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ZHONG HUA INTERNATIONAL HOLDINGS LIMITED
中華國際控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1064)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

INTERIM RESULTS

This announcement is made by Zhong Hua International Holdings Limited (the "Company") pursuant to Rule 13.49(6) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The Board of Directors (the "Directors") of the Company would like to announce the unaudited consolidated results of the Company for the six months ended 30 June 2025 (the "Period"), together with the comparative figures for the corresponding period in 2024, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30 June	
		2025	2024
		(Unaudited)	*(Unaudited)*
	Notes	***HK$'000***	*HK$'000*
REVENUE	*2*	**15,502**	14,259
Other income and gains		**28**	284
Changes in fair value of equity interest in an entity at fair value through profit or loss	*9*	**40,464**	(28,255)
Administrative expenses		**(12,792)**	(14,381)
PROFIT/(LOSS) BEFORE TAX	*3*	**43,202**	(28,093)
Income tax expense	*4*	**(2,638)**	(2,690)
PROFIT/(LOSS) FOR THE PERIOD		**40,564**	(30,783)

	Note	For the six months ended 30 June **2025** ***(Unaudited)*** ***HK$'000***	2024 *(Unaudited)* *HK$'000*
Attributable to:			
Ordinary equity holders of the Company		**10,165**	(9,583)
Non-controlling interests		**30,399**	(21,200)
		40,564	(30,783)
PROFIT/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*6*		
– Basic		**HK cents 1.32**	HK cents (1.25)
– Diluted		**HK cents 1.32**	HK cents (1.25)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2025** *(Unaudited)* *HK$'000*	31 December 2024 *(Audited)* *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**3,036**	3,103
Equity interest in an entity at fair value through profit or loss	*9*	**1,015,157**	974,693
Investment property		**352,440**	339,624
Total non-current assets		**1,370,633**	1,317,420
CURRENT ASSETS			
Trade receivables	*7*	**13,343**	20,859
Prepayments, deposits and other receivables		**4,724**	1,659
Cash and cash equivalents		**63,564**	63,573
Total current assets		**81,631**	86,091
CURRENT LIABILITIES			
Trade payables	*8*	**(1,914)**	(1,844)
Other payables and accruals		**(30,249)**	(28,426)
Tax payable		**(38,062)**	(35,532)
Total current liabilities		**(70,225)**	(65,802)
NET CURRENT ASSETS		**11,406**	20,289
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,382,039**	1,337,709
NON-CURRENT LIABILITIES			
Due to a director		**(144,216)**	(140,882)
Long term other payables		**(40,100)**	(52,767)
Deferred tax liabilities		**(172,886)**	(165,934)
Total non-current liabilities		**(357,202)**	(359,583)
Net assets		**1,024,837**	978,126

	30 June 2025	31 December 2024
	(Unaudited)	*(Audited)*
	HK$'000	*HK$'000*
EQUITY		
Equity attributable to equity holders of the Company		
Share capital	**19,215**	19,215
Reserves	**320,252**	301,201
	339,467	320,416
Non-controlling interests	**685,370**	657,710
Total equity	**1,024,837**	978,126

Notes:

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

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

1.1 CHANGES IN ACCOUNTING POLICES

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

Amendments to HKAS 21	*Lack of Exchangeability*

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

2. OPERATING SEGMENT INFORMATION

For management purposes, the Company and its subsidiaries (collectively referred to as the "Group") is organised into business units based on their services and two reportable operating segments are as follows:

(a) the property investment and development segment, which invests in properties for generating potential income from letting and sells properties located in Mainland China; and

(b) the corporate and other segment, which provides management services to group companies.

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

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

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

For the six months ended 30 June

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

Information about major customer

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

3. PROFIT/(LOSS) BEFORE TAX

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

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	*(Unaudited)*
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment	**168**	169
Changes in fair value of equity interest in an entity at fair value through profit or loss *(note 9)*	**(40,464)**	28,255
Interest income	**(28)**	(68)

4. INCOME TAX

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

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

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

5. INTERIM DIVIDEND

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

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

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

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

7. TRADE RECEIVABLES

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

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

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

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

8. TRADE PAYABLES

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

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

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

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

The movements of the carrying amount of the Group's equity interest in 廣州市正大房地產開發有限公司 (Guangzhou Zheng Da Real Estate Development Company Limited) ("GZ Zheng Da") during the Period are as follows:

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

FINANCIAL REVIEW

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

Adjusted EBITDA

The Adjusted EBITDA of the Group for the Period was profit of HK$2,906,000 (2024: HK$331,000). The increase in EBITDA during the Period was attributable to decrease in administrative expenses for the Period as compared to the additional professional fees incurred by the Group for the six months ended 30 June 2024 (the "Last Period") pertaining to the delayed publication of results announcement of the Company for the year ended 31 December 2023.

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

Net Profit

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

Liquidity and Financial Resources

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

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

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

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

Assets

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

Exchange Rate Risk

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

Significant investments

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

Charges on Assets

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

Contingent Liability

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

Update of use of proceeds

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

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

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

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

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

Issue of equity securities

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

BUSINESS REVIEW

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

Property Investment

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

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

Property Development

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

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

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

Properties Held for Sale

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

LIQUIDATION PETITION AGAINST GZ ZHENG DA

Background of the "Liquidation Petition"

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

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

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

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

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

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

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

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

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

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

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

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

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

Management's Representation

In summary, the Directors' view are as follows:

(i) the liquidation applicant (清算申請人) is neither a registered shareholder (記名股東), proven beneficial shareholder (已核實持有實質權益股東) nor proven creditor (已核實債權人) of GZ Zheng Da as at (a) the date of liquidation plead in 2009; (b) the date of appeal in 2021; and (c) to-date; hence it did not fulfill the pre-requisite condition for liquidation application by law;

(ii) the "company's voluntary dissolution (公司自願解散)" constitutes one of the pre-requisite conditions for liquidation; however as in GZ Zheng Da's case, this event of default had never happened nor had never been put forward to court for prior adjuration by the liquidation applicant as required by law;

(iii) legally speaking, whether the liquidation application and hearing procedures initiated in 2009 complied with then PRC prevailing laws and regulations is disputable from the outset and hence the enforceability of the liquidation has been questionable since then; practically speaking, both the former liquidator and the New Liquidator have not been able to move forward in enforcing the defective liquidation against GZ Zheng Da for 16 years;

(iv) whether the appointment of the New Liquidator by the Guangzhou Court in August 2023 is substantiated by a ruling of liquidation (清算受理裁定) is disputable and hence the enforceability of the liquidation against GZ Zheng Da is questionable (對廣州正大進行清算的執行力存疑);

(v) the New Liquidator remains not yet registered its duty (清算備案登記) at the Administration for Market Regulation for serving public notice (以作公示) to-date;

(vi) as permissible by law, GZ Zheng Da and its sole shareholder (唯一股東), HK Zheng Da, have legal rights not to co-operate with the New Liquidator provided that its defence is in the interest of the liquidation appellee (被申請清算人);

(vii) in reality, the management of GZ Zheng Da (as represented by its authorised representative (法人代表)) remains in control of its operation, assets, accounts and company seal to-date; and

(viii) given the case is apparently "decided on mistaken and unfair basis" (不公錯案); both GZ Zheng Da and HK Zheng Da would use their best endeavour to petition to the courts for granting another "dismissal of liquidation petition (駁回清算申請)" by law as soon as practicable.

MATERIAL ACQUISITION UPDATE

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

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

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

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

OUTLOOK

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

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

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

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

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

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

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

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

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

EMPLOYMENT AND REMUNERATION POLICIES

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

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

CORPORATE GOVERNANCE PRACTICES

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

MODEL CODE FOR SECURITIES TRANSACTIONS

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

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

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

REVIEW BY AUDIT COMMITTEE

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

PUBLICATION OF THE INTERIM REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2025

The Company's interim report for the six months ended 30 June 2025 will be despatched to shareholders and will be published on the website of Hong Kong Exchange and Clearing Limited (www.hkex.com.hk) as well as the website of the Company (https://www.irasia.com/listco/hk/zhonghua) as soon as practicable.

By Order of the Board
Ho Kam Hung
Executive Director

Hong Kong, 29 August 2025

As at the date of this announcement, the board of directors of the Company comprises: (i) Ho Kam Hung as executive director; (ii) Young Kwok Sui as non-executive director; and (iii) Tam Kong, Lawrence, Wong Miu Ting, Ivy and Wong Kui Fai as independent non-executive directors.