ZHONGZHENG INTERNATIONAL COMPANY LIMITED
中證國際有限公司

(Incorporated in Bermuda with limited liability)
(Stock code: 943)

PRELIMINARY INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

UNAUDITED INTERIM RESULTS

The board of directors (the "**Board**") of Zhongzheng International Company Limited (the "**Company**") is pleased to announce the unaudited interim results of the Company and its subsidiaries (the "**Group**") for the six months ended 31 December 2023 (the "**Period**") together with the unaudited comparative figures for the six months ended 31 December 2022 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2023

		Six months ended	
		31 December 2023	31 December 2022
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue		**83,786**	745,823
Interest revenue		**284**	653
Total revenue	4	**84,070**	746,476
Cost of sales		**(78,262)**	(548,344)
Gross profit		**5,808**	198,132
Other income and other gains and losses	5	**6,151**	10,926
Selling and distribution expenses		**(1,613)**	(9,796)
Administrative expenses		**(31,767)**	(57,760)
(Loss)/profit from operations		**(21,421)**	141,502

	Notes	Six months ended 31 December 2023 HK$'000 (Unaudited)	31 December 2022 HK$'000 (Unaudited)
Impairment loss on amount due from an associate	12	**(68,093)**	–
Impairment loss on properties under development for sales		**(405,267)**	–
Impairment loss on interest in an associate		**(327,144)**	–
Share of results of associates		**(21,870)**	(24,714)
Finance costs	6	**(109,358)**	(30,076)
(Loss)/profit before tax		**(953,153)**	86,712
Income tax credit/(expense)	7	**(24,093)**	(134,249)
Loss for the period	8	**(929,060)**	(47,537)
Loss for the period attributable to:			
Owners of the Company		**(694,210)**	(34,736)
Non-controlling interests		**(234,850)**	(12,801)
		(929,060)	(47,537)
Loss for the period		**(929,060)**	(47,537)
Other comprehensive (loss)/income:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(4,906)**	(16,856)
Share of associates' exchange differences on translating foreign operations		**8,483**	(29,804)
Other comprehensive income/(loss) for the period, net of tax		**3,577**	(46,660)
Total comprehensive loss for the period		**(925,483)**	(94,197)
Total comprehensive loss for the period attributable to:			
Owners of the Company		**(685,682)**	(81,396)
Non-controlling interests		**(239,801)**	(12,801)
		(925,483)	(94,197)
Loss per share	10		
Basic (cents per share)		**(5.62)**	(0.32)
Diluted (cents per share)		**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	Notes	At 31 December 2023 HK$'000 (Unaudited)	At 30 June 2023 HK$'000 (Audited)
Non-current assets			
Exploration and evaluation assets		**–**	–
Property, plant and equipment	11	**64,142**	64,502
Right-of-use assets		**1,838**	2,365
Interests in associates	12	**552,844**	893,376
Loans and interests receivables	14	**3,394**	3,215
		622,218	963,458
Current assets			
Inventories		**15,424**	16,010
Properties under development for sales		**863,692**	1,249,032
Properties held for sales		**170,642**	211,636
Trade and other receivables	13	**207,942**	221,579
Loans and interests receivables	14	**7,442**	7,337
Amounts due from associates		**256,938**	314,497
Current tax assets		**31**	30
Bank and cash balances	15	**43,845**	41,427
		1,565,956	2,061,548
Current liabilities			
Trade and other payables	16	**(599,825)**	(510,881)
Lease liabilities		**(1,071)**	(1,026)
Borrowings		**(1,064,028)**	(1,061,812)
Shareholders' loans	17	**(282,600)**	(282,600)
Current tax liabilities		**(145,193)**	(136,924)
		(2,092,717)	(1,993,243)
Net current (liabilities)/assets		**(526,761)**	68,305
Total assets less current liabilities		**95,457**	1,031,763

	Notes	At 31 December 2023 *HK$'000* (Unaudited)	At 30 June 2023 *HK$'000* (Audited)
Non-current liabilities			
Lease liabilities		**(766)**	(1,312)
Borrowings		**(18,613)**	(19,544)
Deferred tax liabilities		**(17,997)**	(48,371)
		(37,376)	(69,227)
NET ASSETS		**58,081**	962,536
Capital and reserves			
Share capital	18	**513**	429
Reserves		**308,963**	973,701
Equity attributable to owners of the Company		**309,476**	974,130
Non-controlling interests		**(251,395)**	(11,594)
TOTAL EQUITY		**58,081**	962,536

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2023

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 is Unit 5, 10/F, Bank of East Asia Harbour View Centre, No.56 Gloucester Road, Wanchai, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The principal activities of the Company and its subsidiaries (collectively the "**Group**") for the period ended 31 December 2023 are manufacturing and trading of healthcare and household products, money lending business, coal mining business, property development and primary land development.

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 of Hong Kong Limited (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 period ended 30 June 2023 (the "**2023 Annual Report**").

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

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 July 2023. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current period and prior period.

4. REVENUE AND SEGMENT INFORMATION

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

	Property development	Primary land development	Money lending business	Coal mining business	Healthcare and household products business	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Period ended 31 December 2023: (Unaudited)						
Revenue	**36,495**	**–**	**284**	**–**	**47,291**	**84,070**
Segment (loss)/profit	**(515,857)**	**(416,777)**	**280**	**(356)**	**(4,473)**	**(937,183)**
As at 31 December 2023: (Unaudited)						
Segment assets	**1,256,173**	**152,475**	**10,951**	**–**	**103,511**	**1,523,110**
Segment liabilities	**1,658,722**	**14,234**	**–**	**–**	**106,178**	**1,779,134**
Period ended 31 December 2022: (Unaudited)						
Revenue	632,606	–	653	–	113,217	746,476
Segment (loss)/profit	114,820	(22,291)	642	(484)	11,414	104,101
As at 30 June 2023: (Audited)						
Segment assets	1,657,430	572,625	10,608	–	126,316	2,366,979
Segment liabilities	1,556,311	25,782	–	–	113,214	1,695,307

Reconciliations of reportable segment revenue and profit and loss:

	Six months ended 31 December	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit or loss:		
Total (loss)/profit of reportable segments	**(937,183)**	104,101
Share of results of associates	**(567)**	(427)
Corporate and unallocated loss	**(15,403)**	(16,962)
Consolidated (loss)/profit before tax for the period	**(953,153)**	86,712

An analysis of the Group's revenue is as follows:

	Six months ended 31 December	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Property development	**36,495**	632,606
Manufacture and sales of healthcare and household products	**47,291**	113,217
Revenue from contracts with customers	**83,786**	745,823
Interest income from money lending business	**284**	653
	84,070	746,476

Disaggregation of revenue from contracts with customers

	Six months ended 31 December			
	2023	**2023**	2022	2022
Segment	**Property development**	**Healthcare and household products**	Property development	Healthcare and household products
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
	(Unaudited)	**(Unaudited)**	(Unaudited)	(Unaudited)
United States of America	**–**	**33,992**	–	94,056
The People's Republic of China (the "**PRC**")	**36,495**	**–**	632,606	833
Germany	**–**	**5,890**	–	7,374
France	**–**	**–**	–	137
United Kingdom	**–**	**373**	–	827
Hong Kong and others	**–**	**7,036**	–	9,990
	36,495	**47,291**	632,606	113,217

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

5. OTHER INCOME AND OTHER GAINS AND LOSSES

	Six months ended 31 December	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Bank interest income	**61**	197
Net exchange gains	**665**	–
Interest income from associates	**5,225**	8,997
Others	**37**	1,260
Scrap sales	**163**	472
	6,151	10,926

6. FINANCE COSTS

		Six months ended 31 December	
		2023	2022
	Note	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Interest on other loans		**1,618**	8,275
Lease interests		**91**	369
Interest on shareholders loans		**6,381**	6,691
Default charges on overdue bank loans	(a)	**34,627**	–
Interest and penalty interests on bank loans	(a)	**66,641**	15,385
		109,358	30,720
Less: interest capitalised in properties under development for sale		**–**	(644)
		109,358	30,076

(a) The default charges and penalty interests relate to a bank loan defaulted by a non-wholly owned subsidiary, Nanjing Yuanding Real Estate Co., Ltd (南京源鼎置業有限公司) ("**Yuanding**") since October 2022. Since then, the Group had been actively negotiating with the bank on a new repayment plan. The default charges and penalty interests were recognised after a judgement was issued by the Immediate People's Court of Nanjing, Jiangsu Province in December 2023 specifying, among other things, the amount that Yuanding is obligated to pay the bank in terms of principal, interest and penalty of the loan.

7. INCOME TAX (CREDIT)/EXPENSE

	Six months ended 31 December	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax – PRC Enterprise Income Tax		
– Provision for the year	**2,743**	31,451
– Land appreciation tax	**4,007**	125,818
– Deferred tax	**(30,843)**	(23,020)
	24,093	134,249

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 2022: Nil).

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

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

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

8. LOSS FOR THE PERIOD

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

		Six months ended 31 December	
		2023	2022
	Note	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Impairment loss on interest in an associate	12(a)	**(327,144)**	–
Impairment loss on amount due from an associate	12(a)	**(68,093)**	–
Impairment loss on properties under development for sales	(a)	**(405,267)**	–
Written down of properties held for sales	(b)	**(9,584)**	–
Gain on disposal of property, plant and equipment		**22**	91
Directors' emoluments		**(1,625)**	(1,819)

(a) Yuanding has been actively seeking financing and/or refinancing of a secured bank loan in the principal amount of approximately RMB319.7 million and for resumption of the property development project in Nanjing City, the PRC (the "**Nanjing Project**"). However, there has been no material progress. Since October 2022, Yuanding has defaulted on the scheduled settlement of the bank loan and the loans became repayable on demand according to the clauses of the related loan agreements . The said bank loan is secured by the properties under development for sales and certain land use rights of the Nanjing Project, and the entire equity interest in Yuanding, of which 51% is held by the Group. The Company was given to understand from a public notice dated 27 December 2023 issued by 廣州產權交易所 (Guangzhou Enterprises Mergers and Acquisitions Services) that the debt was among one of the four loan items that had been disposed of by the bank as non-performing loans. In view of this, the Company considers it possible that all or part of the pledged securities would be put up for sale by the purchaser of the debt. In the circumstances, the Company has assessed the net realisable value of the properties under development for sales relating to the Nanjing Project as value for sale under repossession, which was lower than its carrying amount and resulted in the recognition of an impairment loss of approximately HK$405.3 million.

(b) The net realisable value of the properties held for sales in Dongguan, the PRC as at 31 December 2023 was determined to be lower than its carrying amount, resulted in the recognition of written down of properties held for sales of approximately HK$9.6 million (included in costs of sales).

9. INTERIM DIVIDEND

The board does not recommend any interim dividend for the six months ended 31 December 2023 (six months ended 31 December 2022: Nil).

10. LOSS PER SHARE

Basic loss per share

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$694,210,000 (six months ended 31 December 2022: loss of approximately HK$34,736,000) and the weighted average number of ordinary shares of 12,355,921,487 (six months ended 31 December 2022: 10,721,666,832) ordinary shares in issue during the Period.

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 2023 and 2022.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2023, property, plant and equipment of approximately HK$24,000 was acquired by the Group (six months ended 31 December 2022: approximately HK$1,756,000).

12. INTERESTS IN ASSOCIATES

	31 December 2023	30 June 2023
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Share of net assets plus goodwill	**552,844**	893,376

The details of the associates are summarised as follows:

Name	**Principal place of business/countries of incorporation**	**% of ownership interest**	**Principal activity**	**Carrying amount**	
				31 December 2023	30 June 2023
				HK$'000	*HK$'000*
				(Unaudited)	(Audited)
Chengde CITIC Securities Jinyu Investment Development Co., Ltd. (the "**Associate**") *(Note a)*	The PRC	42.5%	Primary land development	**–**	347,611
Pacific Memory Sdn Bhd	Malaysia	35.0%	Property development	**552,844**	545,765
				552,844	893,376

(a) There was no auction carried out by the local government for the land developed under the primary land development project in Luanping County, the PRC (the "**Luanping Project**") of the Associate and there is no sign that land auctions, if any, would be resumed by the local government any sooner in the short term. In light of the EOD Project (please refer to the section headed "Business Review – Property projects in the PRC – Primary land development" for details), the recoverable amount of the Associate as at 31 December 2023 was determined as fair value less costs of disposal using asset-based approach based on the actual costs of land and infrastructure incurred by the project company of the Associate and investment returns stipulated under the cooperation agreements entered into between the Associate and the Luanping government in respect of the Luanping Project in November 2017, and such recoverable amount was significantly lower than its carrying amount, resulting in the recognition of an impairment loss on interest in the Associate of approximately HK$327,144,000.

As the Associate is not expected to have sufficient assets to service its debts, an impairment loss of approximately HK$68.1 million was recognised in respect of the amount due from the Associate.

13. TRADE AND OTHER RECEIVABLES

The trade and other receivables included trade receivables and bills receivables of approximately HK16,337,000 as at 31 December 2023. The aging analysis of trade receivables and bills receivables, based on invoiced date, and net of allowance, is as follows:

	31 December 2023 *HK$'000* **(Unaudited)**	30 June 2023 *HK$'000* (Audited)
0 to 30 days	**14,886**	12,044
31 to 90 days	**1,342**	20,671
91 to 180 days	**81**	6,995
Over 180 days	**28**	30
	16,337	39,740

14. LOANS AND INTERESTS RECEIVABLES

The loans and interests receivables included loan receivables (net of discounting effect and impairment allownace) of approximately HK$9,153,000 as at 31 December 2023. 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 2022 *HK$'000* **(Unaudited)**	30 June 2023 *HK$'000* (Audited)
Over 12 months	**9,153**	8,900

15. BANK AND CASH BALANCES

Bank and cash balances are denominated in the following currencies:

	31 December 2023 *HK$'000* **(Unaudited)**	30 June 2023 *HK$'000* (Audited)
RMB	**36,188**	36,812
Hong Kong Dollar	**4,332**	2,119
US Dollar	**2,958**	2,490
Other currencies	**367**	6
	43,845	41,427

As at 31 December 2023, the bank and cash balances of the Group denominated in RMB amounted to approximately HK$36,188,000 (30 June 2023: approximately HK$36,812,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations. The bank and cash balances of approximately HK$32,581,000 (30 June 2023: approximately HK$32,698,000) 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.

16. TRADE AND OTHER PAYABLES

The trade and other payables included trade payables and bills payables of approximately HK$59,539,000 as at 31 December 2023. The aging analysis of the trade payables and bills payables, based on the date of receipt of goods, is as follows:

	31 December 2023	30 June 2023
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 to 30 days	**3,470**	11,596
31 to 90 days	**6,898**	13,017
91 to 180 days	**6,436**	5,676
Over 180 days	**42,735**	39,329
	59,539	69,618

17. SHAREHOLDERS' LOANS

	31 December 2023	30 June 2023
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Loans from Shareholders	**282,600**	282,600
Analysed for reporting purposes as:		
– Current liabilities	**282,600**	282,600

Two shareholder's loans due to Mr. Lim Kim Chai in the principal amounts of HK$230,000,000 and HK$20,000,000 respectively are unsecured, interest bearing at 5% and 2.2% per annum respectively and repayable within one year.

Another 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. Mr. Low became a shareholder of the Company in December 2023 when he acquired approximately 17.21% of the issued share capital of the Company from Mr. Leung Chung Shan. Mr. Leung was the former chairman and executive director of the Company until his resignation from his office from 15 December 2023. The loan was originally granted by Mr. Leung and was assigned to Mr. Low in November 2023.

18. SHARE CAPITAL

		Number of shares	Amount *HK$'000*
Authorised:			
Ordinary shares of HK$0.00004 each at 1 July 2022, 30 June 2023, and 31 December 2023		25,000,000,000,000	1,000,000

		Number of shares	Amount *HK$'000*
Issued and fully paid:			
Ordinary shares of HK$0.00004 each:			
At 1 July 2022 and 30 June 2023 (Audited),		10,721,666,832	429
Issue of shares for debt capitalisation			
At 31 December 2023 (Unaudited)	(a)	2,102,817,178	84
		12,824,484,010	513

(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.

19. CONTINGENT LIABILITIES

At the end of the reporting period, the Group and the Company did not have any significant contingent liabilities (30 June 2023: Nil).

20. RELATED PARTY TRANSACTIONS

Save for 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 2023.

21. EVENT AFTER REPORTING PERIOD

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

22. APPROVAL OF FINANCIAL STATEMENTS

The Interim Financial Statements were approved and authorised for issue by the Board of Directors on 29 February 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Results for the Period

Revenue of the Group for the Period amounted to approximately HK$84,070,000, representing a decrease of approximately 88.7% as compared to HK$746,476,000 for the six months ended 31 December 2022 ("**HY2022/23**"). The significant decrease was mainly due to the combined effects of (i) the decline in revenue from the property development businesses since majority of the residential units of the project in Nancheng District, Dongguan City, Guangdong Province (the "**Dongguan Project**") had been delivered in July 2022 and revenue from the pre-sale payments had been recognised accordingly in HY2022/23, and (ii) the decline in revenue generated from the healthcare and household products business as further explained below.

The gross profit margin decreased to 6.9% for the Period from 26.5% for HY2022/23, which was mainly due to promotion campaign of the Dongguan Project and an impairment loss on properties held for sales of the Dongguan Project of approximately HK$9,584,000 recognised as the cost of sales during the Period under the current stagnant housing market.

The consolidated loss attributable to the owners of the Company amounted to approximately HK$694,210,000 as compared to the consolidated loss attributable to the owners of the Company of approximately HK$34,736,000 for HY2022/23. The increase in loss was primarily attributable to (i) the decline in revenue from the property development and the healthcare and household products businesses; (ii) an impairment loss on interest in and amount due from the Associate; (iii) an impairment loss on properties under development for sales ("**PUD**") of the Nanjing Project; and (iv) the increase in finance costs mainly attributable to the recognition of penalty interests and default charges relating to the overdue bank loan for the Nanjing Project, details of which are set out below.

Set out below is the review of the business of the Group for the Period and the outlook of the Group's business for the six months ending 30 June 2024.

Healthcare and household business

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

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

Revenue of the healthcare and household products business for the Period amounted to approximately HK$47,291,000, representing a decrease of approximately 58.2% as compared to approximately HK$113,217,000 for HY2022/23. The segment's gross profit margin for the Period was approximately 29.3%, which remained stable as compared to approximately 30.2% for HY2022/23. The decline in sales was mainly due to destocking by the Group's overseas customers. After benefited from a surge in sales order from its principal customers in the second half of year 2022 following the ease of the Covid-19 pandemic situation in overseas markets, the purchase orders for the Period has decreased as consumer demand was slowed down in the year of 2023, affected by high inflation and interest rate hikes. As a result, the customers were in destocking process during the Period and had reduced their orders placed with Fairform.

During the Period, U.S. remained the largest market for this segment, accounting for approximately 71.9% of the revenue while Germany and the United Kingdom accounted for approximately 12.4% and approximately 0.8% of the Group's revenue derived from this segment respectively, with the remaining 14.9% of the revenue derived from Hong Kong and others.

During the Period, the private label adult disposable, high-end, and sonic powered toothbrushes products developed by Fairform have seen commendable growth in sales, and Fairform is currently deepening its collaboration with the customers in these products.

Money lending business

Business Overview

The Group's money lending business involves provision of loans to borrowers, including individuals, and small and medium-sized enterprises (SMEs). However, in view of the recent market sentiment of the business segment, the Group had not granted any new loans during the Period and does not intend to grant any new loans in the near term. The Group's current loans were granted to five borrowers engaged in (i) gold mining and trading, (ii) equity investment, and (iii) project investment. The loans were granted to the borrowers in accordance with the Group's credit policy and had loan term from 6 to 12 months and with interest rates ranging from 7% to 24% per annum. However, all of the loans have past due. Although impairment allowance for the loan receivables had already been made by the Group prior to the beginning of the Period, the Group has nevertheless dedicated officer to monitor the repayment of the loans.

As at 31 December 2023, the total principal amount of the outstanding loans was approximately HK$43,187,000 (as at 30 June 2023: HK$42,935,000). After netting of a discounting effect of approximately HK$3,315,000 (as at 30 June 2023: HK$3,315,000) and impairment allowance of approximately HK$30,720,000 (as at 30 June 2023: HK$30,720,000), the total loan receivables as at 31 December 2023 were approximately HK$9,153,000 (as at 30 June 2023: HK$8,900,000).

Further analysis of the loans are set out below.

Loan portfolio by size under the money lending business

The following table sets forth the distribution of the principal amount of the Group's outstanding loans under the money lending business and the number of borrowers by size as at the dates indicated:

	31 December 2023			30 June 2023		
	Number of borrowers	***HK$'000***	***%***	*Number of borrowers*	*HK$'000*	*%*
Principal amount of outstanding loans:						
Up to HK$5,000,000 (inclusive)	**2**	**8,000**	**18.5**	2	8,000	18.6
Over HK$5,000,000 to HK$10,000,000 (inclusive)	**2**	**15,396**	**35.7**	2	15,144	35.3
Over HK$10,000,000	**1**	**19,791**	**45.8**	1	19,791	46.1
Total	**5**	**43,187**	**100.0**	5	42,935	100.0

Loan portfolio by security under the money lending business

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

	31 December 2023		30 June 2023	
	HK$'000	***%***	*HK$'000*	*%*
Principal amount of outstanding loans:				
Unsecured loans	**40,187**	**93.1**	39,935	93.0
Collateral-backed loan – property ownership right	**3,000**	**6.9**	3,000	7.0
Total	**43,187**	**100.0**	42,935	100.0

Maturity profile of loan portfolio under the money lending business

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

	31 December 2023		30 June 2023	
	HK$'000	*%*	*HK$'000*	*%*
Principal amount of outstanding loans:				
Past due	**43,187**	**100.0**	42,935	100.0

The Group's money lending segment generated revenue of approximately HK$284,000 for the Period (HY2022/23: HK$653,000).

Coal mining business

PT Bara Utama Persada Raya ("**PT Bara**"), a 99.98%-owned subsidiary of the Company, holds the mining license ("**Mining License**") in respect of the coal mine ("**PT Bara Mine**") in the Central Kalimantan Province in the Republic of Indonesia. As disclosed in the announcement of the Company dated 26 April 2022 (the "**Announcement**"), on 22 April 2022, PT Bara was notified by the Indonesian Government that the Mining License has been revoked and declared invalid with effect from the same date. In June 2022, having obtained legal advices that it is eligible to make an application to reinstate the Mining License, PT Bara submitted an application for the reinstatement of the Mining License (the "**Reinstatement Application**") to the relevant authorities. Having considered certain factors, including but not limited to the lapse of time from the making of the Reinstatement Application, in March 2023, the legal adviser to PT Bara had advised that they were of the opinion that the chance of the reinstatement of the Mining License would be remote. In this light, the management of the Company considered it appropriate to impair in full the carrying value of the Mining License for the eighteen months ended 30 June 2022. Despite this, the management of the Company has been continuously pursuing with the relevant authorities on the status of the Reinstatement Application.

On 24 August 2023, PT Bara was notified by the Indonesian Government that the decision to the revocation of the Mining License has been cancelled (the "**Notice**"). On 7 September 2023, PT Bara entered into an exclusive cooperation agreement (the "**Exclusive Cooperation Agreement**") with PT Nusantara Energi Thermal ("**PT NET**"). Pursuant to the Exclusive Cooperation Agreement, PT NET shall carry out all production activities which include pre-production, production, sales and post-production operations and bear all costs relating to the aforesaid operations including but not limited to operating costs, land acquisition costs, reclamation and infrastructure costs, taxes and other government expenses. PT NET shall be entitled to the value of sales of coal production but shall be obliged to pay royalty fees to PT Bara in accordance with the terms of the Exclusive Cooperation Agreement. On the other hand, PT Bara shall be obliged to guarantee the validity and completeness of the Mining License and grant full rights and exclusive access to PT NET for carrying out its mining activities. The Exclusive Cooperation Agreement shall be valid for a period of five years from the agreement date.

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 is expected to commence with coal sales set to begin in the first half of 2024.

During the Period, no material activities had been carried on by this segment. Operating expenses related to the Group's coal mining business charged to the statement of profit or loss and other comprehensive income were mainly administrative expenses, amounting to approximately HK$356,000 for the Period (HY2022/23: HK$484,000).

The coal resource estimates as at 31 December 2023 were as follows:

	As at 31 December 2023	As at 30 June 2023	**Change in %**	**Reason of change**
JORC Category				
Measured	**8,705**	8,705	Nil	N/A
Indicated	**11,537**	11,537	Nil	N/A
Inferred	**6,097**	6,097	Nil	N/A
Total	**26,339**	26,339		

As mentioned above, the carrying value of the Mining License had been impaired in full as at 30 June 2022. In light of the progress on maintaining the Mining License and the production arrangement proposed to commence on the PT Bara Mine as mentioned above, the Company will review the carrying value of the Mining License in due course. The Company believes that PT Bara will be in a better position to assess the value of the asset after commencement of the mining and production of the PT Bara Mine by PT NET.

Property projects in the PRC

As disclosed in the 2023 Annual Report, in October 2023, the Group entered into a memorandum of understanding with an independent buyer for a possible disposal of the Group's entire properties development projects in the PRC with a proposed consideration of USD70,000,000. On 5 December 2023, the buyer notified the Company that after further due diligence, it had decided not to proceed with the disposal due to the sluggish real estate market and the unresolved debt issues of the three property development projects. The Company is currently identifying other potential buyer(s) for the property development projects of the Group. Set out below is the business overview of the three property projects.

Primary land development

The Company holds 42.5% equity interest in the Associate, a company which in turns holds 90% equity interest in Chengde CITIC Securities Urban and Rural Development Co., Ltd.* (承德中證城鄉開發有限公司) ("**Chengde Development**"), which is the project company of the primary land development project is located at Luanping County, Chengde, Hebei Province, the PRC (the "**Luanping Project**"). The Luanping Project was intended to consist of two phases, with Phase one expected to cover a development land area of approximately 12,000 mu (畝) and be completed within 8 years (8 November 2016 to 7 November 2024). The detailed planning of the second phase of the Luanping Project was yet to commence.

The operations of all property development projects in the Luanping County, including the Luanping Project, were suspended by the local government in 2019 due to ecological environmental issues. The government authority originally planned to resume the land auctions in 2020 after resolving the ecological environment issue. Unfortunately, due to the Covid-19 pandemic and the real estate market woes, the sale of land was again severely affected and delayed. There had been no auctions carried out by the Luanping government for the land developed by the Luanping Project since 2021. Also, the construction costs of the Luanping Project has not been reimbursed by the government for the constructed infrastructure since 2022. As at 31 December 2023, the Associate and its subsidiaries had substantive borrowings, interest payable and accounts payable amounted to approximately HK$1,364,607,000, HK$274,298,000 and HK$529,716,000 respectively, with all borrowings having been overdue as at the date of this announcement. Since the Luanping Project has been suspended, the Luanping Project was not able to obtain additional financing from other banks and financial institutions for refinancing the overdue loans.

During the Period, there was still no auction carried out by the Luanping government for the land developed by Chengde Development and there is no sign that land auctions, if any, would be resumed by the Luanping government any sooner in the short term.

It was further noted that Luanping government had invited tender for the "Chaohe River Basin (Luanping Section) Ecological Governance and Rural Revitalization Integrated Development Project" (潮河流域(灤平段)生態治理與鄉村振興產業融合發展) (the "**EOD Project**") in December 2023 and a consortium led by China Railway 15th Bureau Group Co., Ltd. (the "**China Railway Consortium**") was awarded the tender in January 2024. Based on the tender announcement, the project would involve ecological governance, rural infrastructure and revitalisation, culture, tourism and healthcare industry development, and industrial solid waste recycling with a total investment amount of approximately RMB18,550 million. Save for the above information, there is no detailed information about the China Railway Consortium's plans to implement the project available for now. However, based on Chengde Development's understanding, the project would involve a significant portion of land developed by it. As the land to be developed under the EOD Project are mainly for non-residential and non-commercial use, it is expected that if the land developed by Chengde Development were to be used for the EOD Project, they may be sold at a price significantly lower than previously estimated based on residential and commercial usage.

In light of the above, the recoverable amount of the Associate as at 31 December 2023 was determined as fair value less costs of disposal using asset-based approach based on the actual costs of land and infrastructure incurred by Chengde Development and investment returns stipulated under the cooperation agreements entered into between the Associate and the Luanping government in respect of the Luanping Project in November 2017, and such recoverable amount was significantly lower than its carrying amount, resulting in the recognition of an impairment loss on interest in the Associate of approximately HK$327,144,000.

As at 31 December 2023, the aggregate amount due from the Associate was approximately HK$304.5 million before impairment. As the Associate is not expected to have sufficient assets to service its debts, an impairment loss of approximately HK$68,093,000 was recognised during the Period in respect of the amount due from the Associate.

Property development

The property development segment includes two property projects: the Dongguan Project and the Nanjing Project.

Dongguan Project

The Dongguan Project is called CITIC•Cloud Courtyard* (中證•雲庭) and is located in the Nancheng District of Dongguan City, which is a prime area with the most mature supporting facilities and scarce housing supply in the city. It is a small scale property development project which comprises the development of two composite buildings comprising residential units and commercial units with saleable GFA of approximately 23,280 sq.m. and 4,969 sq.m., respectively, and 110 saleable car parking spaces. By July 2022, the construction of the Dongguan Project had been completed and the acceptance certificates were granted.

As at 30 June 2023, 205 residential units, representing approximately 84.8% of the total saleable GFA of the 242 residential units, had been sold and delivered. During the Period, the market conditions for residential properties in the vicinity of the Dongguan Project remained not favourable, resulting in a fierce competition among available for sale property projects in the area. Given the competitive market, the Group was only able to enter into contracts to sell 15 residential units during the Period, 13 of which have been delivered as at 31 December 2023 and sales revenue of approximately HK$36,495,000 (HY2022/23: HK$632,606,000) was recognised. As at the date of this announcement, the sale of the other two units has not been completed yet.

Set out below is a summary of the sales of the Dongguan Project as at 31 December 2023:

	Saleable GFA/car parking spaces	**GFA/ car parking spaces sold and delivered as at 31 December 2023**		**GFA/car parking spaces available for sale as at 31 December 2023**	
	sq.m./no.	*sq.m./no.*	*Approx. %*	*sq.m./no.*	*Approx. %*
Residential units	23,280	20,949	90.0	2,331	10.0%
Commercial units	4,969	–	–	4,969	100%
Car parking spaces	110	–	–	110	100%

Included in the GFA/car parking spaces available for sale as at 31 December 2023 stated in the sales summary above was 24 residential units, 72 commercial units, and 110 parking spaces. The 24 residential units included the two residential units for which the Group had entered into contract to sell but not yet delivered as at 31 December 2023.

The net realisable value of the properties available for sales as at 31 December 2023 was determined to be lower than its carrying amount, resulting in the recognition of written down of properties held for sales of approximately HK$9,584,000 as the cost of sales during the Period.

Nanjing Project

The Nanjing Project is called Spring Breeze* ("泉悦春風") and is located in Naishan ecological scenic area of Long Pao New City, Jiangbei New Area, Nanjing. The Nanjing Project is a large scale property development project comprising three phases with a total GFA of approximately 340,000 sq.m. and includes the development of low-rise comprehensive residential units, commercial buildings, hotel and other ancillary facilities. Yuanding had commenced the pre-sale of phase-one residential units of the project since June 2020.

However, due to a funding shortage and the adverse impact of Covid-19 pandemic, the construction work of phase one of Yuanding has been suspended since August 2022. Prior to the suspension, Yuanding had secured pre-sale contracts for 39 residential units, representing about 14.4% of the total saleable GFA of the phase-one residential units, and recorded aggregate contracted pre-sales of approximately RMB140.4 million (of which RMB136.9 million has been received). There was no more pre-sale after suspension of the project.

Set out below is the summary of sales of phase one of the Nanjing Project as at 31 December 2023:

	Saleable GFA/car parking spaces	**Pre-sale of GFA/car parking spaces as at 31 December 2023**		**GFA/car parking spaces available for pre-sale as at 31 December 2023**	
	sq.m./no.	*sq.m./no.*	*Approx. %*	*sq.m./no.*	*Approx. %*
Residential units	43,464	6,249	14.4%	37,215	85.6%
Commercial units	Nil	N/A	N/A	N/A	N/A
Car parking spaces	329	N/A	N/A	342	100%

Yuanding has been actively seeking financing and/or refinancing of a secured bank loan in the principal amount of RMB319,740,000 (equivalent to approximately HK$353,187,000) and for resumption of the Nanjing Project. However, there has been no material progress. Since October 2022, Yuangding has defaulted on the scheduled settlement of the bank loan and the loans became repayable on demand according to the clauses of the related loan agreements. The said bank loan is secured by the properties under development for sales and certain land use rights of the Nanjing Project, and the entire equity interest in Yuanding, of which 51% is held by the Group. The Group had been actively negotiating with the bank on a new repayment plan. In December 2023, the Group received a judgement issued by the Intermediate People's Court of Nanjing, Jiangsu Province specifying the amount that Yuanding is obligated to pay the bank in terms of principal, interest, and penalty for the loan. As a result, a default charge and penalty interests in an aggregate amount of approximately HK$86.1 million had been recognised during the Period.

The Company was given to understand from a public notice dated 27 December 2023 issued by 廣州產權交易所 (Guangzhou Enterprises Mergers and Acquisitions Services) that the debt was among one of the four loan items that had been disposed of by the bank as non-performing loans. In view of this, the Company considers it possible that all or part of the pledged securities would be put up for sale by the purchaser of the debt. In the circumstances, the Company has assessed the net realisable value of the PUD as value for sale under repossession, which was lower than its carrying amount and resulted in the recognition of an impairment loss of approximately HK$405.3 million.

Investment in the property development project at Port Dickson, Malaysia

The Group holds a 35% interest in Pacific Memory Sdn Bhd which is engaged in commercial development at Port Dickson, Malaysia with facilities including a hotel, yacht club, event venues and retail spaces and related amenities. The development plan has been submitted for approval to the relevant government agencies and part of the plan relating to the construction of berths has already been approved and completed. An extension of planning approval has been obtained from the Planning Department for the overall project. Professional consultant is being engaged to develop sales and marketing plans specifically for the berths facilities in the first half of 2024.

THE COMPANY'S PROPOSED PLAN TO ADDRESS THE QUALIFIED OPINION

As disclosed in the 2023 Annual Report, the Company's auditors issued a qualified opinions on the Company's consolidated financial statements for FY2023 concerning:–

(a) the Group's exploration and evaluation assets;

(b) the Group's interest in the Associate and the amount due from the Associate;

(c) the Group's properties under development for sales and prepayments; and

(d) the Group's other receivables.

The Company wishes to update its Shareholders on its proposed plans to address the qualified opinions on (a) to (d).

(a) the Group's exploration and evaluation assets

In respect of qualification (a), as disclosed in the section headed "Business Review – Coal mining business", the Group has engaged PT NET to carry out production activities at the PT Bara Mine and the work and budget plan of the mine for 2024-2026 has been approved by the Indonesian Government on 31 December 2023. Actual coal production is expected to commence with coal sales set to begin in the first half of 2024, upon which the Group will receive royalty income.

The management of the Company expects that the Company will be in a better position to ascertain the validity and the book value of the Mining License for the purpose of addressing this qualified opinion.

(b)&(c) the Group's interest in the Associate and the amount due from the Associate and the Group's properties under development for sales and prepayments

In respect of qualification (b), an impairment loss of approximately HK$327,144,000 was recognised on the interest in the Associate and an impairment loss of approximately HK$68,093,000 was recognised on the amount due from the Associate during the Period. More detailed information can be found in the section headed "Business Review – Property projects in the PRC – Primary land development".

In respect of qualification (c), an impairment loss of the PUD of the Nanjing Project of approximately HK$405,267,000 was recognised during the Period. More detailed information can be found in the section headed "Business Review – Property projects in the PRC – Property Development – Nanjing Project".

As disclosed in the section headed "Business Review – Property projects in the PRC" above, the Company is currently identifying potential buyer(s) for the property projects of the Group, including the Nanjing Project and its interest in the Associate and aims to complete the disposal by end of 2024. As at the date of this announcement, no agreement or arrangement has been reached between the Company and any parties. In the event that the Group's property projects in the PRC are successfully disposed, the Group will no longer hold any interest in the Associate and Yuanding and the qualified opinions regarding the value of the interest in Associate, the amount due from the Associate, the Group's properties under development for sales and relevant matters will be addressed.

(d) the Group's other receivables (the "Receivable")

As advised by the legal adviser of the Company, in respect of the legal proceedings for the recovery of the Receivable, the pleadings have been closed and the parties shall proceed to file evidence. It is expected that the next stage would be filing and exchanging witness statements, along with the inspection of documentary evidence. The parties will then set down the case for trial. At the same time, pursuant to court's practice direction, the parties are required to attempt mediation and try to reach a settlement plan if possible.

It may take more than two years for a judgement to be made and recover, partially or fully, the Receivable from the defendant. In case the Company goes for winding up/bankruptcy petition, additional costs will also be incurred.

Due to the considerable amount of fees and time involved in the legal proceedings, the Company is considering to sell the Receivable to a debt collection company/asset management company before 30 June 2024. If the Receivable could be sold, the issue relating to qualification (d) shall be addressed.

PROSPECT

Healthcare and household products business

The Group is optimistic in the outlook for the healthcare and household products business for the six months ending 30 June 2024 and beyond, The Group is expecting sales growth to be mainly driven by more responsive go-to-market strategies, retailer private labeling and new product innovations.

The strategic focus of Fairform's kids traditional powered toothbrush products is to maintain solid sales in the North America market to ensure sustainability and relevance in the market. The sales of the kids smart-interactive powered toothbrushes are expected to pick up from the recovered logistics and deliveries to retailers during the first half of year 2024. Also, a second-generation of this type of toothbrushes is set to release in the first half of year 2024. In the meanwhile, the sales of the teens powered toothbrush products have rapidly increased under the drive of promotion.

The sales of powered oral care private label program in adult disposable, high-end, and sonic powered toothbrushes with the high-end adult toothbrushes is expected to increase once the destocking effects dissipated with all retailers in 2024.

Looking ahead to new products in 2024, Fairform introduces an innovative sonic toothbrush that integrates the latest technologies, including a compact sonic motor and a cost-effective pressure sensor, to deliver an unparalleled brushing experience. Its sleek brush handle design sets it apart from competitors in the market, offering consumers a unique and stylish option for their dental care needs. With the completion of tooling, mass production of this new product is scheduled to commence in June 2024.

Fairform also introduces a novel sonic oscillation toothbrush that is competitive to one of the best oscillating-rotating electric toothbrush brands marketed by a leader in the super-premium powered toothbrush market. Leveraging Fairform's in-house technical expertise, the new sonic oscillation toothbrush will not only match but potentially surpass the performance of the competing products. Its simplistic yet intelligent design not only offers superior functionality but also provides a significant cost advantage. Recognising the strategic significance of this new product, Fairform has dedicated considerable engineering resources to ensure a successful product launch in the second half of year 2024.

Money lending business

The Group will keep monitoring the repayment schedules of the existing loans and interests receivables. In view of the recent market sentiment, the Group will not grant further new loans in the near future.

Primary land development and property development business

The Group is actively seeking potential buyers and considering various feasible ways to divest the real estate projects. In the meanwhile, although the Group does not expect the operational and financial difficulties of the Luanping Project and the Nanjing Project could be resolved in the short term, the Group will continue to liaise with all the stakeholders of the relevant projects to resolve the issues. In respect of the Dongguan Project, the Group will continue to make efforts to sell the remaining units when opportunities arise.

Coal mining business

The Group expects that PT NET will commence production activities on the coal mine in the first half of year 2024 pursuant to the Exclusive Cooperation Agreement, upon which the Group will be entitled to receive royalty fees from PT NET based on the output of coal production.

LIQUIDITY AND FINANCIAL RESOURCES

Cash position

As at 31 December 2023, the Group had cash and bank deposits of approximately HK$43,845,000 (30 June 2023: HK$41,427,000 with a foreign currency deposits denominated in Renminbi amounted to approximately HK$36,188,000 (30 June 2023: HK$36,812,000).

Current ratio

As at 31 December 2023, the Group had net current liabilities of approximately HK$526,761,000 (net current assets at 30 June 2023: HK$68,305,000) and current ratio (being current assets over current liabilities) of 0.75 (30 June 2023: 1.03).

Debts and borrowings

As at 31 December 2023, the Group had total debts and borrowings of approximately HK$1,365,241,000 (30 June 2023: HK$1,363,956,000) which mainly comprised of shareholder loans, unsecured loans from financial institutes and secured bank loans.

Gearing ratio

The Group's gearing ratio being total debt and borrowings over total equity is 2,350.6% (30 June 2023: 141.7%).

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

As disclosed in the announcements of the Company dated 1 August 2023 and 11 August 2023, a total of 2,102,817,178 new ordinary shares have been allotted and issued to Mr. Yang Bin at the subscription price of HK$0.01 per share on 11 August 2023, to fully settle the outstanding loan and accrued interests of approximately HK$21.0 million owed to him by the Company.

Significant Investments Held, Material Acquisitions and Disposal of Subsidiaries

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

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2023, the Group had 19 employees (as at 30 June 2023: 21) in Hong Kong, 510 employees (as at 30 June 2023: 567) in the PRC and 2 employees (as at 30 June 2023: 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

The Company did not have any future plans for material investments or acquisition of capital assets as at 31 December 2023.

INTERIM DIVIDENDS

The Board does not recommend any dividend for the Period (the six months ended 31 December 2022: 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.

CORPORATE GOVERNANCE CODE

The Company has complied with all requirements set out in the Code on Corporate Governance Practices contained in Appendix C1 of the Listing Rules during the Period.

AUDIT COMMITTEE

As at the date of this announcement, the audit committee of the Company (the "**Audit Committee**") comprises Mr. Hau Chi Kit, Mr. Leung Chi Hung and Mr. Li Hon Kuen, all being the independent non-executive Directors. Mr. Li Hon Kuen is the Chairman of the Audit Committee. The Audit Committee has adopted terms of reference which are in line with the Code.

The Audit Committee has reviewed the unaudited interim financial statements for the Period. The unaudited interim financial statements for the Period were approved and authorised for issue by the Board on 29 February 2024.

DISCLOSURE OF INFORMATION

This announcement is published on the website of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (http://www.hkexnews.hk) and the website of the Company (http://www.zhongzheng.com.hk). The interim report of the Company for the six months ended 31 December 2023, containing all the information required by the Listing Rules, will be published on the aforesaid websites in due course and despatched to Shareholders, upon request.

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

Hong Kong, 29 February 2024

As at the date of this announcement, 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 three independent non-executive Directors, namely Mr. Hau Chi Kit, Mr. Leung Chi Hung and Mr. Li Hon Kuen.

* *For identification purpose only*