upward adjustment is made. The adjustment factors to each comparable are as follows:

Listing Comparables	1	2	3	4	5
Listing Unit Rate (RMB/sq.m.)	4,584	4,300	3,829	3,990	4,000
(i) Time	0%	0%	0%	0%	0%
(ii) Nature of Transaction	-10%	-10%	-10%	-10%	-10%
(iii) Location	0%	0%	0%	0%	0%
(iv) Property type	0%	0%	0%	0%	0%
(v) Quantum	-20.2%	-20.3%	-20.1%	-20.3%	-20.3%
(vi) Exterior condition	-10%	-10%	-10%	-10%	-6%
(vii) Headroom	-2%	-2%	-2%	-1.5%	0%
(viii) Facility	0%	0%	0%	0%	35%
Total	-42.2%	-42.3%	-42.1%	-41.8%	-1.3%
Adjusted Unit Rate (RMB/sq.m.)	2,650	2,481	2,217	2,322	3,948
Weighted Unit Rate (RMB/sq.m.)			2,724		

Based on the above analysis of the comparables, we have arrived at the adjusted unit rate of the Property at around RMB2,724 per sq.m..

Below is the adjustment rationale of each of the adjustment factors made on the differences between the Property and the comparables.

Factor	Rationale
(i) Time	: The listing dates of all listing comparables were within 1 months immediately preceding the Valuation Date. There was no significant change in market condition between the Valuation Date and the listing dates of all comparables. The adjustment rates are zero on time factor.
(ii) Nature of Transaction	: All comparables are listing by willing sellers, downward adjustments are made to reflect the room for negotiation between a willing seller and a willing buyer.  To ensure the valuation accurately represents arm's-length market conditions, based on our due diligence work conducted, 10% downward adjustment reflected the well-documented discrepancy between listing prices and actual transacted prices in the local industrial real estate market.
(iii) Location	: Unit rates of properties located nearer to the commercial and transportation facilities is generally higher, and vice versa. All the listing comparables are situated in the same town, the adjustment rates are zero on location factor.
(iv) Property type	: All comparables are factory which is similar to the Property. The adjustment rates are zero on property type factor.

- (v) Quantum : Unit rates of the properties with smaller size are generally higher, and vice versa. The listing comparable of En bloc and/or factories with large size properties where fall within our selection criteria stated above were not available in the market, hence those comparable with smaller size were selected alternatively. In view of size difference for most of the industrial complex is normally within 50,000 sq.m.. It is an acceptable range for the percentage adjustment (i.e. -10% to +10%) being made on the size difference of 50,000 sq.m.. Therefore, a percentage adjustment of 1% for every 5,000 sq.m. is adopted.
- (vi) Exterior condition : Unit rates of properties with good; reasonable and fair exterior conditions are high, medium and low respectively.
- (vii) Headroom : Unit rates of properties with higher headroom is generally higher, and vice versa. In view of headroom difference for most of the industrial building is normally within 10 meters. It is an acceptable range for the percentage adjustment (i.e. -10% to +10%) being made on the headroom difference of 10 meters. Therefore, a percentage adjustment of 1% for 1 meter is adopted.
- (viii) Facility : Facility such as adequate dormitory, canteen, ancillary office, parking space are normally provided in factory complex. Unit rates of properties with more facilities is generally higher, and vice versa.
12. As advised by the Company, 長榮玩具(東莞)有限公司 (Everwin Toys (Dongguan) Limited\*), is a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
13. The Company confirmed that as at the Valuation Date:
- i. No environmental issues such as breach of environmental regulations relating to the Property;
  - ii. No plans for construction, renovation, improvement or development of the Property; and
  - iii. No plan to change the use of the Property.
14. We have been provided with a legal opinion on the property prepared by the Company's PRC legal adviser, 廣東君信經綸君厚律師事務所 (Guang Dong J&J Law Firm\*), which contains, inter alia, the following information:
- i. Other than the portions of the Property with a total gross floor area of approximately 17,253.47 sq.m. mentioned in Note (8), 長榮玩具(東莞)有限公司 (Everwin Toys (Dongguan) Limited\*) is the owner of the Property, has legally and validly obtained the land use rights and the building ownership of the property, and has the right to possess, use, lease, transfer, mortgage, or otherwise dispose of the Property in accordance with the law;
  - ii. Other than the Maximum Loan Amount Mortgage Contract — Amendment Agreement (II) mentioned in Note (7), the Property is free from any mortgages, pledge, seizing and legal encumbrances which may cause adverse effects on the ownership of the Property;
  - iii. there is no legal impediment to obtain the building ownership of the portions of the Property with a total gross floor area of approximately 17,253.47 sq.m. mentioned in Note (8) from the PRC Government;

- iv. the tenancy agreement mentioned in Note (6) is legally binding, valid, enforceable and protected under the PRC law; and
- v. the following documents were obtained:
  - a. Real Estate Ownership Certificate(s)
  - b. Construction Work Planning Permit(s)
  - c. Construction Work Commencement Permit(s)
  - d. Completion Certificate
  - e. Tenancy Agreement(s)
  - f. Maximum Loan Amount Mortgage Contract — Amendment Agreement (II)

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) Directors' and chief executive's interests in the Company or its associated corporations

As at the Latest Practicable Date, the interests of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or to be recorded in the register required to be kept under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Listing Rules were as follows:

#### *Long positions in the Shares*

Name of Director(s)	Number of Shares held			Total number of Shares held	Approximate percentage of shareholding to total issued Shares (Note 1)
	Personal interests	Family interests	Corporate interests		
Mr. Ng	652,816,324	613,214,065 (Note 2)	6,828,729,326 (Note 3)	8,094,759,715	61.23
Ms. Cheung Choi Ngor ("Ms. Cheung")	41,000,000	—	—	41,000,000	0.31
Mr. Ng Yuk Yeung Paul ("Mr. Paul Ng")	831,989,238	—	—	831,989,238	6.29
Ms. Ng Yuk Mui Jessica ("Ms. Jessica Ng")	170,700,000	—	—	170,700,000	1.29

*Long positions in the shares of associated corporation*

Name	Name of associated corporation	Number of ordinary shares held by controlled corporation	Approximate percentage of shareholding to total issued ordinary shares (Note 1)
Mr. Ng	Primer Prospects Limited (“ <b>Prime Prospects</b> ”) (Note 4)	30	30

*Notes:*

1. These percentages are calculated on the basis of 13,221,302,172 Shares in issue as at the Latest Practicable Date.
2. Ms. Ng Lai King Pamela (“**Mrs. Ng**”) is the beneficial shareholder.
3. 6,828,729,326 Shares held by Mr. Ng through controlled corporations included 2,124,792,202 Shares held by Fung Shing Group Limited (“**Fung Shing**”), 2,020,984,246 Shares held by Parkfield Holdings Limited (“**Parkfield**”), 89,410,210 Shares held by Ronastar Investments Limited (“**Ronastar**”), 1,075,765,537 Shares held by Eartrade Investments Limited (“**Eartrade**”), 1,273,122,098 Shares held by Bannock Investments Limited (“**Bannock**”), 212,405,565 Shares held by Crystal Hub Limited (“**Crystal Hub**”) and 32,249,468 Shares held by Green Orient Investments Limited (“**Green Orient**”). Fung Shing, Parkfield and Ronastar are all wholly-owned by Mr. Ng. Bannock is a wholly-owned subsidiary of Eartrade which is owned as to 60% by Mr. Ng, 20% by Mr. Richard Howard Gorges and 20% by Ms. Cheung. Crystal Hub is a direct wholly-owned subsidiary of South China Assets Holdings Limited (“**SCAH**”), which, in turn, is 69.33% beneficially owned by Mr. Ng. Green Orient is an indirect wholly-owned subsidiary of the Company. As such, Mr. Ng was deemed to have interest in the said 212,405,565 Shares held by Crystal Hub, 32,249,468 Shares held by Green Orient and 2,348,887,635 Shares held by Bannock and Eartrade.
4. Prime Prospects is a 70% owned subsidiary of the Company.

Apart from the foregoing, none of the Directors and chief executives of the Company or any of their spouses or children under eighteen (18) years of age had interests or short positions in the shares, underlying shares or debentures of the Company, or any of its holding company, subsidiaries or other associated corporations, as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, as at the Latest Practicable Date.

**(b) Substantial Shareholders and other persons' interests in the Shares and underlying Shares**

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of the SFO, and so far as is known to the Directors or chief executive of the Company, the following persons (other than a Director or a chief executive of the Company) had, or was deemed or taken to have, interests in the Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and the amount of each of such person's interests in such Shares is as follows:

Name	Number of Shares held			Total number of Shares held	Approximate percentage of shareholding to total Shares (Note 1)
	Beneficial interests	Family interests	Corporate interests		
Eartrade	1,075,765,537	—	1,273,122,098	2,348,887,635 (Note 2)	17.77
Bannock	1,273,122,098 (Note 2)	—	—	1,273,122,098	9.63
Fung Shing	2,124,792,202	—	—	2,124,792,202	16.07
Parkfield	2,020,984,246	—	—	2,020,984,246	15.29
Mrs. Ng	613,214,065	7,481,545,650 (Note 3)	—	8,094,759,715	61.23

*Notes:*

1. These percentages are calculated on the basis of 13,221,302,172 Shares in issue as at the Latest Practicable Date.
2. Bannock is a wholly-owned subsidiary of Eartrade. 2,348,887,635 Shares held by Eartrade included 1,273,122,098 Shares held by Bannock directly.
3. Mrs. Ng, who held 613,214,065 Shares directly, is the spouse of Mr. Ng. By virtue of the SFO, Mrs. Ng was deemed to be interested in the 7,481,545,650 Shares (including 652,816,324 Shares and 6,828,729,326 Shares held by Mr. Ng directly and indirectly through controlled corporations respectively), as disclosed in the section headed "Directors' and chief executive's interests in the Company or its associated corporations" in the above.

As at the Latest Practicable Date, save as (i) Mr. Ng, the director of Eartrade, Bannock, Fung Shing and Parkfield; and (ii) Ms. Cheung, the director of Eartrade and Bannock, none of the Directors was a director or an employee of a company which had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Save as disclosed above, so far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, there was no person (other than a Director or chief executive of the Company) or deemed or taken to have who had an interest or a short position in the Shares and/or underlying Shares (including interest in options, if any) of the Company as recorded in the register required to be kept under section 336 of the SFO, or to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO.

### **3. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS**

None of the Directors was materially interested, directly or indirectly, in any contract or arrangement subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group taken as a whole.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2025 (the date to which the latest published audited consolidated accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of or leased to any member of the Group.

### **4. COMPETING INTERESTS**

According to the Listing Rules, Mr. Ng, Ms. Cheung, Mr. Paul Ng and Ms. Jessica Ng, the common directors of the Company and SCAH, have interests in the property investment and development business of SCAH of which are considered to compete or are likely to compete, either directly or indirectly, with the business of the Group other than those businesses where the Directors of the Company were appointed as directors to represent the interests of the Company and/or the Group.

The Company mainly focuses on the larger scale property investment and development projects while SCAH seeks to undertake property development projects in small to medium size.

Also, the Board comprises eight (8) Directors, including three (3) executive Directors, two (2) non-executive Directors and three (3) independent non-executive Directors. In the circumstances where the common directors are required to abstain from voting due to potential conflicts of interest, the non-common Director(s) including independent non-executive Directors will make their business judgment for the decision making process of the Board (if necessary).

Saved as disclosed above, as at the Latest Practicable Date, none of the Directors or his or her respective close associates (has the meaning ascribed to it under the Listing Rules) was considered to have an interest in a business which competed or was likely to compete, either directly or indirectly, with the business of the Group or any other conflicts of interests with the Group other than those businesses to which the Director and his or her close associates were appointed to represent the interests of the Company and/or the Group.

## 5. DIRECTORS' SERVICES CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any existing or proposed service contract with the Company or any of its subsidiaries or associated companies which was not determinable by the employer within one (1) year without payment of compensation (other than statutory compensation).

## 6. LITIGATION

### (i) Against Nanjing Skytech Co., Limited and Others

#### *Case on infringement of copyrights*

Reference is made to the relevant sections of the annual report of the Company for the year of 2024 (the “**Annual Report**”) regarding the litigation in the PRC concerning infringement of copyrights of certain pieces of computer software that belong to Nanjing South China Skytech Technology Co., Limited (南京南華擎天資訊科技有限公司) (“**South China Skytech**”).

The latest development in the legal proceedings is that several hearings were held before the Supreme People’s Court of China (the “**Supreme Court**”) from November 2024 to September 2025, following an appeal lodged by South China Skytech against the judgment of the Jiangsu High Court, under which the ownership of 3 out of the 31 disputed computer software programs was held to vest in South China Skytech, rather than all 31 as originally claimed. The outcome of the appeal remains uncertain. Even if the Supreme Court were to rule in favour of South China Skytech, the defendant may still have the right to seek retrial by filing an application with the Supreme Court.

Given the significant downturn in the Group’s business performance during the year ended 31 December 2025, the Group recorded a loss of approximately HK\$1,463.8 million, the Company’s management has resolved to prioritise the allocation of its financial and human resources towards restructuring and strengthening the Group’s operations to support long term sustainability. In light of the substantial shareholder’s assumption of litigation related costs and the inherent uncertainty and time consuming nature of the proceedings, the Company considers it appropriate to focus its resources on stabilising and improving the Group’s core business operations.

In February 2026, Mr. Ng acquired the entire issued share capital of the holding company of South China Skytech through his wholly owned subsidiary, as a result of which South China Skytech became an indirect wholly owned subsidiary of Mr. Ng. The aforesaid transaction constitutes a *de minimis* transaction and is fully exempt from independent shareholders’ approval, annual review and all disclosure requirements under Rule 14A.74 of the Listing Rules. Following completion of the acquisition, Mr. Ng has undertaken to assume responsibility for all costs and expenses arising from the litigation process.

*Case on liability dispute related to damaging the interests of the Company*

Reference is made to the relevant sections of the Annual Report in relation to the final judgment made by the Jiangsu High Court against Nanjing Skytech Co., Limited (南京擎天科技有限公司), Ms. Xin Yingmei, Mr. Wang Xiaogang and Mr. Zhang Hong (collectively, the “**Defendants**”) who had breached the non-competition obligation under China’s Company Law and were liable to make certain payments to South China Skytech. The latest development in the legal proceedings is that a final judgment was handed down by the Jiangsu High Court in October 2024, under which the Defendants were ordered to pay damages of approximately RMB28 million to South China Skytech. Subsequently, the Defendants applied to the People’s Procuratorate of Jiangsu Province for supervisory review. If the application were upheld, the case would be subject to retrial, the outcome of which would be uncertain.

For the same reasons as those set out in the above mentioned copyright infringement case, and following the disposal of the holding company of South China Skytech to Mr. Ng, Mr. Ng has undertaken, upon completion of the acquisition, to (i) assume responsibility for all costs and expenses arising from the litigation process; and (ii) in the event that the ultimate judgment is favourable to South China Skytech, unconditionally pay to the Company the adjudged amount of damages upon receipt of such amount from the Defendants.

**(ii) Case on infringement of land situated at Tianjin Binhai**

Reference is made to the relevant sections of the Annual Report in relation to the legal proceedings commenced by World Right Investments Limited (環威投資有限公司) (“**World Right**”) against Binhai Investment Group Holding Company Limited (濱海投資集團股份有限公司) (“**Binhai Group**”) and Tianjin Cheng Tou Binhai Property Company Limited (天津城投濱海房地產經營有限公司) for (i) discharge of a joint development agreement entered into between World Right and Binhai Group and (ii) compensation for losses.

For the same reasons as those set out in sub-paragraph 6(i) hereinabove, in February 2026, Mr. Ng acquired the entire issued share capital of the holding company of World Right through his wholly owned subsidiary, as a result of which World Right became an indirect wholly owned subsidiary of Mr. Ng. The aforesaid transaction constitutes a de minimis transaction and is fully exempt from independent shareholders’ approval, annual review and all disclosure requirements under Rule 14A.74 of the Listing Rules. Following completion of the acquisition, Mr. Ng has undertaken to assume responsibility for all costs and expenses arising from the litigation process.

**(iii) Case on arbitration related to Nansha land**

Reference is made to the relevant sections of the Annual Report in relation to the withdrawal of the arbitration application by Brightson Investments Limited (“**Brightson**”) as applicant in April 2024 while exploring other legal action(s) thereafter to safeguard the interests of the Group as a whole.

For the same reasons as those set out in sub-paragraph 6(i) hereinabove, in March 2026, Mr. Ng acquired the entire issued share capital of the holding company of Brightson through his wholly owned subsidiary, as a result of which Brightson became an indirect wholly owned subsidiary of Mr. Ng. The aforesaid transaction constitutes a *de minimis* transaction and is fully exempt from independent shareholders’ approval, annual review and all disclosure requirements under Rule 14A.74 of the Listing Rules. Following completion of the acquisition, Mr. Ng has undertaken to assume responsibility for all costs and expenses arising from the arbitration or litigation process.

The transactions set out in sub-paragraphs 6(i), (ii) and (iii) hereinabove, when aggregated pursuant to Rules 14.22 and 14.23 and Rules 14A.81 and 14A.82 of the Listing Rules, constitute a *de minimis* transaction and is fully exempt from independent shareholders’ approval, annual review and all disclosure requirements under Rule 14A.74 of the Listing Rules.

Given the aforesaid, as at the Latest Practicable Date, so far as the Directors are aware, none of the member of the Group was engaged in any litigation or claim of material importance and no litigation or claim of material importance was pending or threatened against any member of the Group.

**7. MATERIAL CONTRACTS**

Save the agreements set out below, no contract (not being contract in the ordinary course of business), which is or may be material, has been entered into by the Company or any of its subsidiaries within the two (2) years immediately preceding the Latest Practicable Date:

- (a) the sale and purchase agreement dated 24 October 2024 entered into between Welbeck Holdings Limited (an indirect wholly-owned subsidiary of the Company) as vendor and Splendid Enterprises Limited as purchaser, in relation to, among others, the disposal of the entire issued share capital of each of Poben Consultants Limited, Pok Lake Profits Limited and Tripstowe Management Limited. For details, please refer to the circular of the Company dated 14 November 2024 in respect of the major and connected transaction contemplated thereunder;

- (b) the sale and purchase agreement dated 6 May 2025 entered into between and among South China Industries (China) Limited 南華工業(中國)有限公司, Sino Pioneer International Limited (both are indirect wholly-owned subsidiaries of the Company), the vendor, Splendid Enterprises Limited, the purchaser, and World Mastery Limited 宇翹有限公司, Crosslight Limited 航輝有限公司 and Chun Wing Company Limited 浚榮有限公司, the target companies, in respect of the disposal of the entire issued share capital of the target companies. For details, please refer to the circular of the Company dated 10 June 2025 in respect of the major and connected transaction contemplated thereunder;
- (c) the supplemental agreement dated 6 November 2025 entered into between Thousand China Investments Limited, a company incorporated in the British Virgin Islands, which is an indirect wholly-owned subsidiary of the Company, and South China Financial Holdings Limited in relation to the proposed alterations to the terms and conditions of the outstanding HK\$89,840,000 convertible bonds issued by South China Financial Holdings Limited on 13 January 2023. For details, please refer to the circular of the Company dated 4 December 2025 in respect of the connected transaction contemplated thereunder; and
- (d) the Sale and Purchase Agreement.

## 8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2025, being the date to which the latest published audited consolidated financial statements of the Group were made up.

## 9. QUALIFICATION AND CONSENT OF EXPERT

The following sets out the qualification of the expert who has given opinion or advice, which are contained or referred to in this circular:

Name	Qualification
Graval Consulting Limited	Independent Valuer

As at the Latest Practicable Date, the Independent Valuer did not have any direct or indirect interest in any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of any member of the Group, and had no direct or indirect interests in any assets which has been acquired or disposed of by or leased to any member of the Group since 31 December 2025 (the date to which the latest published audited consolidated financial statements of the Group were made up) or proposed to be so acquired, disposed of or leased.

As at the Latest Practicable Date, the Independent Valuer had given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its advice, letters, reports and/or summary of its opinions (as the case may be) and references to its name and logo in the form and context in which they respectively appear.

**10. MISCELLANEOUS**

- (a) The registered office of the Company is situated at P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands and the principal place of business in Hong Kong is at 36th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong.
- (b) The share registrar and transfer office of the Company is Union Registrars Limited at Suites 3301-04, 33rd Floor, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong.
- (c) The company secretary of the Company is Mr. Watt Ka Po James, who is a fellow member of both The Chartered Governance Institute and The Hong Kong Chartered Governance Institute.
- (d) The English text of this circular shall prevail over the Chinese text in the case of inconsistency.

**11. DOCUMENTS ON DISPLAY**

Copies of the following documents will be published on the websites of the Stock Exchange (*www.hkexnews.hk*) and the Company (*www.scholding.com*) for a period of not less than fourteen (14) days from the date of this circular:

- (a) the material contracts as referred to in the section headed "7. Material Contracts" in this Appendix III;
- (b) the valuation report dated 22 May 2026 prepared by the Independent Valuer as set out in Appendix II to this circular; and
- (c) the written consent of expert as referred to in the section headed "9. Qualification and consent of expert" in this Appendix III.