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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

GROUP RESULTS

The board of directors (the "Board" or the "Directors") of South China Holdings Company Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2023 together with comparative figures for the last financial year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	**2023** ***HK$'000***	2022 *HK$'000*
Revenue	*3*	**2,887,385**	3,813,722
Cost of sales		**(2,408,028)**	(3,242,457)
Gross profit		**479,357**	571,265
Other income and gains, net		**179,679**	152,571
Net fair value loss on investment properties inclusive of investment properties presented as non-current assets classified as held for sale		**(35,434)**	(54,217)
Selling and distribution expenses		**(57,056)**	(66,902)
Administrative expenses		**(334,733)**	(310,370)
Profit from operations	*3&4*	**231,813**	292,347

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (continued)

	Note	**2023** **HK$'000**	2022 HK$'000
Finance costs		**(266,745)**	(205,252)
Share of losses of associates		**(257)**	(419)
Share of profit of a joint venture		**–**	260
(Loss)/profit before tax		**(35,189)**	86,936
Income tax	*5*	**(7,250)**	(21,292)
(Loss)/profit for the year		**(42,439)**	65,644
Attributable to:			
Equity shareholders of the Company		**(31,846)**	74,734
Non-controlling interests		**(10,593)**	(9,090)
		(42,439)	65,644
(Loss)/earnings per share	*6*		
Basic		**HK(0.2) cents**	HK0.6 cents
Diluted		**HK(0.2) cents**	HK0.6 cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2023	2022
	HK$'000	*HK$'000*
(Loss)/profit for the year	**(42,439)**	65,644
Other comprehensive income		
Item that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements of operations outside Hong Kong, net of nil tax	**(160,987)**	(547,240)
Exchange reserve realised upon disposals of subsidiaries	**(1,424)**	–
Other comprehensive income for the year	**(162,411)**	(547,240)
Total comprehensive income for the year	**(204,850)**	(481,596)
Attributable to:		
Equity shareholders of the Company	**(181,535)**	(431,424)
Non-controlling interests	**(23,315)**	(50,172)
	(204,850)	(481,596)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**As at 31 December 2023**	As at 31 December 2022
		HK$'000	*HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*8*	**464,063**	528,258
Investment properties	*8*	**9,427,871**	9,660,128
Construction in progress		**150**	164
Investments in associates		**–**	257
Investment in a joint venture		**285**	49
Bearer plants		**16,626**	21,385
Other non-current assets		**219,069**	133,294
Total non-current assets		**10,128,064**	10,343,535
CURRENT ASSETS			
Inventories		**786,864**	965,784
Properties under development		**242,854**	246,817
Trade receivables	*9*	**372,774**	343,591
Prepayments, deposits and other receivables		**1,146,005**	1,161,552
Financial assets measured at fair value through profit or loss		**5,680**	12,371
Amounts due from associates		**5,145**	5,145
Amounts due from related companies		**28,424**	19,125
Tax recoverables		**831**	1,044
Cash and bank balances		**538,644**	438,262
Total current assets		**3,127,221**	3,193,691

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

	Note	**As at 31 December 2023** *HK$'000*	As at 31 December 2022 *HK$'000*
CURRENT LIABILITIES			
Trade payables	*10*	**498,135**	576,316
Other payables and accruals		**539,911**	696,472
Interest-bearing bank borrowings		**2,085,209**	1,342,765
Lease liabilities		**55,641**	55,165
Amounts due to non-controlling shareholders of subsidiaries		**10,408**	10,423
Tax payables		**72,578**	90,347
Total current liabilities		**3,261,882**	2,771,488
NET CURRENT (LIABILITIES)/ASSETS		**(134,661)**	422,203
TOTAL ASSETS LESS CURRENT LIABILITIES		**9,993,403**	10,765,738
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**1,688,023**	2,261,683
Lease liabilities		**291,076**	311,122
Amounts due to non-controlling shareholders of subsidiaries		**141**	7,941
Amounts due to related companies		**625,874**	566,374
Other non-current liabilities		**53,627**	55,037
Deferred tax liabilities		**1,044,847**	1,074,376
Total non-current liabilities		**3,703,588**	4,276,533
NET ASSETS		**6,289,815**	6,489,205
CAPITAL AND RESERVES			
Share capital	*11*	**134,413**	134,413
Reserves		**5,862,871**	6,028,976
Total equity attributable to equity shareholders of the Company		**5,997,284**	6,163,389
Non-controlling interests		**292,531**	325,816
TOTAL EQUITY		**6,289,815**	6,489,205

NOTES:

1. MATERIAL ACCOUNTING POLICIES AND BASIS OF PREPARATION

The annual results set out in the announcement are extracted from the Group's consolidated financial statements for the year ended 31 December 2023.

The accounting policies and basis of preparation adopted in the financial statements are consistent with those adopted in the Group's audited 2022 annual financial statements except for changes in accounting policies as a result of the adoption of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") as set out in note 2.

2. CHANGES IN ACCOUNTING POLICIES

(A) New and amended HKFRSs

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") to these consolidated financial statements for the current accounting period:

- HKFRS 17, *Insurance contracts*
- Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to HKAS 1, *Presentation of financial statements* and HKFRS Practice Statement 2, *Making materiality judgements: Disclosure of accounting policies*
- Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to HKAS 12, *Income taxes: International tax reform — Pillar Two model rules*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended HKFRSs are discussed below:

HKFRS 17, *Insurance contracts*

HKFRS 17, which replaces HKFRS 4, sets out the recognition, measurement, presentation and disclosure requirements applicable to issuers of insurance contracts. The standard does not have a material impact on these financial statements as the Group does not have contracts within the scope of HKFRS 17.

2. CHANGES IN ACCOUNTING POLICIES (continued)

(A) New and amended HKFRSs (continued)

Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*

The amendments provide further guidance on the distinction between changes in accounting policies and changes in accounting estimates. The amendments do not have a material impact on these financial statements as the Group's approach in distinguishing changes in accounting policies and changes in accounting estimates is consistent with the amendments.

Amendments to HKAS 1, *Presentation of financial statements* and HKFRS Practice Statement 2, *Making materiality judgements: Disclosures of accounting policies*

The amendments require entities to disclose material accounting policy information and provide guidance on applying the concept on materiality to accounting policy disclosure. The Group has revisited the accounting policy information it has been disclosing and considered it is consistent with the amendments.

Amendments to HKAS 12, *Income taxes, Deferred tax related to assets and liabilities arising from a single transaction*

The amendments narrow the scope of the initial recognition exemption such that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition such as leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities are required to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

Prior to the amendments, the Group did not apply the initial recognition exemption to lease transactions and had recognised the related deferred tax, except that the Group previously determined the temporary difference arising from a right-of-use asset and the related lease liability on a net basis on the basis they arise from a single transaction. Following the amendments, the Group has determined the temporary differences in relation to right-of-use assets and lease liabilities separately. The change primarily impacts disclosures of components of deferred tax assets and liabilities, but does not impact the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualify for offsetting under HKAS 12.

Amendments to HKAS 12, *Income taxes: International tax reform — Pillar Two model rules*

The amendments introduce a temporary mandatory exception from deferred tax accounting for the income tax arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development ("OECD") (income tax arising from such tax laws is hereafter referred to as "Pillar Two income taxes"), including tax laws that implement qualified domestic minimum top-up taxes described in those rules. The amendments also introduce disclosure requirements about such tax including the estimated tax exposure to Pillar Two income taxes. The amendments are immediately effective upon issuance and require retrospective application. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

2. CHANGES IN ACCOUNTING POLICIES (continued)

(B) New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism

In June 2022 the Hong Kong SAR Government (the "Government") gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance"), which will come into effect from 1 May 2025 (the "Transition Date"). Once the Amendment Ordinance takes effect, and employer can no longer use any of the accrued benefits derived from its mandatory contributions to mandatory provident fund ("MPF") scheme to reduce the long service payments ("LSP") in respect of an employee's service from the Transition Date (the abolition of the "offsetting mechanism"). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" that provides accounting guidance relating to the offsetting mechanism and the abolition of the mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP.

However, applying this approach, upon the enactment of the Amendment Ordinance in June 2022, it is no longer permissible to apply the practical expedient in paragraph 93(b) of HKAS 19 that previously allowed such deemed contributions to be recognised as reduction of service cost (negative service cost) in the period the contributions were made; instead these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit.

This change in accounting policy did not have a material impact on the consolidated financial statements.

3. REVENUE AND SEGMENTAL INFORMATION

Revenue represents the net invoiced value of goods sold after allowances for returns and trade discounts, sales of properties, the value of services rendered and gross rental income received and receivable from investment properties during the year.

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

(i) the trading and manufacturing segment is engaged in trading and manufacturing of merchandises including toys, footwear products and leather products;

(ii) the property investment and development segment is engaged in property investment and development;

(iii) the agriculture and forestry segment is engaged in the cultivation of fruit trees and crops, rearing of livestock and aquatic products, forestation and sale of relevant agricultural products; and

(iv) the others segment mainly comprises, principally, the Group's investment holding related management functions.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment results, which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's (loss)/profit before tax except that share of profits and losses of associates and a joint venture and finance costs are excluded from such measurement.

3. REVENUE AND SEGMENTAL INFORMATION (continued)

Business segments

The following tables present revenue and profit for the Group's business segments for the years ended 31 December 2023 and 2022.

	Trading and manufacturing		Property investment and development		Agriculture and forestry		Others		Total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue										
External sales	**2,644,312**	3,539,515	**240,851**	273,504	**2,222**	703	**–**	–	**2,887,385**	3,813,722
Segment results	**185,434**	236,041	**52,137**	102,600	**62,029**	(17,201)	**(67,787)**	(29,093)	**231,813**	292,347
Reconciliation:										
— Share of losses of associates									**(257)**	(419)
— Share of profit of a joint venture									**–**	260
— Finance costs									**(266,745)**	(205,252)
(Loss)/profit before tax									**(35,189)**	86,936

Geographical segments

Revenue from external customers

	2023	2022
	HK$'000	*HK$'000*
The People's Republic of China ("PRC"), including Hong Kong and Macau	**312,391**	368,203
The United States of America ("USA")	**1,692,028**	2,327,367
Europe	**623,293**	749,690
Japan	**21,354**	21,048
Others	**238,319**	347,414
	2,887,385	3,813,722

The revenue information above is based on the destination to which goods and services are delivered.

4. PROFIT FROM OPERATIONS

Profit from operations includes depreciation in respect of the Group's property, plant and equipment (including right-of-use assets) and bearer plants for the year ended 31 December 2023 amounting to approximately HK$110,593,000 (2022: HK$134,755,000).

For the year ended 31 December 2023, the Group recorded gains on disposals of subsidiaries amounted to approximately HK$105,413,000 (2022: HK$56,986,000).

5. INCOME TAX

Income tax comprises current and deferred taxes.

Hong Kong Profits Tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

PRC Corporate Income Tax has been calculated at the rate of 25% (2022: 25%) on estimated assessable profits arising in the PRC during the year.

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.

6. (LOSS)/EARNINGS PER SHARE

The calculation of the basic (loss)/earnings per share is based on the loss for the year attributable to equity shareholders of the Company of HK$31,846,000 (2022: profit HK$74,734,000), and the weighted average number of ordinary shares of 12,982,892,000 (2022: 12,982,892,000) in issue after deducting shares held for the share award scheme and treasury shares.

The calculation of diluted (loss)/earnings per share is based on the (loss)/profit for the year 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)/earnings 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)/earnings per share are based on:

	2023	2022
	HK$'000	*HK$'000*
(Loss)/earnings		
(Loss)/profit attributable to equity shareholders of the Company used in the basic and diluted (loss)/earnings per share calculation	**(31,846)**	74,734

	Number of shares	
	2023	2022
	'000	*'000*
Shares		
Weighted average number of ordinary shares used in the basic (loss)/earnings per share calculation	**12,982,892**	12,982,892
Effect of redeemable convertible preference shares	**–**	219,951
Effect of shares held for share award scheme	**–**	206,161
Weighted average number of ordinary shares used in the diluted (loss)/earnings per share calculation	**12,982,892**	13,409,004

The Company's share options have no dilution effect for the years ended 31 December 2023 and 2022 because the exercise price of the Company's share options was higher than the average market price of the shares for both years and the share options are therefore anti-dilutive.

Diluted loss per share equals to basic loss per share for the year ended 31 December 2023 because the potential ordinary shares outstanding were anti-dilutive.

7. DIVIDENDS

The Company had not declared or paid any dividend during the year ended 31 December 2023 (2022: nil) and the Board did not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: nil).

8. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the year ended 31 December 2023, interest in subsidiaries of the Group which hold an aggregate of property, plant and equipment of approximately HK$10,599,000 and an investment property of approximately HK$46,242,000 were disposed of.

During the year ended 31 December 2022, an investment property and a non-current asset classified as held for sale of the Group of approximately HK$5,907,000 and HK$253,418,000 respectively were disposed of.

9. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit with credit periods normally ranging from 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 the senior management.

An ageing analysis of trade receivables net of loss allowance as at the end of the reporting period based on invoice date is as follows:

	2023	2022
	HK$'000	*HK$'000*
Within 90 days	**357,477**	283,186
91 to 180 days	**4,417**	36,381
181 to 365 days	**3,973**	11,880
Over 365 days	**6,907**	12,144
	372,774	343,591

10. TRADE PAYABLES

An ageing analysis of trade payables as at the end of the reporting period based on invoice date is as follows:

	2023	2022
	HK$'000	*HK$'000*
Within 90 days	**305,749**	197,153
91 to 180 days	**67,832**	175,383
181 to 365 days	**20,777**	76,541
Over 365 days	**103,777**	127,239
	498,135	576,316

The trade payables are non-interest-bearing and expected to be settled within one year.

11. SHARE CAPITAL

	2023	2022
	HK$'000	*HK$'000*
Authorised:		
20,000,000,000 (2022: 20,000,000,000) ordinary shares of HK$0.01 each	**200,000**	200,000
3,000,000,000 (2022: 3,000,000,000) redeemable convertible preference shares of HK$0.02 each	**60,000**	60,000
Total authorised capital	**260,000**	260,000
Issued and fully paid:		
13,221,302,172 (2022: 13,221,302,172) ordinary shares of HK$0.01 each	**132,213**	132,213
109,975,631 (2022: 109,975,631) redeemable convertible preference shares of HK$0.02 each (Note)	**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 shall be entitled to pro-rata share of 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 shall not confer on the holders thereof the right to receive notice of, or to attend and vote at, general meetings 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 shall belong to and 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 years ended 31 December 2023 and 31 December 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL SUMMARY AND KEY PERFORMANCE INDICATORS

The Group recorded its total revenue of HK$2,887 million for the year ended 31 December 2023 (the "Year"), representing an approximately 24% decrease compared with 2022 (2022: HK$3,814 million) and the loss after tax of HK$42 million for the Year compared with the profit after tax of HK$66 million in 2022. The loss during the Year was mainly attributable to (i) decrease in purchase orders of toys products received from the major customers; (ii) increase in finance costs mainly due to increase in the Hong Kong Interbank Offered Rate; and (iii) decrease in gain on disposal of debentures of berths. The impacts of above overweighed the increase in gain on disposals of subsidiaries recognised during the Year. Despite the loss was recorded during the Year, the overall financial, business and trading positions of the Group remain healthy.

Basic loss per share attributable to equity shareholders of the Company for the Year was HK 0.2 cents (2022: earnings per share: HK 0.6 cents).

BUSINESS REVIEW

The principal businesses of the Group include trading and manufacturing, property investment and development and agriculture and forestry.

Trading and Manufacturing

The trading and manufacturing segment mainly comprises (i) OEM production of toy products; (ii) trading of footwear products; and (iii) sales of branded ball products. This segment recorded an approximately 25% decrease in revenue to HK$2,644 million (2022: HK$3,540 million) and an approximately 21% decrease in the operating profit to HK$185.4 million for the Year (2022: HK$236.0 million).

(i) OEM toys production

The OEM toys operation generated revenue of HK$2,450 million for the Year (2022: HK$3,246 million), representing an approximately 25% decrease compared with 2022.

During the Year, this segment recorded a significant decrease in revenue because the key customers in the USA stringently placed purchase orders given the overall demand for toys products was adversely impacted by the persistently high inflation environment which unleashed an erosion of income and consumer savings and in turn weakened consumption power of the consumers. On the other hand, high interest rate and geopolitical tensions drove up the costs of production and logistics. Therefore, the Group inevitably experienced a significant decline in revenue in toys business during the Year.

Despite the inevitable downturn in revenue in toys operation during the Year, the Group continued to strive to lower down its costs by vigilantly monitoring the supply of raw materials and speeding up shifting of its production capacities from higher cost areas in Guangdong province to lower cost areas in Guangxi province of Mainland China and by engaging sub-contractors in production of non-core parts of the toys products.

(ii) Trading of footwear products

Despite revenue from this segment substantially decreased to HK$176 million during the Year (2022: HK$274 million), representing a drop of approximately 36%, the operating profit of this segment was HK$7.6 million (2022: HK$6.6 million), representing an increase of approximately 15%. The main reason for achieving a growth in operating profit was the achievement of significant cost reduction resulting from effective diversification of production in such low-cost countries as Cambodia and Bangladesh, which outweighed the drop in revenue due to downturn in demand.

(iii) Sales of branded ball products

During the Year, revenue from sales of the branded ball products in the local market of Mainland China slightly decreased by approximately 6% to HK$14.6 million (2022: HK$15.5 million) merely due to the effect of Renminbi ("RMB") depreciation. The overall performance of this segment remained stable.

Property Investment and Development

Revenue from the property investment and development segment decreased by approximately 12% to HK$241 million during the Year (2022: HK$274 million). The operating profit, including a fair value change on investment properties, was HK$52.1 million for the Year (2022: HK$102.6 million). This segment generated an operating profit, excluding the fair value changes on investment properties, of HK$87.6 million (2022: HK$156.8 million), representing an approximately 44% decrease compared with 2022.

The Group has a property investment portfolio with total gross floor area ("GFA") of approximately 614,000 sq.m. in Mainland China and approximately 26,000 sq.m. (approximately 280,000 sq.ft.) in Hong Kong. The investment properties for lease in Mainland China are mostly in prime locations in Nanjing, Shenyang and Tianjin.

Despite the lifting of zero-COVID policy by the central government in late 2022, the rental income under the Group's leasing portfolio in Nanjing, Shenyang and Tianjin during the Year was continuously affected by the lower rental rates offered to tenants earlier in previous years. The Group's rental income generated from its properties in Hong Kong was facing similar condition during the Year. As the overall economies of Mainland China and Hong Kong had yet fully recovered from the turmoil of the pandemic, the speed of recovery of rental rates and occupancy in retail and commercial property market was much slower than expected during the Year. On the other hand, depreciation of RMB led an adverse impact on the rental income in Mainland China resulting from currency exchange. The rental income generated from this segment during the Year was HK$173.0 million (2022: HK$187.2 million), representing a decrease of approximately 8% compared with 2022.

Comparing with the leasing market, property market suffered from a much deeper hit from the COVID-19 restrictions in the past three years. After the lifting of zero-COVID policy in Mainland China, investors remained cautious and most of the potential buyers continued taking a very prudent approach by delaying their decision of investment due to market uncertainty. In addition, the collapse of some giant property developers in Mainland China adversely affected the retail market of property to a certain extent.

Approximately 65% of the total saleable areas of residential towers and serviced apartment of the Group's flagship property project namely "Central Square" were sold as at the Year. Given Central Square is located in a prime residential area in Shenyang, the management is cautiously optimistic on its sales and rental contributions in 2024 and onwards, in particular, the recent policies launched by the central government for building up the confidence in property market in Mainland China.

Agriculture and Forestry

During the Year, revenue of this segment increased to HK$2.2 million (2022: HK$0.7 million). There was an operating profit of HK$62.0 million during the Year, including a gain on disposal of subsidiaries amounting to HK$78.2 million recognised during the Year. By excluding the disposal gain, the operating loss of this segment for the Year decreased by approximately 6% to HK$16.2 million (2022: HK$17.2 million).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2023, the Group had a current ratio of 0.96 and a gearing ratio of 27% (31 December 2022: 1.15 and 35%, respectively). The gearing ratio is computed by dividing the Group's total long-term bank borrowings of HK$1,688 million by the Group's equity of HK$6,290 million. The Group's operation and investments continued to be financed by internal resources and bank borrowings.

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 entering into forward contracts whenever appropriate.

CAPITAL STRUCTURE

During the Year, there was no material change in the Group's capital structure.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

1. On 13 September 2022, Thousand China Investments Limited ("Thousand China"), an indirect wholly-owned subsidiary of the Company, as vendor and Power Path Global Limited ("Power Path"), a wholly-owned subsidiary of South China Financial Holdings Limited ("SCFH"), as purchaser entered into a sale and purchase agreement, pursuant to which Thousand China conditionally agreed to dispose of 100% equity interest in Genius Year Limited ("Genius Year"), an indirect wholly-owned subsidiary of the Company, to Power Path; and Power Path conditionally agreed to purchase 100% equity interest in Genius Year, at a total consideration of HK$89,840,000 which was settled by way of convertible bonds issued by SCFH upon completion, in accordance with the terms and subject to the conditions set out in the sale and purchase agreement. This transaction was approved by independent shareholders at the extraordinary general meeting held on 11 January 2023 and completed on 13 January 2023. The gain resulted from the disposal of subsidiaries was approximately HK$78,197,000, which have been recognised to the consolidated statement of profit or loss during the Year. Details of the disposal were set out in the Company's announcements dated 13 September 2022, 28 September 2022, 31 October 2022 and 25 November 2022 and circular dated 16 December 2022.

2. On 30 June 2023, Wilken Footwear Limited ("Wilken Footwear"), an indirect wholly-owned subsidiary of the Company, as vendor and the Company as a vendor guarantor entered into a sale and purchase agreement with 昆山濱湖新城產業科創發展有限公司 (the "Purchaser"), an independent third party, pursuant to which the Purchaser has agreed to acquire, and Wilken Footwear has agreed to sell 100% equity interest in 昆山滙強鞋業有限公司 (Kunshan Wilken Footwear Company Limited), an indirect wholly-owned subsidiary of the Company, at the consideration of RMB61,500,000 (equivalent to approximately HK$68,333,000). The transaction was completed on 11 September 2023 and a gain on disposal of approximately HK$27,216,000 have been recognised to the consolidated statement of profit or loss during the Year. Details of the disposal were set out in the Company's announcement dated 30 June 2023.

Save as aforesaid, there was no other material acquisition and disposal of subsidiaries and associated companies of the Company during the Year.

PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

During the Year, the Group had entered into new bank loan facilities under which certain completed properties for sale of the Group were pledged with the banks.

An indirect wholly-owned subsidiary of the Company in China provided guarantees to certain financial institutions in an aggregate amount of approximately RMB183.2 million (equivalent to approximately HK$201.0 million) on behalf of independent purchasers of premises of the Central Square in relation to which the related premises ownership certificates had not been issued as at 31 December 2023. The said 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 during the Year.

PROSPECTS

The global economy is expected to remain uncertain throughout 2024. The tense relationships between the USA and Mainland China as well as the Russia-Ukraine war, Israel — Hamas war and Red Sea crisis would continue casting uncertainties on the business environment of the globe.

The International Monetary Fund forecasted a slight decline in global growth to 2.9% in 2024, down from 3% in 2023. In the USA, the decline in inflation has been more gradual and less pronounced after the annual rate of inflation fell abruptly in summer 2023. The annual inflation is hovering closer to about 3%, it is expected that the Federal Reserve of the USA would start to reduce the interest rate in about mid-2024 and that a number of countries and regions including Hong Kong would follow the cut, which would boost economic growth because of cheaper borrowing costs and lower mortgage interest payments which would in turn encourage consumers to spend and invest more. It is further expected that the US market sentiment would improve which in turn would provide more business opportunities for the Group, in particular its OEM toys production business, pursuant to the US President's message in the Budget of the US Government Fiscal Year 2024 that he has remained laser-focused on his top economic priority — taking action to lower costs for working families and give the American people more breathing room, and the administration policies have left families more economically secure than before the pandemic.

Despite 2024 would be a year full of challenges, it is expected that the respective governments of Mainland China, Hong Kong and the USA where the businesses of the Group are focusing on would launch appropriate policies to address the impact of uncertainties and that a gradual recovery of consumer confidence would emerge in the second half of 2024. The Group is cautiously positive on the market recovery and its business prospect in the future, and will closely monitor any changes in political and economic environment so as to react appropriately for grasping further business opportunities.

Trading and Manufacturing

OEM toys production

To cope with the market uncertainties, the Group will keep strengthening its competitiveness in this segment by controlling its production costs by such re-engineering actions as expansion of production in Guangxi province, simplification and consolidation of operational procedures and the use of automation, moving towards vertical integration and innovation, and continuing to identify the needs of key customers for providing unique one-stop integral solutions and product development services for gaining a competitive edge and reinforcing its industry-acclaimed recognition. The Group is committed to play the role that drives the awareness of Environmental, Social and Governance matters, and emphasizes on sustainability through the use of recycled water and solar energy in its plants in Mainland China.

Both the long-standing customer loyalty and world-class engineering capability are the attributes of the Group's competitive edge in this business, therefore, the Group is confident in obtaining purchase orders from those long-term customers in the event such customers placing orders of manufacturing of toys products. Meanwhile, the Group will strive to solicit new customers, and expand and diversify the customer base. Given the market is cost conscious, the Group will keep on (i) exploring the opportunity to further diversify its production base in other low-cost countries, (ii) exploring different material suppliers for obtaining competitive prices and (iii) sub-contracting the production of non-core parts of the toys products for enhancing its control in costs of production for capturing new customers from its vulnerable competitors who are knocked out in this critical period.

Trading of footwear products

The Group will keep expanding its client base by engaging some referrers in different countries, e.g. the USA and Italy apart from maintaining good and long-term relationship with loyal clients, for securing more orders of footwear products. The Group will continue to source various production bases out of Mainland China for controlling the production costs.

Property Investment and Development

Property Investment

The economy of Mainland China recovered at a slower pace than expected after the uplifting of COVID-19 curbs by the central government, it is expected that the central government will issue some policies and measures to boost the economy.

The Group will continue to deploy its leasing strategy by diversifying its tenant portfolio in response to the changing environment and consumption pattern. Avenue of Stars ("AOS"), a renowned mall in Shenyang, is anchored by a variety of fashion retailers, household stores and parenting workshops, which targets on young couples and family customers. On the other hand, the retail podium in Central Square is well-positioned to be a focal point of restaurants and bars, leisure experience and performance and exhibitions which provide diversified features of art and entertainment to teenagers and young adults. The Group believes that the widened target customer base will enhance the business atmosphere, which in turn will attract more prospective tenants and improve the rental income. In addition, the relaxed restriction on cross-region movements and travels will be a catalyst to speed up the recovery of household consumption and retail spending.

Property Development

The real estate market in Mainland China will continue to be competitive and challenging, and consumer confidence is one of the key factors for the market recovery. The Group is cautiously optimistic on the sales of residential units of Central Square as it is located in one of the prime residential areas in Shenyang and having the advantages of direct accessibility to (i) its retail podium, (ii) the subway and (iii) a busy pedestrian street anchored by restaurants and retail stores.

Preliminary works of the second phase of Central Square which is directly facing to the first phase will start upon settlement of terms and conditions with the remaining settlers, which was substantially affected by the COVID-19 controlling measures. The second phase is also a mixed development project, and its positioning will be thematically in line with the first phase.

The Group will continue to study conversion of usage of some other land bank assets from industrial to commercial use in Nanjing and Tianjin for the purposes of increasing both the land value and return from development of such land after conversion. On the other hand, the central government of Mainland China announced a batch of development projects which is expected to bring along business opportunities to the land bank assets in Nanjing and Shenzhen. The Group will revisit the business plan on those land bank assets in those areas where the development projects are located and take proactive approach in response to the progress of the development plan. In addition, the Group will keep exploring any sale and purchase opportunities in other land bank assets.

Agriculture and Forestry

The Group currently has long-term leases of over 290,000 mu (approximately 193 million sq.m.) of woodland, farmland, fishpond and lake space in various major provinces in Mainland China, and is focusing on the plantation of fruits and crops such as apples, winter dates, peaches, pears and corns. The Group will continue to explore plantation opportunities of high profit margin species and focus on improving harvest, sales distribution channels, utilisation of resources and cost control for improving the operating results of this segment.

PRINCIPAL RISKS AND UNCERTAINTIES

The following section lists out the key risks and uncertainties facing by the Group. It is a non-exhaustive list and there may be other risks and uncertainties additional to the key risk areas outlined below.

Risks relating to Trading and Manufacturing

Macroeconomic environment

The Group designs and manufactures a wide variety of toys, shoes and other leather products. Our customers sell such products worldwide to their consumers. The Group's financial performance, therefore, hinges on the level of discretionary consumer spending in the markets in which our products are eventually sold. Recessions, credit crises and other economic downturns can result in decrease in consumers' disposable income and lower consumption confidence. These factors would adversely affect orders from our customers.

Cost increase

Cost increases, whether resulting from rising costs of materials, transportation, minimum wage legislations in Mainland China or compliance with existing or future regulatory requirements could impact the profit margins realised by the Group on the sale of its products. In addition, the Group could be the subject of future product liability lawsuits or product recalls, which could harm its business.

Risks relating to Property Investment and Development

Risks associated with the property market in Mainland China

A significant part of the Group's property portfolio is located in Mainland China and is therefore subject to the risks associated with Mainland China's property market. The Group's operations in Mainland China may also be exposed to the risks of policy change, RMB exchange rate change, interest rate change, demand-supply imbalance, and the overall economic conditions, which pose adverse impact on the Group's business, financial condition or results of operations.

Risks associated with the property market in Hong Kong

The state of Hong Kong's economy and property market, legislative and regulatory changes, government policies and political conditions would affect the Group's revenue derived from the Group's property portfolio in Hong Kong. The government may introduce property cooling measures from time to time. Rental levels in Hong Kong are subject to competition arising from supply in the primary sector.

Risks relating to Agriculture and Forestry

Risk associated with natural disasters or adverse weather conditions

The Group's agriculture and forestry operations are susceptible to natural disasters and adverse weather conditions such as droughts, floods and earthquakes, and environmental hazards. The occurrence of any of the above events in or in close proximity to our cultivation area may cause a reduction or delay in our production output, which may adversely affect the Group's business and operating performance.

The Group will conduct regular reviews and focus on mitigating the risks exposure of each business unit.

UPDATE ON LITIGATION PROCEEDINGS

(i) Against Nanjing Skytech Co., Limited and Others

Case on infringement of copyrights

Reference is made to the announcement made by the Company dated 5 December 2016 in relation to the litigation in the People's Republic of China ("China") concerning infringement of copyrights of certain computer software belonging to Nanjing South China Skytech Technology Co., Limited (南京南華擎天資訊科技有限公司) ("South China Skytech").

On 31 January 2000, Janful Limited, an indirect wholly-owned subsidiary of the Company, and Nanjing Skytech Co., Limited (南京擎天科技有限公司) ("Nanjing Skytech") entered into a joint venture agreement to set up South China Skytech to engage, mainly, in software development, research, sales and after-sales service, system integration and other related electronic business.

In or about 2003, business of South China Skytech further deteriorated and suffered serious loss. Upon investigations, it was found that Nanjing Skytech illegally transferred all the computer software belonging to South China Skytech ("Computer Software") for its own use and registered the ownership of the copyrights of the Computer Software under its own name or under the name of Nanjing Skytech Software Technology Co., Limited (南京擎天軟件科技有限公司) ("Skytech Software"), rendering South China Skytech unable to continue its business. On the other hand, the assets and profits of Nanjing Skytech continued to increase and eventually Sinosoft Technology Group Limited (中國擎天軟件科技集團有限公司) ("Sinosoft"), the parent company of Nanjing Skytech, was listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in 2013 (stock code: 1297).

South China Skytech commenced legal proceedings in Jiangsu High People's Court (the "Jiangsu High Court") against, inter alia, Nanjing Skytech seeking the Jiangsu High Court to determine that the ownership of the copyrights of a total of 31 pieces of Computer Software registered under the names of Nanjing Skytech and Skytech Software belong to South China Skytech; and that Nanjing Skytech pay South China Skytech damages in the sum of RMB210.4 million (to be assessed) for infringement of copyrights of the Computer Software.

On 28 November 2016, the Jiangsu High Court delivered its first instance judgment on the Computer Software copyrights ownership. The Jiangsu High Court determined that during the period from March 2000 to March 2003, Nanjing Skytech basically had no employees. Not only that, before 2002, Nanjing Skytech had no fixed assets and therefore it did not have the necessary means to develop any software. The development of the Computer Software was mainly relied on South China Skytech's manpower and physical technology capability. The Jiangsu High Court also determined that Nanjing Skytech and Skytech Software had exploited South China Skytech's physical technology capability to develop the Computer Software and registered the ownership of the copyrights of the Computer Software under their respective names. Such actions did not comply with the basic principles of copyright laws. The ownership of the copyrights of a total of 13 pieces of Computer Software was held to belong to South China Skytech.

All parties in the said infringement of copyrights case have appealed to the Supreme People's Court of China. The Supreme People's Court of China issued a ruling on 26 October 2018 which revoked the first-instance judgment and sent the case back to the Jiangsu High Court for retrial.

After holding a pre-trial conference on 31 July 2019, the Jiangsu High Court conducted a hearing in relation to the retrial of the case on 22 October 2019. Nanjing Skytech challenged the presiding judge at the beginning of the trial. The Jiangsu High Court rejected the request of challenge for untenable reason, and held that during more than two-and-a-half months of the pre-trial proceedings prior to the establishment of the trial, the two parties had completed numerous written exchanges of cross-examination and arguments, and Nanjing Skytech had never challenged the presiding judge, but did so at the time of the trial, which was an open violation of good faith lawsuit.

The Company considers that Nanjing Skytech has seriously violated the principle of good faith, and was actually a shell company, basically with no employees, no office base and no capital. It had no means whatsoever to develop any computer software. Therefore, the Company considers that the remaining 18 pieces of Computer Software were also developed using the manpower and physical technology capabilities of South China Skytech and therefore the ownership of the copyrights of the remaining Computer Software should also belong to South China Skytech. The Company will explore every possible course of action to claim for the ownership of the remaining 31 pieces of Computer Software.

In addition, it is noted that Sinosoft had disclosed in its prospectus dated 27 June 2013 of its alleged ownership of certain computer software. The Company considers that most of the computer software was also subsequently developed from the Computer Software belonging to South China Skytech. The Company will explore every possible course of action to claim against Nanjing Skytech and/or Sinosoft for infringement of copyrights and to seek an injunction prohibiting Nanjing Skytech and/or Sinosoft to continue to sell and/or use such computer software.

On 27 March 2023, the Jiangsu High Court ruled that the ownership of the copyrights of 3 pieces of Computer Software belonged to South China Skytech. South China Skytech appealed against the ruling on 15 April 2023. It is currently pending hearing of the court.

Case on liability dispute related to damaging the interests of the Company

Reference is made to the announcement of the Company dated 20 July 2016 in relation to the final judgment made by the Jiangsu High Court against Nanjing Skytech, Ms. Xin Yingmei, Mr. Wang Xiaogang and Mr. Zhang Hong (the "Defendants") who had breached the non-competition obligation under China's Company Law and were liable to pay all the gain therefrom to South China Skytech as follows:

1. Ms. Xin Yingmei, Mr. Wang Xiaogang, Mr. Zhang Hong and Nanjing Skytech shall pay RMB22,533,377.09 to South China Skytech;

2. Ms. Xin Yingmei shall pay RMB4,392,329.95 to South China Skytech. Mr. Wang Xiaogang, Mr. Zhang Hong and Nanjing Skytech shall be jointly liable to the payment;

3. Mr. Wang Xiaogang shall pay RMB691,859.56 to South China Skytech. Ms. Xin Yingmei, Mr. Zhang Hong and Nanjing Skytech shall be jointly liable to the payment; and

4. Mr. Zhang Hong shall pay RMB288,274.85 to South China Skytech. Ms. Xin Yingmei, Mr. Wang Xiaogang and Nanjing Skytech shall be jointly liable to the payment.

The Jiangsu Immediate People's Court had frozen a bank account held by Nanjing Skytech with a total sum of approximately RMB28 million in February 2017. As all parties have appealed to the Supreme People's Court of China for retrial, the Supreme Court remitted the case back to the Jiangsu High Court for retrial on 8 April 2019. The Jiangsu High Court accepted the case on 13 June 2019. Subsequent to the hearing of the case on 21 May 2020, the Jiangsu High Court made mediation arrangements on 1 April 2021 for the two parties to resolve the matter but unsuccessful, and the case is pending for judgement.

(ii) Case on infringement of land situated at Tianjin Binhai New District

In April 1993, World Right Investments Limited (環威投資有限公司) ("World Right"), an indirect wholly-owned subsidiary of the Company, and Tianjin Tanggu Property Development Company Limited (天津塘沽房地產開發股份有限公司) (currently known as Binhai Investment Group Holding Company Limited (濱海投資集團股份有限公司) ("Binhai Investment Group")) formed a joint venture company in China known as Tianjin South China Property Development Company Limited (天津南華房地產開發有限公司) ("South China Property"). World Right holds 51% equity interest in South China Property.

In June 1993, World Right and Binhai Investment Group entered into a joint development agreement (the "Development Agreement"). It was agreed under the Development Agreement, inter alia, that World Right and Binhai Investment Group shall jointly develop a piece of land situated at Tianjin Binhai New District with an area about 500,000 sq.m. (the "Involved Land") and World Right shall pay RMB10.4 million in cash to increase the capital investment in South China Property. World Right duly paid the capital investment of RMB10.4 million which had been used for formation of the Involved Land. Subsequently, Binhai Investment Group failed to perform the Development Agreement, did not recognise that World Right and Binhai Investment Group had joint right to develop the Involved Land, and maliciously transferred the Involved Land to Tianjin Cheng Tou Binhai Property Company Limited (天津城投濱海房地產經營有限公司) ("Cheng Tou Binhai"), a company invested in and established by it and the government.

In June 2023, World Right commenced legal proceedings in Tianjin No. 3 Intermediate People's Court against Binhai Investment Group and Cheng Tou Binha, demanding the termination of the Development Agreement, and urged to order the defendants to compensate for losses of approximately RMB366 million (subject to judicial evaluation). It is currently pending hearing of the court.

(iii) Case on arbitration related to Nansha land

In March 2021, Brightson Investments Limited, an indirect wholly-owned subsidiary of the Company, filed an application for arbitration with China International Economic and Trade Arbitration Commission in relation to failure of the Villagers' Committee of Datang Village, Huangge Town, Nansha District, Guangzhou (the "Datang Villagers' Committee") to transfer the land under agreement to it, demanding that the Datang Villagers' Committee compensate for the losses in accordance with the law.

The arbitral tribunal conducted hearings on 28 February 2023 and 18 December 2023 respectively. It is currently pending rulings by the arbitral tribunal.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: nil).

CORPORATE GOVERNANCE CODE

Throughout the year ended 31 December 2023, the Company has complied with all the applicable code provisions of the Corporate Governance Code (the "CG Code") set out in Appendix C1 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), with the exception of code provisions C.1.6 and F.2.2 of the CG Code.

Under the code provision C.1.6 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders. Mr. Ng Yuk Fung Peter, the Non-executive Director, and Mr. Kam Yiu Shing Tony, the Independent Non-executive Director, were unable to attend the extraordinary general meetings of the Company held on 11 January 2023 and 20 June 2023 respectively and the annual general meeting of the Company held on 20 June 2023 due to their business engagements.

Under the code provision F.2.2 of the CG Code, the chairman of the board should invite the chairman of the audit, remuneration, nomination and any other committees (as appropriate) to attend the annual general meeting. Mr. Kam Yiu Shing Tony, the Chairman of the Audit Committee of the Company, was unable to attend the annual general meeting of the Company held on 20 June 2023 due to his business engagements.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2023.

AUDIT COMMITTEE

The Company has established an Audit Committee with written terms of reference in compliance with the Listing Rules. The Audit Committee comprises four Independent Non-executive Directors, namely Mr. Kam Yiu Shing Tony (Chairman of the Audit Committee), Mrs. Tse Wong Siu Yin Elizabeth, Ms. Pong Scarlett Oi Lan, BBS, J.P., Mr. Wong Chun Tat, J.P. and one Non-executive Director, namely Ms. Li Yuen Yu Alice.

The Group's annual results for the year ended 31 December 2023 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such annual results complied with the applicable accounting standards and requirements and that adequate disclosures were made.

SCOPE OF WORK OF KPMG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by KPMG on the preliminary announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "Model Code") set out in Appendix C3 of the Listing Rules as its code of conduct for dealings in securities of the Company by Directors. 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 year ended 31 December 2023.

ANNUAL GENERAL MEETING

The Company's 2024 annual general meeting (the "2024 AGM") will be held on Thursday, 27 June 2024, at 10:00 a.m.. The notice of the 2024 AGM will be published on the websites of the Stock Exchange and the Company and despatched to the shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the eligibility of shareholders of the Company to attend and vote at the 2024 AGM, the register of members of the Company will be closed from Friday, 21 June 2024 to Thursday, 27 June 2024, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2024 AGM, all duly completed and signed transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar and transfer office, Union Registrars Limited at Suites 3301–04, 33rd Floor, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong not later than 4:00 p.m. on Thursday, 20 June 2024.

PUBLICATION OF ANNUAL RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.scholding.com). The annual report of the Company for the year ended 31 December 2023 will be dispatched to the shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 19 March 2024

As at the date of this announcement, the Directors are:

Executive Directors:	***Non-executive Directors:***	***Independent Non-executive Directors:***
Mr. Ng Hung Sang	*Ms. Ng Yuk Mui Jessica*	*Mrs. Tse Wong Siu Yin Elizabeth*
Ms. Cheung Choi Ngor	*Mr. Ng Yuk Fung Peter*	*Mr. Kam Yiu Shing Tony*
Mr. Ng Yuk Yeung Paul	*Ms. Li Yuen Yu Alice*	*Ms. Pong Scarlett Oi Lan, BBS, J.P.*
	Mr. Yu Pui Hang	*Mr. Wong Chun Tat, J.P.*

Where the English and the Chinese texts conflicted, the English text prevails.