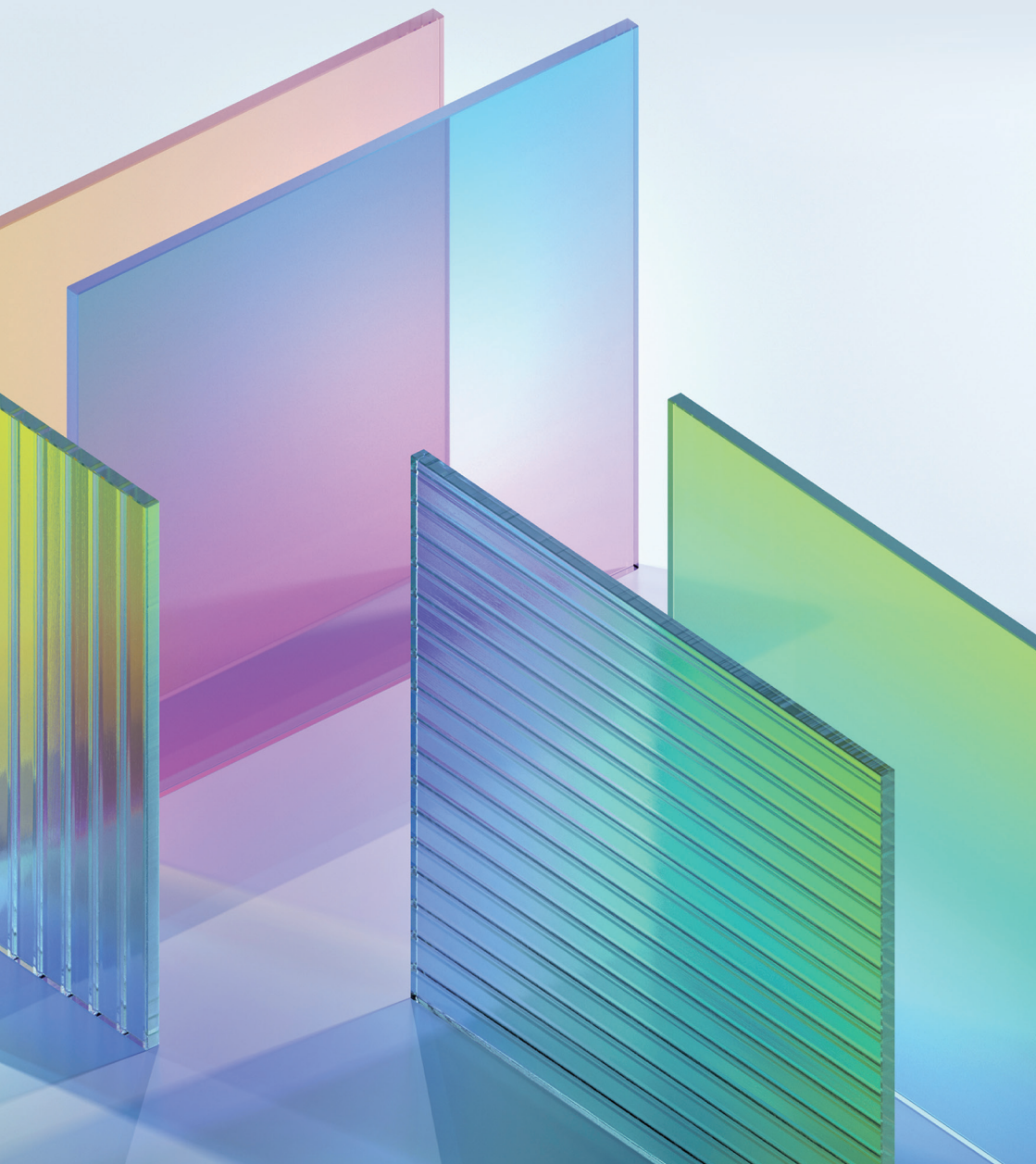


Zhongzheng International Company Limited

(Incorporated in Bermuda with Limited Liability)
(Stock Code : 943)

Interim Report
2024/2025



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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2024

		Six months ended 31 December 2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited) (Restated)
	Notes		
Continuing operations			
Revenue		64,022	47,291
Interest revenue		510	284
Total revenue	5	64,532	47,575
Cost of sales		(48,232)	(33,415)
Gross profit		16,300	14,160
Other income and other gains and losses	6	769	892
Selling and distribution expenses		(885)	(638)
Administrative expenses		(26,650)	(27,245)
Loss from operations		(10,466)	(12,831)
Impairment of loan and interest receivables	9	(2,616)	–
Impairment loss on other receivables	9	(16,086)	–
Share of results of associates		(357)	(567)
Finance costs	7	(7,355)	(7,121)
Loss before tax from continuing operations		(36,880)	(20,519)
Income tax expense	8	(65)	–
Loss for the period from continuing operations		(36,945)	(20,519)
Discontinued operations			
Loss for the period from discontinued operations	21	(55,670)	(908,541)
Loss for the period	9	(92,615)	(929,060)
Loss for the period attributable to:			
Owners of the Company			
From continuing operations		(36,945)	(20,519)
From discontinued operations		(52,208)	(673,691)
		(89,153)	(694,210)
Non-controlling interests			
From continuing operations		–	–
From discontinued operations		(3,462)	(234,850)
		(3,462)	(234,850)
		(92,615)	(929,060)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2024

		Six months ended 31 December 2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited) (Restated)
	Notes		
Loss for the period		(92,615)	(929,060)
Other comprehensive income/(loss):			
Items that may be reclassified to profit or loss:			
Exchange differences reclassified to profit or loss on disposal of subsidiaries	21	53,705	–
Exchange differences on translating foreign operations		(3,240)	(4,906)
Share of associates' exchange differences on translating foreign operations		26,405	8,483
Other comprehensive income for the period, net of tax		76,870	3,577
Total comprehensive loss for the period		(15,745)	(925,483)
Total comprehensive loss for the period attributable to:			
Owners of the Company		(11,186)	(685,682)
Non-controlling interests		(4,559)	(239,801)
		(15,745)	(925,483)
Loss per share	11		
From continuing and discontinued operations			
Basic (cents per share)		(0.70)	(5.62)
Diluted (cents per share)		N/A	N/A
From continuing operations			
Basic (cents per share)		(0.29)	(0.17)
Diluted (cents per share)		N/A	N/A
From discontinued operations			
Basic (cents per share)		(0.41)	(5.45)
Diluted (cents per share)		N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION*At 31 December 2024*

		At 31 December 2024 HK\$'000 (Unaudited)	At 30 June 2024 HK\$'000 (Audited)
	Notes		
Non-current assets			
Exploration and evaluation assets		31,401	31,700
Property, plant and equipment	12	59,881	62,820
Right-of-use assets		788	1,313
Interests in associates	13	557,015	530,967
Loans and interests receivables	15	—	1,202
		<u>649,085</u>	<u>628,002</u>
Current assets			
Inventories		16,675	18,404
Properties under development for sales		—	1,049,592
Properties held for sales		—	154,822
Trade and other receivables	14	41,042	161,168
Loans and interests receivables	15	2,774	3,678
Amounts due from associates		21,881	257,874
Current tax assets		—	30
Bank and cash balances	16	2,339	20,135
		<u>84,711</u>	<u>1,665,703</u>
Current liabilities			
Trade and other payables	17	(104,236)	(675,191)
Lease liabilities		(766)	(1,117)
Borrowings	18	(28,963)	(1,037,595)
Shareholders loans	19	(48,100)	(285,600)
Current tax liabilities		(5,796)	(139,918)
		<u>(187,861)</u>	<u>(2,139,421)</u>
Net current liabilities		<u>(103,150)</u>	<u>(473,718)</u>
Total assets less current liabilities		<u>545,935</u>	<u>154,284</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION*At 31 December 2024*

		At 31 December 2024 HK\$'000 (Unaudited)	At 30 June 2024 HK\$'000 (Audited)
	Notes		
Non-current liabilities			
Lease liabilities		–	(195)
Borrowings	18	–	(21,206)
Shareholders loans	19	(250,000)	–
Deferred tax liabilities		(14,055)	(17,834)
		<u>(264,055)</u>	<u>(39,235)</u>
NET ASSETS		281,880	115,049
		<u><u>281,880</u></u>	<u><u>115,049</u></u>
Capital and reserves			
Share capital	20	513	513
Reserves		281,367	292,553
		<u>281,880</u>	<u>293,066</u>
Equity attributable to owners of the Company		281,880	293,066
Non-controlling interests		–	(178,017)
TOTAL EQUITY		281,880	115,049
		<u><u>281,880</u></u>	<u><u>115,049</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*For the six months ended 31 December 2024*

	Attributable to owners of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Foreign currency translation reserve HK\$'000	Warrant reserve HK\$'000	Other reserve HK\$'000	Property revaluation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 30 June 2023 (Audited)	429	878,200	626,537	(153,440)	24,226	33,251	45,658	(480,731)	974,130	(11,594)	962,536
Issue of shares for debt capitalisation (note 20)	84	20,944	–	–	–	–	–	–	21,028	–	21,028
Total comprehensive loss for the year (Unaudited)	–	–	–	8,528	–	–	–	(694,210)	(685,682)	(239,801)	(925,483)
At 31 December 2023 (Unaudited)	<u>513</u>	<u>899,144</u>	<u>626,537</u>	<u>(144,912)</u>	<u>24,226</u>	<u>33,251</u>	<u>45,658</u>	<u>(1,174,941)</u>	<u>309,476</u>	<u>(251,395)</u>	<u>58,081</u>
At 1 July 2024 (Audited)	513	899,144	626,537	(157,590)	24,226	33,251	47,061	(1,180,076)	293,066	(178,017)	115,049
Disposal of subsidiaries (note 21)	–	–	–	–	–	–	–	–	–	182,576	182,576
Total comprehensive loss for the year (Unaudited)	–	–	–	77,967	–	–	–	(89,153)	(11,186)	(4,559)	(15,745)
At 31 December 2024 (Unaudited)	<u>513</u>	<u>899,144</u>	<u>626,537</u>	<u>(79,623)</u>	<u>24,226</u>	<u>33,251</u>	<u>47,061</u>	<u>(1,269,229)</u>	<u>281,880</u>	<u>–</u>	<u>281,880</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*For the six months ended 31 December 2024*

	Six months ended 31 December	
	2024	2023
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Net cash (used in)/generated from operating activities	(11,948)	14,101
Cash flows from investing activities		
Purchase of property, plant and equipment	(95)	(24)
Net cash outflow from disposal of subsidiaries	(16,123)	–
Proceeds from disposal of property, plant and equipment	–	22
Net cash used in investing activities	(16,218)	(2)
Cash flows from financing activities		
New borrowings	2,496	–
Repayment of borrowings	(1,719)	(2,426)
Advance from shareholders	12,500	–
Repayment of lease liabilities	(592)	(592)
Interests paid	(733)	(612)
Net cash generated from/(used in) financing activities	11,952	(3,630)
Net (decrease)/increase in cash and cash equivalents	(16,214)	10,469
Cash and cash equivalents at the beginning of the year	20,135	41,427
Effect of changes in foreign exchange rate	(1,582)	(8,051)
Cash and cash equivalents at the end of the period	2,339	43,845
Analysis of cash and cash equivalents		
Bank and cash balances	2,339	43,845

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2024

1. GENERAL INFORMATION

Zhongzheng International Company Limited (the “**Company**”) was incorporated in Bermuda as an exempted company with limited liability. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The address of its principal place of business is Room 1005, 10/F, Bank of East Asia Harbour View Centre, No.56 Gloucester Road, Wanchai, Hong Kong. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

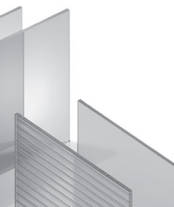
The principal activities of the Company and its subsidiaries (collectively “**the Group**”) for the six months ended 31 December 2024 are manufacturing and trading of healthcare and household products, money lending business, coal mining business, property development and primary land development.

Upon the disposal of the Group’s wholly owned subsidiary, Hong Kong Zhongzheng City Investment Limited, the Group will discontinue its operations of property development and primary land development in the People’s Republic of China (the “**PRC**”) (Note 21).

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information (the “**Interim Financial Statements**”) have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The Interim Financial Statements do not include all the information and disclosures required in a full set of financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 30 June 2024 (“**2024 Annual Report**”).



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*For the six months ended 31 December 2024***3. GOING CONCERN BASIS**

The Group incurred net current liabilities of approximately HK\$103,150,000 as at 31 December 2024 and net operating cash outflow of approximately HK\$11,948,000 for the six months ended 31 December 2024 and as at 31 December 2024, the Group's current portion of bank and other borrowings amounted to approximately HK\$28,963,000, while its cash and bank balances and cash equivalents amounted to approximately HK\$2,339,000. These circumstances indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and the Group's available sources of financing and have considered the Group's cash flow projections prepared by management for a period of not less than 12 months from the end of reporting period. The following plans and measures are formulated with the objective to mitigate the liquidity pressure of the Group:

- A substantial shareholder, Mr. Low Thiam Herr (“**Mr. Low**”) undertakes to provide financial support to the Company.
- the Group is implementing cost-saving measures to improve its operating cash flows and financial position.

Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively.

4. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 July 2024. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current period and prior period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2024

5. REVENUE AND SEGMENT INFORMATION

Information about reportable segment profit or loss, assets and liabilities:

	Continuing operations			Discontinued operations		Total
	Money lending business HK\$'000	Coal mining business HK\$'000	Healthcare and household business HK\$'000	Property development HK\$'000	Primary land development HK\$'000	
Period ended 31 December 2024: (Unaudited)						
Revenue	510	1,447	62,575	–	–	64,532
Segment (loss)/profit	(2,108)	903	(5,757)	(7,483)	(136)	(14,581)
As at 31 December 2024: (Unaudited)						
Segment assets	2,889	30,707	112,497	–	–	146,093
Segment liabilities	–	–	124,672	–	–	124,672
Period ended 31 December 2023: (Unaudited)						
Revenue	284	–	47,291	36,495	–	84,070
Segment (loss)/profit	280	(356)	(4,473)	(515,857)	(416,777)	(937,183)
As at 30 June 2024: (Audited)						
Segment assets	4,995	30,420	115,423	1,417,832	148,027	1,716,697
Segment liabilities	–	–	122,660	1,676,341	13,834	1,812,835

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*For the six months ended 31 December 2024***5. REVENUE AND SEGMENT INFORMATION (Continued)**

Reconciliations of reportable segment profit and loss:

	Six months ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
		(Restated)
Profit or loss:		
Total loss of reportable segments	(6,962)	(4,549)
Share of results of associates	(357)	(567)
Corporate and unallocated loss	(29,561)	(15,403)
Consolidated loss before tax for the period from continuing operations	(36,880)	(20,519)

An analysis of the Group's revenue from continuing and discontinued operations are as follows:

	Six months ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Property development	–	36,495
Manufacture and sales of healthcare and household products	62,575	47,291
Royalty income on coal mining	1,447	–
Revenue from contracts with customers	64,022	83,786
Interest income from money lending business	510	284
Consolidated revenue for the period	64,532	84,070
Representing		
Continuing operations	64,532	47,575
Discontinued operations	–	36,495
	64,532	84,070

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2024

5. REVENUE AND SEGMENT INFORMATION (Continued)

Disaggregation of revenue from contracts with customers

Segment	Six months ended 31 December					
	2024			2023		
	Continuing	Discontinued	Total revenue	Continuing	Discontinued	Total revenue
	operations	operations	of reportable	operations	operations	of reportable
	HK\$'000	HK\$'000	segments	HK\$'000	HK\$'000	segments
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
				(Restated)	(Restated)	(Restated)
United States of America	52,179	–	52,179	33,992	–	33,992
The PRC	–	–	–	–	36,495	36,495
Germany	2,401	–	2,401	5,890	–	5,890
France	93	–	93	–	–	–
Indonesia	1,447	–	1,447	–	–	–
United Kingdom	–	–	–	373	–	373
Hong Kong and others	7,902	–	7,902	7,036	–	7,036
	<u>64,022</u>	<u>–</u>	<u>64,022</u>	<u>47,291</u>	<u>36,495</u>	<u>83,786</u>

All revenue from contracts with customers are recognised at a point in time.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*For the six months ended 31 December 2024***6. OTHER INCOME AND OTHER GAINS AND LOSSES**

	Six months ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest income	7	61
Net exchange gains	408	665
Interest income from an associate	874	5,225
Written off of property, plant and equipment	(1)	–
Others	140	37
Income from scrap sales	215	163
	1,643	6,151
Representing		
Continuing operations	769	892
Discontinued operations	874	5,259
	1,643	6,151

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*For the six months ended 31 December 2024***7. FINANCE COSTS**

	Six months ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on other loans	2,298	1,618
Lease interests	46	91
Interest on shareholders loans	6,577	6,381
Interest on bank loans	5,594	101,268
	14,515	109,358
Representing		
Continuing operations	7,355	7,121
Discontinued operations	7,160	102,237
	14,515	109,358

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*For the six months ended 31 December 2024***8. INCOME TAX EXPENSE/(CREDIT)**

	Six months ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax – PRC Enterprise Income Tax		
– Provision for the year	65	2,743
– Land appreciation tax	34	4,007
– Deferred tax	–	(30,843)
	99	(24,093)
Representing		
Continuing operations	65	–
Discontinued operations	34	(24,093)
	99	(24,093)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2024

8. INCOME TAX EXPENSE/(CREDIT) (Continued)

No provision for Hong Kong Profits Tax has been made for the period as the Group did not generate any assessable profits arising in Hong Kong (six months ended 31 December 2023: Nil).

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

PRC enterprise income tax is almost provided for at 25% of the profits for the PRC statutory financial reporting purpose, adjusted for those items which are not assessable or deductible for the PRC enterprise income tax purposes.

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including cost of land use rights, borrowing costs, business taxes and all property development expenditures. The tax is incurred upon transfer of property ownership.

9. LOSS FOR THE PERIOD

The Group's loss for the period is stated after (charging)/crediting the following:

	Note	Six months ended 31 December	
		2024	2023
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Impairment loss on interest in an associate	13a	–	(327,144)
Impairment loss on amounts due from associates	13a	–	(68,093)
Impairment loss on other receivables	(a)	(16,086)	–
Impairment of loan and interest receivables	15	(2,616)	–
Impairment loss on properties under development for sales	(b)(i)	–	(405,267)
Written down of properties held for sales	(b)(ii)	–	(9,584)
Gain on disposal of property, plant and equipment		–	22
Directors' emoluments		(1,321)	(1,625)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*For the six months ended 31 December 2024***9. LOSS FOR THE PERIOD (Continued)**

- (a) In May 2019, the Group entered into an agreement with Joyful Treasure Enterprises Limited (“**Joyful Treasure**”) to dispose of 100% equity interest in Ample One Limited to Joyful Treasure at a consideration of HK\$166,400,000. The first payment of HK\$80,000,000 was received upon completion and the remaining consideration should be repayable in four instalments in January 2020, July 2020, January 2021 and July 2021 respectively. During 2020 and 2021, the Group entered into several agreements to extend the repayments of the remaining consideration of HK\$86,400,000. However, Joyful Treasure defaulted the settlement in July 2021. After negotiation with Joyful Treasure, no repayment agreement could be entered and the Group has commenced legal action against Joyful Treasure to recover the outstanding balance. The outcome of the legal action is still pending. Based on the expected credit loss assessment by an independent valuer engaged by the Company, the expected credit loss rate for the consideration receivable was assessed at approximately 94.9%, which was determined with reference to the market price of publicly traded bonds with credit rating and country risk comparable to Joyful Treasure. Therefore, an impairment loss of approximately HK\$16,086,000 (2023: Nil) is provided for the six months ended 31 December 2024 and the impairment allowance of approximately HK\$82,020,000 in aggregate was recognised for the consideration receivable.
- (b) (i) The net realisable value of the properties under development for sales relating to the property development project in Nanjing City, the PRC (the “**Nanjing Project**”) as at 31 December 2023 was determined to be lower than its carrying amount, resulted in the recognition of an impairment loss on properties under development for sales of approximately HK\$405.3 million during the six months ended 31 December 2023.
- (ii) The net realisable value of the properties held for sales in Dongguan, the PRC as at 31 December 2023 was determined to be lower than its carrying amount, resulted in the recognition of written down of properties held for sales of approximately HK\$9.6 million (included in costs of sales) during the six months ended 31 December 2023.

On 22 July 2024, the Group completed the disposal of the entire equity interest in Hong Kong Zhongzheng City Investment Limited (together with its subsidiaries, the “**Disposal Group**”), including but not limited to all the properties under development for sales for the Nanjing Project and the properties held for sales in Dongguan, the PRC. For details of the Disposal, please refer to Note 21.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*For the six months ended 31 December 2024***10. INTERIM DIVIDEND**

The board does not recommend any interim dividend for the six months ended 31 December 2024 (six months ended 31 December 2023: Nil).

11. LOSS PER SHARE**Basic loss per share***From continuing and discontinued operations*

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the period attributable to owners of the Company of approximately HK\$89,153,000 (six months ended 31 December 2023: loss of approximately HK\$694,210,000) and the weighted average number of ordinary shares of 12,824,484,010 (six months ended 31 December 2023: 12,355,921,487) ordinary shares in issue during the period.

From continuing operations

The calculation of basic loss per share from continuing operations attributable to owners of the Company is based on the loss for the year from continuing operations attributable to owners of the Company of approximately HK\$36,945,000 (2023: loss of approximately HK\$20,519,000) and the denominator used is the same as that detailed above for basic loss per share.

From discontinued operations

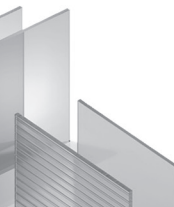
The calculation of basic loss per share from discontinued operations attributable to owners of the Company is based on the loss for the year from discontinued operations attributable to owners of the Company of approximately HK\$52,208,000 (2023: loss of approximately HK\$673,691,000) and the denominator used is the same as that detailed above for basic loss per share.

Diluted loss per share

No diluted loss per share is presented as the Company did not have any outstanding dilutive potential ordinary shares during the six months ended 31 December 2024 and 2023.

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2024, property, plant and equipment of approximately HK\$95,000 was acquired by the Group (six months ended 31 December 2023: approximately HK\$24,000).



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*For the six months ended 31 December 2024***13. INTERESTS IN ASSOCIATES**

	31 December 2024 HK\$'000 (Unaudited)	30 June 2024 HK\$'000 (Audited)
Share of net assets plus goodwill	557,015	530,967

The details of the associates are summarised as follows:

Name	Principal place of business/countries of incorporation	% of ownership interest	Principal activity	Carrying amount	
				31 December 2024 HK\$'000 (Unaudited)	30 June 2024 HK\$'000 (Audited)
Chengde CITIC Securities Jinyu Investment Development Co., Ltd. ("Chengde Jinyu") (Note a)	PRC	42.5%	Primary land development	N/A	–
Pacific Memory SDN BHD	Malaysia	35.0%	Property development	557,015	530,967
				557,015	530,967

- (a) During the six months ended 31 December 2023, an impairment loss of approximately HK\$327.1 million has been recognised for the six months ended 31 December 2023 on the interest in Chengde Jinyu. The carrying value of the interest in Chengde Jinyu as at 31 December 2023 and 30 June 2024 was zero.

On 22 July 2024, Chengde Jinyu, together with the Group's other properties development projects in the PRC, was disposed to a substantial shareholder of the Company (Note 21).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2024

14. TRADE AND OTHER RECEIVABLES

The trade and other receivable included trade receivables of approximately HK\$33,241,000 as at 31 December 2024. The aging analysis of trade receivables, based on invoiced date, and net of allowance, is as follows:

	31 December 2024 HK\$'000 (Unaudited)	30 June 2024 HK\$'000 (Audited)
0 to 30 days	12,037	11,484
31 to 90 days	17,996	12,970
91 to 180 days	1,771	5,090
Over 180 days	1,437	481
	<u>33,241</u>	<u>30,025</u>

15. LOANS AND INTERESTS RECEIVABLES

The loans and interests receivables included loan receivables of approximately HK\$2,389,000 as at 31 December 2024. The aging analysis of loans receivables prepared based on loan commencement or renewal date set out in the relevant contracts is as follows:

	31 December 2024 HK\$'000 (Unaudited)	30 June 2024 HK\$'000 (Audited)
Over 12 months	<u>2,389</u>	<u>4,263</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*For the six months ended 31 December 2024***15. LOANS AND INTERESTS RECEIVABLES (Continued)**

In August 2022, one of the borrowers with outstanding loan principal and interest receivable of approximately HK\$19,791,000 and HK\$4,942,000, respectively, were ordered to be wound up by the High Court. Since the credit risk was significantly increased, the impairment allowance of HK\$19,361,000 and HK\$4,835,000 were recognised for loan and interest receivables as at 31 December 2024 (30 June 2024: HK\$19,361,000 and HK\$4,835,000 were recognised for loan and interest receivables), respectively.

In February 2023, the Group entered into settlement agreements with two borrowers with total outstanding loan principal of approximately HK\$15,500,000 and interest receivables of HK\$5,531,000 respectively. 70% interest receivables of HK\$3,872,000 were waived by the Group and 10% outstanding loan principal and interest receivable in the amount of HK\$1,740,000 were repaid in February 2023 upon entering into the settlement agreements. The remaining loan principal and interest receivables will be repayable by three annual installments in January 2024, 2025 and 2026. However, the annual installments to be repaid in January 2024 has not yet been settled. Therefore, management considered the credit risk is significantly increased and additional impairment of loan and interest receivables of approximately HK\$2,616,000 was recognised during the six months ended 31 December 2024 (2023: Nil) and the impairment allowance of HK\$11,749,000 and HK\$1,446,000 in aggregate were recognised for loan and interest receivables of those two borrowers as at 31 December 2024 (30 June 2024: HK\$9,420,000 and HK\$1,159,000 were recognised for loan and interest receivables), respectively.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2024

16. BANK AND CASH BALANCES

Bank and cash balances are denominated in the following currencies:

	31 December 2024 HK\$'000 (Unaudited)	30 June 2024 HK\$'000 (Audited)
RMB	185	16,131
Hong Kong Dollar	1,810	1,433
US Dollar	285	2,411
Other currencies	59	160
	2,339	20,135

As at 31 December 2024, the bank and cash balances of the Group denominated in RMB amounted to approximately HK\$185,000 (30 June 2024: approximately HK\$16,131,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations. The bank and cash balances of approximately Nil (30 June 2024: approximately HK\$13,732,000) are restricted in use and secured for the mortgage loans applied by the customers and will be released upon the banks obtained the building ownership certificate from the customers as a pledge for the mortgage loans.

17. TRADE AND OTHER PAYABLES

The trade and other payables included trade payables and bills payables of approximately HK\$30,135,000 as at 31 December 2024. The aging analysis of the trade payables and bills payables, based on the date of receipt of goods, is as follows:

	31 December 2024 HK\$'000 (Unaudited)	30 June 2024 HK\$'000 (Audited)
0 to 30 days	4,725	3,904
31 to 90 days	11,723	11,383
91 to 180 days	10,382	8,800
Over 180 days	3,305	35,198
	30,135	59,285

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*For the six months ended 31 December 2024***18. BORROWINGS**

	31 December 2024 HK\$'000 (Unaudited)	30 June 2024 HK\$'000 (Audited)
Secured bank loans	26,583	369,738
Secured other loans	–	9,673
Unsecured other loans	2,380	679,390
	28,963	1,058,801
Analysed for reporting purposes as:		
– Non-current liabilities	–	21,206
– Current liabilities	28,963	1,037,595
	28,963	1,058,801

The Group's borrowings at the end of the reporting period were denominated in the following currencies:

– RMB	26,583	1,056,421
– Hong Kong Dollar	2,380	2,380
	28,963	1,058,801

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2024

18. BORROWINGS (Continued)

The Group's borrowings at the end of the reporting period were repayable as follows:

	Bank Borrowings		Other Borrowings	
	31 December	30 June	31 December	30 June
	2024	2024	2024	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
– Within one year or on demand	26,583	348,532	2,380	689,063
– More than one year, but not exceeding two years	–	21,206	–	–
– More than two years, but not exceeding five years	–	–	–	–
	<u>26,583</u>	<u>369,738</u>	<u>2,380</u>	<u>689,063</u>

At 31 December 2024

The secured bank loans represent loans which are secured by (i) individual guarantees of the related parties of certain subsidiaries and (ii) certain land use rights. The loans are arranged at floating rate ranging from 4.65% to 6.90% per annum.

The unsecured other loans represent loans which are interest free and repayable on demand.

At 30 June 2024

The secured bank loans represent loans which are secured by (i) individual and corporate guarantees of the related parties of certain subsidiaries; (ii) corporate guarantee of a subsidiary of the Company; (iii) 51% shareholding of a subsidiary; and (iv) certain land use rights. The loans are arranged at floating rate ranging from 4.65% to 5.40% per annum and a fixed interest rate at 7.7% per annum.

The secured other loans represent loans which are secured by certain completed properties held for sales, at a fixed rate of 16% per annum.

The unsecured other loans represent loans which are interest bearing at a range from 4.75% to 18% per annum and repayable on demand.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*For the six months ended 31 December 2024***19. SHAREHOLDERS LOANS**

	31 December 2024 HK\$'000 (Unaudited)	30 June 2024 HK\$'000 (Audited)
Loans from Shareholders	298,100	285,600
Analysed for reporting purposes as:		
– Current liabilities	48,100	285,600
– Non-current liabilities	250,000	–
	298,100	285,600

Two shareholder's loans due to Mr. Lim Kim Chai in the principal amounts of HK\$230,000,000 and HK\$20,000,000 respectively are unsecured, interest bearing at 5% and 2.2% per annum respectively and repayable by 31 December 2024. Pursuant to the terms of agreement regarding the Disposal (Note 21), upon the completion of the Disposal and on 22 July 2024, Mr. Lim extended the repayment date of the principal of the shareholders loans amounted to HK\$250,000,000 plus accrued interests from 31 December 2024 to 31 December 2027.

The shareholder's loan due to Mr. Low Thiam Herr in the principal amount of HK\$32,600,000 is unsecured, interest bearing at 2.2% per annum and repayable within one year.

Other shareholder's loans due to Mr. Low Thiam Herr in the principal amounts of HK\$3,000,000, HK\$1,500,000, HK\$5,000,000 and HK\$6,000,000 are unsecured, interest bearing at 5% per annum and repayable by 31 December 2025.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2024

20. SHARE CAPITAL

	Note	Number of shares	Amount HK\$'000
Authorised:			
Ordinary shares of HK\$0.00004 each at 1 July 2023, 31 December 2023, 1 July 2024, and 31 December 2024		25,000,000,000,000	1,000,000
Issued and fully paid :			
Ordinary shares of HK\$0.00004 each:			
At 1 July 2023 (Unaudited)		10,721,666,832	429
Issue of shares for debt capitalisation	(a)	2,102,817,178	84
At 31 December 2023 (Unaudited)		12,824,484,010	513
At 1 July 2024 and 31 December 2024 (Unaudited)		12,824,484,010	513

- (a) On 1 August 2023, the Company and an other loan lender entered into an agreement that the Company has agreed to allot and issue, and the other loan lender has agreed to subscribe for an aggregate of 2,102,817,178 shares at the issue price of HK\$0.01 per share. The amount of the total consideration will be fully set off against the other loan principal and accrued interests of approximately HK\$21,028,000 owed by the Company to the other loan lender ("**Debt Capitalisation**"). The Debt Capitalisation was completed on 11 August 2023. Details please refer to announcement on 1 August 2023 and 11 August 2023.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*For the six months ended 31 December 2024***21. DISCONTINUED OPERATIONS**

On 6 May 2024, the Group and Mr. Lim Kim Chai, a substantial shareholder of the Company, entered into an agreement (“**Disposal Agreement**”) for the disposal of the entire equity interest in Hong Kong Zhongzheng City Investment Limited, which held the Group’s entire properties development and primary land development projects in the PRC, and the shareholder’s loans due from Shenzhen Zhongzheng Ruifeng Management Co., Ltd. for a consideration of HK\$53,700,000 (the “**Disposal**”). The consideration shall be satisfied by offsetting against the outstanding interest accrued on the shareholder’s loans owed by the Company to him up to the date of the Disposal Agreement. On 22 July 2024, the Group completed the Disposal and the Group discontinued its property development and primary land development businesses in the PRC.

The loss for the period from the discontinued operations is analysed as follows:

	Six months ended 31 December 2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Loss of discontinued operations	(7,619)	(908,541)
Loss on disposal of discontinued operations	(48,051)	–
	(55,670)	(908,541)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2024

21. DISCONTINUED OPERATIONS (Continued)

The results of the discontinued operations for the period from 1 July 2024 to 22 July 2024, which have been included in consolidated profit or loss, are as follows:

	From 1 July 2024 to 22 July 2024 HK\$'000 (Unaudited)	Six months ended 31 December 2023 HK\$'000 (Unaudited)
Revenue	–	36,495
Cost of sales	–	(44,847)
Gross loss	–	(8,352)
Other income and other gains and losses	874	5,259
Selling and distribution expenses	(419)	(975)
Administrative expenses	(880)	(4,522)
Impairment loss on amounts due from associates	–	(68,093)
Impairment loss on properties under development for sales	–	(405,267)
Impairment loss on interest in an associate	–	(327,144)
Share of results of associates	–	(21,303)
Finance costs	(7,160)	(102,237)
Loss before tax	(7,585)	(932,634)
Income tax (expense)/credit	(34)	24,093
Loss for the period	(7,619)	(908,541)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*For the six months ended 31 December 2024***21. DISCONTINUED OPERATIONS (Continued)**

The net assets of the disposed subsidiaries as at the date of disposal were as follows:

	<i>HK\$'000</i>
Property, plant and equipment	686
Properties under development for sales	1,210,431
Trade and other receivables	107,004
Amounts due from associates	238,302
Current tax assets	30
Bank and cash balances	16,123
Trade and other payables	(532,093)
Borrowings	(1,036,581)
Current tax liabilities	(134,771)
Deferred tax liabilities	(3,661)
	<hr/>
Net liabilities disposed of:	(134,530)
Release of foreign currency translation reserve	53,705
Non-controlling interest	182,576
Loss on disposal of subsidiaries	(48,051)
	<hr/>
Total consideration receivable	53,700
	<hr/> <hr/>
Satisfied by:	
Cash received	–
Consideration settled by offsetting the interest payable to the shareholder's loans as at the date of the Disposal Agreement	53,700
	<hr/>
Total consideration	53,700
	<hr/> <hr/>
Net cash outflow arising on disposal:	
Cash consideration received	–
Cash and cash equivalents disposed	(16,123)
	<hr/>
	(16,123)
	<hr/> <hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*For the six months ended 31 December 2024***22. CONTINGENT LIABILITIES**

At the end of the reporting period, the Group and the Company did not have any significant contingent liabilities (30 June 2024: Nil).

23. RELATED PARTY TRANSACTIONS

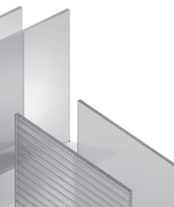
In addition to the transactions and balances disclosed elsewhere in these Interim Financial Statements, the Group had no other transactions and balances with its related parties during the period ended 31 December 2024.

24. EVENT AFTER REPORTING PERIOD

There is no significant event affecting the Company that have occurred since the end of the Period.

25. APPROVAL OF FINANCIAL STATEMENTS

The Interim Financial Statements were approved and authorised for issue by the Board of Directors on 28 February 2025.



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Results for the six months ended 31 December 2024 (“Period”)

Revenue of the Group for the Period amounted to approximately HK\$64,532,000, which increased approximately 35.6% as compared to HK\$47,575,000 for the six months ended 31 December 2023 (“HY2023/24”). The increase mainly represented a recovery of sales orders of the Group’s healthcare and household business segment in late 2024 from 2023.

The consolidated loss for the Period attributable to owners of the Company was approximately HK\$89,153,000, as compared with the consolidated loss attributable to the owners of the Company of approximately HK\$694,210,000 for HY2023/24. The loss comprised loss attributable to owners of the Company from continuing operations of approximately HK\$36,945,000 (HY2023/24: HK\$20,519,000) and loss attributable to owners of the Company from discontinued operations of approximately HK\$52,208,000 (HY2023/24: HK\$673,691,000).

The loss attributable to owners of the Company from continuing operations for the Period has increased mainly due to the recognition of an impairment loss on other receivables and an impairment of loan and interest receivables, amounting to approximately HK\$16,086,000 (HY2023/24: nil) and HK\$2,616,000 (HY2023/24: nil), respectively. These impairments were non-cash items and were determined based on the assessment of expected credit loss conducted by an independent valuer engaged by the Company. Save for the said impairments, improvement was seen in the Group’s continuing operations for the Period, with an increased revenue as mentioned above and a higher gross profit of approximately HK\$16,300,000 (HY2023/24: HK\$14,160,000).

The Group’s discontinued operations related to the Disposal. Reference is made to the announcement of the Company dated 22 July 2024 in relation to, among other things, the completion of the Disposal on the even date (“**Completion**”). Upon Completion, the Group had discontinued its property development and primary land development businesses in the PRC.

The loss attributable to the owners of the Company from discontinued operations for the Period of approximately HK\$52,208,000 was resulted from (i) loss from discontinued operations of approximately HK\$7,619,000 (HY2023/24: HK\$908,541,000) for the period within the six months ended 31 December 2024 prior to Completion; and (ii) a loss on the Disposal of approximately HK\$48,051,000 (HY2023/24: nil) recognised during the period upon Completion. The loss on the Disposal recognised for HY2024/25 was determined based on the financial position of the Disposal Group as of the date of Completion.

MANAGEMENT DISCUSSION AND ANALYSIS

Set out below is the review of the business of the Group for the Period and the outlook of the Group's business for the six months ending 30 June 2025.

Healthcare and household business

The Group has been manufacturing and trading healthcare and household products such as electrical toothbrushes and hair trimming devices. The finished products are mostly for exports with the United States of America ("U.S.") being the largest exports market, followed by customers in Germany, Hong Kong and others.

The healthcare and household products business is operated by a subsidiary of the Company, Fairform Manufacturing Company Limited ("**Fairform**"). Fairform is also engaged in the production of hair trimming products. Fairform has been partnering with global brands and PRC brands as an original equipment manufacturer ("**OEM**") and a manufacturer of private label products. Under the OEM model, Fairform produces the products according to the specifications (e.g. design, materials, technique, etc.) required by the customers. Under the private label model, Fairform takes charge of the design and production process and sells the finished products to the customers which market them in their own brands.

Revenue of the healthcare and household products business for the Period amounted to approximately HK\$62,575,000, representing an increase of approximately 32.3% as compared to approximately HK\$47,291,000 for HY2023/24, primarily driven by the accelerated replenishment of inventory by the key clients during the fourth quarter of 2024 ("**2024Q4**"). The segment's gross profit margin for the Period was approximately 22.9%, a decrease from approximately 29.3% for HY2023/24, primarily driven by higher material costs during 2024Q4 as Fairform ramped up production to meet a sudden surge in sales orders.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Period, U.S. remained the largest market for this segment, accounting for approximately 83.4% of the revenue while Germany accounted for approximately 3.8% of the Group's revenue derived from this segment, with the remaining 12.8% of the revenue derived from Hong Kong and others.

During the Period, Fairform strategically expanded its online B2B and B2C operations. Anchored by its B2B platforms, Fairform enhanced product competitiveness and global client acquisition, securing enterprise-level orders through AI-driven customization tools and dynamic pricing models tailored to bulk procurement needs. Concurrently, Fairform leveraged B2C platforms (e.g., Taobao and direct-to-consumer channels) as a market intelligence lighthouse, establishing real-time communication with end-users in China and the U.S.

To better align with the evolving innovation expectations of Fairform's long-term partners and e-commerce clients, Fairform has prudently rescheduled the mass production timeline of its sonic-oscillation powered toothbrush (the "**Sonic-Oscillation PTB**", a new powered toothbrush with both sonic and rotary oscillation functions, the combination of which creates a dynamic brushing action for effective plaque removal from teeth and along the gumline) to May 2025. This decision reflects extended co-development cycles with key clients to ensure performance alignment with diversified usage scenarios.

Money lending business

The Group's money lending business involves provision of loans to borrowers, including individuals, and small and medium-sized enterprises ("**SMEs**"). In view of the recent market sentiment of the business segment, the Group had not granted any new loans during the Period and expects that no new loans in the near term barring unforeseeable market conditions. The Group's current loans were granted to five borrowers engaged in (i) gold mining and trading, (ii) equity investment, and (iii) project investment. The loans were granted to the borrowers in accordance with the Group's credit policy and had loan term from 6 to 12 months and with interest rates ranging from 7% to 24% per annum. All of the loans have past due. The Group has dedicated officer to monitor the recovery of the loans. Impairment allowance for the loan receivables had been made.

As at 31 December 2024, the outstanding loan receivables were approximately HK\$44,508,000 (30 June 2024: HK\$44,054,000). After netting of a discounting effect of approximately HK\$3,315,000 (30 June 2024: HK\$3,315,000) and an impairment allowance of approximately HK\$38,804,000 (30 June 2024: HK\$36,476,000), the total net loan receivables as at 31 December 2024 were approximately HK\$2,389,000 (30 June 2024: HK\$4,263,000).

Further analysis of the loans are set out below.

MANAGEMENT DISCUSSION AND ANALYSIS

Loan portfolio by size

The following table sets forth the distribution of the outstanding loan receivables under the money lending business and the number of borrowers by size as at the dates indicated:

	31 December 2024			30 June 2024		
	<i>Number of borrowers</i>	<i>HK\$'000</i>	<i>%</i>	<i>Number of borrowers</i>	<i>HK\$'000</i>	<i>%</i>
Outstanding loan receivables:						
Up to HK\$5,000,000	2	8,000	18.0	2	8,000	18.2
Over HK\$5,000,000 to HK\$10,000,000 (inclusive)	2	16,717	37.6	2	16,263	36.9
Over HK\$10,000,000	1	19,791	44.4	1	19,791	44.9
Total	5	44,508	100.0	5	44,054	100.0

Loan portfolio by security

The Group's loan receivables under the money lending business consist of unsecured loans and collateral-backed loans. The following table sets forth the loan portfolio by security as at the dates indicated:

	31 December 2024		30 June 2024	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
Outstanding loan receivables:				
Unsecured loans	41,508	93.3	41,054	93.2
Collateral-backed loan – property ownership right	3,000	6.7	3,000	6.8
Total	44,508	100.0	44,054	100.0

MANAGEMENT DISCUSSION AND ANALYSIS

Maturity profile of loan portfolio

The following table sets forth the maturity profile of the Group's loans under the money lending business based on the contractual maturity date of the principal amount as of the dates indicated:

	31 December 2024		30 June 2024	
	HK\$'000	%	HK\$'000	%
Outstanding loan receivables:				
Past due	44,508	100.0	44,054	100.0
Due within three months	—	—	—	—
Total	44,508	100.0	44,054	100.0

Coal mining business

PT Bara Utama Persada Raya (“**PT Bara**”), a 99.98%-owned subsidiary of the Company, holds the mining license in respect of the coal mine (“**PT Bara Mine**”) in the Central Kalimantan Province in the Republic of Indonesia.

On 7 September 2023, PT Bara entered into an exclusive cooperation agreement (the “**Exclusive Cooperation Agreement**”) with PT Nusantara Energi Thermal (“**PT NET**”). Pursuant to the Exclusive Cooperation Agreement, PT NET shall carry out all production activities which include pre-production, production, sales and post-production operations and bear all costs relating to the aforesaid operations including but not limited to operating costs, land acquisition costs, reclamation and infrastructure costs, taxes and other government expenses for a period of five years. PT NET shall be entitled to the value of sales of coal production but shall be obliged to pay royalty fees to PT Bara in accordance with the terms of the Exclusive Cooperation Agreement.

On 31 December 2023, the work and budget plan of the coal mining business was approved by the Indonesian Government. The coal production and sales commenced in first half of 2024.

During the Period, the coal mining business recorded a royalty fees revenue of approximately HK\$1,447,000 (HY2023/24: nil) and a segment profit of approximately HK\$903,000 (HY2023/24: segment loss of approximately HK\$356,000).

MANAGEMENT DISCUSSION AND ANALYSIS

The coal resource estimate as at 31 December 2024 was as follows:

Coal Resource Estimate
(in thousand tonnes)

	As at 31 December 2024	As at 30 June 2024	Change in %	Reason of change
JORC Category				
Measured	8,589	8,675	-0.99%	Coal production
Indicated	11,537	11,537	Nil	N/A
Inferred	6,097	6,097	Nil	N/A
	26,223	26,309		

Investment in the property development project at Port Dickson, Malaysia

The Group holds a 35% equity interest in Pacific Memory Sdn Bhd (“Pacific Memory”) which is accounted for as an associate. It is engaged in commercial development at Port Dickson, Malaysia with facilities including a hotel, yacht club, event venues and retail spaces and related amenities. The development plan has been submitted for approval to the relevant government agencies and part of the plan relating to the construction of berths has already been approved and completed. Pacific Memory currently sustains its baseline operations through rental income, while strategically accumulating capital to facilitate the subsequent development phases. Management maintains proactive communications with investors and developers, underpinned by measured optimism regarding emerging opportunities in Malaysia’s property sector.

Discontinued operations of property projects in the PRC

On 6 May 2024, the Group and Mr. Lim Kim Chai, a substantial shareholder of the Company, entered into the Disposal Agreement in respect of the Disposal for a consideration of HK\$53,700,000. To be satisfied by offsetting against the outstanding interest accrued on the shareholder’s loans owed by the Company to him up to the date of the Disposal Agreement. On 22 July 2024, Completion took place and the Group discontinued its property development and primary land development businesses in the PRC. Please refer to note “21. DISCONTINUED OPERATIONS” for detailed discussion of the discontinued operations.

MANAGEMENT DISCUSSION AND ANALYSIS

THE COMPANY'S PROPOSED PLAN TO ADDRESS THE QUALIFIED OPINIONS

Regarding the consolidated financial statements of the Group for the year ended 30 June 2024 (“**FY2023/24**”), the Company’s auditors had issued qualified opinions on five items as disclosed in the “management discussion and analysis” section in the annual report of the Company for FY2023/24 (the “**FY2023/24 Annual Report**”). Four of the qualified opinions had been fully addresses, with one qualification, being the qualification on the Group’s other receivables, remained to be addressed. Details of the said qualifications were set out in the FY2023/24 Annual Report.

The qualification on the Group’s other receivables related to the consideration receivable owing to the Group pursuant to the agreement entered into by the parties in May 2019 for the disposal of 100% equity interest in Ample One Limited to Joyful Treasure Enterprises Limited (“**Joyful Treasure**”) by the Group (the “**Other Receivable**”). The Group has engaged legal advisers to pursue legal proceedings to recover the Other Receivable. The Group is also considering other options available to resolve the matter, including but not limited to disposing of the Other Receivable and out of court settlement of the litigation with the defendants on terms mutually agreed. However, as at the date of this report, no decision or agreement, formal or informal, has been reached. The Company is taking its best endeavours to resolve the matter and to address the related qualified opinion.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECT

Healthcare and household products business

The Group is cautiously optimistic in the outlook for the healthcare and household products business for the six months ending 30 June 2025 and beyond. Looking ahead, Fairform, like many other export-oriented manufacturing companies, must navigate uncertainties in the political and economic landscape, such as the imposition of U.S. tariffs on Chinese exports and the impacts of geopolitical conflicts and wars. To address these challenges, in 2025, Fairform will focus on refining its market strategies and adjusting its product portfolio by accelerating the phase-out of low-margin products, reducing reliance on the North American market, and exploring new markets in Europe, the Middle East, India, Southeast Asia, and Africa.

In 2025, Fairform will forge a B2B2C ecosystem based on a closed-loop framework: B2B supply chain, especially sourcing, efficiencies, synergized with B2C behavioral analytics, allowing rapid prototyping of SKUs that resonate across both segments. This virtuous cycle will amplify economies of scale while reducing customer acquisition costs. Within the next three to five years, Fairform aims to increase the proportion of online sales revenue to 20% or more of its total revenue. Ultimately, Fairform's new hybrid model will drive a beneficial synergy between the predictability of institutional procurement and consumer brand equity, offering itself greater potential for innovation and growth in the personal care industry.

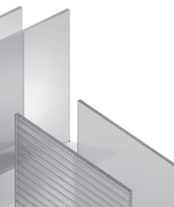
Fairform's Sonic-Oscillation PTB is slated for mass production in May 2025. As a flagship product, it will be gradually introduced to global markets through integrated online and offline channels, aiming to generate meaningful new revenue streams. This initiative is expected to further motivate Fairform to sustain innovation in the coming years, accelerate market-responsive product development, and build a comprehensive portfolio in personal care – all to support diversified product experiences for the customers and users.

Money lending business

In view of the recent market sentiment, the Group expects that no new loans in the near future barring unforeseeable market conditions.

Coal mining business

In light of the recent drop in Indonesian coal prices, the Group maintains a cautious stance toward the near future of the coal mining business. The Indonesian coal prices are expected to remain at depressed levels in the first half of 2025 due to global coal supply surplus and the slowdown in China's coal import growth, which will negatively impact this segment's revenue.



MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

Cash position

As at 31 December 2024, the Group had cash and bank deposits of approximately HK\$2,339,000 (30 June 2024: HK\$20,135,000 with a foreign currency deposits denominated in Renminbi amounted to approximately HK\$185,000 (30 June 2024: HK\$16,131,000).

Current ratio

As at 31 December 2024, the Group had net current liabilities of approximately HK\$103,150,000 (net current liabilities at 30 June 2024: HK\$473,718,000) and current ratio (being current assets over current liabilities) of 0.45 (30 June 2024: 0.78).

Debts and borrowings

As at 31 December 2024, the Group had total debts and borrowings of approximately HK\$327,063,000 (30 June 2024: HK\$1,344,401,000) which mainly comprised of shareholder loans, unsecured loans from financial institutes and secured bank loans.

Gearing ratio

The Group's gearing ratio being total debt and borrowings over total equity is 116.0% (30 June 2024: 1,168.5%).

Exposure to fluctuation in exchange rates, interest rates and related hedges

The Group has certain exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The management will monitor the Group's foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise and appropriate instrument be available.

The interest rates profile of the Group's borrowings is mainly at fixed rates. The Group has minimal exposure to interest rate risk, the Group's operating cash flows are substantially independent of changes in market interest rates. The Group does not hedge against interest rates risk as the management does not foresee the impact of any fluctuation in interest rates to be material to the Group.

Fund raising activities

The Company has not conducted any fund raising activities in the Period.

Significant Investments Held, Material Acquisitions and Disposal of Subsidiaries

Save for the Disposal, the Group had no significant investments held, nor any material acquisition nor disposal in the Period.

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

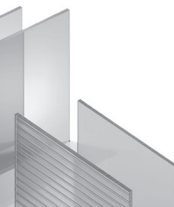
The Company did not have any future plans for material investments or acquisition of capital assets as at 31 December 2024.

INTERIM DIVIDENDS

The Board does not recommend any dividend for the Period (the six months ended 31 December 2023: Nil).

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Period.



OTHER INFORMATION

AUDIT COMMITTEE AND REVIEW OF INTERIM REPORT

The Company has established the audit committee (the “**Audit Committee**”) with written terms of reference in compliance with the applicable Listing Rules and code provisions of the Corporate Governance Code. The Audit Committee currently consists of three independent non-executive Directors, namely, Mr. Li Hon Kuen, Mr. Leung Chi Hung, and Mr. Hau Chi Kit, and is chaired by Mr. Li Hon Kuen who possesses the qualification of professional accountant.

The primary duties of the Audit Committee are to assist the Board to fulfill the functions of reviewing and monitoring the financial reporting procedure, internal control and risk management systems of the Company, to review the corporate governance policies and practices of the Group and to make recommendation to the Board for the appointment, reappointment or removal of the external auditor.

The Audit Committee has reviewed and discussed with the management the unaudited interim financial statements and the interim report for the Period. The unaudited interim financial statements and the interim report for the six months ended 31 December 2024 were approved and authorised for issue by the Board of Directors on 28 February 2025.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2024, the Group had 19 employees (as at 30 June 2024: 20) in Hong Kong, 541 employees (as at 30 June 2024: 567) in the PRC and 1 employees (as at 30 June 2024: 1) in Indonesia. Employees’ remuneration are given and reviewed based on market norms, individual performance and experience . Awards and bonuses are considered based on the Group’s business results and employees’ individual merit.

OTHER INFORMATION

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

As at 31 December 2024, except for Mr. Lim Kim Chai, the non-executive Director of the Company, none of the Directors and chief executive of the Company nor their associates had any interests and short positions in any shares, underlying shares and debenture of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

The interests of Mr. Lim Kim Chai in shares of the Company as at 31 December 2024 was disclosed in the section titled "Substantial Shareholders' and Other Persons Interests and Short Positions in Shares and Underlying Shares."

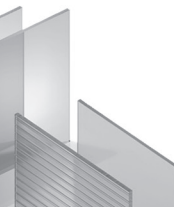
SHARE OPTION SCHEME

The Company has an option scheme which was approved in a Shareholders' special general meeting on 31 August 2015 ("**Share Option Scheme 2015**"). Under Share Option Scheme 2015, the Company may offer to any persons who the Board considered, in its sole discretion, have contributed or will contribute to the Group. Details of Share Option Scheme 2015 were set out in the Company's circular on 14 August 2015. No share options were granted or exercised during the Period under Share Option Scheme 2015.

The total number of securities available for issue under the Share Option Scheme 2015 is 96,186,832 shares, which represents 0.75% of the issued shares as at the date of this report.

The maximum entitlement of each participant under the Share Option Scheme 2015 in any 12-month period shall not exceed 1% of the issued shares for the time being.

Save as disclosed above, none of the Directors or chief executive of the Company or their spouses or children aged below 18 had any right to subscribe for equity or debt securities of the Company or had exercised any such right during the Period under review.



OTHER INFORMATION

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

As at 31 December 2024, other than the interests of the Directors and chief executive of the Company as disclosed in the section titled “Directors’ Interests and Short Positions in Shares, Underlying Shares and Debentures”, the following persons 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, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

Long positions of substantial shareholders in the shares and underlying shares

Name of shareholders	Capacity	Number of shares held	Approximate % of shareholding ¹
Low Thiam Herr	Beneficial owner	2,206,750,364	17.21%
Yang Bin	Beneficial owner	2,102,817,178	16.40%
Lim Kim Chai, J.P. ²	Beneficial owner	1,569,420,951	12.24%
Qiu Qing ^{3,4}	Beneficial owner	1,259,861,773	9.82%
Shenzhen Tianji Nanlian Investment			
Partnership (Limited Partnership)* 深圳天基南聯投資合夥企業 (有限合夥) (“TJNL”)	Interest of controlled corporation	1,259,861,773	9.82%
Hong Kong Zhongzheng Investment Co. Ltd.	Interest of controlled corporation	1,259,861,773	9.82%
CITIC Securities Co., Ltd. ⁵ (“CITIC”)	Interest of controlled corporation	678,387,108	5.29%

Notes

- Based on 12,824,484,010 shares of the Company in issue as at the 30 June 2024.
- Mr. Lim Kim Chai, J.P. is the non-executive Director of the Company.

* For identification purpose only

OTHER INFORMATION

3. The 1,259,861,773 shares which were deemed to be interested by Mr. Qiu Qing were held by Hong Kong Zhongzheng Investment Co. Ltd., for which TJNL has 38.46% interest and then Mr. Qiu Qing has 64% interest in TJNL.
4. Mr. Qiu Qing was an executive Director of the Company, and he retired on 20 July 2023.
5. CITIC holds 100% direct interest in GoldStone Investment Co., Ltd* (金石投資有限公司) and accordingly deemed to have an interest in the shares held by GoldStone Investment Co., Ltd*.

* For identification purpose only

Save as disclosed above, as at 31 December 2024, no other person had any interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) as set out in Appendix C3 of the Listing Rules as its own code for dealing in securities of the Company by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard as set out in the Model Code during the six months ended 31 December 2024.

CORPORATE GOVERNANCE CODE

The Company has complied with all requirements set out in the Code on Corporate Governance Practices contained in Appendix C1 of the Listing Rules during the six months ended 31 December 2024.

By order of the Board
Zhongzheng International Company Limited
Liu Liyang
Executive Director

Hong Kong, 28 February 2025

As at the date of this report, the Board comprises two executive Directors, namely Mr. Tam Lup Wai, Franky and Mr. Liu Liyang; one non-executive Director, namely Mr. Lim Kim Chai, J.P.; and four independent non-executive Directors, namely Mr. Hau Chi Kit, Mr. Leung Chi Hung, Mr. Li Hon Kuen and Ms. Yang Yan Tung Doris.