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SOUTH CHINA HOLDINGS COMPANY LIMITED

南華集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00413)

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

THE DISPOSAL

The Board announces that on 24 December 2025 (after trading hours), the Vendor, an indirect wholly-owned subsidiary of the Company, and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, the Disposal Assets for the aggregate consideration of RMB290 million (equivalent to approximately HK\$318.7 million).

LISTING RULES IMPLICATIONS

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

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

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

A circular containing, among other things, details of the Disposal contemplated under the Sale and Purchase Agreement will be despatched to the Shareholders on or before 19 January 2026.

THE DISPOSAL

The Board announces that on 24 December 2025 (after trading hours), the Vendor, an indirect wholly-owned subsidiary of the Company, and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, the Disposal Assets for the aggregate consideration of RMB290 million (equivalent to approximately HK\$318.7 million).

THE SALE AND PURCHASE AGREEMENT

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

Date

24 December 2025 (signed after trading hours)

Parties

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

Disposal Assets

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

The Land was acquired by the Vendor in 1996 and the plant building was erected by the Vendor in 1998. The unaudited carrying value of the Disposal Assets as at 30 November 2025 amounted to approximately HK\$57.8 million.

Consideration

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

- (a) RMB10 million (equivalent to approximately HK\$11 million) being the first payment to be paid by 24 December 2025;
- (b) RMB15 million (equivalent to approximately HK\$16.5 million) being the second payment to be paid by 31 December 2025;
- (c) RMB130 million (equivalent to approximately HK\$142.9 million) being the third payment to be paid within three (3) months upon issuance of the release undertaking by the mortgagee bank;
- (d) RMB55 million (equivalent to approximately HK\$60.4 million) being the fourth payment to be paid within three (3) Business Days upon submission of application for the transfer procedures (i.e. for change of the holder of the land use right certificate of the Land to the Purchaser);
- (e) RMB60 million (equivalent to approximately HK\$65.9 million) being the fifth payment to be paid within ten (10) Business Days upon completion of the transfer procedures as set out in sub-paragraph (d) hereinabove; and
- (f) the remaining sum of RMB20 million (equivalent to approximately HK\$22 million) to be paid within three (3) Business Days upon completion of tax payment by the Vendor.

Completion

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

INFORMATION OF THE VENDOR

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

INFORMATION OF THE GROUP

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

INFORMATION OF THE PURCHASER

Based on the information provided by the Purchaser, the Purchaser is a limited liability company established in the PRC, of which (i) 50% of its registered capital is being owned by 胡文武 (Hu Wenwu*), a Chinese national, who is a director of the Purchaser and (b) 20% of its registered capital is ultimately and beneficially owned by 徐紅燕 (Xu Hongyan*), a Chinese national. The scope of business of the Purchaser includes supply chain management services, warehousing services, property leasing, property management services, logistics information consulting, retail trade, wholesale trade, import and export of goods or technologies, leasing of cold storage facilities, sale of primary agricultural products. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owner is a third party independent of and not connected with the Company and its connected persons.

FINANCIAL EFFECTS OF THE DISPOSAL

The consideration for the Disposal Assets was determined after arm's length negotiations between the Vendor and the Purchaser. The Company expects a gain on Disposal of approximately HK\$260.9 million (being the difference between the consideration and the unaudited carrying value of the Disposal Assets as at 30 November 2025) received by the Group before any related expenses. The actual gain from the Disposal might be different, which is subject to review and confirmation by the auditors of the Company.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Vendor experienced a substantial decrease in the purchase orders of the specific toy product received from the customer for the year of 2025 resulting from (a) the drastic decrease in demand for the product in the USA due to some consumer complaints and claims for the safety of the product; and (b) the continuous Sino-US trade tension, including the effect of tariffs. As a result, the Disposal Assets will not be able to generate profit for the Group given its heavy operating and labour costs which could not be covered by the revenue generated from the purchase orders from the customer. It is the Company's strategic decision in preservation of resources and enhancement of flexibility in production capacity, and the Company may lease back the plant building from the Purchaser or use rented premises for production of toys for the customer if the purchase orders from the customer bounce back. In addition, the Disposal provides an opportunity for the Group to recognize a gain on the Disposal of approximately HK\$260.9 million which in turn will improve its liquidity and financial position. Given the foregoing, the Board considered that the consideration for the Disposal with reference to, among other things, preliminary assessment of the value of the Disposal Assets is on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole. No Director has any material interest in the Disposal, nor is any Director required to abstain from voting on the Board's decision on the Disposal.

USE OF PROCEEDS FROM THE DISPOSAL

The Company intends to utilize the net proceeds from the Disposal for working capital of the Group.

LISTING RULES IMPLICATIONS

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

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

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

A circular containing, among other things, details of the Disposal contemplated under the Sale and Purchase Agreement will be despatched to the Shareholders on or before 19 January 2026.

DEFINITIONS

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

“associate(s)”	having the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (other than Saturday, Sunday or public holiday) on which banks in the PRC are open for general commercial business, and “Business Days” shall be more than one (1) Business Day
“Company”	South China Holdings Company Limited (南華集團控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, and its ordinary shares are being listed and traded on the main board of the Stock Exchange (stock code: 00413)

“Completion”	the completion of the Disposal under the Sale and Purchase Agreement
“connected persons”	having the meaning ascribed thereto under the Listing Rules
“controlling shareholder”	having the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Disposal Assets by the Vendor to the Purchaser pursuant to the Sale and Purchase Agreement
“Disposal Assets”	the land use right of the Land and the plant building (including all erections and facilities thereof) erected thereon
“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
“Land”	a plot of land of industrial use with an area of approximately 200 mu situated at 中國廣東省東莞市清溪鎮謝坑管理區及謝坑村二坑地段 (Xiekeng Management Zone and Erkeng Area of Xiekeng Village, Qingxi Town, Dongguan City, Guangdong Province, the PRC*), the land use right of which was held by the Vendor prior to the Disposal and forming part of the Disposal Assets
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Ng”	Mr. Ng Hung Sang, the controlling shareholder, the chairman of the Board and an executive Director of the Company
“mu”	a unit of land measurement, where 1 mu is equivalent to approximately 666.67 sq. m.
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Purchaser”	東莞市雁源供應鏈管理有限公司 (Dongguan City Yanyuan Supply Management Limited*), a company incorporated in the PRC with limited liability which is an independent third party

“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 24 December 2025 entered into between the Vendor and the Purchaser in relation to the Disposal
“Shareholder(s)”	holder(s) of the Shares
“Shares”	ordinary share(s) of the Company
“sq. m.”	square meter
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USA”	the United States of America
“Vendor”	長榮玩具(東莞)有限公司 (Everwin Toys (Dongguan) Limited*), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

In this announcement, amounts denominated in RMB have been converted into HK\$ at the exchange rate of HK\$1 = RMB0.91 for illustration purpose only.

** English translation denotes Chinese names and addresses for identification 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, 24 December 2025

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.