



ZHONG HUA INTERNATIONAL HOLDINGS LIMITED

中華國際控股有限公司

(Incorporated in Bermuda with limited liability)

Stock Code: 1064

INTERIM REPORT 2025



Precious Stone Engraving in Old Chinese Characters “Perseverance is Road to Triumph”

Tribute to the 80th Victory Anniversary of the Sino-Japanese War

巴林石篆刻印章「堅持就是勝利」

抗戰勝利八十週年誌慶

Contents

2	CORPORATE INFORMATION
3	MANAGEMENT DISCUSSION AND ANALYSIS
15	DISCLOSURE OF INTERESTS
19	DISCLOSURE PURSUANT TO THE LISTING RULES
	UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
20	Condensed Consolidated Income Statement
21	Condensed Consolidated Statement of Comprehensive Income
22	Condensed Consolidated Statement of Financial Position
24	Condensed Consolidated Statement of Changes in Equity
25	Condensed Consolidated Statement of Cash Flows
26	Notes to Condensed Consolidated Financial Statements

Corporate Information

BOARD OF DIRECTORS

Executive Director

Ho Kam Hung

Non-Executive Director

Young Kwok Sui

Independent Non-Executive Directors

Wong Kui Fai
Wong Miu Ting, Ivy
Tam Kong, Lawrence

COMPANY SECRETARY

Lee Tao Wai (CPA, BBA, LLM, MIM)

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Ernst & Young
*Certified Public Accountants and
Registered Public Interest Entity Auditor*

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Nanyang Commercial Bank, Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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(Bermuda) Limited
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LISTING AND STOCK CODE

The Main Board of The Stock Exchange of
Hong Kong Limited: 1064

Management Discussion and Analysis

The Board of Directors (the “Directors”) of Zhong Hua International Holdings Limited (the “Company”) would like to announce the unaudited consolidated results of the Company for the six months ended 30 June 2025 (the “Period”), together with the comparative figures for the corresponding period in 2024 (the “Last Period”), as follows:

FINANCIAL REVIEW

The Company recorded a revenue of HK\$15,502,000 (2024: HK\$14,259,000) for the Period. Profit attributable to ordinary equity holders of the Company for the Period was HK\$10,165,000 (2024: loss of HK\$9,583,000). There were no material changes in the Group’s turnover during the Period.

Adjusted EBITDA

The Adjusted EBITDA of the Group for the Period was profit of HK\$2,906,000 (2024: HK\$331,000). The increase in EBITDA during the Period was attributable to decrease in administrative expenses for the Period as compared to the additional professional fees incurred by the Group for the Last Period pertaining to the delayed publication of results announcement of the Company for the year ended 31 December 2023.

Adjusted EBITDA refers to the earnings before interest, tax and depreciation and does not take into account the effect of changes in fair value of investment properties and changes in fair value of equity interest in an entity at fair value through profit or loss. EBITDA is a commonly used alternate measure of profitability to net income. By excluding depreciation and amortisation as well as taxes and debt payment costs, EBITDA attempts to represent the cash profit generated by the operations of the Company and its subsidiaries (collectively the “Group”). On this ground, the Group also excluded additional non-cash items (namely (i) changes in fair value of investment property; and (ii) changes in fair value of equity interest in an entity at fair value through profit or loss) that significantly affected the Company’s net income that are non-cash in nature to achieve this goal in reviewing the Company’s performance.

Net Profit

The Group’s profit before tax and profit after tax for the Period were HK\$43,202,000 (2024: loss before tax of HK\$28,093,000) and HK\$40,564,000 (2024: loss after tax HK\$30,783,000), respectively. The Company changed from loss before tax for the Last Period to profit before tax for the Period is primarily attributable to the fair value gain of equity interest in an entity of HK\$40,464,000 (2024: fair value loss of HK\$28,255,000) for the Period which mainly derived from appreciation of Renminbi upon translation of equity interest in an entity from Renminbi to Hong Kong dollars during the Period. Such fair value gain was non-cash transaction and unrealised in the Company’s consolidated income statement.

Management Discussion and Analysis

FINANCIAL REVIEW (Cont'd)

Liquidity and Financial Resources

During the Period, the Group's operations were financed mainly by cash flows generated from business operations. The Group's net cash flows from operating activities during the Period were HK\$6,026,000 (2024: net cash flows used in operating activities of HK\$3,658,000).

As at 30 June 2025, the Group had cash and bank balances of HK\$63,564,000 (31 December 2024: HK\$63,573,000).

The Group's exposure to interest rate fluctuation was minimal in the past years.

The Group's gearing ratio was 0.10 as at 30 June 2025 (31 December 2024: 0.10), calculated based on the Group's amount due to a director of HK\$144,216,000 (31 December 2024: HK\$140,882,000) over total assets of HK\$1,452,264,000 (31 December 2024: HK\$1,403,511,000). The Group maintained a relatively low gearing ratio in the past years. The Group's financial resources are able to meet its capital expenditure and working capital requirements for coming twelve months from the date of this report.

Assets

As at 30 June 2025, the Group's net current assets, net assets and total assets amounted to HK\$11,406,000 (31 December 2024: HK\$20,289,000), HK\$1,024,837,000 (31 December 2024: HK\$978,126,000) and HK\$1,452,264,000 (31 December 2024: HK\$1,403,511,000), respectively.

Exchange Rate Risk

The Group's principal operations are located in Mainland China while the financial statements of these operating subsidiaries are reported in Renminbi. The Company may expose to exchange rate risk when transactions and financial statements of these operating subsidiaries reported in Renminbi are consolidated to the Company's condensed consolidated financial statements which are reported in Hong Kong dollars. The Group did not take measures such as execution of forward hedging or exchange swap instruments to hedge the potential impact arising from adverse currency fluctuation between Renminbi and Hong Kong dollars in the past years. Given the exchange rates between Renminbi and Hong Kong dollars were not fluctuated materially in the past years, the Group could reasonably assess the trend of exchange rates between the two currencies in order to reduce its adverse impact to the Company's condensed consolidated financial statements as far as practicable.

Management Discussion and Analysis

FINANCIAL REVIEW (Cont'd)

Significant investments

As at 30 June 2025, the Group held equity interest in an entity at fair value through profit or loss of HK\$1,015,157,000 (31 December 2024: HK\$974,693,000), representing approximately 70% (31 December 2024: 70%) of the total assets of the Group. This investment is held by Zheng Da Real Estate Development Company Limited ("HK Zheng Da"), a 25% owned subsidiary of the Group and directly holds entire equity interest in 廣州市正大房地產開發有限公司 (Guangzhou Zheng Da Real Estate Development Company Limited) ("GZ Zheng Da"), details of which are disclosed in the section headed "Business Review" below. Gain on fair value changes in equity interest in an entity of changes of HK\$40,464,000 was recognised in the Company's condensed consolidated income statement for the Period (2024: loss of HK\$28,255,000). Save as disclosed above, the Group had no other significant investment of carrying value of 5% or more of its total assets as at 30 June 2025 (31 December 2024: Nil).

Charges on Assets

As at 30 June 2025, none of the Group's assets were pledged (31 December 2024: Nil).

Contingent Liability

As at 30 June 2025, there was no material contingent liability recorded by the Group (31 December 2024: Nil).

INTERIM DIVIDEND

The Directors did not recommend the distribution of interim dividend for the Period (2024: Nil).

SHARE OPTION SCHEME

The Company's share option scheme (the "Share Option Scheme") was adopted on 19 December 2012 and lapsed on 18 December 2022. No share options have been exercised, cancelled or lapsed pursuant to the terms of the Share Option Scheme during the Period. 5,000,000 share options granted under the Share Option Scheme in December 2022 remained unexercised as at 30 June 2025. If such share options are fully exercised, 5,000,000 new shares of the Company, representing approximately 0.65% of total Share of the Company in issue as at the date of this report, will be issued.

Management Discussion and Analysis

SHARE OPTION SCHEME (Cont'd)

The movements in the share options granted, exercised and remained outstanding during the Period are as follows:

Name or category of participant	Number of share options					Date of grant of Share Options (note 1)	Exercise period of Share Options (note 1)	Exercise price of Share Options (note 2)
	At 1 January 2025	Granted during the Period	Exercised during the Period	Lapsed during the Period	As at 30 June 2025			
Former Non-Executive Director							3 years/ 2-12-2022 to 1-12-2025	
Lam Kuo	5,000,000	–	–	–	5,000,000	2-12-2022		0.09

Notes to the table of Share Option Scheme:

- (1) The share options had been vested at the date of grant.
- (2) The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.
- (3) The closing price of the shares immediately before the date on which the share options were granted was HK\$0.082 per share.

UPDATE OF USE OF PROCEEDS

On 15 April 2020, it was announced in the Company's announcement (the "New Issue Announcement") that the Company entered into a subscription agreement (the "Subscription Agreement") with Link Tide Investments Limited, a private company incorporated in the British Virgin Islands and an independent third party, in respect of subscription and issue of 108,000,000 new shares in the capital of the Company at an issue price of HK\$0.15 per share pursuant to the Company's general mandate granted on 18 June 2019 (the "New Issue"). All conditions precedent as set out in the Subscription Agreement were satisfied and the New Issue was completed on 27 April 2020. Further details of the New Issue were disclosed in the New Issue Announcement.

Management Discussion and Analysis

UPDATE OF USE OF PROCEEDS (Cont'd)

The net proceeds raised from the New Issue applied up to 30 June 2025 are as follows:

Intended use of the net proceeds as stated in the New Issue Announcement			Proceeds utilised as at 30 June 2025	Proceeds unutilised as at 30 June 2025	
Category	Net amount (HK\$ in million)	Percentage	Net amount (HK\$ in million)	Remaining amount (HK\$ in million)	Expected schedule of use
Redevelopment costs of a redevelopment project in Guangzhou, Mainland China	12.0	74.5%	–	12.0	On or before 30 June 2027
General working capital	4.1	25.5%	4.1	–	–
Total	16.1	100%	4.1	12.0	

Following the derecognition of GZ Zheng Da from the Group resulting in GZ Zheng Da not being regarded as a subsidiary of the Group with effective from 15 May 2024, the Directors will consider if the intended use of proceeds of HK\$12 million originally assigned for costs of the re-development project of GZ Zheng Da should be re-allocated for other purposes or not. Further announcement will be made once a decision is made by the Company.

The Group held the unutilised net proceeds in short-term deposits with banks as at 30 June 2025. Save as disclosed above, there was no unutilised proceed brought forward from any issue of equity securities made in previous years.

ISSUE OF EQUITY SECURITIES

During the Period, the Company had not issued any equity securities (including securities convertible into equity securities) or sale of treasury shares for cash.

Management Discussion and Analysis

BUSINESS REVIEW

The Group is principally engaged in property development, investment and management businesses in Mainland China. On an ongoing basis, the Group also explores investment and business opportunities in “novel and quality productivity (新質生產力)” related projects.

Property Investment

The Group's property interest in Chongqing is situated at Chaotianmen, Yuzhong District, Chongqing (重慶市渝中區朝天門). The Guang Yu Square (港渝廣場) is a 15-storey commercial building with a total gross floor area of about 49,400 square metres, out of which the Group owns portion of Basement, Levels 1 to 4, Levels 8 and 11 with total gross floor area of about 24,200 square metres. The property, which has been fully refurbished in 2016, is presently a multi-floor shopping mall focusing in wholesale and retailing of men's wear and footwear. There are about 50-70 shops per level with shop area ranging from 20-60 square metres per shop. Most shops are leased to unsolicited third parties for a term of about one year renewable automatically with prevailing market rental. The shopping mall (the floors owned by the Group) is almost fully occupied and shop turnover rate is maintained at an acceptable level. Given Chaotianmen has been one of the major clothing distribution points in Chongqing for nearby cities and the Three Gorges region (三峽地區) for decades, Guang Yu Square is one of the most popular men's wear and footwear wholesale points in the region.

During the Period, the Gang Yu Square provided a steady cash flow and substantiated the working capital requirements of the Group. Given the prime location of the investment property in the central business district (CBD) of Chongqing, the Directors will strive to enhancing the property's competitive advantages and is confident that it will continue to provide a relatively steady revenue to the Group in the foreseeable future.

Property Development

GZ Zheng Da, the Group's former subsidiary, has a property interest situated at Yuexiu District, Guangzhou (廣州市越秀區). The development site (previously named as Metropolis Shoes City (廣州大都市鞋城)) is located at the east of Jiefang Road South (解放南路), to the south of Daxin Road (大新路), to the north of Yede Road (一德路) and to the west of Xieen Lane (謝恩里) in Yuexiu District which is within walking distance of about 3 minutes to the Old Hall (舊館) of the Canton Fair (廣州交易會), which was once the only export window in Mainland China before its Reform and Open Door Policy (改革開放政策) implemented in 1978 and within walking distance of about 5 minutes to the riverbank of the Pearl River (珠江), the icon of Guangzhou.

Management Discussion and Analysis

BUSINESS REVIEW (Cont'd)

Property Development (Cont'd)

Pending to the surrender of the last block of a 7-storey building being occupied by an individual owner (小業主), the re-development project is intended to be developed into an avant-garde commercial building complex with twin towers and 3-level basement for wholesale and exhibition hall facilities, office and service apartment uses with ancillary facilities such as carpark and loading/unloading bays with total gross floor area of about 234,000 square metres.

According to the latest construction schedule (assuming the compulsory liquidation against GZ Zheng Da is rescinded and construction commences in the second quarter of 2027), it is expected that the re-development project will take about four years for completion by two to three phases, the first of which will be completed in late 2029 soonest and the final stage will be completed in first quarter of 2031. Subject to the grant of inspection and safety permits by the relevant regulatory authorities, it is expected that the new commercial complex will commence business and generate rental revenue to the Group at its earliest in early 2030.

Properties Held for Sale

GZ Zheng Da, the Group's former subsidiary, had a portfolio of about 190 residential units ranging from 20 square metres to 70 square metres each unit with total gross area of about 11,000 square metres. These residential units were constructed in late 1990s for the purpose of interim resettlement of occupiers who surrendered their units to GZ Zheng Da for demolition of the development site in Yuexiu District but remained vacant or available-for-sale as to-date.

LIQUIDATION PETITION AGAINST GZ ZHENG DA

Background of the "Liquidation Petition"

Background of the "Liquidation Petition" against GZ Zheng Da (a former subsidiary of the Group), which had been initiated since 2009, and the issue of its lawful authority were disclosed in detail in the Company's annual report for the year ended 31 December 2024 (the "Annual Report 2024").

In January 2009, 廣州市越秀房地產開發經營有限公司 ("Yuefang PE"), which was neither a registered shareholder, proven beneficial shareholder nor proven creditor of GZ Zheng Da, filed a disputable liquidation plead against GZ Zheng Da at the Guangdong Province Guangzhou Municipal Intermediate People's Court (廣東省廣州市中級人民法院) (the "Guangzhou Court") based on the ground that GZ Zheng Da had triggered the event of default of "company dissolution" (已出現公司解散事由) but this event of default had never happened nor had never been put forward to court for prior adjuration by the liquidation applicant as required by law.

Management Discussion and Analysis

LIQUIDATION PETITION AGAINST GZ ZHENG DA (Cont'd)

Background of the “Liquidation Petition” (Cont'd)

The developments of the “Liquidation Petition” against GZ Zheng Da since the Guangzhou Court granted a written judgement (民事裁定書) dismissing the liquidation application in May 2021 are summarised below.

In May 2021, the Guangzhou Court issued a written judgement dismissing Yuefang PE’s liquidation application (the “Liquidation Dismissal Order (駁回清算裁定)”).

In August 2021, Yuefang PE submitted an appeal against the ruling of the Guangzhou Court at the Guangdong Province Higher People’s Court (廣東省高級人民法院) (the “Guangdong Court”) as permissible by law. A hearing was convened by the court in January 2022.

In May 2023 (i.e., exactly two years after the Liquidation Dismissal Order granted by the Guangzhou Court), the Guangdong Court issued a written judgement revoking the Liquidation Dismissal Order and directing the Guangzhou Court to continue to proceed the case (i.e., Case No. 16) (the “Rescission Order (撤銷駁回裁定)”).

In August 2023, the Guangzhou Court initiated a new case number (i.e., Case No. 50) and granted a Decision on Appointment of Liquidator (指定清算組決定書) appointing Guangdong Jinzhen Law Firm (廣東金圳律師事務所) (the “New Liquidator”) as the new liquidator of GZ Zheng Da to conduct another compulsory liquidation against GZ Zheng Da.

In September 2023, the New Liquidator posted the “Receiver Notice” (接管公告) in the court’s designated website requesting the management of GZ Zheng Da to co-operate with the liquidator for handover of books of accounts, assets and official seal. GZ Zheng Da declined to co-operate with the work of the New Liquidator as permissible by law.

In September 2024, the New Liquidator posted the “Invalidation of Official Seal Announcement (印章作廢公告)” in the court’s designated website declaring that the official seal of GZ Zheng Da had been invalidated and expired from the date of acceptance (“受理日”) of the compulsory liquidation by the court (i.e., since January 2009).

In December 2024, the Guangzhou Residential, Urban and Rural Re-development Bureau (廣州市住房和城鄉建設局) continued to grant the Demolition Permit (拆遷許可證) to the effect that GZ Zheng Da was permitted to carry on demolition and resettlement businesses in 2025.

Management Discussion and Analysis

LIQUIDATION PETITION AGAINST GZ ZHENG DA (Cont'd)

Background of the “Liquidation Petition” (Cont'd)

No further notice was posted by the New Liquidator since September 2024.

The business of GZ Zheng Da continues to operate as usual to-date.

Further information on the “Liquidation Dismissal Order”, the “Rescission Order”, the “New Liquidator Order” and the Group’s management representation were disclosed in the Annual Report 2024.

Management’s Representation

In summary, the Directors’ view are as follows:

- (i) the liquidation applicant (清算申請人) is neither a registered shareholder (記名股東), proven beneficial shareholder (已核實持有實質權益股東) nor proven creditor (已核實債權人) of GZ Zheng Da as at (a) the date of liquidation plead in 2009; (b) the date of appeal in 2021; and (c) to-date; hence it did not fulfill the pre-requisite condition for liquidation application by law;
- (ii) the “company’s voluntary dissolution (公司自願解散)” constitutes one of the pre-requisite conditions for liquidation; however as in GZ Zheng Da’s case, this event of default had never happened nor had never been put forward to court for prior adjuration by the liquidation applicant as required by law;
- (iii) legally speaking, whether the liquidation application and hearing procedures initiated in 2009 complied with then PRC prevailing laws and regulations is disputable from the outset and hence the enforceability of the liquidation has been questionable since then; practically speaking, both the former liquidator and the New Liquidator have not been able to move forward in enforcing the defective liquidation against GZ Zheng Da for 16 years;
- (iv) whether the appointment of the New Liquidator by the Guangzhou Court in August 2023 is substantiated by a ruling of liquidation (清算受理裁定) as required by law is disputable and hence the enforceability of the liquidation against GZ Zheng Da is questionable (對廣州正大進行清算的執行力存疑);
- (v) the New Liquidator remains not yet registered its duty (清算備案登記) at the Guangzhou Administration for Market Regulation (廣州市市場監督管理局) as required by law for serving public notice purpose (以作公示) to-date;
- (vi) as permissible by law, GZ Zheng Da and its sole shareholder (唯一股東), HK Zheng Da, have legal rights not to co-operate with the New Liquidator provided that its defence is in the interest of the liquidation appellee (被申請清算人);

Management Discussion and Analysis

LIQUIDATION PETITION AGAINST GZ ZHENG DA (Cont'd)

Management's Representation (Cont'd)

- (vii) in reality, the management of GZ Zheng Da (as represented by its authorised representative (法人代表)) remains in control of its operation, assets, accounts and company seal to-date; and
- (viii) given the case is apparently “decided on mistaken and unfair basis” (不公錯案); both GZ Zheng Da and HK Zheng Da would use their best endeavour to petition to the courts for granting another “dismissal of liquidation petition (駁回清算申請)” by law as soon as practicable.

MATERIAL ACQUISITION UPDATE

The Group was engaged in a material acquisition, details of which were disclosed in the Annual Report 2024. Latest development of the said acquisition is summarised below:

Notwithstanding GZ Zheng Da, the underlying operating company of HK Zheng Da, had been frustrated by a questionable liquidation plead for years, the Company reiterated that the liquidation plead was not substantiated by both facts and law and hence was confident that the action would be inoperative or dismissed by law in the foreseeable future (say, about two years). On this basis, the Group entered into a new extension agreement on 24 June 2024 to further extend the Long Stop Date to 30 June 2026 with an aim of arriving revised terms for the Acquisition. If a revised timetable is concluded, it is anticipated that the Acquisition will be financed by debt financing, equity financing, bank borrowing, private-equity funding or a combination of the four kinds. If in case the Acquisition lapses on 30 June 2026, no party shall be liable to each other. Further details of the 2024 Extension Agreement were disclosed in the Company's announcement dated 24 June 2024.

Further announcement will be made to address the rationale and benefits to the Company as a whole once a concrete decision on exercise of the exclusive rights to acquire further tranche(s) pursuant to the Acquisition Agreement or not is made by the Company.

Save for the above, the Group had no other material acquisition or disposal of subsidiaries, associates and joint ventures during the Period.

Management Discussion and Analysis

OUTLOOK

Amidst the turbulent storm of the Mainland China property market, the Group stands as one of the few survivors. This resilience stems from the Group's steadfast adherence to its low-leverage principle. During the Period, the Group's gearing ratio stood at only 0.1.

The property market in Mainland China has yet to bottom out. According to the latest publicly available statistics, the average price per square metre for second-hand residential properties across 100 cities nationwide stood at RMB13,585 in July, representing a month-on-month decline of 0.77%. This represents the 39th consecutive month of falling prices, with no signs of a bottom in sight. However, a luxury residential development in the Huangpu District (黃埔區), Shanghai (上海市) recently launched with an average price of approximately RMB195,000 per square metre, selling out almost instantly. This polarisation within the market demonstrates that even amid a downturn, properties in prime locations with exceptional geographical positioning, coupled with high-quality development or re-development projects, continue to attract buyers without difficulty.

The Group's re-development project in Yuexiu District, Guangzhou, is situated in the city's most prime commercial area, with pre-designed connection to two subway stations and a five-minute walking distance to the Pearl River in Guangzhou. Consequently, the Group intends to develop the project into the most avant-garde commercial complex in the region, incorporating fundamental elements such as environmental sustainability, energy efficiency, emission reduction, and cultural vibrancy to attract tenants who pursue excellence and green initiatives. To this end, the Group has established a workshop in Beijing, dedicated to securing national-level endorsements for the re-development plan, such as zero-carbon emission projects, advanced eco-friendly material construction initiatives, or smart city pilot programs.

The real estate market in Mainland China continues to face challenges with inventory oversupply and weak demand, which are expected to persist for at least another two to three years before turnaround. In light of this, coupled with incomplete demolition work and ongoing unresolved liquidation disputes, the timeline for the redevelopment project in the Yuexiu District, Guangzhou will be extended by one year. Full-scale construction is anticipated to commence in early 2028, aiming for the completion of the first phase by the fourth quarter of 2029, in tribute to the 80th anniversary of the National Day.

Management Discussion and Analysis

OUTLOOK (Cont'd)

As for the Group's shopping mall located in Yuzhong District (渝中區), Chongqing (重慶市), it is situated in the core area of Chaotianmen (朝天門) in the city center, facing the Jialing River (嘉陵江) and only a five-minute walk from the landmark of Chongqing Raffles (重慶萊福仕商場). Leasing performance has remained stable and has not been significantly affected by the market downturn. However, as the mall was completed nearly 25 years ago, its exterior and design have begun to fall behind standards to-date. Following the completion of the re-development project in Yuexiu District, Guangzhou, the Group intends to collaborate with another property owner to redevelop the existing mall in Chongqing.

Given the GZ Zheng Da's liquidation case is apparently "decided on mistaken and unfair basis" (不公錯案), the Group would use its best endeavours to petition to the courts for granting another dismissal of the liquidation application.

The Group has been continuously exploring investment and business expansion opportunities related to "novel and quality productivity" ("新質生產力"). To this end, the Group plans to establish a new division within its construction engineering department to provide one-stop integrated photovoltaic power collection, electrical storage, and charging solutions for public and private sector clients in the Greater Bay Area.

This year marks the fifth anniversary of the proclamation of the Hong Kong National Security Law (香港國家安全法). The Directors fully support the Hong Kong Administration to govern in accordance with the Basic Law (全力支持香港特區政府依法施政).

On this occasion, the Directors also tribute to the success of Hong Kong's first-ever hosting of the National Games (Hong Kong) events.

EMPLOYMENT AND REMUNERATION POLICIES

As at 30 June 2025, the Group had about 20 (31 December 2024: 20) employees. Total staff costs (including directors' remuneration) for the Period amounted to HK\$3,767,000 (2024: HK\$3,870,000). Remuneration policies are reviewed regularly by the Remuneration Committee and the Directors in respect of remuneration of the directors and senior management. The Group values all employees and recognises their contributions, and is committed to establishing fair and caring relationship with its employees by offering competitive compensation packages comparable to market benchmark. In addition to the basic salaries, the Group provides staff benefits including medical insurance and contributions to the provident fund. Discretionary bonuses are also available to the Group's employees depending upon the overall performance of the Group.

The Group also puts ongoing efforts to provide adequate trainings and development resources to its employees so that they can keep abreast of the latest development of the market and the industry and, at the same time, improve their performance and self-fulfillment in their roles.

Disclosure of Interests

DIRECTORS'/CHIEF EXECUTIVE'S INTERESTS IN THE SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2025, the interests and short positions of the Directors and chief executive of the Company (if any) in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), the Model Code for Securities Transactions by Directors of Listed Issuers (the "ST Code") as set out in Appendix C3 of Rules Governing the Listing of Securities on The Stock Exchange (the "Listing Rules") and which were required to be entered into the register pursuant to Section 352 of the SFO, were as follows:

Long position in shares of the Company

Name of Director and chief executive	Capacity and nature of interest	Number of shares held	Percentage of the Company's share capital
Ho Kam Hung <i>(Note)</i>	Through controlled corporation	110,600,000	14.39%
	Directly beneficially owned	7,000,000	0.91%
		<u>117,600,000</u>	<u>15.30%</u>

Note:

Ho Kam Hung was deemed (by virtue of the SFO) to be interested in these shares in the following capacities:

- (i) 10,800,000 shares were held by Morcambe Corporation, a company beneficially owned by him.
- (ii) 87,120,000 shares were held by EC Fair Limited, which he had 33 $\frac{1}{3}$ % interest.
- (iii) 12,680,000 shares were held by High Rank Enterprises Limited, which he had approximately 31.6% interest.
- (iv) 7,000,000 shares were held by him.

Disclosure of Interests

SHARES IN ASSOCIATED CORPORATIONS OF THE COMPANY

At 30 June 2025, the following Director had interests in the non-voting deferred shares in certain subsidiaries of the Company:

Long position in shares of the associated corporations

Name of director	Name of associated corporation	Relationship with the Company	Shares/ equity derivatives	Numbers of shares/equity derivatives		Capacity and nature of interest	Percentage of the associated corporation's issued share capital
				Long position	Short position		
Ho Kam Hung	Smart Hero (Holdings) Limited	Company's subsidiary	Non-voting deferred shares	91	–	Directly beneficially owned	30.13
	China Land Realty Investment Limited	Company's subsidiary	Non-voting deferred shares	91	–	Directly beneficially owned	30.13

All the above mentioned non-voting deferred shares carry no rights to dividends, to receive notice of or to attend or vote at any general meeting of the relevant company, or to participate in any distribution on winding-up.

Save as disclosed above, as at 30 June 2025, to the best knowledge of the Company, none of the Directors or chief executive of the Company (if any) had or was deemed to have any interest or short position in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO and the ST Code.

Disclosure of Interests

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed under the section headed "Directors'/Chief Executive's Interests in the Shares of the Company and its Associated Corporations" above, at no time during the Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or their respective spouse or minor children to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2025, to the knowledge of the Company, the following persons (other than Directors or chief executive of the Company (if any)) had interests or short positions in the shares and underlying share as recorded in the register required to be kept under Section 336 of the SFO:

Long position in shares of the Company

Name of shareholders	Capacity and nature of interest	Number of Shares held	Percentage of the Company's share capital
Ye Jia Li <i>(Note 1)</i>	Interest of spouse	117,600,000	15.30
Ho Tsam Hung <i>(Note 2)</i>	Through controlled corporation	105,600,000	13.74
Ho Pak Hung <i>(Note 3)</i>	Through controlled corporation	99,800,000	12.98
Liang Gui Fen <i>(Note 4)</i>	Interest of spouse	99,800,000	12.98
EC Fair Limited <i>(Notes 2 and 3)</i>	Directly beneficially owned	87,120,000	11.33
Link Tide Investments Limited <i>(Note 5)</i>	Directly beneficially owned	108,000,000	14.05
Guangshi Harvest Limited <i>(Note 6)</i>	Through controlled corporation	108,000,000	14.05
China Guangshi International Investment Holdings Co., Ltd. <i>(Note 7)</i>	Through controlled corporation	108,000,000	14.05
新疆光實含弘股權投資管理有限公司	Through controlled corporation	108,000,000	14.05
Strong Hero Holdings Limited <i>(Note 8)</i>	Directly beneficially owned	100,000,000	13.01
Xie Xiaoxiang	Through controlled corporation	100,000,000	13.01

Disclosure of Interests

SUBSTANTIAL SHAREHOLDERS (Cont'd)

Long position in shares of the Company (Cont'd)

Notes:

1. Ye Jia Li was deemed (by virtue of Part XV of the SFO) to be interested in these shares in the capacity as the spouse of Ho Kam Hung, a Director.
2. Ho Tsam Hung was deemed (by virtue of Part XV of the SFO) to be interested in these shares in the following capacities:
 - (i) 5,800,000 shares were held by Morgan Estate Assets Limited, which was beneficially owned by him.
 - (ii) 87,120,000 shares were held by EC Fair Limited, a company which he had 33 $\frac{1}{3}$ % interest.
 - (iii) 12,680,000 shares were held by High Rank Enterprises Limited, which he had approximately 31.6% interest.
3. Ho Pak Hung was deemed (by virtue of Part XV of the SFO) to be interested in these shares in the following capacities:
 - (i) 87,120,000 shares were held by EC Fair Limited, which he had 33 $\frac{1}{3}$ % interest.
 - (ii) 12,680,000 shares were held by High Rank Enterprises Limited, which he had approximately 31.6% interest.
4. Liang Gui Fen was deemed (by virtue of Part XV of the SFO) to be interested in these shares in the capacity as the spouse of Ho Pak Hung.
5. Link Tide Investments Limited was wholly-owned by Guangshi Harvest Limited.
6. Guangshi Harvest Limited was wholly-owned by China Guangshi International Investment Holdings Co., Ltd.
7. China Guangshi International Investment Holdings Co., Ltd. was wholly-owned by 新疆光實合弘股權投資管理有限公司.
8. Strong Hero Holdings Limited was wholly-owned by Xie Xiaoxiang.

Save as disclosed above, as at 30 June 2025, other than the Directors or chief executive of the Company (if any) whose interests are set out in the section headed "Directors'/Chief Executive's Interests in the Shares of the Company and its Associated Corporations" above, no person had registered an interest or short position in the shares or underlying shares and debentures of the Company that was required to be recorded pursuant to Section 336 of the SFO.

Disclosure Pursuant to the Listing Rules

CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company generally complied with the Code on Corporate Governance Practice as set out in Appendix C1 of the Listing Rules throughout the Period.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company had adopted the ST Code as set out in the Appendix C3 to the Listing Rules regarding code of conduct of securities transactions by its directors. Having made specific enquiry, the Company confirmed that each of the Directors had complied with required standard set out in the aforesaid code throughout the Period.

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

During the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

REVIEW BY THE AUDIT COMMITTEE

The Company's unaudited condensed consolidated financial statements for the Period have been reviewed by the audit committee of the Company.

APPROVAL OF INTERIM REPORT

This interim report was approved by the Directors on 29 August 2025.

Unaudited Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30 June	
	Notes	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
REVENUE	2	15,502	14,259
Other income and gains		28	284
Changes in fair value of equity interest in an entity at fair value through profit or loss	11	40,464	(28,255)
Administrative expenses		(12,792)	(14,381)
PROFIT/(LOSS) BEFORE TAX	3	43,202	(28,093)
Income tax expense	4	(2,638)	(2,690)
PROFIT/(LOSS) FOR THE PERIOD		40,564	(30,783)
Attributable to:			
Ordinary equity holders of the Company		10,165	(9,583)
Non-controlling interests		30,399	(21,200)
		40,564	(30,783)
PROFIT/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	6		
– Basic		HK cents 1.32	HK cents (1.25)
– Diluted		HK cents 1.32	HK cents (1.25)

Unaudited Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Profit/(loss) for the period	40,564	(30,783)
Other comprehensive income/(expense)		
<i>Other comprehensive income/(expense) that may be reclassified to the income statement in subsequent periods:</i>		
Exchange differences		
Exchange differences on translation of foreign operations	6,147	(4,644)
Net other comprehensive income/(expense) that may be reclassified to the income statement in subsequent periods	6,147	(4,644)
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD	46,711	(35,427)
Attributable to:		
Ordinary equity holders of the Company	19,051	(16,543)
Non-controlling interests	27,660	(18,884)
	46,711	(35,427)

Unaudited Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment		3,036	3,103
Equity interest in an entity at fair value through profit or loss	11	1,015,157	974,693
Investment property		352,440	339,624
Total non-current assets		1,370,633	1,317,420
CURRENT ASSETS			
Trade receivables	7	13,343	20,859
Prepayments, deposits and other receivables		4,724	1,659
Cash and cash equivalents		63,564	63,573
Total current assets		81,631	86,091
CURRENT LIABILITIES			
Trade payables	8	(1,914)	(1,844)
Other payables and accruals		(30,249)	(28,426)
Tax payable		(38,062)	(35,532)
Total current liabilities		(70,225)	(65,802)
NET CURRENT ASSETS		11,406	20,289
TOTAL ASSETS LESS CURRENT LIABILITIES		1,382,039	1,337,709

Unaudited Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
NON-CURRENT LIABILITIES		
Due to a director	(144,216)	(140,882)
Long term other payables	(40,100)	(52,767)
Deferred tax liabilities	(172,886)	(165,934)
	<u>(357,202)</u>	<u>(359,583)</u>
Total non-current liabilities		
	<u>(357,202)</u>	<u>(359,583)</u>
Net assets	1,024,837	978,126
	<u>1,024,837</u>	<u>978,126</u>
EQUITY		
Equity attributable to equity holders of the Company		
Share capital	19,215	19,215
Reserves	320,252	301,201
	<u>339,467</u>	<u>320,416</u>
Non-controlling interests	685,370	657,710
	<u>685,370</u>	<u>657,710</u>
Total equity	1,024,837	978,126
	<u>1,024,837</u>	<u>978,126</u>

Unaudited Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company								Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium account HK\$'000	Share option reserve HK\$'000	Contributed surplus HK\$'000	Exchange fluctuation reserve HK\$'000	Statutory reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000		
At 1 January 2025 (Audited)	19,215	17,344*	180*	80,258*	54,953*	1,172*	147,294*	320,416	657,710	978,126
Profit for the period	-	-	-	-	-	-	10,165	10,165	30,399	40,564
Exchange differences related to foreign operations	-	-	-	-	8,886	-	-	8,886	(2,739)	6,147
Total comprehensive income for the period	-	-	-	-	8,886	-	10,165	19,051	27,660	46,711
Transfer from retained profits	-	-	-	-	-	21	(21)	-	-	-
At 30 June 2025 (Unaudited)	19,215	17,344*	180*	80,258*	63,839*	1,193*	157,438*	339,467	685,370	1,024,837
At 1 January 2024 (Audited)	19,215	17,344	180	80,258	64,218	809	193,790	375,814	687,285	1,063,099
Loss for the period	-	-	-	-	-	-	(9,583)	(9,583)	(21,200)	(30,783)
Exchange differences related to foreign operations	-	-	-	-	(6,960)	-	-	(6,960)	2,316	(4,644)
Total comprehensive expense for the period	-	-	-	-	(6,960)	-	(9,583)	(16,543)	(18,884)	(35,427)
At 30 June 2024 (Unaudited)	19,215	17,344	180	80,258	57,258	809	184,207	359,271	668,401	1,027,672

* These reserve accounts comprise the consolidated reserves of HK\$320,252,000 (31 December 2024: HK\$301,201,000) in the Company's condensed consolidated statement of financial position.

Unaudited Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	6,026	(3,658)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in an amount due to a director and net cash flows used in an financing activity	(8,329)	(6,088)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,303)	(9,746)
Cash and cash equivalents at beginning of period	63,573	90,761
Effect of foreign rate changes	2,294	(2,252)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	63,564	78,763
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances as stated in the condensed consolidated statement of financial position	63,564	78,763

Unaudited Condensed Consolidated Financial Statements

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The Company's condensed consolidated financial statements for the six months ended 30 June 2025 have been prepared in accordance with the applicable disclosure requirements of the Hong Kong Accounting Standards ("HKAS") 34 – Interim Financial Reporting issued by Hong Kong Institute of Certified Public Accountants and the Listing Rules. These condensed consolidated financial statements do not include all information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Company's consolidated financial statements for the year ended 31 December 2024.

1.1 CHANGES IN ACCOUNTING POLICES

The accounting policies adopted in the preparation of the Company's interim condensed consolidated financial information are consistent with those applied in the preparation of the Company's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of the following amended HKFRS Accounting Standard for the first time for the current period's financial information.

Amendments to HKAS 21

Lack of Exchangeability

The adoption of amended HKFRS Accounting Standard did not have material impact on the results and financial position for the current or prior accounting periods which have been prepared and presented.

2. OPERATING SEGMENT INFORMATION

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

- (a) the property investment and development segment, which invests in properties for generating potential income from letting and sells properties located in Mainland China; and
- (b) the corporate and other segment, which provides management services to group companies.

The accounting policies of the operating segments are the same as those described in the Company's consolidated financial statements for the year ended 31 December 2024.

No geographical segment information is presented as over 90% of the Group's revenue is derived from customers based in Mainland China.

Unaudited Condensed Consolidated Financial Statements

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2. OPERATING SEGMENT INFORMATION (Cont'd)

The following table presents revenue and results information on the Group's operating segments:

For the six months ended 30 June

	Property investment and development		Corporate and others		Total	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Segment revenue:						
Sales to external customers	15,502	14,259	–	–	15,502	14,259
Segment results	51,328	(17,531)	(8,154)	(10,846)	43,174	(28,377)
Other income and gains					28	284
Profit/(loss) before tax					43,202	(28,093)
Income tax expense					(2,638)	(2,690)
Profit/(loss) for the period					40,564	(30,783)

Information about major customer

For the Period, there was only one customer which accounted for revenue exceeding 10% of the Group's total revenue. Revenue from Customer A accounted for HK\$15,502,000 (2024: HK\$14,259,000) during the Period.

Unaudited Condensed Consolidated Financial Statements

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

3. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Depreciation of property, plant and equipment	168	169
Changes in fair value of equity interest in an entity at fair value through profit or loss (note 11)	(40,464)	28,255
Interest income	(28)	(68)
	<u> </u>	<u> </u>

4. INCOME TAX

	For the six months ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Current – Mainland China		
Corporate income tax		
Charge for the period	1,967	1,924
Deferred	671	766
	<u> </u>	<u> </u>
Total tax charge for the period	2,638	2,690
	<u> </u>	<u> </u>

No provision for Hong Kong profits tax had been made as the Group did not generate any taxable profits in Hong Kong during the Period (2024: Nil).

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates. The subsidiaries established in Mainland China are subject to income taxes at the rate of 25% (2024: 25%).

5. INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the Period (2024: Nil).

Unaudited Condensed Consolidated Financial Statements

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

6. PROFIT/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic profit per share for the Period is based on the profit attributable to ordinary equity holders of the Company of HK\$10,165,000 (2024: loss attributable to ordinary equity holders of the Company of HK\$9,583,000) and the number of ordinary shares 768,616,520 (2024: 768,616,520) in issue during the Period.

During the six months ended 30 June 2025 and 2024, the Group had no potentially dilutive ordinary shares in issue.

7. TRADE RECEIVABLES

An ageing analysis of the Group's trade receivables at the end of the reporting period is as follows:

	30 June 2025 (Unaudited)		31 December 2024 (Audited)	
	HK\$'000	Percentage	HK\$'000	Percentage
Within 6 months	13,343	100	13,997	67
More than 6 months but within 1 year	–	–	6,862	33
	<u>13,343</u>	<u>100</u>	<u>20,859</u>	<u>100</u>

The Group generally grants a credit term of 3 months to 12 months to its customers.

The ageing of the Group's trade receivables is based on the date of recognition of revenue. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

8. TRADE PAYABLES

An ageing analysis of the Group's trade payables at the end of the reporting period is as follows:

	30 June 2025 (Unaudited)		31 December 2024 (Audited)	
	HK\$'000	Percentage	HK\$'000	Percentage
More than 1 year	1,914	100	1,844	100

The ageing of the Group's trade payables is based on the dates of the goods received or services rendered. The trade payables are non-interest-bearing.

Unaudited Condensed Consolidated Financial Statements

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

9. LITIGATIONS

Details of the Group's material litigations are disclosed in the "Management Discussion and Analysis" section of this report.

10. RELATED PARTY TRANSACTIONS

Saved as detailed elsewhere in these financial statements, the Group had the following transaction with related party during the Period:

A license fee of HK\$899,000 (2024: HK\$922,000) was incurred by a subsidiary of the Company for the rights to use the office (without exclusivity) in Hong Kong on a cost basis licensed by a private company controlled by an executive director. As at 30 June 2025, an amount due to the related company of HK\$4,181,000 (31 December 2024: HK\$3,283,000) was included in "Other payables and accruals" on the consolidated statement of financial position.

The above transaction constitutes a continuing connected transaction as defined in Chapter 14A of the Listing Rules. The Directors are of the opinion that the transaction was conducted in the ordinary course of business of the Group.

11. EQUITY INTEREST IN AN ENTITY AT FAIR VALUE THROUGH PROFIT OR LOSS

The movements of the carrying amount of the Group's equity interest in GZ Zheng Da during the Period are as follows:

	2025 HK\$'000	2024 HK\$'000
Financial asset at fair value through profit or loss		
<i>Unlisted equity interest in an entity at fair value through profit or loss, at fair value:</i>		
Carrying amount at 1 January <i>(Audited)</i>	974,693	1,030,472
Changes in fair value recognised in the income statement <i>(note 3)</i>	40,464	(28,255)
Carrying amount at 30 June <i>(Unaudited)</i>	1,015,157	1,002,217

The Management is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the management analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved at least once a year or more frequently as needed.

Unaudited Condensed Consolidated Financial Statements

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

11. EQUITY INTEREST IN AN ENTITY AT FAIR VALUE THROUGH PROFIT OR LOSS (Cont'd)

The fair value of the Group's equity interest in an entity at fair value through profit or loss is estimated by using significant unobservable inputs. The fair value measurement is categorised under Level 3. On 30 June 2025, the fair values were determined based on discounted net realisation value (i.e., discounted cash flow method from realisation of assets and settlement of liabilities of GZ Zheng Da) which have taken into account (1) the fair values of the underlying assets and liabilities of GZ Zheng Da; (2) relevant expenses, payments and tax upon disposals of the assets, in particular, the properties, according to the prevailing tax rules and other relevant law and regulations; and (3) around five years to recover the investment. The discount rate applied to the cash flow projections is 3.5% (31 December 2024: 3.6%). Increase in the discount rate by 1% would result in decrease in its fair value as at 30 June 2025 by approximately HK\$42,989,000 (31 December 2024: HK\$41,236,000). Decrease in the discount rate by 1% would result in increase in its fair value as at 30 June 2025 by approximately HK\$45,335,000 (31 December 2024: HK\$43,485,000).

Independent qualified valuers, Vincorn Consulting and Appraisal Limited and Merryshine Surveyors Limited, were engaged to assist the management in the process to estimate the fair values of underlying investment properties and properties held for sale of GZ Zheng Da, respectively, based on recent market transactions and repossession discount. In estimating the fair values of these properties, the valuers assume the current use is the highest and best use of these properties. In addition, the management also has taken professional advices, including but not limited to legal advisors and other professional parties, as necessary, and follows their advices in the process of preparation of the above expected future cash flow assessment.

The Directors believe that the estimated fair values resulting from the above valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in condensed consolidated income statement, are reasonable, and that they were the most appropriate values at the end of the reporting period.

During the Period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2024: Nil).

Unaudited Condensed Consolidated Financial Statements

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

11. EQUITY INTEREST IN AN ENTITY AT FAIR VALUE THROUGH PROFIT OR LOSS (Cont'd)

Below is a summary of the valuation techniques used and the key inputs to the valuation of key underlying assets of GZ Zheng Da:

	Valuation techniques	Significant unobservable inputs	Weighted average/range of unobservable inputs	
			30 June 2025 (Unaudited)	31 December 2024 (Audited)
Investment properties	Residual approach	Unit price per square metre	HK\$28,270 to HK\$50,380	HK\$27,242 to HK\$48,548
		Estimated cost to complete per square metre	HK\$7,150 to HK\$9,790	HK\$6,890 to HK\$9,434
		Repossession discount	25%	25%
Properties held for sale	Market approach	Unit price per square metre	HK\$12,474 to HK\$14,058	HK\$12,020 to HK\$13,547
		Repossession discount	25%	25%

Under the residual approach, fair value is estimated on the basis of the gross development value of the investment properties by reference to their development potential deducting various costs, such as construction cost, contingency cost, finance cost, marketing cost and professional fees that will be expended to complete the development as well as the developer's profit, to reflect the risks associated with the development of the investment property and the quality of the completed development. The gross development value is arrived at by making reference to the sales transactions or asking price evidence of comparable properties as available in the market with adjustments made to account for any differences and where appropriate.

Under the market approach, fair value is estimated based on comparing the property to be valued directly with other comparable properties, which have been recently transacted. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

Repossession discount is then applied to the fair value of the properties under both methods which is the price adjustment that might reasonably be expected to realise within a specified period from the sale of a property in the market under repossession on an "as is" basis.