THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **South China Holdings Company Limited** (the "**Company**"), you should at once hand this circular together with the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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)

(1) MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF WHOLLY-OWNED SUBSIDIARIES AND (2) NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

WRISE CAPITAL LIMITED

A notice convening an extraordinary general meeting (the "**EGM**") of South China Holdings Company Limited (the "**Company**") to be held at 28th Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong on Thursday, 26 June 2025 at 10:00 a.m. is set out on pages EGM-1 to EGM-3 of this circular.

A proxy form for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM or any adjournment thereof, you are requested to read the notice and complete and return the proxy form in accordance with the instructions printed thereon, to the Company's share registrar and transfer office, Union Registrars Limited at Suites 3301–04 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible but in any event not less than forty-eight (48) hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

10 June 2025

CONTENTS

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

"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Bannock"	Bannock Investment Limited, a company incorporated in the Republic of Liberia which is a wholly-owned subsidiary of Earntrade
"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"	a day (other than Saturday, Sunday, public holiday or any day on which a tropical cyclone warning No. 8 or above or a "black rainstorm warning signal" or an "extreme condition signal" is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks are open in Hong Kong for general banking 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 pursuant to 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 or such other date as may be agreed by the parties thereto in writing on which Completion shall take place

"Conditions"	the conditions precedent for Completion under the Sale and Purchase Agreement, and "Condition" means any one of the Conditions
"connected person"	has the meaning 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
"controlling Shareholder"	has the meaning ascribed to it under the Listing Rules
"Crystal Hub"	Crystal Hub Limited, a company incorporated in the BVI, which is a wholly-owned subsidiary of SCAH
"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
"Earntrade"	Earntrade Investments Limited, a company incorporated in Hong Kong, which is owned as to 60% by Mr. Ng, 20% by Ms. Cheung and 20% by Mr. Richard Howard Gorges
"EGM"	the extraordinary general meeting of the Company to be held and convened for the Independent Shareholders to consider and, if thought fit, approval the Sale and Purchase Agreement and the transactions contemplated thereunder
"Fung Shing"	Fung Shing Group Limited, a company incorporated in the BVI, which is wholly and beneficially owned by Mr. Ng
"Green Orient"	Green Orient Investments Limited, a company incorporated in the BVI, which is an indirect wholly-owned subsidiary of the Company
"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"	the independent board committee, comprising all independent non-executive Directors, which has been formed to advise the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder

"Independent Financial Adviser"	WRise Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, the independent adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Disposal
"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
"Latest Practicable Date"	6 June 2025, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
"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"	27 June 2025 (or such other date as the parties to the Sale and Purchase Agreement may agree in writing)
"Mainland China" or "PRC"	the People's Republic of China but excluding Hong Kong, the Macau Special Administrative Region and Taiwan for the purpose of this circular
"Mr. Ng"	Mr. Ng Hung Sang, the controlling Shareholder of the Company, the chairman of the Board and an executive Director
"Mr. Paul Ng"	Mr. Ng Yuk Yeung Paul, a son of Mr. Ng and a common director of the Company and each of the Target Companies
"Mrs. Ng"	Ms. Ng Lai King Pamela, spouse of Mr. Ng
"Ms. Cheung"	Ms. Cheung Choi Ngor, a common director of the Company, each of the Target Companies and the Purchaser
"Ms. Jessica Ng"	Ms. Ng Yuk Mui Jessica, a daughter of Mr. Ng, a non-executive Director
"Parkfield"	Parkfield Holdings Limited, a company incorporated in the BVI, which is wholly and beneficially owned by Mr. Ng
"Purchaser"	Splendid Enterprises Limited, a company incorporated in the BVI and is wholly-owned by Mr. Ng
"RMB"	Renminbi, the lawful currency of the PRC

"Ronastar"	Ronastar Investments Limited, a company incorporated in the BVI, which is wholly and beneficially owned by Mr. Ng
"Sale and Purchase Agreement"	the sale and purchase agreement dated 6 May 2025 entered into between and among the Vendors, the Purchaser and 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, and the "Sale Share" means any one of the Sale Shares
"SCAH"	South China Assets Holdings Limited (南華資產控股有限公司), an exempted company incorporated in the Cayman Islands of which Mr. Ng beneficially owned approximately 69.33% as at the Latest Practicable Date
"SFO"	Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong)
"Share(s)"	ordinary share(s) in the issued share capital of the Company
"Shareholder(s)"	holder(s) of the issued Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Substantial Shareholder(s)"	has the meaning ascribed to it in the Listing Rules
"Target Companies"	Target Company A, Target Company B and Target Company C, and "Target Company" means any one of the Target Companies
"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.

* *English translation denotes Chinese names and for identification purpose only.*

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)

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.

Registered Office:
P.O. Box 31119
Grand Pavilion
Hibiscus Way
802 West Bay Road
Grand Cayman
KY1-1205
Cayman Islands

Head Office and Principal Place of Business in Hong Kong:
28th Floor, Bank of China Tower
1 Garden Road, Central, Hong Kong

10 June 2025

To the Shareholders

Dear Sir/Madam,

(1) MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF WHOLLY-OWNED SUBSIDIARIES AND (2) NOTICE OF EGM

INTRODUCTION

References are made to the announcements dated 6 May 2025, 7 May 2025, 27 May 2025 and 3 June 2025 of the Company in relation to the Disposal pursuant to Sale and Purchase Agreement and the transactions contemplated thereunder.

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 and subject to the terms and 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 purpose of this circular is to provide you with, among other things, (a) further details of the Disposal; (b) other information as required by the Listing Rules; and (c) notice of convening the EGM.

SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out below:

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 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.

Sale Shares

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) adjusted unaudited net asset value as at 31 December 2024 (i.e., the net book value of the Target Groups as at 31 December 2024 after deducting the non-controlling interests and waiver of all inter-company current account balances) plus (b) adjusted property value (being the net book value of the properties as at 31 December 2024 or the appraised value of the properties as at 31 March 2025, whichever is higher, less additional costs to be incurred after Completion), details of which are as follows:

(a) The unaudited net asset value of each member of the Target Groups attributable to the Group as at 31 December 2024 was adjusted by taking into account the minority interests, i.e. 20% being held by an independent third party and the waiver of all inter-company current account balances (both credit and debit) between and amongst each member of the Target Groups and the respective affiliates (as more particularly set out in the sub-section headed "Conditions Subsequent" hereinbelow) is as follows:

(i) The unaudited net asset value of Target Group A as at 31 December 2024 was approximately HK$(18,300,000) (a negative net asset value i.e. adjusted net liabilities), being (1) the unaudited consolidated net asset value of Target Group A as at 31 December 2024 of approximately HK$5,916,000 (after deducting the non-controlling interests of approximately HK$3,513,000 from the unaudited total net asset value of approximately HK$9,429,000), less (2) inter-company current account balance due from its affiliates of approximately HK$33,838,000 and plus (3) inter-company current account balance due to its affiliates of approximately HK$9,622,000;

(ii) The unaudited net asset value of Target Group B as at 31 December 2024 was approximately HK$989,000, being (1) the unaudited consolidated net asset value of Target Group B as at 31 December 2024 of approximately HK$(22,200,000) (after deducting the non-controlling interests of approximately HK$(1,790,000) from the unaudited total net asset/(liability) value of approximately HK$(23,990,000)), less (2) inter-company current account balance due from its affiliates of approximately HK$1,407,000 and plus (3) inter-company current account balance due to its affiliates of approximately HK$24,596,000; and

(iii) The unaudited net asset value of Target Group C as at 31 December 2024 was approximately HK$(13,506,000) (a negative net asset value i.e. adjusted net liabilities), being (1) the unaudited consolidated net asset value of Target Group C as at 31 December 2024 of approximately HK$(83,952,000) (after deducting the non-controlling interests of approximately HK$(20,179,000) from the unaudited total net asset/(liability) value of approximately HK$(104,131,000)), less (2) inter-company current account balance due from its affiliates of approximately HK$3,573,000 and plus (3) inter-company current account balance due to its affiliates of approximately HK$74,019,000.

(b) The valuation of the properties under each member of the Target Groups as at 31 March 2025 attributable to the Group appraised by Ravia Global Appraisal Advisory Limited ("**Ravia**"), an independent valuer, after deduction of additional costs to be incurred attributable to the Group in relation to the properties under each member of the Target Groups after Completion is as follows:

(i) The value of the property (being the land (its carrying value is zero as it has been fully depreciated) without taking into account the value of building component as the value of the building component has already been reflected in the net book value of Target Group A) being located at 中國天津市河北區昆緯路116號 (No. 116 Kun Wei Road, Hebei District, Tianjin City, the PRC*), which is being under Target Group A (i.e. property No. 1 set out in the valuation report prepared by Ravia as shown in Appendix II hereto), is approximately HK$4,674,000 being the value of approximately HK$7,478,000 (being the Group's attributable portion i.e. 80% of the appraised value RMB8,810,000 (equivalent to HK$9,348,000)) appraised by Ravia by using Cost Approach — Depreciated Replacement Cost ("**DRC**") method less additional costs to be incurred after Completion;

(ii) The total value of the properties (being (1) the land located at 中國天津市南開區渭水道西頭16號 (No. 16 Wei Shui Road West, Nankai District, Tianjin City, the PRC*) (its carrying value is zero as it has been fully depreciated) without taking into account the building component thereon as the value of the building component has already been reflected in the net book value of Target Group B as at 31 December 2024; and (2) the land located at 中國天津市東麗區程林莊工業區之工業項目 (an industrial development located at Chenglinzhuang Industrial Zone, Dongli District, Tianjin City, the PRC*) (its carrying value is zero as it has been fully depreciated) and the building component thereon as no net book value was recorded as at 31 December 2024 since it has been fully depreciated) which are under Target Group B (i.e. property Nos. 2 and 3 respectively set out in the valuation report prepared by Ravia as shown in Appendix II hereto), is approximately HK$25,970,000 being the value of approximately HK$38,013,000 (being the Group's attributable portion i.e. 80% of the appraised value RMB44,780,000 (equivalent to HK$47,517,000)) appraised by Ravia by using DRC method less additional costs to be incurred after Completion; and

(iii) The total value of the properties (being 3 pieces of lands (their carrying value is zero as they have been fully depreciated) without taking into account the value of building component located on each of the lands as the value of the building component in each of the lands has already been reflected in the net book value of Target Group C) being located at (1) 中國天津市河北區崗緯路18號 (No. 18 Gang Wei Road, Hebei District, Tianjin City, the PRC*); (2) 中國天津市河北區崗緯路19號 (No. 19 Gang Wei Road, Hebei District, Tianjin City, the PRC*); and (3) 中國天津市南開區密雲一支路3號 (No. 3 Mi Yun Yi Zhi Road, Nankai District, Tianjin City, the PRC*), which are being under Target Group C (i.e. property Nos. 4, 5 and 6 respectively set out in the valuation report prepared by Ravia as shown in Appendix II hereto), is approximately HK$13,250,000 being the value of approximately HK$20,620,000 (being the Group's attributable portion i.e. 80% of the appraised value RMB24,290,000 (equivalent to HK$25,775,000)) appraised by Ravia by using DRC method less additional costs to be incurred after Completion. For clarification purpose, a three-storey workshop building being located in property number 4 set out in the valuation report does not have its fair value as the workshop does not have its Real Estate Title Certificate given Target Subsidiary C is not able to provide the necessary information relating to the construction of the workshop that was erected in early 2006, i.e. almost 20 years ago, which is prerequisite for the application for the said title certificate as all such information were missed and could not be reproduced. In the absence of fair value of the workshop, the net book value of the workshop of approximately RMB866,000 has been reflected in the unaudited consolidated net asset value of Target Group C as at 31 December 2024 of approximately HK$(83,952,000) as stated in sub-paragraph (a)(iii) hereinabove and was taken into account in determination of the Consideration.

The Board considers that the Consideration is fair and reasonable as the Consideration is derived from (i) the adjusted unaudited negative net asset value i.e. adjusted net liabilities of the Target Group A and the Target Group C after taking into account of the value of the properties under the Target Group A and the Target Group C respectively; and (ii) the adjusted unaudited net asset value of the Target Group B of approximately HK$989,000 as well as the value of the properties under the Target Group B of approximately HK$25,970,000. Summary of the adjusted unaudited net asset value and adjusted value of the properties under each of the Target Groups is as follows:

	Adjusted unaudited net asset value/ (net liabilities)	**Adjusted property value**	**Allocated consideration**
	Approximately (HK$)	*Approximately (HK$)*	*Approximately (HK$)*
Target Group A	(18,300,000)	4,674,000	1*
Target Group B	989,000	25,970,000	26,959,000
Target Group C	(13,506,000)	13,250,000	1*

* A nominal consideration of HK$1 was agreed upon because of net liabilities after taking into account of the adjusted property value.

Referring to the valuation report prepared by Ravia, the text of which is set out in Appendix II to this circular, DRC method (i) was chosen due to the practical limitations of applying the market and income approaches; and (ii) is widely recognized as the appropriate method for valuing specialized or non-transferable assets. In addition, the Board notes that Ravia has attributed no commercial value to the properties under each member of the Target Groups under their current legal status, which is consistent with market practice and regulatory requirements. However, for reference purpose, and to provide more meaningful information to the Shareholders, Ravia has also provided a market value opinion under the specific hypothetical assumption that the properties under each member of the Target Groups could be freely transferred in the market after fulfilling the necessary legal and administrative conditions. This approach provides a transparent basis for assessing the potential value of the properties should the conditions of conversion of land status and removal of title restrictions be satisfied. In view of the foregoing, the Board concurs that both the market and income approaches are less appropriate for measuring the value of the properties under each member of the Target Groups and that DRC method should be the most appropriate one, and is of the view that the appraised property values of the properties under each member of the Target Groups as set out in Appendix II to this circular, including the hypothetical scenario, are fair and reasonable, given that the properties under each member of the Target Groups are able to be transferred without restriction upon conversion of the land status from allocated to assigned land through proper government applications and full payment of respective required land premiums.

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 Target Company 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 (b) 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 (the Condition (a) hereinabove has been satisfied by the Latest Practicable 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 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.

If any deed of waiver referred to in sub-paragraphs (a) and (b) under this heading is not duly executed by the respective deadline as specified therein, the parties to the Sale and Purchase Agreement agree that all inter-company current account balances (both credit and debit) as more particularly set out in sub-paragraphs (a)(i), (ii) and (iii) under the heading of Basis of the Consideration hereinabove respectively shall be deemed to have been irrevocably waived immediately upon the Completion without having any liability or recourse against all parties concerned in relation thereto or resulting therefrom as if the deed of waiver had been respectively duly executed.

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 leases the building located in the land of which it is the registered owner to its affiliate in return of rental income. 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 leases the building located in each of the lands of which it is the registered owner to its affiliate in return of rental income. 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 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 leases the building located in each of the lands of which it is the registered owner to its affiliate in return of rental income. 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	**2024**
	Approximately *HK$'000* (unaudited)	Approximately *HK$'000* (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	**2024**
	Approximately *HK$'000* (unaudited)	Approximately *HK$'000* (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	**2024**
	Approximately *HK$'000* (unaudited)	Approximately *HK$'000* (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.

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 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 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.

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 each 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$247,600,000 as at 30 April 2025. For illustration purpose only, assuming that the Completion took place on 30 April 2025, the shareholder's loan (including the principal amount and interests) owing to Mr. Ng or his associates would decrease to approximately HK$220,640,000.

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$9,400,000 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 (bearing the annual interest rate equivalent to the Hong Kong dollar prime lending rate charged by The Hong Kong and Shanghai Banking Corporation Limited from time to time) 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 interests 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.

Mr. Ng and Ms. Cheung are considered to have material interests in the Sale and Purchase Agreement and the transactions contemplated thereunder given Mr. Ng is the ultimate beneficial owner of the Purchaser and Ms. Cheung is a common director of the Company, each of the Target Companies and the Purchaser. As such Mr. Ng, Ms. Cheung, Mr. Paul Ng and Ms. Jessica Ng have abstained from voting on the Board resolutions approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

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 Mr. Ng who is 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 Latest Practicable Date, (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.

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 and his associates (namely, Mrs. Ng, Ms. Jessica Ng, Mr. Paul Ng, Fung Shing, Parkfield, Bannock, Earntrade, Crystal Hub, Ronastar and Green Orient) and Ms. Cheung and her associates, holding approximately 69.12% of the total issued share capital of the Company as at the Latest Practicable Date, are required to abstain from voting on the relevant resolution(s) 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.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, there is (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon any Shareholder; and (ii) no obligation or entitlement of any Shareholder as at the Latest Practicable Date, whereby such Shareholder has or may have temporarily or permanently passed control over the exercise of the voting right in respect of his or its Shares to a third party, either generally or on a case-by-case basis.

NOTICE OF THE EGM

The EGM will be convened for the purpose of considering and, if thought fit, passing the necessary resolution(s) to approve, among other matters, the entering into of the Sale and Purchase Agreement and the transactions contemplated thereunder. A notice convening the EGM to be held at 10:00 a.m. (Hong Kong time) on Thursday, 26 June 2025 at 28th Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong, or any adjournment thereof is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the Company's share registrar in Hong Kong, Union Registrars Limited at Suites 3301–04, 33rd Floor, Two Chinachem Exchange's Square, 338 King's Road, North Point, Hong Kong as soon as possible and in any event not less than forty-eight (48) hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed, for the purpose of determining the identity of members who are entitled to attend and vote at the EGM, from Wednesday, 25 June 2025 to Thursday, 26 June 2025, both days inclusive, during which period no transfers of Shares will be effected. In order to be eligible to attend and vote at the EGM, all properly completed and duly stamped transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Union Registrars Limited at Suites 3301–04, 33rd Floor, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, for registration no later than forty-eight (48) hours before the time appointed for the holding of the EGM or any adjournment thereof.

GENERAL

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 and give recommendation to the Independent Shareholders in respect of the Disposal contemplated under the Sale and Purchase Agreement. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in that connection.

RECOMMENDATION

The Board considers the terms of the Sale and Purchase Agreement to be fair and reasonable, and that the entering into of the Sale and Purchase Agreement and the Disposal is in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the resolution in relation to the Disposal and the Sale and Purchase Agreement to be proposed at the EGM.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully
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

The following is the text of the letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the Sale and Purchase Agreement and the transactions as contemplated thereunder:

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)

10 June 2025

To the Independent Shareholders,

Dear Sir/Madam,

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

We refer to the letter from the Board set out in the circular dated 10 June 2025 of the Company (the "**Circular**") of which this letter forms part. All capitalized terms used in this letter shall have the same meanings ascribed in the Circular unless otherwise specified in the context herein.

Under the Listing Rules, the Disposal contemplated under the Sale and Purchase Agreement constitutes a major and connected transaction for the Company, therefore, the transactions contemplated under the Sale and Purchase Agreement are subject to the approval of the Independent Shareholders.

We have been appointed by the Board as members of the Independent Board Committee to, among others, advise the Independent Shareholders in respect of the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder.

We hereby draw your attention to (i) the letter of advice from WRise Capital Limited, being the Independent Financial Adviser, appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder, which has been set out on pages 24 to 42 of the Circular; (ii) the "Letter from the Board" which has been set out on pages 7 to 21 of the Circular; and (iii) the additional information set out in the appendices to the Circular.

Having taken into account of, among others, the advice from WRise Capital Limited and the terms of the Sale and Purchase Agreement, we consider that (i) the Disposal is in the interests of the Company and the Shareholders as a whole notwithstanding the Disposal is not in the ordinary and usual course of business of the Group; and (ii) the terms of the Sale and Purchase Agreement are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

Yours faithfully,
Independent Board Committee

Mr. Kam Yiu Shing Tony **Ms. Pong Scarlett Oi Lan, BBS, J.P.** **Mr. Wong Chun Tat, J.P.**

Independent Non-executive Directors

The following is the text of the letter of advice from the Independent Financial Adviser setting out its advice to the Independent Board Committee and the Independent Shareholders in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder.

WRISE CAPITAL

10 June 2025

To the Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

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

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular of the Company to the Shareholders dated 10 June 2025 (the "**Circular**"), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

On 6 May 2025, the Vendors (indirect wholly-owned subsidiaries of the Company) entered into the Sale and Purchase Agreement with the Purchaser (an associate of Mr. Ng who is a connected person of the Company), 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 and subject to the terms and conditions of the Sale and Purchase Agreement.

The transactions contemplated under the Sale and Purchase Agreement (when aggregated with the Berth and Debenture SPA) constitutes a major and connected transaction for the Company and is therefore subject to reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14 and 14A of the Listing Rules.

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 formed to consider the terms of the Disposal. We, WRise Capital Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

OUR INDEPENDENCE

Apart from this engagement, we previously acted as the independent financial adviser to advise the independent board committee of the Company and the independent shareholders in respect of the Berth and Debenture SPA and the transactions contemplated thereunder, details of which are set out in the Company's circular dated 14 November 2024. Apart from normal professional fees paid or payable to us in connection with such appointments as the independent financial adviser, no arrangements exist whereby we had received any fees or benefits from the Group. As at the Latest Practicable Date, we did not have any relationships or interests with the Group that could reasonably be regarded as hindrance to our independence. Accordingly, we are considered to be eligible to give independent advice in respect of the Disposal.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Directors and the management of the Group; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all material respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the date hereof and all such statements of belief, opinions and intentions of the Directors and the management of the Group and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of such information and representations provided to us by the Directors and the management of the Group. The Directors have confirmed that no material facts have been withheld or omitted from the information provided, opinion expressed, representations made to us or referred to in the Circular and that all information provided, opinion expressed or representations made, to us by the Directors and the management of the Group are true, accurate, complete and not misleading in all material respects at the time they were made and continued to be so until the date of the Circular. Shareholders will be informed by the Company and us as soon as possible if there is any material change to the information disclosed in the Circular up to the date of the EGM.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of any member of the Group or any of their respective subsidiaries and associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendations to the Independent Board Committee and the Independent Shareholders, we have taken into consideration the following principal factors and reasons. Our conclusions are based on the results of all analyses taken as a whole.

1. Information of the Group

The Group is principally engaged in trading and manufacturing, property investment and development, agriculture as well as forestry businesses.

Set out below is a summary of the consolidated financial information of the Group for the two years ended 31 December 2024 as extracted from the Company's annual report for the year ended 31 December 2024 (the "**2024 AR**").

	For the year ended 31 December 2023 Approximately *HK$'000* *(audited)*	**For the year ended 31 December 2024** Approximately *HK$'000* *(audited)*
Revenue	2,887,385	3,231,529
—Trading and manufacturing	2,644,312	3,007,310
—Property investment and development	240,851	223,328
—Agriculture and forestry	2,222	891
Gross profit	479,357	475,843
Profit/(loss) for the year	(42,439)	12,177

The revenue of the Group of approximately HK$3,232 million for the year ended 31 December 2024 ("**FY2024**") increased by approximately HK$344 million or 12% when compared to that of the previous year ("**FY2023**"). The trading and manufacturing segment, in particular revenue from the OEM toys production segment increased by approximately HK$275 million or 11% compared to that of FY2023, as key U.S. customers increase their orders which were driven by the rebound in consumer demand for toy products. The Group recorded profit after tax of approximately HK$12 million for FY2024 as compared to the loss after tax of HK$42 million in FY2023. Such a turnaround in financial results was attributed to (i) improvement in operating result of trading and manufacturing business driven by the rebound of consumer demand for toy products; (ii) lower finance cost due to the drop in the average interest rates; and (iii) higher gain recognised from disposal of subsidiaries incurred in FY2024 as compared to those incurred in FY2023.

Set out below is a summary of the consolidated statement of financial position of the Group as at 31 December 2023 and 31 December 2024 as extracted from the 2024 AR.

	As at 31 December 2023 Approximately *HK$'000* *(audited)*	**As at 31 December 2024** Approximately *HK$'000* *(audited)*
Total assets	13,255,285	12,965,968
Total liabilities	6,965,470	6,848,506
Net assets	6,289,815	6,117,462

The total assets of the Group were approximately HK$13,255.3 million and HK$12,966.0 million as at 31 December 2023 and 31 December 2024 respectively. The total assets remained steady with the major assets of the Group comprised of investment properties of approximately HK$9,427.9 million and HK$9,192.8 million as at 31 December 2023 and 31 December 2024 respectively, in relation to the Group's property investment portfolio in Nanjing, Shenyang and Tianjin in Mainland China and in Hong Kong. Other current assets of the Group mainly comprised inventories and prepayments, deposits and other receivables which remained relatively stable as at 31 December 2023 and 31 December 2024.

The total liabilities of the Group were approximately HK$6,965.5 million and HK$6,848.5 million respectively as at 31 December 2023 and 31 December 2024 with the major liabilities of the Group comprised total interest-bearing bank borrowings which amounted to approximately HK$3,773.2 million and HK$3,671.4 million as at 31 December 2023 and 31 December 2024 respectively. The total liabilities of the Group remained stable as at 31 December 2023 and as at 31 December 2024 while the gearing ratio of the Group as at 31 December 2023 and 31 December 2024 remained stable at approximately 26.8% and 26.1% respectively.

2. Information of the Target Groups

Target Company A is an investment holding company and an indirect wholly-owned subsidiary of the Company. Target Subsidiary A 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 leases the building located in the land of which it is the registered owner to its affiliate in return of rental income. 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 and an indirect wholly-owned subsidiary of the Company. Target Subsidiary B 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 leases the building located in each of the lands of which it is the registered owner to its affiliate in return of rental income. 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 and an indirect wholly-owned subsidiary of the Company. Target Subsidiary C 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 leases the building located in each of the lands of which it is the registered owner to its affiliate in return of rental income. The remaining 20% of the paid-up capital of Target Subsidiary C is being owned by an independent third party.

Details of the Properties held by the Target Groups are set out in the paragraph "*(ii) Appraised value of the Properties*" below and the valuation report (the "**Valuation Report**") prepared by Ravia Global Appraisal Advisory Limited, an independent valuer (the "**Valuer**") as set out in Appendix II to the Circular.

With reference to the Letter from the Board, set out below is the summary of the unaudited financial information of each of the Target Groups for the two years ended 31 December 2024:

	For the year ended 31 December 2023 Approximately *HK$'000* *(unaudited)*	**For the year ended 31 December 2024** Approximately *HK$'000* *(unaudited)*
Target Group A		
Profit/(loss) before taxation and extraordinary items	1,274	951
Profit/(loss) after taxation and extraordinary items	1,192	860
Target Group B		
Profit/(loss) before taxation and extraordinary items	(464)	(628)
Profit/(loss) after taxation and extraordinary items	(464)	(628)
Target Group C		
Profit/(loss) before taxation and extraordinary items	(1,980)	(761)
Profit/(loss) after taxation and extraordinary items	(1,980)	(761)

As advised by the Company, the Target Group A recorded revenue of approximately HK$10.9 million for year ended 31 December 2024. 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. Besides, the Target Group A recorded rental income of approximately HK$1.2 million for the year ended 31 December 2024. The Target Group B and the Target Group C have ceased their main businesses and did not record revenue for the year ended 31 December 2024, and recorded rental income of approximately HK$0.7 million and HK$1.0 million for the year ended 31 December 2024 respectively. Based on our discussion with the Company, the Target Subsidiaries being the registered owners of the Properties have entered into long term lease agreements at a tenure of 20 years with an indirect wholly-owned subsidiary of the Company for operational and subletting purposes at below market rental rates. The aggregated rental income of the Target Groups for the year ended 31 December 2024 of approximately HK$2.9 million represented approximately 1.3% of the Group's revenue from property investment and development segment for the year ended 31 December 2024 of approximately HK$223.3 million, and was insignificant to the Group. Nevertheless, the Target Groups recorded minimal profits or losses for the two years ended 31 December 2024.

The unaudited total net asset value/(net liabilities) of the Target Group A, the 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.

3. 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.

With reference to the Letter from the Board, 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 the Target Group B and the 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 the 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, the PRC 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.

As analysed in the paragraph headed "Information on the Group" above, the Group recorded turnaround profit after tax of approximately HK$12.2 million for FY2024 mainly due to improvement in operating result of trading and manufacturing business driven by the rebound of consumer demand for toy products, lower finance cost and higher gain recognised from disposal of subsidiaries incurred in FY2024. Having said that, with reference to the 2024 AR, the Group expected that the global economy is projected to face sustained uncertainty in 2025, exacerbated by geopolitical tensions such as the strained USA-China relationship, ongoing Russia-Ukraine conflict, and the additional tariff on all Chinese exports to the USA which could amplify cost pressure and disruption.

In addition, the interest payable under the shareholder's loan owing to Mr. Ng or his associates is 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, we are given to understand that the holding of the Target Companies is not essential for the Group's long-term development. 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.

As advised by the Company, as at 30 April 2025, the amount of shareholder's loan (including the principal amount and accrued interests thereon) owing to Mr. Ng or his associates by the Group was approximately HK$247.6 million. The shareholder's loan is unsecured, interest bearing at Hong Kong dollar prime lending rate per annum charged by HSBC and repayable on demand. For illustration purposes only, assuming that Completion took place on 30 April 2025, the shareholder's loan (including the principal amount and accrued interests thereon) owing to Mr. Ng or his associates would decrease to approximately HK$220.6 million.

Having considered that (i) the Target Subsidiaries have ceased their main businesses and are not expected to contribute meaningfully to the Group's operational or strategic goals, (ii) the net proceeds from the Disposal will be used to set-off against the shareholder's loan owing to Mr. Ng and his associates, which in turn will reduce the financial burden of the Group, we are of the view that the Disposal is in line with the overall strategy of the Group. The Disposal allows the Group to better reallocate its financial resources to focus on its core businesses and is in the interests of the Company and the Shareholders as a whole.

4. Principal terms of the Sale and Purchase Agreement

Details of the principal terms and conditions of the Sale and Purchase Agreement are set out in the Letter of the Board.

Assessment of the Consideration

Pursuant to the Sale and Purchase Agreement, the Consideration for the Sale Shares is HK$26,960,296, being a sum up of 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. The Consideration 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. Set out below is the adjusted unaudited net asset value/(net liabilities) and adjusted value of the Properties under each of the Target Groups.

	Unaudited net asset value/(net liabilities) as at 31 December 2024	**Adjusted unaudited net asset value/(net liabilities)**	**Adjusted property value**	**Allocated consideration**
	Approximately *(HK$)*	Approximately *(HK$)*	Approximately *(HK$)*	Approximately *(HK$)*
Target Group A	9,429,000	(18,300,000)	4,674,000	1*
Target Group B	(23,990,000)	989,000	25,970,000	26,959,000**
Target Group C	(104,131,000)	(13,506,000)	13,250,000	1*

* A nominal consideration of HK$1 was agreed upon because of the adjusted net liabilities of the relevant Target Groups.

** Rounding figures.

In assessing the Consideration, we have considered the following:

(i) Adjustments to the net assets value of each of the Target Groups

With reference to the Letter from the Board, 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 non-controlling interests and the waiver of all inter-company current account balances and (b) the valuation of the Properties held by each of the Target Groups to calculate the adjusted net asset value of each of the Target Groups ("**Adjusted NAV**"), as follow:

(a) The adjustment to the 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 minority interests, i.e. 20% being held by the independent third party and the waiver of all inter-company current account balances (both credit and debit) between and amongst each member of the Target

Groups and the respective affiliates (as more particularly set out in the sub-section headed "Conditions Subsequent" in the Letter from the Board):

(i) The adjustment to the unaudited net asset value of the Target Group A: being (1) the unaudited consolidated net asset value of the Target Group A as at 31 December 2024 of approximately HK$5,916,000 (after deducting the non-controlling interests of approximately HK$3,513,000 from the unaudited total net asset value of approximately HK$9,429,000), less (2) inter-company current account balance due from its affiliates of approximately HK$33,838,000 and plus (3) inter-company current account balance due to its affiliates of approximately HK$9,622,000;

(ii) The adjustment to the unaudited net asset value of the Target Group B: being (1) the unaudited consolidated net asset value/(net liabilities) of the Target Group B as at 31 December 2024 of approximately HK$(22,200,000) (after deducting the non-controlling interests of approximately HK$(1,790,000) from the unaudited total net asset value/(net liabilities) of approximately HK$(23,990,000)), less (2) inter-company current account balance due from its affiliates of approximately HK$1,407,000 and plus (3) inter-company current account balance due to its affiliates of approximately HK$24,596,000; and

(iii) The adjustment to the unaudited net asset value of the Target Group C: being (1) the unaudited consolidated net asset value/(net liabilities) of the Target Group C as at 31 December 2024 of approximately HK$(83,952,000) (after deducting the non-controlling interests of approximately HK$(20,179,000) from the unaudited total net asset value/(net liabilities) of approximately HK$(104,131,000)), less (2) inter-company current account balance due from its affiliates of approximately HK$3,573,000 and plus (3) inter-company current account balance due to its affiliates of approximately HK$74,019,000.

For our due diligence purpose, we have enquired the Company on the nature and latest amount of the inter-company current account balances. As advised by the Company, the inter-company current account balances were mainly related to, where applicable, staff and maintenance costs for the buildings after closure of the manufacturing businesses, staff redundancy payments and rental receivables. All the inter-company current account balances were unsecured, non-interest bearing and with no fixed terms of repayment. We note that the inter-company current account balances as at 31 March 2025 do not have significant difference from those as at 31 December 2024. The differences were mainly due to the cash receipts and payments made on behalf of fellow subsidiaries during the period from 1 January to 31 March 2025.

Having considered the aforesaid, the carrying amount of the inter-company current account balances due to affiliates and due from affiliates should be considered approximately their fair values.

(b) The valuation of the Properties under each member of the Target Groups as at 31 March 2025 attributable to the Group appraised by the Valuer, after deduction of additional costs to be incurred attributable to the Group in relation to the Properties under each member of the Target Groups after Completion is as follows:

(i) The value of the Property 1 (as defined below) (being the land without taking into account the value of building component thereon as the value of the building component has already been reflected in the net book value of the Target Group A) is approximately HK$4,674,000 being the value of approximately HK$7,478,000 (being the Group's attributable portion i.e. 80% of the appraised value RMB8,810,000 (equivalent to HK$9,348,000)) appraised by the Valuer less additional costs (i.e. the relevant land premium) to be incurred after Completion;

(ii) The total value of the Property 2 (being the land without taking into account the building component thereon as the value of the building component has already been reflected in the net book value of the Target Group B); and Property 3 (being the land and the building component thereon as no net book value was recorded as at 31 December 2024 since it has been fully depreciated in the net book value of Target Group B) is approximately HK$25,970,000 being the value of approximately HK$38,013,000 (being the Group's attributable portion i.e. 80% of the appraised value RMB44,780,000 (equivalent to HK$47,517,000)) appraised by the Valuer less additional costs (i.e. the relevant land premium) to be incurred after Completion; and

(iii) The total value of the Properties 4, 5 and 6 (being 3 pieces of lands without taking into account the value of building component of each of the Properties 4, 5 and 6 as the value of the building component has already been reflected in the net book value of the Target Group C) is approximately HK$13,250,000 being the value of approximately HK$20,620,000 (being the Group's attributable portion i.e. 80% of the appraised value RMB24,290,000 (equivalent to HK$25,775,000)) appraised by the Valuer less additional costs (i.e. the relevant land premium) to be incurred after Completion.

We note that, in determining the Consideration, the Company has considered the book value of each of the Properties recorded in the unaudited net book value (i.e. the book value of the building portion of the Properties, while carrying value of the lands are zero as they have been fully depreciated) and the appraised value by the Valuer (i.e. the appraised value of building portion and land portion of the Properties), whichever is higher.

For our due diligence purpose, we have reviewed the unaudited book value of the building portion of each of the Properties as at 31 December 2024 and compared with the appraised value of the building portion of the Properties as at 31 March 2025. We note that the book value of the building portion of each of the Properties (except Property 3) were either slightly higher than or equal to the appraised value of the building portion of the Properties. Therefore, the Company has adopted the book value of the building portion of the relevant Properties (except Property 3) which have been reflected in the unaudited net book value of the Target Groups as at 31 December 2024. For the Property 3, due to the buildings have been fully depreciated, no net book value was recorded as at 31 December 2024. Hence, the Company has adopted the appraised value of the building portion of the Property 3. Therefore, we consider that it is fair and reasonable to exclude the appraised value of the building portion of the Properties (except Property 3 where its appraised value of the building portion has been included in the Consideration) as stated in the Valuation Report.

As shown from the paragraph (a) above, taking in accounts the minority interests and the waiver of all inter-company current account balances between and amongst each member of the Target Groups and the respective affiliates, the adjusted unaudited net asset value/(net liabilities) of the Target Group A, the Target Group B and the Target Group C attributable to the Group would be approximately HK$(18,300,000), HK$989,000 and HK$(13,506,000) respectively.

As shown from the paragraph (b) above, taking into account the appraised value of the Properties and the relevant land premium to be incurred, the adjusted unaudited net asset value/(net liabilities) of the Target Group A, the Target Group B and the Target Group C attributable to the Group would be approximately HK$(13,626,000), HK$26,960,000 and HK$(256,000) respectively.

(ii) Appraised value of the Properties

Set out below is a summary of the Properties held by the Target Groups, with reference to the Valuation Report:

Owners	Properties	Total gross floor area *(sq. m.)*	Current status	Appraised value as at 31 March 2025 Approximately
Target Subsidiary A	An industrial development located at No. 116 Kun Wei Road, Hebei District, Tianjin City, the PRC (中國天津市河北區昆緯路116號之工業項目) ("**Property 1**")	8,869.44	The property was subject to a tenancy to an indirect wholly-owned subsidiary of the Company for operational and sublet purposes with the expiry date on 31 December 2034 at a monthly rental of about RMB161,859 inclusive of tax and exclusive of relevant utility charges.	RMB9,360,000 Land component: RMB8,810,000* Building component: RMB550,000
Target Subsidiary B	An industrial development located at No. 16 Wei Shui Road West, Nankai District, Tianjin City, the PRC (中國天津市南開區渭水道西頭16號之工業項目) ("**Property 2**")	6,556.87	The property was subject to a tenancy to an indirect wholly-owned subsidiary of the Company for operational and sublet purposes with the expiry date on 31 December 2034 at a monthly rental of about RMB119,647 inclusive of tax and exclusive of relevant utility charges.	RMB7,370,000 Land component: RMB7,070,000* Building component: RMB300,000
Target Subsidiary B	An industrial development located at Chenglinzhuang Industrial Zone, Dongli District, Tianjin City (天津市東麗區程林莊工業區之工業項目) ("**Property 3**")	14,862.07	The property was vacant/idled as at the date of the valuation.	RMB37,710,000 Land component: RMB28,320,000* Building component: RMB9,390,000*

Owners	Properties	Total gross floor area (*sq. m.*)	Current status	Appraised value as at 31 March 2025 Approximately
Target Subsidiary C	An industrial development located at No. 18 Gang Wei Road, Hebei District, Tianjin City, the PRC (中國天津市河北區崗緯路18號之工業項目) ("**Property 4**")	19,182.20	The property was subject to a tenancy to an indirect wholly-owned subsidiary of the Company for self-use and sublet purposes with the expiry date on 5 March 2035 at a monthly rental of about RMB303,417 inclusive of tax and exclusive of relevant utility charges.	RMB17,410,000 Land component: RMB15,970,000* Building component: RMB1,440,000
Target Subsidiary C	An industrial development located at No. 19 Gang Wei Road, Hebei District, Tianjin City, the PRC (中國天津市河北區崗緯路19號之工業項目) ("**Property 5**")	3,128.90	The property was subject to a tenancy to an indirect wholly-owned subsidiary of the Company for self-use and sublet purposes with the expiry date on 5 March 2035 at a monthly rental of about RMB49,500 inclusive of tax and exclusive of relevant utility charges.	RMB1,970,000 Land component: RMB1,920,000* Building component: RMB50,000
Target Subsidiary C	An industrial development located at No. 3 Mi Yun Yi Zhi Road, Nankai District, Tianjin City, the PRC (中國天津市南開區密雲一支路3號之工業項目) ("**Property 6**")	3,178.26	The property was subject to a tenancy to an indirect wholly-owned subsidiary of the Company for self-use and sublet purposes with the expiry date on 5 March 2035 at a monthly rental of about RMB50,250 inclusive of tax and exclusive of relevant utility charges.	RMB6,440,000 Land component: RMB6,400,000* Building component: RMB40,000

* *The relevant land component (for Properties 1 to 6) and building component (for Property 3) of the appraised value of the Properties which have been adopted to the Consideration.*

We have reviewed the Valuation Report and have discussed with the Valuer regarding the methodology of and the principal basis and assumptions adopted for the valuation of the Properties.

We understand that the common valuation approaches are market approach, income approach and cost approach. In the course of evaluation, the Valuer has considered the market approach and income approach, but deemed less appropriate for the Properties. The market approach is limited by the scarcity of comparable evidence, particularly given the short remaining lease terms of the properties (more than half of the original lease terms have already expired) which reduces marketability and comparability. As noted from the Valuation Report, the land use rights of the Properties were allocated for industrial use for a term expiring in about 2046 (i.e. more than half of the terms have expired). The Valuer explained that short remaining land use rights lease terms is one of the key consideration that reduce the marketability and comparability of the Properties when looking for comparable evidence, as properties come with short remaining land use rights lease terms are generally less favourable in the market, while relevant information on the land use right lease terms of the comparable properties is not publicly transparent or readily available, making it highly difficult to identify suitable comparables within the selection criteria. As a result, listing comparable evidence is considered unreliable. Furthermore, the specialized nature of the industrial workshops, characterized by mixed building materials and older layouts, limits the availability of suitable comparables under both market approach and income approaches, as their unique features reduce the relevance of typical market sale and rental evidence, compounded by the lack of transparent property information publicly available. Similarly, the Valuer has advised that due to the lack of publicly available information on transaction data, it is impracticable to ascertain details of the sale transactions of other industrial buildings such as the remaining lease term, building structures and layouts etc.

On the other hand, based on our discussion with the Valuer, the income approach is not reliable because the existing lease agreements of the Properties are long-term arrangements entered into by the Target Subsidiaries with a wholly-owned subsidiary of the Company at below market rental rates, as advised by the Group, thus not reflecting true market income potential. As analysed in the paragraph headed "Information of the Target Group" above, the Target Subsidiaries as the registered owners of the Properties have entered into long term lease agreements at a tenure of 20 years with a wholly-owned subsidiary of the Company for operational and sub-letting purposes at below market rental rates, as advised by the Company. We note that, despite the Target Groups recorded rental income, such rental income was below market rate and was relatively insignificant to the Group and the Target Groups recorded either minimal profit or losses. Therefore, we consider that the rental income shall not be the sole factor when considering the value of the Properties.

Given the above, the Valuer has valued the Properties by Cost Approach — Depreciated Replacement Cost ("**DRC**") method which requires a valuation of the market value for the existing use of the land, and an estimate of new replacement cost of the existing buildings and structures, from which deductions are made to allow for the physical deterioration and all relevant forms of obsolescence and optimization. In practice, DRC method is used as a substitute for the market value of specialized property, due to the lack of market comparables available. The appraised market value by DRC method only apply to the whole of the properties as a unique interest, and no piecemeal transaction of the properties is assumed. The Valuer has confirmed that the DRC method is a widely accepted and suitable method for assessing the value of the Properties and is in line with the market practice, particularly for properties with similar nature located in the PRC. As our work done, we also reviewed the circulars by other listed companies in Hong Kong and note that DRC method is one of the widely used method adopted in valuation of properties in the PRC. Considering the market approach and income approach are less appropriate due to the limitations discussed above and the DRC method is a widely accepted method for valuing the Properties and is in line with the market practice, we are of the view that it is reasonable to adopt the DRC method in valuing the Properties.

We are advised by the Valuer that the land values were derived from comparable land sale evidence within the relevant localities sourced from public platforms with adjustment factors. For our diligence purpose, we have reviewed the selected comparable sale transactions of land (details of which are set out in the Valuation Report in Appendix II) and discussed with the Valuer on the selection criteria and the adjustments made. The selected transactions involved industrial land parcel similar in character and location to the Properties. Key adjustment factors include site area, location, size, availability of ancillary facilities, land use rights term and hangover conditions. In respect of the building portion of the value of the Properties derived as part of the DRC method, the building values were assessed using market-aligned construction costs adjusted for specific conditions, i.e. by estimating the current cost to replace the existing buildings and structures with modern equivalents that provide similar utility. Based on our discussion with the Valuer, factors considered include specific characteristics of the structures and quality, interest costs associated with the replacement process, depreciation and age of the buildings. The market value conclusion represents the sum of the land and building values under DRC method.

As mentioned in the Valuation Report, pursuant to the legal opinion provided by the Group's PRC legal adviser, Zhonglun W&D (Tianjin) Law Firm ("**PRC Legal Adviser**"), the land use rights of the Properties were allocated to the relevant Target Subsidiaries, rather than granted. While allocated land is provided by the government for specific purposes, any transfer of the Properties may require approval from relevant government authorities and payment of a land premium as determined by those authorities. Therefore, the Valuer attributed no commercial value to the Properties, but provided appraised market value for reference purposes, assuming that the Properties as described in the relevant real estate title certificates can be freely transferred in the market without other restriction (including having an unsealed title, free from mortgage and any third party's encumbrance) upon fulfillment of the conditions set out in the PRC legal opinion (i.e. successful conversion of the land status from allocated to assigned land through proper government applications and full payment of the required land premium). For our due diligence purpose, we have reviewed the opinion given by the PRC Legal Adviser as well as the calculation on the estimated land premium cost to be incurred in accordance with the relevant PRC guidelines, and we note that such cost has been included in the Consideration.

We also note that, for the Property 4, as advised by the Group, a three-storey workshop building (the "**Workshop**") with a total GFA of approximately 2,700 sq. m., constructed on the land parcel in addition to the GFA reported for that Property, was completed and ready for use in early 2006. However, the Workshop does not have its real estate title certificate. The Valuer has, therefore, excluded the Workshop in the scope of the valuation. For our due diligence purpose, we enquired the Company and understood that the Workshop was a reconstructed building and the original site was the auditorium of the Target Subsidiary C. The Target Subsidiary C is not able to provide the necessary information relating to the construction of the Workshop that was erected in early 2006, i.e. almost 20 years ago, which is a prerequisite for the application for the said title certificate as all such information were missed and could not be reproduced. We have reviewed the opinion given by the PRC Legal Adviser in respect of the Property 4, and note that the registration of the aforementioned reconstructed building requires the submission of relevant construction project documentation, records of the demolition of the original building, and related surveying/investigation results. The Target Subsidiary C is not able to provide all the required documents, and it is difficult to supplement the missing materials. Therefore, the PRC Legal Adviser is of the opinion that the obtaining of the real estate title certificate is difficult. Further, the registration authority conducts strict review process that is time-consuming, and the likelihood of obtaining the title certificate is low. As further advised by the Company, the net book value of the Workshop was approximately RMB866,000 as at 31 December 2024. Having considered that (i) the net book value of the Workshop has been reflected in the unaudited net asset value of the Target Group C as at 31 December 2024, (ii) the likelihood of obtaining the real estate title certificates is low as advised by the PRC Legal Adviser, and (iii) no fair value of the Workshop could be provided by the Valuer due to unavailability of real estate title certificates and hence the Workshop has been excluded in the scope of the valuation, we are of the view that the value of the Workshop has been appropriately considered by the Board in determining the Consideration.

The Valuer has confirmed that such valuation methodologies are in compliance with all the requirements contained in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited, and we are satisfied with the approach and methodology adopted in the Valuation Report.

In compliance with the requirements of Rule 13.80 of the Listing Rules, for our due diligence purpose, we have interviewed the Valuer and reviewed and enquired into the qualification and experience of the Valuer. We noted that the Valuer possesses sufficient qualifications and experience in valuing assets similar to that of the Properties for listed companies in the PRC over the years. Meanwhile, we have reviewed the scope of services provided under the engagement of the Valuer and we noted that the scope of work is appropriate to the opinion given and, as confirmed by the Valuer during our enquiry, there were no limitations on the scope of work which might adversely impact the degree of assurance given by the Valuer. We have also made inquiry on any current or prior relationship between the Valuer and the Group, Mr. Ng and any of their respective subsidiaries or their respective associates which the Valuer has confirmed their independence. The Valuer also confirmed to us that apart from normal professional fees payable to them in connection with their engagement for the valuations, no arrangements exist whereby they will receive any fee or benefit from the Group and its connected persons including the Purchasers. Therefore, we are of the view that the Valuer has sufficient expertise, the scope of work is appropriate for the relevant engagement and the Valuer is independent to perform the valuation for the Properties.

Conclusion

Based on the above, in particular, (i) each of the Target Groups have ceased their respective principal businesses and operation, save for holding the Properties. Hence, the Consideration has been determined based on the adjusted assets and liabilities of each of the Target Groups; (ii) the Adjusted NAV of each of the Target Groups, which is derived after reflecting the minority interests and the waiver of all inter-company current account balances between and amongst each member of the Target Groups and the respective affiliates; and the appraised value of the Properties. As analysed above, these adjustments are fairly and reasonably made because it could appropriately reflect (a) the assets and liabilities position of each of the Target Groups after taking out the financial assistance from the Group; and (b) the fair value of the principal assets i.e. the Properties in the balance sheet of each of the Target Groups; (iii) our review on the valuation of the Properties, where we did not identify any major factor which caused us to doubt the fairness and reasonableness of the methodology, principal bases and assumptions adopted for the valuation of the Properties; and (iv) the Consideration represents approximately the same value to the Adjusted NAV, we consider the basis for determining the Consideration is fairly made and the Consideration is fair and reasonable so far as the Independent Shareholders are concerned.

5. Financial impact of the Disposal and intended application of proceeds

With reference to the Letter of the Board, 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 each of the Target Groups will no longer be consolidated into the consolidated financial statements of the Group.

Earnings

Upon Completion, the Group shall not have any interest in the Target Groups, the financial performance and position of the Target Groups will cease to be consolidated into the consolidated financial statements of the Group. The Target Groups recorded overall losses for the year ended 31 December 2024. Upon Completion, the Group will cease to bear the losses of the Target Groups.

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.

Assets and liabilities

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.

Cashflow

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$247,600,000 as at 30 April 2025. For illustration purpose only, assuming that the Completion took place on 30 April 2025, the shareholder's loan (including the principal amount and accrued interests) owing to Mr. Ng or his associates would decrease to approximately HK$220,640,000.

It should be noted that the aforementioned analyses are for illustrative purposes only and does not purport to represent how the financial position of the Group will be upon Completion.

OPINION AND RECOMMENDATION

Having considered the above, in particular, (i) the Disposal is in line with the Group's overall strategy to maximization of its return by allocating resources to the core operations, (ii) the Consideration is fair and reasonable, and (iii) there would be overall positive financial impact on the Group as a result from the Disposal, hence, we are of the view that although the Disposal is not conducted in the ordinary and usual course of business of the Group, the Disposal is on normal commercial terms, and the terms of the Sale and Purchase Agreement and the Disposal are fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Sale and Purchase Agreement and the Disposal, and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

Yours faithfully,
For and on behalf of
WRISE CAPITAL LIMITED
Fanny Lee
Executive Director

Ms. Fanny Lee is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of WRise Capital Limited to carry out type 6 (advising on corporate finance) regulated activity under the SFO and has over 25 years of experience in corporate finance industry.

FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Company for the three years ended 31 December 2022, 2023 and 2024 together with the relevant notes thereto are disclosed in the following documents which have been published on both the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.scholding.com). Please refer to the hyperlinks as stated below:

- pages 81 to 199 of the annual report of the Company for the year ended 31 December 2022 published on 24 April 2023 (https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0424/2023042400886.pdf)
- pages 81 to 195 of the annual report of the Company for the year ended 31 December 2023 published on 23 April 2024 (https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0423/2024042300565.pdf)
- pages 85 to 199 of the annual report of the Company for the year ended 31 December 2024 published on 15 April 2025 (https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0415/2025041500450.pdf)

STATEMENT OF INDEBTEDNESS

As at the close of business on 30 April 2025, the Group had the following indebtedness:

Indebtedness

		HK$'000
Bank and other borrowings		
Secured bank loans	*(i) & (ii)*	3,088,775
Unsecured bank loans	*(iii)*	234,590
Amount due to related parties	*(iv)*	572,580
Amount due to non-controlling shareholders of subsidiaries of the Company	*(v)*	10,366
Lease liabilities	*(vi)*	305,002
Total		4,211,313

(i) As at 30 April 2025, the Group's secured bank loans comprised of:

(a) secured bank loans of approximately HK$2,558,378,000 which were secured by the Group's investment properties situated in Hong Kong and Mainland China;

(b) secured bank loans of approximately HK$282,978,000 which were secured by the Group's ownership interests in leasehold land and buildings;

(c) secured bank loans of approximately HK$152,178,000 which were secured by the Group's completed properties for sale; and

(d) secured bank loans of approximately HK$95,241,000 secured by the Group's bank deposits.

(ii) As at 30 April 2025, the Group's secured bank loans comprised of approximately HK$2,982,071,000 which were guaranteed and approximately HK$106,704,000 which were unguaranteed.

(iii) As at 30 April 2025, the Group's unsecured bank loans of approximately HK$234,590,000 were guaranteed.

(iv) Amount due to related parties

The amounts due to related parties amounted to approximately HK$572,580,000 were unsecured and unguaranteed.

(v) Amount due to non-controlling shareholders of subsidiaries of the Company

The amounts due to non-controlling shareholders of subsidiaries of the Company amounted to approximately HK$10,366,000 were unsecured and unguaranteed.

(vi) Lease liabilities

As at the close of business on 30 April 2025, the total unaudited lease liabilities of the Group amounted to approximately HK$305,002,000. Certain lease liabilities of approximately HK$209,683,000 were secured by rental deposits and unguaranteed, and the lease liabilities of approximately HK$95,319,000 were unsecured and unguaranteed.

Contingent liabilities

A subsidiary of the Company in the PRC provided guarantees to certain financial institutions in an aggregate amount of approximately HK$187,176,000 on behalf of independent purchasers of the Group's properties held for sale in the PRC in relation to which the related premises ownership certificates had not been issued as at 30 April 2025. The said guarantees would be released upon the issuance of the premises ownership certificate to those buyers.

Save as aforesaid or otherwise disclosed herein and apart from intra-group liabilities, normal trade and other payables and contract liabilities, at the close of business on 30 April 2025, the Group did not have (a) any debt securities issued and outstanding, and authorized or otherwise created but unissued ; (b) any term loans; (c) any borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptances credits or hire purchase commitments; (d) any debentures, mortgages or charges; or (e) any guarantee or other material contingent liabilities.

For the purpose of this statement of indebtedness, foreign currency amounts have been translated into Hong Kong dollars at the approximate exchange rates prevailing as at 30 April 2025.

SUFFICIENCY OF WORKING CAPITAL

The Directors are of the opinion that, taking into account of the internal resources and banking and other facilities available to the Group, the Group will have sufficient working capital for at least twelve (12) months from the date of this circular.

MATERIAL ADVERSE CHANGES

Up to the Latest Practicable Date, the Directors are not aware of any material adverse changes in the financial or trading position or prospects of the Group since 31 December 2024, being the date to which the latest audited consolidated financial statements of the Group were made up.

TRADING AND FINANCIAL PROSPECTS

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

In 2025, economic factors as high interest rates, inflationary pressure and tightening of monetary policies, coupled with the ongoing geopolitical tensions such as Russia-Ukraine war and Israeli-Hamas conflict would cast volatility in trade, supply chains, monetary and energy markets. Additionally, the US tariff policy would inevitably exacerbate the economic environment across the globe. Amid such challenges, the Group will adhere to its cautious approach and remain agile in adapting to the changes in economic and monetary environment and taking actions proactively to seize business opportunities.

Trading and manufacturing

The USA economy is projected to slow down in 2025 due to uncertainties arisen from new policies like tariff adjustments and the Federal Reserve's cautious approach to interest rate reductions. Economic growth is expected to be buoyed by resilient consumer spending and productivity gains. Notwithstanding the mutual agreement reached between USA and China in substantial cut in increment of tariffs for a period of 90 days, the uncertainty in the long-term tariff policy on Chinese exports to the USA would be having an impact on the increase in production costs and part of such increase would be reflected in consumer prices which in turn might have an impact on demands.

To address these challenges, the Group continues to proactively pursue potential new customers around the globe, strive to control its costs by streamlining the supply chain, enhancing the production efficiency by adopting new technologies, and expand its production capacities in Vietnam and such expansion has been endorsed by those loyal customers, which in turn may lead the Group to achieve its sustainability and even gain competitive edge over its competitors in the challenging business environment.

Proactive monitoring of the new tariff's impact will enable timely adjustments to pricing and supply chain strategies, mitigating potential disruptions. By balancing cost control with customer-centric innovation, the Group is poised to navigate 2025's uncertainties while strengthening its market position and seizing opportunities arising from shifting industry dynamics.

Property investment and development

For property investment and development sector, the Group will continue to deploy its leasing strategy by diversifying its tenant portfolio in response to the changing environment and capitalizing on anticipated market recovery. It is expected that the economic and monetary policies introduced by the central government of Mainland China will stimulate the household consumption and retail spending which in turn will enhance the business sentiment. By comparing with the leasing market, the real estate market in Mainland China will remain competitive and challenging. The Group is cautiously optimistic on its sales and rental contributions, in particular, the recent policies launched by the central government for building up the consumer confidence in the property market of Mainland China.

The Group will continue to study conversion of usage of some other land bank assets from industrial to commercial use in Mainland China 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 announced a batch of development projects which is expected to bring along business opportunities to the land bank assets of the Group in Mainland China. The Group will revisit the business plans 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. The Group will continue to explore plantation opportunities of high profit margin species and focus on utilisation of resources and cost control for improving the operating results of this segment.

On the business outlook, the Group will strive to maintain sustainability and improve profitability by focusing its resources to its profitable core segments.

The following is the text of a letter, summary of values and valuation certificates prepared for the purpose of incorporation in this Circular received from Ravia Global Appraisal Advisory Limited, an independent valuer, in connection with its valuation as at 31 March 2025 of the properties held by each of the Target Groups.

RAVIA GLOBAL
APPRAISAL
ADVISORY LIMITED

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E: general@raviagroup.com

10 June 2025

The Board of Directors
South China Holdings Company Limited
28th Floor, Bank of China Tower,
1 Garden Road,
Central,
Hong Kong

Dear Sir/Madam,

In accordance with the instructions from South China Holdings Company Limited (the "**Company**", and together with its subsidiaries, the "**Group**") to value the property interest held by the Group in the People's Republic of China (the "**PRC**"), we confirm that we have made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value ("**Market Value**") of the properties as at 31 March 2025 (the "**Date of Valuation**") for the purpose of incorporation in the circular of the Group dated 10 June 2025.

1. BASIS OF VALUATIONS

Our valuation of the properties are our opinion of the Market Value of the concerned properties which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Market Value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

2. VALUATION METHODOLOGY

We have valued the properties by Cost Approach — Depreciated Replacement Cost ("**DRC**") method which require a valuation of the market value for the existing use of the land, and an estimate of new replacement cost of the existing buildings and structures, from which deductions are made to allow for the physical deterioration and all relevant forms of obsolescence and optimization. In practice, DRC method is used as a substitute for the market value of specialized property, due to the lack of market comparables available. The reported Market Value by DRC method only applies to the whole of the properties as a unique interest, and no piecemeal transaction of the properties is assumed.

In the course of our valuation, the Market Approach and Income Approach were considered but deemed less appropriate for these properties. The Market Approach is limited by the scarcity of comparable evidence, particularly given the short remaining lease terms of the properties (more than half of the original lease terms have already expired), which reduces marketability and comparability. Meanwhile, the Income Approach is not reliable because existing lease agreements (if any) of the properties are long-term arrangements with related parties at below market rental rates as advised by the Group, thus not reflecting true market income potential. Furthermore, the specialized nature of the industrial workshops, characterized by mixed building materials and older layouts, limits the availability of suitable comparables under both approaches, as their unique features reduce the relevance of typical market sale and rental evidence, compounded by the lack of transparent property information publicly available. Consequently, we determined that the DRC method, which estimates the depreciated cost to replace the buildings combined with land values supported by recent verified land transactions, provides a more reliable and commonly accepted basis for valuation in this context.

3. TITLE INVESTIGATION

We have been provided with copies or extracts of title documents relating to the properties in the PRC and have been confirmed by the Group that no further relevant documents have been produced. However, we have not inspected the original documents to verify the ownership or to verify any amendments which may not appear on the copies handed to us. In the course of our valuations, we have relied upon the legal opinion given by the Group's PRC legal advisor, Zhonglun W&D (Tianjin) Law Firm (中倫文德(天津)律師事務所, the "**PRC Legal Adviser**"), regarding the titles of the properties located in the PRC. We have relied considerably on the advice given by the Group's PRC Legal Adviser concerning the validity of the property interest in the PRC.

4. VALUATION ASSUMPTIONS

Our valuations have been made on the assumption that the owners sell the properties in the market in their existing states without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the values of such properties. In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the properties and no allowance has been made for the properties to be sold in one lot or to a single purchaser.

5. SOURCE OF INFORMATION

In the course of our valuations, we have relied to a very considerable extent on the information provided by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of properties, particulars of occupation, areas, ages of buildings and all other relevant matters which can affect the valuation of the properties. All documents provided to us have been used for reference only.

Dimension, measurements and areas included in the valuation report attached are based on information provided to us and are therefore only approximations. We have not been able to carry out detailed on-site measurements to verify the site and floor areas of the properties and we have assumed that the areas shown on the documents handed to us are correct. We were also advised by the Group that no material facts have been omitted from the information provided.

6. VALUATION CONSIDERATION

We have conducted on-site inspections of the exterior and, where possible, the interior of certain properties, in May 2025. On-site inspections of the properties were carried out by Ms. Huang Xiao Jing, who is a China Registered Real Estate Appraiser, Land Valuer, Public Valuer and Registered Consulting Engineer, with more than 15 years of experience in property valuation in Mainland China. No structural survey has been made in respect of the properties, but in the course of our inspections, we did not note any serious defects. We are not, however, able to report that the properties are free from rot, infestation or any other structural defects. No tests were carried out on any of the building services.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

In valuing the property interest, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors.

7. REMARKS

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive at an informed view, and we have no reason to suspect that any material information has been withheld.

In accordance with our standard practice, we must state that this report is for the use only of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents and neither the whole, nor any part of this report may be included in any published documents or statement nor published in any way without our prior written approval of the form and context in which it may appear.

Unless otherwise stated, all monetary amounts stated in our valuations are in Renminbi (RMB), the lawful currency of the PRC.

Our Summary of Values and Valuation Certificates are attached herewith.

Yours faithfully,
For and on behalf of
RAVIA GLOBAL APPRAISAL ADVISORY LIMITED

Dr. Alan Lee
PhD (BA) MFin BCom (Property)
MHKIS RPS (GP) AAPI CPV CPV (Business)
Director

Christopher Cheung
BSc (Hons) BBA (Hons)
MRICS MHKIS RPS (GP)
Associate Director

Notes:

Dr. Alan Lee is a Registered Professional Surveyor (General Practice) under the Surveyors Registration Ordinance (Cap. 417) in Hong Kong. He is a Corporate Member of Hong Kong Institute of Surveyors and an Associate of Australian Property Institute. He has over 20 years' valuation experience in Hong Kong, Macau, the PRC, the Asia Pacific Region, European countries and American countries.

Mr. Christopher Cheung is a Registered Professional Surveyor (General Practice) under the Surveyors Registration Ordinance (Cap. 417) in Hong Kong. He is a Professional Member of the Royal Institution of Chartered Surveyors and a Corporate Member of the Hong Kong Institute of Surveyors in the General Practice Division. He has over 10 years' experience in valuation of properties in the Mainland China and Hong Kong.

SUMMARY OF VALUES

No.	Properties held for investment by the Group	Market Value in existing state as at 31 March 2025 *RMB*
1.	An industrial development located at No. 116 Kun Wei Road, Hebei District, Tianjin City, the PRC (中國天津市河北區昆緯路116號之工業項目)	No commercial value *(see valuation certificate for details)*
2.	An industrial development located at No. 16 Wei Shui Road West, Nankai District, Tianjin City, the PRC (中國天津市南開區渭水道西頭16號之工業項目)	No commercial value *(see valuation certificate for details)*
3.	An industrial development located at Chenglinzhuang Industrial Zone, Dongli District, Tianjin City, the PRC (中國天津市東麗區程林莊工業區之工業項目)	No commercial value *(see valuation certificate for details)*
4.	An industrial development located at No. 18 Gang Wei Road, Hebei District, Tianjin city, the PRC (中國天津市河北區崗緯路18號之工業項目)	No commercial value *(see valuation certificate for details)*
5.	An industrial development located at No. 19 Gang Wei Road, Hebei District, Tianjin City, the PRC (中國天津市河北區崗緯路19號之工業項目)	No commercial value *(see valuation certificate for details)*
6.	An industrial development located at No. 3 Mi Yun Yi Zhi Road, Nankai District, Tianjin City, the PRC (中國天津市南開區密雲一支路3號之工業項目)	No commercial value *(see valuation certificate for details)*
	Total for properties held for investment by the Group:	**—**

VALUATION CERTIFICATE
Properties held for investment by the Group

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 31 March 2025
1.	An industrial development located at No. 116 Kun Wei Road, Hebei District, Tianjin City, the PRC (中國天津市河北區昆緯路116號之工業項目)	The property comprises various buildings and structures completed in about 1950's erected upon a parcel of land with a site area of approximately 7,278 sq.m. According to the Real Estate Title Certificate, the total gross floor area ("**GFA**") of the property is approximately 8,869.44 sq.m. The land use rights of the property have been allocated for industrial use for a term expiring on 13 March 2046.	According to the information provided by the Group, the property was subject to a tenancy to a related party for operational and sublet purposes with the expiry date on 31 December 2034 at a monthly rental of about RMB161,859 inclusive of tax and exclusive of relevant utility charges as at the Date of Valuation.	No commercial value *(see Note 4)*

Notes:

1. Pursuant to the Real Estate Title Certificate — Fang Di Zheng Jin Zi No. 105031215584 (房地證津字第105031215584號), issued by Tianjin Municipal people's Government (天津市人民政府) and Tianjin Municipal Bureau of Land Resources and Housing Management (天津市國土資源和房屋管理局) dated 21 June 2012, the land use rights of the property with a site area of approximately 7,278 sq.m. and total GFA of approximately 8,869.44 sq.m. have been allocated to Tianjin South China Lisheng Sports Goods Company Limited (天津南華利生體育用品有限公司, "**South China Lisheng**") for industrial use with a term expiring on 13 March 2046.

2. As advised, South China Lisheng, a Sino-foreign equity joint venture established in the PRC, is an indirect 80%-owned subsidiary of the Company.

3. We have been provided with the legal opinion regarding the property interest prepared by the Group's PRC Legal Adviser, which contains, inter alia, the following information:

   (a) The property is subject to a maximum amount mortgage in favor of Agricultural Bank of China Limited;

   (b) South China Lisheng is legally and validly in possession of the property; and

   (c) South China Lisheng has the rights to transfer the property upon successful conversion of the land status from allocated to assigned land through proper government applications and full payment of the required land premium.

4. Pursuant to the legal opinion provided by the Group's PRC Legal Adviser in Note 3, the land use rights of the property (the "**Land**") were allocated to South China Lisheng, rather than granted. While allocated land is provided by the government for specific purposes, any transfer of the Land may require approval from relevant government authorities and payment of a land premium as determined by those authorities. Therefore, we have attributed no commercial value to the property. For reference purpose, assuming that the property, as described in the Real Estate Title Certificate, can be freely transferred in the market without other restrictions (including having an unsealed title, free from mortgage and any third party's encumbrance) upon fulfillment of the conditions set out in the legal opinion (e.g. Note 3(c)), the Market Value in existing state as at the Date of Valuation is RMB9,360,000.

Based on the above, as instructed by the Group, we have provided an apportionment of the land and building values, with the land component at approximately RMB8,810,000 and the building component at approximately RMB550,000. These apportioned values are notional only and do not represent the market value of the land or building elements as if they were disposed of separately and independently.

In the course of our valuation using the DRC method, reference was made to comparable land sale evidence within the relevant localities. The selected comparable land sale transactions involved industrial land parcels similar in character and location to the property, all situated within Tianjin City. These comparables were analyzed and adjusted, taking into account their respective advantages and disadvantages, to ensure a fair and reasonable comparison of market value.

A total of three comparable sale transactions of land located within approximately 10 kilometers of the property were considered, ensuring geographic and economic relevance. Key factors such as site area, location, and availability of ancillary services were evaluated, with appropriate adjustments applied to reflect differences relative to the subject land. This analysis formed the basis for determining the adopted site unit rate used in the valuation.

The selected comparable sale transactions of land are summarized in the table below for reference:

	Comparable 1	**Comparable 2**	**Comparable 3**
Notice	Hongqiao District Guangrongdao Science & Technology Industrial Park No. 11 — East Plot	Hongqiao District Xigu Street No. 11 Xiangtan Road	Hebei District Shengxian Road (Zhangxingzhuang) Phase II Plot B
Address	East to Baokang East Road, West to existing vacant land, South to Zhushan Road, North to Guangrong Road	No. 11 Xiangtan Road, Xigu Street	East to Qunxian Road, South to Shengxian Road, West to Guangxian Road, North to Juxian Road
District	Hongqiao	Hongqiao	Hebei
Category	Industrial	Industrial	Industrial
Site Area (sq.m.)	4,007.00	30,276.20	32,466.40
Buyer	Tianjin Yiyun Technology Co., Ltd.	Tianjin Huirun Electromechanical Equipment Co., Ltd.	Tianjin Junhe Technology Industry Development Co., Ltd.
Land Use Rights Term	50 years	50 years	50 years
Consideration (RMB)	8,200,000	41,084,803	56,000,000
Site Unit Rate (RMB/sq.m.)	2,046	1,357	1,725
Transaction Date	Q4 2024	Q2 2023	Q3 2023

The variation in site unit rates among the comparables may arise from differences in the nature and quality of industrial parks, as well as fluctuations in market sentiment at the respective transaction dates. For each comparable, we have undertaken a detailed review of transaction particulars, site characteristics, and market context, with appropriate adjustments applied to reflect differences relative to the subject site to ensure a balanced and supportable valuation outcome.

Comparable 1 is located within an established industrial park in Hongqiao District, featuring a site area and zoning similar to the subject property, as well as the same original land use rights term. The site benefits from comprehensive industrial infrastructure and services available within the park. A downward adjustment was made to account for superior ancillary facilities, which likely contributed to the higher observed unit rate due to enhanced services and amenities within the industrial park. Additionally, we accounted for the difference in the remaining land use rights term compared to the subject site.

Comparable 2 is also situated in Hongqiao District and is zoned for industrial use with the same original land use rights term. However, this site is significantly larger than the subject property. An upward adjustment was applied to reflect the area difference, as larger sites typically command a lower unit rate due to bulk purchase discounts. Furthermore, an adjustment was incorporated to reflect the variance in the remaining land use rights term relative to the subject property.

Comparable 3 is located in Hebei District, in close proximity to the subject property, and has a larger site area. The transaction involved a site with same industrial zoning and original land use rights term. An upward adjustment was made for differences in site configuration. Given its location within the same district, this comparable is particularly relevant, though a minor adjustment was also made to reflect the difference in remaining land use rights term when compared to the subject site.

After thorough analysis and relevant adjustments to the comparable transactions above, we have concluded the weighted average site unit rate at RMB1,211 per square meter.

Following the determination of the site unit rate from the comparable land sales, the building portion of the valuation was derived as part of the DRC method. This approach involves estimating the current cost to replace the existing buildings and structures with modern equivalents that provide similar utility. In arriving at the building value, we considered the specific characteristics of the property's structures (as stated in the Real Estate Title Certificate) and quality, as well as relevant interest costs associated with the replacement process. Appropriate depreciation was then applied to reflect the physical condition and age of the buildings. Based on these factors, we concluded a unit replacement cost of RMB62 per square meter for the building portion, representing the depreciated cost to replace the existing buildings as at the Date of Valuation.

VALUATION CERTIFICATE
Properties held for investment by the Group

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 31 March 2025
2.	An industrial development located at No. 16 Wei Shui Road West, Nankai District, Tianjin City, the PRC (中國天津市南開區渭水道西頭16號之工業項目)	The property comprises various buildings and structures completed between 1960's and 1980's are erected upon a parcel of land with a site area of approximately 6,849.85 sq.m. According to the Building Ownership Certificate, the total gross floor area ("**GFA**") of the property is approximately 6,556.87 sq.m. The land use rights of the property have been allocated for industrial use with a term expiring on 13 March 2046.	According to the information provided by the Group, the property was subject to a tenancy to a related party for operational and sublet purposes with the expiry date on 31 December 2034 at a monthly rental of about RMB119,647 inclusive of tax and exclusive of relevant utility charges as at the Date of Valuation.	No commercial value *(See Note 5)*

Notes:

1. Pursuant to the State-Owned Land Use Rights Certificate, Jin Dan Guo Yong (99) Zi Di No. 049 (津單國用(99)字第049號), issued by Tianjin Municipal people's Government (天津市人民政府) dated 28 August 1999, the land use rights of the property with a site area of approximately 6,849.85 sq.m. have been allocated to Tianjin South China Leather Chemical Company Limited (天津南華皮革化工有限公司, "**South China Leather Chemical**") for industrial use with a term expiring on 13 March 2046.

2. Pursuant to the Building Ownership Certificates, Jin He Fang Zi Di No. 01214 (津合房字第01214號) issued by Tianjin Real Estate Administration Bureau (天津市房地產管理局) dated 16 June 1997, the buildings and structures of the property with a total GFA of approximately 6,556.87 sq.m. are legally owned by South China Leather Chemical.

3. As advised, South China Leather Chemical, a Sino-foreign equity joint venture established in the PRC, is an indirect 80%-owned subsidiary of the Company.

4. We have been provided with the legal opinion regarding the property interest prepared by the Group's PRC Legal Adviser, which contains, inter alia, the following information:

    a. The property is free from mortgage or third party's encumbrance;

    b. South China Leather Chemical is legally and validly in possession of the property; and

    c. South China Leather Chemical has the rights to transfer the property upon successful conversion of the land status from allocated to assigned land through proper government applications and full payment of the required land premium.

5. Pursuant to the legal opinion provided by the Group's PRC Legal Adviser in Note 4, the land use rights of the property (the "**Land**") were allocated to South China Leather Chemical, rather than granted. While allocated land is provided by the government for specific purposes, any transfer of the Land may require approval from relevant government authorities and payment of a land premium as determined by those authorities. Therefore, we have attributed no commercial value to the property. For reference purpose, assuming that the property, as described in the State-Owned Land Use Rights Certificate and Building Ownership Certificate, can be freely transferred in the market without other restrictions upon fulfillment of the conditions set out in the legal opinion (e.g. Note 4(b)), the Market Value in existing state as at the Date of Valuation is RMB7,370,000.

   Based on the above, as instructed by the Group, we have provided an apportionment of the land and building values, with the land component at approximately RMB7,070,000 and the building component at approximately RMB300,000. These apportioned values are notional only and do not represent the market value of the land or building elements as if they were disposed of separately and independently.

   In the course of our valuation using the DRC method, reference was made to comparable land sale evidence within the relevant localities. The selected comparable land sale transactions involved industrial land parcels similar in character and location to the property, all situated within Tianjin City. These comparables were analyzed and adjusted, taking into account their respective advantages and disadvantages, to ensure a fair and reasonable comparison of market value.

   A total of three comparable sale transactions of land located within approximately 10 kilometers of the property were considered, ensuring geographic and economic relevance. Key factors such as site area, location, and availability of ancillary services were evaluated, with appropriate adjustments applied to reflect differences relative to the subject land. This analysis formed the basis for determining the adopted site unit rate used in the valuation.

The selected comparable sale transactions of land are summarized in the table below for reference:

	Comparable 1	Comparable 2	Comparable 3
Notice	Hongqiao District Guangrongdao Science & Technology Industrial Park No. 11 — East Plot	Hongqiao District Xigu Street No. 11 Xiangtan Road	Inside Qianli Embankment at the West Entrance, South Side of Guangrong Road, Hongqiao District
Address	East to Baokang East Road, West to existing vacant land, South to Zhushan Road, North to Guangrong Road	No. 11 Xiangtan Road, Xigu Street	Inside Qianli Embankment at the West Entrance, South Side of Guangrong Road, Hongqiao District
District	Hongqiao	Hongqiao	Hongqiao
Category	Industrial	Industrial	Industrial
Site Area (sq.m.)	4,007.00	30,276.20	3,589.40
Buyer	Tianjin Yiyun Technology Co., Ltd.	Tianjin Huirun Electromechanical Equipment Co., Ltd.	Tianjin Hongqiao Wanliyingtuo Construction Engineering Co., Ltd.
Land Use Rights Term	50 years	50 years	50 years
Consideration (RMB)	8,200,000	41,084,803	4,752,366
Site Unit Rate (RMB/sq.m.)	2,046	1,357	1,324
Transaction Date	Q4 2024	Q2 2023	Q1 2023

The variation in site unit rates among the comparables may arise from differences in the nature and quality of industrial parks, as well as fluctuations in market sentiment at the respective transaction dates. For each comparable, we have undertaken a detailed review of transaction particulars, site characteristics, and market context, with appropriate adjustments applied to reflect differences relative to the subject site to ensure a balanced and supportable valuation outcome.

Comparable 1 is located within an established industrial park in Hongqiao District, featuring a site area and zoning similar to the subject site, as well as the same original land use rights term. The site benefits from comprehensive industrial infrastructure and services available within the park. A downward adjustment was applied to account for the superior ancillary facilities, which likely contributed to the higher observed unit rate due to enhanced services and amenities. Additionally, a further downward adjustment was made to reflect the superior location of this comparable relative to the subject site in Nankai District. Finally, an adjustment was made for the difference in the remaining land use rights term compared to the subject site.

Comparable 2 is also situated in Hongqiao District and zoned for industrial use with the same original land use rights term. This site, however, is significantly larger than the subject property. An upward adjustment was made to account for the size difference, as larger sites generally attract lower unit rates due to bulk purchase discounts. Similar to Comparable 1, a downward adjustment was made to reflect the superior location of the comparable compare with the subject site. An additional adjustment was incorporated to address the variance in the remaining land use rights term.

Comparable 3 is also located in Hongqiao District, with same industrial zoning and original land use rights term, as well as similar site area as the subject site. As with the other comparables, a downward adjustment was made to reflect the superior location of the comparable in Hongqiao District. Lastly, an adjustment was made for differences in the remaining land use rights term relative to the subject property.

After thorough analysis and relevant adjustments to the comparable transactions, we have concluded the weighted average site unit rate at RMB1,032 per square meter.

Following the determination of the site unit rate from the comparable land sales, the building portion of the valuation was derived as part of the DRC method. This approach involves estimating the current cost to replace the existing buildings and structures with modern equivalents that provide similar utility. In arriving at the building value, we considered the specific characteristics of the property's structures (as stated in the Building Ownership Certificate) and quality, as well as relevant interest costs associated with the replacement process. Appropriate depreciation was then applied to reflect the physical condition and age of the buildings. Based on these factors, we concluded a unit replacement cost of RMB46 per square meter for the building portion, representing the depreciated cost to replace the existing buildings as at the Date of Valuation.

VALUATION CERTIFICATE
Properties held for investment by the Group

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2025
3.	Industrial development located at Chenglinzhuang Industrial Zone, Dongli District, Tianjin City, the PRC (中國天津市東麗區程林莊工業區之工業項目)	The property comprises various buildings and structures with a total gross floor area ("**GFA**") of approximately 14,862.07 sq.m. which were completed in 1990's erected upon a parcel of land with a site area of approximately 44,118.90 sq.m. according to the Real Estate Title Certificate. The land use rights of the property have been allocated for industrial use with a term expiring on 13 March 2046.	As advised by the Group, the property was vacant/idled as at the Date of Valuation.	No commercial value *(see Note 3)*

Notes:

1. Pursuant to the Real Estate Title Certificate, Jin (2019) Dong Li District Bu Dong Chan Quan Di No. 1013101 (津(2019)東麗區不動產權第1013101號) issued by Tianjin Municipal Bureau of Land Resources and Housing Management (天津市國土資源和房屋管理局), dated 8 May 2019, the land use rights of the property with a site area of approximately 44,118.9 sq.m. and a total GFA of approximately 14,862.07 sq.m. have been allocated to Tianjin South China Leather Chemical Company Limited (天津南華皮革化工有限公司, "**South China Leather Chemical**") for industrial use with a term expiring on 13 March 2046.

2. As advised, South China Leather Chemical, a Sino-foreign equity joint venture established in the PRC, is an indirect 80%-owned subsidiary of the Company.

3. We have been provided with the legal opinion regarding the property interest prepared by the Group's PRC Legal Adviser, which contains, inter alia, the following information:

   a) The property is free from any mortgage or third party's encumbrance;

   b) South China Leather Chemical is legally and validly in possession of the property; and

   c) South China Leather Chemical has the rights to transfer the property upon successful conversion of the land status from allocated to assigned land through proper government applications and full payment of the required land premium.

4. Pursuant to the legal opinion provided by the Group's PRC Legal Adviser in Note 4, the land use rights of the property (the "**Land**") were allocated to South China Leather Chemical, rather than granted. While allocated land is provided by the government for specific purposes, any transfer of the Land may require approval from relevant government authorities and payment of a land premium as determined by those authorities. Therefore, we have attributed no commercial value to the property. For reference purpose, assuming that the property, as

described in the Real Estate Title Certificate, can be freely transferred in the market without other restrictions upon fulfillment of the conditions set out in the legal opinion (e.g. Note 3(c)), the Market Value in existing state as at the Date of Valuation is RMB37,710,000.

Based on the above, as instructed by the Company, we have provided an apportionment of the land and building values, with the land component at approximately RMB28,320,000 and the building component at approximately RMB9,390,000. These apportioned values are notional only and do not represent the market value of the land or building elements as if they were disposed of separately and independently.

In the course of our valuation using the DRC method, reference was made to comparable land sale evidence within the relevant localities. The selected comparable land sale transactions involved industrial land parcels similar in character and location to the property, all situated within Dongli District of Tianjin City. These comparables were analyzed and adjusted, taking into account their respective advantages and disadvantages, to ensure a fair and reasonable comparison of market value.

A total of three comparable sale transactions of land located within approximately 10 kilometers of the property were considered, ensuring geographic and economic relevance. Key factors such as site area and handover condition were evaluated, with appropriate adjustments applied to reflect differences relative to the subject land. This analysis formed the basis for determining the adopted site unit rate used in the valuation.

The selected comparable sale transactions of land are summarized in the table below for reference:

	Comparable 1	**Comparable 2**	**Comparable 3**
Notice	Jinli (Gua) G2024-04	Jinli (Gua) G2024-05	Jinli (Gua) G2024-03
Address	East to Yingchun Road, South to Hongtai Road, West to Tianjin Aisida Aerospace Technology Co., Ltd., North to Hongxuan Road	East to Tianjin Wangsheng Investment Co., Ltd., South to Tianjin Kaishitong Valve Technology Co., Ltd., West to Huaxing Road, North to Tianjin Hanya Electromechanical Co., Ltd.	East to Liandong U Valley, South to Zhaozhuang Village, West to Huafeng Road, North to Hongcheng Road
District	Dongli	Dongli	Dongli
Category	Industrial	Industrial	Industrial
Site Area (sq.m.)	83,271.50	5,480.50	22,761.40
Buyer	Tianjin Aisida Aerospace Technology Co., Ltd.	Yipei (Tianjin) Culture Co., Ltd.	Jintian (Tianjin) Auto Parts Co., Ltd.
Land Use Rights Term	50 years	50 years	50 years
Consideration (RMB)	66,300,000	5,900,000	18,100,000
Site Unit Rate (RMB/sq.m.)	796	1,077	795
Transaction Date	Q1 2025	Q1 2025	Q1 2025

The variation in site unit rates among the comparables may reflect fluctuations in market sentiment at the respective transaction dates. For each comparable, we have undertaken a detailed review of transaction particulars, site characteristics, and market context, with appropriate adjustments applied to reflect differences relative to the subject site to ensure a balanced and supportable valuation outcome.

Comparable 1 is located in Dongli District and features a site area and zoning similar to the subject property, as well as the same original land use rights term. Its location within the same district enhances its relevance for comparison. However, since the subject site was idle as at the Date of Valuation and may incur additional reinstatement costs, a downward adjustment was made to account for this factor. An additional adjustment was also applied to reflect the difference in the remaining land use rights term compared to the subject site.

Comparable 2 is also situated in Dongli District and zoned for industrial use with the same original land use rights term. While it shares locational relevance with the subject property, this site is significantly smaller. Accordingly, a downward adjustment was made to account for the size difference, as smaller sites generally command higher unit rates compared to larger sites that benefit from bulk purchase discounts. Similar to Comparable 1, a downward adjustment was applied to reflect the idle status and potential reinstatement costs associated with the subject site, as well as for the variance in the remaining land use rights term.

Comparable 3 is likewise located in Dongli District, with comparable industrial zoning, original land use rights term, and a site area similar to the subject property. Its location within the same district further supports its suitability as a comparable. As with the other comparables, a downward adjustment was made to reflect the idle condition of the subject site and to account for differences in the remaining land use rights term.

After thorough analysis and relevant adjustments to the comparable transactions, we have concluded the weighted average site unit rate at RMB642 per square meter.

Following the determination of the site unit rate from the comparable land sales, the building portion of the valuation was derived as part of the DRC method. This approach involves estimating the current cost to replace the existing buildings and structures with modern equivalents that provide similar utility. In arriving at the building value, we considered the specific characteristics of the property's structures (as stated in the Real Estate Title Certificate) and quality, as well as relevant interest costs associated with the replacement process. Appropriate depreciation was then applied to reflect the physical condition and age of the buildings. Based on these factors, we concluded a unit replacement cost of RMB632 per square meter for the building portion, representing the depreciated cost to replace the existing buildings as at the Date of Valuation.

VALUATION CERTIFICATE
Properties held for investment by the Group

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2025
4.	An industrial development located at No. 18 Gang Wei Road, Hebei District, Tianjin city, the PRC (中國天津市河北區崗緯路18號之工業項目)	The property comprises various buildings and structures completed between 1956 and 1987 are erected upon a parcel of land with a site area of approximately 13,862 sq.m. The buildings and structures of the property include 11 production workshops and various ancillary structures with a total gross floor area ("**GFA**") of approximately 19,182.20 sq.m. according to the Real Estate Title Certificate, excluding a 3-storey workshop building, which is detailed in Note 3. The land use rights of the property have been allocated for industrial use with a term expiring on 13 March 2046.	According to the information provided by the Group, the property was subject to a tenancy to a related party for self-use and sublet purposes with the expiry date on 5 March 2035 at a monthly rental of about RMB303,417 inclusive of tax and exclusive of relevant utility charges, as at the Date of Valuation.	No commercial value *(see Note 5)*

Notes:

1. Pursuant to the Real Estate Title Certificate, Fang Di Zheng Jin Zi Di No. 105030808285 (房地證津字第105030808285號), issued by Tianjin Municipal People's Government (天津市人民政府) and Tianjin Municipal Bureau of Land Resources and Housing Management (天津市國土資源和房屋管理局) dated 9 July 2008, the land use rights of the property with a site area of approximately 13,862 sq.m. and total GFA of approximately 19,182.20 sq.m. have been allocated to Tianjin South China Shoes Products Company Limited (天津南華製鞋有限公司, "**Tianjin South China Shoes**") for industrial use with a term expiring on 13 March 2046.

2. As advised, Tianjin South China Shoes, a Sino-foreign equity joint venture established in the PRC, is an indirect 80%-owned subsidiary of the Company.

3. As advised by the Group, a three-storey workshop building with a total GFA of approximately 2,700 sq.m., constructed on the land parcel in addition to the GFA reported in Note 1, was completed and ready for use in early 2006. However, the relevant Real Estate Title Certificate cannot be obtained because Tianjin South China Shoes indicated that prerequisite documentation related to the construction is required for application, but all such relevant information is lost and cannot be reproduced. We have, therefore, excluded this workshop building from the scope of this valuation.

4. We have been provided with the legal opinion regarding the property interest prepared by the Group's PRC Legal Adviser, which contains, inter alia, the following information:

   a. The property is subject to a general mortgage in favor of Tianjin Rural Commercial Bank Co., Ltd.;

   b. The property is sealed up by Hebei District People's Court of Tianjin, Nankai District People's Court of Tianjin, and Binhai New Area People's Court of Tianjin;

   c. Tianjin South China Shoes is legally and validly in possession of the property; and

   d. Tianjin South China Shoes has the rights to transfer the property upon successful conversion of the land status from allocated to assigned land through proper government applications and full payment of the required land premium.

5. Pursuant to the legal opinion provided by the Group's PRC Legal Adviser in Note 4, the land use rights of the property (the "**Land**") were allocated to Tianjin South China Shoes, rather than granted. While allocated land is provided by the government for specific purposes, any transfer of the Land may require approval from relevant government authorities and payment of a land premium as determined by those authorities. Therefore, we have attributed no commercial value to the property. For reference purpose, assuming that the property, as described in the Real Estate Title Certificate, can be freely transferred in the market without other restrictions (including having an unsealed title, free from mortgage and any third party's encumbrance) upon fulfillment of the conditions set out in the legal opinion (e.g. Note 4(d)), the Market Value in existing state as at the Date of Valuation is RMB17,410,000.

   Based on the above, as instructed by the Group, we have provided an apportionment of the land and building values, with the land component at approximately RMB15,970,000 and the building component at approximately RMB1,440,000. These apportioned values are notional only and do not represent the market value of the land or building elements as if they were disposed of separately and independently.

   In the course of our valuation using the DRC method, reference was made to comparable land sale evidence within the relevant localities. The selected comparable land sale transactions involved industrial land parcels similar in character and location to the property, all situated within Tianjin City. These comparables were analyzed and adjusted, taking into account their respective advantages and disadvantages, to ensure a fair and reasonable comparison of market value.

   A total of three comparable sale transactions of land located within approximately 10 kilometers of the property were considered, ensuring geographic and economic relevance. Key factors such as site area, location, and availability of ancillary services were evaluated, with appropriate adjustments applied to reflect differences relative to the subject land. This analysis formed the basis for determining the adopted site unit rate used in the valuation.

The selected comparable sale transactions of land are summarized in the table below for reference:

	Comparable 1	Comparable 2	Comparable 3
Notice	Hongqiao District Guangrongdao Science & Technology Industrial Park No. 11 — East Plot	Hongqiao District Xigu Street No. 11 Xiangtan Road	Hebei District Shengxian Road (Zhangxingzhuang) Phase II Plot B
Address	East to Baokang East Road, West to existing vacant land, South to Zhushan Road, North to Guangrong Road	No. 11 Xiangtan Road, Xigu Street	East to Qunxian Road, South to Shengxian Road, West to Guangxian Road, North to Juxian Road
District	Hongqiao	Hongqiao	Hebei
Category	Industrial	Industrial	Industrial
Site Area (sq.m.)	4,007.00	30,276.20	32,466.40
Buyer	Tianjin Yiyun Technology Co., Ltd.	Tianjin Huirun Electromechanical Equipment Co., Ltd.	Tianjin Junhe Technology Industry Development Co., Ltd.
Land Use Rights Term	50 years	50 years	50 years
Consideration (RMB)	8,200,000	41,084,803	56,000,000
Site Unit Rate (RMB/sq.m.)	2,046	1,357	1,725
Transaction Date	Q4 2024	Q2 2023	Q3 2023

The variation in site unit rates among the comparables may arise from differences in the nature and quality of industrial parks, as well as fluctuations in market sentiment at the respective transaction dates. For each comparable, we have undertaken a detailed review of transaction particulars, site characteristics, and market context, with appropriate adjustments applied to reflect differences relative to the subject site to ensure a balanced and supportable valuation outcome.

Comparable 1 is located within an established industrial park in Hongqiao District, featuring a site area and zoning same as the subject site, as well as the same original land use rights term. The site benefits from comprehensive industrial infrastructure and services available within the park. A downward adjustment was made to account for superior ancillary facilities, which likely contributed to the higher observed unit rate due to enhanced services and amenities within the industrial park. Additionally, this site is significantly smaller than the subject property, warranting a further downward adjustment to reflect the size difference, as smaller sites typically command higher unit rates compared to larger sites that benefit from bulk purchase discounts. Finally, an adjustment was made for the difference in the remaining land use rights term relative to the subject site.

Comparable 2 is also situated in Hongqiao District and zoned for industrial use with the same original land use rights term. The overall site features are considered comparable to the subject property, and no further adjustments were made beyond those for the difference in remaining land use rights term.

Comparable 3 is located in Hebei District, in close proximity to the subject property. The transaction involved a site with same industrial zoning and original land use rights term. Given its location within the same district, this comparable is particularly relevant, though a minor adjustment was also made to reflect the difference in remaining land use rights term when compared to the subject site.

After thorough analysis and relevant adjustments to the comparable transactions above, we have concluded the weighted average site unit rate at RMB1,152 per square meter.

Following the determination of the site unit rate from the comparable land sales, the building portion of the valuation was derived as part of the DRC method. This approach involves estimating the current cost to replace the existing buildings and structures with modern equivalents that provide similar utility. In arriving at the building value, we considered the specific characteristics of the property's structures (as stated in the Real Estate Title Certificate) and quality, as well as relevant interest costs associated with the replacement process. Appropriate depreciation was then applied to reflect the physical condition and age of the buildings. Based on these factors, we concluded a unit replacement cost of RMB75 per square meter for the building portion, representing the depreciated cost to replace the existing buildings as at the Date of Valuation.

VALUATION CERTIFICATE
Properties held for investment by the Group

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2025
5.	An industrial development located at No. 19 Gang Wei Road, Hebei District, Tianjin City, the PRC (中國天津市河北區崗緯路19號之工業項目)	The property comprises various buildings and structures include two dormitories which were completed between 1956 and 1972 with a total gross floor area ("**GFA**") of approximately 3,128.90 sq.m. are erected upon a parcel of land with a site area of approximately 1,696.10. sq.m. according to the Real Estate Title Certificate. The land use rights of the property have been allocated for industrial use with a term expiring on 13 March 2046.	According to the information provided by the Group, the property was subject to a tenancy to a related party for self-use and sublet purposes with the expiry date on 5 March 2035 at a monthly rental of about RMB49,500 inclusive of tax and exclusive of relevant utility charges, as at the Date of Valuation. As advised by the Group, the property was vacant/idled as at the Date of Valuation.	No commercial value *(see Note 4)*

Notes:

1. Pursuant to the Real Estate Title Certificate (房地產權證), Fang Di Zheng Jin Zi Di No. 105030813609 (房地證津字第105030813609號), issued by Tianjin Municipal People's Government (天津市人民政府) and Tianjin Municipal Bureau of Land Resources and Housing Management (天津市國土資源和房屋管理局), dated 4 December 2008, the land use rights of the property with a site area of approximately 1,696.1 sq.m. with a total GFA of approximately 3,128.9 sq.m. have been allocated to Tianjin South China Shoes Products Company Limited (天津南華製鞋有限公司, "**Tianjin South China Shoes**") for industrial use with a term expiring on 13 March 2046.

2. As advised, Tianjin South China Shoes, a Sino-foreign equity joint venture established in the PRC, is an indirect 80%-owned subsidiary of the Company.

3. We have been provided with the legal opinion regarding the property interest prepared by the Group's PRC Legal Adviser, which contains, inter alia, the following information:

   a. The property is subject to a general mortgage in favor of Huaxia Bank Co., Ltd.;

   b. The property is sealed up by Hebei District People's Court of Tianjin, Baodi District People's Court of Tianjin, Nankai District People's Court of Tianjin, and Binhai New Area People's Court of Tianjin;

   c. Tianjin South China Shoes is legally and validly in possession of the property; and

   d. Tianjin South China Shoes has the rights to transfer the property upon successful conversion of the land status from allocated to assigned land through proper government applications and full payment of the required land premium.

4. Pursuant to the legal opinion provided by the Group's PRC Legal Adviser in Note 3, the land use rights of the property (the "**Land**") were allocated to Tianjin South China Shoes, rather than granted. While allocated land is provided by the government for specific purposes, any transfer of the Land may require approval from relevant government authorities and payment of a land premium as determined by those authorities. Therefore, we have attributed no commercial value to the property. For reference purpose, assuming that the property, as described in the Real Estate Title Certificate, can be freely transferred in the market without other restrictions (including having an unsealed title, free from mortgage and any third party's encumbrance) upon fulfillment of the conditions set out in the legal opinion (e.g. Note 3(d)), the Market Value in existing state as at the Date of Valuation is RMB1,970,000.

   Based on the above, as instructed by the Group, we have provided an apportionment of the land and building values, with the land component at approximately RMB1,920,000 and the building component at approximately RMB50,000. These apportioned values are notional only and do not represent the market value of the land or building elements as if they were disposed of separately and independently.

   In the course of our valuation using the DRC method, reference was made to comparable land sale evidence within the relevant localities. The selected comparable land sale transactions involved industrial land parcels similar in character and location to the property, all situated within Tianjin City. These comparables were analyzed and adjusted, taking into account their respective advantages and disadvantages, to ensure a fair and reasonable comparison of market value.

   A total of three comparable sale transactions of land located within approximately 10 kilometers of the property were considered, ensuring geographic and economic relevance. Key factors such as site area, location, handover condition, and availability of ancillary services were evaluated, with appropriate adjustments applied to reflect differences relative to the subject land. This analysis formed the basis for determining the adopted site unit rate used in the valuation.

The selected comparable sale transactions of land are summarized in the table below for reference:

	Comparable 1	Comparable 2	Comparable 3
Notice	Hongqiao District Guangrongdao Science & Technology Industrial Park No. 11 — East Plot	Hongqiao District Xigu Street No. 11 Xiangtan Road	Hebei District Shengxian Road (Zhangxingzhuang) Phase II Plot B
Address	East to Baokang East Road, West to existing vacant land, South to Zhushan Road, North to Guangrong Road	No. 11 Xiangtan Road, Xigu Street	East to Qunxian Road, South to Shengxian Road, West to Guangxian Road, North to Juxian Road
District	Hongqiao	Hongqiao	Hebei
Category	Industrial	Industrial	Industrial
Site Area (sq.m.)	4,007.00	30,276.20	32,466.40
Buyer	Tianjin Yiyun Technology Co., Ltd.	Tianjin Huirun Electromechanical Equipment Co., Ltd.	Tianjin Junhe Technology Industry Development Co., Ltd.
Land Use Rights Term	50 years	50 years	50 years
Consideration (RMB)	8,200,000	41,084,803	56,000,000
Site Unit Rate (RMB/sq.m.)	2,046	1,357	1,725
Transaction Date	Q4 2024	Q2 2023	Q3 2023

The variation in site unit rates among the comparables may arise from differences in the nature and quality of industrial parks, as well as fluctuations in market sentiment at the respective transaction dates. For each comparable, we have undertaken a detailed review of transaction particulars, site characteristics, and market context, with appropriate adjustments applied to reflect differences relative to the subject site to ensure a balanced and supportable valuation outcome.

Comparable 1 is located within an established industrial park in Hongqiao District, featuring a site area and zoning similar to the subject site, as well as the same original land use rights term. The site benefits from comprehensive industrial infrastructure and services available within the park. A downward adjustment was made to account for the superior ancillary facilities, which likely contributed to the higher observed unit rate due to enhanced services and amenities. Additionally, given that the subject site was idle as at the Date of Valuation, potentially incurring additional reinstatement costs, a further downward adjustment was warranted to reflect this condition. Finally, an adjustment was made to account for differences in the remaining land use rights term relative to the subject site.

Comparable 2 is also situated in Hongqiao District and zoned for industrial use with the same original land use rights term. However, this site is significantly larger than the subject site. An upward adjustment was applied to reflect the size difference, as larger sites typically attract lower unit rates due to bulk purchase discounts. Similar to Comparable 1, a downward adjustment was made to reflect the idle status of the subject site and the associated potential reinstatement costs. An additional adjustment was incorporated to address the variance in the remaining land use rights term compared to the subject property.

Comparable 3 is located in Hebei District, in close proximity to the subject property. This site shares similar industrial zoning and the same original land use rights term. Like Comparable 2, the site is considerably larger than the subject property, prompting an upward adjustment to reflect the size differential and the typical bulk discount effect. A downward adjustment was also applied to account for the subject site's idle condition and potential reinstatement costs. Finally, an adjustment was made to reflect differences in the remaining land use rights term relative to the subject site.

After thorough analysis and relevant adjustments to the comparable transactions above, we have concluded the weighted average site unit rate at RMB1,130 per square meter.

Following the determination of the site unit rate from the comparable land sales, the building portion of the valuation was derived as part of the DRC method. This approach involves estimating the current cost to replace the existing buildings and structures with modern equivalents that provide similar utility. In arriving at the building value, we considered the specific characteristics of the property's structures (as stated in the Real Estate Title Certificate) and quality, as well as relevant interest costs associated with the replacement process. Appropriate depreciation was then applied to reflect the physical condition and age of the buildings. Based on these factors, we concluded a unit replacement cost of RMB16 per square meter for the building portion, representing the depreciated cost to replace the existing buildings as at the Date of Valuation.

VALUATION CERTIFICATE
Properties held for investment by the Group

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2025
6.	An industrial development located at No. 3 Mi Yun Yi Zhi Road, Nankai District, Tianjin City, the PRC (中國天津市南開區密雲一支路3號之工業項目)	The property comprises various buildings and structures include various workshop and warehouse buildings, which were completed in about 1968, with a total gross floor area ("**GFA**") of approximately 3,178.26 sq.m. are erected upon a parcel of land with a site area of approximately 6,702.7 sq.m. according to the Real Estate Title Certificate. The land use rights of the property have been allocated for industrial use with a term expiring 13 March 2046.	According to the information provided by the Group, the property was subject to a tenancy to a related party for self-use and sublet purposes with the expiry date on 5 March 2035 at a monthly rental of about RMB50,250 inclusive of tax and exclusive of relevant utility charges, as at the Date of Valuation. As advised by the Group, the property was vacant/idled as at the Date of Valuation.	No commercial value *(see Note 4)*

Notes:

1. Pursuant to the Real Estate Title Certificate, Fang Di Zheng Jin Zi Di No. 104030921169 (房地證津字第104030921169號), issued by Tianjin Municipal People's Government (天津市人民政府) and Tianjin Municipal Bureau of Land Resources and Housing Management (天津市國土資源和房屋管理局), dated 4 August 2009, the land use rights of the property with a site area of approximately 6,702.7 sq.m. with a total GFA of 3,178.26 sq.m. have been allocated to Tianjin South China Shoes Products Company Limited (天津南華製鞋有限公司, "**Tianjin South China Shoes**") for industrial use with a term expiring on 13 March 2046.

2. As advised, Tianjin South China Shoes, a Sino-foreign equity joint venture established in the PRC, is an indirect 80%-owned subsidiary of the Company.

3. We have been provided with the legal opinion regarding the property interest prepared by the Group's PRC Legal Adviser, which contains, inter alia, the following information:

   a. The property is subject to a general mortgage in favor of Huaxia Bank Co., Ltd.;

   b. The property is sealed up by Hebei District People's Court of Tianjin, Baodi District People's Court of Tianjin, Nankai District People's Court of Tianjin, and Binhai New Area People's Court of Tianjin;

   c. Tianjin South China Shoes is legally and validly in possession of the property; and

   d. Tianjin South China Shoes has the rights to transfer the property upon successful conversion of the land status from allocated to assigned land through proper government applications and full payment of the required land premium.

4. Pursuant to the legal opinion provided by the Group's PRC Legal Adviser in Note 3, the land use rights of the property (the "**Land**") were allocated to Tianjin South China Shoes, rather than granted. While allocated land is provided by the government for specific purposes, any transfer of the Land may require approval from relevant government authorities and payment of a land premium as determined by those authorities. Therefore, we have attributed no commercial value to the property. For reference purpose, assuming that the property, as described in the Real Estate Title Certificate, can be freely transferred in the market without other restrictions (including having an unsealed title, free from mortgage and any third party's encumbrance) upon fulfillment of the conditions set out in the legal opinion (e.g. Note 3(d)), the Market Value in existing state as at the Date of Valuation is RMB6,440,000.

Based on the above, as instructed by the Group, we have provided an apportionment of the land and building values, with the land component at approximately RMB6,400,000 and the building component at approximately RMB40,000. These apportioned values are notional only and do not represent the market value of the land or building elements as if they were disposed of separately and independently.

In the course of our valuation using the DRC method, reference was made to comparable land sale evidence within the relevant localities. The selected comparable land sale transactions involved industrial land parcels similar in character and location to the property, all situated within Tianjin City. These comparables were analyzed and adjusted, taking into account their respective advantages and disadvantages, to ensure a fair and reasonable comparison of market value.

A total of three comparable sale transactions of land located within approximately 10 kilometers of the property were considered, ensuring geographic and economic relevance. Key factors such as site area, location, handover condition and availability of ancillary services were evaluated, with appropriate adjustments applied to reflect differences relative to the subject land. This analysis formed the basis for determining the adopted site unit rate used in the valuation.

The selected comparable sale transactions of land are summarized in the table below for reference:

	Comparable 1	Comparable 2	Comparable 3
Notice	Hongqiao District Guangrongdao Science & Technology Industrial Park No. 11 — East Plot	Hongqiao District Xigu Street No. 11 Xiangtan Road	Inside Qianli Embankment at the West Entrance, South Side of Guangrong Road, Hongqiao District
Address	East to Baokang East Road, West to existing vacant land, South to Zhushan Road, North to Guangrong Road	No. 11 Xiangtan Road, Xigu Street	Inside Qianli Embankment at the West Entrance, South Side of Guangrong Road, Hongqiao District
District	Hongqiao	Hongqiao	Hongqiao
Category	Industrial	Industrial	Industrial
Site Area (sq.m.)	4,007.00	30,276.20	3,589.40
Buyer	Tianjin Yiyun Technology Co., Ltd.	Tianjin Huirun Electromechanical Equipment Co., Ltd.	Tianjin Hongqiao Wanliyingtuo Construction Engineering Co., Ltd.
Land Use Rights Term	50 years	50 years	50 years
Consideration (RMB)	8,200,000	41,084,803	4,752,366
Site Unit Rate (RMB/sq.m.)	2,046	1,357	1,324
Transaction Date	Q4 2024	Q2 2023	Q1 2023

The variation in site unit rates among the comparables may arise from differences in the nature and quality of industrial parks, as well as fluctuations in market sentiment at the respective transaction dates. For each comparable, we have undertaken a detailed review of transaction particulars, site characteristics, and market context, with appropriate adjustments applied to reflect differences relative to the subject site to ensure a balanced and supportable valuation outcome.

Comparable 1 is located within an established industrial park in Hongqiao District, featuring a site area and zoning similar to the subject site, as well as the same original land use rights term. The site benefits from comprehensive industrial infrastructure and services available within the park. A downward adjustment was applied to account for the superior ancillary facilities, which likely contributed to the higher observed unit rate due to enhanced services and amenities. Additionally, a further downward adjustment was made to reflect the superior location of this comparable relative to the subject site in Nankai District. As the subject site was idle as at the Date of Valuation and may incur additional reinstatement costs, an additional downward adjustment was warranted to reflect this situation. Finally, an adjustment was made for the difference in the remaining land use rights term compared to the subject site.

Comparable 2 is also situated in Hongqiao District and zoned for industrial use with the same original land use rights term. This site, however, is significantly larger than the subject property. An upward adjustment was made to account for the size difference, as larger sites generally attract lower unit rates due to bulk purchase discounts. Similar to Comparable 1, a downward adjustment was made to reflect the superior location of the comparable, as well as the idle status and potential reinstatement costs associated with the subject site. An additional adjustment was incorporated to address the variance in the remaining land use rights term.

Comparable 3 is also located in Hongqiao District, with same industrial zoning and original land use rights term, as well as similar site area as the subject site. As with the other comparables, a downward adjustment was made to reflect both the idle condition of the subject site and the superior location of the comparable in Hongqiao District. Lastly, an adjustment was made for differences in the remaining land use rights term relative to the subject property.

After thorough analysis and relevant adjustments to the comparable transactions, we have concluded the weighted average site unit rate at RMB956 per square meter.

Following the determination of the site unit rate from the comparable land sales, the building portion of the valuation was derived as part of the DRC method. This approach involves estimating the current cost to replace the existing buildings and structures with modern equivalents that provide similar utility. In arriving at the building value, we considered the specific characteristics of the property's structures (as stated in the Real Estate Title Certificate) and quality, as well as relevant interest costs associated with the replacement process. Appropriate depreciation was then applied to reflect the physical condition and age of the buildings. Based on these factors, we concluded a unit replacement cost of RMB13 per square meter for the building portion, representing the depreciated cost to replace the existing buildings as at the Date of Valuation.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests in the Company or its associated corporations

As at the Latest Practicable Date, the interests of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or to be recorded in the register required to be kept under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 of the Listing Rules were as follows:

Long positions in the Shares

	Number of Shares held				
Name of Director(s)	**Personal interests**	**Family interests**	**Corporate interests**	**Total number of Shares held**	**Approximate percentage of shareholding to total issued Shares** *(Note 1)*
Mr. Ng	1,312,816,324	613,214,065 *(Note 2)*	6,828,729,326 *(Note 3)*	8,754,759,715	66.22%
Ms. Cheung	41,000,000	—	—	41,000,000	0.31%
Mr. Paul Ng	171,989,238	—	—	171,989,238	1.30%
Ms. Jessica Ng	170,700,000	—	—	170,700,000	1.29%

Long positions in the shares of associated corporation

Name	Name of associated corporation	Number of ordinary shares held by controlled corporation	Approximate percentage of shareholding to total issued ordinary shares *(Note 1)*
Mr. Ng	Primer Prospects Limited ("**Prime Prospects**") *(Note 4)*	30	30%

Notes:

1. These percentages are calculated on the basis of 13,221,302,172 Shares in issue as at the Latest Practicable Date.

2. Mrs. Ng is the beneficial shareholder.

3. 6,828,729,326 Shares held by Mr. Ng through controlled corporations included 2,124,792,202 Shares held by Fung Shing, 2,020,984,246 Shares held by Parkfield, 89,410,210 Shares held by Ronastar, 1,075,765,537 Shares held by Earntrade, 1,273,122,098 Shares held by Bannock, 212,405,565 Shares held by Crystal Hub and 32,249,468 Shares held by Green Orient. Fung Shing, Parkfield and Ronastar are all wholly-owned by Mr. Ng. Bannock is a wholly-owned subsidiary of Earntrade which is owned as to 60% by Mr. Ng, 20% by Mr. Richard Howard Gorges and 20% by Ms. Cheung. Crystal Hub is a direct wholly-owned subsidiary of SCAH, which, in turn, is 69.33% beneficially owned by Mr. Ng. Green Orient is an indirect wholly-owned subsidiary of the Company. As such, Mr. Ng was deemed to have interest in the said 212,405,565 Shares held by Crystal Hub, 32,249,468 Shares held by Green Orient and 2,348,887,635 Shares held by Bannock and Earntrade.

4. Prime Prospects is a 70% owned subsidiary of the Company.

Apart from the foregoing, none of the Directors and chief executives of the Company or any of their spouses or children under eighteen (18) years of age had interests or short positions in the shares, underlying shares or debentures of the Company, or any of its holding company, subsidiaries or other associated corporations, as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, as at the Latest Practicable Date.

(b) Substantial Shareholders and other persons' interests in the Shares and underlying Shares

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of the SFO, and so far as is known to the Directors or chief executive of the Company, the following persons (other than a Director or a chief executive of the Company) had, or was deemed or taken to have, interests in the Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and the amount of each of such person's interests in such Shares is as follows:

Name	Number of Shares held: Beneficial interests	Number of Shares held: Family interests	Number of Shares held: Corporate interests	Total number of Shares held	Approximate percentage of shareholding to total issued Shares *(Note 1)*
Earntrade	1,075,765,537	—	1,273,122,098	2,348,887,635 *(Note 2)*	17.77%
Bannock	1,273,122,098 *(Note 2)*	—	—	1,273,122,098	9.63%
Fung Shing	2,124,792,202	—	—	2,124,792,202	16.07%
Parkfield	2,020,984,246	—	—	2,020,984,246	15.29%
Mrs. Ng	613,214,065	8,141,545,650 *(Note 3)*	—	8,754,759,715	66.22%

Notes:

1. These percentages are calculated on the basis of 13,221,302,172 Shares in issue as at the Latest Practicable Date.

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

3. Mrs. Ng, who held 613,214,065 Shares directly, is the spouse of Mr. Ng. By virtue of the SFO, Mrs. Ng was deemed to be interested in the 8,141,545,650 Shares (including 1,312,816,324 Shares and 6,828,729,326 Shares held by Mr. Ng directly and indirectly through controlled corporations respectively), as disclosed in the section headed "Directors' and chief executive's interests in the Company or its associated corporations" in the above.

As at the Latest Practicable Date, save as (i) Mr. Ng, the director of Earntrade, Bannock, Fung Shing and Parkfield; and (ii) Ms. Cheung, the director of Earntrade and Bannock, none of the Directors was a director or an employee of a company which had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Save as disclosed above, so far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, there was no person (other than a Director or chief executive of the Company) or deemed or taken to have who had an interest or a short position in the Shares and/or underlying Shares (including interest in options, if any) of the Company as recorded in the register required to be kept under section 336 of the SFO, or to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS

None of the Directors was materially interested, directly or indirectly, in any contract or arrangement subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group taken as a whole.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2024 (the date to which the latest published audited consolidated accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of or leased to any member of the Group.

4. COMPETING INTERESTS

According to the Listing Rules, the following Directors have interests in the following business which are considered to compete or are likely to compete, either directly or indirectly, with the businesses of the Group other than those businesses where the Directors of the Company were appointed as directors to represent the interests of the Company and/or the Group:

	Businesses which are considered to compete or likely to complete with the businesses of the Group		
Name of Director(s)	**Name of entity**	**Description of businesses**	**Nature of interest of the Director in the entity**
Mr. Ng	SCAH	Property investment and development	Director
Ms. Cheung	SCAH	Property investment and development	Director
Mr. Paul Ng	SCAH	Property investment and development	Director
Ms. Jessica Ng	SCAH	Property investment and development	Director

The Company mainly focuses on the larger scale property investment and development projects while SCAH seeks to undertake property development projects in small to medium size.

Also, the Board comprises eight (8) Directors, including three (3) executive Directors, two (2) non-executive Directors and three (3) independent non-executive Directors. In the circumstances where the common directors are required to abstain from voting due to potential conflicts of interest, the non-common Director(s) including independent non-executive Directors will make their business judgment for the decision making process of the Board (if necessary).

Saved as disclosed above, as at the Latest Practicable Date, none of the Directors or his or her respective close associates (has the meaning ascribed to it under the Listing Rules) was considered to have an interest in a business which competed or was likely to compete, either directly or indirectly, with the business of the Group or any other conflicts of interests with the Group other than those businesses to which the Director and his or her close associates were appointed to represent the interests of the Company and/or the Group.

5. DIRECTORS' SERVICES CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any existing or proposed service contract with the Company or any of its subsidiaries or associated companies which was not determinable by the employer within one (1) year without payment of compensation (other than statutory compensation).

6. LITIGATION

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

Case on infringement of copyrights

Reference is made to the announcement dated 5 December 2016 of the Company regarding the litigation in the PRC concerning infringement of copyrights of certain pieces of computer software that belong 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 deteriorated and suffered serious loss. Upon investigations, it was found that Nanjing Skytech illegally transferred the entirety of the computer software belonging to South China Skytech ("**Computer Softwares**") for its own use and registered the ownership of the copyrights of the Computer Softwares under the name of Nanjing Skytech 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 contrary, 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 in the Stock Exchange in 2013 (Stock Code: 1297), with its shares delisted from the Stock Exchange in March 2024.

South China Skytech commenced legal proceedings in Jiangsu High People's Court ("**Jiangsu High Court**") against Nanjing Skytech, inter alia, requesting the Jiangsu High Court to determine that the ownership of the copyrights of a total of 31 Computer Softwares registered under the names of Nanjing Skytech and Skytech Software do belong to South China Skytech; and that Nanjing Skytech do compensate South China Skytech for damages in the sum of RMB210,400,000 (to be assessed) for infringement of the copyrights of the Computer Softwares.

On 28 November 2016, the Jiangsu High Court delivered its first instance judgment on the copyrights ownership of such software, determining that during the period from March 2000 to March 2003, Nanjing Skytech basically had no employees and, before 2002, it had no fixed assets and therefore was not equipped with the corresponding conditions to develop any software at all. The case involved the dispute on whether the development of the Computer Softwares mainly relied on South China Skytech's manpower and physical technology capability. The Jiangsu High Court also determined that the acts of Nanjing Skytech and Skytech Software of registering the Computer Softwares developed mainly deploying physical technology capability under their own names obviously does not comply with the basic principles of copyright ownership. The ownership of the copyrights of all the 13 Computer Softwares should 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 Court**"). The Supreme Court 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 applied to request the recusal of the presiding judge at the beginning of the trial. The Jiangsu High Court rejected the request as reasons from Nanjing Skytech for applying for recusal were believed to be improbable, 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 filed any recusal application against the presiding judge, but did so at the time of the trial, clearly resembling the violation of good faith lawsuit.

The Company considers that Nanjing Skytech has seriously violated the principle of good faith in view of its series of actions, and was actually a shell company, basically with no employees, no office base and no capital. It had no means or capability whatsoever to develop any computer software. Therefore, the Company considers that the remaining 18 pieces of Computer Softwares 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 Softwares should also belong to South China Skytech. The Company will explore every possible course of action to claim for the ownership of the 31 pieces of Computer Softwares.

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 developed from the Computer Softwares 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 Softwares belonged to South China Skytech. Dissatisfied with the judgement, South China Skytech appealed against the ruling on 15 April 2023. Hearings in the Supreme Court have been held sequentially on 19 November 2024 and 9 December 2024, pending the judgement.

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 (collectively, the "**Defendants**") who had breached the non-competition obligation under China's Company Law and were liable to make payment 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 settlement of 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 settlement of 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 settlement of 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 Court for retrial, the Supreme Court remitted the case back to the Jiangsu High Court for retrial on 8 April 2019 after examination.

On 18 October 2024, the Jiangsu High Court made a final judgment on the case and upheld the original judgment, which means that the Defendants were required to pay a total of approximately RMB28 million for damages to South China Skytech. The Defendants were dissatisfied with the judgement and applied to the People's Procuratorate in Jiangsu Province for supervision.

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

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 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 Group entered into a joint development agreement (the "**Development Agreement**"). It was agreed under the Development Agreement, inter alia, that they 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 Group failed to perform the Development Agreement, did not recognise that World Right and Binhai 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 Group and Cheng Tou Binhai, demanding the discharge of the Development Agreement, and urged to order the defendants to compensate for losses of approximately RMB366 million (subject to judicial evaluation).

Disallowing the request of World Right, the court delivered its first-instance judgment on 17 May 2024, as a results of which, World Right immediately took an appeal. The appeal court delivered its judgment on 31 December 2024, dismissing the appeal and upholding the original judgment.

(iii) Case on arbitration related to Nansha land

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

Based on strategic consideration, Brightson filed an application with the arbitral tribunal to withdraw the arbitration case on 18 April 2024.

Apart from the above, none of the members of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, so far as the Directors are aware, none of the member of the Group was engaged in any litigation or claim of material importance and no litigation or claim of material importance was pending or threatened against any member of the Group.

7. MATERIAL CONTRACTS

Save the agreements set out below, no contract (not being contract in the ordinary course of business), which is or may be material, has been entered into by the Company or any of its subsidiaries within the two (2) years immediately preceding the Latest Practicable Date:

(a) Berth and Debenture SPA; and

(b) Sale and Purchase Agreement.

8. MATERIAL ADVERSE CHANGE

Save as disclosed in the Company's annual report for the year ended 31 December 2024 published in April 2025, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Group were made up.

9. QUALIFICATION AND CONSENTS OF EXPERTS

The following sets out the qualifications of the experts who have given opinion or advice, which are contained or referred to in this circular:

Name	Qualifications
WRise Capital Limited	A licensed corporation to carry out Type 6 (advising on corporate finance) regulated activities under the SFO
Ravia Global Appraisal Advisory Limited	Independent valuer

As at the Latest Practicable Date, each of the above experts did not have any direct or indirect interest in any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of any member of the Group, and had no direct or indirect interests in any assets which has been acquired or disposed of by or leased to any member of the Group since 31 December 2024 (the date to which the latest published audited consolidated financial statements of the Group were made up) or proposed to be so acquired, disposed of or leased.

As at the Latest Practicable Date, the above experts had given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its advice, letters, reports and/or summary of its opinions (as the case may be) and references to its name and logo in the form and context in which they respectively appear.

10. MISCELLANEOUS

(a) The registered office of the Company is situated at P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands and the principal place of business in Hong Kong is at 28th Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong.

(b) The share registrar and transfer office of the Company is Union Registrars Limited at Suites 3301–04, 33rd Floor, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong.

(c) The company secretary of the Company is Mr. Watt Ka Po James, who is a fellow member of both The Chartered Governance Institute and The Hong Kong Chartered Governance Institute.

(d) The English text of this circular and accompanying form of proxy shall prevail over the Chinese text in the case of inconsistency.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.scholding.com) for a period of not less than fourteen (14) days from the date of this circular up to and including the date of EGM and is available for inspection at the EGM:

(a) the material contracts as referred to in the paragraph headed "7. Material Contracts" in this Appendix;

(b) the written consent of expert referred to in the paragraph headed"9. Qualification and consent of expert" in this Appendix;

(c) the letter from the Board, the text of which is set out on pages 7 to 21 in this circular;

(d) the letter from the Independent Board Committee, the text of which is set out on pages 22 and 23 in this circular; and

(e) the letter from the Independent Financial Adviser, the text of which is set out on pages 24 to 42 in this circular.

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the "**EGM**") of South China Holdings Company Limited (the "**Company**") will be held at 28th Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong on Thursday, 26 June 2025 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution with or without amendments as an ordinary resolution:

ORDINARY RESOLUTION

1. "**THAT**:

(a) the sale and purchase agreement dated 6 May 2025 (the "**Sale and Purchase Agreement**"), a copy of which has been produced at the meeting marked "A" and initialed by the chairman of the meeting for the purpose of identification, entered into between and among South China Industries (China) Limited and Sino Pioneer International Limited (collectively, the "**Vendors**") as vendors; Splendid Enterprises Limited (the "**Purchaser**") as purchaser; World Mastery Limited (the "**Target Company A**"); Crosslight Limited (the "**Target Company B**"); and Chun Wing Company Limited (the "**Target Company C**") (the Target Company A, the Target Company B and the Target Company C are collectively referred to as the "**Target Companies**"), under which the Vendors conditionally agreed to sell and the Purchaser conditionally agreed to purchase the entire issued share capital of the Target Companies at the total consideration of HK$26,960,296 in accordance with the terms and subject to the conditions therein as disclosed in the circular of the Company dated 10 June 2025 and the transaction contemplated under the Sale and Purchase Agreement be and are hereby approved, confirmed and ratified; and

(b) any one or more of the director(s) of the Company be and is/are hereby authorized to do all such acts and things and execute all such documents (including under seal) which he/she/they consider necessary, appropriate, desirable or expedient to implement and give effect to the Sale and Purchase Agreement and the transactions contemplated thereunder and to agree to such variations, amendments, waivers or matters thereto as are, in his/her/their opinion, in the interests of the Company and its shareholders as a whole."

By order of the board of directors
South China Holdings Company Limited
南華集團控股有限公司
Cheung Choi Ngor
Executive Director

Hong Kong, 10 June 2025

Registered Office:
P.O. Box 31119
Grand Pavilion
Hibiscus Way
802 West Bay Road
Grand Cayman, KY1-1205
Cayman Islands

Head Office and Principal Place of Business in Hong Kong:
28th Floor, Bank of China Tower
1 Garden Road, Central
Hong Kong

Notes:

1. The register of members of the Company will be closed from Wednesday, 25 June 2025 to Thursday, 26 June 2025, both days inclusive, during which period no share transfers will be effected. In order to be eligible to attend and vote at the EGM, all share transfers accompanied by the relevant share certificates must be lodged 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 Tuesday, 24 June 2025.

2. A member entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and on a poll vote instead of him. A proxy need not be a member of the Company.

3. In order to be valid, a proxy form and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, must be deposited with the Company's share registrar and transfer office, Union Registrars Limited at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, not less than forty-eight (48) hours before the time fixed for holding the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude any member from attending and voting in person at the EGM or any adjourned meeting thereof should he so wish.

4. In the case of joint shareholdings, any one of such persons may vote, either personally or by proxy in respect of such share, provided that if more than one of such joint holders be present at the EGM or any adjournment thereof personally or by proxy, the more senior shall alone be entitled to vote and for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register of members in respect of the joint holding.

5. If a Typhoon Signal No. 8 or above is hoisted or a Black Rainstorm Warning Signal or "extreme conditions after super typhoons" announced by the Government of the Hong Kong Special Administrative Region is/are in force at 8:00 a.m. on the date of the EGM, the EGM will be automatically postponed or adjourned. The Company will publish an announcement on the Company's website (www.scholding.com) and the Stock Exchange's website (www.hkexnews.hk) to notify shareholders of the Company of the date, time and venue of the rescheduled EGM.

6. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.

7. As at the date of this notice, 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.