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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)

DISCLOSEABLE TRANSACTION DISPOSAL OF LAND USE RIGHT

On 21 July 2025 (after trading hours), the Vendor, an indirect wholly-owned subsidiary of the Company, as vendor and the Purchaser as purchaser entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has agreed to acquire, and the Vendor has agreed to dispose of the Land Use Right for a total consideration of RMB42,624,000 (equivalent to approximately HK\$46,840,000).

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction of the Company, and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

The Board is pleased to announce that on 21 July 2025 (after trading hours), the Vendor, an indirect wholly-owned subsidiary of the Company, as vendor and the Purchaser as purchaser entered into the Sale and Purchase Agreement in respect of the Disposal. The principal terms of the Sale and Purchase Agreement are set out below.

SALE AND PURCHASE AGREEMENT

Date	:	21 July 2025
Parties	:	the Vendor; and the Purchaser
Property	:	2 land sites for industrial use having an area of 23,748.36 sq. m. and 19,596.86 sq. m. respectively (including a bare shell erection having gross floor area of approximately 2,600 sq. m. thereon), both are located at 中國廣東省東莞市清溪鎮謝坑村 (Xiekeng Village, Qingxi Town, Dongguan City, Guangdong Province, the PRC*)
Permitted Usage	:	Industrial use

Consideration and payment terms

The total consideration for the Disposal payable by the Purchaser to the Vendor is RMB42,624,000 (equivalent to approximately HK\$46,840,000) and shall be paid by the Purchaser to the Vendor in the following manner:

- (i) the first payment in the sum of RMB8,600,000 (equivalent to approximately HK\$9,451,000) shall be paid by the Purchaser to the Vendor upon the signing of the Sale and Purchase Agreement; and
- (ii) the balance of the consideration in the sum of RMB34,024,000 (equivalent to approximately HK\$37,389,000) shall be paid by the Purchaser to the Vendor in one lump sum within one (1) month from the date of the Sale and Purchase Agreement (in any event no later than 4 October 2025).

Basis of the Consideration

The consideration was arrived at arm's length negotiations between the Vendor and the Purchaser on normal commercial terms with reference to the value of the Land Use Right as at 17 July 2025 of RMB40,000,000 (equivalent to approximately HK\$43,956,000) as per a preliminary valuation dated 18 July 2025 from an independent valuer who used the cost approach to measure the value of the Land Use Right because both the market approach and income approach were considered not appropriate.

Owing to the uniqueness of the current status of the Property, which consists of two pieces of land having a relatively large area of approximately 43,300 sq. m. in total with a relatively small scale of bare shell erection (occupying a minor portion of the Property) which has not been ready for utilization. The land sites in the vicinity of the Property are either in bare condition or substantially occupied by erections which are in operations. As a result, comparable market data was not available and the market approach was unsuitable. The income approach was also not applicable as the Property was idle and not subject to any leasing arrangements at the valuation date, i.e. no income was generated therefrom.

The valuation was made on the assumptions that the Property (i) would be disposed of in its existing state, without any benefits from deferred term contracts, leasebacks, joint ventures, management agreements, or similar arrangements that could affect the Property's value; and (ii) could be freely transferred in the market without restriction (the Property is classified as “集體地 (collective land*)” and the land titles of which are owned by the village committee of the village where the Property is located, and the transfer of the Property may be subject to fulfilment of certain conditions), but subject to satisfaction of all mandatory conditions as prescribed by the relevant government authorities in respect of transfer of any land use right.

The Board is satisfied that (i) the independent valuer has the necessary professional qualifications and relevant experience to perform the valuation of the Property; (ii) the scope of work carried out by the independent valuer is appropriate for the assessment; and (iii) the valuation assumptions, approach and methodologies adopted by the independent valuer for the assessment are fair and reasonable. As such, the Board considers that the preliminary valuation is fair and reasonable, and hence reliable as a basis for determining the consideration for the Disposal.

The Directors considered that the transaction under the Sale and Purchase Agreement is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Completion

Completion shall take place within five (5) Business Days from the date on which the balance of the consideration (i.e. RMB34,024,000) is fully settled.

INFORMATION ON THE COMPANY, THE VENDOR AND THE PURCHASER

The Company

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

The Vendor

The Vendor is a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in the business of toy manufacturing.

The Purchaser

The Purchaser is a company incorporated in the PRC with limited liability and is principally engaged in general investment businesses, including property management. The Purchaser is wholly-owned by 東莞市清溪鎮謝坑股份經濟聯合社 (Xiekeng Shareholding Economic Union of Qingxi Town of Dongguan City*), a collective economic entity established under the laws of the PRC, which is controlled by the village committee of the village where the Property is located.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Purchaser and its ultimate beneficial owner are Independent Third Parties.

FINANCIAL EFFECTS OF THE DISPOSAL AND INTENDED USE OF PROCEEDS

Based on the consideration of RMB42,624,000 (equivalent to approximately HK\$46,840,000) to be received by the Group before any related expenses and the total carrying value of the Land Use Right as at 30 June 2025 of approximately RMB15,566,000 (equivalent to approximately HK\$17,106,000), it is envisaged that the Group will record gain on the Disposal of approximately RMB27,058,000 (equivalent to approximately HK\$29,734,000). The actual gain from the Disposal might be different, subject to review and confirmation by the auditors of the Company.

The Company intends to use the net proceeds from the Disposal as general working capital of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Property was previously planned for supporting future expansion of capacity in production of toys by the Vendor. However, following the strategic shift of production lines from the PRC to Vietnam for optimizing operational efficiency and enhancing supply chain flexibility and diversification, the Property has been in idle status. The Board believes that the Disposal is a good opportunity for the Group to realise the value of an idle asset, which would no longer be utilized for generating income in the future, at a reasonable price and the proceeds from the Disposal will improve the financial position and increase the general working capital and provide additional resources for the business development of the Group. As the Property is not currently in use, the Board further believes that the Disposal will have no material effect on the Group's production or business operation.

The Board considers that the Disposal and the terms of the Sale and Purchase Agreement have been made on normal commercial terms and are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction of the Company, and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set opposite them below:

“Board”	the board of Directors
“Business Day(s)”	a day on which banks in the PRC are open for general commercial business
“Company”	South China Holdings Company Limited, 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 Disposal in accordance with the terms and conditions of the Sale and Purchase Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company

“Disposal”	the disposal of the Land Use Right by the Vendor to the Purchaser pursuant to the Sale and Purchase Agreement
“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 Third Party(ies)”	any person or company who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is not a connected person of the Company and is a third party independent of the Company and its connected persons in accordance with the Listing Rules
“Land Use Right”	right of use of the Property
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China and for the purpose of this announcement excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Property”	2 land sites for industrial use having an area of 23,748.36 sq. m. and 19,596.86 sq. m. respectively (including a bare shell erection having gross floor area of approximately 2,600 sq. m. thereon), both are located at 中國廣東省東莞市清溪鎮謝坑村 (Xiekeng Village, Qingxi Town, Dongguan City, Guangdong Province, the PRC*)
“Purchaser”	東莞市清溪謝坑實業投資有限公司 (Dongguan Qingxi Xiekeng Industrial Investment Company Limited*), a company incorporated in the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 21 July 2025 entered into between the Vendor and the Purchaser in relation to the Disposal
“Shareholders”	the holders of the ordinary shares in the issued share capital of the Company
“sq. m.”	square meter(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“subsidiary(ies)”	has the same meaning as ascribed to it under the Listing Rules
“Vendor”	長榮玩具(東莞)有限公司 (Everwin Toys (Dongguan) Company Limited*), a company incorporated in PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

In this announcement, for reference only, the exchange rate between HK\$ and RMB is at the rate of HK\$100 = RMB91.

The English translation of the Chinese names and addresses marked with “” is for identification purpose only. If there is any inconsistency, the Chinese names and addresses shall prevail.*

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, 21 July 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.