# 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)**

## INTERIM REPORT
## FOR THE SIX MONTHS ENDED 30 JUNE 2026

The board of directors (the "Board" or the "Directors") of South China Holdings Company Limited (the "Company") hereby announces the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2026 together with the unaudited comparative figures for the corresponding period in 2025 as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

| | | **Six months ended 30 June** | |
|---|---|---|---|
| | | **2026** | 2025 |
| | | **(Unaudited)** | (Unaudited) |
| | *Notes* | ***HK$'000*** | *HK$'000* |
| **Revenue** | *2* | **380,844** | 891,682 |
| Cost of sales | | **(535,496)** | (829,072) |
| Gross (loss)/profit | | **(154,652)** | 62,610 |
| Other income and gains, net | *3* | **215,984** | 95,361 |
| Net fair value (loss)/gain on investment properties | | **(127,066)** | 72,843 |
| Selling and distribution expenses | | **(11,035)** | (15,813) |
| Administrative expenses | | **(285,181)** | (178,897) |
| **(Loss)/profit from operations** | *2 & 4* | **(361,950)** | 36,104 |
| Finance costs | *5* | **(94,690)** | (101,750) |
| **Loss before tax** | | **(456,640)** | (65,646) |
| Income tax credit/(expenses) | *6* | **15,228** | (24,350) |
| **Loss for the period** | | **(441,412)** | (89,996) |
| Attributable to: | | | |
| Equity shareholders of the Company | | **(433,840)** | (91,769) |
| Non-controlling interests | | **(7,572)** | 1,773 |
| | | **(441,412)** | (89,996) |
| **Loss per share** | *8* | | |
| **Basic** | | **HK(3.3) cents** | HK(0.7) cents |
| **Diluted** | | **HK(3.3) cents** | HK(0.7) cents |

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | Six months ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | **(Unaudited)** | (Unaudited) |
| | ***HK$'000*** | *HK$'000* |
| **Loss for the period** | **(441,412)** | (89,996) |
| **Other comprehensive income (after tax and reclassification adjustments)** | | |
| Items that may be reclassified subsequently to profit or loss: | | |
| Exchange differences on translation of financial statements of operations outside Hong Kong | **233,717** | 192,286 |
| Release of exchange reserve upon disposal of subsidiaries | **–** | (28,003) |
| | **233,717** | 164,283 |
| **Total comprehensive income for the period** | **(207,695)** | 74,287 |
| Attributable to: | | |
| Equity shareholders of the Company | **(215,612)** | 58,781 |
| Non-controlling interests | **7,917** | 15,506 |
| | **(207,695)** | 74,287 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Notes | **As at 30 June 2026 (Unaudited)** *HK$'000* | As at 31 December 2025 (Audited) *HK$'000* |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | *9* | **292,047** | 360,232 |
| Investment properties | *9* | **8,206,488** | 8,254,416 |
| Construction in progress | | **157** | 152 |
| Bearer plants | | **11,874** | 11,991 |
| Other non-current assets | | **130,402** | 44,498 |
| **Total non-current assets** | | **8,640,968** | 8,671,289 |
| **CURRENT ASSETS** | | | |
| Inventories | | **417,238** | 693,852 |
| Properties under development | | **257,491** | 248,811 |
| Trade receivables | *10* | **174,898** | 353,783 |
| Prepayments, deposits and other receivables | | **1,283,071** | 1,244,060 |
| Financial assets measured at fair value through profit or loss | | **6,674** | 7,069 |
| Amount due from a non-controlling shareholder of a subsidiary | | **–** | 29,611 |
| Amounts due from associates | | **3,768** | 4,145 |
| Amounts due from related parties | | **8,297** | 12,893 |
| Tax recoverable | | **1,286** | 1,286 |
| Cash and bank balances | | **147,739** | 220,649 |
| | | **2,300,462** | 2,816,159 |
| Non-current assets classified as held for sale | | **–** | 59,654 |
| **Total current assets** | | **2,300,462** | 2,875,813 |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)**

| | Notes | **As at 30 June 2026 (Unaudited)** **HK$'000** | As at 31 December 2025 (Audited) HK$'000 |
|---|---|---|---|
| **CURRENT LIABILITIES** | | | |
| Trade payables | *11* | **445,230** | 576,477 |
| Other payables and accruals | | **688,537** | 661,941 |
| Interest-bearing bank borrowings | | **2,982,308** | 2,952,267 |
| Lease liabilities | | **40,576** | 59,691 |
| Amounts due to non-controlling shareholders of subsidiaries | | **928** | 928 |
| Amounts due to related parties | | **73,257** | 71,562 |
| Tax payable | | **81,799** | 82,163 |
| **Total current liabilities** | | **4,312,635** | 4,405,029 |
| **NET CURRENT LIABILITIES** | | **(2,012,173)** | (1,529,216) |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **6,628,795** | 7,142,073 |
| **NON-CURRENT LIABILITIES** | | | |
| Interest-bearing bank borrowings | | **78,404** | 272,222 |
| Lease liabilities | | **72,848** | 221,090 |
| Amounts due to non-controlling shareholders of subsidiaries | | **107** | 107 |
| Amounts due to related parties | | **684,293** | 653,188 |
| Other non-current liabilities | | **24,403** | 23,564 |
| Deferred tax liabilities | | **1,034,083** | 1,026,271 |
| **Total non-current liabilities** | | **1,894,138** | 2,196,442 |
| **NET ASSETS** | | **4,734,657** | 4,945,631 |
| **CAPITAL AND RESERVES** | | | |
| Share capital | *12* | **134,413** | 134,413 |
| Reserves | | **4,291,804** | 4,498,308 |
| Total equity attributable to equity shareholders of the Company | | **4,426,217** | 4,632,721 |
| Non-controlling interests | | **308,440** | 312,910 |
| **TOTAL EQUITY** | | **4,734,657** | 4,945,631 |

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Issued capital and share premium (Unaudited) *HK$'000* | Shares held for share award scheme (Unaudited) *HK$'000* | Treasury shares (Unaudited) *HK$'000* | Other reserves (Unaudited) *HK$'000* | Accumulated profits (Unaudited) *HK$'000* | Attributable to owners of the Company (Unaudited) *HK$'000* | Non-controlling interests (Unaudited) *HK$'000* | Total equity (Unaudited) *HK$'000* |
|---|---|---|---|---|---|---|---|---|
| **At 1 January 2026** | **1,616,590** | **(61,075)** | **(10,837)** | **(1,200,226)** | **4,288,269** | **4,632,721** | **312,910** | **4,945,631** |
| **Total comprehensive income for the period** | **–** | **–** | **–** | **218,228** | **(433,840)** | **(215,612)** | **7,917** | **(207,695)** |
| **Transfer upon disposal of non-current assets classified as held for sale** | **–** | **–** | **–** | **(27,324)** | **36,432** | **9,108** | **–** | **9,108** |
| **Disposal of interests in subsidiaries** | **–** | **–** | **–** | **–** | **–** | **–** | **(12,387)** | **(12,387)** |
| **At 30 June 2026** | **1,616,590** | **(61,075)** | **(10,837)** | **(1,009,322)** | **3,890,861** | **4,426,217** | **308,440** | **4,734,657** |
| At 1 January 2025 | 1,616,590 | (61,075) | (10,837) | (1,437,271) | 5,720,134 | 5,827,541 | 289,921 | 6,117,462 |
| Total comprehensive income for the period | – | – | – | 150,550 | (91,769) | 58,781 | 15,506 | 74,287 |
| Deemed contribution from shareholders | – | – | – | 11,196 | – | 11,196 | – | 11,196 |
| Disposal of interests in subsidiaries | – | – | – | – | – | – | 18,412 | 18,412 |
| Transfer upon disposal of subsidiaries | – | – | – | (10,919) | 10,919 | – | – | – |
| At 30 June 2025 | 1,616,590 | (61,075) | (10,837) | (1,286,444) | 5,639,284 | 5,897,518 | 323,839 | 6,221,357 |

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

| | Six months ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | **(Unaudited)** | (Unaudited) |
| | ***HK$'000*** | *HK$'000* |
| **Cash flows from operating activities** | | |
| Cash used in operations | **(74,921)** | (6,709) |
| Hong Kong Profits Tax paid | **(1,087)** | (3,658) |
| The People's Republic of China ("PRC") enterprise income tax paid | **(1,606)** | (3,949) |
| **Net cash used in operating activities** | **(77,614)** | (14,316) |
| **Cash flows from investing activities** | | |
| Purchase of items of property, plant and equipment | **(6,759)** | (23,977) |
| Proceed from disposal of non-current assets classified as held for sale | **257,000** | – |
| Other cash flows arising from investing activities | **13,315** | 3,956 |
| **Net cash generated from/(used in) investing activities** | **263,556** | (20,021) |
| **Cash flows from financing activities** | | |
| New bank loans | **251,548** | 1,292,354 |
| Repayment of bank loans | **(463,183)** | (1,456,401) |
| Interests and other borrowing costs paid | **(55,393)** | (95,498) |
| Capital element of lease rentals paid | **(38,469)** | (37,110) |
| Interest element of lease rentals paid | **(7,488)** | (10,089) |
| Other cash flows arising from financing activities | **45,004** | 102,559 |
| **Net cash used in financing activities** | **(267,981)** | (204,185) |
| Net decrease in cash and cash equivalents | **(82,039)** | (238,522) |
| Cash and cash equivalents at beginning of the period | **176,337** | 579,375 |
| Effect of foreign exchange rate changes, net | **2,509** | 5,471 |
| Cash and cash equivalents at end of the period | **96,807** | 346,324 |
| **Analysis of balances of cash and cash equivalents** | | |
| Cash and bank balances | **147,739** | 389,630 |
| Less: Restricted bank deposits | **(33,825)** | (43,306) |
| Bank overdrafts | **(17,107)** | – |
| Cash and cash equivalents as stated in the condensed consolidated cash flow statement | **96,807** | 346,324 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2026*

### 1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements ("interim financial statements") have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). They were authorised for issue on 26 August 2026.

These interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2025 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2026 annual financial statements. Details of any changes in accounting policies are set out below.

These interim financial statements should be read, where relevant, in conjunction with the 2025 annual financial statements of the Group.

**New and revised Hong Kong Financial Reporting Standards ("HKFRSs") and amendments to HKFRSs**

The HKICPA has issued a number of amendments to HKFRS Accounting Standards that are first effective for the current accounting period. Of these, only the amendments to HKFRS 9, *Financial instruments* and HKFRS 7, *Financial instruments: Disclosures—Amendments to the classification and measurement of financial instruments*, are relevant to the Group's financial statements.

The Group has assessed the impact of the adoption of the above amendment and considered that there was no material impact on the Group's results and financial position or any substantial changes in the Group's accounting policies.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### 2. REVENUE AND SEGMENTAL INFORMATION

An analysis of the Group's consolidated revenue and contribution to (loss)/profit from operations by principal activity and geographical location for the six months ended 30 June 2026 and 2025 is as follows:

| | **Trading and manufacturing** | | **Property investment and development** | | **Agriculture and forestry** | | **Others** | | **Total** | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2026** | 2025 | **2026** | 2025 | **2026** | 2025 | **2026** | 2025 | **2026** | 2025 |
| | **(Unaudited)** | (Unaudited) | **(Unaudited)** | (Unaudited) | **(Unaudited)** | (Unaudited) | **(Unaudited)** | (Unaudited) | **(Unaudited)** | (Unaudited) |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| **Segment revenue** | | | | | | | | | | |
| External sales | **277,508** | 789,096 | **103,316** | 102,529 | **20** | 57 | **–** | – | **380,844** | 891,682 |
| **Segment results** | **(235,685)** | (102,481) | **(90,563)** | 110,210 | **(8,238)** | (10,929) | **(27,464)** | 39,304 | **(361,950)** | 36,104 |
| Reconciliation: | | | | | | | | | | |
| — Finance costs | | | | | | | | | **(94,690)** | (101,750) |
| **Loss before tax** | | | | | | | | | **(456,640)** | (65,646) |

2. **REVENUE AND SEGMENTAL INFORMATION (Continued)**

By geographical location[#]:

| | Revenue | | Contribution to (loss)/profit from operations | |
|---|---|---|---|---|
| | Six months ended 30 June | | Six months ended 30 June | |
| | **2026** | 2025 | **2026** | 2025 |
| | **(Unaudited)** | (Unaudited) | **(Unaudited)** | (Unaudited) |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| PRC including Hong Kong and Macau | **127,968** | 137,322 | **(174,000)** | 137,381 |
| United States of America ("USA") | **215,641** | 391,105 | **(112,197)** | (37,383) |
| Europe | **17,852** | 220,844 | **(39,410)** | (39,208) |
| Japan | **–** | 11,457 | **–** | (2,046) |
| Others | **19,383** | 130,954 | **(36,343)** | (22,640) |
| | **380,844** | 891,682 | **(361,950)** | 36,104 |

[#] Revenue by geographical location is determined on the basis of the location where merchandise is delivered and/or service is rendered.

The following table presents the assets and liabilities information for the Group's business segments as at the reporting period end date:

| | Trading and manufacturing | | Property investment and development | | Agriculture and forestry | | Others | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **30 June 2026** | 31 December 2025 | **30 June 2026** | 31 December 2025 | **30 June 2026** | 31 December 2025 | **30 June 2026** | 31 December 2025 | **30 June 2026** | 31 December 2025 |
| | **(Unaudited)** | (Audited) | **(Unaudited)** | (Audited) | **(Unaudited)** | (Audited) | **(Unaudited)** | (Audited) | **(Unaudited)** | (Audited) |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| **Segment assets** | **317,919** | 1,118,098 | **10,204,636** | 10,107,388 | **111,233** | 127,998 | **306,356** | 192,332 | **10,940,144** | 11,545,816 |
| Tax recoverable | | | | | | | | | **1,286** | 1,286 |
| **Total assets** | | | | | | | | | **10,941,930** | 11,547,102 |
| **Segment liabilities** | **1,997,829** | 2,512,674 | **1,171,877** | 951,871 | **102,737** | 115,751 | **1,818,448** | 1,912,741 | **5,090,891** | 5,493,037 |
| Tax payable | | | | | | | | | **81,799** | 82,163 |
| Deferred tax liabilities | | | | | | | | | **1,034,083** | 1,026,271 |
| Total liabilities | | | | | | | | | **6,206,773** | 6,601,471 |

3. **OTHER INCOME AND GAINS, NET**

During the six months ended 30 June 2026, a gain on disposal of non-current assets classified as held for sale of approximately HK$197,670,000 have been recognised (six months ended 30 June 2025: Nil).

During the six months ended 30 June 2025, a gain on disposal of subsidiaries of approximately HK$67,561,000 had been recognised.

## 4. (LOSS)/PROFIT FROM OPERATIONS

(Loss)/profit from operations is arrived at after charging:

| | Six months ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | **(Unaudited)** | (Unaudited) |
| | ***HK$'000*** | *HK$'000* |
| Cost of inventories sold | **293,967** | 783,553 |
| Cost of completed properties sold | **16,994** | 13,747 |
| | **310,961** | 797,300 |
| Depreciation: | | |
| — owned property, plant and equipment | **14,597** | 15,191 |
| — bearer plants | **545** | 554 |
| — right-of-use assets | **31,761** | 34,658 |
| | **46,903** | 50,403 |
| Recognition of write-down of inventories, net | **205,625** | 6,513 |
| Credit loss on trade receivables, net | **108,820** | – |

## 5. FINANCE COSTS

An analysis of finance costs is as follows:

| | Six months ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | **(Unaudited)** | (Unaudited) |
| | ***HK$'000*** | *HK$'000* |
| Interest on bank loans, overdrafts and other borrowings | **87,202** | 91,661 |
| Interest on lease liabilities | **7,488** | 10,089 |
| | **94,690** | 101,750 |

## 6. INCOME TAX

Income tax comprises current tax and deferred tax.

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2025: 16.5%) on the estimated assessable profit arising in or derived from Hong Kong. Taxes on profits assessable elsewhere have been calculated on the estimated assessable profit at rates of taxation prevailing in the countries in which the Group operates.

Deferred tax is provided on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

**7. INTERIM DIVIDEND**

The Board resolved not to declare the payment of an interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).

**8. LOSS PER SHARE**

The calculation of the basic loss per share is based on the loss attributable to equity shareholders of the Company and the weighted average number of ordinary shares in issue after deducting shares held for the Company's employees' share award scheme and treasury shares.

The calculation of diluted loss per share is based on the loss attributable to equity shareholders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares as used in the basic loss per share calculation and the weighted average number of ordinary shares assumed to have been issued at no consideration on vesting, and the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted loss per share are based on:

| | **Six months ended 30 June** | |
|---|---|---|
| | **2026** | 2025 |
| | **(Unaudited)** | (Unaudited) |
| | ***HK$'000*** | *HK$'000* |
| **Loss** | | |
| Loss attributable to equity shareholders of the Company used in basic and diluted loss per share calculation | **(433,840)** | (91,769) |

| | **Six months ended 30 June** | |
|---|---|---|
| | **2026** | 2025 |
| | **(Unaudited)** | (Unaudited) |
| | ***'000*** | *'000* |
| **Number of shares** | | |
| Weighted average number of ordinary shares in issue less shares held for share award scheme during the period used in the basic and diluted loss per share calculation | **12,982,892** | 12,982,892 |

Diluted loss per share equals to basic loss per share for the six months ended 30 June 2026 and 2025 because the potential ordinary shares outstanding were anti-dilutive.

**9. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES**

During the six months ended 30 June 2026, certain properties of the Group with an aggregated value of approximately HK$129,162,000 have been transferred from investment properties to property, plant and equipment.

**10. TRADE RECEIVABLES**

Trade receivables of approximately HK$174,898,000 as at 30 June 2026 (as at 31 December 2025: HK$353,783,000), substantially aged within six months, are stated net of loss allowance.

Specific loss allowance is recognised when there is objective evidence that the Group will not be able to collect the amounts due according to the original terms of the receivables.

The Group's trading terms with its customers are mainly on credit with credit periods normally ranging from period of one to three months depending on a number of factors including trade practice, collection history and location of customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to monitor credit risk. Overdue balances are reviewed regularly by senior management.

For the six months ended 30 June 2026, the Group recognised credit losses on trade receivables of approximately HK$108.8 million (2025: Nil).

## 11. TRADE PAYABLES

Trade payables of approximately HK$445,230,000 as at 30 June 2026 (as at 31 December 2025: HK$576,477,000) are substantially aged within six months.

## 12. SHARE CAPITAL

| | **As at 30 June 2026 (Unaudited)** ***HK$'000*** | As at 31 December 2025 (Audited) *HK$'000* |
|---|---|---|
| Authorised: | | |
| 20,000,000,000 ordinary shares of HK$0.01 each | **200,000** | 200,000 |
| 3,000,000,000 redeemable convertible preference shares of HK$0.02 each *(Note)* | **60,000** | 60,000 |
| Total authorised capital | **260,000** | 260,000 |
| Issued and fully paid: | | |
| 13,221,302,172 (2025: 13,221,302,172) ordinary shares of HK$0.01 each | **132,213** | 132,213 |
| 109,975,631 (2025: 109,975,631) redeemable convertible preference shares of HK$0.02 each | **2,200** | 2,200 |
| Total issued and fully paid capital | **134,413** | 134,413 |

*Note:* The redeemable convertible preference shares are redeemable at the sole discretion of the Company at any time after the issuance thereof. Holders of the redeemable convertible preference shares are entitled to a pro-rata share of any dividend or distribution declared by the Board, at its discretion, to the ordinary shareholders of the Company. Dividends or distributions payable to the holders of the redeemable convertible preference shares are not cumulative. The redeemable convertible preference shares do not confer on the holders thereof the right to receive notice of, or to attend and vote at, general meeting of the Company unless a resolution is proposed to vary or abrogate the rights or privileges of the holders of the redeemable convertible preference shares or for winding-up the Company. The redeemable convertible preference shares rank prior to the ordinary shares on distribution of assets on liquidation, winding-up or dissolution of the Company to the extent of the amount equal to the aggregate issue price of the relevant redeemable convertible preference shares. The remaining assets belong to and shall be distributed on a pari passu basis among the holders of the ordinary shares.

There was no movement in the number of issued ordinary shares and redeemable convertible preference shares of the Company during the six months ended 30 June 2026 and 2025.

## MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL SUMMARY AND KEY PERFORMANCE INDICATORS

The Group recorded its total revenue of approximately HK$380.8 million (2025: approximately HK$891.7 million) for the six months ended 30 June 2026 (the "Period"), representing a decrease of approximately 57.3% compared to the corresponding period in 2025, and its loss after tax of approximately HK$441.4 million for the Period (2025: approximately HK$90.0 million). Loss per share attributable to equity shareholders of the Company for the Period was approximately HK3.3 cents (2025: HK0.7 cents). The deterioration in results was primarily attributable to (i) net fair value loss on investment properties, reflecting the softening of the relevant property markets: (ii) provision for the write-down of inventories, credit loss on trade receivables and write-off of property, plant and equipment; and (iii) operating loss of the Group's OEM toys manufacturing business.

## BUSINESS REVIEW

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

### Trading and Manufacturing

The trading and manufacturing segment mainly comprises (i) trading of footwear products, (ii) OEM production of toys products and (iii) sales of branded ball products. During the Period, this segment's revenue recorded a decrease of approximately 64.8% to approximately HK$277.5 million (2025: approximately HK$789.1 million) and an operating loss of approximately HK$235.7 million (2025: operating loss of approximately HK$102.5 million).

#### *(i) Trading of footwear products*

Revenue from this segment increased by approximately 8.0% to approximately HK$170.3 million (2025: approximately HK$157.7 million). This segment recorded an inspiring operating profit of approximately HK$7.7 million (2025: HK$5.9 million), representing a sharp increase of approximately 30.5%. The notable increase in revenue was mainly attributable to continued successful expansion of the customer network (the major customers in this segment includes multinational retail corporations and leading US footwear corporations) as well as an enhanced product mix. The significant improvement in operating profit was driven by higher gross profit margin in sales to certain customers and by effective control in manufacturing costs by diversification of production in countries having lower production costs, including China, Cambodia and Bangladesh. The Group provides a wide range of services for its customers, covering both upstream supply chain (including the factory allocation and capacity planning, product design, material sourcing, sampling, costing and order processing) and downstream supply chain (including quality assurance, logistical arrangements and follow-up sales activities) in addition to production services.

***(ii) OEM toys production***

During the Period, this segment recorded revenue of approximately HK$103.7 million (2025: approximately HK$625.7 million), representing a year-on-year decrease of approximately 83.4%, and an operating loss of approximately HK$243.2 million (2025: loss of approximately HK$107.0 million).

The substantial increase in operating loss was primarily attributable to the combined effect of (i) provision of inventory write-downs of HK$205.6 million, (ii) credit losses on trade receivables of approximately HK$108.8 million, and (iii) write-off of property, plant and equipment of approximately HK$31.7 million, partially offset by (iv) the gain on disposal of the land use right of and the plant building in the PRC of approximately HK$197.7 million recognised during the Period. Details of the disposal are set out in the circular of the Company dated 22 May 2026. In the first half of 2026, following the cancellation of customers' orders and the cessation of production operation at the Group's production plants, certain inventories and items of property, plant and equipment became obsolete, resulting in the aforesaid impairments.

The appreciation of Renminbi ("RMB"), weak consumer sentiment, global economic slowdown, geopolitical tensions, and continued US tariffs collectively dampened worldwide demand for non-essential consumer goods such as toys, leading the Group's major US customers to adopt conservative and risk-averse ordering strategy.

As a result of declining purchase orders and high fixed costs, this segment incurred substantial losses. The Group therefore ceased OEM toys production to prevent from further deterioration.

Following the cessation of OEM toys production, the Group plans to develop a trading-based model. This model will operate as a light-asset intermediary, sourcing and coordinating production through qualified manufacturing partners while leveraging the Group's five decades of manufacturing expertise in production management, quality assurance, and compliance which is expected to provide a more sustainable and scalable platform for the toys business going forward.

***(iii) Sales of branded ball products***

During the Period, revenue from sales of branded ball products in Mainland China decreased by approximately 16.7% to approximately HK$3.5 million (2025: approximately HK$4.2 million). The decline was mainly attributable to a significant shift in purchasing practices by educational institutions which are the Group's main customers, from bulk procurement through tendering to purchasing on a need-basis. During the Period, bulk purchases through tendering further decreased compared with 2025, which is understood to have been driven by the continued tightening of budget allocations to educational institutions by local governments.

**Property Investment and Development**

During the Period, revenue from this segment increased by approximately 0.8% to approximately HK$103.3 million (2025: approximately HK$102.5 million). This segment recorded an operating loss of approximately HK$90.6 million (2025: operating profit of approximately HK$110.2 million), mainly due to fair value changes on investment properties. Excluding such changes, operating profit was approximately HK$36.5 million (2025: approximately HK$37.4 million).

As at 30 June 2026, the Group's property investment portfolio comprised a total gross floor area ("GFA") of approximately 456,000 sq.m. in Mainland China and approximately 26,000 sq.m. (approximately 280,000 sq.ft.) in Hong Kong, with Mainland properties located in prime areas of Nanjing, Shenyang and Tianjin.

In Shenyang, approximately 70% of the total saleable area of residential towers and serviced apartment of Central Square, the flagship property project of the Group, has been sold. The management of the Group remains cautiously optimistic about its sales and rental contributions in 2026, supported by Central Government policy measures including reduced mortgage rates, lower down payment ratios, eased purchasing restrictions, and VAT exemptions on qualifying home sales.

While a full recovery of the real estate market will take time, the Group stabilised rental income from its property portfolios in both Mainland China and Hong Kong during the Period through tenant mix optimization and facility renovations.

**Agriculture and Forestry**

During the Period, revenue from sales of agricultural products decreased to approximately HK$20,000 (2025: approximately HK$57,000), while other income from sub-leasing of agricultural and forest lands increased to approximately HK$9.5 million (2025: approximately HK$6.6 million), primarily due to expansion of sublease arrangements during the Period. This segment recorded an operating loss of approximately HK$8.2 million (2025: approximately HK$10.9 million), reflecting a narrowing of losses year-on-year.

**MATERIAL ASSET IMPAIRMENTS**

**Investment properties**

For the Period, the Group recognised a net fair value loss on investment properties amounted to approximately HK$127.1 million (2025: net fair value gain of approximately HK$72.8 million). The fair value loss was primarily attributable to continued pressure on valuations of office and retail premises situated in Hong Kong and Mainland China. In Hong Kong, the impairments reflected the ongoing correction in the office and retail property markets, marked by declining capital values and weaker investor sentiment. In Mainland China, impairments were recorded across most of the Group's properties, driven by subdued consumer confidence, the sustained dominance of e-commerce, and broader structural changes in the retail sector.

The Group's investment properties were revalued on 30 June 2026 by independent professionally qualified valuers using the market comparison approach, consistent with prior years. Valuations referenced comparable sales transactions, with adjustments for age, timing, location, floor level and other relevant factors. The decline in fair values was consistent with recent market trends in the commercial and retail property sectors in Hong Kong and Mainland China.

**Trade receivables**

The Group assesses impairment of trade receivables based on expected credit losses, with reference to historical credit loss experience, prevailing conditions and forecasts of future economic trends. The assessment is performed by reference to the exposure at default and the lifetime expected credit loss (ECL) rates.

For the Period, the Group recognised credit losses on trade receivables of approximately HK$108.8 million (2025: Nil).

**Inventory**

For the Period, the Group recognised a write-down of inventories of approximately HK$205.6 million (2025: HK$6.5 million), primarily due to obsolescence of inventories and cancellation of customer orders during the Period.

**Property, plant and equipment**

For the Period, the Group recognised a write-down of property, plant and equipment of approximately HK$31.7 million (2025: Nil), reflecting obsolescence of property, plant and equipment during the Period.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2026, the Group had a current ratio of 0.53 and a gearing ratio of 65% (31 December 2025: 0.65 and 65% respectively). The gearing ratio is computed by dividing the Group's total bank borrowings of HK$3,060.7 million by the Group's equity of HK$4,734.7 million. The Group's operations and investments continued to be financed by internal resources and bank borrowings. The Group closely monitors the liquidity risk and maintains a balance between continuity of funding and flexibility through the use of banking facilities.

## EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Group operates in Hong Kong and Mainland China and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to RMB and United States dollars. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in operations in Mainland China. The Group manages foreign exchange risk by closely monitoring the movements of the foreign currency rates and enters into forward contracts whenever appropriate.

## CAPITAL STRUCTURE

There was no material change in the Group's capital structure as compared to the most recently published annual report.

## CONTINGENT LIABILITIES

During the Period, certain indirect wholly-owned subsidiaries of the Company entered into certain bank loan facilities under which certain investment properties were pledged with the banks.

An indirect wholly-owned subsidiary of the Company in Mainland China provided guarantees to certain financial institutions in an aggregate amount of approximately RMB116.0 million (equivalent to approximately HK$129.1 million) for independent purchasers of premises of the Central Square in relation to which the related premises ownership certificates had not been issued as at 30 June 2026. The aforesaid guarantees would be released upon the issuance of the premises ownership certificate to those buyers.

Save as aforesaid, there was no other material change in the Group's pledge of assets and contingent liabilities.

## EMPLOYEES

As at 30 June 2026, the total number of employees of the Group was 1,160 (30 June 2025: 13,422).

Employees' costs (including directors' emoluments) amounted to approximately HK$110.3 million for the Period (2025: approximately HK$335.3 million).

In addition to salary, other fringe benefits such as medical subsidies, provident fund and subsidised training programs are offered to employees of the Group. The Group also operates share option and share award schemes, and may, at its discretion, grant share option or award shares to its employees under respective schemes.

Performance of the employees is normally reviewed on an annual basis with adjustment compatible to the market. Individual employees may also receive a discretionary bonus at the end of each year based on his/her performance.

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There was no other material acquisition and disposal of subsidiaries and associated companies of the Company during the Period.

## PROSPECTS

The global economic environment in 2026 remains highly uncertain, weighed down by the continuation of US tariff policies, heightened geopolitical tensions including the ongoing Russia-Ukraine conflict and instability in the Middle East. These external factors are expected to continue affecting the Group's overall business performance.

Following the outbreak of military conflict in Middle East in February 2026, International Monetary Fund ("IMF") published its *World Economic Outlook* in April 2026 and an update in July 2026. IMF observed that global economies face repercussions through higher commodity prices, second-order effects on inflation expectations (particularly sensitive to energy and food prices), and amplification effects from risk-off sentiment in financial markets. Global growth is projected at 3.0% in 2026, broadly unchanged from April forecasts, but below the 2024-25 average of 3.5%. Global headline inflation has been revised upward to 4.7% in 2026, reflecting stalled disinflation trends.

Growth in advanced economies is expected to moderate to 1.7% in 2026, relative to pre-conflict forecasts, while growth in the United States is projected at 2.3%. Inflationary pressure in the United States remains persistent, with annual inflation reaching 3.4% in July 2026. This has heightened expectations that the Federal Reserve may raise interest rates later this year, which would elevate borrowing costs, dampen consumer confidence, and weaken the consumer demand for discretionary goods, including toys.

By contrast, China's growth outlook was upgraded in July 2026 by 0.2 percentage points to 4.6%, supported by robust expansion of high-tech manufacturing and strong export growth. In July 2026, the Central Government released a five-year plan targeting retail sales of approximately RMB60 trillion (approximately HK$69 trillion) by 2030, alongside measures to expand consumption, raise household incomes. The plan calls for increased services consumption across elderly care, childcare, healthcare, culture, tourism, sports and education sectors. China will expand visa-free entry to more countries and add direct international flights to Europe, the United States and the Belt and Road Initiative nations to support tourism spending. Policymakers intend to strengthen household spending power through stronger employment, higher wages, more property income, enhanced social security and better public services.

With consumer price inflation remaining around 1%, the People's Bank of China retains scope to maintain accommodative monetary conditions. The Group expects policymakers to prioritize stability and support domestic demand through a combination of front-loaded fiscal spending and targeted consumption-boosting measures.

While 2026 presents significant external challenges, proactive policy responses from Mainland China, Hong Kong and the United States (the Group's core markets) are expected to mitigate the impact of tariff-related disruptions and on-going geopolitical tensions. A gradual improvement in consumer confidence is anticipated, supported by steady economic growth. The Group remains cautiously optimistic about its long-term prospects and will continue to adopt an agile approach in navigating evolving geopolitical and economic conditions, positioning itself to capture emerging opportunities as markets stabilize.

**Trading and Manufacturing**

***Trading of footwear products***

Consistent with its long-standing strategy, the Group will continue to place orders with plants endorsed by its customers across various countries, balancing production costs and optimizing profit margins. To capture additional opportunities, the Group has diversified its product offerings to include athletic footwear and apparels for existing customers beginning in 2026. Meanwhile, the Group will continue to explore new business opportunities in the United States, its major market in this segment, with the objective of maximizing returns and strengthening long-term competitiveness.

***Toys business — transition to trading-based model***

The Group has ceased its OEM toys manufacturing operations due to the lack of support from external financial institutions and insufficient customer orders in or about July 2026. Following the cessation, the Group has been seeking buyers for the disposal of its premises and facilities in the PRC arising from the discontinued OEM production, with a view to enhancing the Group's liquidity position.

The toys business has been re-engineered and streamlined by redeploying resources to a trading-based model. This model leverages a network of manufacturing partners with proven compliance capabilities, enabling direct delivery to client-specified destinations and reducing capital and labour intensity.

The Group's five decades of manufacturing excellence provide deep expertise in production management, quality assurance, and compliance, which will serve as a competitive advantage in sustaining the trading-based model. By capitalizing on its established credibility with global and local customers, the Group believes this transition will provide a more sustainable and scalable platform for its toys business, aligning with prevailing market trends and enhancing execution capability.

**Property Investment and Development**

***Property Investment***

The Mainland China property market continues to undergo structural adjustment, with residential demand remaining uneven across regions. First tier and selected second tier cities continue to demonstrate relatively stronger performance, while lower tier cities face slower absorption and weaker sentiment.

In the commercial sector, leasing demand varies by asset class: retail properties benefit from improving domestic consumption, office properties face pressure from corporate consolidation and new supply, while industrial and logistics assets remain resilient due to sustained e commerce and supply chain demand.

The Group will continue to enhance the performance of its property investment portfolio in Mainland China and Hong Kong through active tenant mix optimisation, facility upgrades, and the introduction of experiential retail concepts. At the Group's flagship retail property, Avenue of Stars in Shenyang, management is refining the tenant composition by introducing experiential offerings and upgrading facilities to attract fashion and family-oriented retailers. At Central Square, another flagship mixed-use property in Shenyang, the retail podium has broadened its tenant mix by leasing space to boutique hotel operators and service-based tenants, creating stronger synergies and enhancing overall attractiveness.

The central government's expansion of visa-free entry to over 50 countries is expected to attract more international visitors, providing a positive boost to the retail sector and reinforcing leasing demand. In Hong Kong, while recovery remains clouded by geopolitical conflicts and trade tensions, returning investors and stronger financial market activities are expected to boost office leasing demand. Moreover, tourism measures and the expansion of Mainland China catering chains and retail brands serve to stabilize retail property vacancy rates. Recurring rental income from both Mainland China and Hong Kong is expected to remain a stable contributor to the Group's results.

In Nanjing, discussions with local authorities regarding buy-back arrangements and redevelopment plans may substantially enhance the value of the Group's land resources. With land banks acquired at relatively low costs in earlier years, any realisation of these non-core land assets is expected to generate positive financial contributions and enable more efficient capital redeployment. The Group will continue to explore conversions of certain industrial land to commercial use, revitalization of low-efficiency land sites, and potential acquisition and disposal to optimise its land portfolio and maximise shareholders' interests.

***Property Development***

The Mainland China real estate market is expected to remain in an adjustment phase in 2026, marked by gradual demand recovery and evolving policy support. Central and local governments have introduced favourable measures aimed at reducing purchase costs, stimulating residential property transactions, and stabilising market sentiment.

The Group remains cautiously optimistic about the sales performance of the residential units at Central Square, given its prime location and integration with retail, transport, and pedestrian amenities.

***Agriculture and Forestry***

The Group currently has long-term leases of over 290,000 mu (approximately 193 million sq.m.) of woodland, farmland, fishponds, and lake spaces across various major provinces in Mainland China. Operations focus on cultivating fruits and crops such as apples, winter dates, peaches, pears, and corn, alongside sub-leasing farmland to other operators for maximizing the utilization and returns.

The Group is committed to exploring opportunities for planting high-profit-margin species while enhancing harvest yields, sales distribution channels, resource utilization, and cost control. It will also pursue strategic cooperation with other agricultural operators to strengthen its market position and operational efficiency. In addition, the Group will actively consider opportunities to achieve higher returns through conversion of agricultural land usage, thereby improving overall performance of this segment.

## PRINCIPAL RISKS AND UNCERTAINTIES

The following section lists out the key risks and uncertainties facing the Group. It is not exhaustive, and additional risks and uncertainties may arise beyond those outlined below.

### Risks relating to Trading and Manufacturing

#### *Macroeconomic Environment*

The Group designs and manufactures a wide variety of products, which are ultimately sold by customers to consumers worldwide. The Group's financial performance is therefore closely linked to the level of discretionary consumer spending in its end markets. Recessions, credit crises, economic downturns, or other adverse macroeconomic conditions may reduce consumers' disposable income and weaken their consumption confidence, thereby negatively affecting customer orders and the Group's revenue.

#### *Cost Increases*

Rising costs of materials, transportation, and labour (including minimum wage legislations in Mainland China) may erode profit margins. Compliance with existing and future regulatory requirements could further increase operation costs. In addition, the Group remains exposed to potential product liability claims or product recalls, which could adversely affect its business, financial condition and reputation.

### Risks relating to Property Investment and Development

#### *Mainland China Property Market*

A significant portion of the Group's property portfolio is located in Mainland China and is subject to the risks inherent in that market. These include policy changes, fluctuations in the RMB exchange rate, interest rate movements, demand-supply imbalances, and broader economic conditions. Any of these factors could adversely impact on the Group's business, financial condition or results of operations.

#### *Hong Kong Property Market*

The Group's property portfolio in Hong Kong is influenced by the state of the local economy, property market conditions, legislative and regulatory changes, government policies and political conditions. The introduction of property cooling measures by the government, as well as competitive pressures from new supply, may affect rental levels and the Group's revenue derived from its Hong Kong properties.

### Risks relating to Agriculture and Forestry

#### *Natural Disasters and Adverse Weather Conditions*

The Group's agriculture and forestry operations are inherently susceptible to natural disasters and adverse weather conditions such as droughts, floods, earthquakes, and other environmental hazards. The occurrence of any such events in or near the Group's cultivation area may reduce or delay production output, thereby adversely affecting business performance and operating results.

The Group conducts regular reviews of its risk management framework and implements mitigation measures across all business units to manage these uncertainties and safeguard long-term sustainability.

## INTERIM DIVIDEND

The Board resolved not to declare the payment of an interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2026, the interests and short positions 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 Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "SFO")) 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 of Hong Kong Limited (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 shares of the Company

| | Number of shares held | | | | |
|---|---|---|---|---|---|
| **Name of Director(s)** | **Personal interests** *(Note 1)* | **Family interests** | **Corporate interests** | **Total number of shares held** | **Approximate percentage of shareholding to total issued shares** *(Note 2)* |
| Mr. Ng Hung Sang ("Mr. Ng") | 652,816,324 | 613,214,065 *(Note 3)* | 6,828,729,326 *(Note 4)* | 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 | 831,989,238 | – | – | 831,989,238 | 6.29 |
| Ms. Ng Yuk Mui Jessica | 170,700,000 | – | – | 170,700,000 | 1.29 |

### Long positions in shares of associated corporation

| Name | Name of associated corporation | Number of shares held by controlled corporation | Approximate percentage of shareholding to total issued shares |
|---|---|---|---|
| Mr. Ng | Prime Prospects Limited ("Prime Prospects") *(Note 5)* | 30 | 30 |

*Notes:*

1. The shares are registered under the names of the directors who are the beneficial shareholders.

2. These percentages are calculated on the basis of 13,221,302,172 shares in issue as at 30 June 2026.

3. The spouse of Mr. Ng is the beneficial shareholder.

4. 6,828,729,326 shares of the Company 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 Earntrade Investments Limited ("Earntrade"), 1,273,122,098 shares held by Bannock Investment 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 all are wholly-owned by Mr. Ng. Bannock is a wholly-owned subsidiary of Earntrade 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, 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 Earntrade.

5. 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 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 30 June 2026.

**SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES**

The Company has been notified of the following interests in its issued shares at 30 June 2026 amounting to 5% or more of the shares in issue:

| | **Number of shares held** | | | | **Approximate percentage of shareholding** |
|---|---|---|---|---|---|
| **Name** | **Beneficial interests** | **Family interests** | **Corporate interests** | **Total number of shares held** | **to total issued shares** *(Note 1)* |
| Earntrade | 1,075,765,537 | – | 1,273,122,098 *(Note 2)* | 2,348,887,635 | 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 |
| Ms. Ng Lai King Pamela ("Ms. 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 30 June 2026.

2. Bannock is a wholly-owned subsidiary of Earntrade. 2,348,887,635 shares held by Earntrade included 1,273,122,098 shares held by Bannock directly.

3. Ms. Ng, who held 613,214,065 shares directly, is the spouse of Mr. Ng, the Chairman and an Executive Director. By virtue of the SFO, Ms. Ng was deemed to be interested in 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 Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" in the above.

Apart from the foregoing, as at 30 June 2026, no person, other than the directors and chief executives of the Company, whose interests are set out in the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" in the above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to section 336 of the SFO.

**SHARE OPTION SCHEME**

The Company adopted the share option scheme at the extraordinary general meeting held on 20 June 2023 (the "Share Option Scheme"), which has a term of ten (10) years and will expire on 20 June 2033.

The purpose of the Share Option Scheme is to provide incentive or rewards to the employees, directors and other eligible participants for their contribution to the Group and to enable the Group to attract and retain employees of appropriate qualifications and with necessary experience to work for the Group.

The maximum number of shares which may be issued upon exercise of all share options to be granted under the Share Option Scheme is 1,322,130,217 shares, representing approximately 10% of the total number of Shares in issue as at 20 June 2023 (being the date of the extraordinary general meeting approving the Share Option Scheme).

The maximum number of shares issuable under the share options to each eligible participant in the Share Option Scheme within any 12-month period, is limited to 1% of the Shares in issue at any time. Any further grant of share options in excess of this limit is subject to the Company's shareholders' approval in a general meeting. The exercise period of the share options granted is determinable by the directors, save that the period commences on the date of which the offer is made and ends on a date which is not later than ten (10) years from the date of grant of the share options subject to any provisions of the Share Option Scheme determining the rights of the grantees. The offer of a grant of share option may be accepted within twenty-eight (28) days from the date of grant, upon payment of a consideration of HK$1.00 by the grantee.

The exercise price per Share in relation to an option under the Share Option Scheme shall be a price to be determined by the Directors but must be at least the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; and (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations for the five (5) business days immediately preceding the date of grant.

The number of options available for grant under the scheme mandate limit and the service provider sublimit under the Share Option Scheme are 1,322,130,217 and 132,213,021 respectively on the date of adoption of the Share Option Scheme, as at 1 January 2026 and 30 June 2026.

No option has been granted under the Share Option Scheme since its adoption. During the Period, no option has been granted, cancelled, outstanding, exercised or lapsed under the Share Option Scheme.

The number of shares that may be issued in respect of options granted under the Share Option Scheme during the Period representing 0% of the weighted average number of Shares for the Period.

For the principal terms of the Share Option Scheme, please refer to note 32 to the consolidated financial statements as set out in the annual report of the Company for the year ended 31 December 2025 (the "2025 Annual Report").

## EMPLOYEES' SHARE AWARD SCHEME

On 18 March 2011, the Company adopted the employees' share award scheme (the "Share Award Scheme") whereby the Company may grant share awards to selected employees in recognition of their contributions to the Group and as incentive to retain them to support the operations and ongoing development of the Group and attract suitable personnel for the Group's further development. Pursuant to the terms and conditions of the Share Award Scheme, the Company shall settle a sum up to and not exceeding HK$60 million for the purchase of shares in the Company from the market. Such shares shall form part of the capital of the trust set up for the Share Award Scheme. The Board may, from time to time, select employees for participation in the Share Award Scheme and cause to be paid an amount to the trustee from the Company's resources for the purpose of purchase of shares as referred to in the above. No share had been awarded under the Share Award Scheme during the Period. There was no change in the number of shares of the Company held under the Share Award Scheme as compared to the most recently published annual report.

No movement in the number of awarded shares in the Company during the six months ended 30 June 2026 and 2025.

The number of outstanding shares in the Company held under the Share Award Scheme are as follows:

| | **2026** | | **2025** | |
|---|---|---|---|---|
| | **Value** | **Number of shares held** | **Value** | **Number of shares held** |
| | *HK$'000* | | *HK$'000* | |
| At 1 January and 30 June | 61,075 | 206,160,593 | 61,075 | 206,160,593 |

During the Period, there was no share (2025: Nil) of the Share Award Scheme was transferred to the awardees upon vesting of certain awarded shares. The total cost of the vested shares was Nil (2025: Nil).

The number of awarded shares that may be granted under the Share Award Scheme during the Period representing 0% of the weighted average number of Shares for the Period.

For the principal terms of the Share Award Scheme, please refer to the Directors' Report as set out in the 2025 Annual Report.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2026.

## CORPORATE GOVERNANCE CODE

Throughout the six months ended 30 June 2026, the Company has complied with all the applicable code provisions of the Corporate Governance Code set out in Appendix C1 of the Listing Rules.

## LITIGATION

In connection with the completion of certain disposals of indirect wholly-owned subsidiaries that are subject to litigation proceedings, as such entities ceased to be subsidiaries of the Group during the Period, further details are set out in the Chairman's Statement and Management Discussion and Analysis contained in the 2025 Annual Report.

During the Period, two winding-up petitions were filed against Wah Shing Toys Company Limited ("WST"), an indirect wholly-owned subsidiary of the Company, in the High Court of Hong Kong (the "High Court") pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the laws of Hong Kong). The first petition was filed by Hongyi (Hong Kong) Packaging Products Company Limited on 17 June 2026 and the second petition was filed by Yuen Fat Paper Products Factory Limited on 18 June 2026 (together, the "Petitions"). The Petitions seek an order for the winding-up of WST, and both are scheduled to be heard before the High Court on 2 September 2026, as more particularly disclosed in the Company's announcement dated 7 July 2026. Up to the date of this report, WST has not reached settlement terms with the aforesaid petitioners as the gap between the offered settlement amounts and the counter-proposals remains significant. As disclosed in the Company's supplemental announcement dated 4 August 2026, the potential impact of the winding-up of WST on the Group is not expected to be substantial, having regard to (i) the planned transition to a trading-based model operated through another subsidiary; (ii) the removal the WST Group's persistent operating losses from the Group's consolidated financial results; (iii) the relatively diversified nature of the Group's other businesses; and (iv) the Group's strong assets base of approximately HK$10,941 million as at 30 June 2026.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its code of conduct for dealings in securities of the Company by Directors. In addition, the Board has established similar guidelines for relevant employees who are likely to possess inside information in relation to the Group or its securities. Following specific enquiries by the Company, all Directors have confirmed that they have complied with the required standards as set out in the Model Code throughout the six months ended 30 June 2026.

## DISCLOSURE OF INFORMATION ON DIRECTORS

During the six months ended 30 June 2026, there are no changes in the information of the Directors which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with the Listing Rules. The Audit Committee currently comprises three Independent Non-executive Directors, namely Mr. Kam Yiu Shing Tony (Chairman of the Audit Committee), Ms. Pong Scarlett Oi Lan, BBS, J.P. and Mr. Wong Chun Tat, J.P..

The Group's unaudited interim results for the six months ended 30 June 2026 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such unaudited interim results complied with the applicable accounting standards and requirements and that adequate disclosures were made.

By Order of the Board
**South China Holdings Company Limited**
**南華集團控股有限公司**
**Ng Hung Sang**
*Chairman*

Hong Kong, 26 August 2026

*As at the date of this report, the Directors of the Company are:*

***Executive Directors:***
*Mr. Ng Hung Sang*
*Ms. Cheung Choi Ngor*
*Mr. Ng Yuk Yeung Paul*

***Non-executive Directors:***
*Ms. Ng Yuk Mui Jessica*
*Mr. 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.*