

Zhongzheng International Company Limited

(Incorporated in Bermuda with Limited Liability)

(Stock Code : 943)

ANNUAL REPORT
2024/2025

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Tam Lup Wai, Franky (*Deputy Chairman*)
Mr. Liu Liyang

Non-executive Director

Mr. Lim Kim Chai, J.P.

Independent Non-executive Directors

Mr. Hau Chi Kit
Mr. Leung Chi Hung
Mr. Li Hon Kuen
Ms. Yang Yan Tung Doris

AUDIT COMMITTEE

Mr. Li Hon Kuen (*Chairman*)
Mr. Hau Chi Kit
Mr. Leung Chi Hung
Ms. Yang Yan Tung Doris

REMUNERATION COMMITTEE

Mr. Leung Chi Hung (*Chairman*)
Mr. Hau Chi Kit
Mr. Li Hon Kuen
Mr. Lim Kim Chai

NOMINATION COMMITTEE

Mr. Hau Chi Kit
Mr. Leung Chi Hung
Mr. Li Hon Kuen
Ms. Yang Yan Tung Doris

COMPANY SECRETARY

Mr. Situ Min

AUDITOR

ZHONGHUI ANDA CPA Limited
23/F, Tower 2, Enterprise Square Five,
38 Wang Chiu Road,
Kowloon Bay, Kowloon,
Hong Kong

PRINCIPAL BANKERS

Hang Seng Bank Limited
The Hongkong and Shanghai Banking
Corporation Limited

PRINCIPAL REGISTRAR

MUFG Fund Services (Bermuda) Limited
4/F North Cedar House,
41 Cedar Avenue,
Hamilton HM12,
Bermuda

BRANCH REGISTRAR

Union Registrars Limited
Suite 3301-4, 33/F,
Two Chinachem Exchange Square,
338 King's Road, North Point,
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street,
Hamilton HM11,
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suite 1909B, 19/F.,
Tower 3, China Hong Kong City,
33 Canton Road, Tsim Sha Tsui,
Kowloon, Hong Kong

STOCK CODE

943

DIRECTORS' STATEMENT

Dear Shareholders,

On behalf of the board (the “Board”) of directors (the “Director(s)”) of Zhongzheng International Company Limited (the “Company”), I am pleased to present the annual report of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 30 June 2025 (“FY2024/25” or “the Year”). The past year has been one of decisive transformation and disciplined resilience, marked by significant strategic actions in response to a persistently challenging global environment.

REVIEW AND PROSPECT

During the Year under review, the Group recorded total revenue of approximately HK\$117.3 million, a 15.2% increase year-on-year, driven primarily by the recovery of sales orders in our healthcare and household business segment. Notwithstanding this revenue growth, gross profit declined to HK\$26.6 million and gross profit margin decreased to 22.7% as a result of elevated material and labour costs and ongoing price pressure in key markets. The consolidated net loss attributable to shareholders narrowed substantially to HK\$146.7 million, down from HK\$699.3 million in the prior year.

A key milestone for the Company during FY2024/25 was the successful completion of the disposal of the entire equity interest in Hong Kong Zhongzheng City Investment Limited, which held Chengde Jinyu and the property development projects in Nanjing and Dongguan in the PRC, and the shareholder's loans due from Shenzhen Zhongzheng Ruifeng Management Co., Ltd. to a substantial shareholder of the Company for a consideration of HK\$53,700,000 (the “Disposal”) on 22 July 2024. With this major transaction, the Group exited its property development and primary land development businesses in the PRC, enabling a renewed strategic focus and significantly reducing risk exposure. The Disposal resulted in the recognition of a one-off loss, but also allowed the Group to streamline its operations, improve its balance sheet, and concentrate resources on the core segments with greater growth potential.

In our principal healthcare and household business, the U.S. market continued to dominate segment revenue, accounting for over 80%. Despite top-line improvement, the segment faced ongoing margin pressure due to supply chain disruptions, higher material and labour costs, and the need to fulfil customer orders ahead of potential tariff increases. Amid U.S.-China trade tensions and rising calls for supply chain diversification among major clients, the Group actively accelerated efforts to diversify its customer portfolio, broaden its market reach, and develop proprietary brands. With continued emphasis on product innovation and digital channel expansion, the Group is laying the groundwork for long-term sustainable growth.

DIRECTORS' STATEMENT

The coal mining segment in Indonesia generated increased royalty fee revenue of HK\$1.6 million; however, operations were impacted by depressed coal prices and adverse weather, leading to several months of suspended production. The Group remains cautious in this area, taking proactive steps to restore production and manage risks prudently in accordance with market conditions.

During the Year and subsequent to year-end, the Group took further steps to improve financial flexibility and support future transformation. The Company completed key initiatives including the share consolidation, debt capitalisation, and a rights issue raising net proceeds of approximately HK\$112.0 million, which will be directed towards debt repayment and the strategic realignment of our healthcare and household business.

Looking forward, uncertainties relating to global trade, cost structures, and consumer sentiment will persist. However, through the completion of the Disposal, a reinforced balance sheet, continuous product and channel innovation, and a focus on higher-margin, diversified market opportunities, the Board is confident that the Group is better positioned to navigate volatility and generate long-term value for all shareholders.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to take this opportunity to express our utmost appreciation of the continuing supports of our shareholders, business partners and parties from various fields, and also of the contribution and dedication of our management and dedicated staffs in the previous years.

Liu Liyang

Executive Director

Hong Kong, 2 September 2025

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Tam Lup Wai, Franky (“Mr. Tam”)

(Deputy Chairman)

Mr. Tam, aged 77, was appointed as an executive Director of the Company on 17 December 2001 and the Chairman of the Board on 21 July 2011. Currently Mr. Tam is an executive Director of the Company and the deputy Chairman of the Board. He is also the director of the following subsidiaries of the Company, namely, Big Advanced Holdings Limited, Dongguan Weihang Electrical Product Co. Limited, eForce Management Limited, Fairform Group Limited, Fairform Manufacturing Co. Limited, Qesco International (HK) Limited, StarX DigiTech Company Limited and Smart Guard Limited. Mr. Tam holds a BA in Applied Mathematics from the University of California at Berkeley, USA. He has diversified management experiences in the fields of property, retail and technology. He also specializes in formulating and executing business strategies for companies and has experience in the investment of technology start-up. He was previously an administration director of a conglomerate comprises four listed companies in Hong Kong and directly oversaw the administration of the group and responsible in managing several subsidiaries' operations, including properties acquisition, strategic investments and hotel start-up project. Mr. Tam also served as executive director of a Hong Kong publicly listed fashion retail chain store with over 200 outlets in Hong Kong and China and was instrumental in setting up the franchise operation in the PRC before joining the Company in 2001.

Mr. Liu Liyang (“Mr. Liu”)

Mr. Liu, aged 65, was appointed as an executive Director, deputy chairman of the Board, the CEO and a member of the Remuneration Committee on 19 August 2010. Currently he is an executive Director of the Company. He is also the director of the following subsidiaries of the Company, namely Yixin Holdings Limited, Fastport Investment Holdings Limited and Vision South Limited. Mr. Liu has 17 years of experience in the investment banking industry. Before joining the Company, he was the co-head of the China Investment Banking of Nomura International (HK) Limited. He had also worked in the Merrill Lynch (Asia Pacific) Limited, China International Capital Corporation Limited and Morgan Stanley & Co. Inc. Mr. Liu holds an MBA degree from Columbia University.

NON-EXECUTIVE DIRECTOR

Mr. Lim Kim Chai, J.P. (“Mr. Lim”)

Mr. Lim, aged 58, was appointed as a non-executive Director of the Company on 20 December 2019. He has over 20 years of experience in investment and property development business. He is the founder and the chairman of Yuk Tung Group, which focuses on the property development in Malaysia. Since the founding of the Yuk Tung Group in 2005, Mr. Lim has been the director of each of Yuk Tung Properties Sdn. Bhd., Yuk Tung Development Sdn. Bhd., Yuk Tung Land Sdn. Bhd., Yuk Tung Construction Sdn. Bhd., Home Marketing Sdn. Bhd. and Pacific Memory Sdn. Bhd. (“Pacific Memory”) respectively, primarily responsible for the overall management and strategic development of the Yuk Tung Group. Mr. Lim was also appointed as Justice of the Peace (JP) in Malaysia in 2007.

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Hau Chi Kit (“Mr. Hau”)

Mr. Hau, aged 53, was appointed as an independent non-executive director (“INED”) and a member of each of the audit committee (the “Audit Committee”), the Remuneration Committee and the Nomination Committee of the Company on 7 March 2014. Mr. Hau was a barrister-at-law in private practice in Hong Kong SAR from 2001 to 2008. Prior to becoming a barrister, Mr. Hau worked at the Securities and Futures Commission. Mr. Hau is a solicitor.

Mr. Hau was an INED of China Zenith Chemical Group Limited (formerly known as Xinyang Maojian Group Limited) (stock code: 362), a company listed on the Main Board of the Stock Exchange between December 2013 and April 2025.

Mr. Leung Chi Hung (“Mr. Leung”)

Mr. Leung, aged 70, was appointed as an INED of the Company and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee on 13 December 2013. Mr. Leung was further appointed as the chairman of the Remuneration Committee on 4 June 2018. Mr. Leung commenced his accountancy professional training since 1976 and is a fellow of both the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. Leung is also a fellow of The Taxation Institute of Hong Kong and a Certified Tax Adviser and a member of the Society of Registered Financial Planners in Hong Kong. Mr. Leung is a Certified Public Accountant (Practising) in Hong Kong and a director of Philip Leung & Co. Limited (CPA).

Mr. Leung was an INED of Finet Group Limited (stock code: 8317) between February 2011 and October 2022, which is listed on GEM of the Stock Exchange; Currently, he is an INED of Daido Group Limited (stock code: 544), and REF Holdings Limited (stock code: 1631), both of which are companies listed on the Main Board of the Stock Exchange.

Mr. Li Hon Kuen (“Mr. Li”)

Mr. Li, aged 59, was appointed as an INED, the chairman of the Audit Committee and a member of each of the Remuneration Committee and Nomination Committee on 19 July 2013. Mr. Li is a Certified Public Accountant (Practising) in Hong Kong with general assurance experience in clients operating in a variety of industries, including textile, construction, property development, freight forwarding, golf club, jewelry manufacturing and trading, application software development and installation, website design and development, manufacturing and ATM operation business. Moreover, Mr. Li has extensive experience in public listings and due diligence in Hong Kong. Mr. Li had worked in Deloitte and as senior audit manager in RSM Nelson Wheeler before setting up Alfred H.K. Li & Co., CPA, in 2013.

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Yang Yan Tung Doris (“Ms. Yang”)

Ms. Yang, aged 56, was appointed as an independent non-executive director on 29 November 2024. And she was further appointed as a member of each of the Audit Committee and Nomination Committee on 25 July 2025. Ms. Yang has substantial experiences in handling company secretarial and internal control matters of listed companies in Hong Kong. She is a fellow member of The Hong Kong Institute of Chartered Secretaries with practitioner’s endorsement, a fellow member of The Chartered Governance Institute and a member of ACCA (the Association of Chartered Certified Accountants). She holds the Certificate in Risk Management Assurance designation granted by the Institute of Internal Auditors. Ms. Yang is currently a director of Bloomy Corporate Consultant Limited, a company mainly engaged in providing company secretarial and management consultancy services, and a director of CWY Group Company Limited, a company incorporated in Hong Kong and engaged in trading of food and beverages. Ms. Yang was an independent non-executive director of each of Kontafarma China Holdings Limited (stock code: 1312) from December 2011 to July 2014 and Kaisa Capital Investment Holdings Limited (stock code: 936) from December 2014 to November 2019, both companies listed on the main board of the Stock Exchange.

Ms. Yang graduated from University of Leicester, England with a Bachelor of Science (Economics) in 1993 and then obtained her Master of Science from the Chinese University of Hong Kong in 2003.

SENIOR MANAGEMENT

Mr. Sugahara Toshio (“Mr. Sugahara”)

Mr. Sugahara, aged 61, joined the Group in 2007. Mr. Sugahara is the General Manager of Fairform Manufacturing Company Limited, a wholly owned subsidiary of the Group, and is responsible for the overall production management and quality control of the Group’s manufacturing of health and household products. Mr. Sugahara has obtained a Bachelor’s Degree in Mechanical Engineering from the University of Brighton (UK) and a Master Degree of Business Administration from the University of South Australia. He is a member of the Institution of Engineering and Technology (UK) and has extensive working experience in project engineering, product research and development and production management.

Mr. Sugahara has resigned as the General Manager of Fairform Manufacturing Company Limited with effect from 31 August 2025 due to personal reasons.

Mr. Wong Sze Yat, Robert (“Mr. Wong”)

Mr. Wong, aged 62, joined the Group in 1998. Mr. Wong is the marketing director of Fairform Manufacturing Company Limited and is responsible for sales and marketing function of the Group’s manufacturing and sales of health and household products. Mr. Wong has a Diploma in Business Studies from the Salford Technology College (UK). Mr. Wong has over 20 years of working experience in marketing small household electrical appliances and household products.

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Situ Min (“Mr. Situ”)

Mr. Situ, aged 55, is currently the Company Secretary and Chief Financial Officer of the Company. Before he joined the Company in June 2019, Mr. Situ served respectively as director of investment and Chief Financial Officer of China Traditional Chinese Medicine Holdings Co. Limited (Stock Code: 570) from October 2013 to December 2018. From September 2001 to February 2013, he served as the executive director and Chief Financial Officer for the same company with former name of Wing Shan International Limited and Winteam Pharmaceutical Group Limited. Mr. Situ is a fellow member of the Association of Chartered Certified Accountants and is also a member of Chinese Institute of Certified Public Accountants. He has extensive experience in financial management, corporate finance and corporate governance.

CHANGES IN INFORMATION OF DIRECTORS

Ms. Yang was appointed as an independent non-executive director on 29 November 2024, and she was further appointed as a member of each of the Audit Committee and Nomination Committee on 25 July 2025.

Save for the above, there is no change in Directors’ information that is required to be disclosed in accordance with Rule 13.51(B)(1) of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “Listing Rules”) during and after the year ended 30 June 2025 until the date of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Results for the year ended 30 June 2025

The Group recorded total revenue of approximately HK\$117,295,000 for FY2024/25, representing an increase of about 15.2% compared with approximately HK\$101,835,000 for FY2023/24. This revenue growth, though achieved in a persistently challenging operating environment, was mainly attributable to the recovery of sales orders in the Group's healthcare and household business segment. Despite the resilience shown in topline performance, gross profit declined to approximately HK\$26,589,000 (FY2023/24: HK\$31,897,000), with the gross profit margin reducing to approximately 22.7% (FY2023/24: 31.3%), primarily reflecting higher costs and margin pressure as further discussed in the segment review below.

The consolidated loss attributable to owners of the Company for FY2024/25 amounted to approximately HK\$146,703,000, representing a substantial decrease compared with a consolidated loss of approximately HK\$699,345,000 for FY2023/24. The loss in FY2024/25 comprised (i) a loss from continuing operations of approximately HK\$94,495,000 (FY2023/24: HK\$90,269,000), and (ii) a loss from discontinued operations of approximately HK\$52,208,000 (FY2023/24: HK\$609,076,000).

The loss from continuing operations in FY2024/25 reflected a modest increase of about 4.7% compared with FY2023/24. The increase was mainly due to (i) the lower gross profit margin in the healthcare and household business; (ii) the recognition of an impairment loss on exploration and evaluation assets of approximately HK\$5,752,000, compared with a reversal of impairment of HK\$31,761,000 in FY2023/24; and (iii) an increase in the Group's share of losses of associates to approximately HK\$29,637,000 (FY2023/24: HK\$7,552,000). These negative impacts were partially offset by (i) a reduction in impairment of other receivables to approximately HK\$13,696,000 (FY2023/24: HK\$65,934,000); and (ii) a decrease in administrative expenses to approximately HK\$53,080,000 (FY2023/24: HK\$60,508,000), reflecting the Group's ongoing cost optimisation efforts.

The Group's discontinued operations related to the Disposal, as set out in the Company's announcement dated 6 May 2024 and circular dated 28 June 2024. Following the completion of the Disposal on 22 July 2024, the Group ceased its property development and primary land development businesses in the PRC. The loss attributable to the owners of the Company from discontinued operations for FY2024/25 amounted to approximately HK\$52,208,000, arising from (i) a loss of approximately HK\$7,619,000 (FY2023/24: HK\$777,851,000) incurred prior to completion of Disposal, and (ii) a loss on the Disposal of approximately HK\$48,051,000 (FY2023/24: Nil) recognised at completion. The loss on the Disposal was determined with reference to the financial position of the Disposal Group as at the date of completion.

Set out below is the review of the business of the Group for FY2024/25 and the outlook of the Group's business for the year ending 30 June 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

Healthcare and household business

The Group conducts its healthcare and household products business through its wholly-owned subsidiary, Fairform Manufacturing Company Limited (“Fairform”). Fairform specialises in the manufacturing and trading of powered oral care and hair trimming devices, with the majority of its products exported to overseas markets. The U.S. remained the dominant market during the year, contributing approximately 81.8% of the segment’s revenue, while Germany, Hong Kong, and other regions collectively accounted for the remaining 18.2%.

For FY2024/25, revenue from the healthcare and household products segment amounted to approximately HK\$115.2 million, representing an increase of 14.9% compared to HK\$100.3 million in FY2023/24. The revenue growth was largely attributable to accelerated replenishment of inventory by key customers in the first half of FY2024/25, reversing the destocking trend observed in FY2023/24.

In the second half of FY2024/25, the escalation of U.S.-China trade tensions and the potential imposition of higher tariffs influenced customer ordering patterns. Some major U.S. customers brought forward their procurement schedules to ensure delivery before any tariff changes took effect. At the same time, U.S. customers also began accelerating efforts to diversify their supply chains by reducing their reliance on China-based manufacturers. As a result of these offsetting factors, segment revenue in the second half of FY2024/25 remained relatively stable compared with the corresponding period in FY2023/24. However, the Group recognises that prolonged geopolitical tensions and supply chain realignment by U.S. customers could exert negative pressure on future revenue. To mitigate this risk, the Group has been diversifying its customer base across other geographic markets.

Despite the increase in revenue, the segment’s gross profit margin decreased to approximately 21.3% in FY2024/25 from 30.3% in the prior year. The decline was mainly driven by several factors. First, material costs increased significantly as Fairform was required to ramp up production to fulfil sudden surge in orders in early 2025 arising from the advancement of procurement schedules by U.S. customers in anticipation of possible tariff increases. However, due to tight cash flow during the year, Fairform was unable to stockpile sufficient raw materials in advance or secure bulk purchase discounts that had been available in the prior years. This resulted in a higher average unit cost of production. Second, labour costs rose during the year as wage levels in the PRC increased and additional overtime and temporary labour were required to meet the surge in production volume. Third, Fairform faced intensified pricing pressure from certain major clients who negotiated lower unit prices in view of the competitive landscape. These combined factors compressed the gross profit margin despite the improvement in revenue.

MANAGEMENT DISCUSSION AND ANALYSIS

Since the last quarter of 2024, the Group has taken concrete steps to capture potential opportunities in global markets, particularly through online B2B and retail platforms. During FY2024/25, Fairform expanded its online presence, with its B2B operations achieving a higher industry profile and ranking among the top 10% of the sector by inquiry volume on a major international platform. Fairform also took initial steps to enter the Chinese B2C e-commerce market, focusing on product selection, platform operations, and supply chain capabilities. In parallel with its long-standing role as an original equipment manufacturer and private label producer, the Group targets to allocate more resources for development of proprietary brands. As of 30 June 2025, the Group owned two brands for powered toothbrushes, and in June 2025, it commenced the development of a new proprietary brand for powered toothbrushes and hair trimming devices and related ancillary products. At this stage, the conversion of online inquiries into actual sales remains limited and the revenue contribution from these online channels is still insignificant. Nevertheless, these initiatives provide a foundation on which the Group can gradually build scale over time and are expected to support the future development of Fairform's proprietary brands, which may play a more important role in the Group's long-term strategy.

On the product innovation front, Fairform has been developing the sonic-oscillation powered toothbrush ("Sonic-Oscillation PTB"), a next-generation powered toothbrush integrating both sonic and rotary oscillation technologies since the second half of 2024. Initial customer feedback has been positive, with pilot orders already placed. To better align with the evolving innovation requirements of Fairform's long-term partners and e-commerce clients, and to allow additional time for co-development and refinement of product performance and design to meet diversified usage scenarios, the mass production schedule has been prudently adjusted. Fairform now plans to launch the Sonic-Oscillation PTB and other new products in the Chinese e-commerce market in the fourth quarter of calendar year 2025, while also preparing for broader global roll-out.

Coal mining business

PT Bara holds the mining license in respect of the 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 the Contractor. Pursuant to the Exclusive Cooperation Agreement, the Contractor shall carry out all production activities which include pre-production, production, sales and post-production operations and bear all related costs 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. In return, the Contractor shall be entitled to the value of sales generated from coal production, while paying 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, and coal production and sales commenced in first half of 2024 calendar year.

MANAGEMENT DISCUSSION AND ANALYSIS

For FY2024/25, the coal mining business generated royalty fee revenue of approximately HK\$1,602,000 (FY2023/24: HK\$300,000) and recorded a segment loss of approximately HK\$4,982,000, which included an impairment loss on exploration and evaluation assets of HK\$5,752,000 (FY2023/24: profit of approximately HK\$31,274,000, which included an one-off reversal of impairment loss on exploration and evaluation assets of approximately HK\$31,761,000). During FY2024/25, the mining activities were suspended for several months due to the decline in coal price and bad weather. The Contractor was unable to meet the production level stated in mining plan as agreed under the cooperation agreement. Accordingly, the royalty revenue generated for FY2024/25 was lower than expected.

The coal resource estimate as at 30 June 2025 was as follows:

Coal Resource Estimate (in thousand tonnes)				
JORC Category	As at 30 June 2025	As at 30 June 2024	Change in %	Reason of Change
Measured	8,575	8,675	-1.15%	Coal production
Indicated	11,537	11,537	Nil	N/A
Inferred	6,097	6,097	Nil	N/A
	26,209	26,309		

Money lending business

As reported in the annual reports of the Company for the 18 months ended 30 June 2022, the year ended 30 June 2023, and the year ended 30 June 2024 respectively, the Group has ceased to grant new loans under its money lending business. The loan receivables of the Group as at 30 June 2025 related to loans granted in previous years and are all past due. The main focus of the Group in this line of business is to recover the outstanding loan receivables.

As at 30 June 2025, the outstanding loan receivables were approximately HK\$41,268,000 (30 June 2024: HK\$44,054,000). After accounting for a discounting effect of approximately HK\$3,315,000 (30 June 2024: HK\$3,315,000) and an impairment allowance of approximately HK\$36,857,000 (30 June 2024: HK\$36,476,000), the total net loan receivables as at 30 June 2025 were approximately HK\$1,096,000 (30 June 2024: HK\$4,263,000). Appropriate impairment allowances had been made against the loan receivables.

MANAGEMENT DISCUSSION AND ANALYSIS

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. Pacific Memory is engaged in a commercial development at Port Dickson, Malaysia with facilities including a hotel, yacht club, event venues and retail spaces and related amenities. At present, Pacific Memory sustains its baseline operations primarily through rental income, while strategically accumulating capital to support subsequent development phases. Pacific Memory has been engaging with investors and developers from China and remains cautiously optimistic about the long-term opportunities in Malaysia’s property sector.

During FY2024/25, construction costs in Malaysia continued to trend upward, reflecting fluctuations in material prices, rising labor costs, higher electricity expenses, and increased compliance fees. Meanwhile, the Port Dickson project has remained undeveloped for years due to funding constraints and market challenges. In light of these factors, the Group recognised an impairment of HK\$82,208,000 (FY2023/2024: HK\$19,077,000), net of tax, on the related properties of the project in FY2024/25. Consequently, the Group’s share of results of the associate recorded a loss of approximately HK\$29,637,000 in FY2024/25 (FY2023/2024: HK\$7,552,000).

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. The consideration of the Disposal shall be satisfied by offsetting against the outstanding interest accrued on the shareholder’s loans owed by the Company to Mr. Lim up to the date of the Disposal Agreement. On 22 July 2024, the Disposal was completed and the Group discontinued its property development and primary land development businesses in the PRC. Please refer to note 36 for further details on the discontinued operations.

PROSPECT

Healthcare and household products business

Looking ahead, the Group considers the market conditions to be extremely challenging and remains highly cautious in its outlook for the healthcare and household products business for FY2025/26. The segment continues to face challenges from U.S.-China trade tensions, potential tariff escalations, and geopolitical uncertainties that may disrupt supply chains and dampen consumer sentiment. In addition, tightening global cost pressures and the increasing relocation of U.S. customers’ sourcing bases away from China have created additional risks for Fairform’s historically U.S.-centric revenue structure. These factors underscore the urgency for the Group to diversify both its product mix and geographic footprint, so as to reduce concentration risk, broaden its customer base, and build greater resilience against external shocks.

MANAGEMENT DISCUSSION AND ANALYSIS

To address these challenges, the Group strategically repositions Fairform beyond its traditional focus on oral care and grooming products by entering into the broader wellness industry. This sector, encompassing categories such as beauty, skincare, and other personal care devices, offers higher margins, faster turnover, and more resilient demand compared to commoditised oral care products. Diversification into wellness sector will not only broaden Fairform's revenue base but also capture synergies with its existing expertise in small powered devices, enabling the Group to participate in a rapidly expanding global market driven by rising health awareness and lifestyle consumption trends.

From product development perspective, the roll-out of the Sonic-Oscillation PTB, together with other new products in the pipeline, is expected to generate new revenue streams and enhance profitability. Complementing these efforts, the Group has accelerated its pace in proprietary brand development in personal care and wellness products, which is expected to play an increasingly important role in Fairform's long-term strategy. As of 30 June 2025, the Group owned two proprietary brands for powered toothbrushes and, in June 2025, commenced the development of a new brand covering powered toothbrushes, hair trimming devices, and related ancillary products.

In view of the ongoing trade war, uncertainty surrounding potential tariff escalation, and Fairform's historical reliance on the U.S. market, the Group is also placing strong emphasis on geographic diversification. Fairform plans to expand its market presence with mainland China as the primary growth focus, where rising wellness awareness and demand for health-related products present significant opportunities. Alongside this, the Group will pursue expansion into Europe, the Middle East, and other Asian markets to further diversify its geographic base. Through this strategy, the Group expects its reliance on the U.S. market to be gradually reduced over time, thereby lowering concentration risk and enhancing the stability of revenue streams.

To support this repositioning, rather than relying solely on in-house capacity, Fairform will utilise suitable subcontractors to achieve flexible and scalable production. This approach not only reduces capital intensity but also enhances agility, enabling Fairform to quickly test new product concepts, adjust production volumes according to customer orders and product demand, and optimise cost efficiency. This operating model will integrate product management, order processing, and supply chain systems across both B2B and B2C channels, thereby creating a self-reinforcing cycle of innovation, speed, and responsiveness.

MANAGEMENT DISCUSSION AND ANALYSIS

Meanwhile, cost efficiency remains a key strategic priority for the Group. Rising labour costs, coupled with the prevailing challenging environment, particularly the uncertainties brought by the U.S.-China trade war, have underscored the need to thoroughly review Fairform's cost structure and explore alternative arrangements to sustain competitiveness. In this regard, the Group will continue to enhance labour productivity and operational efficiency, including rationalising headcount where appropriate, while aligning production capacity more closely with customer order volumes. The Group will also strengthen monitoring and review of the labour cost structure with the aim of reducing costs over time. At the same time, the Group will ensure that essential capabilities are retained to support product innovation, customer relationships, and long-term growth.

Overall, while the external operating environment remains difficult, the Group believes its strategic focus on diversifying into the wellness sector, building proprietary brands, expanding into new geographic markets, and adopting a flexible business model will strengthen Fairform's resilience and competitive edge, thereby positioning it for sustainable growth in the years ahead.

Coal mining business

The operating environment for the Group's coal mining business remains challenging. During FY2024/25, mining activities at PT Bara Mine were suspended for several months due to a combination of weak coal prices and adverse weather conditions.

Looking ahead, although Indonesian coal prices have showed signs of modest recovery since May 2025, export demand remains uncertain and increasingly stringent regulatory requirements are expected to continue to place pressure on the industry. Against this backdrop, the Group will adopt a prudent approach in managing this segment. In practice, the Group's ability to restore production to a certain level is highly dependent on a recovery in coal prices to levels that justify the cost of mining operations; if prices remain depressed or adverse weather persists, the Company's options are constrained and large-scale operations may not be economically viable. Subject to market recovery, the Group will continue negotiations with the Contractor on remedial actions to restore production levels, while also considering options to engage a subcontractor to cooperate with the Contractor or, if feasible, to take over the mining activities. The Group will also continue to closely monitor market conditions, and will determine the scale and timing of production as appropriate.

Money lending business

The main focus of this line of business is on recovery of the existing loan receivables. The Group will continue with this relentlessly.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

Cash position

As at 30 June 2025, the Group had cash and bank deposits of approximately HK\$11,352,000 (30 June 2024: HK\$20,135,000) with a foreign currency deposits denominated in RMB, USD, and other currencies amounted to approximately HK\$1,612,000 (30 June 2024: HK\$16,131,000), HK\$7,548,000 (30 June 2024: HK\$2,411,000), and HK\$1,000 (30 June 2024: HK\$160,000) respectively.

Current ratio

As at 30 June 2025, the Group had net current liabilities of approximately HK\$100,119,000 (30 June 2024: net current liabilities of approximately HK\$473,718,000) and current ratio (being current assets over current liabilities) of 0.47 (30 June 2024: 0.78).

Debts and borrowings

As at 30 June 2025, the Group had total debts and borrowings of approximately HK\$356,094,000 (30 June 2024: HK\$1,344,401,000) which mainly comprised of shareholder loans, unsecured loans from third parties and secured bank loan.

Gearing ratio

As at 30 June 2025, the Group's gearing ratio being total debt and borrowings over total equity is 137.4% (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 year ended 30 June 2025. The Proposals were completed after the year ended 30 June 2025. Please refer to the section headed "IMPORTANT EVENTS AFTER THE END OF THE YEAR" below.

MANAGEMENT DISCUSSION AND ANALYSIS

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 year ended 30 June 2025.

Pledge of assets

As at 30 June 2025, certain land and buildings amounted to approximately HK\$55,932,000 (as at 30 June 2024: approximately HK\$56,642,000) of the Group were pledged to secure banking facilities granted to the Group. No trade and bills receivables of the Group (as at 30 June 2024: Nil) were pledged under factoring arrangement.

Material contingent liabilities

The Group had no material contingent liabilities as at 30 June 2025.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2025, the Group had 18 employees (as at 30 June 2024: 20) in Hong Kong, 563 employees (as at 30 June 2024: 567) in the PRC and 1 employee (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.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There were no future plans for material investments or acquisition of capital assets as at 30 June 2025.

DIVIDENDS

The Board does not recommend any dividend for the year (the year ended 30 June 2024: Nil).

IMPORTANT EVENTS AFTER THE END OF THE YEAR

On 15 May 2025, the Company announced the proposals (the "Proposals") which comprise, among other things, (i) the share consolidation (the "Share Consolidation") on the basis that every twenty (20) issued and unissued then existing shares of the Company be consolidated into one consolidated share (the "Consolidated Share"); (ii) the transfer of the entire amount standing to the credit of the share premium account of the Company of approximately HK\$899.1 million to the contributed surplus account of the Company to be applied towards setting off part of the accumulated losses of the Company (the "Share Premium Reduction"); (iii) change in board lot size of the Shares for trading on the Stock Exchange from 8,000 then Shares to 16,000 Consolidated Shares (the "Change in Board Lot"); (iv) the capitalisation of all or part of the outstanding shareholder's loan owing by the Company to Mr. Low Thiam Herr and Mr. Lim Kim Chai, J.P (the "Debt Capitalisation"); and (v) a rights issue (the "Rights Issue") of 572,899,170 rights shares (the "Rights Shares") at a subscription price of HK\$0.20 per Rights Share on the basis of one (1) Rights Share for every two (2) Consolidated Shares held by the qualifying shareholders on the record date.

MANAGEMENT DISCUSSION AND ANALYSIS

Immediately after the completion of the Proposals, the total number of issued shares of the Company was 1,718,697,510. The gross proceeds raised from the Rights Issue were approximately HK\$114.6 million and the net proceeds from the Rights Issue after deducting the relevant expenses were approximately HK\$112.0 million. The Company intends to apply the net proceeds from the Rights Issue as follows: (i) approximately HK\$48.0 million, or 43% of the net proceeds, be applied towards repayment of the outstanding debt of the Group; (ii) approximately HK\$40.0 million, or 35% of the net proceeds, be applied towards strategic adjustment and business transformation for the Group's business of manufacturing and sale of healthcare and household products; and (iii) the remaining amount of approximately HK\$24.0 million, or 22% of the net proceeds, be used for general working purposes.

Details of the Proposals are set out in the announcements of the Company dated 15 May 2025, 5 June 2025, 19 June 2025, 10 July 2025, 15 July 2025, 13 August 2025 and 19 August 2025; (ii) the circular of the Company dated 19 June 2025; and (iii) the prospectus of the Company dated 29 July 2025.

Completion of the Debt Capitalisation took place on 15 July 2025. The Share Premium Reduction, Share Consolidation and the Rights Issue were approved by the independent shareholders at a general meeting convened by the Company on 10 July 2025, and were completed on 10 July 2025, 14 July 2025 and 21 August 2025 respectively.

THE VIEW OF THE MANAGEMENT OF THE COMPANY, THE BOARD, AND THE AUDIT COMMITTEE ON THE AUDITORS' OPINION

The management of the Company (the "Management"), the Board and the audit committee of the Board (the "Audit Committee") note the qualified opinion of the Auditors and the basis of such qualified opinion.

Qualified opinions already addressed

Out of the six matters forming the basis of qualified opinion, five have been fully addressed as further explained below:

1. Qualifications #2 (interest in an associate and amount due from an associate), #3 (properties under development for sales), #5 (borrowings) and #6 (loss on disposal of discontinued operations) all relate to Hong Kong Zhongzheng City Investment Limited (i.e. HKZC), which was the subject matter of the Disposal Agreement dated 6 May 2024 entered into between the Group and Mr. Lim Kim Chai, a substantial shareholder of the Company. Completion of the Disposal Agreement took place on 22 July 2024. The balances of interest in an associate and amount due from an associate, properties under development for sales and borrowings as at

MANAGEMENT DISCUSSION AND ANALYSIS

1 July 2024 were carried forward from the closing balance as at 30 June 2024. At the material time of the Disposal Agreement, HKZC was a wholly-owned indirect subsidiary of the Group. The major assets held by HKZC, directly and indirectly through its subsidiaries, comprised two property development projects in Nanjing and Dongguan, the PRC respectively and an interest in an associate, the principal activities of which was primary land development in Luanping County, the PRC. Details of the Disposal Agreement are disclosed in the Company's announcement dated 6 May 2024 and circular dated 28 June 2024.

Upon completion of the Disposal Agreement, HKZC and its subsidiaries ceased to be members of the Group and their financial results were deconsolidated from the consolidated financial statements of the Group, and all the financial effects on the consolidated financial statements of the Group arising from the Disposal have been taken up on the date of completion. By reason of this, the respective carrying amounts of interest in an associate, amount due from an associate, properties under development for sales and borrowings related to HKZC and its subsidiaries were deconsolidated in the consolidated statement of financial position of the Group as at 30 June 2025, and the loss on disposal of discontinued operations has been reflected in the consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 30 June 2025. Accordingly, the Management and the Audit Committee consider these four qualifications have been fully addressed.

2. Qualification #4 (other receivables) relate to a consideration receivable included in trade and other receivables, as at 30 June 2024, which has been carried forward to 1 July 2024. On 14 March 2025, the Group entered into a settlement deed with the counterparties to fully settle the receivable by way of the transfer of certain shares of a public listed company held by the counterparties to the Group, which transfer was completed in May 2025. Details of the settlement are set out in the announcement of the Company dated 14 March 2025. The Management and Audit Committee therefore consider this qualification has been fully addressed upon completion of the aforesaid settlement.

Qualification remaining to be addressed

It is noted that the remaining qualification #1 relates to exploration and evaluation assets and that the circumstances pertaining to this qualification are as follows:

1. As at 30 June 2023, the balance of the exploration and evaluation assets in respect of the coal mine (the "PT Bara Mine") in the Central Kalimantan Province in the Republic of Indonesia in the consolidated statement of financial position of the Group was nil. No valuation of other evidence was available for the Auditors to verify this balance. Accordingly, the Auditors were unable to ascertain the appropriateness of the reversal of impairment losses of approximately HK\$31.8 million made in the year ended 30 June 2024 ("FY2023/24").

MANAGEMENT DISCUSSION AND ANALYSIS

2. In the year ended 30 June 2025 (“FY2024/25”), the mining activities were suspended for several months primarily due to significant decline in coal prices globally and bad weather. The Group is negotiating with the Contractor for remedial actions to restore the mining activities to pre-agreed production level. In the meanwhile, the Group is considering options to engage a subcontractor to cooperate with the Contractor or to take over the mining activities. As the outcome of the negotiations with the Contractor for restoring the production level and the terms with the new subcontractor (if any) are uncertain, the Auditors were unable to evaluate the appropriateness of estimations and assumptions adopted in cash flow projections used to determine the value-in-use of the PT Bara Mine and there were no other audit procedures that they could adopt to determine the recoverable amounts of the mine. As a result, the Auditors were unable to obtain sufficient appropriate audit evidence regarding the recoverability of exploration and evaluation assets on the consolidated statement of financial position of the Group of approximately HK\$25.6 million as at 30 June 2025 and the appropriateness of the recognition of the related impairment on the consolidated statement profit or loss and other comprehensive income of the Group of approximately HK\$5.8 million for FY2024/25.

Management’s view:

Reference is made to note 18 about the background of the exploration and evaluation assets of the PT Bara Mine. PT Bara Utama Persada Raya (“PT Bara”), a 99.98%-owned subsidiary of the Company, commenced coal production in April 2024 under an exclusive cooperation agreement with the Contractor. The Management considers the temporary suspension of mining activities during FY2024/25 have been primarily caused by external factors beyond the control of the Contractor and the Group, including weak global coal prices and bad weather conditions, which have adversely affected the output capabilities as well as the operational margin of the mines.

In response, Management has been negotiating with the Contractor for remedial measures to restore to pre-agreed production level and is also considering options to engage a subcontractor to cooperate with the Contractor or to take over the mining activities, if feasible. While these discussions remain ongoing, the Management acknowledges the basis of the Auditors’ qualified opinion relating to the exploration and evaluation assets and accepts their position.

Audit Committee’s view:

The Audit Committee has reviewed the matter with the Auditors and Management. It endorses with Management’s assessment and recognises that the temporary production suspension was caused by unforeseeable external circumstances. The Audit Committee also accepts the Auditors’ basis for qualification relating to the exploration and evaluation assets.

MANAGEMENT DISCUSSION AND ANALYSIS

Action plan to address the qualified opinion

To address the qualification relating to exploration and evaluation assets, the Group is negotiating with the Contractor for remedial actions to restore to pre-agreed level. In the meanwhile, the Company is considering options to engage a subcontractor to cooperate with the Contractor or to take over the mining activities, if feasible.

Taking note that the action to restore to the pre-agreed production level is dependent on a recovery in coal prices to levels that would justify cost of production, the Company will closely monitor the market conditions, particularly the coal price movement. While the coal mines have re-commenced production in July 2025 as coal prices have rebounded from the lows in first half of calendar year 2025, production plan of the coal mines may require appropriate adjustments in response to market conditions prevailing from time to time. The Group will take proactive measures to facilitate and enable its coal mines to ramp up production and to be back to regular production activities, by liaising with the Contractor on the production scale and, if necessary, apply to Indonesia authorities for revision of the mining plan.

In view of the fact that the qualification on exploration and evaluation assets as at 30 June 2025 is due to the uncertainties surrounding the production plan of the coal mines, pending outcome of the negotiation with the Contractor for restoring the production level, the Management expects that the uncertainties would be cleared out when market conditions are more stabilized, so that sufficient audit evidence regarding the recoverability of exploration and evaluation assets will be available to resolve the outstanding qualification for future reporting purposes.

CORPORATE GOVERNANCE REPORT

INTRODUCTION

The Board of the Company commits to maintain and ensure high standards of corporate governance and has adopted the provisions contained in the Code on Corporate Governance Practices (the “CG Code”) as set out in Appendix C1 of the Listing Rules throughout the year ended 30 June 2025. This report also outlines the main corporate governance processes and practices adopted by the Company with specific reference to the provisions of the Code.

During the year ended 30 June 2025, the Company has applied and complied with all provisions set out in the CG Code.

DIRECTORS’ SECURITIES TRANSACTIONS

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 year ended 30 June 2025.

BOARD OF DIRECTORS

The Company is led and controlled through the Board. Apart from its statutory responsibilities, the Board sets the Group’s overall business and financial strategies as well as setting policies on various matters including major investments, key operational targets and financial control. Day-to-day operations of the Group are the responsibility of the Company’s management.

Following is the list of directors during the year under review:

Executive Directors

Mr. Tam Lup Wai, Franky (*Deputy Chairman*)

Mr. Liu Liyang

Non-executive Director

Mr. Lim Kim Chai, J.P.

Independent Non-executive Directors

Mr. Hau Chi Kit

Mr. Leung Chi Hung

Mr. Li Hon Kuen

Ms. Yang Yan Tung Doris (appointed on 29 November 2024)

CORPORATE GOVERNANCE REPORT

The profiles of the directors' qualifications and experience are set out on pages 5 to 8 of this annual report and at least one of the INEDs possesses recognized professional qualification in accounting. The Board is of the view that its current composition provides the necessary skill and experience for the requirements of the Group's business.

All INEDs have confirmed in writing to the Company that they meet the guidelines for assessing independence set out in Rule 3.13 of the Listing Rules.

All Non-executive directors were not appointed for a specific term but were subject to retirement by rotation at the annual general meeting in accordance with the Bye-laws of the Company. According to Bye-laws 87, "at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three(3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years."

DIVERSITY

The Board has adopted a board diversity policy (the "Board Diversity Policy") setting out the approach to achieve diversity on the Board. In reviewing the composition of the Board, the Nomination Committee would take into account various aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills and knowledge. In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's character, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity.

Based on the Nomination Committee's review, the Nomination Committee considered that these measurable objectives have been satisfactorily implemented and that there was sufficient diversity in the Board for the Company's corporate governance and business development needs.

Currently, one of the members of the Board and the Nomination Committee is female, and among the employees of the Group, the ratio of male to female staff was approximately 1:1.13.

The Board will review the implementation and effectiveness of the Board Diversity Policy on an annual basis in accordance with the CG Code.

DIRECTORS' TRAINING

The Company had arranged and funded suitable training for the directors to attend during the period under review. During the year ended 30 June 2025, all directors had participated in continuous professional development to refresh their knowledge and skills and had provided the records of the training they received to the Company. The following table summarises the continuous professional development of each director had during the year ended 30 June 2025:

CORPORATE GOVERNANCE REPORT

Continuous professional development:
seminars/trainings on
relevant industrial development,
regulatory updates or other
relevant topics on directors' duties

Executive Directors

Mr. Tam Lup Wai, Franky
Mr. Liu Liyang

✓
✓

Non-executive Director

Mr. Lim Kim Chai, J.P.

✓

Independent Non-executive Directors

Mr. Hau Chi Kit
Mr. Leung Chi Hung
Mr. Li Hon Kuen
Ms. Yang Yan Tung Doris

✓
✓
✓
✓

AUDIT COMMITTEE

The Company's Audit Committee was established in December 1999. As at the date of this annual report, the Audit Committee comprises four INEDs:

Mr. Li Hon Kuen (*Chairman*)
Mr. Hau Chi Kit
Mr. Leung Chi Hung
Ms. Yang Yan Tung Doris

The Audit Committee has adopted terms of reference which are in line with the CG Code. The terms of reference of the Audit Committee are available on the websites of the Hong Kong Stock Exchange and the Company. The primary function of the Audit Committee is to review and monitor the Group's financial reporting process and internal controls. It is also responsible for making recommendation to the Board for the appointment, re-appointment or removal of the external auditor.

During the year ended 30 June 2025, the Audit Committee had reviewed with the management and the Company's auditors the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including the audited financial statements and unaudited interim financial statements. The Audit Committee had also reviewed the resources, qualifications and experience of staffs of the Group's accounting and financial reporting function, and their training and budget, and was satisfied with their adequacy.

CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE

The Company's Remuneration Committee was established in August 2005. As at the date of this annual report, the Remuneration Committee comprises three INEDs, and a non-executive Director:

Mr. Leung Chi Hung (*Chairman*)

Mr. Hau Chi Kit

Mr. Li Hon Kuen

Mr. Lim Kim Chai

The Remuneration Committee has adopted terms of reference which are in line with the CG Code and the model described in code provision E.1.2(c)(ii) of the CG Code. The terms of reference of the Remuneration Committee are available on the websites of the Hong Kong Stock Exchange and the Company. The major functions of the Remuneration Committee are: to make recommendations to the Board on the remuneration packages of individual directors and senior management; to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and to ensure that no director or any of his associates is involved in deciding his own remuneration.

During year ended 30 June 2025, the Remuneration Committee had assessed the performance of the executive directors and senior management and considered their remuneration by reference to their experiences and remuneration paid by comparable companies. Details of the remuneration of directors are disclosed on an individual basis and are set out in note 14 to the financial statements.

CORPORATE GOVERNANCE REPORT

NOMINATION COMMITTEE

The Company's Nomination Committee was established on 29 March 2012. As at the date of this annual report, the Nomination Committee comprises four INEDs:

Mr. Hau Chi Kit

Mr. Leung Chi Hung

Mr. Li Hon Kuen

Ms. Yang Yan Tung Doris

The Nomination Committee has adopted terms of reference which are in line with the CG Code. The terms of reference of the Nomination Committee are available on the websites of the Hong Kong Stock Exchange and the Company. The major roles and functions of the Nomination Committee are: (a) review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; (b) identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships; (c) assess the independence of independent non-executive directors; and (d) make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the chief executive of the Company.

During year ended 30 June 2025, the work performed by the Nomination Committee mainly included: (i) reviewed the structure, size and composition of the Board; (ii) assessed the independence of the INEDs; and (iii) reviewed and assessed the implementation of the Board Diversity Policy during the year.

Director Nomination Policy

The Board has adopted a nomination policy (the "Director Nomination Policy") which sets out the criteria and process in the nomination and appointment of Directors to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and to ensure Board continuity and appropriate leadership at the Board level. The Board has delegated its responsibilities and authority for selection and nomination of Directors to the Nomination Committee in accordance with its terms of reference. Below is the summary of the Director Nomination Policy:

CORPORATE GOVERNANCE REPORT

(1) *Selection Criteria*

The Nomination Committee shall identify and nominate qualified individual(s) for appointment as additional Director(s) or to fill Board vacancies as and when they arise. The criteria to be adopted by the Board in considering each individuals shall be their ability to contribute to the effective carrying out by the Board of its responsibilities set out in the CG Code and Appendix 14 of the Listing Rules. In evaluating and selecting any candidate for directorship, the following criteria should be considered: character and integrity; qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy; diversity aspects under the Board Diversity Policy including gender, age (18 years or above), cultural and educational background, racial, professional experience, ethnicity and length of service; (in case of independent non-executive directors) requirement for the Board to have independent directors in accordance with the Listing Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules; any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity; willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company; and any other perspectives that are appropriate to the Company's business and succession plan and where applicable, may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of directors and succession planning. These factors are for reference only, and not meant to be exhaustive and decisive. The Nomination Committee has the discretion to nominate any person, as it considers appropriate.

(2) *Nomination Process*

(a) *Appointment of New Director*

- (i) The secretary to the Nomination Committee (being the company secretary of the Company according to its terms of reference) shall call for a meeting of the Nomination Committee when he or she receives nominations of candidates from Board members or put forward candidates who are not nominated by any Board member.
- (ii) The Nomination Committee should, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria listed above to determine whether such candidate is qualified for directorship.
- (iii) If the process yields one or more desirable candidates, the Nomination Committee should rank them by order of preference based on the needs of the Company, the criteria listed above and reference check results of each candidate (where applicable).

CORPORATE GOVERNANCE REPORT

- (iv) The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable.
- (v) For any person that is nominated by a shareholder for election as a director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

Where appropriate, the Nomination Committee and/or the Board should make recommendation(s) to the Shareholders in respect of the proposed election of director at the general meeting.

(b) Re-election of Director at General Meeting

- (i) The Nomination Committee and/or the Board should review the overall contribution and service to the Company of the retiring director and the level of participation and performance on the Board.
- (ii) The Nomination Committee and/or the Board should also review and determine whether the retiring director continues to meet the criteria listed above.
- (iii) The Nomination Committee and/or the Board should then make recommendation(s) to Shareholders in respect of the proposed re-election of director(s) at the general meeting.

Where the Board proposes a resolution to elect or re-elect a candidate as director at the general meeting, the relevant information of the candidate will be disclosed in the circular to the Shareholders and/or explanatory statement accompanying the notice of the relevant general meeting in accordance with the Listing Rules and/or applicable laws and regulations.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for determining the policy for the corporate governance of the Company and performing the corporate governance duties as below:

- (i) To develop and review the Company's policies and practices on corporate governance;
- (ii) To review and monitor the training and continuous professional development of directors and senior management;
- (iii) To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

CORPORATE GOVERNANCE REPORT

- (iv) To develop, review and monitor the code of conduct and compliance manual applicable to employees and directors; and
- (v) To review the Company's compliance with the code and disclosure in the Corporate Governance Report.

BOARD, COMMITTEES AND OTHER MEETINGS

The following table summarises the total number of the meetings and the individual attendance of each director during the year ended 30 June 2025:

	Board Meeting	Audit Committee	Remuneration Committee	Nomination Committee	SGM held on 19 Jul 2024	AGM held on 29 Nov 2024
Executive Directors						
Mr. Tam Lup Wai, Franky (Deputy Chairman)	9/9	N/A	N/A	N/A	1/1	1/1
Mr. Liu Liyang	9/9	N/A	N/A	N/A	1/1	1/1
Non-executive Director						
Mr. Lim Kim Chai, J.P.	1/9	N/A	1/2	N/A	0/1	0/1
INEDs						
Mr. Leung Chi Hung	9/9	2/2	2/2	2/2	1/1	1/1
Mr. Hau Chi Kit	6/9	2/2	2/2	2/2	1/1	1/1
Mr. Li Hon Kuen	9/9	2/2	2/2	2/2	1/1	1/1
Ms. Yang Yan Tung Doris	7/7	0/0	N/A	0/0	0/0	0/0

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparing of the financial statements for each financial period, which give a true and fair view of the state of affairs of the Group and of the results, and cash flows for that period. The Company's accounts are prepared in accordance with all relevant statutory requirements and applicable accounting standards. The directors have selected suitable accounting policies and applied them consistently, made judgments and estimates on a going concern basis.

COMPANY SECRETARY

Mr. Situ Min had undertaken sufficient hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules during the year under review.

CORPORATE GOVERNANCE REPORT

AUDITOR'S RESPONSIBILITIES AND REMUNERATION

The statement of ZHONGHUI ANDA regarding their report responsibilities is set out in the Independent Auditor's Report on pages 41 to 129 of this annual report.

The service fees incurred/paid by the Group during the year ended 30 June 2025 and the year ended 30 June 2024 to ZHONGHUI ANDA were as follows:

	Year ended 30 June 2025	Year ended 30 June 2024
Audit service	HK\$800,000	HK\$930,000
Non-audit service	HK\$310,000	HK\$530,000

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for the Group's risk management and internal control systems and reviewing their effectiveness at least annually. These systems are designed to provide reasonable, though not absolute, assurance against material misstatement or loss and to manage rather than eliminate the risk of failure to achieve our corporate objectives. On the other hand, the management is responsible for the design, implementation and maintenance of the risk management and internal control systems.

The Company has adopted a top-down strategic risk management approach and a complementary bottom-up operational risk management process. Risk management starts from the top level with the Board to determine the nature and extent of risk it is willing to take according to our corporate objectives and put them in context of the external environment in which our operations are.

The Executive directors, as part of the management, are responsible for identifying principal risks and the key risk indicators to monitor in accordance with the strategy set by the Board. The Executive directors are also responsible for delivering the strategic actions to the operational level. At the operational level, the Head of business units are responsible to execute the strategic actions and report on key risk indicators. Typically these are achieved by implementing sound internal control systems. Internal control system is defined as a system of control procedures for assuring achievement of an organization's objectives in operational effectiveness and efficiency, reliable financial reporting, and compliance with laws, regulations and policies. Different internal control systems have been set up for the Group's different business units. And to monitor the effectiveness of these systems, the management has also set up an internal audit function.

CORPORATE GOVERNANCE REPORT

Whilst responsibility for oversight of risk management rests with the Board, the effective day-to-day management of risk is embedded in all areas of our business and forms an integral part of our risk management system. As such, head of business units maintain regular communication with the Executive directors to report current and emerging risks. Such bottom-up process ensures potential risks are identified and mitigated and significant risks escalated to the Board for consideration as appropriate.

In the year ended 30 June 2025, the Board through the Audit Committee and the internal audit function, had conducted a review of the effectiveness of material controls, including financial, operational and compliance controls, of the Group's major risk management and internal control systems and the Company considers these systems effective and adequate. The review process included formulating audit plan, approving audit program and reviewing internal audit function's working.

DISCLOSURE OF INSIDE INFORMATION

The Group has internal policy and procedures which strictly prohibit unauthorized use of inside information. The Board is aware of its obligations to announce any inside information in accordance with the Listing Rules and conducts the affairs with reference to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission in June 2012. In addition, only directors and delegated officers are authorized to respond to external enquiries about the Group's affairs.

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 year ended 30 June 2025.

COMMUNICATION WITH SHAREHOLDERS

The Company uses a number of formal communication channels to account to the Shareholders for the performance of the Company. These include (i) the publication of interim and annual reports; (ii) the annual general meeting or special general meeting providing a forum for the Shareholders to raise comments and exchange views with the Board; (iii) updated key information of the Group available on the websites of the Stock Exchange and the Company; and (iv) the Company's branch share registrar in Hong Kong serving the Shareholders in respect of all share registration matters.

The Company aims to provide the Shareholders with high standards of disclosure and financial transparency. The Board is committed to providing clear, detailed, timely manner, and on-a-regular-basis information of the Group through the publication of interim and annual reports and/or despatching circulars, notices, and other announcements. The annual general meeting provides a useful channel for Shareholders to communicate with the Board. All Shareholders have at least 21 clear days' notice of annual general meeting at which directors are available to answer questions on the Company's affair. Separate resolutions are proposed at the annual general meeting on each substantially separate issue, including the election of individual director. Pursuant to Rule 13.39 of the Listing Rule, any votes of the Shareholders at a general meeting must be taken by poll.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS

Convening a Special General Meeting by Shareholders

Pursuant to Bye-law 58, a special general meeting may be convened by the Board upon requisition by any shareholder holding at the date of deposit of the written requisition not less than one tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company. The shareholder shall make a written requisition to the Board or the Company Secretary of the Company at the head office and principal place of business of the Company in Hong Kong, specifying the shareholding information of the shareholder, their contact details and the proposal regarding any specified transaction/business and its supporting documents. The Board shall arrange to hold such general meeting within two months after the receipt of such written requisition. If within twenty one days of the receipt of such written requisition, the Board fails to proceed to convene such special general meeting, the shareholder shall do so in accordance with the provisions of Section 74(3) of the Companies Act 1981 of Bermuda.

Putting Forward Proposals at General Meetings

Shareholders who wish to put forward a proposal should convene an extraordinary general meeting by the procedures as set out in the above “Convening of extraordinary general meeting by Shareholders”.

Putting Forward Enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing to the Company's head office and principal place of business in Hong Kong at Suite 1909B, 19/F., Tower 3, China Hong Kong City, 33 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong.

REPORT OF THE DIRECTORS

The Directors present their annual report together with the audited financial statements of the Company and its subsidiaries (together the “Group”) for the year ended 30 June 2025.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and other particulars of the subsidiaries are set out in note 42 to the financial statements.

The analysis of the principal activities and geographical locations of the operations of the Company and its subsidiaries during the year ended 30 June 2025 are set out in note 8 to the financial statements.

BUSINESS REVIEW

The business review of the Group for the year ended 30 June 2025 including a discussion of the principal risks and uncertainties facing the group and an indication of likely future developments in the group’s business, can be found in the Directors’ Statement and Management Discussion and Analysis which set out on pages 3 to 4 and pages 9 to 21 respectively of this annual report. Details about the Group’s financial risk management are set out in note 6 to the Consolidated Financial Statements.

The Group is committed to adopt environmentally responsible practices throughout its operations. The key points of our environmental policy to achieve this are:

- Comply with all the environmental laws and regulations that relate to the Group’s operations;
- Prevent the environmental impact of our products throughout their design and manufacturing process;
- Ensure every employee understands and is responsible for incorporating environmental considerations in their daily business activities; and
- Pursue continuous improvement in environmental performance.

The Company’s principal subsidiary Dongguan Weihang Electrical Product Company Limited has been accredited with ISO 14001, an environmental management system certification, since 2007.

During the year ended 30 June 2025, the Group had complied with the relevant laws and regulations that have a significant impact on the Group.

REPORT OF THE DIRECTORS

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively during the year ended 30 June 2025 is as follows:

	Percentage of the Group's total	
	Sales	Purchases
The largest customer	55%	—
Five largest customers in aggregate	97%	—
The largest supplier	—	12%
Five largest suppliers in aggregate	—	42%

At no time during the period have the Directors, their associates or any Shareholders of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had any interest in these major customers and suppliers.

FINANCIAL RESULTS AND APPROPRIATIONS

The Group's results for the year ended 30 June 2025 and the state of the Group's affairs as at that date are set out in the financial statements on pages 48 to 54.

The Directors do not recommend the payment of a dividend in respect of the year ended 30 June 2025.

RESERVES

Details of movements in the reserves of the Company and of the Group during the year ended 30 June 2025 are set out in note 37 to the financial statements and the consolidated statement of changes in equity on page 52 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the period are set out in note 19 to the financial statements.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE

Particulars of the Company's subsidiaries are set out in note 42 to the financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year ended 30 June 2025 are set out in note 35 to the financial statements.

REPORT OF THE DIRECTORS

CONVERTIBLE BONDS

The Company has no convertible bonds in issue during the year ended 30 June 2025.

DIRECTORS

During the period beginning with the end of the previous financial year and ending on the date of the report, the board of Directors of the Company (the “Board”) comprises:

Executive Directors

Mr. Tam Lup Wai, Franky (*Deputy Chairman*)

Mr. Liu Liyang

Non-executive Director

Mr. Lim Kim Chai, J.P.

Independent non-executive Directors

Mr. Hau Chi Kit

Mr. Leung Chi Hung

Mr. Li Hon Kuen

Ms. Yang Yan Tung Doris

Pursuant to Bye-laws 87, “at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three(3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years.” Accordingly, Mr. Lim Kim Chai, J.P., Mr. Hau Chi Kit and Mr. Leung Chi Hung will retire from office by rotation and be eligible for re-election in the Company’s forthcoming annual general meeting in 2025.

The Company confirmed that it has received from each of the independent non-executive Directors an annual confirmation of his/her independence pursuant to Rule 3.13 and the Company still considers the independent non-executive Directors to be independent.

DIRECTORS’ SERVICE CONTRACT

No Director proposed for re-election at the forthcoming annual general meeting has an unexpired service contract, which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory compensation.

INDEMNITY OF DIRECTORS

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the Directors of the Company was in force throughout the year ended 30 June 2025. The Company has undertaken Director and Officers Liability Insurance to provide such indemnity to all Directors of the Company.

REPORT OF THE DIRECTORS

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

As at 30 June 2025, 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 30 June 2025 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 had an option scheme which was approved in a Shareholders' special general meeting on 31 August 2015 ("Share Option Scheme 2015") and it expired on 31 August 2025. 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 year ended 30 June 2025 under Share Option Scheme 2015.

The total number of securities available for issue under the Share Option Scheme 2015 is 4,809,341 shares, which represents 0.003% of the issued shares as at the date of the annual 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 year under review.

EMOLUMENTS OF DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Particulars of the emoluments of Directors and the five highest paid individuals disclosed pursuant to section 161 of the Companies Ordinance and Appendix D2 of the Listing Rules are set out in note 14 to the consolidated financial statements of the Group.

REMUNERATION POLICY OF DIRECTORS

The emoluments of the Directors are first reviewed by the Remuneration Committee and then approved by the Board, with regard to the Directors' skill, knowledge, involvement in the Group's affairs and the performance of each Director, together with reference to the profitability of the Group, remuneration benchmarks in the industry, and prevailing market conditions.

REPORT OF THE DIRECTORS

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

As at 30 June 2025, 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

1. Based on 12,824,484,010 shares of the Company in issue as at the 30 June 2025.
2. Mr. Lim Kim Chai, J.P. is the non-executive Director of the Company.
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

REPORT OF THE DIRECTORS

Save as disclosed above, as at 30 June 2025, 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.

DIRECTORS' INTERESTS IN CONTRACT

No contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the year ended 30 June 2025.

DISTRIBUTABLE RESERVES

The Company's share premium account, with a balance of HK\$899,144,000 as at 30 June 2025, may be applied in paying up unissued shares of the Company to be issued to the Shareholders of the Company as fully paid bonus shares.

The Company's contributed surplus account, with a balance of HK\$626,537,000 as at 30 June 2025, is distributable subject to satisfaction of certain solvency requirements and the Company may apply the contributed surplus in any manner not prohibited by the Companies Act and the Bye-laws of the Company.

Save as disclosed above, the Company had no reserves available for distribution to Shareholders of the Company, as computed in accordance with the Companies Act 1981 of Bermuda.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda, being the jurisdiction in which the Company is incorporated, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Details of related party transactions for the year are set out in note 41 to the consolidated financial statements.

Other than disclosed elsewhere in the annual report, there were no transactions that need to be disclosed as connected transactions under Chapter 14A of the Listing Rules during the year under review and the Company has complied with the requirements in Chapter 14A of the Listing Rules.

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 year ended 30 June 2025.

REPORT OF THE DIRECTORS

LOANS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

Particulars of loans from banks and other financial institutions of the Group as at 30 June 2025 are set out in notes 30 to the financial statements.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 130 of this annual report.

PENSION SCHEME

The Group operates a mandatory provident fund scheme (“MPF Scheme”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The MPF Scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF Scheme, the employer makes contributions to the scheme at 5% and employees are required to make 5% of the employees’ relevant income, subject to a cap of monthly relevant income of HK\$30,000. Mandatory contributions to the scheme vest immediately.

Subsidiaries incorporated in the PRC participate in various defined contribution retirement plans (the “Plans”) organized by local authorities for the Group’s employees in the PRC. The subsidiaries are required to contribute, based on a certain percentage of the basic payroll, to the Plans. The Group has no other material obligation for the payment of pension benefits associated with these Plans beyond the annual contributions described above.

Details of the pension scheme contributions of the employees, net of forfeited contributions, which have been dealt with in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2025, are set out in note 34 to the financial statements.

CORPORATE GOVERNANCE

The Company complied with all requirements set out in the CG Code except for the deviations disclosed in the “Corporate Governance Report” of this annual report.

AUDIT COMMITTEE

Pursuant to the Listing Rules, an Audit Committee was established on 28 December 1999 with written terms of reference. As at the date of this annual report, the Audit Committee comprising four independent non-executive Directors, namely Mr. Li Hon Kuen (Chairman of the Audit Committee), Mr. Hau Chi Kit, Mr. Leung Chi Hung and Ms. Yang Yan Tung Doris. The principal activities of the Audit Committee include the review and supervision of the Group’s financial reporting process and internal controls.

MANAGEMENT CONTRACTS

No contract, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Company’s business was entered into or existed during the report period.

REPORT OF THE DIRECTORS

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors at the date of the annual report, there was a sufficient public float of the Company.

AUDITOR

There has been no change of the Company's auditor in the past three years. The financial statements of the Company for the year under review have been audited by ZHONGHUI ANDA, who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting in 2025.

By Order of the Board

Liu Liyang

Executive Director

Hong Kong, 2 September 2025



TO THE SHAREHOLDERS OF
Zhongzheng International Company Limited
中證國際有限公司
(Incorporated in Bermuda with limited liability)

QUALIFIED OPINION

We have audited the consolidated financial statements of Zhongzheng International Company Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 48 to 129, which comprise the consolidated statement of financial position as at 30 June 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR QUALIFIED OPINION

1. Exploration and evaluation assets

As set out in note 18(c) and (d) to the consolidated financial statements, the mining license (the “Mining License”) of the coal mine had been revoked and declared invalid by the Indonesian Government on 22 April 2022. Full impairment of HK\$462,031,000 was recognised in prior years. The Group had submitted the application for the reinstatement. On 24 August 2023, The Group was notified by the Indonesian Government that the decision to the revocation of the Mining License has been cancelled. The Mining License had become valid and has legal force subject to fulfillment of certain pre-conditions, which had been fulfilled subsequently. On 9 September 2023, the Group entered into an exclusive cooperation agreement with a company (“Contractor”), which engaged in coal mining activities in Indonesia, to carry out mining production activities at the coal mine. On 31 December 2023, the work and budget plan of the coal mining business was approved by the Indonesian Government and the actual coal production and coal sales began in the first half of 2024.

INDEPENDENT AUDITOR'S REPORT

No valuation or other evidence was available for us to verify the nil balance of the exploration and evaluation assets as at 30 June 2023. Therefore, we were unable to ascertain the appropriateness of the reversal of the impairment losses of approximately HK\$31,761,000 made during the year ended 30 June 2024.

As set out in note 18(f) to the consolidated financial statements, during the year ended 30 June 2025, the mining activities were suspended for several months. The Group is negotiating with the Contractor for the remedial actions to restore to the pre-agreed production level. In the meanwhile, the Group is considering options to engage a subcontractor to cooperate with the Contractor or to take over the mining activities. Up to date of this report, the negotiations with the Contractor are still in progress and no new subcontractor is engaged. Since the outcome of the negotiation with the Contractor for restoring the production level and the terms of the cooperation agreement with new subcontractor, if any, are uncertain, we are unable to evaluate the appropriateness of the estimations and assumptions adopted in cash flow projections for determining the value-in-use of the mines and there are no other audit procedures that we could adopt to determine the recoverable amounts of the mines. Therefore, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the recoverability of the exploration and evaluation assets on the consolidated statement of financial position as at 30 June 2025 of approximately HK\$25,623,000, and to the appropriateness of the recognition of the related impairment of exploration and evaluation assets on the consolidated statement profit or loss and other comprehensive income of approximately HK\$5,752,000 for the year ended 30 June 2025.

2. Interest in an associate and amount due from an associate

Included in the consolidated financial statements is interest in an associate, Chengde CITIC Securities Jinyu Investment Development Co., Ltd (“Chengde Jinyu”) with carrying amount of approximately Nil as at 22 July 2024 (note 36) and 30 June 2024, share of loss of approximately Nil and HK\$59,985,000 respectively for the period from 1 July 2024 to 22 July 2024 and for the year ended 30 June 2024, share of associate’s exchange differences on translating foreign operations of approximately Nil and HK\$1,150,000 (income) respectively for the period from 1 July 2024 to 22 July 2024 and for the year ended 30 June 2024 and the impairment on interest in an associate of approximately Nil and HK\$288,775,000 respectively for the period from 1 July 2024 to 22 July 2024 and for the year ended 30 June 2024. Chengde Jinyu is engaged in primary land development in the People’s Republic of China (the “PRC”). On 22 July 2024, Chengde Jinyu, together with other properties development projects in the PRC, was disposed of to a substantial shareholder of the Company (note 36).

INDEPENDENT AUDITOR'S REPORT

Chengde Jinyu incurred severe financial difficulties and temporarily suspended its business operations from February 2023 and was disposed of on 22 July 2024. The management is unable to obtain complete accounting books and records of Chengde Jinyu. We are unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to whether the interest in an associate as at 22 July 2024 and 30 June 2024, share of loss, share of associate's exchange differences on translating foreign operations and the impairment on interest in an associate for the period from 1 July 2024 to 22 July 2024 and for the year ended 30 June 2024, as well as the related disclosure notes in relation to Chengde Jinyu, as included in the consolidated financial statements of the Group, have been accurately recorded and properly accounted for in the consolidated financial statements.

In addition, we are unable to ascertain the accuracy of the amount due from Chengde Jinyu of approximately HK\$238,302,000 and HK\$235,994,000 as at 22 July 2024 (note 36) and 30 June 2024 respectively, whether the impairment loss on amount due from an associate of approximately HK\$68,155,000 have been accurately recorded and properly accounted for in the consolidated financial statements for the year ended 30 June 2024, whether any impairment loss should be recognised for the period from 1 July 2024 to 22 July 2024 and the validity of the interest income from Chengde Jinyu of approximately HK\$874,000 and HK\$10,403,000 recognised for the period from 1 July 2024 to 22 July 2024 and for the year ended 30 June 2024 respectively.

3. Properties under development for sales

As mentioned in note 36 to the consolidated financial statements, on 22 July 2024, the Group completed the disposal of the entire equity interest in Hong Kong Zhongzheng City Investment Limited, which held Chengde Jinyu and the property development projects in Nanjing and Dongguan in the PRC, and the shareholder's loans due from Shenzhen Zhongzheng Ruifeng Management Co., Ltd. to a substantial shareholder of the Company for a consideration of HK\$53,700,000 (the "Consideration"). In estimating the net realizable value of the properties under development for sales as at 30 June 2024, the Group allocated the Consideration to the assets (other than properties under development for sales) and liabilities disposed of, with the residual value being allocated to the properties under development for sales. Therefore, a written down of approximately HK\$196,443,000 was provided for the year ended 30 June 2024. As mentioned in the second and fifth modifications, since we are unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the accuracy of the carrying amounts of interest in Chengde Jinyu, the amount due from Chengde Jinyu and certain bank borrowings as at 30 June 2024, any adjustment to these figures would affect the amount of written down of properties under development for sales. Therefore, we are unable to ascertain that the properties under development for sales of approximately HK\$1,054,671,000 and HK\$1,049,592,000 as at 22 July 2024 (note 36) and 30 June 2024 respectively and the written down of properties under development for sales of approximately Nil and HK\$196,443,000 has been accurately recorded in the consolidated financial statements for the period from 1 July 2024 to 22 July 2024 and for the year ended 30 June 2024 respectively.

INDEPENDENT AUDITOR'S REPORT

4. Other receivables

As set out in note 26 to the consolidated financial statements, there was a consideration receivable (the “Receivable”) of HK\$20,466,000 included in trade and other receivables as at 30 June 2024. After negotiations with the counterparties on the settlement of the legal proceedings, on 14 March 2025, the Group and the counterparties entered into a settlement deed and agreed that the Receivable owed by the counterparties to the Group shall be settled in full by the counterparties having transferred certain shares of a public listed company held by the counterparties (“Settlement Shares”) to the Group. Upon the completion of the transfer of Settlement Shares in May 2025, the Settlement Shares was accounted for by the Group as financial assets at fair value through other comprehensive income (note 22). Based on the difference between the fair value of the Settlement Shares as at the date of transfer and the carrying amount of the Receivable as at 30 June 2024, further impairment loss of approximately HK\$13,696,000 was recognised on the Receivable during the year ended 30 June 2025. Since we were unable to obtain adequate and sufficient audit evidence to satisfy ourselves as to the recoverability of the Receivable as at 30 June 2024, we were unable to ascertain whether the impairment loss of the Receivable of approximately HK\$13,696,000 and HK\$65,934,000 have been properly recognised during the year ended 30 June 2025 and 2024 respectively.

5. Borrowings

As set out in the note 30 to the consolidated financial statements, the Group noted from a public notice in December 2023 issued by 廣州產權交易所 (Guangzhou Enterprises Mergers and Acquisitions Services) that the bank borrowings of a non-wholly owned subsidiary, Yuanding, of RMB319,740,000 had been disposed of by the bank as non-performing loans. The Group tried to contact with the bank and the buyer of non-performing loans for enquiring the current status of bank borrowings, no feedback was received from the bank and the buyer of non-performing loans. Thus, we were unable to obtain sufficient audit evidence and there are no other satisfactory audit procedures that we could adopt to ascertain the existence, completeness and accuracy of bank borrowings of approximately HK\$345,740,000 and HK\$343,659,000 as at 22 July 2024 (as included in borrowings in note 36) and 30 June 2024 respectively and the completeness and accuracy of finance costs related to bank borrowings of approximately HK\$140,177,000 and HK\$4,862,000 for the year ended 30 June 2024 and for the period from 1 July 2024 to 22 July 2024 respectively.

INDEPENDENT AUDITOR'S REPORT

6. Loss on disposal of discontinued operations

As set out in note 36 to the consolidated financial statements, on 22 July 2024, the Group completed the disposal of the entire equity interest in Hong Kong Zhongzheng City Investment Limited, which held Chengde Jinyu and the property development projects in Nanjing and Dongguan in the PRC, and the shareholder's loans due from Shenzhen Zhongzheng Ruifeng Management Co., Ltd. to a substantial shareholder of the Company for a consideration of HK\$53,700,000. As mentioned in the second, third and fifth modifications, we are unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the accuracy of the carrying amounts of interest in Chengde Jinyu, the amount due from Chengde Jinyu, properties under development for sales and certain bank borrowings as at 22 July 2024. Therefore, we are unable to ascertain that the loss on disposal of discontinued operations of approximately HK\$48,051,000 has been accurately recorded in the consolidated financial statements for the year ended 30 June 2025.

Any adjustments to the figures as described from points 1 to 6 above might have consequential effects on the Group's results and cash flows for each of the years ended 30 June 2025 and 2024 and the financial position of the Group as at 30 June 2025 and 2024, and the related disclosures thereof in the consolidated financial statements.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section, we have determined the matters described below to be the Key audit matters to be communicated in our report.

INDEPENDENT AUDITOR'S REPORT

Interest in an associate

Refer to Note 21 to the consolidated financial statements

The Group tested the amount of interest in Pacific Memory SDN BHD for impairment. This impairment test is significant to our audit because the balance of interest in an associate of approximately HK\$564,430,000 as at 30 June 2025 is material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on assumptions and estimates.

Our audit procedures included, among others:

- Assessing the competence, independence and integrity of the external valuer engaged by client;
- Obtaining the external valuation report and meeting with the external valuer to discuss and challenge the valuation process, methodologies used and market evidence to support significant judgements and assumptions applied in the valuation model;
- Checking key assumptions and input data in the valuation model to supporting evidence; and
- Checking arithmetical accuracy of the valuation model.

We consider that the Group's impairment test for interest in Pacific Memory SDN BHD is supported by the available evidence.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, we were unable to obtain sufficient appropriate evidence from points 1 to 6. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to these matters.

INDEPENDENT AUDITOR'S REPORT

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the HKICPA's website at:

<https://www.hkicpa.org.hk/en/Standards-setting/Standards/Our-views/auditre>

This description forms part of our auditor's report.

ZHONGHUI ANDA CPA Limited

Certified Public Accountants

Li Chi Hoi

Audit Engagement Director

Practising Certificate Number P07268

Hong Kong, 2 September 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2025

	Notes	2025 HK\$'000	2024 HK\$'000 (Restated)
Continuing operations			
Revenue		116,785	100,578
Interest revenue		510	1,257
Total revenue	8	117,295	101,835
Cost of sales		(90,706)	(69,938)
Gross profit		26,589	31,897
Other income and other gains and losses	9	1,731	2,380
Selling and distribution expenses		(1,691)	(1,241)
Administrative expenses		(53,080)	(60,508)
Loss from operations		(26,451)	(27,472)
(Impairment loss)/reversal of impairment loss on exploration and evaluation assets	18	(5,752)	31,761
Impairment of loan and interest receivables		(3,917)	(6,929)
Impairment of other receivables	26(b)	(13,696)	(65,934)
Share of results of associates		(29,637)	(7,552)
Finance costs	11	(14,951)	(14,143)
Loss before tax from continuing operations		(94,404)	(90,269)
Income tax expense	12	(91)	—
Loss for the year from continuing operations		(94,495)	(90,269)
Discontinued operations			
Loss for the year from discontinued operations	36	(55,670)	(777,851)
Loss for the year	13	(150,165)	(868,120)
Loss for the year attributable to:			
Owners of the Company			
From continuing operations		(94,495)	(90,269)
From discontinued operations		(52,208)	(609,076)
		(146,703)	(699,345)
Non-controlling interests			
From continuing operations		—	—
From discontinued operations		(3,462)	(168,775)
		(3,462)	(168,775)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2025

	Notes	2025 HK\$'000	2024 HK\$'000 (Restated)
Loss for the year		(150,165)	(868,120)
Other comprehensive income/(loss):	17		
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences reclassified to profit or loss upon disposal of subsidiaries		53,705	–
Exchange differences on translating foreign operations		(4,567)	4,299
Share of associates' exchange differences on translating foreign operations		63,100	(6,097)
		112,238	(1,798)
<i>Items that will not be reclassified to profit or loss:</i>			
(Loss)/gain on property revaluation		(131)	1,403
Fair value changes of financial assets (equity investments) at fair value through other comprehensive income ("FVTOCI")		(473)	–
		(604)	1,403
Other comprehensive income/(loss) for the year, net of tax		111,634	(395)
Total comprehensive loss for the year		(38,531)	(868,515)
Total comprehensive loss for the year attributable to:			
Owners of the Company		(33,972)	(702,092)
Non-controlling interests		(4,559)	(166,423)
		(38,531)	(868,515)
Loss per share	16		
From continuing and discontinued operations			
Basic (cents per share)		(22.88)	(111.10)
Diluted (cents per share)		N/A	N/A
From continuing operations			
Basic (cents per share)		(14.74)	(14.34)
Diluted (cents per share)		N/A	N/A
From discontinued operations			
Basic (cents per share)		(8.14)	(96.76)
Diluted (cents per share)		N/A	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Exploration and evaluation assets	18	25,623	31,700
Property, plant and equipment	19	59,849	62,820
Right-of-use assets	20	263	1,313
Interests in associates	21	564,430	530,967
Financial assets at FVTOCI	22	6,297	–
Loans and interests receivables	23	–	1,202
		656,462	628,002
Current assets			
Inventories	24	20,813	18,404
Properties under development for sales	25	–	1,049,592
Properties held for sales	25	–	154,822
Trade and other receivables	26	33,226	161,168
Loans and interests receivables	23	1,234	3,678
Amounts due from associates	27	21,881	257,874
Current tax assets		–	30
Bank and cash balances	28	11,352	20,135
		88,506	1,665,703
Current liabilities			
Trade and other payables	29	(109,325)	(675,191)
Lease liabilities	32	(196)	(1,117)
Borrowings	30	(25,157)	(1,037,595)
Shareholders loans	31	(48,100)	(285,600)
Current tax liabilities		(5,847)	(139,918)
		(188,625)	(2,139,421)
Net current liabilities		(100,119)	(473,718)
Total assets less current liabilities		556,343	154,284
Non-current liabilities			
Lease liabilities	32	–	(195)
Borrowings	30	(32,837)	(21,206)
Shareholders loans	31	(250,000)	–
Deferred tax liabilities	33	(14,412)	(17,834)
		(297,249)	(39,235)
NET ASSETS		259,094	115,049

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Capital and reserves			
Share capital	35	513	513
Reserves	37	258,581	292,553
Equity attributable to owners of the Company		259,094	293,066
Non-controlling interests	43	–	(178,017)
TOTAL EQUITY		259,094	115,049

The consolidated financial statements on pages 48 to 129 were approved and authorised for issue by the board of directors on 2 September 2025 and are signed on its behalf by:

Tam Lup Wai Franky
Director

Liu Liyang
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2025

	Attributable to owners of the Company										
	Share capital	Share premium	Contributed surplus	Foreign currency translation reserve	Warrant reserve	Other reserve	Investment revaluation reserve	Property revaluation reserve	Accumulated losses	Total	Non-controlling interests
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2023	429	878,200	626,537	(153,440)	24,226	33,251	–	45,658	(480,731)	974,130	(11,594)
Issue of shares for debt capitalisation (note 35(a))	84	20,944	–	–	–	–	–	–	–	21,028	–
Total comprehensive loss for the year	–	–	–	(4,150)	–	–	–	1,403	(699,345)	(702,092)	(166,423)
At 30 June 2024	513	899,144	626,537	(157,590)	24,226	33,251	–	47,061	(1,180,076)	293,066	(178,017)
At 1 July 2024	513	899,144	626,537	(157,590)	24,226	33,251	–	47,061	(1,180,076)	293,066	(178,017)
Disposal of subsidiaries (note 36)	–	–	–	–	–	–	–	–	–	–	182,576
Total comprehensive loss for the year	–	–	–	113,335	–	–	(473)	(131)	(146,703)	(33,972)	(4,559)
At 30 June 2025	513	899,144	626,537	(44,255)	24,226	33,251	(473)	46,930	(1,326,779)	259,094	–

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2025

	2025 HK\$'000	2024 HK\$'000
Cash flows from operating activities		
Loss before tax	(150,040)	(892,378)
Adjustments for:		
Share of results of associates	29,637	67,537
Finance costs	22,111	191,647
Interest income	(890)	(10,496)
Depreciation of right of use assets	1,050	1,052
Amortisation of exploration and evaluation assets	325	61
Depreciation of property, plant and equipment	3,462	3,331
Impairment loss/(reversal of impairment loss)		
on exploration and evaluation assets	5,752	(31,761)
Written down of properties under development for sales	–	196,443
Impairment loss on interest in an associate	–	288,775
Impairment loss on amount due from an associate	–	68,155
Impairment of loan and interest receivables	3,917	6,929
Impairment of other receivables	13,696	65,934
Written off of property, plant and equipment	2	3
Loss on disposal of subsidiaries	48,051	–
Operating loss before working capital changes	(22,927)	(44,768)
Change in inventories	(2,409)	(2,394)
Change in trade receivables and other receivables	1,148	(6,149)
Change in loans and interests receivables	(271)	(1,257)
Change in properties under development for sale	–	56,198
Change in trade and other payables	(5,059)	(19,821)
Cash used in operations	(29,518)	(18,191)
Interests received	16	93
Tax paid	(269)	(3,022)
Net cash used in operating activities	(29,771)	(21,120)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2025

	2025 HK\$'000	2024 HK\$'000
Cash flows from investing activities		
Purchase of property, plant and equipment	(188)	—
Net cash outflow from disposal of subsidiaries	(16,123)	—
Changes in amounts due from associates	—	(2,167)
Net cash used in investing activities	(16,311)	(2,167)
Cash flows from financing activities		
New borrowings	57,547	6,829
Repayment of borrowings	(28,684)	(3,909)
Advance from shareholders	12,500	3,000
Repayment of lease liabilities	(1,185)	(1,185)
Interests paid	(1,416)	(2,800)
Net cash generated from financing activities	38,762	1,935
Net decrease in cash and cash equivalents	(7,320)	(21,352)
Cash and cash equivalents at the beginning of the year	20,135	41,427
Effect of changes in foreign exchange rate	(1,463)	60
Cash and cash equivalents at the end of the period	11,352	20,135
Analysis of cash and cash equivalents		
Bank and cash balances	11,352	20,135

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

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, 56 Gloucester Road, Wanchai, Hong Kong. With effect from 28 August 2025, the principal place of business of the Company is changed to Suite 1909B, 19/F., Tower 3, China Hong Kong City, 33 Canton Road, Tsim Sha Tsui, 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 year ended 30 June 2025 are manufacturing and trading of healthcare and household products, coal mining business, and property development and primary land development (as discontinued business).

The Company is an investment holding company. The principal activities of the Company’s subsidiaries are set out in note 42 to the consolidated financial statements.

Upon the disposal of the Group’s wholly owned subsidiary, Hong Kong Zhongzheng City Investment Limited, the Group discontinued its operations of property development and primary land development in the People’s Republic of China (the “PRC”) (note 36).

2. GOING CONCERN BASIS

The Group incurred net current liabilities of approximately HK\$100,119,000 as at 30 June 2025 and net operating cash outflow of approximately HK\$29,771,000 for the year ended 30 June 2025 and as at 30 June 2025, the Group’s current portion of bank and other borrowings amounted to approximately HK\$25,157,000, while its cash and bank balances and cash equivalents amounted to approximately HK\$11,352,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

2. GOING CONCERN BASIS (*Continued*)

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:

- On 15 May 2025, the Company and two substantial shareholders, i.e. Mr. Low Thiam Herr ("Mr. Low") and Mr. Lim Kim Chai ("Mr. Lim"), entered into the debt capitalisation agreements, of which the Company has agreed to allot and issue 289,574,140 shares and 215,000,000 shares to Mr. Low and Mr. Lim respectively at issue price of HK\$0.20 per share and the amount of the issued shares of approximately HK\$100.9 million will be set off against all of the shareholder's loans owing by the Company to Mr. Low and part of the shareholder's loans owing by the Company to Mr. Lim on a dollar-to-dollar basis ("Debt Capitalisation"). The Debt Capitalisation was completed on 15 July 2025.
- The Company proposes to, following completion of the Debt Capitalisation, implement the rights issue on the basis of one rights share for every two consolidated shares (including the shares to be allotted and issued pursuant to the Debt Capitalisation) at the rights issue price of HK\$0.20 per rights share, to raise gross proceeds of up to approximately HK\$114.6 million by issuing 572,899,170 rights shares to the shareholders ("Rights Issue"). The net proceeds from the Rights Issue after deducting the expenses are estimated to be approximately HK\$112.0 million. The Rights Issue was completed on 20 August 2025.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

3. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS

In the current year, the Group has adopted all the new and revised HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) that are relevant to its operations and effective for its accounting year beginning on 1 July 2024. HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRS Accounting Standards 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 year and prior years.

The Group has not applied the new and revised HKFRS Accounting Standards that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRS Accounting Standards but is not yet in a position to state whether these new and revised HKFRS Accounting Standards would have a material impact on its results of operations and financial position.

4. MATERIAL ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange and by the Hong Kong Companies Ordinance.

These consolidated financial statements have been prepared under the historical cost convention, as modified by the financial assets at FVTOCI and the revaluation of land and buildings held by the Group which are carried at their fair values.

The preparation of consolidated financial statements in conformity with HKFRS Accounting Standards requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these consolidated financial statements, are disclosed in note 5 to the consolidated financial statements.

The material accounting policies applied in the preparation of these consolidated financial statements are set out below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

4. MATERIAL ACCOUNTING POLICIES (Continued)

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 30 June 2025. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

4. MATERIAL ACCOUNTING POLICIES (*Continued*)

Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The cost of acquisition is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the cost of acquisition over the Company's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Company.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the cost of acquisition to calculate the goodwill.

If the changes in the value of the previously held equity interest in the subsidiary were recognised in other comprehensive income (for example, financial assets at fair value through other comprehensive income), the amount that was recognised in other comprehensive income is recognised on the same basis as would be required if the previously held equity interest were disposed of.

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is measured at cost less accumulated impairment losses. The method of measuring impairment losses of goodwill is the same as that of other assets as stated in the accounting policy (Impairment of assets) below. Impairment losses of goodwill are recognised in consolidated profit or loss and are not subsequently reversed. Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the acquisition for the purpose of impairment testing.

The non-controlling interests in the subsidiary are initially measured the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

4. MATERIAL ACCOUNTING POLICIES (*Continued*)

Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Interest in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of an associate's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

4. MATERIAL ACCOUNTING POLICIES (Continued)

Foreign currency translation (Continued)

(b) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(c) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

4. MATERIAL ACCOUNTING POLICIES (Continued)

Property, plant and equipment

Land and buildings comprise mainly factories and offices. Land and buildings are carried at fair values, based on periodic valuations by external independent valuers, less subsequent depreciation and impairment losses. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Revaluation increases of land and buildings are recognised in profit or loss to the extent that the increases reverse revaluation decreases of the same asset previously recognised in profit or loss. All other revaluation increases are credited to the property revaluation reserve as other comprehensive income. Revaluation decreases that offset previous revaluation increases of the same asset remaining in the property revaluation reserve are charged against the property revaluation reserve as other comprehensive income. All other decreases are recognised in profit or loss. On the subsequent sale or retirement of a revalued land and building, the attributable revaluation increases remaining in the property revaluation reserve is transferred directly to retained profits.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their costs/revalued amounts less their residual values over the estimated useful lives on a straight-line basis. The principal useful lives are as follows:

Land and buildings	30 years
Leasehold improvements	Shorter of unexpired lease term or estimated useful life
Plant and machinery	5 years
Furniture, fixtures, office equipment and motor vehicles	3 to 5 years
Moulds and tools	5 years

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

4. MATERIAL ACCOUNTING POLICIES (*Continued*)

Exploration and evaluation assets

Exploration and evaluation assets are recognised at cost on initial recognition. Subsequent to initial recognition, exploration and evaluation assets are stated at cost less accumulated impairment losses. Exploration and evaluation assets include the cost of exploration and exploitation rights and the expenditures incurred in the search for mineral resources as well as the determination of the technical feasibility and commercial viability of extracting those resources. When the technical feasibility and commercial viability of extracting mineral resources become demonstrable, previously recognised exploration and evaluation assets are reclassified as intangible assets and property, plant and equipment.

Impairment of exploration and evaluation assets

The carrying amount of the exploration and evaluation assets is adjusted for impairment in accordance with HKAS 36 “Impairment of Assets” whenever one of the following events or changes in circumstances indicate that the carrying amount may not be recoverable (the list is not exhaustive):

- the period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities in the specific area; or
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

An impairment loss is recognised in the consolidated profit or loss whenever the carrying amount of an asset exceeds its recoverable amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

4. MATERIAL ACCOUNTING POLICIES (Continued)

Leases

The Group as lessee

Leases are recognised as right-of-use assets and corresponding lease liabilities when the leased assets are available for use by the Group. Right-of-use assets are stated at cost less accumulated depreciation and impairment losses. Depreciation of right-of-use assets is calculated at rates to write off their cost over the shorter of the asset's useful life and the lease term on a straight-line basis. The principal annual rates are as follows:

Land and buildings	50%
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Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liabilities, lease payments prepaid, initial direct costs and the restoration costs. Lease liabilities include the net present value of the lease payments discounted using the interest rate implicit in the lease if that rate can be determined, or otherwise the Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

Payments associated with short-term leases and leases of low-value assets are recognised as expenses in profit or loss on a straight-line basis over the lease terms. Short-term leases are leases with an initial lease term of 12 months or less. Low-value assets are assets of value below US\$5,000.

The Group as lessor

(i) Operating leases

Leases that do not substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

(ii) Finance leases

Leases that substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as finance leases. Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment in the leases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

4. MATERIAL ACCOUNTING POLICIES (Continued)

Properties under development for sale

Properties under development for sale are stated at the lower of cost and net realisable value. Costs include acquisition costs, prepaid land lease payments, construction costs, borrowing costs capitalised and other direct costs attributable to such properties. Net realisable value is determined by reference to sale proceeds received after the reporting period less selling expenses, or by estimates based on prevailing market condition. On completion, the properties are reclassified to properties held for sale at the then carrying amount.

Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value. Costs of properties include acquisition costs, prepaid land lease payments, construction costs, borrowing costs capitalised and other direct costs attributable to such properties. Net realisable value is determined by reference to sale proceeds received after the reporting period less selling expenses, or by estimates based on prevailing market condition.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

4. MATERIAL ACCOUNTING POLICIES (Continued)

Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets of the Group are classified under the following categories:

Financial assets at fair value through other comprehensive income

- On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments that are not held for trading as at fair value through other comprehensive income.
- Equity investments at fair value through other comprehensive income are subsequently measured at fair value with gains and losses arising from changes in fair values recognised in other comprehensive income and accumulated in the equity investment revaluation reserve. On derecognition of an investment, the cumulative gains or losses previously accumulated in the equity investment revaluation reserve are not reclassified to profit or loss. Dividends on these investments are recognised in profit or loss, unless the dividends clearly represent a recovery of part of the cost of the investment.

Financial assets at amortised cost

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

4. MATERIAL ACCOUNTING POLICIES (*Continued*)

Loss allowances for expected credit losses

The Group recognises loss allowances for expected credit losses on financial assets at amortised cost. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Group measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument (“lifetime expected credit losses”) for trade receivables, contract assets and lease receivables, or if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade receivables) has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group’s cash management are also included as a component of cash and cash equivalents.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRS Accounting Standards. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

4. MATERIAL ACCOUNTING POLICIES (Continued)

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is satisfied over time, revenue is recognised by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the product or service.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

4. MATERIAL ACCOUNTING POLICIES (*Continued*)

Other revenue

Interest income is recognised using the effective interest method.

Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the at the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged in profit or loss represents contributions payable by the Group to the funds.

(c) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

4. MATERIAL ACCOUNTING POLICIES (Continued)

Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and its joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

4. MATERIAL ACCOUNTING POLICIES (*Continued*)

Related parties

A related party is a person or entity that is related to the Group.

- (a) A person or a close member of that person's family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Company or of a parent of the Company.
- (b) An entity is related to the Group (reporting entity) if any of the following conditions applies:
 - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to a parent of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

4. MATERIAL ACCOUNTING POLICIES (Continued)

Segment reporting

Operating segments and the amounts of each segment item reported in the financial statements are identified from the financial information provided regularly to the Group's most senior executive management for the purpose of allocating resources and assessing the performance of the Group's various lines of business.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of productions processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets other than inventories, properties under development for sales, properties held for sales and receivables, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

4. MATERIAL ACCOUNTING POLICIES (*Continued*)

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

Discontinued operations

A discontinued operation is a component of the Group, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale in accordance with HKFRS 5, if earlier. It also occurs when the operation is abandoned.

When an operation is classified as discontinued, a single amount is presented in the statement of profit or loss, which comprises:

- The post-tax profit or loss of the discontinued operation; and
- The post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group constituting the discontinued operation.

Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

(a) *Going concern basis*

These consolidated financial statements have been prepared on a going concern basis. This involves critical judgements. Details are explained in note 2 to the consolidated financial statements.

(b) *Split of land and building elements*

The Group determines that the lease payments cannot be allocated reliably between the land and building elements. Accordingly the entire lease of land and buildings is classified as a finance lease and included under property, plant and equipment.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) *Impairment of exploration and evaluation assets*

The Group tests annually whether exploration and evaluation assets have suffered any impairment in accordance with the accounting policy stated in note 4 to the consolidated financial statements. An impairment loss is recognised when the carrying amount of exploration and evaluation assets exceeds their recoverable amount. In determining the recoverable amount, certain estimates have been involved based on the events or changes in circumstances as stated in the accounting policy.

(b) *Impairment loss for bad and doubtful debts*

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade, loans, and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Continued)

Key sources of estimation uncertainty (Continued)

(c) Fair value of land and buildings

The Group appointed an independent professional valuer to assess the fair value of the land and buildings. In determining the fair values, the valuer has utilised a method of valuation which involves certain estimates. The directors have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions.

(d) Allowance for slow-moving inventories

Allowance for slow-moving inventories is made based on the ageing and estimated net realisable value of inventories. The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimate has been changed.

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

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 Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(b) Credit risk

The carrying amount of the cash and bank balances, amounts due from associates, trade, loans, interests and other receivables included in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

The Group has policies in place to ensure that sales are made to customers with an appropriate credit history. The credit risk on bank and cash balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

The Group has significant concentration of credit risk to its trade receivables as the Group's largest customer contributed over approximately 55% (30 June 2024: 54%) of the revenue for the year and shared over approximately 65% (30 June 2024: 75%) of the trade receivables at the end of the reporting year. The Group has policies and procedures to monitor the collection of the trade receivables to limit the exposure to non-recoverable of the receivables and there is no recent history of default for the customer.

The Group considers whether there has been a significant increase in credit risk of financial assets on an ongoing basis throughout each reporting period by comparing the risk of a default occurring as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following information is used:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;
- actual or expected significant changes in the operating results of the borrower;
- significant increases in credit risk on other financial instruments of the same borrower; and
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers.

A significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group normally categorises a receivable for write off when the Group determine that the debtor does not have assets or source of income that could generate sufficient cash flow to repay the amounts subject to write-off. Where receivables have been written off, the Group, if practicable and economical, continues to engage in enforcement activity to attempt to recover the receivable due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

The Group uses two categories for non-trade loan and other receivables which reflect their credit risk and how the loan loss provision is determined for each of the categories. In calculating the expected credit loss rates, the Group considers historical loss rates for each category and adjusts for forward looking data.

Category	Definition	Loss provision		
Performing	Low risk of default and strong capacity to pay	12 month expected losses		
Non– performing	Significant increase in credit risk	Lifetime expected losses		
	Consideration receivable (included in trade and other receivables) HK\$'000	Loans and interests receivables HK\$'000	Amounts due from associates HK\$'000	Total HK\$'000
Balance at 30 June 2025	–	45,938	21,881	67,819
Loss allowance	–	(44,704)	–	(44,704)
Carrying amount	–	1,234	21,881	23,115
Balance at 30 June 2024	86,400	49,867	320,751	457,018
Loss allowance	(65,934)	(44,987)	(62,877)	(173,798)
Carrying amount	20,466	4,880	257,874	283,220
Expected credit loss rate				
30 June 2025	N/A	97%	0%	66%
30 June 2024	76%	90%	20%	38%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

6. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis, based on undiscounted cash flows, of the Group's financial liabilities is as follows:

	Less than 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000
At 30 June 2025			
Borrowings	26,176	963	33,376
Lease liabilities	198	—	—
Shareholders loans	60,040	11,940	255,970
Trade and other payables	109,325	—	—
	<u>196,739</u>	<u>12,903</u>	<u>289,346</u>
At 30 June 2024			
Borrowings	1,251,173	23,134	—
Lease liabilities	1,186	197	—
Shareholders loans	285,600	—	—
Trade and other payables	503,269	—	—
	<u>2,041,228</u>	<u>23,331</u>	<u>—</u>

(d) Interest rate risk

The Group's exposure to interest rate risk arises from its bank deposits, borrowings and unsecured other loans.

Secured bank and other loans and lease liabilities are arranged at fixed interest rates and expose the Group to fair value interest rate risks. Other bank deposits and borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

At 30 June 2025, as the Group has minimal exposure to interest rate risk, the Group's operating cash flows are substantially independent of changes in market interest rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

6. FINANCIAL RISK MANAGEMENT (Continued)

(e) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

(f) Categories of financial instruments

	2025 HK\$'000	2024 HK\$'000
Financial assets		
Financial assets at FVTOCI	6,297	–
Financial assets at amortised cost (including cash and cash equivalent)	<u>66,894</u>	<u>390,710</u>
Financial liabilities		
Financial liabilities at amortised cost	<u>465,419</u>	<u>1,847,670</u>

7. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categories into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

7. FAIR VALUE MEASUREMENTS (Continued)

(a) Disclosures of level in fair value hierarchy at 30 June:

Description	Fair value measurements using:			Total
	Level 1	Level 2	Level 3	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Recurring fair value measurements:				
Financial assets at FVTOCI	6,297	–	–	6,297
Land and buildings	–	–	55,932	55,932

Disclosures of level in fair value hierarchy at 30 June:

Description	Fair value measurements using:			Total
	Level 1	Level 2	Level 3	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Recurring fair value measurements:				
Land and buildings	–	–	56,642	56,642

(b) Reconciliation of assets measured at fair value based on level 3:

Description	Land and buildings	
	2025	2024
	HK\$'000	HK\$'000
At 1 July	56,642	56,612
Total (losses)/gains recognised in other comprehensive income	(175)	1,871
Depreciation	(1,555)	(1,561)
Exchange difference	1,020	(280)
At 30 June	55,932	56,642

The total gains recognised in other comprehensive income are presented in gain on property revaluation in the statement of profit or loss and other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

7. FAIR VALUE MEASUREMENTS (Continued)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements:

The Group's directors are responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. Discussions of valuation processes and results are held between the financial controller and the board of directors at least twice a year.

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Effect on fair value if the inputs increases	Range	Fair value 2025 HK\$'000
Land and buildings	Replacement cost	Market value for the existing use of the land	Increase	RMB1,510/m ²	
		Current cost of replacing the improvements	Increase	RMB1,467-2,467/m ²	
		Deduction for physical deterioration and all relevant forms of obsolescence and optimisation	Decrease	56%-58%	55,932

Description	Valuation technique	Unobservable inputs	Effect on fair value if the inputs increases	Range	Fair value 2024 HK\$'000
Land and buildings	Replacement cost	Market value for the existing use of the land	Increase	RMB1,470/m ²	
		Current cost of replacing the improvements	Increase	RMB1,599-1,976/m ²	
		Deduction for physical deterioration and all relevant forms of obsolescence and optimisation	Decrease	54%-56%	56,642

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

8. REVENUE

The Group's revenue represents the aggregate of sales value of goods supplied to customers less goods returned, trade discounts and sales tax. An analysis of the Group's revenue for the year is as follows:

	2025 HK\$'000	2024 HK\$'000
Continuing operations		
Manufacture and sales of healthcare and household products	115,183	100,278
Royalty income on coal mining	1,602	300
Discontinued operations		
Property development	—	46,664
Revenue from contracts with customers	116,785	147,242
Interest revenue	510	1,257
Total revenue	<u>117,295</u>	<u>148,499</u>
Representing		
Continuing operations	117,295	101,835
Discontinued operations	—	46,664
	<u>117,295</u>	<u>148,499</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

8. REVENUE (Continued)

note:

Disaggregation of revenue from contracts with customers:

Segments	2025			2024			
	Continuing operations			Continuing operations		Discontinued operations	
	Healthcare and household products HK\$'000	Coal mining HK\$'000	Total revenue HK\$'000	Healthcare and household products HK\$'000	Coal mining HK\$'000	Property development HK\$'000	Total revenue HK\$'000
Geographical markets							
United States of America	94,164	–	94,164	–	–	75,620	75,620
The People's Republic of China (the "PRC")	20	–	20	–	46,664	5	46,669
Germany	5,926	–	5,926	–	–	8,826	8,826
France	231	–	231	–	–	1	1
United Kingdom	–	–	–	–	–	373	373
Indonesia	–	1,602	1,602	300	–	–	300
Hong Kong and others	14,842	–	14,842	–	–	15,453	15,453
Total	115,183	1,602	116,785	300	46,664	100,278	147,242

Manufacture and sales of healthcare and household products

Revenues from the sales of manufactured goods and trading of raw materials and moulds are recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered and the title has passed to the customers.

Sales to customers are normally made with credit terms of 60 to 180 days. For new customers, cash on delivery may be required.

A receivable is recognised when the products are delivered to the customers as this is at the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Royalty income on coal mining

The Group receives royalty income over the coal mines held by the Group in Indonesia under an exclusive cooperation agreement entered into between the Group and an experienced contractor company in Indonesia, whereby the latter has been engaged to exploit the resources from the coal mines. The contractor company pays royalty to the Group for the coal produced and sold by it. Royalty income is recognised when the coal exploited from the mine is sold to the contractor company's customers in accordance with the terms and conditions of the exclusive cooperation agreement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

8. REVENUE (Continued)

Property development (discontinued)

The Group has discontinued its property development business in the PRC during the year ended 30 June 2025. For the year ended 30 June 2024, in respect of the revenue generated from the property development, sales of a contract were recognised when control of the property was transferred, being when the customer obtained the physical possession or the legal title of the completed property and the Group had present right to payment and the collection of the consideration is probable. The Group did not grant any credit terms to its customers. For all customers, deposits were required. Deposits received were recognised as a contract liability.

9. OTHER INCOME AND OTHER GAINS AND LOSSES

	2025 HK\$'000	2024 HK\$'000
Income from scrap sales	412	314
Interest income	16	93
Net exchange gains	1,082	1,260
Interest income from an associate	874	10,403
Written off of property, plant and equipment	(2)	(3)
Others	223	770
	2,605	12,837
Representing		
Continuing operations	1,731	2,380
Discontinued operations	874	10,457
	2,605	12,837

10. SEGMENT INFORMATION

The Group's reportable segments are strategic business units that offer different products. They are managed separately because each business requires different technology and marketing strategies. For the year ended 30 June 2025, the Group has two (2024: three) reportable segments: manufacture and sales of healthcare and household products as well as coal mining business.

The operations of property development and primary land development were discontinued during the year ended 30 June 2025. The segment information reported does not include any amounts for the discontinued operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

10. SEGMENT INFORMATION (Continued)

The Group has ceased granted any new loans, under its money lending business following the eighteenth months ended 30 June 2022. During the year ended 30 June 2025, operating results of the money lending business segment were no longer regularly reviewed by the chief operating decision maker for the purpose of making decisions about resources to be allocated to the segment and assess its performance. As such, the financial performance of the money lending business segment was no longer presented separately and therefore grouped in “Corporate and unallocated loss”.

The accounting policies of the operating segments are the same as those described in note 4 to the consolidated financial statements. Segment profits or losses do not include unallocated share of results of associates, unallocated finance costs and unallocated corporate income and expenses. Segment assets do not include unallocated corporate assets. Segment liabilities do not include unallocated corporate liabilities. Segment non-current assets do not include financial instruments.

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

	Continuing operations		
	Healthcare and household products HK\$'000	Coal mining business HK\$'000	Total HK\$'000
2025			
Revenue	115,183	1,602	116,785
Segment loss	(14,804)	(4,982)	(19,786)
Finance costs	(1,074)	–	(1,074)
Depreciation	(3,316)	–	(3,316)
Impairment of assets	–	(5,752)	(5,752)
Income tax expense	(26)	–	(26)
Additions to segment non-current assets	188	–	188
	<u>115,183</u>	<u>1,602</u>	<u>116,785</u>
At 30 June 2025			
Segment assets	122,525	24,836	147,361
Segment liabilities	137,484	–	137,484
	<u>122,525</u>	<u>24,836</u>	<u>147,361</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

10. SEGMENT INFORMATION (Continued)

	Continuing operations			Total HK\$'000
	Healthcare and household products HK\$'000	Coal mining business HK\$'000	Money lending business HK\$'000	
2024				
Revenue	100,278	300	1,257	101,835
Segment (loss)/profit	(6,109)	31,274	(5,676)	19,489
Finance costs	(1,258)	–	–	(1,258)
Depreciation	(3,245)	–	–	(3,245)
(Impairment)/reversal of impairment of assets	–	31,761	(6,929)	24,832
Income tax credit	–	–	–	–
Additions to segment non-current assets	87	–	–	87
At 30 June 2024				
Segment assets	115,423	30,420	4,995	150,838
Segment liabilities	122,660	–	–	122,660

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

10. SEGMENT INFORMATION (Continued)

Reconciliations of reportable segment revenue, profit and loss, assets and liabilities:

	2025 HK\$'000	2024 HK\$'000 (Restated)
Revenue:		
Healthcare and household products business	115,183	100,278
Coal mining business	1,602	300
Interest income from money lending business	510	1,257
Property development	–	46,664
Consolidated revenue for the year	<u>117,295</u>	<u>148,499</u>
Profit or loss:		
Total (loss)/profit of reportable segments	(19,786)	19,489
Share of results of associates	(29,637)	(67,537)
Finance costs	(21,037)	(190,389)
Corporate and unallocated loss	(79,705)	(629,683)
Consolidated loss for the year	<u>(150,165)</u>	<u>(868,120)</u>
	2025 HK\$'000	2024 HK\$'000 (Restated)
Assets:		
Total assets of reportable segments	147,361	150,838
Corporate and unallocated assets:		
– Bank and cash balances	1,303	16,921
– Interest in an associate	564,430	530,967
– Others	31,874	1,594,979
Consolidated total assets	<u>744,968</u>	<u>2,293,705</u>
Liabilities:		
Total liabilities of reportable segments	137,484	122,660
Corporate and unallocated liabilities		
– Shareholders loans	298,100	285,600
– Others	50,290	1,770,396
Consolidated total liabilities	<u>485,874</u>	<u>2,178,656</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

10. SEGMENT INFORMATION (Continued)

Geographical information:

	2025 HK\$'000	2024 HK\$'000
Revenue:		
United States of America ("US")	94,164	75,620
The PRC	20	46,669
Germany	5,926	8,826
France	231	1
United Kingdom	—	373
Indonesia	1,602	300
Hong Kong and others	15,352	16,710
	<u>117,295</u>	<u>148,499</u>

In presenting the geographical information, revenue is based on the locations of the customers. No revenue has been recorded for property development and primary land development (2024: primary land development) for the year.

The following table provides an analysis of the Group's non-current assets other than financial instruments:

	2025 HK\$'000	2024 HK\$'000
Non-current assets:		
Indonesia	25,623	32,547
The PRC	59,816	62,699
Hong Kong and others	564,726	531,554
	<u>650,165</u>	<u>626,800</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

10. SEGMENT INFORMATION (Continued)

Revenue from major customers:

	2025 HK\$'000	2024 HK\$'000
Healthcare and household products business segment		
Customer A	63,255	54,211
Customer B	34,891	24,060
	<u> </u>	<u> </u>

Revenue from above customers individually contributed more than 10% of the total consolidated revenue of the Group.

11. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Interest on other loans	2,863	37,358
Interest on bank loans	5,936	141,441
Interest on shareholders loans	13,243	12,689
Lease interests	69	159
	<u> </u>	<u> </u>
	22,111	191,647
	<u> </u>	<u> </u>
Representing		
Continuing operations	14,951	14,143
Discontinued operations	7,160	177,504
	<u> </u>	<u> </u>
	22,111	191,647
	<u> </u>	<u> </u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

12. INCOME TAX (EXPENSE)/CREDIT

	2025 HK\$'000	2024 HK\$'000
Current tax – PRC Enterprise Income Tax		
– Provision for the year	(60)	(2,769)
– Land appreciation tax	–	(3,989)
– Deferred tax (<i>note 33</i>)	–	31,016
Hong Kong Profits Tax		
– Under-provision in prior years	(65)	–
	<u>(125)</u>	<u>24,258</u>
Representing		
Continuing operations	(91)	–
Discontinued operations	(34)	24,258
	<u>(125)</u>	<u>24,258</u>

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.

No provision for Hong Kong Profits Tax has been made for the year as the Group did not generate any assessable profits arising in Hong Kong (2024: 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

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

The reconciliation between the income tax (expense)/credit and the loss before tax multiplied by Hong Kong Profits Tax rate is as follows:

	2025 HK\$'000	2024 HK\$'000
Loss before tax	150,040	892,378
Add: Share of results of associated companies	(29,637)	(67,537)
Less: Land appreciation tax	–	3,989
	120,403	828,830
Tax at the domestic income tax rate of 16.5% (2024: 16.5%)	19,867	136,757
Tax effect of non-taxable income	101	322
Tax effect of non-deductible expenses	(16,993)	(79,189)
Under-provision in prior years	(65)	–
Land appreciation tax	–	(3,989)
Tax effect of tax losses not recognised	(3,035)	(30,188)
Effect of different tax rates of subsidiaries	–	545
Income tax (expense)/credit for the year	(125)	24,258

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

13. LOSS FOR THE YEAR

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

	2025 HK\$'000	2024 HK\$'000 (Restated)
<u>Continuing operations</u>		
Auditor's remuneration	800	930
Cost of inventories sold [#]	90,706	69,938
Depreciation – property, plant and equipment	3,462	3,331
Depreciation – right of use assets	1,050	1,052
Amortisation of exploration and evaluation assets (note 18)	325	61
Impairment loss/(reversal of impairment loss) on exploration and evaluation assets (note 18)	5,752	(31,761)
Impairment of loan receivables (note 23)	3,381	5,756
Impairment of loan interest receivables (note 23)	536	1,173
Impairment of other receivables (note 26(b))	13,696	65,934
Net exchange gain	(1,082)	(1,260)
Short term lease expenses	54	1,023
Staff costs including directors' emoluments		
– Salaries, bonus and allowances	54,949	49,904
– Retirement benefits scheme contributions	6,852	6,037
	61,801	55,941

[#] Cost of inventories sold includes staff costs and depreciation of approximately HK\$28,754,000 in total (2024: approximately HK\$21,922,000), which are included in the amounts disclosed separately above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

14. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

The emoluments of each director were as follows:

2025	Notes	Fees HK\$'000	Salaries and allowances HK\$'000	Retirement benefits scheme contributions HK\$'000	Total HK\$'000
<i>Executive Directors</i>					
Mr. Tam Lup Wai, Franky		–	854	18	872
Mr. Liu Liyang		–	1,800	18	1,818
<i>Non-executive Director</i>					
Mr. Lim Kim Chai		–	–	–	–
<i>Independent Non-executive Directors</i>					
Mr. Hau Chi Kit		180	–	–	180
Mr. Leung Chi Hung		180	–	–	180
Mr. Li Hon Kuen		180	–	–	180
Ms. Yang Yan Tung, Doris	b	106	–	–	106
Total for the year ended 30 June 2025		646	2,654	36	3,336

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

14. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

2024	Notes	Fees HK\$'000	Salaries and allowances HK\$'000	Retirement benefits scheme contributions HK\$'000	Total HK\$'000
<i>Executive Directors</i>					
Mr. Leung Chung Shan	a	–	325	9	334
Mr. Tam Lup Wai, Franky		–	788	18	806
Mr. Liu Liyang		–	1,800	18	1,818
<i>Non-executive Director</i>					
Mr. Lim Kim Chai		–	–	–	–
<i>Independent Non-executive Directors</i>					
Mr. Hau Chi Kit		180	–	–	180
Mr. Leung Chi Hung		180	–	–	180
Mr. Li Hon Kuen		180	–	–	180
Total for the year ended 30 June 2024		<u>540</u>	<u>2,913</u>	<u>45</u>	<u>3,498</u>

Notes:

- a Resigned on 15 December 2023
- b Appointed on 29 November 2024

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

14. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

There was no arrangement under which a director waived or agreed to waive any emoluments during the year.

The five highest paid individuals in the Group during the period included two (2024: two) directors, whose emoluments are reflected in the analysis above. The emoluments of the remaining three (2024: three) individuals is set out below:

	2025 HK\$'000	2024 HK\$'000
Basic salaries and allowances	2,716	3,634
Retirement benefits scheme contributions	53	54
	<u>2,769</u>	<u>3,688</u>

The emoluments fell within the following bands:

	Number of individuals	
	2025	2024
<u>Emolument band:</u>		
Nil – HK\$1,000,000	2	2
HK\$1,000,001 to HK\$1,500,000	1	–
HK\$1,500,001 to HK\$2,000,000	–	1
	<u>3</u>	<u>3</u>

During the year, no emoluments were paid by the Group to any of the directors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

15. DIVIDENDS

The directors do not recommend or declare the payment of any dividend in respect of the year ended 30 June 2025 (2024: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

16. 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 year attributable to owners of the Company of approximately HK\$146,703,000 (2024: HK\$699,345,000) and the weighted average number of ordinary shares of approximately 641,224,000 (2024: 629,446,000), both as adjusted to reflect the share consolidation in July 2025, in issue during the year.

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 attributable to owners of the Company from continuing operations of approximately HK\$94,495,000 (2024: HK\$90,269,000) 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 attributable to owners of the Company from discontinued operations of approximately HK\$52,208,000 (2024: HK\$609,076,000) 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 both years ended 30 June 2025 and 2024.

17. OTHER COMPREHENSIVE INCOME/(LOSS)

Items of other comprehensive income/(loss) for the year with their respective related tax effects as follows:

	2025			2024		
	Amount before tax HK\$'000	Tax HK\$'000	Amount after tax HK\$'000	Amount before tax HK\$'000	Tax HK\$'000	Amount after tax HK\$'000
Exchange differences on translating foreign operations	(4,567)	–	(4,567)	4,299	–	4,299
Share of associates exchange differences on translating foreign operations	63,100	–	63,100	(6,097)	–	(6,097)
Exchange differences reclassified to profit or loss on disposal of subsidiaries	53,705	–	53,705	–	–	–
Fair value changes of financial assets (equity investments) at FVTOCI	(473)	–	(473)	–	–	–
(Loss)/gain on property revaluation	(175)	44	(131)	1,871	(468)	1,403
Other comprehensive income	<u>111,590</u>	<u>44</u>	<u>111,634</u>	<u>73</u>	<u>(468)</u>	<u>(395)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

18. EXPLORATION AND EVALUATION ASSETS

	Exploration and exploitation rights (note a) HK\$'000	Others (note b) HK\$'000	Total HK\$'000
Cost			
At 1 January 2023, 30 June 2024, 1 July 2024 and 30 June 2025	444,127	17,904	462,031
Accumulated impairment			
At 1 July 2023 (note c)	444,127	17,904	462,031
Reversal of impairment losses (note e)	(31,761)	–	(31,761)
Amortisation	61	–	61
At 30 June 2024 and 1 July 2024	412,427	17,904	430,331
Impairment losses (note f)	5,752	–	5,752
Amortisation	325	–	325
At 30 June 2025	418,504	17,904	436,408
Carrying amount			
At 30 June 2025	25,623	–	25,623
At 30 June 2024	31,700	–	31,700

- (a) This represents exploration and exploitation rights in respect of a coal mine in Central Kalimantan, Indonesia.
- (b) Others represent the expenditures incurred in the search for mineral resources as well as the determination of the technical feasibility and commercial viability of extracting those resources.
- (c) On 22 April 2022, the Group was notified by the Indonesian Government that the mining license (“Mining License”) of the coal mine had been revoked and declared invalid with effect from the same date. The Company has submitted the application for the reinstatement. After obtaining a legal opinion advised by a local lawyer, the management is in the view that the reinstatement of the Mining License is remote. Therefore, the carrying amount of HK\$462,031,000 as at 1 July 2023 had been fully impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

18. EXPLORATION AND EVALUATION ASSETS (Continued)

- (d) On 24 August 2023, the Group was notified by the Indonesian Government that the decision to the revocation of the Mining License has been cancelled. The Mining License has become valid and has legal force with effect from the same date, subject to fulfilment of certain pre-conditions, which had been duly fulfilled subsequently. On 9 September 2023, the Group entered into an exclusive cooperation agreement with a company (the “Contractor”), engaged in coal mining activities in Indonesia. The co-operation agreement on the coal mine is for a period of five years from the agreement date. Details are stated in the Company’s announcement dated 31 August 2023.
- (e) On 31 December 2023, the work and budget plan of the coal mining business was approved by the Indonesian Government and the actual coal production and coal sales began in the first half of 2024. Since the reinstatement of the Mining License had been completed, reversal of impairment losses of HK\$31,761,000 was recognised during the year ended 30 June 2024 based on the recoverable amount of the mine. Such recoverable amount has been determined on the basis of its value-in-use using the discount cash flow method (level 3 fair value measurement) using the cash flow projections in financial budgets approved by the management covering a 15-years period for a duration of the production years as approved in the Mining License. The annual production capacity on financial budgets was based on maximum capacity approved by the Indonesian Government without any growth throughout the projection period. The key assumption including pre-tax discount rate used in the value-in-use calculations was 21%.
- (f) During the year ended 30 June 2025, the mining activities were suspended for several months primarily due to significant decline in coal prices globally and bad weather. The Contractor was unable to meet the production level stated in mining plan as agreed under the cooperation agreement. The Group is negotiating with the Contractor for remedial actions to restore to the pre-agreed production level. In the meanwhile, the Group is considering options to engage a subcontractor to cooperate with the Contractor or to take over the mining activities.

Since the Contractor has not been able to meet the production level up to 30 June 2025 in accordance with the mining plan, the Group has revised the mining plan to determine the recoverable amount on the basis of its value-in-use using the discount cash flow method (level 3 fair value measurement) using cash flow projections based on financial budgets approved by the management with a 14-years period, being the duration of the remaining production years as approved in the Mining License. The annual production capacity on financial budgets are based on maximum capacity estimated by the management with gradually growth throughout the projection period. The key assumption including pre-tax discount rate used in the value-in-use calculations is 22%. Accordingly, an impairment loss of HK\$5,752,000 was recognised during the year ended 30 June 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

19. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK\$'000	Leasehold improvements HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures, office equipment and motor vehicles HK\$'000	Moulds and tools HK\$'000	Total HK\$'000
Cost or Valuation						
At 1 July 2023	56,612	2,099	29,420	31,157	30,691	149,979
Additions	–	–	–	58	29	87
Revaluation	322	–	–	–	–	322
Written off	–	–	(52)	(89)	(7)	(148)
Exchange differences	(292)	–	(176)	(97)	(94)	(659)
At 30 June 2024 and 1 July 2024	56,642	2,099	29,192	31,029	30,619	149,581
Additions	–	–	60	111	17	188
Revaluation	(1,751)	–	–	–	–	(1,751)
Written off	–	–	–	(65)	(32)	(97)
Disposal of subsidiaries (note 36)	–	–	(1,716)	–	–	(1,716)
Exchange differences	1,041	–	627	325	333	2,326
At 30 June 2025	55,932	2,099	28,163	31,400	30,937	148,531
Accumulated depreciation and impairment						
At 1 July 2023	–	1,915	21,714	31,157	30,691	85,477
Charge for the year	1,561	79	1,596	65	30	3,331
Write back on revaluation	(1,549)	–	–	–	–	(1,549)
Written off	–	–	(52)	(89)	(4)	(145)
Exchange differences	(12)	–	(139)	(104)	(98)	(353)
At 30 June 2024 and 1 July 2024	–	1,994	23,119	31,029	30,619	86,761
Charge for the year	1,555	79	1,748	27	53	3,462
Write back on revaluation	(1,576)	–	–	–	–	(1,576)
Written off	–	–	–	(65)	(30)	(95)
Disposal of subsidiaries (note 36)	–	–	(1,030)	–	–	(1,030)
Exchange differences	21	–	541	317	281	1,160
At 30 June 2025	–	2,073	24,378	31,308	30,923	88,682
Carrying amounts						
At 30 June 2025	55,932	26	3,785	92	14	59,849
At 30 June 2024	56,642	105	6,073	–	–	62,820

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

19. PROPERTY, PLANT AND EQUIPMENT (Continued)

The analysis of the cost or valuation at 30 June 2025 of the above assets is as follows:

	Land and buildings HK\$'000	Leasehold improvements HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures, office equipment and motor vehicles HK\$'000	Moulds and tools HK\$'000	Total HK\$'000
At cost	–	2,099	28,163	31,400	30,937	92,599
At valuation	55,932	–	–	–	–	55,932
	<u>55,932</u>	<u>2,099</u>	<u>28,163</u>	<u>31,400</u>	<u>30,937</u>	<u>148,531</u>

The analysis of the cost or valuation at 30 June 2024 of the above assets is as follows:

	Land and buildings HK\$'000	Leasehold improvements HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures, office equipment and motor vehicles HK\$'000	Moulds and tools HK\$'000	Total HK\$'000
At cost	–	2,099	29,192	31,029	30,619	92,939
At valuation	56,642	–	–	–	–	56,642
	<u>56,642</u>	<u>2,099</u>	<u>29,192</u>	<u>31,029</u>	<u>30,619</u>	<u>149,581</u>

- (a) As at 30 June 2025, the Group's land and buildings were revalued by BMI Appraisal Limited, an independent firm of professional valuer, on the open market value basis with reference to market evidence of recent transactions for similar properties.

The carrying amount of the Group's land and buildings would be approximately HK\$5,058,000 (2024: approximately HK\$5,782,000) had they been stated at cost less accumulated depreciation and impairment losses.

- (b) As at 30 June 2025, certain land and buildings, amounted approximately HK\$55,932,000 (2024: approximately HK\$56,642,000) of the Group were pledged to secure banking facilities granted to the Group (note 30).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

20. RIGHT-OF-USE ASSETS

Disclosures of lease-related items:

	2025 HK\$'000	2024 HK\$'000
Right-of-use assets		
– Land and buildings	<u>263</u>	<u>1,313</u>

The maturity analysis, based on undiscounted cash flows, of the Group's lease liabilities is as follows:

– Less than 1 year	<u>198</u>	<u>1,186</u>
– Between 1 and 2 years	<u>–</u>	<u>197</u>
	<u>198</u>	<u>1,383</u>

	2025 HK\$'000	2024 HK\$'000
Depreciation charge of right-of-use assets		
– Land and buildings	<u>1,050</u>	<u>1,052</u>
Lease interests	<u>69</u>	<u>159</u>
Expenses related to short-term leases	<u>54</u>	<u>1,023</u>
Total cash outflow for leases	<u>1,239</u>	<u>2,208</u>

The Group leases land and buildings. Lease agreements are typically made for fixed periods of 3 years (2024: 3 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants and the leased assets may not be used as security for borrowing purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

21. INTERESTS IN ASSOCIATES

	2025 HK\$'000	2024 HK\$'000
Unlisted investment		
Share of net assets	564,430	530,967
Goodwill	–	86,994
Impairment	–	(86,994)
	<u>564,430</u>	<u>530,967</u>

The following table shows information of associates that are material to the Group. These associates are accounted for in the consolidated financial statements using the equity method.

Name	Chengde CITIC Securities Jinyu Investment Development Co., Ltd ("Chengde Jinyu") (note)	Pacific Memory SDN BHD
Principal place of business/ countries of incorporation	PRC	Malaysia
Principal activities	Primary land development	Properties development in Malaysia
% ownership interests	42.5%	35%

The summarised financial information presented is based on financial statements of the associates prepared under HKFRS Accounting Standards.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

21. INTERESTS IN ASSOCIATES (Continued)

	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Non-current assets	N/A	1,493,235	–	–
Current assets	N/A	397,851	2,218,716	2,079,229
Non-current liabilities	N/A	–	(518,067)	(486,190)
Current liabilities	N/A	(2,548,776)	(87,993)	(75,990)
Net assets (net of non-controlling interests)	N/A	(598,313)	1,612,656	1,517,049
Group's share of net assets	N/A	–	564,430	530,967
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Revenue	N/A	–	–	–
Loss for the year	N/A	(1,559,441)	(84,678)	(21,577)
Other comprehensive loss	N/A	8,546	180,285	(20,704)
Total comprehensive loss	N/A	(1,550,895)	95,607	(42,281)

note:

- (a) During the year ended 30 June 2024, an impairment loss of approximately HK\$288.8 million has been recognised on the interest in Chengde Jinyu. The carrying value of the interest in Chengde Jinyu as at 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 36).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

22. FINANCE ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 HK\$'000	2024 HK\$'000
Listed equity securities in the U.S., at fair value		
– analysed as non-current assets	6,297	–

Investments in listed equity securities are held for an long term strategic purpose so the Group does not intend to dispose them in the foreseeable future. Designation of these investments as equity investments at fair value through other comprehensive income can avoid the volatility of the fair value changes of these investments to the profit or loss.

23. LOANS AND INTERESTS RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Loans receivables	37,953	40,739
Impairment allowance	(36,857)	(36,476)
	1,096	4,263
Interests receivables	7,985	9,128
Impairment allowance	(7,847)	(8,511)
	138	617
	1,234	4,880
Analysed for reporting purposes as:		
– Non-current assets	–	1,202
– Current assets	1,234	3,678
	1,234	4,880

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

23. LOANS AND INTERESTS RECEIVABLES (Continued)

The aging analysis of loans receivables prepared based on loan commencement or renewal date set out in the relevant contracts is as follows:

	2025 HK\$'000	2024 HK\$'000
Over 12 months	<u>1,096</u>	<u>4,263</u>

As stated in the annual reports of the Company for the 18 months ended 30 June 2022, for the year ended 30 June 2023 and for the year ended 30 June 2024 respectively, the Group has ceased to grant new loans under its money lending business. The loans advanced to the borrowers were granted prior to the year ended 30 June 2023 and were at the time of grant with loan periods from 6 to 12 months (2024: 6 to 12 months). The loans provided to borrowers bore interest rate ranging from 7% – 24% per annum (2024: 7% – 24% per annum), depending on the individual credit evaluations of the borrowers. These evaluations focus on the borrowers' financial background, individual credit rating, current ability to pay, and take into account information specific to the borrowers as well as the guarantees and/or security from the borrowers (where appropriate).

The movements in allowance for impairment of loans and interests receivables were as follows:

	2025 HK\$'000	2024 HK\$'000
Impairment allowance at the beginning of year	44,987	38,058
Impairment during the year	3,917	6,929
Written off during the year	<u>(4,200)</u>	<u>–</u>
Total impairment allowance	<u>44,704</u>	<u>44,987</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

24. INVENTORIES

	2025 HK\$'000	2024 HK\$'000
Raw materials	11,126	6,458
Work in progress	1,779	3,065
Finished goods	7,908	8,881
	<u>20,813</u>	<u>18,404</u>

25. PROPERTIES UNDER DEVELOPMENT FOR SALES AND PROPERTIES HELD FOR SALES

	2025 HK\$'000	2024 HK\$'000
(a) Properties under development for sales		
Cost		
At 1 July	1,049,592	1,249,032
Written down	–	(196,443)
Disposal of subsidiaries (note 36)	(1,054,671)	–
Effect of foreign exchange difference	5,079	(2,997)
	<u>–</u>	<u>1,049,592</u>
At 30 June	<u>–</u>	<u>1,049,592</u>
Properties under development for sales of which:		
– Expected to be recovered within 1 year	–	–
– Expected to be recovered over 1 year	–	1,049,592
	<u>–</u>	<u>1,049,592</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

25. PROPERTIES UNDER DEVELOPMENT FOR SALES AND PROPERTIES HELD FOR SALES (*Continued*)

(a) Properties under development for sales (*Continued*)

As at 30 June 2024, the Group's properties under development for sales are situated in Nanjing, the PRC. The properties under development of HK\$1,049,592,000 were pledged to secure bank borrowings granted to the Group.

On 22 July 2024, the Group completed the disposal of the entire equity interest in Hong Kong Zhongzheng City Investment Limited, which held Chengde Jinyu and the property development projects in Nanjing and Dongguan in the PRC, and the shareholder's loans due from Shenzhen Zhongzheng Ruifeng Management Co., Ltd. (the "Disposal") to a substantial shareholder of the Company for a consideration of approximately HK\$53,700,000. In estimating the net realisable value of the properties under development for sales of the Nanjing project (the "PUD") as at 30 June 2024, the Group allocated the consideration for the Disposal to the assets (other than PUD) and liabilities disposed of, with residual value being allocated to the PUD. On this basis, a written down of PUD of approximately HK\$196,443,000 was recognised during the year end 30 June 2024. The PUD is disposed of during the year ended 30 June 2025 (note 36).

(b) Properties held for sales

The Group's properties held for sales are situated in Dongguan, the PRC. All the properties held for sales are stated at lower of cost and net realisable value. In the opinion of the Directors, properties held for sales would be realised within 12 months.

The net realisable value of the properties held for sales in Dongguan, the PRC as at 30 June 2024 was determined to be lower than its carrying amount, resulted in the recognition of written down of properties held for sales of approximately HK\$7,371,000 (included in costs of sales) during the year ended 30 June 2024.

The properties held for sales is disposed of during the year ended 30 June 2025 (note 36).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

26. TRADE AND OTHER RECEIVABLES

	<i>Note</i>	2025 HK\$'000	2024 <i>HK\$'000</i>
Trade receivables	a	30,213	30,025
Prepayment and deposits		729	43,800
Prepaid tax		743	9,759
Consideration receivable	b	–	20,466
Due from related companies	c	–	32,170
Other receivables		1,541	24,948
		33,226	161,168

	30 June 2025 HK\$'000	30 June 2024 <i>HK\$'000</i>	1 July 2023 <i>HK\$'000</i>
(a) Contract receivables (included in trade receivables)	30,213	30,025	39,740

Trade receivables

The Group allows an average credit period of 30 to 180 days to its trade customers. Each customer has a maximum credit limit. For new customers, payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

The aging analysis of trade receivables, based on invoiced date, and net of allowance, is as follows:

	2025 HK\$'000	2024 <i>HK\$'000</i>
0 to 30 days	12,498	11,484
31 to 90 days	14,194	12,970
91 to 180 days	2,230	5,090
Over 180 days	1,291	481
	30,213	30,025

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

26. TRADE AND OTHER RECEIVABLES (Continued)

- (b) In May 2019, the Group entered into an agreement to dispose of 100% equity interest in Ample One Limited to Joyful Treasure Enterprises Limited (“Joyful Treasure”) at a consideration of HK\$166,400,000 (“Ample One Agreement”). The first payment of HK\$80,000,000 was received upon completion and the remaining consideration was payable by four instalments in January 2020, July 2020, January 2021 and July 2021 respectively. During 2020 and 2021, the Group entered into several extension agreements to extend the repayments of the remaining consideration of HK\$86,400,000. However, Joyful Treasure defaulted settlement in July 2021. The Group had commenced legal action against Joyful Treasure to recover the outstanding balance. The outcome of the legal action was still pending as at 30 June 2024. An impairment loss of approximately HK\$65,934,000 was provided on the consideration receivable as at 30 June 2024, which was determined based on the expected credit loss assessment carried out by an independent valuer engaged by the Company for the consideration receivable as at 30 June 2024 at the rate of approximately 76.3%, which was determined with reference to the market price of publicly traded bonds with credit rating and country risk comparable to Joyful Treasure.

After further negotiations with the Joyful Treasure, in March 2025, the Group, Joyful Treasure and the guarantor of Joyful Treasure under the Ample One Agreement entered into a settlement deed and agreed on the settlement of the remaining consideration of HK\$86,400,000 in full by the guarantor transferring 3,000,000 common shares of a company listed in U. S. held by the guarantor (“Settlement Shares”) to the Group. Completion of the transfer took place in May 2025 and the Settlement Shares were accounted by the Group as financial assets at FVTOCI. Based on the difference between the fair value (i.e. quoted market price) of the Settlement Shares as at the date of transfer and the carrying amount of the consideration receivable as at 30 June 2024, an additional impairment loss of approximately HK\$13,696,000 was provided on the consideration receivable during the year ended 30 June 2025. As at 30 June 2025, the financial assets at FVTOCI are measured at fair value of approximately HK\$6,297,000.

- (c) The amount due from related companies are interest free, unsecured and have no fixed term of repayment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

27. AMOUNTS DUE FROM ASSOCIATES

	2025 HK\$'000	2024 HK\$'000
Pacific Memory SDN BHD	21,881	21,881
Chengde Jinyu (note)	—	235,993
	<u>21,881</u>	<u>257,874</u>

As at 30 June 2025, the amounts due from Pacific Memory SDN BHD are shareholder's loan and are unsecured, interest-free and have no fixed repayment terms. As at 30 June 2024, out of the total amounts due from Chengde Jinyu approximately HK\$63,414,000 are interest-bearing at 16% per annum and repayable within one year, and the remaining amounts are unsecured, interest-free and have no fixed repayment terms.

note: The amounts due from Chengde Jinyu were disposed of during the year ended 30 June 2025 (note 36).

28. BANK AND CASH BALANCES

Bank and cash balances are denominated in the following currencies:

	2025 HK\$'000	2024 HK\$'000
RMB	1,612	16,131
Hong Kong Dollar	2,191	1,433
US Dollar	7,548	2,411
Other currencies	1	160
	<u>11,352</u>	<u>20,135</u>

As at 30 June 2024, the bank and cash balances of the Group denominated in RMB amounted to approximately HK\$1,612,000 (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 Nil (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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

29. TRADE AND OTHER PAYABLES

		2025 HK\$'000	2024 HK\$'000
	<i>Note</i>		
Trade payables	<i>a</i>	27,441	59,285
Accruals and other payables		62,579	125,752
Due to a related company	<i>b</i>	–	10,748
Loan interest payables		17,457	306,485
Amounts due to directors		1,848	999
Contract liabilities	<i>c</i>	–	171,922
		<u>109,325</u>	<u>675,191</u>

(a) Trade payables

The aging analysis of the trade payables, based on the date of receipt of goods, is as follows:

	2025 HK\$'000	2024 HK\$'000
0 to 30 days	5,315	3,904
31 to 90 days	12,517	11,383
91 to 180 days	6,806	8,800
Over 180 days	2,803	35,198
	<u>27,441</u>	<u>59,285</u>

(b) Amounts due to a related company is unsecured, interest-free and repayable on demand.

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For the year ended 30 June 2025

29. TRADE AND OTHER PAYABLES (Continued)

(c) Contract liabilities

	30 June 2025 HK\$'000	30 June 2024 HK\$'000	1 July 2023 HK\$'000
Contract liabilities			
– Property and development	–	171,922	176,125

Transaction prices allocated to performance obligations unsatisfied at end of year and expected to be recognised as revenue in:

	2025 HK\$'000	2024 HK\$'000
– 2025	–	171,922

Movements in contract liabilities during the year:

	2025 HK\$'000	2024 HK\$'000
Balance as at 1 July	171,922	176,125
Increase due to operations	1,180	42,461
Disposal of subsidiaries	(174,143)	–
Transfer of contract liabilities to revenue	–	(46,664)
Exchange differences	1,041	–
Transfer of contract liabilities to revenue	–	171,922

A contract liability represents the Group's obligation to transfer products or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customers.

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For the year ended 30 June 2025

30. BORROWINGS

	2025 HK\$'000	2024 HK\$'000
Secured bank loans	32,837	369,738
Secured other loans	–	9,673
Unsecured other loans	25,157	679,390
	<u>57,994</u>	<u>1,058,801</u>
Analysed for reporting purposes as:		
– Non-current liabilities	32,837	21,206
– Current liabilities	25,157	1,037,595
	<u>57,994</u>	<u>1,058,801</u>

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

– RMB	55,614	1,056,421
– Hong Kong Dollar	2,380	2,380
	<u>57,994</u>	<u>1,058,801</u>

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

	Bank Borrowings		Other Borrowings	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
– Within one year or on demand	–	348,532	25,157	689,063
– More than one year, but not exceeding two years	–	21,206	–	–
– More than two years, but not exceeding five years	32,837	–	–	–
	<u>32,837</u>	<u>369,738</u>	<u>25,157</u>	<u>689,063</u>

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30. BORROWINGS (Continued)

The secured bank loans represent loans which are secured by (i) individual guarantee of a related party of a subsidiary and (ii) certain land use rights. The loans are arranged at floating rate at 3% per annum. (2024: (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 unsecured other loans as at 30 June 2025 represent loans of approximately HK\$2,380,000 which are interest free and repayment on demand and loans of approximately HK\$8,077,000 which are interest bearing at 5% per annum and repayable by August 2025 and loans of HK\$14,700,000 which are interest bearing at 6% per annum and repayable by July 2025.

During the year ended 30 June 2024, a non-wholly owned subsidiary, Nanjing Yuanding Real Estate Co., Ltd (南京源鼎置業有限公司) (“Yuanding”) defaulted the scheduled settlement of the secured bank loans of RMB319,740,000 (equivalent to HK\$343,659,000 as at 30 June 2024) and the loan became repayable on demand according to the clauses of agreements. The bank has initiated legal proceedings at the PRC court against Yuanding to demand repayment of bank loans. On 29 December 2023, the Group received a judgement from The Intermediate People’s Court of Nanjing, Jiangsu Province, ruled that Yuanding was required to repay the outstanding loan principal, default charges on overdue bank loan of approximately HK\$34,627,000, as well as the loans interests and penalty loans interests within 10 days from the effective date of the judgement. It was further noted from a public announcement in December 2023 that the debt has been disposed of by the bank as non-performing loan. On 22 July 2024, Yuanding, together with the Group’s other properties development projects in the PRC, was disposed to a substantial shareholder of the Company (note 36).

The secured other loans at 30 June 2024 represent loans which are secured by certain completed properties held for sales, at a fixed rate of 16% per annum.

The unsecured loans at 30 June 2024 represent loans which are interest bearing at a range from 4.75% to 18% per annum and repayable on demand.

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For the year ended 30 June 2025

31. SHAREHOLDERS LOANS

	2025 HK\$'000	2024 HK\$'000
Shareholders loans	298,100	285,600
Analysed for reporting purposes as:		
– Current liabilities	48,100	285,600
– Non-current liabilities	250,000	–
	<u>298,100</u>	<u>285,600</u>

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 36), 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.

Subsequent to the end of reporting period, on 15 May 2025, the Company and two substantial shareholders, i.e. Mr. Low and Mr. Lim, entered into the debt capitalisation agreements, of which the Company has agreed to allot and issue 289,574,140 shares and 215,000,000 shares to Mr. Low and Mr. Lim respectively at issue price of HK\$0.20 per share and the amount of the issued shares of approximately HK\$100.9 million will be set off against all of the shareholder's loans owing by the Company to Mr. Low and part of the shareholder's loans owing by the Company to Mr. Lim on a dollar-to-dollar basis ("Debt Capitalisation"). The Debt Capitalisation was completed on 15 July 2025.

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For the year ended 30 June 2025

32. LEASE LIABILITIES

	Lease payments		Present value of lease payments	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Within one year	198	1,186	196	1,117
In the second to fifth years, inclusive	–	197	–	195
	<u>198</u>	<u>1,383</u>		
Less: Future finance charges	(2)	(71)		
	<u>196</u>	<u>1,312</u>	<u>196</u>	<u>1,312</u>
Present value of lease liabilities				
Less: Amount due for settlement within 12 months (shown under current liabilities)			(196)	(1,117)
Amount due for settlement after 12 months			–	195

At 30 June 2025, the effective borrowing rates were 8.5% (2024: 8.5%) per annum. Interest rates are fixed at the contract dates and thus expose the Group to fair value interest rate risk.

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For the year ended 30 June 2025

33. DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities and assets recognised by the Group.

	Revaluation of acquisition of subsidiaries HK\$'000	Revaluation of land and buildings HK\$'000	Total HK\$'000
At 1 July 2023	34,572	13,799	48,371
Debit to equity for the year	–	468	468
Credit to profit or loss (<i>note 12</i>)	(31,016)	–	(31,016)
Exchange differences	83	(72)	11
At 30 June 2024 and 1 July 2024	3,639	14,195	17,834
Debit to equity for the year	–	(44)	(44)
Disposal of a subsidiary (<i>note 36</i>)	(3,661)	–	(3,661)
Exchange differences	22	261	283
At 30 June 2025			

At the end of the reporting period, the Group has unused tax losses of approximately HK\$68,448,000 (2024: HK\$89,360,000) available for offset against future profits and such losses may be carried forward indefinitely. No deferred tax asset has been recognised for these tax losses due to the unpredictability of future profit streams.

34. RETIREMENT BENEFIT OBLIGATIONS

Employee retirement benefits

The Group operates a mandatory provident fund scheme (the “MPF Scheme”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The MPF Scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF Scheme, the employer makes contributions to the scheme at 5% – 10% and employees are required to make 5% of the employees’ relevant income, subject to a cap of monthly relevant income of HK\$30,000. Mandatory contributions to the scheme vest immediately.

Subsidiaries incorporated in the PRC participate in various defined contribution retirement plans (“Plans”) organised by local authorities for the Group’s employees in the PRC. The subsidiaries are required to contribute, based on a certain percentage of the basic payroll, to the Plans. The Group has no other obligation for the payment of pension benefits associated with these Plans beyond the annual contributions described above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

35. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.00004 each at 1 July 2023, 30 June 2024, 1 July 2024 and 30 June 2025	25,000,000,000,000	1,000,000
Issued and fully paid:		
Ordinary shares of HK\$0.00004 each:		
At 1 July 2023	10,721,666,832	429
Issue of shares for debts capitalisation (a)	2,102,817,178	84
Ordinary shares of HK\$0.00004 each at 30 June 2024, 1 July 2024 and 30 June 2025	12,824,484,010	513

note:

- (a) On 1 August 2023, the Company and a creditor entered into an agreement, pursuant to which the Company agreed to allot and issue, and the creditor agreed to subscribe for an aggregate of 2,102,817,178 shares at the issue price of HK\$0.01 per share. The consideration was fully set off against the principal and accrued interest of approximately HK\$21,028,000 owed by the Company to the creditor (the “Debt Capitalisation”). The Debt Capitalisation was completed on 11 August 2023. For details, please refer to the announcements of the Company dated 1 August 2023 and 11 August 2023 respectively.

The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group reviews the capital structure frequently by considering the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts, redemption of existing debts or selling assets to reduce debts in order to maintain sufficiency of working capital.

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debts less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. share capital, share premium, non-controlling interests, accumulated losses and other reserves).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

36. DISCONTINUED OPERATIONS

On 6 May 2024, the Group and Mr. Lim Kim Chai (“Mr. Lim”), 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, together with the loans due from Shenzhen Zhongzheng Ruifeng Management Co., Ltd. The consideration for the Disposal, amounting to HK\$53,700,000 was to be satisfied by offsetting against the outstanding interest accrued on the shareholder’s loans owed by the Company to Mr. Lim up to the date of the Disposal Agreement. As mentioned in note 25 above, the Disposal was completed on 22 July 2024, following which the Group discontinued its property development and primary land development businesses in the PRC. Details of the Disposal are set out in the Company’s announcement dated 6 May 2024 and circular dated 28 June 2024.

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

	2025 HK\$'000	2024 HK\$'000
Loss of discontinued operations	(7,619)	(777,851)
Loss on disposal of discontinued operations	(48,051)	—
	<u>(55,670)</u>	<u>(777,851)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

36. 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	2024 HK\$'000
Revenue	—	46,664
Cost of goods sold	—	(55,572)
Gross loss	—	(8,908)
Other income	874	10,457
Selling and distribution expenses	(419)	(1,428)
Administrative expenses	(880)	(11,368)
Impairment loss on amounts due from associates	—	(68,155)
Written down of properties under development for sales	—	(196,443)
Impairment loss on interest in an associate	—	(288,775)
Share of results of associates	—	(59,985)
Finance costs	(7,160)	(177,504)
Loss before tax	(7,585)	(802,109)
Income tax (expense)/credit	(34)	24,258
Loss for the period/year	(7,619)	(777,851)

The Group's loss for the year from the discontinued operations is stated after charging/(crediting):

	From 1 July 2024 to 22 July 2024 HK\$'000	2024 HK\$'000
Costs of inventories sold	—	55,572
Impairment loss on amounts due from associates	—	68,155
Written down of properties under development for sales (note 25(a))	—	196,443
Impairment loss on interest in an associate (note 21(a))	—	288,775
Written down of properties held for sales (note 25(b))	—	7,371
Staff costs including directors' emoluments	—	3,074

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

36. DISCONTINUED OPERATIONS (Continued)

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

	<i>HK\$'000</i>
Interests in associates	—
Property, plant and equipment	686
Properties under development for sales	1,054,671
Properties held for sales	155,760
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 taxation	(3,661)
Net liabilities disposed of:	(134,530)
Release of foreign currency translation reserve	53,705
Non-controlling interests	182,576
Loss on disposal of subsidiaries	(48,051)
Total consideration	53,700
Satisfied by:	
Cash received	—
Consideration settled by offsetting the accrued interest payable to the shareholder's loans as at the date of the Disposal Agreement	53,700
Total consideration	53,700
Net cash outflow arising on disposal:	
Cash consideration received	—
Cash and cash equivalents disposed	(16,123)
	(16,123)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

37. RESERVES

(a) The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) Reserves of the Company

	Share premium HK\$'000	Contributed surplus HK\$'000	Warrant reserve HK\$'000	Other reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 July 2023	878,200	635,891	24,226	33,251	(597,997)	973,571
Issue of shares for debts capitalisation (note 35(a))	20,944	–	–	–	–	20,944
Loss for the year	–	–	–	–	(931,907)	(931,907)
At 30 June 2024	<u>899,144</u>	<u>635,891</u>	<u>24,226</u>	<u>33,251</u>	<u>(1,529,904)</u>	<u>62,608</u>
At 1 July 2024	899,144	635,891	24,226	33,251	(1,529,904)	62,608
Profit for the year	–	–	–	–	67,428	67,428
At 30 June 2025	<u>899,144</u>	<u>635,891</u>	<u>24,226</u>	<u>33,251</u>	<u>(1,462,476)</u>	<u>130,036</u>

(c) Nature and purpose of reserves

(i) Share premium account

Share premium represents premium arising from the issue of shares at a price in excess of their par value per share and is not distributable but may be applied in paying up unissued shares of the Company to be issued to the shareholders of the Company as fully paid bonus shares or in providing for the premiums payable on repurchase of shares.

(ii) Contributed surplus

The contributed surplus of the Company arose as a result of the Group reorganisation implemented in preparation for the listing of the Company's shares in 1997 and represented the excess of the then consolidated net assets of the subsidiaries acquired, over the nominal value of the share capital of the Company issued in exchange therefore.

The contributed surplus arose in the years represented the net effect of the capital reduction of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

37. RESERVES (Continued)

(c) Nature and purpose of reserves (Continued)

(ii) Contributed surplus (Continued)

Under the Companies Act of Bermuda, the contributed surplus account of the Company is available for distribution. However the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

- it is, or would after the payment be, unable to pay its liabilities as they become due; or
- the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

(iii) Warrant reserve

The warrant reserve represents the proceeds received from the issue of 370,000,000 warrants at a placing price of HK\$0.07 per warrant on 27 November 2003, net of warrant issue expenses. The trading of the warrants on the Stock Exchange had ceased after 2 December 2004 and the listing of the warrants on the Stock Exchange was withdrawn from 4 December 2004. The subscription rights attaching to the 365,880,000 outstanding warrants had expired on 7 December 2004.

(iv) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 4 to the consolidated financial statements.

(v) Property revaluation reserve

Property revaluation reserve has been set up and are dealt with in accordance with the accounting policies adopted for buildings in note 4 to the consolidated financial statements.

(vi) Investment revaluation reserve

Investment revaluation reserve comprise the cumulative net changes in the fair value of financial assets at FVTOCI held at the end of the reporting period.

(vii) Other reserve

The other reserve comprises all the effect of discounting of shareholders' loan which are not due or payable within one year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2025 HK\$'000	2024 HK\$'000
Non-current assets		
Investments in subsidiaries	1	1
Current assets		
Amounts due from subsidiaries	570,727	530,967
Other current assets	1,477	906
Bank and cash balances	684	272
	572,888	532,145
Current liabilities		
Amounts due to subsidiaries	(104,750)	(113,479)
Borrowings	(17,080)	(2,380)
Shareholders loans	(48,100)	(285,600)
Other current liabilities	(22,410)	(67,566)
	(192,340)	(469,025)
Net current assets	380,548	63,120
Total assets less current liabilities	380,549	63,121
Non-current liabilities		
Shareholders loans	(250,000)	—
	(250,000)	—
NET ASSETS	130,549	63,121
Capital and reserves		
Share capital	513	513
Reserves	130,036	62,608
TOTAL EQUITY	130,549	63,121

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

39. BANKING FACILITIES

At 30 June 2025, the Group had banking facilities amounted to approximately HK\$32,837,000 (2024: approximately HK\$55,353,000), which were secured by the followings:

- (a) certain land and buildings, amounted approximately HK\$55,932,000 (2024: approximately HK\$56,642,000) of the Group were pledged to secure banking facilities granted to the Group (note 19); and
- (b) guarantee for an unlimited amount duly executed by the Company.

At 30 June 2025, the Group had no available undrawn borrowing facilities (2024: approximately HK\$29,273,000).

40. NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS

Changes in liabilities arising from financing activities

The following table shows the Group's changes in liabilities arising from financing activities during the year:

	Loan interest payables HK\$'000	Shareholders loans HK\$'000	Borrowings HK\$'000	Lease liabilities HK\$'000	Total liabilities from financing activities HK\$'000
At 1 July 2023	120,690	282,600	1,081,356	2,338	1,486,984
Changes in cash flows	(2,800)	3,000	2,920	(1,185)	1,935
Non-cash changes					
– loan capitalisation (note 34(a))	(1,028)	–	(20,000)	–	(21,028)
– interest charged	191,488	–	–	159	191,647
– exchange difference	(1,865)	–	(5,475)	–	(7,340)
At 30 June 2024 and 1 July 2024	306,485	285,600	1,058,801	1,312	1,652,198
Changes in cash flows	(1,416)	12,500	28,863	(1,185)	38,762
Non-cash changes					
– disposal of subsidiaries (note 36)	(257,503)	–	(1,036,581)	–	(1,294,084)
– Offset with consideration for disposal of subsidiaries (note 36)	(53,700)	–	–	–	(53,700)
– interest charged	22,042	–	–	69	22,111
– exchange difference	1,549	–	6,911	–	8,460
At 30 June 2025	17,457	298,100	57,994	196	373,747

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

41. RELATED PARTY TRANSACTIONS

Save for the transactions and balances disclosed elsewhere in these consolidated financial statements, the Group had no other transactions and balances with its related parties during the year.

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

The table below lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the financial position of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

Particulars of the Company's principal subsidiaries at the end of the reporting period are as follows:

Name	Place of incorporation/ registration	Type of legal entity	Issued/paid-up registered capital	Percentage of the ownership interest/ voting power		Principal activities
				Direct	Indirect	
Dongguan Weihang Electrical Product Company Limited [#]	The PRC	Limited liability company	Registered capital US\$9,000,000	–	100%	Manufacturing and trading of healthcare and household products
eForce Management Limited	Hong Kong		Ordinary shares of HK\$2	100%	–	Provision of management services
Fairform Group Limited	BVI		15,700,200 shares of US\$1 each	100%	–	Investment holding
Fairform Manufacturing Company Limited	Hong Kong		Ordinary shares of HK\$138,750,000 and non-voting deferred shares of HK\$250,000	–	100%	Manufacturing and trading of healthcare and household products
Gainford Internationals Inc.	BVI		50 shares of US\$1 each	–	100%	Investment holding
Oasis Global Limited	BVI		10 shares of US\$1 each	–	100%	Trademark holding
PT Bara Utama Persada Raya	Republic of Indonesia		4,999 shares of IDR100,000 each	–	99.98%	Own a coal mining concession

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Name	Place of incorporation/ registration	Type of legal entity	Issued/paid-up registered capital	Percentage of the ownership interest/ voting power		Principal activities
				Direct	Indirect	
PT Karya Dasar Bumi	Republic of Indonesia		1,000 shares of IDR1,000,000 each	–	100%	Investment holding
Yixin Holdings Limited	Hong Kong		Ordinary share of HK\$1	100%	–	Money lending

The English name is for identification purpose only

43. NON-CONTROLLING INTERESTS

The table below details of non-wholly owned subsidiaries of the Group, which have material non-controlling interests:

Name of subsidiary	Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
南京源鼎置業有限公司	(3,462)	(168,766)	N/A	(175,748)
Individually immaterial subsidiaries with non-controlling interests	–	(9)	N/A	(2,269)
	(3,462)	(168,775)	N/A	(178,017)

Summarised financial information in respect of the Group's subsidiary, i.e. 南京源鼎置業有限公司, that has material non-controlling interests is set out below.

At 30 June 2024, 南京源鼎置業有限公司 is a subsidiary with 49% non-controlling interests that are material to the Group.

On 22 July 2024, 南京源鼎置業有限公司, together with the Group's other properties development projects in the PRC, was disposed to a substantial shareholder of the Company (note 36).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

43. NON-CONTROLLING INTERESTS (Continued)

Summarised statement of financial position

	2025 HK\$'000	2024 HK\$'000
Non-current assets	N/A	755
Current assets	N/A	1,089,814
Current liabilities	N/A	(1,449,239)
Non-current liabilities	N/A	—
Net assets	N/A	(358,670)
Net assets attributable to non-controlling interests	N/A	(175,748)

Summarised statement of comprehensive income

	2025 HK\$'000	2024 HK\$'000
Revenue	—	—
Loss for the year	(7,065)	(344,420)
Total comprehensive loss for the year	(9,276)	(339,645)
Loss attributable to non-controlling interests	(3,462)	(168,766)
Total comprehensive loss attributable to non-controlling interests	(4,545)	(166,426)

Summarised cash flows

	2025 HK\$'000	2024 HK\$'000
Net cash used in operating activities	—	(19,816)
Net cash used in investing activities	—	—
Net cash used in financing activities	—	—
Net decrease in cash and cash equivalents	—	(19,816)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

44. EVENT AFTER THE END OF REPORTING PERIOD

- (a) On 15 May 2025, the Company and two substantial shareholders, i.e. Mr. Low Thiam Herr (“Mr. Low”) and Mr. Lim Kim Chai (“Mr. Lim”), entered into the debt capitalisation agreements, of which the Company has agreed to allot and issue 289,574,140 shares and 215,000,000 shares to Mr. Low and Mr. Lim respectively at issue price of HK\$0.20 per share and the amount of the issued shares of approximately HK\$100.9 million will be set off against all of the shareholder’s loans owing by the Company to Mr. Low and part of the shareholder’s loans owing by the Company to Mr. Lim on a dollar-to-dollar basis (“Debt Capitalisation”). The Debt Capitalisation was completed on 15 July 2025.
- (b) The Company proposes to, following completion of the Debt Capitalisation, implement the rights issue on the basis of one rights share for every two consolidated shares (including the shares to be allotted and issued pursuant to the Debt Capitalisation) at the rights issue price of HK\$0.20 per rights share, to raise gross proceeds of up to approximately HK\$114.6 million by issuing 572,899,170 rights shares to the shareholders (“Rights Issue”). The net proceeds from the Rights Issue after deducting the expenses are estimated to be approximately HK\$112.0 million. The Rights Issue was completed on 20 August 2025.

Further details are set out in the announcements of the Company dated 15 May 2025, 5 June 2025, 19 June 2025, 10 July 2025, 15 July 2025, 13 August 2025 and 19 August 2025; (ii) the circular of the Company dated 19 June 2025 and (iii) the prospectus of the Company dated 29 July 2025, in relation to the Debts Capitalisation and the Rights Issue.

45. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 2 September 2025.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements and reclassified as appropriated, is set out below:

RESULTS

	For the year ended 30 June			For the eighteen months ended 30 June	For the year ended 31 December
	2025 HK\$'000	2024 HK\$'000 (Re-presented)	2023 HK\$'000	2022 HK\$'000	2020 HK\$'000
Revenue	117,295	101,835	872,910	208,995	154,692
– Continuing	117,295	101,835	N/A	N/A	N/A
– Discontinued	–	–	N/A	N/A	N/A
Gross profit	26,589	31,897	253,687	54,914	44,772
– Continuing	26,589	31,897	N/A	N/A	N/A
– Discontinued	–	–	N/A	N/A	N/A
(Loss)/profit for the year	(150,165)	(868,120)	32,514	(362,311)	(67,192)
– Continuing	(94,495)	(90,269)	N/A	N/A	N/A
– Discontinued	(55,670)	(777,851)	N/A	N/A	N/A

ASSETS AND LIABILITIES

	As at 30 June				As at 31 December
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2020 HK\$'000
Total assets	744,968	2,293,705	3,025,006	4,122,074	3,715,707
Total liabilities	(485,874)	(2,178,656)	(2,062,470)	(3,106,517)	(2,290,814)
Net assets	259,094	115,049	962,536	1,015,557	1,424,893

note:

The comparative figures for the financial year ended 31 December 2020, the eighteen months ended 30 June 2022 and the financial year ended 30 June 2023 reflect the performance of the property development and primary land development business of the Group in the PRC, which was disposed in July 2024. The comparative figures for the financial year ended 30 June 2024 have been re-presented to conform to the current year's presentation.