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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 AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF WHOLLY-OWNED SUBSIDIARIES

MAJOR AND CONNECTED TRANSACTION

The Board is pleased to announce that on 6 May 2025 (after trading hours), the Vendors (indirect wholly-owned subsidiaries of the Company) as vendors 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 Vendors 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 of HK\$26,960,296 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 purchaser under both the Sale and Purchase Agreement and the Berth and Debenture SPA is the same party (an associate of the connected person of the Company), the transactions under both the Sale and Purchase Agreement and the Berth and Debenture SPA 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 Berth and Debenture SPA exceeds 25%, but is less than 75%, constituting a major 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 ultimately wholly-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 purchaser under both the Sale and Purchase Agreement and the Berth and Debenture SPA is the same party (an associate of the connected person of the Company), the connected transactions under both the Sale and Purchase Agreement and the Berth and Debenture SPA shall be aggregated. As the highest applicable percentage ratio upon aggregation with the connected transactions under the Berth and Debenture SPA exceeds 25%, but is less than 75%, 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 27 May 2025.

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 6 May 2025 (after trading hours), the Vendors (indirect wholly-owned subsidiaries of the Company) as vendors 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 Vendors 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 of HK\$26,960,296 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 Groups will cease to be consolidated in the consolidated financial statements of the Group.

THE SALE AND PURCHASE AGREEMENT

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

Date

6 May 2025

Parties

- (a) the Vendor 1 as a vendor;
- (b) the Vendor 2 as another vendor;
- (c) the Purchaser as purchaser;
- (d) the Target Company A;
- (e) the Target Company B; and
- (f) the Target Company C

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 ultimately wholly-owned by Mr. Ng who is a controlling Shareholder and a 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 Vendors have conditionally agreed to sell and the Purchaser has conditionally agreed to purchase, the Sale Shares (representing the respective entire issued share capital of each of the Target Companies) at the Consideration.

Consideration

The Consideration for the Sale Shares is HK\$26,960,296 (HK\$1 for Target Company A Sale Shares; HK\$26,960,294 for Target Company B Sale Shares; and HK\$1 for Target Company C Sale Shares) which shall be satisfied by the Purchaser by way of set-off against the shareholder's loan owing to Mr. Ng or his associates on a dollar-for-dollar basis upon Completion.

Basis of the Consideration

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

- (a) The adjusted unaudited net asset value of each member of the Target Groups attributable to the Group as at 31 December 2024 by taking into account the waiver of all inter-company current account balances (both credit and debit) between and amongst each member of the Target Groups and their respective affiliates as more particularly set out in the sub-section headed "Conditions Subsequent" hereinbelow; and
- (b) The valuation of the properties under each member of the Target Groups as at 31 March 2025 attributable to the Company appraised by Ravia Global Appraisal Advisory Limited, an independent valuer, after deduction of additional costs to be incurred attributable to the Company in relation to the properties under each member of the Target Groups after Completion.

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 Vendors and the Purchaser approving the Sale and Purchase Agreement and the transactions contemplated thereunder;
- (b) the passing of the ordinary resolution(s) 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) the representations, warranties and undertakings given by the Vendors 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; and
- (d) all requisite approvals, consents and waivers required to be obtained by the Vendors, the Purchaser and each of 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).

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

- (i) the Vendors 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 Vendors 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 first (1st) 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 Groups will no longer be consolidated into the consolidated financial statements of the Group.

Conditions Subsequent

Upon Completion,

- (a) the Vendor 1 shall undertake with the Purchaser that each of the Target Group A and the Target Group B shall 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) between and amongst them without having any liabilities or recourse by execution of a deed of waiver (in a form to be mutually agreed between the Vendor 1 and the Purchaser within five (5) Business Days or such other period to be mutually agreed between the Vendor 1 and the Purchaser) upon Completion or any other later date as the Vendor 1 and the Purchaser may agree in writing; and
- (b) the Vendor 2 shall undertake with the Purchaser that the Target Group C shall 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) between and amongst them without having any liabilities or recourse by execution of a deed of waiver (in a form to be mutually agreed between the Vendor 2 and the Purchaser within five (5) Business Days or such other period to be mutually agreed between the Vendor 2 and the Purchaser) upon Completion or any other later date as the Vendor 2 and the Purchaser may agree in writing.

INFORMATION OF THE TARGET GROUPS

Target Company A is an investment holding company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company. Target Subsidiary A, a company incorporated in the PRC, is the only subsidiary of Target Company A which holds 80% of the paid-up capital of Target Subsidiary A, and the main business of Target Subsidiary A being the manufacturing of sports products has been entirely taken up by its affiliate (another indirect subsidiary of the Company) in the PRC since April 2025 resulting from internal restructuring. Therefore, Target Subsidiary A has become a company without having operations but remaining the registered owner of a property in Tianjin, the PRC. The remaining 20% of the paid-up capital of Target Subsidiary A is being owned by an independent third party.

Target Company B is an investment holding company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company. Target Subsidiary B, a company incorporated in the PRC, is the only subsidiary of Target Company B which holds 80% of the paid-up capital of Target Subsidiary B, and the main business of Target Subsidiary B being the manufacturing of leather chemical products has been entirely ceased resulting from unsustainable business environment in the PRC. Therefore, Target Subsidiary B has become a company without having any operation but remaining the registered owner of a property in Tianjin, the PRC. The remaining 20% of the paid-up capital of Target Subsidiary B is being owned by an independent third party.

Target Company C is an investment holding company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company. Target Subsidiary C, a company incorporated in the PRC, is the only subsidiary of Target Company C which holds 80% of the paid-up capital of Target Subsidiary C, and the main business of Target Subsidiary C being the manufacturing and trading of footwear products has been entirely ceased resulting from unsustainable business environment in the PRC. Therefore, Target Subsidiary C has become a company without having any operation but remaining the registered owner of some properties in Tianjin, the PRC. The remaining 20% of the paid-up capital of Target Subsidiary C is being owned by an independent third party.

FINANCIAL INFORMATION OF THE TARGET GROUPS

Set out below is a summary of the unaudited consolidated financial information of each of the Target Groups for the two financial years ended 31 December 2023 and 2024 respectively:

Target Group A

	For the year ended 31 December 2023 Approximately <i>HK\$'000</i> (unaudited)	For the year ended 31 December 2024 Approximately <i>HK\$'000</i> (unaudited)
Profit/(loss) before taxation and extraordinary items	1,274	951
Profit/(loss) after taxation and extraordinary items	1,192	860

Target Group B

	For the year ended 31 December 2023 Approximately <i>HK\$'000</i> (unaudited)	For the year ended 31 December 2024 Approximately <i>HK\$'000</i> (unaudited)
Profit/(loss) before taxation and extraordinary items	(464)	(628)
Profit/(loss) after taxation and extraordinary items	(464)	(628)

Target Group C

	For the year ended 31 December 2023 Approximately <i>HK\$'000</i> (unaudited)	For the year ended 31 December 2024 Approximately <i>HK\$'000</i> (unaudited)
Profit/(loss) before taxation and extraordinary items	(1,980)	(761)
Profit/(loss) after taxation and extraordinary items	(1,980)	(761)

The unaudited total net asset value of Target Group A, Target Group B and Target Group C, as at 31 December 2024 was approximately HK\$9,429,000, HK\$(23,990,000) and HK\$(104,131,000) respectively.

FINANCIAL IMPACT OF THE DISPOSAL AND INTENDED APPLICATION OF PROCEEDS

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

Having considered the Consideration and the adjusted unaudited total net asset value of the Target Groups as at 31 December 2024, it is estimated that upon Completion, the total assets of the Group will decrease by approximately HK\$9,827,000. The total liabilities of the Group will also decrease by approximately HK\$86,061,000. It is estimated that the net assets of the Group will have an increase of approximately HK\$76,234,000, being the net effect of the changes of the total assets and total liabilities of the Group. It is estimated that the Group will record a gain on the Disposal in the amount of approximately HK\$70,008,000, which is calculated based on (i) the Consideration; (ii) the adjusted unaudited total net asset and non-controlling interests of the Target Groups as at 31 December 2024; and (iii) reclassification of reserves 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 adjusted net book value of the Target Groups at Completion, net of any incidental expenses, and subject to be reviewed by the auditors of the Company. The Group intends to use the net proceeds from the Disposal to settle its liabilities by having the Consideration settled directly by set-off against the shareholder's loan owing to Mr. Ng or his associates on a dollar-for-dollar basis. Notwithstanding the Group will not receive any cash from the Disposal, its overall financial position will be improved after the Disposal as the Group will be alleviated from the shareholder's loan owing to Mr. Ng or his associates.

The shareholder's loan (including the principal and interests) owing to Mr. Ng or his associates was amounted to approximately HK\$246,619,000 as at 31 March 2025. For illustration purpose only, assuming that the Completion took place on 31 March 2025, the shareholder's loan (including the principal amount and interests) owing to Mr. Ng or his associates would decrease to approximately HK\$219,659,000.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in manufacturing of toys, trading of footwear products, property investment and development, agriculture as well as forestry businesses. The Group has consistently reviewed its portfolio for maximization of its return by allocating resources to the core operations and eliminating non-performing ones. Given the Target Subsidiaries have ceased their main businesses, they are not expected to contribute meaningfully to the Group's operational or strategic goals. Both Target Group B and Target Group C had recorded net liabilities as at 31 December 2024, representing a financial burden to the Group due to their inactive status and lack of operational value. Notwithstanding Target Group A had recorded net assets of approximately HK\$9.4 million as at 31 December 2024, its main business was taken up by its affiliate in the PRC since April 2025, i.e. it has not been in normal operations but merely has its retained property in Tianjin which is not a material asset to the Group's property portfolio.

The Disposal presents an opportunity to streamline the Group's property portfolio, mitigate risks, and unlock value. By divesting these entities, the Group may eliminate liabilities associated with low-value assets, and recognize a one-off disposal gain to strengthen its consolidated financial position.

In addition to the aforesaid poor financial performance of the Target Subsidiaries, the interest payable under the shareholder's loan owing to Mr. Ng or his associates is also a financial burden of the Group, which continues to affect the profitability of the Group. As the operation scale and the performance results of those ceased businesses of the Target Groups are relatively insignificant and such ceased businesses are not the core businesses of the Group, the Disposal would allow the Group to deploy and allocate its resources (both time and manpower) to its profitable core business segments. Given the foregoing, for the benefit of the Group, Mr. Ng as the controlling Shareholder has conditionally agreed to alleviate the Group from the shareholder's loan owing to him or his associates by purchasing the Target Companies.

Having taken into account of the above, the Board (excluding (1) Mr. Ng and Ms. Cheung who have material interest in the transactions contemplated under the Sale and Purchase Agreement and do not express their 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 VENDORS

The Vendor 1 is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company, which is principally engaged in investment holding.

The Vendor 2 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 COMPANY

The Company is a company incorporated in the Cayman Islands, whose principal business is investment holding. Its principal subsidiaries are engaged in trading and manufacturing of toys and shoes, property investment and development, agriculture as well as forestry businesses.

INFORMATION OF THE PURCHASER

The Purchaser is a company incorporated in the BVI with limited liability, which is ultimately wholly-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 purchaser under both the Sale and Purchase Agreement and the Berth and Debenture SPA is the same party (an associate of the connected person of the Company), the transactions under both the Sale and Purchase Agreement and the Berth and Debenture SPA 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 Berth and Debenture SPA exceeds 25%, but is less than 75%, constituting a major 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 ultimately wholly-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 purchaser under both the Sale and Purchase Agreement and the Berth and Debenture SPA is the same party (an associate of the connected person of the Company), the connected transactions under both the Sale and Purchase Agreement and the Berth and Debenture SPA shall be aggregated. As the highest applicable percentage ratio upon aggregation with the connected transactions under the Berth and Debenture SPA exceeds 25%, but is less than 75%, the aggregated connected transactions are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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 Rule 14A.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 (1) the Purchaser is an associate of Mr. Ng who is a connected person of the Company; and

(2) Ms. Cheung is a common director of the Company, each of the Target Companies and the Purchaser, Mr. Ng and Ms. Cheung are 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, Ms. Cheung and their respective associates will 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, WRise Capital 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 27 May 2025.

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

“Board”	the board of Directors
“Business Day”	any day (other than Saturday, Sunday, public holiday or any day on which a tropical cyclone warning signal number 8 or above, 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, and “Business Days” shall be more than one (1) Business Day
“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 one (1) Business Day 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 Vendors 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 Vendors to the Purchaser pursuant to the Sale and Purchase Agreement
“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, Ms. Cheung and their respective associates who are required to abstain from voting at the EGM pursuant to the Listing Rules
“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”	13 June 2025 (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
“Ms. Cheung”	Ms. Cheung Choi Ngor, a common director of the Company, each of the Target Companies and the Purchaser
“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”	Splendid Enterprises Limited, a company incorporated in the BVI and is ultimately wholly-owned by Mr. Ng
“Sale and Purchase Agreement”	the sale and purchase agreement dated 6 May 2025 entered into between the Vendors, Purchaser and the Target Companies in respect of the Disposal
“Sale Shares”	Target Company A Sale Shares, Target Company B Sale Shares and Target Company C Sale Shares
“Share(s)”	the ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Companies”	Target Company A, Target Company B and Target Company C

“Target Company A”	World Mastery Limited (宇翹有限公司), a company incorporated in Hong Kong and a direct wholly-owned subsidiary of the Vendor 1
“Target Company A Sale Shares”	two (2) ordinary shares in the share capital of Target Company A, representing 100% of the issued share capital of Target Company A
“Target Company B”	Crosslight Limited (航輝有限公司), a company incorporated in Hong Kong and a direct wholly-owned subsidiary of the Vendor 1
“Target Company B Sale Shares”	two (2) ordinary shares in the share capital of Target Company B, representing 100% of the issued share capital of Target Company B
“Target Company C”	Chun Wing Company Limited (浚榮有限公司), a company incorporated in Hong Kong and a direct wholly-owned subsidiary of the Vendor 2
“Target Company C Sale Shares”	two (2) ordinary shares in the share capital of Target Company C, representing 100% of the issued share capital of Target Company C
“Target Group A”	Target Company A and Target Subsidiary A
“Target Group B”	Target Company B and Target Subsidiary B
“Target Group C”	Target Company C and Target Subsidiary C
“Target Groups”	Target Group A, Target Group B and Target Group C
“Target Subsidiaries”	Target Subsidiary A, Target Subsidiary B and Target Subsidiary C
“Target Subsidiary A”	天津南華利生體育用品有限公司 (Tianjin South China Lisheng Sports Goods Company Limited*), a company incorporated in the PRC and a subsidiary of Target Company A which owns 80% of its paid-up capital (the remaining 20% of its paid-up capital is being owned by an independent third party)
“Target Subsidiary B”	天津南華皮革化工有限公司 (Tianjin South China Leather Chemical Company Limited*), a company incorporated in the PRC and a subsidiary of Target Company B which owns 80% of its paid-up capital (the remaining 20% of its paid-up capital is being owned by an independent third party)

“Target Subsidiary C”	天津南華製鞋有限公司 (Tianjin South China Shoes Products Company Limited*), a company incorporated in the PRC and a subsidiary of Target Company C which owns 80% of its paid-up capital (the remaining 20% of its paid-up capital is being owned by an independent third party)
“Vendor 1”	South China Industries (China) Limited (南華工業(中國)有限公司), a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“Vendor 2”	Sino Pioneer International Limited, a company incorporated in the BVI and an indirect wholly-owned subsidiary of the Company
“Vendors”	the Vendor 1 and the Vendor 2
“%”	per cent.

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, 6 May 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.

* English translation denotes Chinese names and for identification purpose only