ZHONGZHENG INTERNATIONAL COMPANY LIMITED
中證國際有限公司

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

PRELIMINARY RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2025

The board (the "**Board**") of directors of Zhongzheng International Company Limited (the "**Company**", together with its subsidiaries, the "**Group**") (the "**Directors**") is pleased to present the preliminary results of the Company for the year ended 30 June 2025. The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 30 June 2025 as set out below have been agreed by the Group's independent auditors, ZHONGHUI ANDA CPA Limited, and are consistent with the amounts set out in the Group's audited consolidated financial statements for the year ended 30 June 2025.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2025

	Notes	**2025** ***HK$'000***	2024 *HK$'000* (Restated)
Continuing operations			
Revenue		**116,785**	100,578
Interest revenue		**510**	1,257
Total revenue	3	**117,295**	101,835
Cost of sales		**(90,706)**	(69,938)
Gross profit		**26,589**	31,897
Other income and other gains and losses	4	**1,731**	2,380
Selling and distribution expenses		**(1,691)**	(1,241)
Administrative expenses		**(53,080)**	(60,508)
Loss from operations		**(26,451)**	(27,472)
(Impairment loss)/reversal of impairment loss on exploration and evaluation assets		**(5,752)**	31,761
Impairment of loan and interest receivables		**(3,917)**	(6,929)
Impairment of other receivables	16(b)	**(13,696)**	(65,934)
Share of results of associates		**(29,637)**	(7,552)
Finance costs	6	**(14,951)**	(14,143)
Loss before tax from continuing operations		**(94,404)**	(90,269)
Income tax expense	7	**(91)**	–
Loss for the year from continuing operations		**(94,495)**	(90,269)
Discontinued operations			
Loss for the year from discontinued operations	19	**(55,670)**	(777,851)
Loss for the year	8	**(150,165)**	(868,120)

	Notes	2025 *HK$'000*	2024 *HK$'000* (Restated)
Loss for the year attributable to:			
Owners of the Company			
From continuing operations		**(94,495)**	(90,269)
From discontinued operations		**(52,208)**	(609,076)
		(146,703)	(699,345)
Non-controlling interests			
From continuing operations		**–**	–
From discontinued operations		**(3,462)**	(168,775)
		(3,462)	(168,775)
Loss for the year		**(150,165)**	(868,120)
Other comprehensive income/(loss):			
Items that may be reclassified to profit or loss:			
Exchange differences reclassified to profit or loss upon disposal of subsidiaries		**53,705**	–
Exchange differences on translating foreign operations		**(4,567)**	4,299
Share of associates' exchange differences on translating foreign operations		**63,100**	(6,097)
		112,238	(1,798)
Items that will not be reclassified to profit or loss:			
(Loss)/gain on property revaluation		**(131)**	1,403
Fair value changes of financial assets (equity investments) at fair value through other comprehensive income ("**FVTOCI**")		**(473)**	–
		(604)	1,403
Other comprehensive income/(loss) for the year, net of tax		**111,634**	(395)
Total comprehensive loss for the year		**(38,531)**	(868,515)

	Notes	2025 HK$'000	2024 HK$'000 (Restated)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(33,972)**	(702,092)
Non-controlling interests		**(4,559)**	(166,423)
		(38,531)	(868,515)
Loss per share	10		
From continuing and discontinued operations			
Basic (cents per share)		**(22.88)**	(111.10)
Diluted (cents per share)		**N/A**	N/A
From continuing operations			
Basic (cents per share)		**(14.74)**	(14.34)
Diluted (cents per share)		**N/A**	N/A
From discontinued operations			
Basic (cents per share)		**(8.14)**	(96.76)
Diluted (cents per share)		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025

	Notes	**2025**	2024
		HK$'000	*HK$'000*
Non-current assets			
Exploration and evaluation assets	11	**25,623**	31,700
Property, plant and equipment		**59,849**	62,820
Right-of-use assets		**263**	1,313
Interests in associates	12	**564,430**	530,967
Financial assets at FVTOCI	16(b)	**6,297**	–
Loans and interests receivables	13	**–**	1,202
		656,462	628,002
Current assets			
Inventories	14	**20,813**	18,404
Properties under development for sales	15	**–**	1,049,592
Properties held for sales	15	**–**	154,822
Trade and other receivables	16	**33,226**	161,168
Loans and interests receivables	13	**1,234**	3,678
Amounts due from associates	17	**21,881**	257,874
Current tax assets		**–**	30
Bank and cash balances		**11,352**	20,135
		88,506	1,665,703
Current liabilities			
Trade and other payables	18	**(109,325)**	(675,191)
Lease liabilities		**(196)**	(1,117)
Borrowings		**(25,157)**	(1,037,595)
Shareholders loans		**(48,100)**	(285,600)
Current tax liabilities		**(5,847)**	(139,918)
		(188,625)	(2,139,421)
Net current liabilities		**(100,119)**	(473,718)
Total assets less current liabilities		**556,343**	154,284

	Notes	**2025**	2024
		HK$'000	*HK$'000*
Non-current liabilities			
Lease liabilities		**–**	(195)
Borrowings		**(32,837)**	(21,206)
Shareholders loans		**(250,000)**	–
Deferred tax liabilities		**(14,412)**	(17,834)
		(297,249)	(39,235)
NET ASSETS		**259,094**	115,049
Capital and reserves			
Share capital		**513**	513
Reserves		**258,581**	292,553
Equity attributable to owners of the Company		**259,094**	293,066
Non-controlling interests		**–**	(178,017)
TOTAL EQUITY		**259,094**	115,049

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

1. GENERAL INFORMATION

Zhongzheng International Company Limited (the "**Company**") was incorporated in Bermuda as an exempted company with limited liability. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The address of its principal place of business is Room 1005, 10/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong. With effect from 28 August 2025, the principal place of business of the Company is changed to Suite 1909B, 19/F., Tower 3, China Hong Kong City, 33 Canton Road, Tsim Sha Tsui, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The principal activities of the Company and its subsidiaries (collectively the "**Group**") for the year ended 30 June 2025 are manufacturing and trading of healthcare and household products, coal mining business, and property development and primary land development (as discontinued business).

Upon the disposal of the Group's wholly owned subsidiary, Hong Kong Zhongzheng City Investment Limited, the Group discontinued its operations of property development and primary land development in the People's Republic of China (the "**PRC**") (note 19).

2. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS

In the current year, the Group has adopted all the new and revised HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") that are relevant to its operations and effective for its accounting year beginning on 1 July 2024. HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards ("**HKFRS**"); Hong Kong Accounting Standards ("**HKAS**"); and Interpretations. The adoption of these new and revised HKFRS Accounting Standards did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years.

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

3. REVENUE

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

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

Note:

Disaggregation of revenue from contracts with customers:

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

Manufacture and sales of healthcare and household products

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

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

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

Royalty income on coal mining

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

Property development (discontinued)

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

4. OTHER INCOME AND OTHER GAINS AND LOSSES

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

5. SEGMENT INFORMATION

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

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

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

Segment profits or losses do not include unallocated share of results of associates, unallocated finance costs and unallocated corporate income and expenses. Segment assets do not include unallocated corporate assets. Segment liabilities do not include unallocated corporate liabilities. Segment non-current assets do not include financial instruments.

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

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

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

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

	2025	2024
	HK$'000	*HK$'000*
		(Restated)
Revenue:		
Healthcare and household products business	**115,183**	100,278
Coal mining business	**1,602**	300
Interest income from money lending business	**510**	1,257
Property development	**–**	46,664
Consolidated revenue for the year	**117,295**	148,499
Profit or loss:		
Total (loss)/profit of reportable segments	**(19,786)**	19,489
Share of results of associates	**(29,637)**	(67,537)
Finance costs	**(21,037)**	(190,389)
Corporate and unallocated loss	**(79,705)**	(629,683)
Consolidated loss for the year	**(150,165)**	(868,120)

	2025	2024
	HK$'000	*HK$'000*
		(Restated)
Assets:		
Total assets of reportable segments	**147,361**	150,838
Corporate and unallocated assets:		
– Bank and cash balances	**1,303**	16,921
– Interest in an associate	**564,430**	530,967
– Others	**31,874**	1,594,979
Consolidated total assets	**744,968**	2,293,705
Liabilities:		
Total liabilities of reportable segments	**137,484**	122,660
Corporate and unallocated liabilities		
– Shareholders loans	**298,100**	285,600
– Others	**50,290**	1,770,396
Consolidated total liabilities	**485,874**	2,178,656

Geographical information:

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

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

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

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

Revenue from major customers:

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

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

6. FINANCE COSTS

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

7. INCOME TAX (EXPENSE)/CREDIT

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

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

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

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

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

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

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

8. LOSS FOR THE YEAR

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

	2025	2024
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Auditor's remuneration	**800**	930
Cost of inventories sold#	**90,706**	69,938
Depreciation - property, plant and equipment	**3,462**	3,331
Depreciation - right of use assets	**1,050**	1,052
Amortisation of exploration and evaluation assets *(note 11)*	**325**	61
Impairment loss/(reversal of impairment loss) on exploration and evaluation assets *(note 11)*	**5,752**	(31,761)
Impairment of loan receivables *(note 13)*	**3,381**	5,756
Impairment of loan interest receivables *(note 13)*	**536**	1,173
Impairment of other receivables *(note 16(b))*	**13,696**	65,934
Net exchange gain	**(1,082)**	(1,260)
Short term lease expenses	**54**	1,023
Staff costs including directors' emoluments		
– Salaries, bonus and allowances	**54,949**	49,904
– Retirement benefits scheme contributions	**6,852**	6,037
	61,801	55,941

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

9. DIVIDENDS

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

10. LOSS PER SHARE

Basic loss per share

From continuing and discontinued operations

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately HK$146,703,000 (2024: HK$699,345,000) and the weighted average number of ordinary shares of approximately 641,224,000 (2024: 629,446,000), both as adjusted to reflect the share consolidation in July 2025, in issue during the year.

From continuing operations

The calculation of basic loss per share from continuing operations attributable to owners of the Company is based on the loss for the year attributable to owners of the Company from continuing operations of approximately HK$94,495,000 (2024: HK$90,269,000) and the denominator used is the same as that detailed above for basic loss per share.

From discontinued operations

The calculation of basic loss per share from discontinued operations attributable to owners of the Company is based on the loss for the year attributable to owners of the Company from discontinued operations of approximately HK$52,208,000 (2024: HK$609,076,000) and the denominator used is the same as that detailed above for basic loss per share.

Diluted loss per share

No diluted loss per share is presented as the Company did not have any outstanding dilutive potential ordinary shares during both years ended 30 June 2025 and 2024.

11. EXPLORATION AND EVALUATION ASSETS

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

(a) This represents exploration and exploitation rights in respect of a coal mine in Central Kalimantan, Indonesia.

(b) Others represent the expenditures incurred in the search for mineral resources as well as the determination of the technical feasibility and commercial viability of extracting those resources.

(c) On 22 April 2022, the Group was notified by the Indonesian Government that the mining license ("**Mining License**") of the coal mine had been revoked and declared invalid with effect from the same date. The Company has submitted the application for the reinstatement. After obtaining a legal opinion advised by a local lawyer, the management is in the view that the reinstatement of the Mining License is remote. Therefore, the carrying amount of HK$462,031,000 as at 1 July 2023 had been fully impaired.

(d) On 24 August 2023, the Group was notified by the Indonesian Government that the decision to the revocation of the Mining License has been cancelled. The Mining License has become valid and has legal force with effect from the same date, subject to fulfilment of certain pre-conditions, which had been duly fulfilled subsequently. On 9 September 2023, the Group entered into an exclusive cooperation agreement with a company (the "**Contractor**"), engaged in coal mining activities in Indonesia. The co-operation agreement on the coal mine is for a period of five years from the agreement date. Details are stated in the Company's announcement dated 31 August 2023.

(e) On 31 December 2023, the work and budget plan of the coal mining business was approved by the Indonesian Government and the actual coal production and coal sales began in the first half of 2024. Since the reinstatement of the Mining License had been completed, reversal of impairment losses of HK$31,761,000 was recognised during the year ended 30 June 2024 based on the recoverable amount of the mine. Such recoverable amount has been determined on the basis of its value-in-use using the discount cash flow method (level 3 fair value measurement) using the cash flow projections in financial budgets approved by the management covering a 15-years period for a duration of the production years as approved in the Mining License. The annual production capacity on financial budgets was based on maximum capacity approved by the Indonesian Government without any growth throughout the projection period. The key assumption including pre-tax discount rate used in the value-in-use calculations was 21%.

(f) During the year ended 30 June 2025, the mining activities were suspended for several months primarily due to significant decline in coal prices globally and bad weather. The Contractor was unable to meet the production level stated in mining plan as agreed under the cooperation agreement. The Group is negotiating with the Contractor for remedial actions to restore to the pre-agreed production level. In the meanwhile, the Group is considering options to engage a subcontractor to cooperate with the Contractor or to take over the mining activities.

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

12. INTERESTS IN ASSOCIATES

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

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

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

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

	2025	2024	**2025**	2024
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Non-current assets	**N/A**	1,493,235	**–**	–
Current assets	**N/A**	397,851	**2,218,716**	2,079,229
Non-current liabilities	**N/A**	–	**(518,067)**	(486,190)
Current liabilities	**N/A**	(2,548,776)	**(87,993)**	(75,990)
Net assets (net of non-controlling interests)	**N/A**	(598,313)	**1,612,656**	1,517,049
Group's share of net assets	**N/A**	–	**564,430**	530,967

	2025	2024	**2025**	2024
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Revenue	**N/A**	–	**–**	–
Loss for the year	**N/A**	(1,559,441)	**(84,678)**	(21,577)
Other comprehensive loss	**N/A**	8,546	**180,285**	(20,704)
Total comprehensive loss	**N/A**	(1,550,895)	**95,607**	(42,281)

note:

During the year ended 30 June 2024, an impairment loss of approximately HK$288.8 million has been recognised on the interest in Chengde Jinyu. The carrying value of the interest in Chengde Jinyu as at 30 June 2024 was zero.

On 22 July 2024, Chengde Jinyu, together with the Group's other properties development projects in the PRC, was disposed of to a substantial shareholder of the Company *(Note 19)*.

13. LOANS AND INTERESTS RECEIVABLES

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

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

	2025	2024
	HK$'000	*HK$'000*
Over 12 months	**1,096**	4,263

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

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

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

14. INVENTORIES

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

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

	2025	2024
	HK$'000	*HK$'000*
(a) Properties under development for sales		
Cost		
At 1 July	**1,049,592**	1,249,032
Written down	**–**	(196,443)
Disposal of subsidiaries (note 19)	**(1,054,671)**	–
Effect of foreign exchange difference	**5,079**	(2,997)
At 30 June	**–**	1,049,592
Properties under development for sales of which:		
– Expected to be recovered within 1 year	**–**	–
– Expected to be recovered over 1 year	**–**	1,049,592
	–	1,049,592

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

On 22 July 2024, the Group completed the disposal of the entire equity interest in Hong Kong Zhongzheng City Investment Limited, which held Chengde Jinyu and the property development projects in Nanjing and Dongguan in the PRC, and the shareholder's loans due from Shenzhen Zhongzheng Ruifeng Management Co., Ltd. (the "**Disposal**") to a substantial shareholder of the Company for a consideration of approximately HK$53,700,000. In estimating the net realisable value of the properties under development for sales of the Nanjing project (the "**PUD**") as at 30 June 2024, the Group allocated the consideration for the Disposal to the assets (other than PUD) and liabilities disposed of, with residual value being allocated to the PUD. On this basis, a written down of PUD of approximately HK$196,443,000 was recognised during the year end 30 June 2024. The PUD is disposed of during the year ended 30 June 2025 (note 19).

(b) Properties held for sales

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

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

The properties held for sales is disposed of during the year ended 30 June 2025 (note 19).

16. TRADE AND OTHER RECEIVABLES

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

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

Trade receivables

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

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

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

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

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

(c) The amount due from related companies as at 30 June 2024 were interest free, unsecured and had no fixed term of repayment.

17. AMOUNTS DUE FROM ASSOCIATES

	2025	2024
	HK$'000	*HK$'000*
Pacific Memory SDN BHD	**21,881**	21,881
Chengde Jinyu (note)	**–**	235,993
	21,881	257,874

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

note: The amounts due from chengde Jinyu were disposed of during the year ended 30 June 2025 (note 19).

18. TRADE AND OTHER PAYABLES

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

(a) Trade payables

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

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

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

(c) Contract liabilities

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

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

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

Movements in contract liabilities during the year:

	2025	2024
	HK$'000	*HK$'000*
Balance as at 1 July	**171,922**	176,125
Increase due to operations	**1,180**	42,461
Disposal of subsidiaries	**(174,143)**	–
Transfer of contract liabilities to revenue	**–**	(46,664)
Exchange differences	**1,041**	–
Balance as at 30 June	**–**	171,922

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

19. DISCONTINUED OPERATIONS

On 6 May 2024, the Group and Mr. Lim Kim Chai ("**Mr. Lim**"), a substantial shareholder of the Company, entered into an agreement ("**Disposal Agreement**") for the disposal of the entire equity interest in Hong Kong Zhongzheng City Investment Limited, which held the Group's entire properties development and primary land development projects in the PRC, together with the loans due from Shenzhen Zhongzheng Ruifeng Management Co., Ltd. The consideration for the Disposal, amounting to HK$53,700,000 was to be satisfied by offsetting against the outstanding interest accrued on the shareholder's loans owed by the Company to Mr. Lim up to the date of the Disposal Agreement. As mentioned in note 15 above, the Disposal was completed on 22 July 2024, following which the Group discontinued its property development and primary land development businesses in the PRC. Details of the Disposal are set out in the Company's announcement dated 6 May 2024 and circular dated 28 June 2024.

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

	2025	2024
	HK$'000	*HK$'000*
Loss of discontinued operations	**(7,619)**	(777,851)
Loss on disposal of discontinued operations	**(48,051)**	–
	(55,670)	(777,851)

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

	From 1 July 2024 to 22 July 2024	2024
	HK$'000	*HK$'000*
Revenue	**–**	46,664
Cost of goods sold	**–**	(55,572)
Gross loss	**–**	(8,908)
Other income	**874**	10,457
Selling and distribution expenses	**(419)**	(1,428)
Administrative expenses	**(880)**	(11,368)
Impairment loss on amounts due from associates	**–**	(68,155)
Written down of properties under development for sales	**–**	(196,443)
Impairment loss on interest in an associate	**–**	(288,775)
Share of results of associates	**–**	(59,985)
Finance costs	**(7,160)**	(177,504)
Loss before tax	**(7,585)**	(802,109)
Income tax (expense)/credit	**(34)**	24,258
Loss for the period/year	**(7,619)**	(777,851)

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

	From 1 July 2024 to 22 July 2024 *HK$'000*	2024 *HK$'000*
Costs of inventories sold	–	55,572
Impairment loss on amounts due from associates	–	68,155
Written down of properties under development for sales *(note 15(a))*	–	196,443
Impairment loss on interest in an associate *(note 12)*	–	288,775
Written down of properties held for sales *(note 15(b))*	–	7,371
Staff costs including directors' emoluments	–	3,074

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

	HK$'000
Interests in associates	–
Property, plant and equipment	686
Properties under development for sales	1,054,671
Properties held for sales	155,760
Trade and other receivables	107,004
Amounts due from associates	238,302
Current tax assets	30
Bank and cash balances	16,123
Trade and other payables	(532,093)
Borrowings	(1,036,581)
Current tax liabilities	(134,771)
Deferred taxation	(3,661)
Net liabilities disposed of:	(134,530)
Release of foreign currency translation reserve	53,705
Non-controlling interests	182,576
Loss on disposal of subsidiaries	(48,051)
Total consideration	53,700
Satisfied by:	
Cash received	–
Consideration settled by offsetting the accrued interest payable to the shareholder's loans as at the date of the Disposal Agreement	53,700
Total consideration	53,700

	HK$'000
Net cash outflow arising on disposal:	
Cash consideration received	–
Cash and cash equivalents disposed	(16,123)
	(16,123)

20. RELATED PARTY TRANSACTIONS

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

21. EVENT AFTER THE END OF REPORTING PERIOD

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

The Company proposes to, following completion of the Debt Capitalisation, implement the rights issue on the basis of one rights share for every two consolidated shares (including the shares to be allotted and issued pursuant to the Debt Capitalisation) at the rights issue price of HK$0.20 per rights share, to raise gross proceeds of up to approximately HK$114.6 million by issuing 572,899,170 rights shares to the shareholders ("**Rights Issue**"). The net proceeds from the Rights Issue after deducting the expenses are estimated to be approximately HK$112.0 million. The Rights Issue was completed on 20 August 2025.

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

AN EXTRACT OF INDEPENDENT AUDITORS' REPORT

The Company has engaged ZHONGHUI ANDA CPA Limited as independent auditors (the "**Auditors**") to audit the consolidated financial statements of the Group for the year ended 30 June 2025 and the following is an extract of the auditors' report on the Group's consolidated financial statements for the year. The auditors' report will be contained in the annual report of the Company for the year to be published by the Company on or before 31 October 2025.

"Qualified Opinion

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

Basis for Qualified Opinion

1. Exploration and evaluation assets

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

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

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

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

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

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

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

3. Properties under development for sales

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

4. **Other receivables**

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

5. **Borrowings**

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

6. **Loss on disposal of discontinued operations**

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

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

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

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

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

Qualified opinions already addressed

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

1. Qualifications #2 (interest in an associate and amount due from an associate), #3 (properties under development for sales), #5 (borrowings) and #6 (loss on disposal of discontinued operations) all relate to Hong Kong Zhongzheng City Investment Limited (i.e. HKZC), which was the subject matter of the Disposal Agreement dated 6 May 2024 entered into between the Group and Mr. Lim Kim Chai, a substantial shareholder of the Company. Completion of the Disposal Agreement took place on 22 July 2024. The balances of interest in an associate and amount due from an associate, properties under development for sales and borrowings as at 1 July 2024 were carried forward from the closing balance as at 30 June 2024. At the material time of the Disposal Agreement, HKZC was a wholly-owned indirect subsidiary of the Group. The major assets held by HKZC, directly and indirectly through its subsidiaries, comprised two property development projects in Nanjing and Dongguan, the PRC respectively and an interest in an associate, the principal activities of which was primary land development in Luanping County, the PRC. Details of the Disposal Agreement are disclosed in the Company's announcement dated 6 May 2024 and circular dated 28 June 2024.

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

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

Qualification remaining to be addressed

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

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

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

Management's view:

Reference is made to note 11 to this announcement about the background of the exploration and evaluation assets of the PT Bara Mine. PT Bara Utama Persada Raya ("**PT Bara**"), a 99.98%-owned subsidiary of the Company, commenced coal production in April 2024 under an exclusive cooperation agreement with the Contractor. The Management considers the temporary suspension of mining activities during FY2024/25 have been primarily caused by external factors beyond the control of the Contractor and the Group, including weak global coal prices and bad weather conditions, which have adversely affected the output capabilities as well as the operational margin of the mines.

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

Audit Committee's view:

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

Action plan to address the qualified opinion

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

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

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

IMPORTANT EVENTS AFTER THE END OF THE YEAR

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

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

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

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

BUSINESS REVIEW

Results for the year ended 30 June 2025

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

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

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

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

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

Healthcare and household business

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

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

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

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

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

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

Coal mining business

PT Bara holds the mining license in respect of the PT Bara Mine in the Central Kalimantan Province in the Republic of Indonesia.

On 7 September 2023, PT Bara entered into an exclusive cooperation agreement (the "**Exclusive Cooperation Agreement**") with the Contractor. Pursuant to the Exclusive Cooperation Agreement, the Contractor shall carry out all production activities which include pre-production, production, sales and post-production operations and bear all related costs including but not limited to operating costs, land acquisition costs, reclamation and infrastructure costs, taxes and other government expenses for a period of five years. In return, the Contractor shall be entitled to the value of sales generated from coal production, while paying royalty fees to PT Bara in accordance with the terms of the Exclusive Cooperation Agreement. On 31 December 2023, the work and budget plan of the coal mining business was approved by the Indonesian Government, and coal production and sales commenced in first half of 2024 calendar year.

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

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

Coal Resource Estimate
(in thousand tonnes)

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

Money lending business

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

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

Investment in the property development project at Port Dickson, Malaysia

The Group holds a 35% equity interest in Pacific Memory Sdn Bhd ("**Pacific Memory**") which is accounted for as an associate. Pacific Memory is engaged in a commercial development at Port Dickson, Malaysia with facilities including a hotel, yacht club, event venues and retail spaces and related amenities. At present, Pacific Memory sustains its baseline operations primarily through rental income, while strategically accumulating capital to support subsequent development phases. Pacific Memory has been engaging with investors and developers from China and remains cautiously optimistic about the long-term opportunities in Malaysia's property sector.

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

Discontinued operations of property projects in the PRC

On 6 May 2024, the Group and Mr. Lim Kim Chai, a substantial shareholder of the Company, entered into the Disposal Agreement in respect of the Disposal for a consideration of HK$53,700,000. The consideration of the Disposal shall be satisfied by offsetting against the outstanding interest accrued on the shareholder's loans owed by the Company to Mr. Lim up to the date of the Disposal Agreement. On 22 July 2024, the Disposal was completed and the Group discontinued its property development and primary land development businesses in the PRC. Please refer to note 19 for further details on the discontinued operations.

PROSPECT

Healthcare and household products business

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

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

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

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

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

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

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

Coal mining business

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

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

Money lending business

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

LIQUIDITY AND FINANCIAL RESOURCES

Cash position

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

Current ratio

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

Debts and borrowings

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

Gearing ratio

As at 30 June 2025, the Group's gearing ratio being total debt and borrowings over total equity is 137.4% (30 June 2024: 1,168.5%).

Exposure to fluctuation in exchange rates, interest rates and related hedges

The Group has certain exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The management will monitor the Group's foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise and appropriate instrument be available.

The interest rates profile of the Group's borrowings is mainly at fixed rates. The Group has minimal exposure to interest rate risk, the Group's operating cash flows are substantially independent of changes in market interest rates. The Group does not hedge against interest rates risk as the Management does not foresee the impact of any fluctuation in interest rates to be material to the Group.

Fund raising activities

The Company has not conducted any fund raising activities in the year ended 30 June 2025. The Proposals were completed after the year ended 30 June 2025. Please refer to the section headed "IMPORTANT EVENTS AFTER THE END OF THE YEAR" above.

Significant investments held, material acquisitions and disposal of subsidiaries

Save for the Disposal, the Group had no significant investments held, nor any material acquisition nor disposal in the year ended 30 June 2025.

Pledge of assets

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

Material contingent liabilities

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

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2025, the Group had 18 employees (as at 30 June 2024: 20) in Hong Kong, 563 employees (as at 30 June 2024: 567) in the PRC and 1 employee (as at 30 June 2024: 1) in Indonesia. Employees' remuneration are given and reviewed based on market norms, individual performance and experience. Awards and bonuses are considered based on the Group's business results and employees' individual merit.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

DIVIDENDS

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

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 30 June 2025.

AUDIT COMMITTEE

As at the date of this announcement, the Audit Committee comprises Mr. Hau Chi Kit, Mr. Leung Chi Hung, Mr. Li Hon Kuen, and Ms. Yang Yan Tung, Doris, all being the independent non-executive Directors. Mr. Li Hon Kuen is the Chairman of the Audit Committee. The Audit Committee has reviewed the financial information as contained in this announcement.

SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 30 June 2025 as set out in this preliminary announcement have been agreed by the Auditor, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 30 June 2025. Nonetheless, it is noted that the work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by ZHONGHUI ANDA CPA Limited on the preliminary announcement.

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 year ended 30 June 2025.

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 year ended 30 June 2025.

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

Hong Kong, 2 September 2025

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 four independent non-executive Directors, namely Mr. Hau Chi Kit, Mr. Leung Chi Hung, Mr. Li Hon Kuen and Ms. Yang Yan Tung, Doris.