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)

DISCLOSEABLE AND CONNECTED TRANSACTION IN RESPECT OF THE DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF TWO WHOLLY-OWNED SUBSIDIARIES

DISCLOSEABLE AND CONNECTED TRANSACTION

The Board is pleased to announce that on 27 August 2026 (after trading hours), the Vendor (an indirect wholly-owned subsidiary of the Company) as vendor entered into the Sale and Purchase Agreement with the Purchaser (an associate of Mr. Ng who is the connected person of the Company) as purchaser, pursuant to which the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the entire issued share capital in the Target Companies (i.e. the Sale Shares), at the Consideration in accordance with the terms and subject to the conditions of the Sale and Purchase Agreement.

LISTING RULES IMPLICATIONS

Pursuant to Rule 14.22 of the Listing Rules, a series of transactions shall be aggregated and treated as if they were one transaction if they are all completed within a 12-month period or are otherwise related. Pursuant to Rule 14.23 of the Listing Rules, one of the factors determining whether transactions shall be aggregated is that such transactions are entered into by a member of the Group with the same party or with parties who are connected or otherwise associated with one another. Given the purchasers under the Sale and Purchase Agreement and the Disposal Agreements are associates of the same connected person of the Company, the transactions under both the Sale and Purchase Agreement and the Disposal Agreements shall be aggregated. The highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) upon aggregation with the transactions under the Disposal Agreements exceeds 5%, but is less than 25%, constituting a discloseable transaction of the Company, which is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, (1) Mr. Ng and his associates hold approximately 68.81% of the total issued share capital of the Company; and (2) the Purchaser is wholly and beneficially owned by Mr. Ng who is a connected person of the Company pursuant to Rule 14A.07(1) of the Listing Rules. Accordingly, the Purchaser is an associate of Mr. Ng pursuant to Rule 14A.12 of the Listing Rules and therefore a connected person of the Company pursuant to Rule 14A.07(4) of the Listing Rules. Hence the Disposal constitutes a connected transaction of the Company, which is subject to the reporting, announcement and circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, a series of connected transactions shall be aggregated and treated as if they were one transaction if they are all completed within a 12-month period or are otherwise related. Pursuant to Rule 14A.82 of the Listing Rules, one of the factors determining whether a series of connected transactions shall be aggregated is that such connected transactions are entered into by a member of the Group with the same party or with parties who are connected with one another. Given the purchasers under both the Sale and Purchase Agreement and the Disposal Agreements are associates of the same connected person of the Company, the connected transactions under both the Sale and Purchase Agreement and the Disposal Agreements shall be aggregated. As the highest applicable percentage ratio upon aggregation with the connected transactions under the Disposal Agreements exceeds 5%, but is less than 25%, the aggregated connected transactions are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

A circular containing, among other things, (i) further details of the Disposal contemplated under the Sale and Purchase Agreement; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders on the Sale and Purchase Agreement and the Disposal; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the Disposal contemplated under the Sale and Purchase Agreement; and (iv) a notice of the EGM will be despatched to the Shareholders within fifteen (15) Business Days after the publication of this announcement, being on or before 17 September 2026.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all of the independent non-executive Directors has been established to advise the Independent Shareholders as to whether the terms and conditions of the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable, and whether the Disposal is in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole, and to make a recommendation to the Independent Shareholders on voting by taking into account of the advice from the independent financial adviser.

Shareholders and potential investors of the Company should be aware that completion of the Disposal is subject to a number of conditions precedent which may or may not be fulfilled or waived (as applicable), and the Disposal may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

INTRODUCTION

The Board is pleased to announce that on 27 August 2026 (after trading hours), the Vendor (an indirect wholly-owned subsidiary of the Company) as vendor entered into the Sale and Purchase Agreement with the Purchaser (an associate of Mr. Ng who is the connected person of the Company) as purchaser, pursuant to which the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the entire issued share capital in the Target Companies (i.e. the Sale Shares), at the Consideration in accordance with the terms and subject to the conditions of the Sale and Purchase Agreement.

Upon Completion, the Target Companies will cease to be subsidiaries of the Company, and the financial results of the Target Group will cease to be consolidated in the financial statements of the Group.

THE SALE AND PURCHASE AGREEMENT

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

Date

27 August 2026

Parties

(a) the Vendor as vendor;

(b) the Purchaser as purchaser;

(c) the Target Company 1; and

(d) the Target Company 2

To the best knowledge, information and belief of the Board, having made all reasonable enquiries, the Purchaser is a company incorporated in the BVI with limited liability which is wholly and beneficially owned by Mr. Ng who is a controlling Shareholder and Director (i.e. a connected person of the Company), and in turn is an associate of Mr. Ng and a connected person of the Company accordingly pursuant to Rule 14A.07 of the Listing Rules.

Assets to be disposed of

Pursuant to the Sale and Purchase Agreement, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase, the Sale Shares (representing the entire issued share capital of the Target Companies) at the Consideration.

Consideration

The Consideration for the Sale Shares shall be HK$16,000,000 which shall be satisfied by the Purchaser in cash to the Vendor (or to such other subsidiary(ies) of the Company as the Vendor may direct in writing) upon Completion or on such other later date(s) as may be mutually agreed in writing between the Purchaser and the Vendor.

Basis of the Consideration

The Consideration was determined after arm's length negotiation between the Vendor and the Purchaser, having taken into account of, among other things:

(a) the adjusted unaudited net asset value of the Target Group of approximately HK$3,028,000, representing the unaudited net asset value of the Target Group after taking into account the effect of the waiver of all inter-company current account balances (both credit and debit) between and among the members of the Target Group and the respective members of the Company as at 30 June 2026; and

(b) the difference of HK$12,671,000 between the book value of the Property of HK$24,686,000 and the market value of the Property of approximately RMB32,400,000 (equivalent to approximately HK$37,357,000) as at 30 June 2026 as appraised by an independent valuer appointed by the Company.

Conditions Precedent

Completion is conditional upon the following conditions being satisfied (and/or waived by the Purchaser where applicable) on or before the Completion Date:

(a) the passing of the necessary resolutions by the board of directors of each of the Vendor and the Purchaser approving the Sale and Purchase Agreement and the transactions contemplated thereunder;

(b) the passing of the ordinary resolutions to approve the Sale and Purchase Agreement and the transactions contemplated thereunder by the Independent Shareholders at the EGM to be convened and held by the Company in accordance with the Listing Rules and the applicable laws and regulations;

(c) all requisite approvals, consents and waivers required to be obtained by the Vendor, the Purchaser and the Target Companies in respect of the entering into the Sale and Purchase Agreement and the implementation of the transactions contemplated thereunder having been obtained and remaining in full force and effect, with full compliance with all applicable laws and regulations (including but not limited to the Listing Rules);

(d) no written notice from the Purchaser having been received by the Vendor, within two (2) Business Days from the date of the Sale and Purchase Agreement, that the Purchaser is not satisfied at its absolute discretion with the results of the due diligence investigation on the Target Group; and

(e) the representations, warranties and undertakings given by the Vendor under the Sale and Purchase Agreement shall remain true, accurate and not misleading in all material respects from the date of the Sale and Purchase Agreement to and inclusive of the Completion Date.

If any of the conditions set out in sub-paragraphs (a) to (e) hereinabove has not been satisfied or waived (only the conditions set out in sub-paragraphs (d) and (e) may be waived) by 5:00 p.m. on the Long Stop Date, then:

(i) the Vendor and the Purchaser may agree in writing to postpone the Long Stop Date and, if the parties thereto agree to postpone the Long Stop Date, then the provisions of the Sale and Purchase Agreement should have applied as if the Long Stop Date were so postponed; or

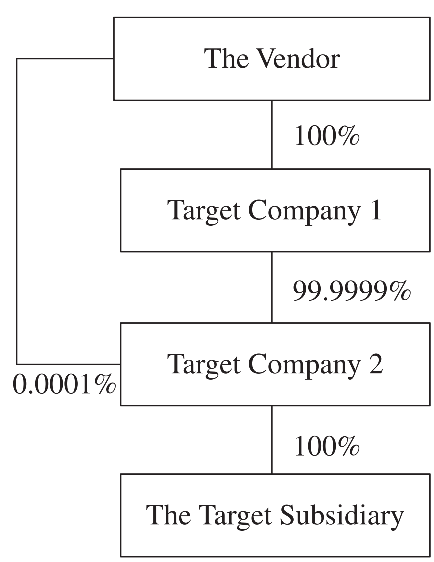
(ii) in the absence of occurrence of the event mentioned in sub-paragraph (i) hereinabove, the Sale and Purchase Agreement shall be terminated immediately after the Long Stop Date, pursuant to which all rights and obligations of the Vendor and the Purchaser under the Sale and Purchase Agreement will cease immediately upon termination and none of the parties thereto shall have any further claim or cause of action against any other party.

Completion

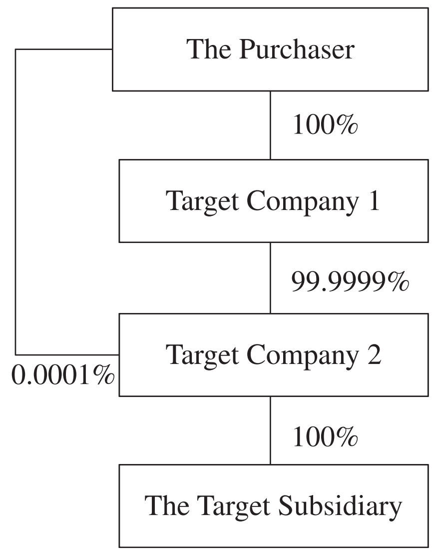
Completion shall take place on a date falling on the 2nd Business Day upon the fulfilment (or the waiver, as the case may be) of the conditions precedent referred to above, but under no circumstance shall it be later than the Long Stop Date. Upon Completion, the Target Companies will cease to be subsidiaries of the Company, and the financial results of the Target Group will no longer be consolidated into the consolidated financial statements of the Group.

The group chart of the Target Group before and after Completion is set out as follows:

Before Completion



After Completion



Conditions Subsequent

The Vendor undertakes with the Purchaser to use its best endeavours to procure all of its relevant affiliates (i.e. all relevant subsidiaries of the Company) to unconditionally and irrevocably waive all inter-company current account balances (both credit and debit), if any, with each relevant entity of the Target Group without having any liabilities or recourse by execution of a deed of waiver (in a form to be mutually agreed between the Vendor and the Purchaser within five (5) Business Days or such other period to be mutually agreed in writing between the Vendor and the Purchaser) upon Completion.

INFORMATION OF THE TARGET GROUP

The Target Company 1 is an investment holding company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company and the Target Company 2 is an investment holding company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company. The Target Subsidiary, incorporated in the PRC, is the sole subsidiary of the Target Company 2 which holds 100% of the paid-up capital of the Target Subsidiary. The main business of the Target Subsidiary, being the provision of toys manufacturing services in Shenzhen, the PRC, has been suspended since May 2026 resulting from the change of business strategy from toys OEM manufacturing to trading-based model. Consequently, the Target Subsidiary has become a company without having operations but remains the lessee of the Land.

FINANCIAL INFORMATION OF THE TARGET GROUP

Set out below is a summary of the adjusted unaudited consolidated financial information of each of the Target Group for the two financial years ended 31 December 2024 and 2025 respectively:

	For the year ended 31 December 2024 *Approximate* *HK$'000* (unaudited)	**For the year ended 31 December 2025** *Approximate* *HK$'000* (unaudited)
Loss before taxation and extraordinary items	(8,323)	(8,662)
Loss after taxation and extraordinary items	(8,321)	(8,663)

The adjusted unaudited net asset value of Target Group as at 30 June 2026 was approximately HK$3,028,000.

FINANCIAL IMPACT OF THE DISPOSAL AND INTENDED APPLICATION OF PROCEEDS

Upon Completion, the Target Group will cease to be subsidiaries of the Company, and the profit or loss as well as the assets and liabilities of the Target Group will no longer be consolidated into the consolidated financial statements of the Group.

Having considered the Consideration and the adjusted unaudited net asset value of the Target Group as at 30 June 2026, it is estimated that upon Completion, the total assets of the Group will decrease by approximately HK$10,057,000, while the total liabilities of the Group will decrease by approximately HK$23,029,000. Accordingly, it is estimated that the net assets of the Group will have an increase of approximately HK$12,972,000. It is estimated that the Group will record a gain on the Disposal in the amount of approximately HK$12,972,000, which is calculated based on the Consideration and the adjusted unaudited net asset value of the Target Group as at 30 June 2026 before all taxes and related expenses in relation to the Disposal. The actual amount of gain as a result of the Disposal will be calculated based on the net book value of the Target Group at Completion, net of any incidental expenses, and subject to review by the auditors of the Company. The Group intends to use the net proceeds from the Disposal for working capital.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The appreciation of RMB, weak consumer sentiment, sluggish global economic conditions, heightened geopolitical tensions, and continued policy uncertainties, including the persistence of US tariffs, have collectively dampened worldwide demand for non-essential consumer goods such as toys. In response, the Group's major US customers have adopted a more conservative and risk-averse ordering strategy.

In addition, the Group was adversely impacted by a sharp decline in demand for a specific toy product from a major customer for the 2025 season, resulting in a significant revenue decrease of approximately 41% for the year ended 31 December 2025. Given the fixed costs associated with maintaining manufacturing plants, the continuation of such losses would materially harm the interests of the Group if operations were not suspended or closed.

Consequently, the Group is undertaking a strategic restructuring of its toy business, shifting from OEM manufacturing operations to a trading-based model. This initiative is expected to optimize resource allocation, reduce operating costs, and enhance the Group's overall operational efficiency.

In addition, due to historical issue, the Target Company 2 has not been able to obtain the ownership titles of any of the Buildings. In light of the Group's strategic restructuring of its toy business, it is not considered in the best interest of the Group to allocate resources towards initiating defensive actions to retain the occupancy of the Property.

Having taken into account of the above, the Board (excluding (1) Mr. Ng who has material interest in the transactions contemplated under the Sale and Purchase Agreement and do not express his opinion; and (2) the independent non-executive Directors who will give their view after taking into consideration of the advice of the independent financial adviser) is of the view that the terms of the Sale and Purchase Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE VENDOR

The Vendor is a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company, which is principally engaged in investment holding.

INFORMATION OF THE GROUP

The principal businesses of the Group are trading (trading of footwear products and sales of branded ball products), property investment and development, and agriculture and forestry.

INFORMATION OF THE PURCHASER

The Purchaser is a company incorporated in the BVI with limited liability, which is wholly and beneficially owned by Mr. Ng and is principally engaged in investment holding.

LISTING RULES IMPLICATIONS

Pursuant to Rule 14.22 of the Listing Rules, a series of transactions shall be aggregated and treated as if they were one transaction if they are all completed within a 12-month period or are otherwise related. Pursuant to Rule 14.23 of the Listing Rules, one of the factors determining whether transactions shall be aggregated is that such transactions are entered into by a member of the Group with the same party or with parties who are connected or otherwise associated with one another. Given the purchasers under both the Sale and Purchase Agreement and the Disposal Agreements are associates of the same connected person of the Company, the transactions under both the Sale and Purchase Agreement and the Disposal Agreements shall be aggregated. The highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) upon aggregation with the transactions under the Disposal Agreements exceeds 5%, but is less than 25%, constituting a discloseable transaction of the Company, which is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, (1) Mr. Ng and his associates hold approximately 68.81% of the total issued share capital of the Company; and (2) the Purchaser is wholly and beneficially owned by Mr. Ng who is a connected person of the Company pursuant to Rule 14A.07(1) of the Listing Rules. Accordingly, the Purchaser is an associate of Mr. Ng pursuant to Rule 14A.12 of the Listing Rules and therefore a connected person of the Company pursuant to Rule 14A.07(4) of the Listing Rules. Hence the Disposal constitutes a connected transaction of the Company, which is subject to the reporting, announcement and circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, a series of connected transactions shall be aggregated and treated as if they were one transaction if they are all completed within a 12-month period or are otherwise related. Pursuant to Rule 14A.82 of the Listing Rules, one of the factors determining whether a series of connected transactions shall be aggregated is that such connected transactions are entered into by a member of the Group with the same party or with parties who are connected with one another. Given the purchasers under both the Sale and Purchase Agreement and the Disposal Agreements are associates of the same connected person of the Company, the connected transactions under both the Sale and Purchase Agreement and the Disposal Agreements shall be aggregated. As the highest applicable percentage ratio upon aggregation with the connected transactions under the Disposal Agreements exceeds 5%, but is less than 25%, the aggregated connected transactions are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Disposal Agreements

On 27 February 2026 (after trading hours):

(1) Victory Full Limited ("Victory Full"), an indirect wholly-owned subsidiary of the Company, as vendor, entered into a sale and purchase agreement (the "Tremendous SPA") with Wisefield Enterprises Limited ("Wisefield"), a company wholly and beneficially owned by Mr. Ng and therefore an associate of Mr. Ng pursuant to Rule 14A.12 of the Listing Rules, as purchaser. Under the Tremendous SPA, Victory Full agreed to sell and Wisefield agreed to purchase the entire issued share capital of Tremendous Success Holdings Limited ("Tremendous Success") for a nominal consideration of US$1.00 (equivalent to approximately HK$7.80), having taken into account the net liabilities of approximately HK$1,918,000 of Tremendous Success and its wholly-owned PRC subsidiary, 南京南華擎天資訊科技有限公司 (Nanjing South China Skytech Technology Company Limited*) ("South China Skytech").

    As the highest applicable percentage ratio under the Tremendous SPA was below 5% and the consideration was less than HK$3,000,000, the connected transaction thereunder was fully exempt from the Independent Shareholders' approval, annual review and all disclosure requirements. Completion of the transaction took place on 27 February 2026.

Tremendous Success is an investment holding company, while South China Skytech, as a plaintiff, is involved in a civil litigation in the PRC concerning the alleged infringement of copyrights of certain computer software who lodged an appeal against the judgment laid down by the PRC court. The outcome of the appeal remains uncertain, and both parties thereof retain the right to seek a retrial once the judgment is handed down. In addition to the aforesaid litigation, South China Skytech obtained a final judgment from the PRC court under which the defendants were held liable to pay damages of approximately RMB28,000,000 (equivalent to approximately HK$32,180,000) arising from their breach of non-competition obligations. However, the defendants applied to the People's Procuratorate of Jiangsu province for supervisory review. If the application is upheld, the case would be subject to retrial, the outcome of which remains uncertain.

In view of Mr. Ng's assumption of all litigation-related costs and expenses, together with the inherent uncertainty (Mr. Ng has undertaken to unconditionally pay the Company all adjudged damages received in the event that the ultimate judgment under the aforesaid litigation proceedings is favourable to South China Skytech) and the time-consuming nature of the proceedings, the Board considered it appropriate to dispose of Tremendous Success in order to focus resources on strengthening and developing the Group's core business operations.

(2) South China Industries (BVI) Limited ("SC Industries"), an indirect wholly-owned subsidiary of the Company, as vendor, entered into a sale and purchase agreement (the "Essential SPA") with Wisefield as purchaser. Under the Essential SPA, SC Industries agreed to sell and Wisefield agreed to purchase the entire issued share capital of Essential Success Global Limited ("Essential Success") for a nominal consideration of US$1.00 (equivalent to approximately HK$7.80), having taken into account the net liabilities of approximately HK$56,000 of Essential Success and its wholly-owned subsidiaries, World Right Investments Limited ("World Right"), a company incorporated in Hong Kong as well as 天津南華房地產開發有限公司 (Tianjin South China Real Estate Development Limited*), a company incorporated in the PRC.

As the highest applicable percentage ratio under the Essential SPA was below 5% and the consideration was less than HK$3,000,000, the connected transaction thereunder was fully exempt from the Independent Shareholders' approval, annual review and all disclosure requirements. Completion of the transaction took place on 27 February 2026. Essential Success is an investment holding company, while World Right, as a plaintiff, is involved in a civil litigation in the PRC concerning the discharge of a joint development agreement and compensation for losses. The outcome of the litigation remains uncertain, and both parties thereof retain the right to seek a retrial once the judgment is handed down.

Given Mr. Ng's assumption of all litigation-related costs and expenses, together with the inherent uncertainty and the time-consuming nature of the proceedings, the Board considered it appropriate to dispose of Essential Success in order to focus resources on strengthening and developing the Group's core business operations.

(3) Super Giant Limited ("Super Giant"), an indirect wholly-owned subsidiary of the Company, as vendor, entered into a sale and purchase agreement (the "SC China Property SPA") with Wisefield as purchaser. Under the SC China Property SPA, Super

Giant agreed to sell and Wisefield agreed to purchase the entire issued share capital of South China (China Property) Limited ("SC China Property") for a nominal consideration of HK$2.00, having taken into account the net liabilities of approximately HK$160,000 of SC China Property and its wholly-owned subsidiary, Brightson Investments Limited ("Brightson"), a company incorporated in Hong Kong.

As the highest applicable percentage ratio under the SC China Property SPA was below 5% and the consideration was less than HK$3,000,000, the connected transaction thereunder was fully exempt from the Independent Shareholders' approval, annual review and all disclosure requirements. Completion of the transaction took place on 24 March 2026. Super Giant is an investment holding company, while Brightson is exploring legal action(s) subsequent to its withdrawal of the arbitration application in relation to a dispute in a parcel of land site in Nansha, Guangzhou, the PRC.

Mr. Ng has undertaken to assume responsibility for all costs and expenses arising from the arbitration or litigation process. Given the inherent uncertainty and the time-consuming nature of the proceedings, the Board considered it appropriate to dispose of Super Giant in order to focus resources on strengthening and developing the Group's core business operations.

As the highest applicable percentage ratio upon aggregation with the connected transactions under each of the Disposal Agreements was below 5% and the consideration was less than HK$3,000,000, the connected transactions thereunder were fully exempt from the Independent Shareholders' approval, annual review and all disclosure requirements. Each of the connected transactions under the Disposal Agreements has been disclosed in detail under the heading "Update on Litigation Proceedings" in the section "Chairman's Statement and Management Discussion and Analysis" of the Company's 2025 annual report.

GENERAL

The EGM will be convened and held by the Company to seek the Independent Shareholders' approval of the Disposal contemplated under the Sale and Purchase Agreement.

Pursuant to Rule14A.36 of the Listing Rules, any Shareholder with a material interest in the relevant connected transaction contemplated under the Sale and Purchase Agreement is required to abstain from voting on the relevant resolution at the EGM. Given the Purchaser is an associate of Mr. Ng who is a connected person of the Company, Mr. Ng is regarded as having material interests in the Sale and Purchase Agreement and the transactions contemplated thereunder to be proposed at the EGM. Accordingly, Mr. Ng and his associates shall abstain from voting on the relevant resolution at the EGM. To the best of the Directors' knowledge and information, no other Shareholder is required to abstain from voting on the relevant resolution in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM.

The Independent Board Committee comprising Mr. Kam Yiu Shing Tony, Ms. Pong Scarlett Oi Lan, BBS, J.P. and Mr. Wong Chun Tat, J.P., all being independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the Disposal contemplated under the Sale and Purchase Agreement. The independent financial adviser Huaan Securities (Hong Kong) Corporate Finance Limited, has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) further details of the Disposal contemplated under the Sale and Purchase Agreement; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders on the Sale and Purchase Agreement and the Disposal; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the Disposal contemplated under the Sale and Purchase Agreement; and (iv) a notice of the EGM will be despatched to the Shareholders within fifteen (15) Business Days after the publication of this announcement, being on or before 17 September 2026.

WARNING

Shareholders and potential investors of the Company should be aware that completion of the Disposal is subject to a number of conditions precedent which may or may not be fulfilled or waived (as applicable), and the Disposal may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless otherwise specified in the context:

"associate(s)"	has the meaning as ascribed to it under the Listing Rules
"Board"	the board of Directors
"Buildings"	the premises comprising three (3) production buildings, three (3) workers' quarters, two (2) staff quarters and an electricity generation room, having a total gross floor area of approximately 34,098 sq.m., erected on the Land and occupied by the Target Group, the erection costs of which were paid by the Target Group, but for which no ownership titles have been obtained due to historical issues
"Business Day"	any day (other than Saturday, Sunday, public holiday or any day on which a tropical cyclone warning signal number 8 or above, or a black rainstorm warning signal or extreme condition warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks in Hong Kong are open for general commercial business
"BVI"	the British Virgin Islands
"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"	completion of the sale and purchase of the Sale Shares under the Sale and Purchase Agreement
"Completion Date"	the date of Completion, which shall be a date falling within two (2) Business Days after the fulfilment of the conditions precedent as set out in the Sale and Purchase Agreement or such other date as may be agreed by the parties thereto in writing on which Completion shall take place
"connected person"	has the meaning as ascribed to it under the Listing Rules
"Consideration"	the total consideration payable by the Purchaser to the Vendor for the Sale Shares under the Sale and Purchase Agreement
"Director(s)"	director(s) of the Company
"Disposal"	the disposal of the Sale Shares by the Vendor to the Purchaser pursuant to the Sale and Purchase Agreement
"Disposal Agreements"	the Tremendous SPA, the Essential SPA and the SC China Property SPA
"EGM"	an extraordinary general meeting of the Company to be convened for the Independent Shareholders to consider and, if thought fit, to approve the Sale and Purchase Agreement and the transactions contemplated thereunder
"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
"Independent Board Committee"	an independent committee of the Board, comprising all independent non-executive Directors, established for the purpose of advising the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder
"Independent Shareholders"	the Shareholders other than Mr. Ng and his associates who are required to abstain from voting at the EGM pursuant to the Listing Rules
"Land"	four (4) parcels of land in Nanling Village, Buji Town, Longgang District, Shenzhen, the PRC* (中國深圳龍崗區布吉鎮南嶺村), having an aggregate area of approximately 14,850 sq.m., which are leased under the respective lease agreements for terms of fifty years (1993 to 2043; 1994 to 2044; 1995 to 2045; and 1996 to 2046)

"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Long Stop Date"	8 October 2026 (or such other date as the parties to the Sale and Purchase Agreement may agree in writing)
"Mr. Ng"	Mr. Ng Hung Sang, the controlling Shareholder of the Company, the chairman of the Board and an executive Director of the Company
"PRC"	The People's Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"Property"	the Buildings and the Land
"Purchaser"	Best Galaxy Holdings Limited, a company incorporated in the BVI and is wholly and beneficially owned by Mr. Ng
"RMB"	Renminbi, the lawful currency of the PRC
"Sale and Purchase Agreement"	the sale and purchase agreement dated 27 August 2026 entered into between and amongst the Vendor, the Purchaser and the Target Companies in respect of the Disposal
"Sale Share 1"	one (1) share in the share capital of the Target Company 1, representing 100% of the issued share capital of the Target Company 1, to be bought and sold pursuant to the Sale and Purchase Agreement
"Sale Share 2"	one (1) share in the share capital of the Target Company 2, representing 0.0001% of the issued share capital of the Target Company 2, to be bought and sold pursuant to the Sale and Purchase Agreement
"Sale Shares"	the Sale Share 1 and the Sale Share 2
"Share(s)"	the ordinary share(s) in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"sq. m."	square meters
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Companies"	Target Company 1 and Target Company 2
"Target Company 1"	Sparkling Honor Holdings Limited, a company incorporated in the BVI

"Target Company 2"	Wah Shing Electronics Company Limited (華昇電子有限公司), a company incorporated in Hong Kong
"Target Group"	Target Companies and Target Subsidiary
"Target Subsidiary"	華升玩具(深圳)有限公司 (Wah Shing Toys (Shenzhen) Company Limited*), a company incorporated in the PRC and a wholly-owned subsidiary of the Target Company 2
"US"	The United States of America
"US$"	United States dollars, the lawful currency of the US
"Vendor"	WTS International (BVI) Limited, a company incorporated in the BVI and an indirect wholly-owned subsidiary of the Company
"%"	per cent.

In this announcement, amounts denominated in RMB have been converted into HK$ at the exchange rate of HK$1 = RMB0.87 for illustration purpose only.

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, 27 August 2026

As at the date of this announcement, the Directors 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. Yu Pui Hang

Independent Non-executive Directors:
Mr. Kam Yiu Shing Tony
Ms. Pong Scarlett Oi Lan, BBS, J.P.
Mr. Wong Chun Tat, J.P.

* *English transliteration denotes Chinese names and for identification purpose only*