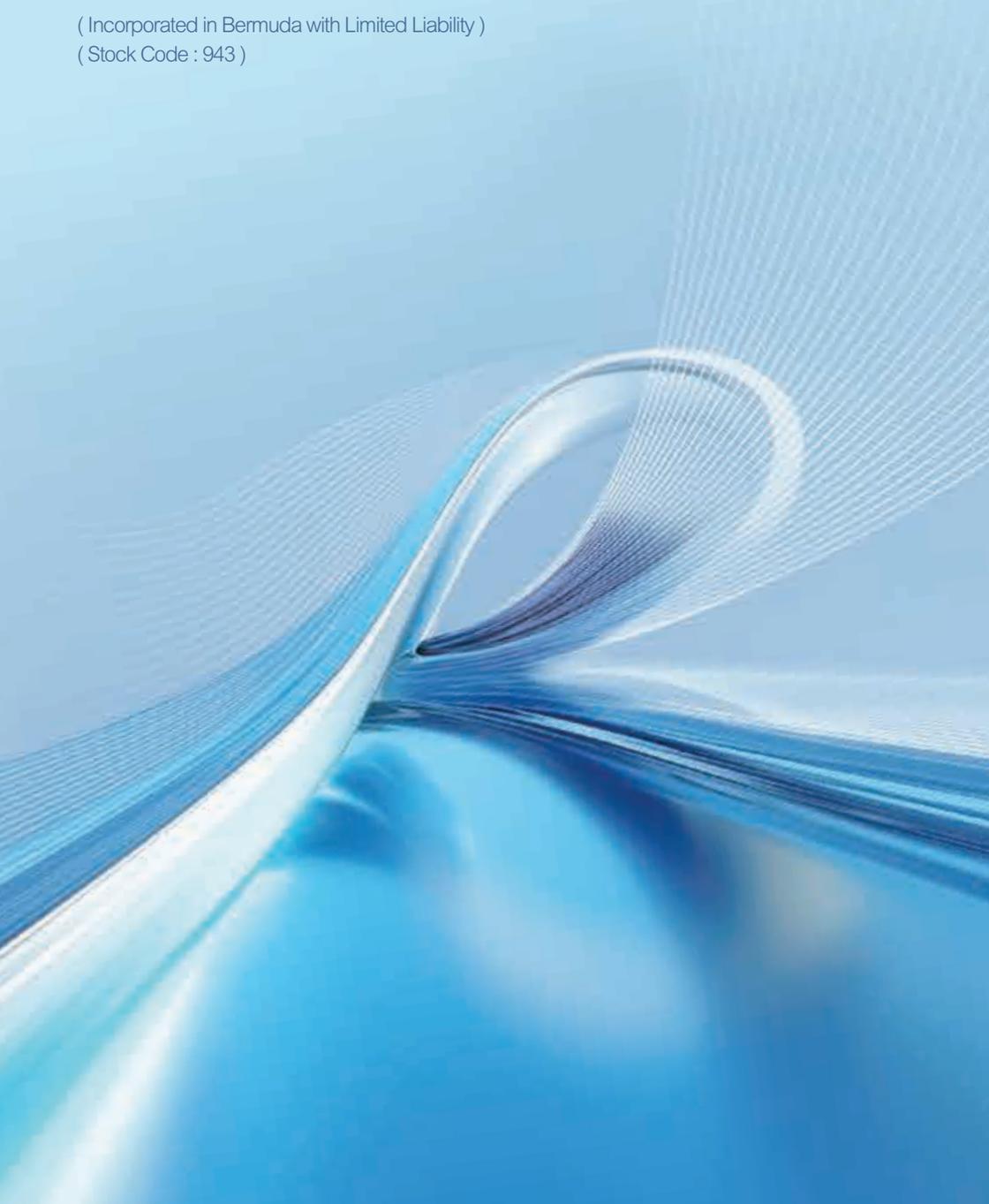


Zhongzheng International Company Limited

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

Interim Report
2025/2026



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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2025

	Notes	Six months ended 31 December	
		2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Continuing operations			
Revenue		41,389	64,022
Interest revenue		–	510
Total revenue	4	41,389	64,532
Cost of sales		(31,026)	(48,232)
Gross profit		10,363	16,300
Other income and other gains and losses	5	9,845	769
Selling and distribution expenses		(519)	(885)
Administrative expenses		(27,088)	(26,650)
Loss from operations		(7,399)	(10,466)
Impairment of loan and interest receivables		–	(2,616)
Impairment of other receivable		–	(16,086)
Share of results of associates		(422)	(357)
Finance costs	6	(6,253)	(7,355)
Loss before tax from continuing operations		(14,074)	(36,880)
Income tax expense	7	–	(65)
Loss for the period from continuing operations		(14,074)	(36,945)
Discontinued operations			
Loss for the period from discontinued operations	20	–	(55,670)
Loss for the period	8	(14,074)	(92,615)
Loss for the period attributable to:			
Owners of the Company			
From continuing operations		(14,074)	(36,945)
From discontinued operations		–	(52,208)
		(14,074)	(89,153)
Non-controlling interests			
From continuing operations		–	–
From discontinued operations		–	(3,462)
		–	(3,462)
		(14,074)	(92,615)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2025

		Six months ended 31 December	
	Notes	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Loss for the period		(14,074)	(92,615)
Other comprehensive income/(loss):			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences reclassified to profit or loss on disposal of subsidiaries	20	–	53,705
Exchange differences on translating foreign operations		(32)	(3,240)
Share of associates' exchange differences on translating foreign operations		18,874	26,405
		18,842	76,870
<i>Items that will not be reclassified to profit or loss:</i>			
Fair value changes of financial assets (equity investments) at fair value through other comprehensive income ("FVTOCI")		(2,728)	–
Gain on property revaluation		–	–
		(2,728)	–
Other comprehensive income for the period, net of tax		16,114	76,870
Total comprehensive income/(loss) for the period		2,040	(15,745)
Total comprehensive income/(loss) for the period attributable to:			
Owners of the Company		2,040	(11,186)
Non-controlling interests		–	(4,559)
		2,040	(15,745)
Loss per share	10		(Restated)
From continuing and discontinued operations			
Basic (cents per share)		(0.92)	(13.52)
Diluted (cents per share)		N/A	N/A
From continuing operations			
Basic (cents per share)		(0.92)	(5.60)
Diluted (cents per share)		N/A	N/A
From discontinued operations			
Basic (cents per share)		–	(7.92)
Diluted (cents per share)		N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION*At 31 December 2025*

		At 31 December 2025 <i>HK\$'000</i> (Unaudited)	At 30 June 2025 <i>HK\$'000</i> (Audited)
Non-current assets			
Exploration and evaluation assets		25,535	25,623
Property, plant and equipment	11	1,683	59,849
Right-of-use assets		973	263
Interests in associates	12	582,881	564,430
Financial assets at FVTOCI		3,569	6,297
		<u>614,641</u>	<u>656,462</u>
Current assets			
Inventories		9,865	20,813
Trade and other receivables	13	16,638	33,226
Loans and interests receivables	14	1,074	1,234
Amounts due from associates		21,881	21,881
Bank and cash balances	15	99,927	11,352
		<u>149,385</u>	<u>88,506</u>
Non-current asset held for sale	21	56,059	–
		<u>205,444</u>	<u>88,506</u>
Current liabilities			
Trade and other payables	16	(79,179)	(109,325)
Lease liabilities		(366)	(196)
Borrowings	17	(2,380)	(25,157)
Shareholders loans	18	–	(48,100)
Current tax liabilities		(5,831)	(5,847)
		<u>(87,756)</u>	<u>(188,625)</u>
Net current assets/(liabilities)		<u>117,688</u>	<u>(100,119)</u>
Total assets less current liabilities		<u>732,329</u>	<u>556,343</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION*At 31 December 2025*

	<i>Notes</i>	At 31 December 2025 HK\$'000 (Unaudited)	At 30 June 2025 HK\$'000 (Audited)
Non-current liabilities			
Lease liabilities		(618)	–
Borrowings	17	(33,382)	(32,837)
Shareholders loans	18	(218,722)	(250,000)
Deferred tax liabilities		(14,652)	(14,412)
		<u>(267,374)</u>	<u>(297,249)</u>
NET ASSETS		<u>464,955</u>	<u>259,094</u>
Capital and reserves			
Share capital	19	1,375	513
Reserves		463,580	258,581
Equity attributable to owners of the Company		<u>464,955</u>	<u>259,094</u>
Non-controlling interests		–	–
TOTAL EQUITY		<u>464,955</u>	<u>259,094</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*For the six months ended 31 December 2025*

	Attributable to owners of the Company											
	Share capital	Share premium	Contributed surplus	Foreign	Warrant reserve	Other reserve	Investment revaluation reserve	Property revaluation reserve	Accumulated losses	Total	Non-controlling interests	Total
				currency translation reserve								
HK\$'000	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 2024	513	899,144	626,537	(157,590)	24,226	33,251	-	47,061	(1,180,076)	293,066	(178,017)	115,049
Disposal of subsidiaries (note 20)	-	-	-	-	-	-	-	-	-	-	182,576	182,576
Total comprehensive loss for the year	-	-	-	77,967	-	-	-	-	(89,153)	(11,186)	(4,559)	(15,745)
At 31 December 2024	<u>513</u>	<u>899,144</u>	<u>626,537</u>	<u>(79,623)</u>	<u>24,226</u>	<u>33,251</u>	<u>-</u>	<u>47,061</u>	<u>(1,269,229)</u>	<u>281,880</u>	<u>-</u>	<u>281,880</u>
At 1 July 2025	513	899,144	626,537	(44,255)	24,226	33,251	(473)	46,930	(1,326,779)	259,094	-	259,094
Share premium reduction (Note)	-	(899,144)	-	-	-	-	-	-	899,144	-	-	-
Issue of shares for debt capitalisation (Note 19(b))	404	90,924	-	-	-	528	-	-	-	91,328	-	91,328
Issue of shares on rights issue (Note 19(c))	458	111,507	-	-	-	-	-	-	-	111,965	-	111,965
Total comprehensive loss for the year	-	-	-	18,842	-	-	(2,728)	-	(14,074)	2,040	-	2,040
At 31 December 2025	<u>1,375</u>	<u>202,431</u>	<u>626,537</u>	<u>(25,413)</u>	<u>24,226</u>	<u>33,779</u>	<u>(3,201)</u>	<u>46,930</u>	<u>(441,709)</u>	<u>464,955</u>	<u>-</u>	<u>464,955</u>

Note: Pursuant to a special general meeting resolution passed on 10 July 2025, the entire amount of the share premium of the Company of approximately HK\$899.1 million was reduced and applied towards setting off part of the accumulated losses of the Company.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*For the six months ended 31 December 2025*

	Six months ended 31 December	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Net cash used in operating activities	(9,737)	(11,948)
Cash flows from investing activities		
Purchase of property, plant and equipment	(80)	(95)
Net cash outflow from disposal of subsidiaries	–	(16,123)
Proceeds from disposal of property, plant and equipment	770	–
Net cash generated from/(used in) investing activities	690	(16,218)
Cash flows from financing activities		
New borrowings	–	2,496
Repayment of borrowings	(22,784)	(1,719)
Advance from shareholders	–	12,500
Repayment of lease liabilities	(366)	(592)
Proceeds from rights issues	111,965	–
Interests paid	(613)	(733)
Net cash generated from financing activities	88,202	11,952
Net increase/(decrease) in cash and cash equivalents	79,155	(16,214)
Cash and cash equivalents at the beginning of the year	11,352	20,135
Effect of changes in foreign exchange rate	9,420	(1,582)
Cash and cash equivalents at the end of the period	99,927	2,339
Analysis of cash and cash equivalents		
Bank and cash balances	99,927	2,339

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2025

1. GENERAL INFORMATION

Zhongzheng International Company Limited 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 during the period from 1 July 2025 to 27 August 2025 was 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 has been 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 "**Stock Exchange**").

The principal activities of the Group for the six months ended 31 December 2025 were manufacture and sales of healthcare and household products and coal mining business.

Upon the disposal of the Group's wholly owned subsidiary, Hong Kong Zhongzheng City Investment Limited, in July 2024, the Group had discontinued its operations of property development and primary land development in the People's Republic of China (the "**PRC**") (Note 20).

2. BASIS OF PREPARATION

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

The Interim Financial Statements do not include all the information and disclosures required in a full set of financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 30 June 2025 (the "**2025 Annual Report**").

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2025

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

In the current period, the Group has adopted all the new and revised HKFRS Accounting Standards issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 July 2025. HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; 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 period and prior period.

4. REVENUE AND 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. The Group has two reportable segments: healthcare and household business and coal mining business.

The Group has ceased to grant any new loans, under its money lending business following the eighteenth months ended 30 June 2022. During the six months ended 31 December 2024, 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".

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*For the six months ended 31 December 2025***4. REVENUE AND SEGMENT INFORMATION (Continued)**

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

	<u>Continuing operations</u>		
	<u>Healthcare and household business</u>	<u>Coal mining business</u>	<u>Total</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Period ended 31 December 2025:			
(Unaudited)			
Revenue	41,196	193	41,389
Segment loss	(8,578)	(681)	(9,259)
As at 31 December 2025: (Unaudited)			
Segment assets	85,230	24,912	110,142
Segment liabilities	110,119	8	110,127
Period ended 31 December 2024:			
(Unaudited)			
Revenue	62,575	1,447	64,022
Segment profit/(loss)	(5,757)	903	(4,854)
As at 30 June 2025: (Audited)			
Segment assets	122,525	24,836	147,361
Segment liabilities	137,484	–	137,484

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*For the six months ended 31 December 2025***4. REVENUE AND SEGMENT INFORMATION (Continued)**

Reconciliations of reportable segment profit and loss:

	Six months ended 31 December	
	2025 <i>HK\$'000</i> (Unaudited)	2024 <i>HK\$'000</i> (Unaudited) (Restated)
Profit or loss:		
Total loss of reportable segments	(9,259)	(4,854)
Share of results of associates	(422)	(357)
Impairment of loan and interest receivables	–	(2,616)
Impairment of other receivables	–	(16,086)
Corporate and unallocated loss	(4,393)	(12,967)
Consolidated loss before tax for the period from continuing operations	<u>(14,074)</u>	<u>(36,880)</u>

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

	Six months ended 31 December	
	2025 <i>HK\$'000</i> (Unaudited)	2024 <i>HK\$'000</i> (Unaudited)
Manufacture and sales of healthcare and household products	41,196	62,575
Royalty and commission income on coal mining	193	1,447
Revenue from contracts with customers	41,389	64,022
Interest income from money lending business	–	510
Consolidated revenue for the period	<u>41,389</u>	<u>64,532</u>
Representing		
Continuing operations	41,389	64,532
Discontinued operations	–	–
	<u>41,389</u>	<u>64,532</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*For the six months ended 31 December 2025***4. REVENUE AND SEGMENT INFORMATION (Continued)****Disaggregation of revenue from contracts with customers***Segment*

	Six months ended 31 December	
	2025	2024
	Total revenue of reportable segments HK\$'000 (Unaudited)	Total revenue of reportable segments HK\$'000 (Unaudited)
United States of America	29,050	52,179
The PRC	92	–
Germany	2,148	2,401
France	168	93
Indonesia	193	1,447
United Kingdom	22	–
Hong Kong and others	9,716	7,902
	41,389	64,022

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*For the six months ended 31 December 2025***5. OTHER INCOME AND OTHER GAINS AND LOSSES**

	Six months ended 31 December	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest income	44	7
Net exchange gains	257	408
Interest income from an associate	–	874
Gain on Debt Capitalisation (<i>Note 18</i>)	9,587	–
Gain on disposal of property, plant and equipment	42	–
Written off of property, plant and equipment	(758)	(1)
Others	158	140
Income from scrap sales	515	215
	9,845	1,643
Representing		
Continuing operations	9,845	769
Discontinued operations	–	874
	9,845	1,643

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*For the six months ended 31 December 2025***6. FINANCE COSTS**

	Six months ended 31 December	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest on other loans	113	2,298
Interest on bank loans	500	5,594
Interest on shareholders loans	5,616	6,577
Lease interests	24	46
	<u>6,253</u>	<u>14,515</u>
Representing		
Continuing operations	6,253	7,355
Discontinued operations	–	7,160
	<u>6,253</u>	<u>14,515</u>

7. INCOME TAX EXPENSE

	Six months ended 31 December	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Current tax – PRC Enterprise Income Tax		
– Provision for the period	–	65
– Land appreciation tax	–	34
	<u>–</u>	<u>99</u>
Representing		
Continuing operations	–	65
Discontinued operations	–	34
	<u>–</u>	<u>99</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*For the six months ended 31 December 2025***7. INCOME TAX EXPENSE (Continued)**

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

PRC enterprise income tax is 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.

8. LOSS FOR THE PERIOD

The Group's loss for the period is stated after charging the following:

	Six months ended 31 December	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Impairment of other receivables	–	(16,086)
Impairment of loan and interest receivables	–	(2,616)
Directors' emoluments	(1,275)	(1,321)

9. INTERIM DIVIDEND

The Board does not recommend any interim dividend for the six months ended 31 December 2025 (six months ended 31 December 2024: Nil).

10. LOSS PER SHARE**Basic loss per share**

From continuing and discontinued operations

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the period attributable to owners of the Company of approximately HK\$14,074,000 (six months ended 31 December 2024: loss of approximately HK\$89,153,000) and the weighted average number of ordinary shares of approximately 1,532,352,000 (six months ended 31 December 2024: 659,372,000 as adjusted to reflect the impact of shares consolidation in July 2025 and rights issues in August 2025) ordinary shares in issue during the period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*For the six months ended 31 December 2025***10. LOSS PER SHARE (Continued)****Basic loss per share (Continued)***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 period from continuing operations attributable to owners of the Company of approximately HK\$14,074,000 (six months ended 31 December 2024: loss of approximately HK\$36,945,000) 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 period from discontinued operations attributable to owners of the Company of HK\$Nil (six months ended 31 December 2024: loss of approximately HK\$52,208,000) and the denominator used is the same as that detailed above for basic loss per share.

Diluted loss per share

No diluted loss per share is presented as the Company did not have any outstanding dilutive potential ordinary shares during the six months ended 31 December 2025 and 2024.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2025, property, plant and equipment of approximately HK\$80,000 was acquired by the Group (six months ended 31 December 2024: approximately HK\$95,000) and approximately HK\$56,059,000 (six months ended 31 December 2024: nil) was reclassified to non-current asset held for sale.

12. INTERESTS IN ASSOCIATES

	31 December 2025 HK\$'000 (Unaudited)	30 June 2025 HK\$'000 (Audited)
Unlisted investment	582,881	564,430
Share of net assets	582,881	564,430

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*For the six months ended 31 December 2025***12. INTERESTS IN ASSOCIATES (Continued)**

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

Name	Principal place of business/countries of incorporation	% of ownership interest	Principal activity	Carrying amount	
				31 December 2025 HK\$'000 (Unaudited)	30 June 2025 HK\$'000 (Audited)
Pacific Memory SDN BHD	Malaysia	35.0%	Property development	582,881	564,430

13. TRADE AND OTHER RECEIVABLES

The trade and other receivables included trade receivables of approximately HK\$7,394,000 as at 31 December 2025. The aging analysis of trade receivables, based on invoice date, and net of allowance, is as follows:

	31 December 2025 HK\$'000 (Unaudited)	30 June 2025 HK\$'000 (Audited)
0 to 30 days	4,486	12,498
31 to 90 days	2,272	14,194
91 to 180 days	478	2,230
Over 180 days	158	1,291
	7,394	30,213

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2025

14. LOANS AND INTERESTS RECEIVABLES

The loans and interests receivables included loan receivables of approximately HK\$937,000 as at 31 December 2025. The aging analysis of loans receivables prepared based on loan commencement or renewal date set out in the relevant contracts is as follows:

	31 December 2025 HK\$'000 (Unaudited)	30 June 2025 HK\$'000 (Audited)
Over 12 months	<u>937</u>	<u>1,096</u>

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).

15. BANK AND CASH BALANCES

Bank and cash balances are denominated in the following currencies:

	31 December 2025 HK\$'000 (Unaudited)	30 June 2025 HK\$'000 (Audited)
RMB	2,116	1,612
Hong Kong Dollar	91,881	2,191
US Dollar	5,914	7,548
Other currencies	<u>16</u>	<u>1</u>
	<u>99,927</u>	<u>11,352</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*For the six months ended 31 December 2025***15. BANK AND CASH BALANCES (Continued)**

As at 31 December 2025, the bank and cash balances of the Group denominated in RMB amounted to approximately HK\$2,116,000 (30 June 2025: approximately HK\$1,612,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations.

16. TRADE AND OTHER PAYABLES

The trade and other payables included trade payables and bills payables of approximately HK\$9,069,000 as at 31 December 2025. The aging analysis of the trade payables and bills payables, based on the date of receipt of goods, is as follows:

	31 December 2025 HK\$'000 (Unaudited)	30 June 2025 HK\$'000 (Audited)
0 to 30 days	1,564	5,315
31 to 90 days	2,361	12,517
91 to 180 days	2,645	6,806
Over 180 days	2,499	2,803
	9,069	27,441

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*For the six months ended 31 December 2025***17. BORROWINGS**

	31 December 2025 HK\$'000 (Unaudited)	30 June 2025 HK\$'000 (Audited)
Secured bank loans	33,382	32,837
Unsecured other loans	2,380	25,157
	35,762	57,994
Analysed for reporting purposes as:		
– Non-current liabilities	33,382	32,837
– Current liabilities	2,380	25,157
	35,762	57,994

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

– RMB	33,382	55,614
– Hong Kong Dollar	2,380	2,380
	35,762	57,994

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*For the six months ended 31 December 2025***17. BORROWINGS (Continued)**

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

	Bank Borrowings		Other Borrowings	
	31 December 2025 HK\$'000 (Unaudited)	30 June 2025 HK\$'000 (Audited)	31 December 2025 HK\$'000 (Unaudited)	30 June 2025 HK\$'000 (Audited)
- Within one year or on demand	–	–	2,380	25,157
- More than two years, but not exceeding five years	33,382	32,837	–	–
	33,382	32,837	2,380	25,157

At 31 December 2025

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.

The unsecured other loans as at 31 December 2025 represent loans of approximately HK\$2,380,000 which are interest free and repayment on demand.

At 30 June 2025

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.

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 were repaid in August 2025 and loans of HK\$14,700,000 which are interest bearing at 6% per annum and were repaid in July 2025.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*For the six months ended 31 December 2025***18. SHAREHOLDERS LOANS**

	31 December 2025 HK\$'000 (Unaudited)	30 June 2025 HK\$'000 (Audited)
Loans from Shareholders	218,722	298,100
Analysed for reporting purposes as:		
– Current liabilities	–	48,100
– Non-current liabilities	218,722	250,000
	218,722	298,100

Two shareholder's loans due to Mr. Lim Kim Chai, *J.P.* (“**Mr. Lim**”) 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 was repayable by 31 December 2024. Pursuant to the terms of agreement regarding the Disposal (Note 20), upon the completion of the Disposal and on 22 July 2024, the repayment date of the principal of the shareholders loans amounting to HK\$250,000,000 plus accrued interests was extended from 31 December 2024 to 31 December 2027.

A shareholder's loan due to Mr. Low Thiam Herr (“**Mr. Low**”) in the principal amount of HK\$32,600,000 is unsecured, interest bearing at 2.2% per annum and was repayable within one year. Four other shareholder's loans due to Mr. Low 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 was repayable by 31 December 2025.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*For the six months ended 31 December 2025***18. SHAREHOLDERS LOANS (Continued)**

On 15 May 2025, the Company entered into the debt capitalisation agreements with Mr. Low and Mr. Lim, pursuant to which the Company 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. The aggregate amount of the issued shares of approximately HK\$100,915,000 was set off against, on a dollar-to-dollar basis, all shareholder's loans and accrued interest payable by the Company to Mr. Low amounting to approximately HK\$48,100,000 and HK\$9,815,000 respectively, and part of the shareholder's loans and accrued interest payable by the Company to Mr. Lim amounting to approximately HK\$31,278,000 and HK\$11,722,000 respectively (the "**Debt Capitalisation**").

Completion of the Debt Capitalisation took place on 15 July 2025. The fair value of the shares issued under the Debt Capitalisation was approximately HK\$91,328,000 which was determined based on the closing market price of HK\$0.181 per share at the date of completion. Accordingly, a gain on the Debt Capitalisation of approximately HK\$9,587,000 (Note 5) was recognised in other income and other gains and losses during the six months ended 31 December 2025. In addition, Mr. Low and Mr. Lim waived all other interests that accrued on the loans to be capitalised for the period from 1 May 2025 to the date of completion of the Debt Capitalisation, i.e. 15 July 2025, amounting to approximately HK\$313,000 and HK\$215,000 respectively. Such amounts were recognised as contributions from shareholders in other reserves during the six months ended 31 December 2025.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*For the six months ended 31 December 2025***19. SHARE CAPITAL**

	Number of shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.00004 each at 1 July 2024, 31 December 2024, 1 July 2025, and 31 December 2025	25,000,000,000,000	1,000,000
Share consolidation (a)	<u>(23,750,000,000,000)</u>	<u>–</u>
Ordinary shares of HK\$0.0008 each at 31 December 2025	<u>1,250,000,000,000</u>	<u>1,000,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.00004 each: At 1 July 2024 (Audited), 31 December 2024 (Unaudited) and 1 July 2025 (Audited)	12,824,484,010	513
Share consolidation (a)	<u>(12,183,259,810)</u>	<u>–</u>
Ordinary shares of HK\$0.0008 each:	641,224,200	513
Issue of shares for Debts Capitalisation (b)	504,574,140	404
Issue of shares on rights issue (c)	<u>572,899,170</u>	<u>458</u>
At 31 December 2025 (Unaudited)	<u>1,718,697,510</u>	<u>1,375</u>

- (a) Pursuant to a special general meeting resolution passed on 10 July 2025, every twenty ordinary shares of HK\$0.00004 each in the issued and unissued share capital of the Company were consolidated into one consolidated ordinary share of HK\$0.0008 each in the issued and unissued share capital of the Company effective on 14 July 2025.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*For the six months ended 31 December 2025***19. SHARE CAPITAL (Continued)**

- (b) As mentioned in Note 18, completion of the Debt Capitalisation took place on 15 July 2025. The fair value of the shares issued under the Debt Capitalisation was approximately HK\$91,328,000 which was determined on the basis of the closing market price of HK\$0.181 per share at the date of completion, and the premium on the issue of shares, amounting to approximately HK\$90,924,000, was credited to the Company's share premium account.
- (c) On 15 May 2025, the Company announced to carry out the rights issue of 572,899,170 ordinary shares of HK\$0.0008 each at a price of HK\$0.20 per share on the basis of one rights share for every two ordinary shares held by the qualifying shareholders on the record date (the "**Rights Issue**"). Completion of the Rights Issue took place on 20 August 2025, and the premium on the issue of shares, amounting to approximately HK\$111,507,000, net of share issue expenses of approximately HK\$2,615,000, was credited to the Company's share premium account.

20. DISCONTINUED OPERATIONS

On 6 May 2024, the Group entered into an agreement ("**Disposal Agreement**") with Mr. Lim for the disposal of the entire equity interest in Hong Kong Zhongzheng City Investment Limited, which held the Group's entire properties development and primary land development projects in the PRC, and the shareholder's loans due from Shenzhen Zhongzheng Ruifeng Management Co., Ltd. for a consideration of HK\$53,700,000 (the "**Disposal**"). The consideration was 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. Completion of the Disposal took place on 22 July 2024 and the Group discontinued its property development and primary land development businesses.

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

	Six months ended 31 December 2024 HK\$'000 (Unaudited)
Loss of discontinued operations	(7,619)
Loss on disposal of discontinued operations	(48,051)
	<u>(55,670)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*For the six months ended 31 December 2025***20. DISCONTINUED OPERATIONS (Continued)**

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

	From 1 July 2024 to 22 July 2024 HK\$'000 (Unaudited)
Revenue	–
Cost of sales	–
Gross loss	–
Other income and other gains and losses	874
Selling and distribution expenses	(419)
Administrative expenses	(880)
Finance costs	(7,160)
Loss before tax	(7,585)
Income tax expense	(34)
Loss for the period	(7,619)

On 22 July 2024, the Group completed the disposal of the entire equity interest in Hong Kong Zhongzheng City Investment Limited, which held the Group's entire properties development projects in the PRC.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*For the six months ended 31 December 2025***20. DISCONTINUED OPERATIONS (Continued)**

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

	<i>HK\$'000</i>
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 tax liabilities	(3,661)
	<hr/>
Net liabilities disposed of:	(134,530)
Release of foreign currency translation reserve	53,705
Non-controlling interest	182,576
Loss on disposal of subsidiaries	(48,051)
	<hr/>
Total consideration receivable	53,700
	<hr/> <hr/>
Satisfied by:	
Cash received	–
Consideration settled by offsetting the interest payable to the shareholder's loans as at the date of the Disposal Agreement	53,700
	<hr/>
Total consideration	53,700
	<hr/> <hr/>
Net cash outflow arising on disposal:	–
Cash consideration received	(16,123)
	<hr/>
Cash and cash equivalents disposed	(16,123)
	<hr/> <hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2025

21. NON-CURRENT ASSET HELD FOR SALE

On 29 September 2025, the Group entered into an agreement to dispose of the Group's land and buildings of the factory in Dongguan, the PRC for a consideration of RMB58,000,000 (equivalent to approximately HK\$64,358,000) and the purchaser has agreed to leaseback the land and buildings to the Group for a term of one year commencing from the date of passover of the title of the land and buildings for the Group's continuing operations of the healthcare and household business. At the end of the reporting period, the Group was still in the process in facilitating the approval of the title transfer application at the real estate registration centre of the PRC. The assets of the land and buildings, which are expected to be sold within twelve months, have been classified as a non-current asset held for sale and are presented separately in the statement of financial position. The non-current asset held for sale is included in the Group's healthcare and household business segment.

The proceeds of disposal are expected to exceed the net carrying amount of the relevant asset of land and buildings and, accordingly, no impairment loss has been recognised on the classification of that non-current asset as held for sale.

22. CONTINGENT LIABILITIES

At the end of the reporting period, the Group and the Company did not have any significant contingent liabilities (30 June 2025: Nil).

23. RELATED PARTY TRANSACTIONS

Apart from the transactions and balances disclosed elsewhere in these Interim Financial Statements, the Group had no other transactions and balances with its related parties during the period ended 31 December 2025.

24. SIGNIFICANT INVESTMENT DURING THE PERIOD

On 31 December 2025, the Company and the vendor entered into a sale and purchase agreement to acquire, (i) the entire equity interest in Elise Beauty Group Limited ("**Elise Beauty**"); and (ii) the entire amount of the outstanding shareholder's loan owing by Elise Beauty to the vendor, for an aggregate consideration of HK\$62,500,000 (the "**Acquisition**"), which shall be satisfied by way of allotment and issue of a total of 341,903,719 consideration shares at the issue price of HK\$0.1828 per consideration share by the Company to the vendor. Elise Beauty and its subsidiaries are principally engaged in research and development of software applications encompassing digital empowerment solutions and Software-as-a-Service ("**SaaS**") software application for the beauty industry in the Guangdong area of the PRC. The Acquisition is not yet completed as at the date of authorisation of the Interim Financial Statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2025

25. APPROVAL OF FINANCIAL STATEMENTS

The Interim Financial Statements were approved and authorised for issue by the Board on 27 February 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Results for the Period

The Group recorded total revenue of approximately HK\$41,389,000 for the Period, representing a decrease of approximately 35.9% as compared with approximately HK\$64,532,000 for the six months ended 31 December 2024 (“HY2024/25”). The decrease in revenue was mainly due to the decline in sales of the Group’s healthcare and household business segment during the Period.

Gross profit for the Period dropped to approximately HK\$10,363,000 (HY2024/25: approximately HK\$16,300,000) as a result of the decline in revenue. Gross profit margin kept at about 25.0% (HY2024/25: approximately 25.3%). The Group has been implementing rigorous cost optimisation and operational efficiency enhancements for the healthcare and household business in order to maintain its gross profit margin for the Period.

During the Period, there was absence of impairment losses on other receivables (HY2024/25: approximately HK\$16,086,000) and loan and interest receivables (HY2024/25: approximately HK\$2,616,000). In addition, the Group recognised a gain of approximately HK\$9,587,000 (HY2024/25: nil) on the Debt Capitalisation in July 2025.

The consolidated loss for the Period attributable to owners of the Company from continuing operations was approximately HK\$14,074,000. The Group had no discontinued operation during the Period. For HY2024/25, the Group recorded consolidated loss attributable to the owners of the Company from continuing operations of approximately HK\$36,945,000 and consolidated loss attributable to the owners of the Company from discontinued operations of approximately HK\$52,208,000.

The Group implemented the Rights Issue in August 2025 that raised net proceeds of approximately HK\$112,000,000, which strengthened the Group’s financial position amidst the challenging business environment. As at 31 December 2025, the Group had bank and cash balances in the amount of approximately HK\$99,927,000.

Set out below is the review of the business of the Group for the Period and the outlook of the Group’s business for the year ending 30 June 2026.

Healthcare and household business

The Group conducts its healthcare and household 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. During the Period, the United States (“U.S.”) remained the dominant market, contributing approximately 70.5% (HY2024/25: approximately 81.5%) of the segment’s revenue, while Germany, Hong Kong, and other regions collectively contributed to the remaining 29.5% (HY2024/25: approximately 18.5%).

MANAGEMENT DISCUSSION AND ANALYSIS

During the Period, the revenue from this segment amounted to approximately HK\$41,196,000, representing a decrease of approximately 34.2% from approximately HK\$62,575,000 for HY2024/25. The decline was primarily attributable to one of Fairform's U.S. major customers shifting the sourcing of kids battery-powered electric toothbrushes and manual toothbrushes to other regions in Asia, as a result of the prolonged U.S.-China trade tensions and the customer's supply chain diversification efforts.

While the gross profit margin for this segment slightly improved to approximately 24.7% (HY2024/25: approximately 22.9%), the challenging market environment had intensified pricing competition, resulting in continued pressure on the profitability of this business segment. As such, the Group implemented rigorous cost optimisation and operational efficiency measures to mitigate market headwinds and enhance operational resilience. These measures included the following:

- The Group significantly rationalised its workforce to align with the shifting sales volumes, reducing the number of employees in this business segment from 563 as at 30 June 2025 to 234 as at 31 December 2025.
- The Group implemented internal departmental restructuring to streamline decision-making processes, integrate overlapping functions, and enhance operational workflows.
- In September 2025, the Group entered into a sale and purchase agreement for the disposal of the factory buildings and land in Dongguan, the PRC with a leaseback option, in order to monetise underutilised and illiquid assets and enhance the Group's financial flexibility while ensuring operational continuity.
- The Group diversified its supplier base and reviewed supplier terms with a view to improving cost structures. The Group also outsourced certain production functions to maintain production flexibility.

During the Period, the market environment remained challenging, characterised by the phasing out of orders from a major customer and intensified competition, which continued to exert pressure on the profitability of this business segment. The Group concentrated on cost control and operational streamlining in an effort to preserve the profit margin to the greatest extent possible under the prevailing conditions.

Coal mining business

The Group's coal mining business was conducted through its 99.98%-owned indirect subsidiary PT Bara Utama Persada Raya ("PT Bara"), which holds a mining license for a coal mine in the Central Kalimantan Province, Indonesia (the "PT Bara Mine").

MANAGEMENT DISCUSSION AND ANALYSIS

During the Period, revenue from this segment dropped by approximately 86.7% from approximately HK\$1,447,000 for HY2024/25 to approximately HK\$193,000 for the Period, and the segment results swung from a profit of approximately HK\$903,000 for HY2024/25 to a loss of approximately HK\$681,000 for the Period.

During the Period, as PT Nusantara Energi Thermal (the former contractor) had suspended mining activities since the beginning of 2025, and negotiation with a new contractor, PT Barindo Multi Sejahtera (“BMS”), was underway until the entering into of a new exclusive cooperation agreement (the “BMS Agreement”) in October 2025, the Group undertook only limited mining and selling activities to maintain certain production level during the period from May to October 2025. As such, revenue from this segment declined during the Period.

Subsequent to the execution of the BMS Agreement, BMS has taken over the mining activities of the PT Bara Mine since late-October 2025. In November 2025, PT Bara and BMS submitted a work and budget plan to Indonesia’s Ministry of Energy and Mineral Resources (“Minerba”) for review and endorsement. Nevertheless, between late November and December 2025, coal production and sales were affected by a mechanical breakdown of the conveyor belt at the barging port used for coal loading, which was subsequently repaired. As a result, the coal production and sales of the PT Bara Mine was interrupted during the Period.

The coal resource estimate as at 31 December 2025 was as follows:

Coal Resource Estimate				
<i>(in thousand tonnes)</i>				
	As at	As at		
JORC Category	31 December	30 June	Change in	Reason of
	2025	2025	%	Change
Measured	8,558	8,575	-0.19%	Coal production
Indicated	11,537	11,537	Nil	N/A
Inferred	6,097	6,097	Nil	N/A
	26,192	26,209		

MANAGEMENT DISCUSSION AND ANALYSIS

Money lending business

As reported in the previous annual reports of the Company, the Group has ceased to grant new loans under its money lending business. The loan receivables of the Group as at 31 December 2025 were related to loans granted in previous years and were all past due. The main focus of the Group in this line of business is to recover the outstanding loan receivables. As at 31 December 2025, the outstanding loan receivables net of the discounting effect and impairment allowance were approximately HK\$937,000 (30 June 2025: approximately HK\$1,096,000).

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. The Group’s share of results of the associate recorded a loss of approximately HK\$422,000 for the Period (HY2024/25: HK\$357,000).

PROSPECT

Healthcare and household business

Looking ahead, market conditions for this business segment are expected to remain challenging. Prolonged U.S.-China trade tensions and ongoing geopolitical uncertainties continue to affect global supply chains, intensify pricing competition, and dampen consumer sentiment.

The Group expects sales and gross profit margins to remain under pressure in the near term, as customers have continued to lower purchase prices in response to challenging market conditions and intensified competition. In view of this, cost optimisation and operational efficiency enhancement will remain key management focus. The Group is in the process of transitioning its production model towards greater utilisation of subcontracting and outsourcing of production and assembly processes, with the objective of reducing capital intensity and enhancing operational flexibility. Nevertheless, customer approval of subcontractors typically requires additional time for procedures such as site inspections and trial production. As a result, order placement or volume ramp-up from certain customers may be delayed, which could exert further pressure on order intake and revenue in the short term. In light of this, the Group will continue to streamline its workforce and organisational structure, with the target of further reducing the number of employees to around 50 by June 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

Against this backdrop, and while prioritising the optimisation of the organisational and cost structure of this segment, the Group continues to explore market diversification opportunities to mitigate its reliance on the U.S. market. The Group has been working with a European customer with the aim of establishing a longer-term business relationship. In Mainland China, the Group has engaged in discussions with an internet influencer (KOL) regarding potential collaboration to establish sales channels for its proprietary branded products. The Group has also continued to develop its B2B and B2C e-commerce platforms. While these initiatives have yet to contribute meaningfully, the Group will continue to pursue various sales channels to broaden its customer base and support the development of Fairform over the longer term.

As part of its strategy to diversify its revenue base and reduce concentration risk, the Company entered into a sales and purchase agreement on 31 December 2025 to acquire Elise Beauty. Elise Beauty and its subsidiaries are principally engaged in the provision of digital empowerment solutions and SaaS applications tailored for the beauty and medical aesthetic industry in Guangdong, the PRC. Completion of the Acquisition is currently expected to take place in the first half of 2026, subject to completion of the reorganisation of the target group. Further announcement will be made by the Company in relation to any extension of long stop date as and when appropriate. Upon completion, the Acquisition is expected to enable the Group to establish a foothold in the PRC beauty and skincare sector and provide access to market intelligence, consumer insights and industry trends, which may support the Group's development of new product lines and exploration of potential business opportunities in the healthcare and household business segment.

Coal mining business

As mentioned above, in November 2025, PT Bara and BMS submitted a work and budget plan to Minerba for review and endorsement. In mid-February 2026, during the course of such review, Minerba requested PT Bara to revise its planned coal production for 2026 from the originally proposed level of 600,000 tonnes to 21,000 tonnes. Following the submission of the revised plan, approval is expected to be obtained by March 2026.

Based on information currently available to the Group, the request appears to be part of a broader, industry-wide administrative initiative implemented by Minerba aimed at moderating overall national coal output in order to support and stabilise domestic coal prices. The Group is maintaining ongoing communication with the relevant authorities and continues to monitor policy developments closely. At the same time, the Group is assessing the operational implications of the revised production plan for 2026 and will make appropriate adjustment to its business strategies to ensure regulatory compliance while preserving the development of its coal mining business economically.

MANAGEMENT DISCUSSION AND ANALYSIS

Looking ahead, the prospects of the Group's coal mining business will be influenced by the evolving regulatory landscape of Indonesia's mining industry. While the revised production level for 2026 may affect the scale and pace of operations in the near term, the Group will continue to maintain communications with the relevant authorities and, where appropriate, will consider the feasibility of seeking adjustments to increase the production level based on operational readiness and prevailing policy conditions. At the same time, the Group will continue to review and analyse regulatory developments and assess their potential impact on the operations and longer-term outlook of this business segment.

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.

LIQUIDITY AND FINANCIAL RESOURCES

Cash position

As at 31 December 2025, the Group had cash and bank deposits of approximately HK\$99,927,000 (30 June 2025: HK\$11,352,000) with a foreign currency deposits denominated in Renminbi, US Dollars and other currencies amounted to approximately HK\$2,116,000 (30 June 2025: HK\$1,612,000), HK\$5,914,000 (30 June 2025: HK\$7,548,000) and HK\$16,000 (30 June 2025: HK\$1,000) respectively.

Current ratio

As at 31 December 2025, the Group had net current assets of approximately HK\$117,688,000 (net current liabilities at 30 June 2025: HK\$100,119,000) and current ratio (being current assets over current liabilities) of 2.34 (30 June 2025: 0.47).

Debts and borrowings

As at 31 December 2025, the Group had total debts and borrowings of approximately HK\$254,484,000 (30 June 2025: HK\$356,094,000) which mainly comprised of shareholder loans, unsecured other loans from third parties and secured bank loans.

Gearing ratio

As at 31 December 2025, the Group's gearing ratio being total debt and borrowings over total equity was 54.73% (30 June 2025: 137.44%).

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

Share consolidation

Pursuant to a special resolution passed at the special general meeting of the Company held on 10 July 2025, the Company implemented the share consolidation of every 20 shares of HK\$0.00004 each into 1 consolidated share of HK\$0.0008 each (the "**2025 Share Consolidation**"). The 2025 Share Consolidation became effective on 14 July 2025.

Fund raising activities

(a) Debt Capitalisation

On 15 May 2025, the Company, entered into the debt capitalisation agreements with two substantial shareholders, i.e. Mr. Low and Mr. Lim, pursuant to which the Company 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. The aggregate amount of the issued shares was set off against all shareholder's loans and accrued interest payable by the Company to Mr. Low, and part of the shareholder's loans and accrued interest payable by the Company to Mr. Lim, on a dollar-to-dollar basis. Completion of the Debt Capitalisation took place on 15 July 2025.

(b) Rights Issue

Following completion of the Debt Capitalisation, the Company implemented the Rights Issue on the basis of one rights share for every two consolidated shares (including the shares allotted and issued pursuant to the Debt Capitalisation) at the rights issue price of HK\$0.20 per rights share, to raise net proceeds of approximately HK\$112.0 million by issuing 572,899,170 rights shares to the shareholders. Completion of the Rights Issue took place on 20 August 2025.

Further details in relation to the Debts Capitalisation and/or the Rights Issue were set out in (i) 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 respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Significant investments held, material acquisitions and disposal of subsidiaries

On 29 September 2025, the Group entered into an agreement to dispose of the Group's land and buildings of the factory in Dongguan, the PRC for a consideration of RMB58,000,000 (equivalent to approximately HK\$64,358,000) and the purchaser has agreed to lease back the land and buildings to the Group for a term of one year commencing from the date of passover of the title of the land and buildings for the Group's continuing operations of the healthcare and household business, details of which were disclosed in the announcement of the Company dated 29 September 2025. It is expected that completion will take place in March 2026.

On 31 December 2025, the Company and the vendor entered into a sale and purchase agreement to acquire, (i) the entire equity interest in Elise Beauty; and (ii) the entire amount of the outstanding shareholder's loan owing by Elise Beauty to the vendor, for an aggregate consideration of HK\$62,500,000, which shall be satisfied by way of allotment and issue of a total of 341,903,719 consideration shares at the issue price of HK\$0.1828 per consideration share by the Company to the vendor, details of which were disclosed in the announcement of the Company dated 2 January 2026. It is expected that completion will take place in the first half of 2026.

Save as mentioned above, the Group had no significant investments held, nor any material acquisition nor disposal in the Period.

OTHER INFORMATION

CORPORATE GOVERNANCE CODE

The management of the Company notes the Code Provisions D.1.1 and D.1.2 of the Corporate Governance Code set out in Appendix C1 of the Listing Rules, which require the management to provide sufficient explanation and information to the Board to enable it to make an informed assessment of financial and other information put before it for approval. Having considered the Group's operational scale and the nature of its current operations, the management considers that quarterly updates on the Group's financial and operating performance, position and prospects, together with timely updates on any material developments or matters requiring the Board's attention, are sufficient at this stage to enable the Board as a whole and each Director to properly discharge their duties. Accordingly, management proposed, and the Board agreed, to adopt quarterly updates in place of monthly reporting.

Save as the above, the Company has no other update on the Corporate Governance Report set out in the annual report of the Company for the year ended 30 June 2025, and that the Company has complied with the Code Provisions of the Corporate Governance Code set out in Appendix C1 of the Listing Rules during the Period.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2025, the Group had 13 employees (30 June 2025: 18) in Hong Kong, 234 employees (30 June 2025: 563) in the PRC and 1 employee (30 June 2025: 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

Save as disclosed above, the Company did not have any future plans for material investments or acquisition of capital assets as at 31 December 2025.

INTERIM DIVIDENDS

The Board does not recommend any dividend for the Period (six months ended 31 December 2024: Nil).

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

OTHER INFORMATION

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

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

As at 31 December 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	698,753,840	40.66%
Lim Kim Chai, <i>J.P.</i> ²	Beneficial owner	440,206,570	25.61%
Yang Bin	Beneficial owner	157,711,287	9.18%

Notes:

1. Based on 1,718,697,510 shares of the Company in issue as at the 31 December 2025.
2. Mr. Lim Kim Chai, *J.P.* is the non-executive Director of the Company.

Save as disclosed above, as at 31 December 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.

OTHER INFORMATION

AUDIT COMMITTEE AND REVIEW OF INTERIM REPORT

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

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

The Audit Committee has reviewed and discussed with the management the unaudited interim financial statements and the interim report for the Period. The unaudited interim financial statements and the interim report for the six months ended 31 December 2025 were approved and authorised for issue by the Board of Directors on 27 February 2026.

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

Hong Kong, 27 February 2026

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