



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)

INTERIM REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2025

The board of directors (the “Board” or the “Directors”) of South China Holdings Company Limited (the “Company”) presents the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2025.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended 30 June	
		2025	2024
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
	Notes		
Revenue	2	891,682	1,168,503
Cost of sales		(829,072)	(1,016,427)
Gross profit		62,610	152,076
Other income and gains, net	3	95,361	64,455
Net fair value gain/(loss) on investment properties		72,843	(75)
Selling and distribution expenses		(15,813)	(18,708)
Administrative expenses		(178,897)	(152,906)
Profit from operations	2 & 4	36,104	44,842
Finance costs	5	(101,750)	(124,374)
Loss before tax		(65,646)	(79,532)
Income tax expenses	6	(24,350)	(1,344)
Loss for the period		(89,996)	(80,876)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)

		Six months ended 30 June	
		2025	2024
		(Unaudited)	(Unaudited)
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Attributable to:			
Equity shareholders of the Company		(91,769)	(79,142)
Non-controlling interests		<u>1,773</u>	<u>(1,734)</u>
		<u>(89,996)</u>	<u>(80,876)</u>
Loss per share			
	8		
Basic		<u>HK(0.7) cents</u>	<u>HK(0.6) cents</u>
Diluted		<u>HK(0.7) cents</u>	<u>HK(0.6) cents</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss for the period	(89,996)	(80,876)
Other comprehensive income (after tax and reclassification adjustments)		
Item that will not be reclassified to profit or loss:		
Surplus on revaluation of property, plant and equipment upon transfer to investment properties	–	27,324
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of operations outside Hong Kong	192,286	(162,083)
Release of exchange reserve upon disposal of subsidiaries	(28,003)	–
	164,283	(134,759)
Total comprehensive income for the period	74,287	(215,635)
Attributable to:		
Equity shareholders of the Company	58,781	(203,383)
Non-controlling interests	15,506	(12,252)
	74,287	(215,635)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 June 2025 (Unaudited) HK\$'000	As at 31 December 2024 (Audited) HK\$'000
<i>Notes</i>		
NON-CURRENT ASSETS		
Property, plant and equipment	397,306	430,689
Investment properties	9,447,626	9,192,767
Construction in progress	149	145
Investments in a joint venture	–	285
Bearer plants	14,346	14,457
Other non-current assets	61,825	151,853
	<hr/>	<hr/>
Total non-current assets	9,921,252	9,790,196
	<hr/>	<hr/>
CURRENT ASSETS		
Inventories	836,130	720,711
Properties under development	244,836	237,229
Trade receivables	349,834	399,041
Prepayments, deposits and other receivables	1,234,039	1,138,155
Financial assets measured at fair value through profit or loss	7,069	6,643
Amount due from a non-controlling shareholder of a subsidiary	29,611	29,611
Amounts due from associates	5,145	5,145
Amounts due from related parties	12,706	16,964
Tax recoverable	743	759
Cash and bank balances	389,630	621,514
	<hr/>	<hr/>
Total current assets	3,109,743	3,175,772
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

		As at 30 June 2025 (Unaudited) HK\$'000	As at 31 December 2024 (Audited) HK\$'000
	<i>Notes</i>		
CURRENT LIABILITIES			
Trade payables	10	613,824	699,173
Other payables and accruals		637,180	499,745
Interest-bearing bank borrowings		3,260,440	2,073,370
Lease liabilities		58,210	60,638
Amounts due to non-controlling shareholders of subsidiaries		928	10,199
Tax payable		64,448	71,091
Total current liabilities		4,635,030	3,414,216
NET CURRENT LIABILITIES		(1,525,287)	(238,444)
TOTAL ASSETS LESS CURRENT LIABILITIES		8,395,965	9,551,752
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		274,072	1,597,999
Lease liabilities		221,290	265,344
Amounts due to non-controlling shareholders of subsidiaries		107	107
Amounts due to related parties		555,469	504,904
Other non-current liabilities		23,164	22,475
Deferred tax liabilities		1,100,506	1,043,461
Total non-current liabilities		2,174,608	3,434,290
NET ASSETS		6,221,357	6,117,462
CAPITAL AND RESERVES			
Share capital	11	134,413	134,413
Reserves		5,763,105	5,693,128
Total equity attributable to equity shareholders of the Company		5,897,518	5,827,541
Non-controlling interests		323,839	289,921
TOTAL EQUITY		6,221,357	6,117,462

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued capital and share premium (Unaudited) HK\$'000	Shares held for share award scheme (Unaudited) HK\$'000	Treasury shares (Unaudited) HK\$'000	Other reserves (Unaudited) HK\$'000	Accumulated profits (Unaudited) HK\$'000	Attributable to owners of the Company (Unaudited) HK\$'000	Non- controlling interests (Unaudited) HK\$'000	Total equity (Unaudited) HK\$'000
At 1 January 2025	1,616,590	(61,075)	(10,837)	(1,437,271)	5,720,134	5,827,541	289,921	6,117,462
Total comprehensive income for the period	-	-	-	150,550	(91,769)	58,781	15,506	74,287
Deemed contribution from shareholders	-	-	-	11,196	-	11,196	-	11,196
Disposal of interests in subsidiaries	-	-	-	-	-	-	18,412	18,412
Transfer upon disposal of subsidiaries	-	-	-	(10,919)	10,919	-	-	-
At 30 June 2025	<u>1,616,590</u>	<u>(61,075)</u>	<u>(10,837)</u>	<u>(1,286,444)</u>	<u>5,639,284</u>	<u>5,897,518</u>	<u>323,839</u>	<u>6,221,357</u>
At 1 January 2024	1,616,590	(61,075)	(10,837)	(1,266,832)	5,719,438	5,997,284	292,531	6,289,815
Total comprehensive income for the period	-	-	-	(124,241)	(79,142)	(203,383)	(12,252)	(215,635)
At 30 June 2024	<u>1,616,590</u>	<u>(61,075)</u>	<u>(10,837)</u>	<u>(1,391,073)</u>	<u>5,640,296</u>	<u>5,793,901</u>	<u>280,279</u>	<u>6,074,180</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Six months ended 30 June

2025	2024
(Unaudited)	(Unaudited)
HK\$'000	HK\$'000

Cash flows from operating activities

Cash used in operations	(6,709)	(58,685)
Hong Kong Profit Tax paid	(3,658)	(6,144)
The People's Republic of China ("PRC") enterprise income tax paid	(3,949)	(3,520)

Net cash used in operating activities

(14,316)	(68,349)
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Cash flows from investing activities

Purchase of items of property, plant and equipment	(23,977)	(13,958)
Other cash flows arising from investing activities	3,956	11,824

Net cash used in investing activities

(20,021)	(2,134)
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Cash flows from financing activities

New bank loans	1,292,354	1,929,460
Repayment of bank loans	(1,456,401)	(1,779,867)
Interests and other borrowing costs paid	(95,498)	(119,805)
Capital element of lease rentals paid	(37,110)	(34,570)
Interest element of lease rentals paid	(10,089)	(10,895)
Other cash flows arising from financing activities	102,559	57,256

Net cash (used in)/generated from financing activities

(204,185)	41,579
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Net decrease in cash and cash equivalents	(238,522)	(28,904)
Cash and cash equivalents at beginning of the period	579,375	506,245
Effect of foreign exchange rate changes, net	5,471	(3,824)

Cash and cash equivalents at end of the period

346,324	473,517
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Analysis of balances of cash and cash equivalents

Cash and bank balances	389,630	483,866
Less: Restricted bank deposits	(43,306)	(10,349)

Cash and cash equivalents as stated in the condensed consolidated cash flow statement

346,324	473,517
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements (“interim financial statements”) have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). They were authorised for issue on 20 August 2025.

These interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2025 annual financial statements. Details of any changes in accounting policies are set out below.

These interim financial statements should be read, where relevant, in conjunction with the 2024 annual financial statements of the Group.

New and revised Hong Kong Financial Reporting Standards (“HKFRSs”) and amendments to HKFRSs

The Group has applied the following amendment to HKFRS Accounting Standards issued by the HKICPA to this unaudited interim financial information for the current accounting period:

Amendment to HKAS 21, *The effect of changes in foreign exchange rates: Lack of exchangeability*

The Group has assessed the impact of the adoption of the above amendment and considered that there was no significant impact on the Group’s results and financial position or any substantial changes in the Group’s accounting policies.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2. REVENUE AND SEGMENTAL INFORMATION

An analysis of the Group's consolidated revenue and contribution to profit from operations by principal activity and geographical location for the six months ended 30 June 2025 and 2024 is as follows:

	Trading and manufacturing		Property investment and development		Agriculture and forestry		Others		Group	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Segment revenue										
External sales	<u>789,096</u>	<u>1,061,505</u>	<u>102,529</u>	<u>106,936</u>	<u>57</u>	<u>62</u>	<u>-</u>	<u>-</u>	<u>891,682</u>	<u>1,168,503</u>
Segment results	(102,481)	31,767	110,210	41,354	(10,929)	(2,859)	39,304	(25,420)	36,104	44,842
Reconciliation:										
— Finance costs									<u>(101,750)</u>	<u>(124,374)</u>
Loss before tax									<u>(65,646)</u>	<u>(79,532)</u>

By geographical location[#]:

	Revenue		Contribution to profit from operations	
	Six months ended 30 June		Six months ended 30 June	
	2025	2024	2025	2024
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
The PRC including Hong Kong and Macau	137,322	170,503	137,381	24,668
United States of America ("USA")	391,105	598,360	(37,383)	16,835
Europe	220,844	281,128	(39,208)	2,215
Japan	11,457	3,696	(2,046)	21
Others	130,954	114,816	(22,640)	1,103
	<u>891,682</u>	<u>1,168,503</u>	<u>36,104</u>	<u>44,842</u>

[#] Revenue by geographical location is determined on the basis of the location where merchandise is delivered and/or service is rendered.

2. REVENUE AND SEGMENTAL INFORMATION (Continued)

The following table presents the assets and liabilities information for the Group's business segments as at the reporting period end date:

	Trading and manufacturing		Property investment and development		Agriculture and forestry		Others		Group	
	30 June 2025	31 December 2024	30 June 2025	31 December 2024	30 June 2025	31 December 2024	30 June 2025	31 December 2024	30 June 2025	31 December 2024
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	1,301,758	1,579,405	11,361,168	11,027,335	140,880	154,120	226,446	204,064	13,030,252	12,964,924
Investments in a joint venture									-	285
Tax recoverable									743	759
Total assets									<u>13,030,995</u>	<u>12,965,968</u>
Segment liabilities	2,757,152	2,764,191	980,695	921,521	125,320	131,342	1,781,517	1,916,900	5,644,684	5,733,954
Tax payable									64,448	71,091
Deferred tax liabilities									1,100,506	1,043,461
Total liabilities									<u>6,809,638</u>	<u>6,848,506</u>

3. OTHER INCOME AND GAINS, NET

During the six months ended 30 June 2025, a gain on disposal of subsidiaries of approximately HK\$67,561,000 had been recognised (six months ended 30 June 2024: Nil).

4. PROFIT FROM OPERATIONS

Profit from operations is arrived at after charging:

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost of inventories sold	783,553	959,982
Cost of completed properties sold	13,747	15,899
	<u>797,300</u>	<u>975,881</u>
Depreciation:		
— owned property, plant and equipment	15,191	16,230
— bearer plants	554	626
— right-of-use assets	34,658	33,392
	<u>50,403</u>	<u>50,248</u>

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on bank and other borrowings	91,661	113,479
Interest on lease liabilities	10,089	10,895
	<u>101,750</u>	<u>124,374</u>

6. INCOME TAX

Income tax comprises current tax and deferred tax.

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2024: 16.5%) on the estimated assessable profit arising in or derived from Hong Kong. Taxes on profits assessable elsewhere have been calculated on the estimated assessable profit at rates of taxation prevailing in the countries in which the Group operates.

Deferred tax is provided on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

7. INTERIM DIVIDEND

The Board resolved not to declare the payment of an interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

8. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss attributable to equity shareholders of the Company and the weighted average number of ordinary shares in issue after deducting shares held for the Company's employees' share award scheme and treasury shares.

The calculation of diluted loss per share is based on the loss attributable to equity shareholders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares as used in the basic loss per share calculation and the weighted average number of ordinary shares assumed to have been issued at no consideration on vesting, and the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The loss and number of shares used in the calculations of basic and diluted loss per share are as follow:

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss		
Loss attributable to equity shareholders of the Company		
used in basic and diluted loss per share calculation	<u>(91,769)</u>	<u>(79,142)</u>

8. LOSS PER SHARE (Continued)

	Number of shares	
	2025	2024
	(Unaudited)	(Unaudited)
	'000	'000
Shares		
Weighted average number of ordinary shares in issue less shares held for share award scheme during the period used in the basic and diluted loss per share calculation	<u>12,982,892</u>	<u>12,982,892</u>

The Company's share options have no dilution effect for the six months ended 30 June 2025 and 2024 as the exercise prices of the Company's share options were higher than the average market price of the shares in both periods.

Diluted loss per share equals to basic loss per share for the six months ended 30 June 2025 and 2024 because the potential ordinary shares outstanding were anti-dilutive.

9. TRADE RECEIVABLES

Trade receivables of approximately HK\$349,834,000 as at 30 June 2025 (as at 31 December 2024: HK\$399,041,000), substantially aged within six months, are stated net of loss allowance.

Specific loss allowance is recognised when there is objective evidence that the Group will not be able to collect the amounts due according to the original terms of the receivables.

The Group's trading terms with its customers are mainly on credit with credit periods normally ranging from period of one to three months depending on a number of factors including trade practice, collection history and location of customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to monitor credit risk. Overdue balances are reviewed regularly by senior management.

10. TRADE PAYABLES

Trade payables of approximately HK\$613,824,000 as at 30 June 2025 (as at 31 December 2024: HK\$699,173,000) are substantially aged within six months.

11. SHARE CAPITAL

	As at 30 June 2025 (Unaudited) HK\$'000	As at 31 December 2024 (Audited) HK\$'000
Authorised:		
20,000,000,000 ordinary shares of HK\$0.01 each	200,000	200,000
3,000,000,000 redeemable convertible preference shares of HK\$0.02 each (<i>Note</i>)	60,000	60,000
Total authorised capital	<u>260,000</u>	<u>260,000</u>
Issued and fully paid:		
13,221,302,172 (2024: 13,221,302,172) ordinary shares of HK\$0.01 each	132,213	132,213
109,975,631 (2024: 109,975,631) redeemable convertible preference shares of HK\$0.02 each	2,200	2,200
Total issued and fully paid capital	<u>134,413</u>	<u>134,413</u>

Note: The redeemable convertible preference shares are redeemable at the sole discretion of the Company at any time after the issuance thereof. Holders of the redeemable convertible preference shares are entitled to a pro-rata share of any dividend or distribution declared by the Board, at its discretion, to the ordinary shareholders of the Company. Dividends or distributions payable to the holders of the redeemable convertible preference shares are not cumulative. The redeemable convertible preference shares do not confer on the holders thereof the right to receive notice of, or to attend and vote at, general meeting of the Company unless a resolution is proposed to vary or abrogate the rights or privileges of the holders of the redeemable convertible preference shares or for winding-up the Company. The redeemable convertible preference shares rank prior to the ordinary shares on distribution of assets on liquidation, winding-up or dissolution of the Company to the extent of the amount equal to the aggregate issue price of the relevant redeemable convertible preference shares. The remaining assets belong to and shall be distributed on a pari passu basis among the holders of the ordinary shares.

There was no movement in the number of issued ordinary shares and redeemable convertible preference shares of the Company during the six months ended 30 June 2025 and 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL SUMMARY AND KEY PERFORMANCE INDICATORS

The Group recorded a revenue of approximately HK\$891.7 million (2024: approximately HK\$1,168.5 million) for the six months ended 30 June 2025 (the “Period”), representing a 23.7% decrease as compared to the corresponding period in 2024. Loss after tax was approximately HK\$90.0 million for the Period (2024: approximately HK\$80.9 million). Loss per share attributable to equity shareholders of the Company for the Period was HK0.7 cents (2024: HK0.6 cents).

BUSINESS REVIEW

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

Trading and Manufacturing

The trading and manufacturing segment mainly comprises (i) OEM production of toys products, (ii) trading of footwear products and (iii) sales of branded ball products. This segment recorded a 25.7% decrease in revenue to approximately HK\$789.1 million for the Period (2024: approximately HK\$1,061.5 million) and an operating loss of approximately HK\$102.5 million for the Period (2024: profit of approximately HK\$31.8 million).

(i) OEM toys production

The OEM toys segment generated revenue of approximately HK\$625.7 million for the Period (2024: approximately HK\$964.3 million), reflecting a 35.1% decrease year-on-year.

According to a report published by the Toy Association of the USA on 12 August 2025, total US toy imports in June 2025 fell by 31% compared to June 2024. The decline was driven largely by a 47% decline in imports from China. The downtrend began in April 2025. Tariffs have been creating serious headwinds for the toy industry and disrupting the flow of toys into the US market ahead of the crucial holiday season. Given the Period was marked by weak consumer market sentiment and sluggish economic growth, geopolitical tensions, persistent high interest rates and uncertain policies such as continuous US tariff adjustments, which disproportionately affected demands for non-necessity goods, including toys, the Group's key US customers had adopted cautious ordering strategies. Consequently, the Group's toy production capacity was underutilized.

With a strong infrastructure in manufacturing of toys, including operating plants in both Vietnam and Mainland China, the Group is one of the few manufacturers in the OEM toys production market capable of quick production and delivery of toy products to overseas customers, in particular, to the USA. The Group will continue to proactively maintain the long-term relationships with its key customers while seeking to pursue potential new customers, strive to control its costs by streamlining its supply chain and manpower, and align with evolving market demands and sourcing preferences through strategic allocation of production between Vietnam and Mainland China.

(ii) Trading of footwear products

During the Period, revenue from the footwear trading operation increased by 75.9% to approximately HK\$157.7 million (2024: approximately HK\$89.7 million). In order to outperform its competitors, the Group adopted aggressive pricing strategy by offering relatively low prices, coupled with bespoke customer advisory services, to both current and new customers for securing purchase orders despite lower gross profit margin of each order. As a result, the operating profit of this segment decreased by 19.9% to approximately HK\$5.9 million (2024: approximately HK\$7.3 million).

(iii) Sales of branded ball products

During the Period, revenue from sales of the branded ball products in the local market of Mainland China decreased by 26.8% to approximately HK\$4.2 million (2024: approximately HK\$5.8 million), mainly due to the drastic change in purchase behavior of educational institutions, the Group's main customers of ball products, from bulk purchase through tendering to purchasing on a need basis. Such change is likely due to the tightened budget allocated to the educational institutions by the local governments. To reduce the reliance on bulk purchases by educational institutions, the Group will use other distribution channels to widen its products exposure and sales network by leveraging the brand of "LeeSheng (利生)" which has a long-standing history of over 100 years in Mainland China.

Property Investment and Development

During the Period, revenue from the property investment and development segment decreased by 4.1% to approximately HK\$102.5 million (2024: approximately HK\$106.9 million). The operating profit of this segment for the Period was approximately HK\$110.2 million (including fair value changes on investment properties) (2024: approximately HK\$41.4 million) and approximately HK\$37.4 million (excluding the fair value changes on investment properties) (2024: approximately HK\$41.4 million).

As at 30 June 2025, the Group had a property investment portfolio with total gross floor area ("GFA") of approximately 570,000 sq.m. in Mainland China and approximately 26,000 sq.m. (approximately 280,000 sq.ft.) in Hong Kong. The investment properties for lease in Mainland China are mostly in prime locations in Nanjing, Shenyang and Tianjin.

Currently, approximately 69% of the total saleable area of residential towers and serviced apartment of Central Square, the flagship property project of the Group, has been sold. Given Central Square is located in a prime residential area in Shenyang, the management of the Group is cautiously optimistic on its sales and rental contributions in 2025 and onwards since the central government of China has introduced various measures to stimulate the real estate market, including reducing down-payment rates, lowering the purchase threshold for non-local buyers and reducing existing mortgage rates etc., aiming at boosting market confidence, reviving a stable and healthy market from the nationwide collapse in market confidence resulting from Evergrande's crisis and stimulating economic vitality. However, a full recovery of the real estate market will take time and sustained demand growth has yet to materialize.

The Group was able to stabilise its rental income from its property portfolios in both Mainland China and Hong Kong during the Period as compared to the corresponding period in 2024 by means of tenant mix optimization and facility renovations.

On the other hand, the Group has consistently reviewed its portfolio for maximization of its return by allocating resources to the core operations and eliminating non-performing ones. During the Period, there was a disposal of subsidiaries in Tianjin given the disposed subsidiaries had ceased their respective main businesses and not been in normal operations, but merely retained certain properties in Tianjin, which were not material assets to the Group's property portfolio. The disposal would therefore allow the Group to deploy and allocate its resources (both time and manpower) to its profitable core business segments.

Agriculture and Forestry

During the Period, revenue from the sales of agricultural products decreased to approximately HK\$57,000 (2024: approximately HK\$62,000), while other income from sub-leasing of agricultural and forest lands decreased to approximately HK\$6.6 million (2024: approximately HK\$8.7 million). There was an operating loss of approximately HK\$10.9 million for this segment during the Period (2024: operating loss was approximately HK\$2.9 million after taking into account an extraordinary one-off write-back of approximately HK\$4.4 million, i.e. operating loss for the corresponding period in 2024 without taking into account the one-off write-back was approximately HK\$7.3 million). The increase in operating loss during the Period was mainly due to drop in other income from the aforesaid sub-leasing resulting from the lapse of some tenancies upon expiration.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2025, the Group had a current ratio of 0.67 and a gearing ratio of 4.4% (31 December 2024: 0.93 and 26.1% respectively). The gearing ratio is computed by referring to the Group's long-term bank borrowings of HK\$274.1 million and the Group's equity of HK\$6,221.4 million. The Group's operations and investments continued to be financed by internal resources and bank borrowings. The Group closely monitors the liquidity risk and maintains a balance between continuity of funding and flexibility through the use of banking facilities.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Group operates in Hong Kong and Mainland China and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to RMB and United States dollars. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in operations in Mainland China. The Group manages foreign exchange risk by closely monitoring the movements of the foreign currency rates and enters into forward contracts whenever appropriate.

CAPITAL STRUCTURE

There was no material change in the Group's capital structure as compared to the most recently published annual report.

CONTINGENT LIABILITIES

During the Period, certain indirect wholly-owned subsidiaries of the Company entered into certain bank loan facilities under which certain investment properties were pledged with the banks.

An indirect wholly-owned subsidiary of the Company in Mainland China provided guarantees to certain financial institutions in an aggregate amount of approximately RMB172.3 million (equivalent to approximately HK\$188.6 million) for independent purchasers of premises of the Central Square in relation to which the related premises ownership certificates had not been issued as at 30 June 2025. The aforesaid guarantees would be released upon the issuance of the premises ownership certificate to those buyers.

Save as aforesaid, there was no other material change in the Group's pledge of assets and contingent liabilities.

EMPLOYEES

As at 30 June 2025, the total number of employees of the Group was 13,422 (30 June 2024: 15,537).

Employees' costs (including directors' emoluments) amounted to approximately HK\$335.3 million for the Period (2024: approximately HK\$393.5 million).

In addition to salary, other fringe benefits such as medical subsidies, provident fund and subsidised training programs are offered to employees of the Group. The Group also operates share option and share award schemes, and may, at its discretion, grant share option or award shares to its employees under respective schemes.

Performance of the employees is normally reviewed on an annual basis with adjustment compatible to the market. Individual employees may also receive a discretionary bonus at the end of each year based on his/her performance.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 6 May 2025, South China Industries (China) Limited ("SCI (China)") and Sino Pioneer International Limited ("Sino Pioneer"), both being indirect wholly-owned subsidiaries of the Company, as vendors entered into the sale and purchase agreement with Splendid Enterprises Limited ("Splendid Enterprise"), a company wholly-owned by Mr. Ng Hung Sang, the controlling shareholder of the Company, the chairman of the board of directors and an executive director of the Company, as purchaser, pursuant to which SCI (China) and Sino Pioneer conditionally agreed to sell and Splendid Enterprise conditionally agreed to purchase the entire issued share capital in World Mastery Limited, Crosslight Limited and Chun Wing Company Limited (those companies retained certain properties in Tianjin), at a total consideration of HK\$26,960,296. The consideration was settled by set-off against an amount due to a related party which is indirectly wholly-owned by Mr. Ng Hung Sang at completion. This transaction was approved by independent shareholders at the extraordinary general meeting held on 17 June 2025 and completed on 27 June 2025. The gain resulted from the disposal of subsidiaries was approximately HK\$67,561,000, which have been recognised to the consolidated statement of profit or loss during the Period. Details of the disposal were set out in the Company's announcements dated 6 May 2025, 7 May 2025, 27 May 2025 and 3 June 2025 and the circular of the Company dated 10 June 2025.

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

PROSPECTS

High interest rates and US tariff policies as well as geopolitical uncertainties stirred up global economic headwinds in the first half of 2025, and the Group's overall business performance was inevitably affected. Despite interest rates are one of the main tools used by the US Federal Reserves (the "Fed") to keep the US economy stable, the financial markets generally anticipate that the Fed will cut interest rates in the second half of 2025 as the inflation in the first half of 2025 was at an acceptable level, and the US President Donald Trump has repeatedly expressed his preference in cutting interest rates which would be a catalyst in stimulating the domestic consumption and diluting the impact of import tariffs.

On the other hand, it is expected that Mainland China will introduce more policy support for consumption and "new economy" sectors. The second half of 2025 is expected to be a balancing act between the government stimulus-driven stabilization and external headwinds in China. China's GDP growth target in 2025 was set at about 5% notwithstanding the challenges from external environment, which indicates a strong policy support for its domestic economy. In addition, increases in government expenditures on social policies as well as adjustments to minimum wages mechanisms are the factors to support consumption. An uptick in retail sales and resilience of the service sector indicate that consumer confidence is stabilizing, with a creep-up of willingness to spend by Mainland Chinese consumers. However, housing prices continue to decline and real estate investment remains lacklustre.

It is further expected that the central government of China will maintain a supportive monetary stance and accelerate local government bond issuance to drive infrastructure projects, while continuing to prioritize consumption, innovation and structural reforms in the second half of 2025. If the US interest rates drop later this year, the pressure on renminbi is expected to reduce, which in turn will open room for domestic easing. Stimulating domestic demand remains central to Mainland China's economic strategy.

The Group believes that monetary authorities of Mainland China are having a clear preference for prioritizing stability in the second half of 2025. With consumer price inflation hovering below one percent and producer prices continuing their climbing out of deflationary territory, the People's Bank of China has ample space to keep monetary conditions accommodative. It is expected that the central government of China will keep domestic demand on an upward trajectory by combining front-loaded fiscal spending with targeted measures to bolster consumption.

The Group will stay close to the changing environment for reacting promptly for improving the performance in various business segments, and capturing any new business opportunities in the second half of 2025.

Trading and Manufacturing

OEM toys production

The global economic volatilities and geopolitical tensions will continue to be significant challenges to this business segment. The planned imposition of additional tariffs by USA as well as persistently high interest rate would further complicate the international trade environment, which in turn cast a direct influence on the overall demand for toys products from the Group's key US customers.

As a leading OEM toys manufacturer, the Group is equipped with world-class engineering and production capabilities to fulfill customers' product designs and manufacturing requirements in the fast pace industry environment, therefore, the Group has received notably endorsements and confidence by its key customers with whom it has built long-term business and mutual trust relationships. By advancing vertical integration and innovation, the Group has established its role as a one-stop solution provider by delivering bespoke product development services that align with the evolving needs of its customers.

To further broaden market presence and enhance the production utilization rate, the Group will focus on diversifying its customer base and adapting to demands of clients who are highly price-conscious. Meanwhile, the Group will further strengthen supplier relationships and increase local sourcing by outsourcing non-core manufacturing processes for optimizing resources allocation and profit margin.

To maintain competitive advantage, the Group will continue to optimize the allocation and usage of its resources and streamline the production processes as well as enhance the facilities of its manufacturing plants.

With the alternative manufacturing hub, the Group has diversified its production and supply chain network by expanding its production to Vietnam, taking advantage of lower labour costs. The plants in Vietnam are in the proximity of the Group's existing supply chain networks, which facilitates logistics in the supply of materials. Meanwhile, the Group will expand its production base in Vietnam for meeting the customers' needs.

In order to follow the strategic shift of production lines from Mainland China to Vietnam for optimizing operational efficiency, enhancing supply chain flexibility and diversification and realising the value of idle manufacturing assets, the Group will always seek the opportunity for the disposal of idle manufacturing assets such as land use right in Mainland China. In addition, the Group can use the proceeds from the disposal to improve its financial position and provide additional resources for its business development.

To minimize potential production disruptions and balance different parties' interests along the supply chain of toys production, the Group will monitor the impact of new US tariff proactively and apply timely adjustments to products pricing and planned strategies on supply chain management.

The Group recognizes the transformative potential of artificial intelligence ("AI") in revolutionizing the toy manufacturing industry. By embracing AI, the Group aims to enhance operational efficiency, improve product quality and cost effectiveness, and deliver greater value to its customers.

Trading of footwear products

The Group will maintain its cooperative network of referrers for the purpose of referring new customers, which would widen the business opportunities of the Group. On the other hand, no fixed costs for maintaining the referrers will be incurred by the Group as the referrers will only be compensated upon receipt of revenue from the orders generated through their referrals. It has been the strategy of the Group to place orders with different plants as endorsed by its customers in different countries to strike a balance between the production costs and profit margins in each order. For capturing more businesses, the Group has diversified its product offerings to include athletic footwear and apparels for its existing customers since the second quarter of 2025. Meanwhile, the Group will continue to explore business opportunities in this segment in order to maximize its return.

Property Investment and Development

Property Investment

The Group will continue to optimize and adjust the tenant mix by modifying and upgrading facilities and establishing experiential retail spaces in its Avenue of Stars, a renowned mall in Shenyang, for clustering fashion and family entertainment retailers targeting at young couples and family customers. In addition, the retail podium of Central Square has recently widened its tenant mix by leasing part of the area thereof to hotel operators, coupled with diversified services provided by other experiential retailers such as food and beverages, banking, hair salon, convenient store, pet shop and etc.. The foregoing initiatives are further supported by the authorities in Mainland China which have issued more favourable visa policies since 2024 for attracting more tourists who will bring positive impact on the retail industry which in turn would reinforce the leasing demand of retailers. As a result, the customer base would be widened with synergy effect to be achieved which in turn will bring a positive impact on the Group's rental income.

Property Development

The overall real estate market in Mainland China is expected to continue to undergo an adjustment period, marked by gradual demand recovery and evolving policy support.

In the first half of 2025, the year-on-year decline in both sales of newly built commercial housing and total sales value narrowed moderately, reflecting ease of market pressures compared to the previous year. According to the National Bureau of Statistics of Mainland China ("NBS"), several positive trends were identified during the Period in the real estate market in Mainland China, including improvement in sales, narrowing price declines, increased financial resources for property industry, and a continued decrease in the volume of unsold properties. However, as also cautioned by NBS, both the sales area and value of commercial housing are expected to continue to decline as the property market's bottoming-out process will take time, and it is normal for key indicators to fluctuate during this phase of adjustment and transition. The Group will therefore continue to maintain highly cautious approach to its property project development and management.

It is expected that the central government of China will continuous to reinforce supportive measures to boost the property market in 2025, such as loosening purchase restrictions, reducing down-payment ratios and mortgage interest rates, and reducing deed tax and value-added tax. These policies aim to boost market confidence and speed up recovery in prices in first-tier cities, and accelerate inventory reduction in second to fourth-tier cities.

2025 will be a year in terms of government policies both in Mainland China and Hong Kong shaping the market, and it is expected that boosting consumption and promoting economic growth would have significant positive impact on real estate market. Notwithstanding some subsisting challenges, the outlook for the real estate market in Mainland China and Hong Kong remains positive.

The local authority in Nanjing has been in discussions with the Group for (i) the solution of resolving the Group's low-efficiency land sites located in the urban prime areas where non-core businesses are being carried out, including buy-back at agreed compensation by reference to current market value of the land sites for the purpose of upgrading such low-efficiency land sites to high-value land sites by redevelopment to residential or commercial areas for enhancement of city development which in turn leads to advancement of quality of city and (ii) providing administrative support to the Group for exploring optimal and sustainable redevelopment plans including upgrading infrastructure and revitalizing the usage of some of its low-efficiency land sites which in turn would substantially upgrade the value of such targeted land sites. In addition, the local authority of some villages in Shenzhen have also discussed with the Group for exploring the possibility of buying back those land sites on which the Group's scale-down operation plants are located for urban-village redevelopment. Given the land banks in Nanjing and Shenzhen were all invested by the Group at relatively low cost in early years, such realizations of land banks without having core operations, if materialized, are expected to provide positive contributions to the Group's financial results on the one hand, and on the other hand the revitalization of other low-efficiency land sites in Nanjing is expected to bring significant value to the Group. The Group will positively grasp these opportunities to maximize the value of those land banks for the benefits of the shareholders.

Agriculture and Forestry

The Group currently has long-term leases of over 290,000 mu (approximately 193 million sq.m.) of woodland, farmland, fishponds, and lake spaces across various major provinces in Mainland China, with a focus on cultivating fruits and crops such as apples, winter dates, peaches, pears, and corn as well as sub-leasing of some farmland to other operators for maximizing the usage and return. The Group is committed to exploring opportunities for planting high-profit-margin species while prioritizing enhancements in harvest yields, sales distribution channels, resource utilization, and cost control to improve the operational performance of this segment. Furthermore, the Group will actively look for opportunities to achieve higher returns through the conversion of agricultural land usage and pursue strategic cooperation with other agricultural operators to strengthen its market position and operational efficiency.

PRINCIPAL RISKS AND UNCERTAINTIES

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

Risks relating to Trading and Manufacturing

Macroeconomic environment

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

Cost increase

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

Risks relating to Property Investment and Development***Risks associated with the property market in Mainland China***

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

Risks associated with the property market in Hong Kong

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

Risks relating to Agriculture and Forestry***Risk associated with natural disasters or adverse weather conditions***

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

The Group conducts regular reviews and focuses on mitigating the risk exposure of each business unit.

INTERIM DIVIDEND

The Board resolved not to declare the payment of an interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2025, the interests and short positions 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 Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "SFO")) 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 of Hong Kong Limited (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 shares of the Company

Name of Director(s)	Number of shares held				Approximate percentage of shareholding to total issued shares
	Personal interests <i>(Note 1)</i>	Family interests	Corporate interests	Total number of shares held	
Mr. Ng Hung Sang ("Mr. Ng")	1,312,816,324	613,214,065 <i>(Note 3)</i>	6,828,729,326 <i>(Note 4)</i>	8,754,759,715	66.22%
Ms. Cheung Choi Ngor ("Ms. Cheung")	41,000,000	–	–	41,000,000	0.31%
Mr. Ng Yuk Yeung Paul	171,989,238	–	–	171,989,238	1.30%
Ms. Ng Yuk Mui Jessica	170,700,000	–	–	170,700,000	1.29%

Long positions in shares of associated corporation

Name	Name of associated corporation	Number of shares held by controlled corporation	Approximate percentage of shareholding to total issued shares
Mr. Ng	Prime Prospects Limited ("Prime Prospects") (Note 5)	30	30%

Notes:

1. The shares are registered under the names of the directors who are the beneficial shareholders.
2. These percentages are calculated on the basis of 13,221,302,172 shares in issue as at 30 June 2025.
3. The spouse of Mr. Ng is the beneficial shareholder.
4. 6,828,729,326 shares of the Company held by Mr. Ng through controlled corporations included 2,124,792,202 shares held by Fung Shing Group Limited ("Fung Shing"), 2,020,984,246 shares held by Parkfield Holdings Limited ("Parkfield"), 89,410,210 shares held by Ronastar Investments Limited ("Ronastar"), 1,075,765,537 shares held by Earnttrade Investments Limited ("Earnttrade"), 1,273,122,098 shares held by Bannock Investment Limited ("Bannock"), 212,405,565 shares held by Crystal Hub Limited ("Crystal Hub") and 32,249,468 shares held by Green Orient Investments Limited ("Green Orient"). Fung Shing, Parkfield and Ronastar all are wholly-owned by Mr. Ng. Bannock is a wholly-owned subsidiary of Earnttrade 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 South China Assets Holdings Limited, 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 Earnttrade.
5. 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 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 30 June 2025.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

The Company has been notified of the following interests in its issued shares at 30 June 2025 amounting to 5% or more of the shares in issue:

Name	Number of shares held				Approximate percentage of shareholding to total issued shares (Note 1)
	Beneficial interests	Family interests	Corporate interests	Total number of shares held	
Earntrade	1,075,765,537	–	1,273,122,098 (Note 2)	2,348,887,635	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%
Ms. Ng Lai King Pamela ("Ms. 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 30 June 2025.
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. Ms. Ng, who held 613,214,065 shares directly, is the spouse of Mr. Ng, the Chairman and an Executive Director. By virtue of the SFO, Ms. Ng was deemed to be interested in 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 Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" in the above.

Apart from the foregoing, as at 30 June 2025, no person, other than the directors and chief executives of the Company, whose interests are set out in the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" in the above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to section 336 of the SFO.

SHARE OPTION SCHEMES

2012 SHARE OPTION SCHEME

The Company adopted a share option scheme in June 2012 (the “2012 Share Option Scheme”) for the purpose of providing incentives and rewards to eligible participants, who contribute to the success of the Group’s operations, and retaining such participants for their continuing support to the Group. The share options granted under the above scheme are unlisted. The 2012 Share Option Scheme expired on 11 June 2022 therefore, as at 1 January 2025 and 30 June 2025, none of share option available for granting under 2012 Share Option Scheme. The options could be exercised by the participants at any time during the option exercisable period and notwithstanding that the 2012 Share Option Scheme had expired.

Particular and movements of the outstanding share options granted under the 2012 Share Option Scheme during the six months ended 30 June 2025 as follows:

Name or category of participant	Number of share options			Date of grant of share options (Note 1)	Exercise period of share options	Number of shares issuable upon the exercise of share options	Exercise price per share HK\$ (Note 2)
	Outstanding as at 1 January 2025	Granted/ (Lapsed) during the Period	Outstanding as at 30 June 2025				
Employees							
In aggregate	3,666,668	–	3,666,668	10/07/2015	10/07/2016–09/07/2025	9,316,268	0.51
	3,666,666	–	3,666,666	10/07/2015	10/07/2017–09/07/2025	9,316,266	0.51
	3,666,666	–	3,666,666	10/07/2015	10/07/2018–09/07/2025	9,316,266	0.51
Total	<u>11,000,000</u>	<u>–</u>	<u>11,000,000</u>			<u>27,948,800</u>	

Notes:

- All share options granted are subject to a vesting period and exercisable in the following manner:

From the date of grant of share options

Exercisable percentage

Within 12 months	Nil
13th month–24th month	not more than 33 ¹ / ₃ %
25th month–36th month	not more than 66 ² / ₃ %
37th month–120th month	100%

- The subscription price of the share options is subject to adjustment in the case of rights or bonus issues, or other alternation in the capital structure of the Company.

For the principal terms of the 2012 Share Option Scheme, please refer to note 32 to the consolidated financial statements as set out in the annual report of the Company for the year ended 31 December 2024 (the “2024 Annual Report”).

As at the date of this report, none of share is available for issued under the 2012 Share Option Scheme, representing 0% of the total issued shares of the Company as the remaining 11,000,000 share options were lapsed on 10 July 2025 due to the expiry of exercisable period in accordance with the terms of 2012 Share Option Scheme.

2023 SHARE OPTION SCHEME

The Company adopted the share option scheme at the extraordinary general meeting held on 20 June 2023 (the “2023 Share Option Scheme”), which has a term of ten (10) years and will expire on 20 June 2033.

The purpose of the 2023 Share Option Scheme is to provide incentive or rewards to the employees, directors and other eligible participants for their contribution to the Group and to enable the Group to attract and retain employees of appropriate qualifications and with necessary experience to work for the Group.

The maximum number of shares which may be issued upon exercise of all share options to be granted under the 2023 Share Option Scheme is 1,322,130,217 shares, representing approximately 10% of the total number of Shares in issue as at 20 June 2023 (being the date of the extraordinary general meeting approving the 2023 Share Option Scheme).

The maximum number of shares issuable under the share options to each eligible participant in the 2023 Share Option Scheme within any 12-month period, is limited to 1% of the Shares in issue at any time. Any further grant of share options in excess of this limit is subject to the Company’s shareholders’ approval in a general meeting. The exercise period of the share options granted is determinable by the directors, save that the period commences on the date of which the offer is made and ends on a date which is not later than ten (10) years from the date of grant of the share options subject to any provisions of the 2023 Share Option Scheme determining the rights of the grantees. The offer of a grant of share option may be accepted within twenty-eight (28) days from the date of grant, upon payment of a consideration of HK\$1.00 by the grantee.

The exercise price per Share in relation to an option under the 2023 Share Option Scheme shall be a price to be determined by the Directors but must be at least the highest of (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the date of grant, which must be a business day; and (ii) the average closing price of the Shares as stated in the Stock Exchange’s daily quotations for the five (5) business days immediately preceding the date of grant.

The number of options available for grant under the scheme mandate limit and the service provider sublimit under the 2023 Share Option Scheme are 1,322,130,217 and 132,213,021 respectively on the date of adoption of the 2023 Share Option Scheme, as at 1 January 2025 and 30 June 2025.

No option has been granted under the 2023 Share Option Scheme since its adoption. During the Period, no option has been granted, cancelled, outstanding, exercised or lapsed under the 2023 Share Option Scheme.

The number of shares that may be issued in respect of options granted under the 2012 Share Option Scheme and the 2023 Share Option Scheme during the Period representing 0% of the weighted average number of Shares for the Period.

For the principal terms of the 2023 Share Option Scheme, please refer to note 32 to the consolidated financial statements as set out in the 2024 Annual Report.

EMPLOYEES' SHARE AWARD SCHEME

On 18 March 2011, the Company adopted the employees' share award scheme (the "Share Award Scheme") whereby the Company may grant share awards to selected employees in recognition of their contributions to the Group and as incentive to retain them to support the operations and ongoing development of the Group and attract suitable personnel for the Group's further development. Pursuant to the terms and conditions of the Share Award Scheme, the Company shall settle a sum up to and not exceeding HK\$60 million for the purchase of shares in the Company from the market. Such shares shall form part of the capital of the trust set up for the Share Award Scheme. The Board may, from time to time, select employees for participation in the Share Award Scheme and cause to be paid an amount to the trustee from the Company's resources for the purpose of purchase of shares as referred to in the above. No share had been awarded under the Share Award Scheme during the Period. There was no change in the number of shares of the Company held under the Share Award Scheme as compared to the most recently published annual report.

No movement in the number of awarded shares in the Company during the six months ended 30 June 2025 and 2024.

The number of outstanding shares in the Company held under the Share Award Scheme are as follows:

	2025		2024	
	Value HK\$'000	Number of shares held	Value HK\$'000	Number of shares held
At 1 January and 30 June	61,075	206,160,593	61,075	206,160,593

During the Period, there was no share (2024: Nil) of the Share Award Scheme was transferred to the awardees upon vesting of certain awarded shares. The total cost of the vested shares was Nil (2024: Nil).

The number of awarded shares that may be granted under the Share Award Scheme during the Period representing 0% of the weighted average number of Shares for the Period.

For the principal terms of the Share Award Scheme, please refer to the Directors' Report as set out in the 2024 Annual Report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed shares of the Company during the six months ended 30 June 2025.

CORPORATE GOVERNANCE CODE

The Company has complied with the applicable code provisions as set out in the Corporate Governance Code contained in Appendix C1 of the Listing Rules throughout the six months ended 30 June 2025.

UPDATE ON LITIGATION PROCEEDINGS

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

Case on infringement of copyrights

As disclosed in the 2024 Annual Report, there was no material change for the six months ended 30 June 2025.

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

As disclosed in the 2024 Annual Report, there was no material change for the six months ended 30 June 2025.

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

Following the judgment of Tianjin High People's Court dismissing the appeal by World Right Investments Limited (環威投資有限公司) ("World Right") on 31 December 2024, World Right has appealed to the Supreme People's Court for retrial which accepted the retrial appeal filed by World Right on 23 July 2025. The case is currently being set down for hearing.

(iii) Case on arbitration related to Nansha land

As disclosed in the 2024 Annual Report, there was no material change for the six months ended 30 June 2025.

EVENTS AFTER THE REPORTING PERIOD

On 21 July 2025, Everwin Toys (Dongguan) Company Limited ("Everwin Toys"), an indirect wholly-owned subsidiary of the Company, as vendor entered into a sale and purchase agreement with 東莞市清溪謝坑實業投資有限公司 (the "Purchaser"), an independent third party, pursuant to which the Purchaser has agreed to acquire, and Everwin Toys has agreed to sell the land use rights of two industrial land sites located at Xiekeng Village, Qingxi Town, Dongguan City, Guangdong Province, the PRC, for a total consideration of RMB42,624,000 (equivalent to approximately HK\$46,840,000) payable by cash. Up to the date of this report, this transaction is not yet complete. Details of the disposal were set out in the Company's announcements dated 21 July 2025 and 25 July 2025.

Save as aforesaid, there is no material event after the reporting period as at the date of this report.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its code of conduct regarding the Directors' securities transactions. In addition, the Board has established similar guidelines for relevant employees who are likely to possess inside information in relation to the Group or its securities. Following specific enquiries by the Company, all Directors have confirmed that they have complied with the required standards as set out in the Model Code throughout the six months ended 30 June 2025.

DISCLOSURE OF INFORMATION ON DIRECTORS

During the six months ended 30 June 2025, there are no changes in the information of the Directors which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with the Listing Rules. The Audit Committee comprises three Independent Non-executive Directors, namely Mr. Kam Yiu Shing Tony (Chairman of the Audit Committee), Ms. Pong Scarlett Oi Lan, BBS, J.P. and Mr. Wong Chun Tat, J.P..

The Group's unaudited interim results for the six months ended 30 June 2025 has been reviewed by the Audit Committee, which was of the opinion that the preparation complied with the applicable accounting standards and requirements and that adequate disclosures were made.

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

Hong Kong, 20 August 2025

As at the date of this report, the Directors of the Company 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.