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).

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SOUTH CHINA HOLDINGS COMPANY LIMITED

南華集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00413)

(1) DISCLOSEABLE AND CONNECTED TRANSACTION IN RESPECT OF THE DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF TWO WHOLLY-OWNED SUBSIDIARIES AND (2) NOTICE OF EGM

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

華安證券(香港)
HUAAN SECURITIES (HONG KONG)

Huaan Securities (Hong Kong) Corporate Finance Limited

A notice convening an extraordinary general meeting (the "EGM") of the Company to be held at 36th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong on Thursday, 26 November 2026 at 10:00 a.m. is set out on pages EGM-1 to EGM-2 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, 33rd Floor, 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.

6 November 2026

CONTENTS

Page

DEFINITIONS 1

LETTER FROM THE BOARD 6

LETTER FROM THE INDEPENDENT BOARD COMMITTEE 23

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER 25

APPENDIX I — FINANCIAL INFORMATION OF THE GROUP I-1

APPENDIX II — VALUATION REPORT II-1

APPENDIX III — GENERAL INFORMATION III-1

NOTICE OF EGM EGM-1

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
"Board"	the board of Directors
"Buildings"	the premises comprising three (3) production buildings, three (3) workers' quarters, two (2) staff quarters and an electricity generation room, having a total gross floor area of approximately 34,098.06 sq.m., erected on the Land and occupied by the Target Group, the erection costs of which were paid by the Target Group, but for which no ownership titles have been obtained due to historical issues
"Business Day"	any day (other than Saturday, Sunday, public holiday or any day on which a tropical cyclone warning signal number 8 or above, or a black rainstorm warning signal or extreme condition warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks in Hong Kong are open for general commercial business
"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 two (2) Business Days 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 Vendor 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 Vendor to the Purchaser pursuant to the Sale and Purchase Agreement
"Disposal Agreements"	the Tremendous SPA, the Essential SPA and the SC China Property SPA
"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 convened for the Independent Shareholders to consider and, if thought fit, to approve 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"	an independent board committee of the Board, comprising all independent non-executive Directors, established for the purpose of advising the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder

"Independent Financial Adviser"	Huaan Securities (Hong Kong) Corporate Finance 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 and his associates who are required to abstain from voting at the EGM pursuant to the Listing Rules
"Land"	four (4) parcels of land in Nanling Village, Buji Town, Longgang District, Shenzhen, the PRC* (中國深圳龍崗區布吉鎮南嶺村), having an aggregate area of approximately 14,850 sq.m., which are leased under the respective lease agreements for terms of fifty years (1993 to 2043; 1994 to 2044; 1995 to 2045; and 1996 to 2046)
"Latest Practicable Date"	3 November 2026, 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"	30 November 2026 (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 of the Company
"Mr. Paul Ng"	Mr. Ng Yuk Yeung Paul, son of Mr. Ng, an executive Director of the Company
"Mrs. Ng"	Ms. Ng Lai King Pamela, spouse of Mr. Ng
"Ms. Cheung"	Ms. Cheung Choi Ngor, an executive Director of the Company
"Ms. Jessica Ng"	Ms. Ng Yuk Mui Jessica, daughter of Mr. Ng, a non-executive Director of the Company

"Parkfield"	Parkfield Holdings Limited, a company incorporated in the BVI, which is wholly and beneficially owned by Mr. Ng
"Property"	the Buildings and the Land
"Purchaser"	Best Galaxy Holdings Limited, a company incorporated in the BVI and is wholly and beneficially 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 27 August 2026 entered into between and amongst the Vendor, the Purchaser and the Target Companies in respect of the Disposal
"Sale Share 1"	one (1) share in the share capital of the Target Company 1, representing 100% of the issued share capital of the Target Company 1, to be bought and sold pursuant to the Sale and Purchase Agreement
"Sale Share 2"	one (1) share in the share capital of the Target Company 2, representing 0.0001% of the issued share capital of the Target Company 2, to be bought and sold pursuant to the Sale and Purchase Agreement
"Sale Shares"	the Sale Share 1 and the Sale Share 2
"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)"	the ordinary share(s) in the share capital of the Company
"Shareholder(s)"	holder(s) of the issued Share(s)
"sq.m."	square meters
"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 1 and Target Company 2

"Target Company 1"	Sparkling Honor Holdings Limited, a company incorporated in the BVI
"Target Company 2"	Wah Shing Electronics Company Limited (華昇電子有限公司), a company incorporated in Hong Kong
"Target Group"	Target Companies and Target Subsidiary
"Target Subsidiary"	華升玩具(深圳)有限公司 (Wah Shing Toys (Shenzhen) Company Limited*), a company incorporated in the PRC and a wholly-owned subsidiary of the Target Company 2
"US"	The United States of America
"US$"	United States dollars, the lawful currency of the US
"Vendor"	WTS International (BVI) Limited, a company incorporated in the BVI and an indirect wholly-owned subsidiary of the Company
"%"	per cent.

For the purpose of illustration only and unless otherwise stated, conversion of Hong Kong dollars to Renminbi in this circular is calculated at the exchange rate of HK$1=RMB0.87. Such conversion rate should not be construed as a representation that any amount has been, could have been, or may be, exchanged at this or any other rate.

* *English transliteration 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:
36th Floor, The Centrium,
60 Wyndham Street, Central,
Hong Kong

6 November 2026

To the Shareholders

Dear Sir/Madam,

(1) DISCLOSEABLE AND CONNECTED TRANSACTION IN RESPECT OF THE DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF TWO WHOLLY-OWNED SUBSIDIARIES AND (2) NOTICE OF EGM

INTRODUCTION

Reference is made to the announcements of the Company dated 27 August 2026, 17 September 2026, 18 September 2026, 9 October 2026 and 23 October 2026 in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder.

On 27 August 2026 (after trading hours), the Vendor (an indirect wholly-owned subsidiary of the Company) as vendor 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 Vendor 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 in accordance with the terms and subject to the conditions of the Sale and Purchase Agreement.

Upon Completion, the Target Companies will cease to be subsidiaries of the Company, and the financial results of the Target Group will cease to be consolidated in the 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 as follows:

Date

27 August 2026

Parties

(a) the Vendor as vendor;

(b) the Purchaser as purchaser;

(c) the Target Company 1; and

(d) the Target Company 2

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 and beneficially owned by Mr. Ng who is a controlling Shareholder and Director (i.e. a connected person of the Company), and in turn is an associate of Mr. Ng and a connected person of the Company accordingly pursuant to Rule 14A.07 of the Listing Rules.

Assets to be disposed of

Pursuant to the Sale and Purchase Agreement, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase, the Sale Shares (representing the entire issued share capital of the Target Companies) at the Consideration.

Consideration

The Consideration for the Sale Shares is HK$16,000,000 which shall be satisfied by the Purchaser in cash to the Vendor (or to such other subsidiary(ies) of the Company as the Vendor may direct in writing) upon Completion or on such other later date(s) as may

be mutually agreed in writing between the Purchaser and the Vendor. If any delay in Completion, the Company will make further announcement(s) as and when appropriate in compliance with the Listing Rules.

Basis of the Consideration

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

(a) the adjusted unaudited net asset value of the Target Group of approximately HK$3,028,000, representing the unaudited net asset value of the Target Group after taking into account the effect of the waiver of all inter-company current account balances (both credit and debit) between and among the members of the Target Group and the respective members of the Company as at 30 June 2026 (the "Waiver"); and

(b) the difference of HK$12,671,000 between the book value of the Property of HK$24,686,000 and the market value of the Property of approximately RMB32,400,000 (equivalent to approximately HK$37,357,000) as at 31 October 2026 as appraised by an independent valuer appointed by the Company.

In assessing the fairness and reasonableness of the Consideration, the Board has taken into account, among other things, the unaudited net asset value of the Target Group. The Board considers such reference appropriate and reasonable because the principal asset of the Target Group is the Property as assessed by the independent valuer. Although separate audited financial statements for the Target Group are not available, the financial information of the Target Group has been included in the Group's audited consolidated financial statements. Accordingly, the Board is of the view that the unaudited net asset value of the Target Group provides a reliable and reasonable reference for assessing the fairness and reasonableness of the Consideration, when considered together with the independent valuation of the Property and the other factors described below.

In addition, the Board has reviewed the valuation of the Property and considered it fair and reasonable, having regard to the valuation approach, inputs and assumptions adopted. The Board acknowledged that no commercial value had been attributed to the Property in its existing state due to the absence of ownership title documents and the restrictions on transferability. Nevertheless, the Board considered the indicative valuation assuming the relevant title documents had been obtained and the Property was freely transferable to be a fair and meaningful benchmark for determining the Consideration because (i) the Buildings were constructed at the costs of the Target Group, representing actual economic investment made by the Target Group in the Property, the value of which is not negated by the absence of title documents or the restrictions on transferability; and (ii) the leasing arrangements relating to the Land remain valid and subsisting and the Buildings have been continuously occupied and used by the Target Group. The Board further considered that such hypothetical valuation does not alter the physical condition, location, use, leasing arrangements or other economic attributes of the Property. On the contrary, it isolates the underlying economic value of the Property from the legal impediments arising from the absence of ownership title documents and transfer

restrictions. Accordingly, the Board considered that such hypothetical valuation provides a reference to the underlying economic value of the Property and assists the Board in assessing the fairness and reasonableness of the Consideration. In particular, the Board:

(a) confirmed independence and expertise of the independent valuer. Specifically, the Board noted that the independent valuer had confirmed its independence from the Group, the Property and the valuation. The Board had undertaken reasonable due diligence in assessing the independent valuer's qualifications, experience, expertise and independence, including reviewing relevant supporting documents relating to its qualifications, expertise and independence. The Board further noted that the valuation was conducted by Sr. Lawrence Chan Ka Wah, a partner of the independent valuer, who possesses relevant professional qualifications and over 20 years' experience in property valuation. Accordingly, the Board was satisfied that the independent valuer possesses the requisite independence, qualifications, expertise and experience to undertake the valuation of the Property;

(b) agreed the market approach was appropriate and consistent with industry practice, having regard to the nature of the Property and the availability of comparable market data. The Board noted that the income approach was not applicable as the Property was owner-occupied as at the valuation date and did not generate rental income, while the cost approach was not appropriate as it does not necessarily reflect the market value of the Property, particularly in light of the issues of title documents and transfer restrictions affecting the Property;

(c) considered it fair and reasonable for the valuer to adopt listing comparables instead of completed transaction prices, as no official transaction data of industrial properties is publicly available in the PRC and the use of listing comparables represented the most practicable and reliable market evidence available for the purpose of the valuation;

(d) considered the key inputs and assumptions adopted in the valuation to be fair and reasonable, having reviewed the selection criteria of the comparables, including their location, usage, facilities and listing dates, and noted that appropriate adjustments had been made to reflect differences between the Property and the comparables in terms of, among others, time, nature of transaction, location, property type, quantum, exterior condition and facilities, which the Board considered to be relevant and customary factors in property valuation and sufficient to arrive at a fair and reasonable valuation outcome; and

(e) verified compliance with valuation standards and supporting market evidence.

On this basis, the Board is satisfied that the valuation and methodology are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

Waiver of Inter-Company Balances

The Waiver comprises (a) the total amount of approximately HK$39,375,000, being mainly sub-contracting fees due from subsidiaries of the Company to the Target Group; and (b) the total amount of approximately HK$1,922,000, being mainly advancements provided by other subsidiaries of the Company to finance the Target Group's operations.

The effect of the Waiver on the unaudited net asset value of the Target Group as at 30 June 2026 is illustrated below:

Unaudited net asset value of the Target Group before the Waiver	HK$40,481,000
Less: Waiver of inter-company current account balances (net effect)	HK$37,453,000
Unaudited adjusted net asset value of the Target Group after the Waiver	HK$3,028,000

As illustrated above, the Waiver reduced the unaudited net asset value of the Target Group by approximately HK$37.5 million.

The basis and rationale for the Waiver are to eliminate complex post-Completion adjustments and to avoid potential disputes regarding the recoverability of intra-group balances and any corresponding adjustments to the Consideration. By waiving such balances, the parties are able to establish a definitive and fixed economic baseline for the Disposal, thereby facilitating a clean separation of the Target Group from the remaining Group and enhancing certainty as to the transaction structure.

The Board considers that the Waiver arrangement is fair and reasonable, having regard to the nature of the balances waived and the benefits arising from the Waiver. In particular:

(a) the balances being waived comprise intra-group current account balances between the Target Group and other subsidiaries of the Group arising from the ordinary course of intra-group funding and operational arrangements, rather than receivables from or payables to third parties; and

(b) the Waiver facilitates a clean and definitive separation of the Target Group from the remaining Group, removes the need for post-Completion reconciliation or collection arrangements, reduces the potential for future disputes between the parties, and provides greater certainty as to the final economic terms of the Disposal.

Accordingly, the Board is of the view that the Waiver is fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

Having considered (i) the unaudited net asset value of the Target Group, (ii) the appraised market value of the Property, and (iii) the Waiver, the Board is satisfied that the Consideration was determined on normal commercial terms, is fair and reasonable, and is in the interests of the Company and the Shareholders as a whole.

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 Vendor and the Purchaser approving the Sale and Purchase Agreement and the transactions contemplated thereunder;

(b) the passing of the ordinary resolutions 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) all requisite approvals, consents and waivers (including the Waiver) required to be obtained by the Vendor, the Purchaser and the Target Companies in respect of the entering into the Sale and Purchase Agreement and the implementation of the transactions contemplated thereunder having been obtained and remaining in full force and effect, with full compliance with all applicable laws and regulations (including but not limited to the Listing Rules);

(d) no written notice from the Purchaser having been received by the Vendor, within two (2) Business Days from the date of the Sale and Purchase Agreement, that the Purchaser is not satisfied at its absolute discretion with the results of the due diligence investigation on the Target Group; and

(e) the representations, warranties and undertakings given by the Vendor 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.

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

(i) the Vendor 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 Vendor 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.

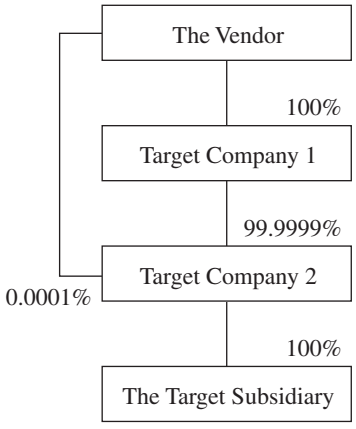
As at the Latest Practicable Date, conditions (a), (b) and (c) are not waivable, while conditions (d) and (e) may be waived by the Purchaser. As at the Latest Practicable Date, conditions (a) and (d) have been fulfilled. In particular, the two (2) Business Days referred to in condition (d) have elapsed and the Vendor has not received any written notice from the Purchaser indicating that it is dissatisfied with the results of the due diligence investigation on the Target Group. Conditions (b), (c) and (e) remain outstanding and the Purchaser has no present intention to waive condition (e).

Completion

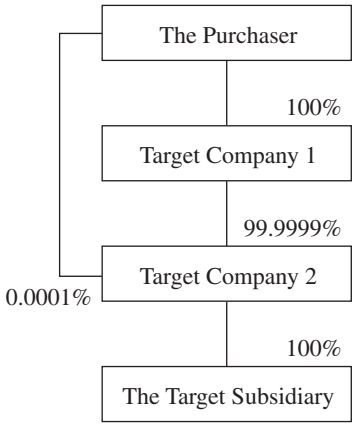
Completion shall take place on a date falling on the 2nd Business Day upon the fulfilment (or the waiver, as the case may be) of the conditions precedent referred to above, but under no circumstance shall it be later than the Long Stop Date. Upon Completion, the Target Companies will cease to be subsidiaries of the Company, and the financial results of the Target Group will no longer be consolidated into the consolidated financial statements of the Group.

The group chart of the Target Group before and after Completion is set out as follows:

Before Completion



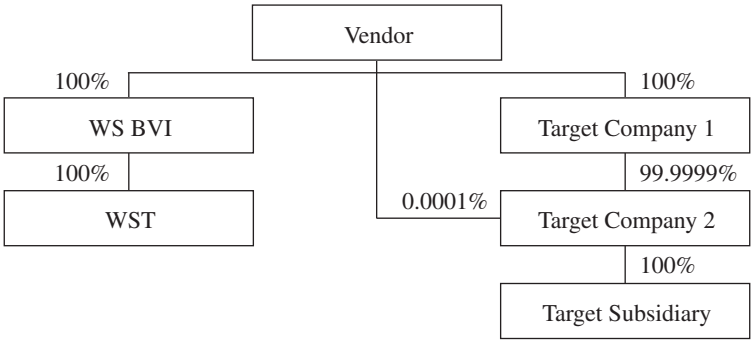
After Completion



For the sake of clarification, the Target Company 1 is a direct wholly-owned subsidiary of the Vendor which is an indirect wholly-owned subsidiary of the Company, while Wah Shing Toys Company Limited ("WST") is another direct wholly-owned subsidiary of Wah Shing (BVI) Limited ("WS BVI") which is a direct wholly-owned subsidiary of the Vendor.

WST was the sole entity within the Group responsible for sales order sourcing and customer relationship management. In fulfilling production functions, WST arranged for other fellow subsidiaries, including but not limited to the Target Group, to undertake the manufacturing of toy products for different customers. The Target Group's role was primarily focused on the production of electronic components for toys on an outsourcing basis pursuant to purchase orders allocated by WST.

Accordingly, the Target Group does not have any direct shareholding relationship with WST, and is not involved in the winding-up petitions disclosed in the Company's announcements dated 7 July 2026, 4 August 2026, 2 September 2026 and 16 September 2026 (collectively, "Winding-Up Petition Announcements"). Details of the winding-up progress of WST are set out under the heading "Litigation" in Appendix III (General Information) to this Circular. Please refer to the shareholding ownership of both the Target Group and WST as below:



All owned and leased plants of the Group in both the PRC and Vietnam have been closed following the cessation of OEM toys manufacturing business in July 2026. Upon completion of the Disposal, the Group will retain ownership of only one plant in Shenzhen, the PRC, which is intended to be either disposed of or leased to third-party tenants to enhance the Group's liquidity position. All other assets relating to OEM toys manufacturing operations have been fully impaired and therefore carry no book value.

The Group is in the process of incorporating a company in Hong Kong to facilitate its transition from OEM toys manufacturing to an asset- and labour-light trading-based model for the toys business. In this connection, the Group will aim to foster upstream and downstream partnerships, with the objective of exploring and developing new commercial opportunities.

INFORMATION OF THE TARGET GROUP

The Target Company 1 is an investment holding company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company and the Target Company 2 is an investment holding company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company. The Target Subsidiary, incorporated in the PRC, is the sole subsidiary of the Target Company 2 which holds 100% of the paid-up capital of the Target Subsidiary. The main business of the Target Subsidiary, being the provision of toys manufacturing services in Shenzhen, the PRC, has been suspended since May 2026 resulting from the change of business strategy from toys OEM manufacturing to trading-based model. Consequently, the Target Subsidiary has ceased operations but the Target Company 2 remains the lessee of the Land.

FINANCIAL INFORMATION OF THE TARGET GROUP

Set out below is a summary of the adjusted unaudited consolidated financial information of each of the Target Group for the two financial years ended 31 December 2024 and 2025 respectively:

	For the year ended 31 December 2024 Approximate *HK$'000* (unaudited)	**For the year ended 31 December 2025** Approximate *HK$'000* (unaudited)
Revenue	7,628	4,622
Loss before taxation and extraordinary items	(8,323)	(8,662)
Loss after taxation and extraordinary items	(8,321)	(8,663)

The adjusted unaudited net asset value of Target Group as at 30 June 2026 was approximately HK$3,028,000.

INFORMATION OF THE GROUP

The principal businesses of the Group are trading (trading of footwear products and sales of branded ball products), property investment and development, and agriculture and forestry.

INFORMATION OF THE VENDOR

The Vendor 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 wholly and beneficially 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 Group will cease to be subsidiaries of the Company, and the profit or loss as well as the assets and liabilities of the Target Group will no longer be consolidated into the consolidated financial statements of the Group.

The Board has carefully considered the basis of the Consideration and is satisfied that it is fair and reasonable and in the interests of the Company and the Shareholders as a whole. In particular:

(a) the Consideration was determined with reference to the adjusted unaudited net asset value of the Target Group of approximately HK$3,028,000 as at 30 June 2026, together with the valuation gain of approximately HK$12,671,000, representing the difference between the market value of the Property of HK$37,357,000 and its book value of HK$24,686,000;

(b) based on the Consideration and the adjusted unaudited net asset value of the Target Group, it is estimated that the Group will record a gain on the Disposal of approximately HK$12,972,000 before tax and related expenses, which will strengthen the Group's financial position and provide additional working capital; and

(c) having regard to the valuation methodology adopted, the valuation amount derived and the resulting financial gain to the Group, the Board considers that the Consideration represents normal commercial terms, is fair and reasonable, and is in the interests of the Company and the Shareholders as a whole.

The actual amount of gain as a result of the Disposal will be calculated based on the net book value of the Target Group at Completion, net of any incidental expenses, and subject to review by the auditors of the Company. The Group intends to use the net proceeds from the Disposal for working capital.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The appreciation of RMB, weak consumer sentiment, sluggish global economic conditions, heightened geopolitical tensions, and continued policy uncertainties, including the persistence of US tariffs, have collectively dampened worldwide demand for non-essential consumer goods such as toys. In response, the Group's major US customers have adopted a more conservative and risk-averse ordering strategy.

In addition, the Group was adversely impacted by a sharp decline in demand for a specific toy product from a major customer for the 2025 season, resulting in a significant revenue decrease of approximately 41% for the year ended 31 December 2025. Given the fixed costs associated with maintaining manufacturing plants, the continuation of such losses would materially harm the interests of the Group if operations were not suspended or closed.

The Group has ceased its OEM toys manufacturing operations due to the lack of support from external financial institutions and insufficient customer orders in July 2026. Consequently, the Group is undertaking a strategic restructuring of its toy business, shifting from OEM manufacturing operations to a trading-based model. This initiative is expected to optimize resource allocation, reduce operating costs, and enhance the Group's overall operational efficiency.

Notwithstanding the cessation of the OEM toys manufacturing operations, the Group has re-engineered and streamlined its toys business through a transition to a trading-based model, under which it will continue to provide product development, engineering support, quality compliance management and customer relationship management services while leveraging a network of independent manufacturing partners. The Board believes that such asset-light business model will enhance operational flexibility, scalability and capital efficiency and enable the Group to continue serving its customers through its established industry expertise with reduced capital and operating requirements. In addition, the Group will continue to derive revenue from its other established business segments, including the trading of footwear products, property investment and property development, and agriculture and forestry businesses. As disclosed in this circular, the Group remains committed to enhancing the performance and asset value of its property investment portfolio, improving capital efficiency and strengthening overall returns from its property development portfolio, and expanding its trading activities. The Board considers that the Disposal forms part of the Group's broader strategy to optimise its asset portfolio and reallocate resources towards a more efficient and sustainable business structure. Following completion of the Disposal, the Group will continue to carry on businesses with a sufficient level of operations and maintain assets of sufficient value to support its operations, and its remaining business segments are expected to continue generating revenue and cash flow for the Group. Accordingly, the Board is of the view that the Disposal will not adversely affect the Group's ability to continue its principal business activities and that the Group will remain capable of maintaining viable and sustainable business operations going forward.

The Buildings are the sole assets of the Target Group, but the ownership titles of the Buildings has not been able to obtain, notwithstanding the erection costs were borne by the Target Group because of the following historical issue:

In the 1980s to 1990s, the PRC was in a transitional stage of property development. Land sites were under socialist public ownership, being either state-owned or collectively owned, such that individuals and corporations could not own land outright but could only obtain land use rights. Given that the Land is collectively owned in nature, any application for ownership certificates for structures erected thereon (i.e. the Buildings) is subject to the precondition that the Land has been converted into state-owned land. As the conversion of the land use nature of the Land rests within the authority of the committee of Nanling Village (being the landowner) and has not been effected, the Target Subsidiary has been unable to apply for the ownership certificate for the Buildings and therefore does not hold ownership title to the Buildings. The Land is owned by the committee of Nanling Village, while the Target Company 2 is the lessee thereof. Accordingly, the Land is not an asset of the Target Group. Under the leasing agreements in respect of the Land, the main terms are (a) tenure for each lease being fifty (50) years; (b) total rent of HK$2,364,000 which was settled by one-off payment in 1994; and

(c) total management fee of RMB96,800 per month. In light of the Group's strategic restructuring of its toy business, it is not considered in the best interest of the Group to allocate resources towards initiating defensive actions to retain the occupancy of the Property.

The Group has been seeking buyers for the disposal of its premises and facilities in the PRC arising from the discontinued OEM production, with a view to enhancing the Group's liquidity position. Due to the defect in the ownership titles of the Buildings, their relatively deteriorated conditions (being over 30 years old), and the prevailing weak demand condition for production plants erected on leasehold lands, the Company, despite having approached some agencies and utilized its own internal sources, was unable to identify any prospective buyers willing to pay the Consideration, save for the Purchaser.

Having taken into account of the above, the Board (excluding (1) Mr. Ng who has material interest in the transactions contemplated under the Sale and Purchase Agreement and do not express his 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 is 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. As such Mr. Ng, Mr. Paul Ng (an associate of Mr. Ng) and Ms. Jessica Ng (another associate of Mr. Ng) have abstained from voting on the Board resolutions approving the Sale and Purchase Agreement and all 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 purchasers under both the Sale and Purchase Agreement and the Disposal Agreements are associates of the same connected person of the Company, the transactions under both the Sale and Purchase Agreement and the Disposal Agreements 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 Disposal Agreements exceeds 5%, but is less than 25%, constituting a discloseable 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 wholly and beneficially 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 purchasers under both the Sale and Purchase Agreement and the Disposal Agreements are associates of the same connected person of the Company, the connected transactions under both the Sale and Purchase Agreement and the Disposal Agreements shall be aggregated. As the highest applicable percentage ratio upon aggregation with the connected transactions under the Disposal Agreements exceeds 5%, but is less than 25%, the aggregated connected transactions are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Disposal Agreements

On 27 February 2026 (after trading hours):

(1) Victory Full Limited ("Victory Full"), an indirect wholly-owned subsidiary of the Company, as vendor, entered into a sale and purchase agreement (the "Tremendous SPA") with Wisefield Enterprises Limited ("Wisefield"), a company wholly and beneficially owned by Mr. Ng and therefore an associate of Mr. Ng pursuant to Rule 14A.12 of the Listing Rules, as purchaser. Under the Tremendous SPA, Victory Full agreed to sell and Wisefield agreed to purchase the entire issued share capital of Tremendous Success Holdings Limited ("Tremendous Success") for a nominal consideration of US$1.00 (equivalent to approximately HK$7.80), having taken into account the net liabilities of approximately HK$1,918,000 of Tremendous Success and its wholly-owned PRC subsidiary, 南京南華擎天資訊科技有限公司(Nanjing South China Skytech Technology Company Limited*) ("South China Skytech").

As the highest applicable percentage ratio under the Tremendous SPA was below 5% and the consideration was less than HK$3,000,000, the connected transaction thereunder was fully exempt from the Independent Shareholders' approval, annual review and all disclosure requirements. Completion of the transaction took place on 27 February 2026. Tremendous Success is an investment holding company, while South China Skytech, as a plaintiff, is involved in a civil litigation in the PRC concerning the alleged infringement of copyrights of certain computer software who lodged an appeal against the judgment laid down by the PRC court. The outcome of

the appeal remains uncertain, and both parties thereof retain the right to seek a retrial once the judgment is handed down. In addition to the aforesaid litigation, South China Skytech obtained a final judgment from the PRC court under which the defendants were held liable to pay damages of approximately RMB28,000,000 (equivalent to approximately HK$32,180,000) arising from their breach of non-competition obligations. However, the defendants applied to the People's Procuratorate of Jiangsu province for supervisory review. If the application is upheld, the case would be subject to retrial, the outcome of which remains uncertain.

In view of Mr. Ng's assumption of all litigation-related costs and expenses, together with the inherent uncertainty (Mr. Ng has undertaken to unconditionally pay the Company all adjudged damages received in the event that the ultimate judgment under the aforesaid litigation proceedings is favourable to South China Skytech) and the time-consuming nature of the proceedings, the Board considered it appropriate to dispose of Tremendous Success in order to focus resources on strengthening and developing the Group's core business operations.

(2) South China Industries (BVI) Limited ("SC Industries"), an indirect wholly-owned subsidiary of the Company, as vendor, entered into a sale and purchase agreement (the "Essential SPA") with Wisefield as purchaser. Under the Essential SPA, SC Industries agreed to sell and Wisefield agreed to purchase the entire issued share capital of Essential Success Global Limited ("Essential Success") for a nominal consideration of US$1.00 (equivalent to approximately HK$7.80), having taken into account the net liabilities of approximately HK$56,000 of Essential Success and its wholly-owned subsidiaries, World Right Investments Limited ("World Right"), a company incorporated in Hong Kong as well as 天津南華房地產開發有限公司 (Tianjin South China Real Estate Development Limited*), a company incorporated in the PRC.

As the highest applicable percentage ratio under the Essential SPA was below 5% and the consideration was less than HK$3,000,000, the connected transaction thereunder was fully exempt from the Independent Shareholders' approval, annual review and all disclosure requirements. Completion of the transaction took place on 27 February 2026. Essential Success is an investment holding company, while World Right, as a plaintiff, is involved in a civil litigation in the PRC concerning the discharge of a joint development agreement and compensation for losses. The outcome of the litigation remains uncertain, and both parties thereof retain the right to seek a retrial once the judgment is handed down.

Given Mr. Ng's assumption of all litigation-related costs and expenses, together with the inherent uncertainty and the time-consuming nature of the proceedings, the Board considered it appropriate to dispose of Essential Success in order to focus resources on strengthening and developing the Group's core business operations.

(3) Super Giant Limited ("Super Giant"), an indirect wholly-owned subsidiary of the Company, as vendor, entered into a sale and purchase agreement (the "SC China Property SPA") with Wisefield as purchaser. Under the SC China Property SPA,

Super Giant agreed to sell and Wisefield agreed to purchase the entire issued share capital of South China (China Property) Limited (''SC China Property'') for a nominal consideration of HK$2.00, having taken into account the net liabilities of approximately HK$160,000 of SC China Property and its wholly-owned subsidiary, Brightson Investments Limited (''Brightson''), a company incorporated in Hong Kong.

As the highest applicable percentage ratio under the SC China Property SPA was below 5% and the consideration was less than HK$3,000,000, the connected transaction thereunder was fully exempt from the Independent Shareholders' approval, annual review and all disclosure requirements. Completion of the transaction took place on 24 March 2026. Super Giant is an investment holding company, while Brightson is exploring legal action(s) subsequent to its withdrawal of the arbitration application in relation to a dispute in a parcel of land site in Nansha, Guangzhou, the PRC.

Mr. Ng has undertaken to assume responsibility for all costs and expenses arising from the arbitration or litigation process. Given the inherent uncertainty and the time-consuming nature of the proceedings, the Board considered it appropriate to dispose of Super Giant in order to focus resources on strengthening and developing the Group's core business operations.

As the highest applicable percentage ratio upon aggregation with the connected transactions under each of the Disposal Agreements was below 5% and the consideration was less than HK$3,000,000, the connected transactions thereunder were fully exempt from the Independent Shareholders' approval, annual review and all disclosure requirements. Each of the connected transactions under the Disposal Agreements has been disclosed in detail under the heading ''Update on Litigation Proceedings'' in the section ''Chairman's Statement and Management Discussion and Analysis'' of the Company's 2025 annual report.

Pursuant to Rule14A.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 the Purchaser is an associate of Mr. Ng who is a connected person of the Company, Mr. Ng is 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, Mr. Paul Ng, Ms. Jessica Ng, Fung Shing, Parkfield, Bannock, Earntrade, Crystal Hub, Ronastar and Green Orient), holding approximately 68.81% 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, her 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 26 November 2026 at 36th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong, or any adjournment thereof is set out on pages EGM-1 to EGM-2 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 Monday, 23 November 2026 to Thursday, 26 November 2026, 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 make 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 this regard.

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(s) 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 Ngoi
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)

6 November 2026

To the Independent Shareholders,

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION IN RESPECT OF THE DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF TWO WHOLLY-OWNED SUBSIDIARIES

We refer to the letter from the Board set out in the circular dated 6 November 2026 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 discloseable 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 Huaan Securities (Hong Kong) Corporate Finance Limited, being the Independent Financial Advisor, 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 25 to 40 of the Circular; (ii) the "Letter from the Board" which has been set out on pages 6 to 22 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 Huaan Securities (Hong Kong) Corporate Finance Limited and the terms of the Sale and Purchase Agreement, we consider that (i) the Disposal is not in the ordinary and usual course of business of the Group, the Disposal is in the interests of the Company and the Shareholders as a whole; 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 full text of a letter of advice from Huaan Securities (Hong Kong) Corporate Finance Limited to the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement and the transaction contemplated thereunder, which has been prepared for the purpose of inclusion in this circular.

華安證券(香港)
HUAAN SECURITIES (HONG KONG)

6 November 2026

To the Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF TWO 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 6 November 2026 (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 27 August 2026, the Vendor (an indirect wholly-owned subsidiary 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 Vendor 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$16,000,000 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 Disposal Agreements) constitutes a discloseable 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, Huaan Securities (Hong Kong) Corporate Finance Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

OUR INDEPENDENCE

As at the Latest Practicable Date, Huaan Securities (Hong Kong) Corporate Finance Limited did not have any relationship with or interest in the Company and any other parties that could reasonably be regarded as relevant to our independence. Apart from normal professional fees payable to us in connection with this appointment and the transactions listed above, no arrangement exists whereby we have received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. During the past two years, we have not been appointed as an independent financial adviser for the Company. Accordingly, we consider that we are eligible to give independent advice in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder.

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 provided 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) the valuation report prepared by Graval Consulting Limited; and (v) 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 (trading of footwear products and sales of branded ball products), 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 2025 as extracted from the Company's annual report for the year ended 31 December 2025 (the "**2025 AR**") and the six months ended 30 June 2026 and 30 June 2025 extracted from the Company's interim report for the six months ended 30 June 2026 (the "**2026 IR**").

	For the six months ended 30 June 2026	**For the six months ended 30 June 2025**	**For the year ended 31 December 2025**	**For the year ended 31 December 2024**
	Approximately HK$'000 (unaudited)	*Approximately HK$'000 (unaudited)*	*Approximately HK$'000 (audited)*	*Approximately HK$'000 (audited)*
Revenue	380,844	891,682	2,178,718	3,231,529
— Trading and manufacturing	277,508	789,096	1,974,209	3,007,310
— Property investment and development	103,316	102,529	203,590	223,328
— Agriculture and forestry	20	57	919	891
Gross profit/(loss)	(154,652)	62,610	159,683	475,843
Profit/(loss) for the year/period	(441,412)	(89,996)	(1,463,820)	12,177

The revenue of the Group of approximately HK$2,179 million for the year ended 31 December 2025 ("**FY2025**") decreased by approximately HK$1,053 million or 32.6% when compared to that of the previous year ("**FY2024**"). The trading and manufacturing segment, in particular revenue from the OEM toys production segment decreased by approximately HK$1,104 million or 40.5% to HK$1,621 million for FY2025 compared to that of FY2024, as a result of a sharp decline in demand for a specific toy product from a major customer for 2025 season due to tariffs and sourcing diversification. The Group recorded loss after tax of approximately HK$1,464 million for FY2025 as compared to the profit after tax of approximately HK$12 million in FY2024. Such a reversal in financial results was attributed to (i) losses from operating result of the trading and manufacturing business driven by the decline

of consumer demand for toy products; (ii) an increase in net fair value loss on investment properties of approximately HK$1,081 million attributable to continued pressure on valuation of office and retail premises situated in Hong Kong and Mainland China for FY2025.

The revenue of the Group amounted to approximately HK$380.8 million for the six months ended 30 June 2026 ("**6M2026**") which represented a period-to-period decrease of approximately HK$510.8 million or 57.3%. The trading and manufacturing segment recorded a period-to-period decrease of approximately HK$511.6 million or 64.8%, to HK$277.5 million for 6M2026 in particular from the decrease in OEM toy production business by approximately 83.4% to HK$103.7 million for 6M2026. The Group recorded loss after tax of approximately HK$441.4 million for 6M2026 as compared to the loss after tax of approximately HK$90.0 million in the same period of the previous year. Such increase in losses was attributable to (i) the losses from operating result of trading and manufacturing business result from (a) the decrease in revenue from OEM production business, (b) the provision of inventory write-downs of approximately HK$205.6 million, (c) the credit losses on trade receivables of approximately HK$108.8 million, and (d) the write-off of property, plant and equipment of approximately HK$31.7 million resulted from the cancellation of customers' orders and the cessation of production operation at the Group's production plants, certain inventories and items of property, plant and equipment became obsolete; (ii) the increase in the net fair value loss on investment properties of approximately HK$199.9 million.

Set out below is a summary of the consolidated statement of financial position of the Group as at 31 December 2024 and 31 December 2025 as extracted from the 2025 AR and as at 30 June 2026 as extracted from the 2026 IR.

	As at 30 June 2026	**As at 31 December 2025**	**As at 31 December 2024**
	Approximately HK$'000 (unaudited)	*Approximately HK$'000 (audited)*	*Approximately HK$'000 (audited)*
Total assets	10,941,430	11,547,102	12,965,968
Total liabilities	6,206,773	6,601,471	6,848,506
Net assets	4,734,657	4,945,631	6,117,462

The total assets of the Group were approximately HK$12,966.0 million and HK$11,547.1 million as at 31 December 2024 and 31 December 2025 respectively. The decrease in total assets was mainly as a result of the decrease in value in investment properties from approximately HK$9,192.8 million as at 31 December 2024 to HK$8,254.4 million as at 31 December 2025. Other current assets of the Group mainly comprised inventories and prepayments, deposits and other receivables which remained relatively stable as at 31 December 2024 and 31 December 2025.

The total liabilities of the Group were approximately HK$6,848.5 million and HK$6,601.5 million respectively as at 31 December 2024 and 31 December 2025, with the major liabilities of the Group comprised total interest-bearing bank borrowings which amounted to

approximately HK$3,671.4 million and HK$3,224.5 million as at 31 December 2024 and 31 December 2025 respectively. The total liabilities of the Group remained stable as at 31 December 2025 and as at 31 December 2024, while the gearing ratio of the Group as at 31 December 2024 and 31 December 2025 remained stable at approximately 60% and 65% respectively.

The total assets of the Group were approximately HK$10,941.4 million as at 30 June 2026. The decrease in total assets is mainly as a result of the decrease in inventory and trade receivable of approximately HK$276.6 million and HK$178.9 million compared to that as at 31 December 2025. The total liabilities of the Group were approximately HK$6,206.8 million as at 30 June 2026 with the major liabilities of the Group comprised total interest-bearing bank borrowings which amounted to approximately HK$3,060.7 million. The total liabilities of the Group remained stable as at 30 June 2026 while the gearing ratio of the Group amounted to approximately 65% as at 30 June 2026.

2. Information of the Target Group

The Target Company 1 is an investment holding company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company and the Target Company 2 is an investment holding company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company. The Target Subsidiary, incorporated in the PRC, is the sole subsidiary of the Target Company 2 which holds 100% of the paid-up capital of the Target Subsidiary. The main business of the Target Subsidiary, being the provision of toys manufacturing services in Shenzhen, the PRC, has been suspended since May 2026 resulting from the change of business strategy from toys OEM manufacturing to trading-based model. Consequently, the Target Subsidiary has ceased operations but the Target Company 2 remains the lessee of the Land.

Details of the Property held by the Target Group are set out in the paragraph headed "(ii) Book value and appraised value of the Property" below and the valuation report (the "**Valuation Report**") prepared by Graval Consulting 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 the Target Group for the two years ended 31 December 2025:

	For the year ended 31 December 2025 *Approximately HK$'000 (unaudited)*	**For the year ended 31 December 2024** *Approximately HK$'000 (unaudited)*
Revenue	4,622	7,628
Loss before taxation and extraordinary items	(8,662)	(8,323)
Loss after taxation and extraordinary items	(8,663)	(8,321)

As advised by the Company, the Target Group recorded revenue of approximately HK$7.6 million and HK$4.6 million for the years ended 31 December 2024 and 2025 respectively, which represented subcontracting fee income generated from the toy manufacturing business. The Target Group recorded losses after taxation and extraordinary items of approximately HK$8.3 million and HK$8.7 million, mainly attributable to labour costs and factory overheads, which totalled approximately HK$8.6 million and HK$7.4 million for the years ended 31 December 2024 and 2025 respectively. For the six months ended 30 June 2026, the Target Group recorded insignificant revenue and a loss after taxation and extraordinary items of approximately HK$10.1 million, primarily due to the provision for long service payments of approximately HK$5.6 million and labour costs of approximately HK$2.6 million. The principal business of the Target subsidiary, being the provision of toys manufacturing services in Shenzhen, the PRC, has been suspended since May 2026 resulting from the change of business strategy from toy OEM manufacturing to trading-based model. Consequently, the Target Subsidiary has become a company without having operations but remains the lessee of the Land.

The adjusted unaudited total net asset value of the Target Group as at 30 June 2026 was approximately HK$3,028,000. Details of the adjustments are set out in paragraph headed "Assessment of the Consideration" below.

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 was adversely impacted by (i) the dampened demand for non-essential consumer goods under macroeconomic and geopolitical reasons, (ii) a sharp decline in demand for a specific toy product from a major customer for the 2025 season, resulting in a significant decrease in revenue of OEM toys production of approximately 41% for the year ended 31 December 2025.

As analyzed in the paragraph headed "Information on the Group" above, the Group recorded loss after tax of approximately HK$1,463.8 million for FY2025 as a result of the decrease of revenue by approximately HK$1,053 million or 33% in particular a decrease in revenue from the OEM toys production segment as a result of a sharp decline in demand for a specific toy product from a major customer for 2025 season due to tariffs and sourcing diversification. With reference to the Letter of the Board, the continuation of losses would materially harm the interest of the Group if operations were not suspended or closed. The Group is undertaking a strategic restructuring of its toy business, shifting from OEM manufacturing operations to a trading-based model. Consequently, the main business of the Target subsidiary, being the provision of toys manufacturing services in Shenzhen, the PRC, has been suspended since May 2026 resulting from the change of business strategy. As a result, the Target Subsidiary has ceased operations but the Target Company 2 remains the lessee of the Land.

With reference to the Letter from the board, due to historical issue, the Target Company 2 has not been able to obtain the ownership titles of any of the Buildings. Further details of the defect in ownership titles of the Buildings are set out in the Letter from the Board. Due to the

defect in the ownership titles of the Buildings, their relatively deteriorated conditions, and the prevailing weak demand condition for production plants erected on leasehold lands, we have consulted with the Company and have been given to understand from the Board that despite the Company approaching some agencies and utilizing its own internal sources, the Company was unable to identify any prospective buyers willing to pay the Consideration, save for the Purchaser. In light of the Group's strategic restructuring of its toy business, it is not considered in the best interest of the Group to allocate resources towards initiating defensive actions to retain the occupancy of the Property.

Having considered that (i) the Target Subsidiary has suspended its operation since May 2026 due to the Group's strategic restructuring of its toy business, resulting in the Target Subsidiary becoming a company without having operation but the Target Company 2 remains the lessee of the Land, (ii) there is limited interest from independent third-party buyers due to the defect in the ownership titles and condition of the Property, and (iii) the net proceeds from the Disposal are intended to be used for working capital of the Group, we are of the view that the Disposal is in line with the overall strategy of the Group.

The Disposal is expected to optimize resource allocation, reduce operating costs, and enhance the Group's overall operational efficiency and is in the interest 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$16,000,000. The Consideration shall be satisfied by the Purchaser in cash to the Vendor (or to such other subsidiary(ies) of the Company as the Vendor may direct in writing) upon Completion or on such other later date(s) as may be mutually agreed in writing between the Purchaser and the Vendor. If the Consideration is not settled upon Completion and the Purchaser and the Vendor agree in writing that the Consideration shall be paid on a later date or in instalments after Completion, the Company will make further announcement(s) as and when appropriate in compliance with the Listing Rules.

With reference to the Letter from the Board, the Consideration was determined after arm's length negotiation between the Vendor and the Purchaser, having taken into account of, among other things:

(a) the adjusted unaudited net asset value of the Target Group of approximately HK$3,028,000, representing the unaudited net asset value of the Target Group after taking into account the effect of the waiver of all inter-company current account balances (both credit and debit) between and among the members of the Target Group and the respective members of the Company as at 30 June 2026; and

(b) the difference of HK$12,671,000 between the book value of the Property of HK$24,686,000 and the market value of the Property of approximately RMB32,400,000 (equivalent to approximately HK$37,357,000) as at 31 October 2026 as appraised by the Valuer.

In assessing the fairness and reasonableness of the Consideration, we have considered the following factors:

(i) Adjustments to the net asset value of the Target Group

With reference to the letter from the Board, in assessing the fairness and reasonableness of the Consideration, the Board has taken into account, among other things, the unaudited net asset value of the Target Group. The unaudited revenue of the Target Group amounted to approximately HK$0.1 million for the six months ended 30 June 2026. The unaudited net assets of the Target Group as at 30 June 2026 amounted to approximately HK$40.5 million. The total assets of the Target Group as at 30 June 2026 amounted to approximately HK$65.4 million which mainly comprised of building and land lease of approximately HK$24.7 million and amount due from the intermediate holding company and fellow subsidiaries of approximately HK$39.4 million. The unaudited total liabilities of the Target Group as at 30 June 2026 amounted to approximately HK$24.9 million which mainly comprised of lease liabilities of approximately HK$15.7 million and trade and other payables of approximately HK$7.4 million. Given that the main business of the Target Subsidiary has been suspended since May 2026 and the Target Subsidiary has become a company without having operations but the Target Company 2 remains the lessee of the Land, the remaining principal assets of the Target Group is the Property. We concur with the Board that the adjusted net asset value of the Target Group provides a reasonable reference for assessing the fairness and reasonableness of the Consideration.

With reference to the Letter from the Board, the adjusted unaudited net asset value of the Target Group amounted to approximately HK$3,028,000, representing the unaudited net asset value of the Target Group of approximately HK$40,481,000 and then taking into account the effect of the waiver of inter-company current account balances (the "**Waiver**") of approximately HK$37,453,000. The Waiver comprises (a) the total amount of approximately HK$39,375,000, being mainly sub-contracting fees due from subsidiaries of the Company to the Target Group; and (b) the total amount of approximately HK$1,922,000, being mainly advancements provided by other subsidiaries of the Company to finance the Target Group's operations.

For the purpose of our due diligence, we have made enquiries with the management of the Company as to the nature and terms of the inter-company current account balances (both debit and credit) between the Target Group and other members of the Group. As advised by the Company, as at 30 June 2026, (a) an aggregate amount of approximately HK$39,375,000 was due from subsidiaries of the Company to the Target Group, which mainly represented subcontracting fee payables

arising from the Target Group's OEM toy manufacturing business; (b) an aggregate amount of approximately HK$1,922,000 was due to other subsidiaries of the Company by the Target Group, which mainly represented advancements provided by other subsidiaries of the Company to finance the Target Group's operations. All of the aforesaid inter-company current account balances were unsecured, non-interest bearing and had no fixed terms of repayment. We have compared the inter-company current account balances as at 30 June 2026 with those as at 31 December 2025 and noted that there was no material differences between the two dates.

Having considered the aforesaid, the carrying amount of the inter-company current account balance due to group companies and due from group companies should be considered approximately their fair value.

With reference to the Letter of the Board, the basis and rationale for the Waiver are to eliminate complex post-Completion adjustments and to avoid potential disputes regarding the recoverability of intra-group balances and any corresponding adjustments to the Consideration. We concur with the Board that the Waiver arrangement is fair and reasonable, having regard to the nature of the balances waived and the benefits arising from the Waiver, in particular, the balances being waived comprise intra-group current account balances between the Target Group and other subsidiaries of the Group arising from the ordinary course of intra-group funding and operational arrangements, rather than receivables from or payables to third parties. Having considered the aforesaid, the Consideration determined based on the adjusted net asset value of the Target Group after the Waiver arrangement is appropriate and reasonable.

(ii) Book value and appraised value of the Property

Book value of the Property

As advised by the Company, the book value of the Property amounted to approximately HK$24,686,000, representing book value of Buildings and Land lease of approximately HK$12,275,000 and HK$12,411,000 as at 30 June 2026. We note that the book value of the Property as at 30 June 2026 do not have significant difference from those as at 31 December 2025 and 2024. The Consideration has taken into account the difference of approximately HK$12,671,000 between the book value of the Property of HK$24,686,000 and the market value of the Property of approximately RMB32,400,000 (equivalent to approximately HK$37,357,000) as at 31 October 2026 as appraised by the Valuer.

Appraised value of the Property

In compliance with the requirements of Rule 13.80 of the Listing Rules, for our due diligence purpose, we have (i) interviewed the Valuer and reviewed and enquired into the qualification and experience of the Valuer and noted that the Valuer possesses sufficient qualifications and experience in valuing assets similar to that of the Property for listed companies over the years; (ii) reviewed

the scope of services provided under the engagement of the Valuer and 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; (iii) 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 valuation, no arrangements exist whereby they will receive any fee or benefit from the Group and its connected persons including the Purchaser. 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 Property.

We have reviewed the Valuation Report and understand that it was prepared and complied with all the requirements contained in Chapter 5 and Practice Note 12 to the Listing Rules.

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

Property	**Particulars of occupancy**	**Appraised value as at 31 October 2026**
Three production buildings (Building D, Building E and Building F), three workers' quarters (Quarter BB, Quarter CC and Quarter EE), two staff quarters (Local staff quarters and non-local staff quarters) and electricity generation room, which were completed between 1994 and 1996, located at Nanling Village, Buji Town, Longgang District, Shenzhen City, Guangdong Province, the PRC. As advised by the Company, the total gross floor area of the Property is approximately 34,098.06 sq.m. (without title).	As advised by the Company, the Property is currently leased and occupied by the Group for production and staff quarters purposes as at the Valuation Date.	RMB32,400,000 (equivalent to approximately HK$37,357,000), under the assumption of the relevant title documents were obtained whereas the Property is entitled to be transferred, leased and mortgaged

As mentioned in the Valuation Report, pursuant to four contracts entered into between 深圳市龍崗區布吉鎮南嶺村民委員會 (Shenzhen Longgang District Buji Town Nanling Village Committee*) ("**Nanling**") and 華升電子有限公司 (Wah Shing Electronics Co., Ltd.*) ("**Wah Shing**"), the Property with a total gross floor area of approximately 34,098.06 sq.m. is leased by Nanling to Wah Shing for 50 years with various lease terms for production and staff quarters purposes. As advised by the Company, the Real Estate Ownership Certificate was not obtained, and the Property is not entitled to be transferred. Therefore, the Valuer have ascribed no commercial value to the Property in valuation. The Valuer provided the appraised market value of the Property of RMB32,400,000 for indicative purpose, assuming the relevant title documents were obtained whereas the Property is entitled to be transferred, leased and mortgaged.

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 Property. With regard to the valuation approaches, we have assessed the suitability of each approach as follows:

(a) Income approach: The approach is generally adopted for rent-generating properties given an active open leasing market and/or properties with tenancy agreements in generating rental payment. We understood from the Company that the property is primarily owner-occupied by the Group for production and staff quarters until the suspension of toy manufacturing business in May 2026 and did not generate any rental income as at the Valuation Date. Given the above, we concur with the Valuer that the income approach is inapplicable to the valuation.

(b) Cost approach: The approach only considers the cost to reproduce or replace in new condition the property appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation. The Valuer considered the cost approach is inapplicable to the valuation as there is no convincing association of the values of the Property with costs. Given that the Property is of considerable age and is subject to title document issues and transfer restrictions, a cost-based assessment would not reliably reflect the price that a willing buyer would pay in the current circumstances. Accordingly, we consider the decision not to adopt the cost approach to be fair and reasonable.

(c) Market approach: The approach provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available. The Valuer considered that as there is sufficient market information of the similar assets in the locality and market approach is a common and popular approach in valuing such kind of property in the industry and adopted the market approach which is considered as the most appropriate for in valuing the Property.

Having considered the above, we agree with the Valuer that the market approach is appropriate for the valuation of the Property.

As disclosed in the Valuation Report, the Valuer has further advised that, since no official transaction data of industrial properties is available to public in the PRC, the Valuer has made reference to listing comparables instead of completed transaction prices. This practice is in line with recognized market practices within the PRC real estate appraisal industry as a result of limited available data on completed transaction prices. We agree with the Valuer and are of the view that the use of listing comparables is reasonable, as it provides the comparatively more practicable and reliable market reference available for the purpose of the valuation.

We have then reviewed the list of comparable properties listing and noted that the selection of comparable properties was based on the following criteria: (i) situated within the same district, i.e. Longgang District; (ii) being factory complex with facilities such as factory, dormitory, carpark and canteen; and (iii) the listing dates of all listing comparables were within one month immediately preceding the Valuation Date. We noted that the Valuer sourced the listing comparables from 58同城房產 (hz.58.com). For the purpose of our due diligence, we discussed with the Valuer and understand that 58同城房產 is one of the largest and more popular online property agency platforms commonly used for property listings in the PRC, including listings of industrial premises, and is a platform commonly used as a source for comparable research in property valuations in the PRC. We have conducted independent searches on Hong Kong listed companies and concur that it is not uncommon for valuers to use 58同城房產 (hz.58.com) as sources of information in property valuations. Having considered the above, we performed independent desktop search on the same agency platform (hz.58.com), taking into consideration of the popularity of the platform that could deliver representative comparable search result. We conducted search based on the aforesaid selection criteria adopted by the Valuer after the Valuation date, and we are able to identify three listings in the same district, which were also identified and used as comparables by the Valuer in the Valuation Report. Although the unit price of the comparables represented the asking price of comparable listing, we consider them fair and representative for the purpose of deriving the market price of the Property on the basis that (i)

the comparables are listed within one month from the valuation date on the open market and are the most up-to-date market references available for the purpose of valuation; (ii) the geographic location of the comparables are close to the Property. Based on our discussion with the Valuer regarding the comparables identified, together with the independent desktop search performed, we are of the view that the criteria of the comparable properties are appropriate and reasonable as they ensure the comparables are similar to the Property in terms of location, usage and recent market activity and the cited source is a commonly used platform.

We have obtained from the Valuer and reviewed the supporting documents and information in deriving the appraised value of the Property, which includes details of the adjustments made to each of the comparable properties and the rationale thereof. We understand that the Valuer made adjustments to the comparable listing unit rate, based on its judgement and experience, taking into account differences in several aspects including time, nature of transaction, location, property type, quantum, exterior condition and facilities between the comparables and the Property. We have reviewed these adjustments and discussed with the Valuer about the rationale and methodology for the adjustments. The general basis of adjustment is that if the comparables is superior to the Property, a downward adjustment is made. Alternatively, if the comparables is inferior or less desirable than the Property, an upward adjustment is made. We note that the Valuer made several adjustments to the unit rate, including (i) an approximately 10% downward adjustment to reflect the discrepancy between listing prices and transacted prices in the local industrial real estate market, having regard to the fact that all selected comparables are listings by willing sellers rather than completed arm's-length transactions; (ii) downward adjustments of approximately 40% and 10% made to the unit rate of the comparables to reflect the respective differences in exterior condition and facilities between the Property and the comparables; and (iii) an approximately 1.0% downward adjustment to reflect the quantum differential, as the Property is larger than the comparable listings and unit rates of larger industrial premises are generally lower. Having regard to (i) the close proximity between the Valuation Date and the listing dates of the selected comparables, (ii) the geographic proximity of the comparable listings to the Property, (iii) the similarity in property type and (iv) consideration of the difference between the selected comparables and Property, we concur with the adjustments adopted by the Valuer and have no reason to doubt the reasonableness of these adjustments in the circumstances.

Based on the above analysis of the comparables, the Valuer has adopted the adjusted unit rate of the Property of approximately RMB1,053 per sq.m. for Building D as at 31 October 2026. The Valuer then applied the adjusted unit rate of Building D as a unit rate reference to the other seven buildings of the Property, namely Building E, Building F, Quarter BB, Quarter CC, Quarter EE, local staff quarters and non-local staff quarters, to reflect the individual difference of the Buildings of the Property, made further adjustment to the adjusted unit rate, based on its judgement and experience, taking into account differences in several aspects including location, property type, quantum and interior conditions for each of the buildings of the Property. The Valuer made a downward adjustment of approximately 30% to the adjusted unit rate of the three workers' quarters (Quarter BB, Quarter CC and Quarter EE), two staff quarters (Local staff quarters and non-local staff quarters), due to their difference in the nature of property type and interior condition compared with Building D. This was offset by an upward adjustment of approximately 0.1% to 1% to each of the seven buildings of the Property, under the consideration of quantum difference between the seven buildings of the Property and Building D. The average adjusted unit rate of the Property is at around RMB950 per sq. m. As a result, the Valuer appraised the value of the Property to be approximately RMB32,400,000 (equivalent to approximately HK$37,357,000) as at 31 October 2026.

Based on our due diligence on the valuation of the Property as detailed above, including (i) reviewing the Independent Valuer's terms of engagement, qualifications, experience and independence in accordance with Rule 13.80 of the Listing Rules; (ii) assessing the applicability of the valuation approaches and confirming that the market approach is appropriate; (iii) reviewing the selection criteria and list of listing comparables; and (iv) examining the principal adjustments, underlying parameters and calculation of the appraised value, we did not identify any major factor which caused us to doubt the fairness and reasonableness of the methodology, principal bases, assumptions and parameters adopted for the Valuation Report.

Conclusion

Based on the above, in particular, (i) the Target Group has ceased its respective principal business and operation, save for remain as lessee of the Land and holding the Property; (ii) the Consideration has been determined based on the adjusted net assets of the Target Group as at 30 June 2026, which was derived after the waiver of all inter-company current account balances between and amongst the Target Group and its affiliates; and the difference between the book value and appraised value of the Property. As analysed above, these adjustments are fairly and reasonably made because it could appropriately reflect the assets and liabilities position of the Target Group after taking out the financial assistance to/from the Group; and the fair value of the principal assets i.e. the Property in the balance sheet of the Target Group; (iii) our review on the valuation of the Property and the discussion with the Valuer, 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 Property, we consider 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 Group will cease to be subsidiaries of the Company, and the profit or loss as well as the assets and liabilities of the Target Group will no longer be consolidated into the consolidated financial statements of the Group.

Earning

It is estimated that the Group will record a gain on the Disposal in the amount of approximately HK$12,972,000, which is calculated based on the Consideration and the adjusted unaudited net asset value of the Target Group as at 30 June 2026 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 net book value of the Target Group at Completion, net of any incidental expenses, and subject to review by the auditors of the Company.

Assets and Liabilities

Having considered the Consideration and the adjusted unaudited net asset value of the Target Group as at 30 June 2026, it is estimated that upon Completion, the total assets of the Group will decrease by approximately HK$10,057,000, while the total liabilities of the Group will decrease by approximately HK$23,029,000. Accordingly, it is estimated that the net assets of the Group will have an increase of approximately HK$12,972,000.

Cashflow

The Group intends to use the net proceeds from the Disposal for working capital.

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 strategic restructuring of its toy business to optimize resource allocation, reduce operating costs, and enhance the Group's overall operational efficiency, (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, 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
Huaan Securities (Hong Kong)
Corporate Finance Limited
Fanny Lee
Managing Director

Ms. Fanny Lee is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Huaan Securities (Hong Kong) Corporate Finance 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 years ended 31 December 2023, 2024 and 2025 and the unaudited consolidated financial statements of the Company for the six months ended 30 June 2026 together with the relevant notes thereto are disclosed in the following documents which have been published on both the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (https://www.scholding.com). Please refer to the hyperlinks as stated below:

- 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)

- pages 92 to 209 of the annual report of the Company for the year ended 31 December 2025 published on 22 April 2026

  (https://www1.hkexnews.hk/listedco/listconews/sehk/2026/0422/2026042201305.pdf)

- pages 1 to 11 of the interim report of the Company for the six months ended 30 June 2026 published on 10 September 2026

  (https://www1.hkexnews.hk/listedco/listconews/sehk/2026/0910/2026091000354.pdf)

STATEMENT OF INDEBTEDNESS

As at the close of business on 30 September 2026, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had the following indebtedness:

Indebtedness

		HK$'000
Bank and other borrowings		
Interest-bearing bank borrowings		
— secured	*(i) & (ii)*	2,717,283
— unsecured	*(iii)*	285,227
Amount due to related parties	*(iv)*	724,563
Amount due to non-controlling shareholders of subsidiaries	*(v)*	1,035
Lease liabilities	*(vi)*	98,451
Total		3,826,559

(i) As at 30 September 2026, the Group's secured bank loans comprised of:

(a) secured bank loans of approximately HK$2,385,403,000 which were secured by the Group's investment properties situated in Hong Kong and Mainland China;

(b) secured bank loans of approximately HK$137,712,000 which were secured by the Group's ownership interests in leasehold land and buildings;

(c) secured bank loans of approximately HK$117,602,000 which were secured by the Group's completed properties for sale; and

(d) secured bank loans of approximately HK$76,566,000 secured by the Group's bank deposits.

(ii) As at 30 September 2026, the Group's secured bank loans of approximately HK$2,671,289,000 were guaranteed and approximately HK$45,994,000 were unguaranteed.

(iii) As at 30 September 2026, the Group's unsecured bank loans of approximately HK$285,227,000 were guaranteed.

(iv) Amount due to related parties

The amounts due to related parties amounted to approximately HK$724,563,000 were unsecured and unguaranteed.

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

The amounts due to non-controlling shareholders of subsidiaries amounted to approximately HK$1,035,000 were unsecured and not guaranteed by any party.

(vi) Lease liabilities

As at the close of business on 30 September 2026, the total unaudited lease liabilities of the Group amounted to approximately HK$98,451,000. Certain lease liabilities of approximately HK$25,427,000 were secured by rental deposits and unguaranteed, and the lease liabilities of approximately HK$73,024,000 were unsecured and unguaranteed.

Contingent liabilities

A subsidiary of the Company in China provided guarantees to certain financial institutions in an aggregate amount of approximately HK$132,041,000 on behalf of independent purchasers of premises of the Group's properties held for sales in the PRC in relation to which the related premises ownership certificates had not been issued as at 30 September 2026. 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 September 2026, 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 September 2026.

SUFFICIENCY OF WORKING CAPITAL

The Directors are of the opinion that, taking into account of the internal resources and banking facilities available to the Group, as well as the effect of the Disposal, 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, save and except the OEM manufacturing sector as more particularly described in ''Trading and Manufacturing'' under ''Trading and Financial Prospects'' hereinbelow, the Directors are not aware of any material adverse changes in the financial or trading position or prospects of the Group since 31 December 2025, being the date to which the latest audited consolidated financial statements of the Group were made up.

TRADING AND FINANCIAL PROSPECTS

The global economic environment in 2026 remains highly uncertain, weighed down by the continuation of US tariff policies, heightened geopolitical tensions including the ongoing Russia-Ukraine conflict and instability in the Middle East. These external factors are expected to continue affecting the Group's overall business performance.

Following the outbreak of military conflict in Middle East in February 2026, International Monetary Fund (''**IMF**'') published its *World Economic Outlook* in April 2026 and an update in July 2026. IMF observed that global economies face repercussions through higher commodity prices, second-order effects on inflation expectations (particularly sensitive to energy and food prices), and amplification effects from risk-off sentiment in financial markets. Global growth is projected at 3.0% in 2026, broadly unchanged from April forecasts, but below the 2024–25 average of 3.5%. Global headline inflation has been revised upward to 4.7% in 2026, reflecting stalled disinflation trends.

Growth in advanced economies is expected to moderate to 1.7% in 2026, relative to pre-conflict forecasts, while growth in the United States is projected at 2.3%. Inflationary pressure in the United States remains persistent, with annual inflation reaching 3.4% in July 2026. This

has heightened expectations that the Federal Reserve may raise interest rates later this year, which would elevate borrowing costs, dampen consumer confidence, and weaken the consumer demand for discretionary goods, including toys.

By contrast, China's growth outlook was upgraded in July 2026 by 0.2 percentage points to 4.6%, supported by robust expansion of high-tech manufacturing and strong export growth. In July 2026, the Central Government released a five-year plan targeting retail sales of approximately RMB60 trillion (approximately HK$69 trillion) by 2030, alongside measures to expand consumption, raise household incomes. The plan calls for increased services consumption across elderly care, childcare, healthcare, culture, tourism, sports and education sectors. China will expand visa-free entry to more countries and add direct international flights to Europe, the United States and the Belt and Road Initiative nations to support tourism spending. Policymakers intend to strengthen household spending power through stronger employment, higher wages, more property income, enhanced social security and better public services.

With consumer price inflation remaining around 1%, the People's Bank of China retains scope to maintain accommodative monetary conditions. The Group expects policymakers to prioritize stability and support domestic demand through a combination of front-loaded fiscal spending and targeted consumption-boosting measures.

While 2026 presents significant external challenges, proactive policy responses from Mainland China, Hong Kong and the United States (the Group's core markets) are expected to mitigate the impact of tariff-related disruptions and on-going geopolitical tensions. A gradual improvement in consumer confidence is anticipated, supported by steady economic growth. The Group remains cautiously optimistic about its long-term prospects and will continue to adopt an agile approach in navigating evolving geopolitical and economic conditions, positioning itself to capture emerging opportunities as markets stabilise.

Trading and Manufacturing

Trading of footwear products

Consistent with its long-standing strategy, the Group will continue to place orders with plants endorsed by its customers across various countries, balancing production costs and optimizing profit margins. To capture additional opportunities, the Group has diversified its product offerings to include athletic footwear and apparels for existing customers beginning in 2026. Meanwhile, the Group will continue to explore new business opportunities in the United States, its major market in this segment, with the objective of maximizing returns and strengthening long-term competitiveness.

Toys business — transition to trading-based model

The Group has ceased its OEM toys manufacturing operations due to the lack of support from external financial institutions and insufficient customer orders in July 2026. Following the cessation, the Group has been seeking buyers for the disposal of its premises and facilities in the PRC arising from the discontinued OEM production, with a view to enhancing the Group's liquidity position.

The toys business has been re-engineered and streamlined by redeploying resources to a trading-based model, for which the Group is in the process of incorporating a new subsidiary in Hong Kong to facilitate its operation. Under this model, the Group will focus primarily on product development, engineering support, quality compliance management and customer relationship management, while manufacturing activities will be outsourced to a network of independent manufacturing partners with established production capabilities and compliance standards. The new subsidiary will focus on providing: (i) one-stop engineering and product development services; (ii) quality assurance and compliance consulting services; and (iii) coordination of overseas manufacturing partnerships to provide tariff-diversified and cost-competitive production solutions for customers.

This model leverages a network of manufacturing partners with proven compliance capabilities, enabling products to be manufactured and delivered directly to customer-designated destinations. As a result, the Group is able to reduce capital expenditure and working capital requirements associated with maintaining manufacturing facilities and production equipment, lower direct labour and operating costs, and enhance operational flexibility and scalability in response to changes in market demand.

The Group's five decades of manufacturing excellence provide deep expertise in production management, engineering support, quality assurance, and compliance, which will serve as a competitive advantage in sustaining the trading-based model. By capitalizing on its established long-standing relationships with global and local customers, together with its experience in managing manufacturing partners and supply chains, the Group believes this transition will provide a more sustainable, asset-light and scalable platform for its toys business, while remaining aligned with prevailing market trends and enhancing its execution capabilities.

Property Investment and Development

Property Investment

The Mainland China property market continues to undergo structural adjustment, with residential demand remaining uneven across regions. First tier and selected second tier cities continue to demonstrate relatively stronger performance, while lower tier cities face slower absorption and weaker sentiment.

In the commercial sector, leasing demand varies by asset class: retail properties benefit from improving domestic consumption, office properties face pressure from corporate consolidation and new supply, while industrial and logistics assets remain resilient due to sustained e commerce and supply chain demand.

The Group will continue to enhance the performance of its property investment portfolio in Mainland China and Hong Kong through active tenant mix optimisation, facility upgrades, and the introduction of experiential retail concepts. At the Group's flagship retail property, Avenue of Stars in Shenyang, management is refining the tenant composition by introducing experiential offerings and upgrading facilities to attract fashion and family-oriented retailers.

At Central Square, another flagship mixed-use property in Shenyang, the retail podium has broadened its tenant mix by leasing space to boutique hotel operators and service-based tenants, creating stronger synergies and enhancing overall attractiveness.

The central government's expansion of visa-free entry to over 50 countries is expected to attract more international visitors, providing a positive boost to the retail sector and reinforcing leasing demand. In Hong Kong, while recovery remains clouded by geopolitical conflicts and trade tensions, returning investors and stronger financial market activities are expected to boost office leasing demand. Moreover, tourism measures and the expansion of Mainland China catering chains and retail brands serve to stabilize retail property vacancy rates. Recurring rental income from both Mainland China and Hong Kong is expected to remain a stable contributor to the Group's results.

In Nanjing, discussions with local authorities regarding buy-back arrangements and redevelopment plans may substantially enhance the value of the Group's land resources. With land banks acquired at relatively low costs in earlier years, any realisation of these non-core land assets is expected to generate positive financial contributions and enable more efficient capital redeployment. The Group will continue to explore conversions of certain industrial land to commercial use, revitalization of low-efficiency land sites, and potential acquisition and disposal to optimise its land portfolio and maximise shareholders' interests.

Property Development

The Mainland China real estate market is expected to remain in an adjustment phase in 2026, characterised by gradual recovery in demand and evolving policy support measures. Central and local governments have introduced various measures aimed at reducing home purchase costs, promoting residential property transactions, and supporting overall market sentiment. Notwithstanding such measures, the recovery of the property market remains gradual and uneven, and it may take time for the positive effects of such measures to be fully reflected in market activity and sentiment.

Against this backdrop, the Group remains cautiously optimistic regarding the sales performance of the residential units at Central Square, given its prime location and integration with retail, transportation and pedestrian amenities.

In light of the prevailing market conditions, the Group continues to adopt a prudent and disciplined approach towards its property development business. The Group regularly reviews the development potential, commercial viability and strategic positioning of its property portfolio, taking into account market conditions, demand trends, financing environment and project economics in the relevant regions. Such reviews include ongoing assessments of development planning, market positioning and asset enhancement opportunities with a view to preserving and maximising the long-term value of the Group's property assets. Subject to market conditions and business considerations, the Group may advance, optimise or adjust the development plans of its land reserves as and when market conditions become more conducive.

The Group also continues to assess various strategic alternatives in respect of certain property interests within its portfolio with a view to enhancing asset value, improving capital efficiency and strengthening overall returns. Any future development, investment or realisation decision will be made having regard to the prevailing market environment, investment returns, funding requirements and the interests of the Company and the Shareholders as a whole.

The Board considers that the Group's existing property portfolio and land reserves located in various regions of the PRC provide a foundation for the continued operation and future development of its property development business. Notwithstanding the current challenging market conditions, the Group continues to monitor market developments and assess development feasibility, planning options and asset optimization opportunities with a view to identifying and pursuing viable development, value enhancement and realisation opportunities as and when appropriate. The Board believes that the Group's property assets and land reserves, together with its ongoing portfolio management and disciplined capital allocation approach, provide the flexibility to respond to changing market conditions and position the Group to capture opportunities when market conditions become more favourable.

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. Operations focus on cultivating fruits and crops such as apples, winter dates, peaches, pears, and corn, alongside sub-leasing farmland to other operators for maximizing the utilization and returns.

The Group is committed to exploring opportunities for planting high-profit-margin species while enhancing harvest yields, sales distribution channels, resource utilization, and cost control. It will also pursue strategic cooperation with other agricultural operators to strengthen its market position and operational efficiency. In addition, the Group will actively consider opportunities to achieve higher returns through conversion of agricultural land usage, thereby improving overall performance of this segment.

The following is the text of letter and valuation report, prepared for the purpose of incorporation in this circular, received from Graval Consulting Limited, an independent property valuer, in connection with their valuation as at 31 October 2026 of the property interests to be disposed of by the Group in the People's Republic of China.

Graval Consulting Limited
Suites 2401–02, 24/F,
Shui On Centre, 6–8 Harbour Road,
Wanchai, Hong Kong

6 November 2026

The Board of Directors
South China Holdings Company Limited
36th Floor, The Centrium,
60 Wyndham Street, Central, Hong Kong

Dear Sirs and Madams,

Re: Valuation of various buildings and structures located at Nanling Village, Buji Town, Longgang District, Shenzhen City, Guangdong Province, the People's Republic of China (the "**Property**")

INSTRUCTIONS

We refer to your instruction for us to value the property interests to be disposed of by South China Holdings Company Limited (the "**Company**") or its subsidiaries (together referred as the "**Group**") located in the People's Republic of China (the "**PRC**"). We confirm that we have carried out inspection, 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 of the Property in existing state as at 31 October 2026 (the "**Valuation Date**") for the purpose of incorporation into the circular issued by the Company on the date hereof. This letter which forms part of our valuation report explains the basis and methodology(ies) of valuation, clarifying assumptions, valuation considerations, title investigations and limiting conditions of this valuation.

BASIS OF VALUATION

The valuation is our opinion of the market value ("**Market Value**") which is defined by the Hong Kong Institute of Surveyors as "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".

VALUATION STANDARDS

In valuing the property interests, we have complied 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 the HKIS Valuation Standards 2024 Edition published by the Hong Kong Institute of Surveyors ("**HKIS**"), the RICS Valuation — Global Standards (Effective on 31 January 2025) published by the Royal Institution of Chartered Surveyors ("**RICS**") and the International Valuation Standards ("**IVS**") published by International Valuation Standards Council ("**IVSC**") (Effective on 31 January 2025).

VALUATION METHODOLOGY(IES)

According to the RICS Valuation — Global Standards (Effective on 31 January 2025), there are three generally accepted valuation approaches: market approach, income approach and cost approach.

Market approach is an approach that provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available.

Income approach is an approach that provides an indication of value by converting future cash flows to a single current capital value.

Cost approach is an approach that provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or construction.

In valuing the Property, we have adopted the Market approach which is considered as the most appropriate to the valuation as there is sufficient market information of the similar assets in the locality. Market approach is a common and popular approach in valuing such kind of property in the industry.

The income approach is generally adopted for rent-generating properties given an active open leasing market and/or properties with tenancy agreements in generating rental payment. However, the property is primarily for owner-occupied only as at the Valuation Date so that we considered the income approach is inapplicable to the valuation.

The cost approach only considers the cost to reproduce or replace in new condition the property appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation. Hence, we considered the cost approach is inapplicable to the valuation that as there is no convincing association of the values of the property with costs.

TITLE INVESTIGATION

We have been shown copies of various documents relating to the property interest. However, we have not examined the original documents to verify the existing title to the property interest or to ascertain any amendment which does not appear on the copies handed to us. We have assumed that the copies of the documents obtained are consistent with their originals. All documents have been used for reference only. We have relied considerably on the information given by the Group's PRC legal advisers, 廣東君信經綸君厚律師事務所 (Guang Dong J&J Law Firm*), concerning the validity of the title to the property interest located in the PRC.

AREA MEASUREMENT AND INSPECTION

Our Sr Lawrence Chan Ka Wah, MRICS, MHKIS, R.P.S. (GP), MCIREA, RICS Registered Valuer has inspected the Property on 5 February 2026. In the course of our inspections, we did not note any serious structural defects. However, no structural survey has been made and we are therefore unable to report whether the Property are free from rot infestation or any other defects. No tests were carried out on any of the services.

We have not carried out detailed on-site measurement to verify the correctness of the areas in respect of the Property but have assumed that the areas shown on the documents handed to us are correct. All dimensions, measurements and areas are approximate.

Moreover, we have not carried out investigations on site to determine the suitability of the ground conditions and the services etc., for any future development. Nor did we undertake archaeological, ecological or environmental surveys for the Property. Our valuation is prepared on the assumption that these aspects are satisfactory and no extraordinary expenses or delay will be incurred during the development period.

No environmental impact study has been ordered or made. Full compliance with applicable national, provincial and local environmental regulations and laws is assured unless otherwise stated, defined and considered in the valuation report.

Our valuation has been made on the basis that there is no substantial change in the physical conditions of the Property between the Valuation Date and the date of our inspection.

VALUATION ASSUMPTION

In valuing the property interests, we have assumed that the owner has free and uninterrupted rights to use the property interest for the whole of the unexpired term as granted and is entitled to transfer the property interest with the residual term without payment of any further premium to the government authorities or any third parties.

Our valuation has been made on the assumption that the owner sells the property interests of the Property on the open market in its existing state without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements

which would serve to affect the values of the property interests. In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the property and no forced sale situation in any manner is assumed in our valuation.

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

All consents, approvals and license from relevant government authorities for the property interests have been granted without any onerous conditions or undue time delay which might affect their values. All the required licenses, consents, or other legislative or administrative authority from any local, provincial, or national government, private entity or organization either have been or can be obtained or renewed for any use which the valuation report covers.

All applicable zoning and use regulations and restrictions have been complied with unless nonconformity has been stated, defined, and considered in the valuation report. However, we have assumed that the utilization of the property interest and improvements are within the boundaries of the property interest described and that no encroachment or trespass exists, unless noted in the valuation report.

LIMITING CONDITIONS

We have relied to a considerable extent on information provided by the Group and have accepted advices given to us on such matters, in particular, but not limited to tenure, planning approvals, statutory notices, easements, particulars of occupancy, site and floor areas, room and facilities schedule and all other relevant matters in the identification of the Property.

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

This valuation is to be used only for the purpose stated herein, any use or reliance for any other purpose, by you or third parties, is invalid. No reference to our name or our valuation report in whole or in part, in any document you prepare and/or distribute to third parties may be made without written consent.

REMARKS

Unless otherwise stated, all money amounts stated are in Renminbi (RMB).

The English transliteration of the Chinese name(s) in this valuation report, where indicated by an asterisk (*), is included for information purposes only, and should not be regarded as the official English name(s) of such Chinese name(s).

We hereby confirm that we are independent of and not connected with the Group, and have neither present nor prospective interests in the Group, the Property or the values reported herein.

We enclose herewith the valuation report.

Yours faithfully,
For and on behalf of
Graval Consulting Limited

Sr Lawrence Chan Ka Wah
MRICS, MHKIS, R.P.S. (GP), MCIREA, RICS Registered Valuer
Partner

Sr Lawrence Chan Ka Wah is a member of the Royal Institution of Chartered Surveyors, a member of the Hong Kong Institute of Surveyors, Registered Professional Surveyors in the General Practice Section, a RICS Registered Valuer and a member of the China Institute of Real Estate Appraisers and Agents, who has over 20 years' experience in the valuation of properties in Hong Kong, Macau, the PRC and the Asia-Pacific Region. Lawrence joined Graval Consulting Limited in 2020.

VALUATION REPORT

Property interests to be disposed of by the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 October 2026 RMB
Various buildings and structures located at Nanling Village, Buji Town, Longgang District, Shenzhen City, Guangdong Province, the PRC (中國廣東省深圳市龍崗區布吉鎮南嶺村之各項建築物及構築物)	The Property comprises three production buildings (Building D, Building E and Building F), three workers' quarters (Quarter BB, Quarter CC and Quarter EE), two staff quarters (Local staff quarters and non-local staff quarters) and electricity generation room, which were completed between 1994 and 1996. As advised by the Company, the total gross floor area of the Property is approximately 34,098.06 sq.m..	As advised by the Company, the Property is currently leased and occupied by the Group for production and staff quarters purposes as at the Valuation Date.	RMB32,400,000 (Please also refer to Note 6)

Notes:

1. Pursuant to four contracts entered into between 深圳市龍崗區布吉鎮南嶺村民委員會 (Shenzhen Longgang District Buji Town Nanling Village Committee*) ("**Nanling**") and 華升電子有限公司 (Wah Shing Electronics Co., Ltd.) ("**Wah Shing**"), the Property with a total gross floor area of approximately 34,098.06 sq.m. is leased by Nanling to Wah Shing for 50 years with various lease terms for production and staff quarters purposes at nil rent. The details of the Property are summarized as follows:

No.	Contract Document(s)	Date of Contract	Buildings	Lease Term	Approximate Gross Floor Area *(sq.m.)*
1	租賃興建開發望銀墩工業廠房合同書	15 April 1994	4-storey production building (Building D)	15 April 1994 to 15 April 2044	10,747.00
			4-storey production building (Building E)		1,686.00
			Workers quarters (Quarter BB and Quarter CC)		5,900.00
			Electricity generation room		288.00
2	租賃興建望銀墩工業廠房合同書	13 December 1995	7-storey production building (Building F)	13 December 1995 to 13 December 2045	9,800.00
3	增建職工宿舍協議書	1 March 1996	6-storey workers quarter (Quarter EE)	1 March 1996 to 1 March 2046	2,652.00
4	員工住房合同書	22 August 1993	7-storey staff quarter (Local staff quarter)	22 August 1993 to 22 August 2043	2,545.06
			4-storey staff quarter (Non local staff quarter)		480.00
				Total:	**34,098.06**

2. As advised by the Company, there are no title document obtained, the total gross floor area of the Property is approximately 34,098.06 sq.m..

3. Our Sr Lawrence Chan Ka Wah, MRICS, MHKIS, R.P.S. (GP), MCIREA, RICS Registered Valuer has inspected the Property on 5 February 2026, the external and internal conditions of the Property were fair.

4. Wah Shing Electronics Company Limited (華昇電子有限公司) is an indirect wholly-owned subsidiary of the Company.

5 The Property is situated at the northwestern of Nanling East Road (南嶺東路) near its the junction of Longshan Road (龍山路) within the area known as Nanling Village (南嶺村), Buji Town (布吉鎮) of Longgang District (龍崗區). Buildings in the locality comprise factories complex, workshops, residential development and community facilities. Shenzhen Baoan International Airport (深圳寶安國際機場) and Shenzhen East Railway Station (深圳東站)are about 80-minute and 20-minute driving distance from the Property respectively.

6. As advised by the Company, the Real Estate Ownership Certificate was not obtained, the Property is not entitled to be transferred. Hence, we have ascribed no commercial value to the Property in our valuation.

   For indicative purpose, the market value of the Property is RMB32,400,000, by assuming the relevant title documents were obtained whereas the Property is entitled to be transferred, leased and mortgaged.

7. In valuing the Property, no official transaction data of industrial properties is available to public in the PRC. We have therefore adopted market approach in our valuation by making reference to three listing comparables. The use of listing comparables instead of complete transaction prices is in line with recognized market practices within the PRC real estate appraisal industry as a result of limited available data on completed transaction prices. Those listing comparables are gathered from hz.58.com (58.同城房產), a popular agency online platform in the PRC, which are considered to be major and popular providers of property listing information in the PRC. The three listing comparables form an exhaustive list of transactions based on the selection criteria below.

Listing Comparables	**1**	**2**	**3**
Location	Buji Industrial Area, Longgang District (龍崗區布吉工業區)	Baolong Industrial City, Longgang District (龍崗區寶龍工業園)	Henggang, Longgang District (龍崗區橫崗)
Usage	Industrial	Industrial	Industrial
Gross Floor Area (sq.m.)	1,000	1,000	3,000
Exterior condition	Good	Good	Good
Facilities	Factory, Dormitory, Office, Carpark	Factory, Dormitory, Office, Carpark	Factory, Dormitory, Office
Listing Date	October 2026	October 2026	October 2026
Listing Price (RMB)	2,000,000	4,000,000	5,000,000
Listing Unit Rate (RMB/sq.m.)	2,000	4,000	1,667

   The selection criteria for the comparables are as follows:

   i. Situated within the same district, i.e. Longgang District;

   ii. Being factory complex with facilities such as factory, dormitory, carpark and canteen;

   iii. The listing dates of all listing comparables were within 1 month immediately preceding the Valuation Date.

The above three listing comparables represent all industrial property listing identified by us that satisfy the aforesaid selection criteria.

Appropriate adjustments and analysis are considered to the differences in several aspects including time, nature of transaction, location, property type, quantum, exterior condition and facilities between the comparables and the Property. The general basis of adjustment is that if the comparables is superior to the Property, a downward adjustment is made. Alternatively, if the comparables is inferior or less desirable than the Property, an upward adjustment is made. Adjustment factors to each comparable are as follows:

Listing Comparables	**1**	**2**	**3**
Listing Unit Rate (RMB/sq.m.)	2,000	4,000	1,667
(i) Time	0%	0%	0%
(ii) Nature of Transaction	–10%	–10%	–10%
(iii) Location	0%	0%	0%
(iv) Property type	0%	0%	0%
(v) Quantum	–1.0%	–1.0%	–0.8%
(vi) Exterior condition	–40%	–40%	–40%
(vii) Facility	–10%	–10%	0%
Total	–61.0%	–61.0%	–50.8%
Adjusted Unit Rate (RMB/sq.m.)	780	1,560	820
Weighted Unit Rate (RMB/sq.m.)		1,053	

Based on the above analysis of the comparables, we have arrived at the adjusted unit rate of the Building D at around RMB1,053 per sq.m.. We have further made adjustments to other seven buildings of the Property, namely Building E, Building F, Quarter BB, Quarter CC, Quarter EE, local staff quarters and non-local staff quarters, to arrive the valuation by considering various aspects, namely location, property type, quantum and interior conditions. The overall adjustment range and the adjusted unit rates of those buildings are between -29.5% and +1%, and between RMB742 per sq.m. and RMB1,064 per sq.m. respectively. The average adjusted unit rate of the Property is at around RMB950 per sq.m..

Below is the adjustment rationale of each of the adjustment factors made on the differences between the Property and the comparables.

	Factor		**Rationale**
(i)	Time	:	The listing dates of all listing comparables were within 1 month immediately preceding the Valuation Date. There was no significant change in market condition between the Valuation Date and the listing dates of all comparables. The adjustment rates are zero on time factor.
(ii)	Nature of Transaction	:	All comparables are listing by willing sellers, downward adjustments are made to reflect the room for negotiation between a willing seller and a willing buyer. To ensure the valuation accurately represents arm's-length market conditions, based on our due diligence work conducted, 10% downward adjustment reflected the well-documented discrepancy between listing prices and actual transacted prices in the local industrial real estate market.

	Factor		Rationale
(iii)	Location	:	Unit rates of properties located nearer to the commercial and transportation facilities is generally higher, and vice versa. All the listing comparables are situated in the same town, the adjustment rates are zero on location factor.
(iv)	Property type	:	All comparables are factory which is similar to the Property. The adjustment rates are zero on property type factor.
(v)	Quantum	:	Unit rates of the properties with smaller size are generally higher, and vice versa. The listing comparable of En bloc and/or factories with large size properties where fall within our selection criteria stated above were not available in the market, hence those comparable with smaller size were selected alternatively. In view of size difference for most of the industrial complex is normally within 100,000 sq.m.. It is an acceptable range for the percentage adjustment (i.e. -10% to +10%) being made on the size difference of 100,000 sq.m.. Therefore, a percentage adjustment of 1% for every 10,000 sq.m. is adopted.
(vi)	Exterior condition	:	Unit rates of properties with good; reasonable and poor exterior conditions are high, medium and low respectively.
(vii)	Facility	:	Facility such as adequate dormitory, canteen, ancillary office, parking space are normally provided in factory complex. Unit rates of properties with more facilities is generally higher, and vice versa.

8. The Company confirmed that as at the Valuation Date:

   i. No encumbrances, liens, pledges, mortgages against the Property;

   ii. No environmental issues such as breach of environmental regulations relating to the Property;

   iii. There were no notices, pending litigation, breach of law or title defects affecting the Property;

   iv. No plans for construction, renovation, improvement or development of the Property; and

   v. No plan to change the use of the Property.

9. We have been provided with a legal opinion on the property prepared by the Company's PRC legal adviser, 廣東君信經綸君厚律師事務所 (Guang Dong J&J Law Firm*), which contains, inter alia, the following information:

   (a) Wah Shing is entitled to occupy the Property subject to the contracts stated in Note 1, however the Property is not entitled to be transferred unless a consent is obtained from Nanling, otherwise Wah Shing may be required by Nanling to assume liability for breach of contract, including continued the duty in the Contracts, payment of contractual penalty;

   (b) If the consent from Nanling is denied, Wah Shing can transfer the share of Wah Shing to an independent third party; and

   (c) The Property has not obtained the relevant title document due to no proper registration.

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 executives' 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 Shares

Name of Director(s)	Number of Shares held			Total number of Shares held	Approximate percentage of shareholding to total issued Shares *(Note 1)*
	Personal interests	Family interests	Corporate interests		
Mr. Ng	652,816,324	613,214,065 *(Note 2)*	6,828,729,326 *(Note 3)*	8,094,759,715	61.23
Ms. Cheung	41,000,000	—	—	41,000,000	0.31
Mr. Paul Ng	831,989,238	—	—	831,989,238	6.29
Ms. Jessica Ng	170,700,000	—	—	170,700,000	1.29

Long positions ordinary shares of associated corporation

Name	Name of associated corporation	Number of ordinary shares held by controlled corporation	Approximate percentage of shareholding to total issued Shares *(Note 1)*
Mr. Ng	Prime 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:

	Number of Shares held				
Name	**Beneficial interests**	**Family interests**	**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 *(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
Mrs. Ng	613,214,065	7,481,545,650 *(Note 3)*	—	8,094,759,715	61.23

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 7,481,545,650 Shares (including 652,816,324 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 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 2025 (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, Mr. Ng, Ms. Cheung, Mr. Paul Ng and Ms. Jessica Ng, the common directors of the Company and SCAH, have interests in the property investment and development business of SCAH of 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 were appointed as directors to represent the interests of the Company and/or the Group:

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

In connection with the completion of certain disposals of indirect wholly-owned subsidiaries that are subject to litigation proceedings, as such entities ceased to be subsidiaries of the Group, further details are set out in the Chairman's Statement and Management Discussion and Analysis contained in the Company's annual report for the year ended 31 December 2025.

A winding-up petition (the "Petition 1") was filed by Hongyi (Hong Kong) Packaging Products Company Limited ("Hongyi") on 17 June 2026 and another winding-up petition (the "Petition 2") was filed by Yuen Fat Paper Products Factory Limited ("Yuen Fat") on 18 June 2026, against WST, in the High Court of Hong Kong (the "High Court") pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the laws of Hong Kong) (the "Winding Up Ordinance"). The Petition 1 and the Petition 2 seek an order for the winding-up of WST, and both were scheduled to be heard before the High Court on 2 September 2026, as more particularly disclosed in the Winding-Up Petition Announcements. On 26 August 2026, WST received a summons filed by Yuen Fat seeking leave of the High Court to withdraw the Petition 2, on the basis that the Petition 1 had already been presented by Hongyi prior to the filing of the Petition 2. As announced by the Company on 2 September 2026, the High Court ordered (i) the adjournment of the hearing of the Petition 1 to 16 September 2026 to allow Hongyi to complete service of the Petition 1 on the registered office of WST; and (ii) the withdrawal of the Petition 2. As further announced by the Company on 16 September 2026, WST has been ordered to be wound up by the High Court under the Winding Up Ordinance on 16 September 2026. Further announcement(s) will be made by the Company to update the Shareholders and its potential investors on any material development of the liquidation process, as and when appropriate, in accordance with the Listing Rules.

Save as disclosed above, as at the Latest Practicable Date, 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) 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 Splendid Enterprises Limited 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 circular of the Company dated 14 November 2024 in respect of the major and connected transaction contemplated thereunder;

(b) the sale and purchase agreement dated 6 May 2025 entered into between and among South China Industries (China) Limited 南華工業(中國)有限公司, Sino Pioneer International Limited (both are indirect wholly-owned subsidiaries of the Company), the vendor, Splendid Enterprises Limited, the purchaser, and World Mastery Limited 宇翹有限公司, Crosslight Limited 航輝有限公司 and Chun Wing Company Limited 浚榮有限公司, the target companies, in respect of the disposal of the entire issued share capital of the target companies. For details, please refer to the circular of the Company dated 10 June 2025 in respect of the major and connected transaction contemplated thereunder;

(c) the supplemental agreement dated 6 November 2025 entered into between Thousand China Investments Limited, a company incorporated in the British Virgin Islands, which is an indirect wholly-owned subsidiary of the Company, and South China Financial Holdings Limited in relation to the proposed alterations to the terms and conditions of the outstanding HK$89,840,000 convertible bonds issued by South China Financial Holdings Limited on 13 January 2023. For details, please refer to the circular of the Company dated 4 December 2025 in respect of the connected transaction contemplated thereunder;

(d) the sale and purchase agreement dated 24 December 2025 entered into between 長榮玩具(東莞)有限公司 (Everwin Toys (Dongguan) Limited*) and 東莞市雁源供應鏈管理有限公司 (Dongguan City Yanyuan Supply Management Limited*) in relation to the disposal of two contiguous pieces of land with a total site area of approximately 132,727.92 sq.m., on which two 3-storey factories, a 5-storey factory, six single-storey warehouse, ten 5-storey dormitories, a 3-storey restaurant, a single-storey electricity room and canteen, and numerous ancillary facilities erected thereon and were completed between 1998 and 2013. For details, please refer to the circular of the Company dated 22 May 2026 in respect of the major transaction contemplated thereunder; and

(e) the Sale and Purchase Agreement.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2025, being the date to which the latest published audited consolidated financial statements of the Group were made up.

9. QUALIFICATION AND CONSENT OF EXPERTS

The following set out the qualification of the experts who have given opinions or advice, which are contained in this circular:

Name	Qualification
Huaan Securities (Hong Kong) Corporate Finance Limited	A licensed corporation to carry out Type 6 (advising on corporate finance) regulated activities under the SFO
Graval Consulting Limited	Independent valuer

As at the Latest Practicable Date, each of the experts listed above 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,

As at the Latest Practicable Date, the experts listed above 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 2025 (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 experts listed above has 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 36th Floor, The Centrium, 60 Wyndham Street, 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 ON DISPLAY

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 fourteen (14) days from the date of this circular:

(a) the letter from the Independent Financial Adviser, the text of which is set out on pages 25 to 40 in this circular;

(b) the valuation report from the Independent Valuer, the text of which is set out in Appendix II of this circular;

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

(d) the written consent of each of the experts referred to in the paragraph headed "9. Qualification and consent of experts" in this Appendix III.

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 36th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong on Thursday, 26 November 2026 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 27 August 2026 (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 WTS International (BVI) Limited (the "**Vendor**") as vendor; Best Galaxy Holdings Limited (the "**Purchaser**") as purchaser; Sparkling Honor Holdings Limited (the "**Target Company 1**"); and Wah Shing Electronics Company Limited (the "**Target Company 2**") (the Target Company 1 and the Target Company 2 are collectively referred to as the "**Target Companies**"), under which the Vendor 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$16,000,000 in accordance with the terms and subject to the conditions therein as disclosed in the circular of the Company dated 6 November 2026 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, 6 November 2026

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:
36th Floor, The Centrium,
60 Wyndham Street, Central,
Hong Kong

Notes:

1. The register of members of the Company will be closed from Monday, 23 November 2026 to Thursday, 26 November 2026, 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 Friday, 20 November 2026.

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 in his/her stead in accordance with the Articles of Association of the Company. 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, 33rd Floor, 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/she 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" announced by The Government of the Hong Kong Special Administrative Region is/are in force at any time after 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 meeting.

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 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.