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ZHONG HUA INTERNATIONAL HOLDINGS LIMITED

中華國際控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1064)

PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

This announcement is made pursuant to Rules 13.49(1) and (2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The board of directors (the “Directors”) of Zhong Hua International Holdings Limited (the “Company”) would like to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2025 (the “Annual Results”), together with the comparative figures and the relevant explanatory notes, as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2025

| | <i>Notes</i> | 2025 <i>HK\$'000</i> | 2024 <i>HK\$'000</i> |
|--|--------------|--------------------------------|-------------------------|
| REVENUE | 2 | 31,293 | 28,520 |
| Other income and gain | | 363 | 330 |
| Changes in fair value of investment property | | (34,992) | (16,848) |
| Changes in fair value of equity interest in an entity at fair value through profit or loss | 7 | 31,096 | (55,779) |
| Administrative expenses | | (27,405) | (27,577) |
| PROFIT/(LOSS) BEFORE TAX | 3 | 355 | (71,354) |
| Income tax credit/(expense) | 4 | 12,628 | (7,314) |
| PROFIT/(LOSS) FOR THE YEAR | | 12,983 | (78,668) |

| | <i>Notes</i> | 2025 HK\$'000 | 2024 <i>HK\$'000</i> |
|--|--------------|--------------------------------|-------------------------|
| Attributable to: | | | |
| Equity holders of the Company | | (14,958) | (46,133) |
| Non-controlling interests | | 27,941 | (32,535) |
| | | <u>12,983</u> | <u>(78,668)</u> |
| LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY | 6 | | |
| – Basic and diluted | | <u>HK cents (1.95)</u> | <u>HK cents (6.00)</u> |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

| | 2025 <i>HK\$'000</i> | 2024 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| PROFIT/(LOSS) FOR THE YEAR | <u>12,983</u> | <u>(78,668)</u> |
| OTHER COMPREHENSIVE INCOME/(EXPENSE) | | |
| Other comprehensive income/(expense) that may be reclassified to the income statement in subsequent periods: | | |
| Exchange differences on translation of foreign operations | <u>7,343</u> | <u>(6,305)</u> |
| TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR | <u><u>20,326</u></u> | <u><u>(84,973)</u></u> |
| Attributable to: | | |
| Equity holders of the Company | (4,317) | (55,398) |
| Non-controlling interests | <u>24,643</u> | <u>(29,575)</u> |
| | <u><u>20,326</u></u> | <u><u>(84,973)</u></u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

| | <i>Notes</i> | 2025 <i>HK\$'000</i> | 2024 <i>HK\$'000</i> |
|---|--------------|--------------------------------|-------------------------|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | 2,888 | 3,103 |
| Equity interest in an entity at fair value through profit or loss | 7 | 1,005,789 | 974,693 |
| Investment property | | <u>319,680</u> | <u>339,624</u> |
| Total non-current assets | | <u>1,328,357</u> | <u>1,317,420</u> |
| CURRENT ASSETS | | | |
| Trade receivables | 8 | 12,177 | 20,859 |
| Prepayments, deposits and other receivables | | 2,602 | 1,659 |
| Cash and cash equivalents | | <u>59,405</u> | <u>63,573</u> |
| Total current assets | | <u>74,184</u> | <u>86,091</u> |
| CURRENT LIABILITIES | | | |
| Trade payables | 9 | (1,949) | (1,844) |
| Other payables and accruals | | (29,160) | (28,426) |
| Tax payable | | <u>(40,772)</u> | <u>(35,532)</u> |
| Total current liabilities | | <u>(71,881)</u> | <u>(65,802)</u> |
| NET CURRENT ASSETS | | <u>2,303</u> | <u>20,289</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>1,330,660</u> | <u>1,337,709</u> |
| NON-CURRENT LIABILITIES | | | |
| Due to a director | | (130,639) | (140,882) |
| Long term other payables | | (45,297) | (52,767) |
| Deferred tax liabilities | | <u>(156,272)</u> | <u>(165,934)</u> |
| Total non-current liabilities | | <u>(332,208)</u> | <u>(359,583)</u> |
| Net assets | | <u>998,452</u> | <u>978,126</u> |
| EQUITY | | | |
| Equity attributable to equity holders of the Company | | | |
| Share capital | | 19,215 | 19,215 |
| Reserves | | <u>296,884</u> | <u>301,201</u> |
| | | 316,099 | 320,416 |
| Non-controlling interests | | <u>682,353</u> | <u>657,710</u> |
| Total equity | | <u>998,452</u> | <u>978,126</u> |

Notes:

1.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment property and equity interest in an entity at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted amendments to HKAS 21 *Lack of Exchangeability* for the first time for current year’s financial statements. The Group did not early adopted any other standard or amendment that has been issued but not yet become effective.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries for translation into the Group’s presentation currency were exchangeable during the year, the amendments did not have any impact on the Group’s financial statements.

2. REVENUE AND OPERATING SEGMENT INFORMATION

Revenue

An analysis of revenue is as follows:

| | 2025 | 2024 |
|--|------------------------|-----------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Revenue from other sources | | |
| Income from letting of investment property | 31,293 | 28,520 |

Operating segment information

For management purposes, the Group is organised into business units based on their services and has two reportable operating segments as follows:

- (a) the property investment and development segment, which invests in properties for generating potential income from letting and selling properties located in Chinese Mainland; and
- (b) the corporate and others segment, which provides management services to group companies.

The management of the Group (the “Management”) monitors the results of the Group’s operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment loss, which is a measure of adjusted profit/(loss) before tax from operations. The adjusted profit/(loss) before tax from operations is measured consistently with the Group’s profit/(loss) before tax except that other income and gains and finance costs are excluded from such measurement. Segment assets exclude cash and cash equivalents as these assets are managed on a group basis. Segment liabilities exclude tax payable, deferred tax liabilities and an amount due to a director as these liabilities are managed on a group basis.

| | Property investment and development | | Corporate and others | | Total | |
|---|--|-----------------|----------------------|-----------------|------------------|------------------|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Segment revenue | | | | | | |
| Sales to external customers | <u>31,293</u> | <u>28,520</u> | <u>-</u> | <u>-</u> | <u>31,293</u> | <u>28,520</u> |
| Segment results | <u>19,652</u> | <u>(51,108)</u> | <u>(19,660)</u> | <u>(20,576)</u> | <u>(8)</u> | <u>(71,684)</u> |
| Other income and gains | | | | | <u>363</u> | <u>330</u> |
| Profit/(loss) before tax | | | | | <u>355</u> | <u>(71,354)</u> |
| Income tax credit/(expense) | | | | | <u>12,628</u> | <u>(7,314)</u> |
| Profit/(loss) for the year | | | | | <u>12,983</u> | <u>(78,668)</u> |
| Segment assets | 1,342,780 | 1,339,602 | 356 | 336 | 1,343,136 | 1,339,938 |
| Unallocated assets | | | | | <u>59,405</u> | <u>63,573</u> |
| Total assets | | | | | <u>1,402,541</u> | <u>1,403,511</u> |
| Segment liabilities | 68,104 | 71,513 | 8,302 | 11,524 | 76,406 | 83,037 |
| Unallocated liabilities | | | | | <u>327,683</u> | <u>342,348</u> |
| Total liabilities | | | | | <u>404,089</u> | <u>425,385</u> |
| Other segment information | | | | | | |
| Depreciation of property, plant and equipment | <u>244</u> | <u>244</u> | <u>95</u> | <u>95</u> | <u>339</u> | <u>339</u> |
| Fair value loss of investment property | <u>34,992</u> | <u>16,848</u> | <u>-</u> | <u>-</u> | <u>34,992</u> | <u>16,848</u> |
| Fair value loss/(gain) on equity interest in an entity at fair value through profit or loss | <u>(31,096)</u> | <u>55,779</u> | <u>-</u> | <u>-</u> | <u>(31,096)</u> | <u>55,779</u> |

Geographical information

Revenues are attributed to the segments based on the locations of the customers, and assets are attributed to the segments based on the locations of the assets. No geographical information is presented as over 90% of the Group's revenue is derived from customers based in Chinese Mainland, and over 90% of the Group's assets are located in Chinese Mainland.

Information about major customer

Revenue from one customer which accounted for revenue exceeding 10% of Group's total revenue. Revenue from Customer A in respect of property investment and development segment accounted for HK\$31,293,000 (2024: HK\$28,520,000) during the year ended 31 December 2025.

3. PROFIT/(LOSS) BEFORE TAX

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

| | 2025 <i>HK\$'000</i> | 2024 <i>HK\$'000</i> |
|--|--------------------------|--------------------------|
| Depreciation of property, plant and equipment | 339 | 339 |
| Bank interest income | (39) | (114) |
| Changes in fair value of investment property | 34,992 | 16,848 |
| Changes in fair value of equity interest in an entity at fair value through profit or loss (<i>note 7</i>) | (31,096) | 55,779 |
| | <u><u> </u></u> | <u><u> </u></u> |

4. INCOME TAX

| | 2025 <i>HK\$'000</i> | 2024 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Current – Chinese Mainland | | |
| Corporate income tax | | |
| Charge for the year | 4,388 | 3,868 |
| Deferred | (17,016) | 3,446 |
| | <u> </u> | <u> </u> |
| Total tax charge/(credit) for the year | <u><u>(12,628)</u></u> | <u><u>7,314</u></u> |

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

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

5. FINAL DIVIDEND

The Directors did not recommend the payment of a final dividend for the year ended 31 December 2025 (2024: Nil).

6. LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the Company of HK\$14,958,000 (2024: HK\$46,133,000), and the number of ordinary shares of 768,616,520 (2024: 768,616,520) outstanding during the year.

The share options outstanding during the year had an anti-dilutive effect on the basic loss per share for the years ended 31 December 2025 and 2024.

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

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

| | 2025 <i>HK\$'000</i> | 2024 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Financial asset at fair value through profit or loss | | |
| Unlisted equity interest in an entity at fair value through profit or loss, at fair value: | | |
| Carrying amount at 1 January | 974,693 | 1,030,472 |
| Changes in fair value recognised in the income statement (note 3) | <u>31,096</u> | <u>(55,779)</u> |
| Carrying amount at 31 December | <u><u>1,005,789</u></u> | <u><u>974,693</u></u> |

8. TRADE RECEIVABLES

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

| | 2025 | | 2024 | |
|--------------------------------------|----------------------|-------------------|----------------------|-------------------|
| | <i>HK\$'000</i> | <i>Percentage</i> | <i>HK\$'000</i> | <i>Percentage</i> |
| Within 6 months | 12,177 | 100 | 13,997 | 67 |
| More than 6 months but within 1 year | <u>–</u> | <u>–</u> | <u>6,862</u> | <u>33</u> |
| Total | <u><u>12,177</u></u> | <u><u>100</u></u> | <u><u>20,859</u></u> | <u><u>100</u></u> |

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

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

9. TRADE PAYABLES

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

| | 2025 | | 2024 | |
|------------------|--------------|------------|--------------|------------|
| | HK\$'000 | Percentage | HK\$'000 | Percentage |
| Within 1 year | 18 | 1 | – | – |
| More than 1 year | 1,931 | 99 | 1,844 | 100 |
| | <u>1,949</u> | <u>100</u> | <u>1,844</u> | <u>100</u> |

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

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Company's consolidated financial statements for the year ended 31 December 2025:

“Qualified opinion

In our opinion, except for the possible effects of the matter 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 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for qualified opinion

As disclosed in note 11 to the consolidated financial statements, the Group had undergone a very lengthy liquidation petition where the joint venture partner (“JV Partner”) of a then subsidiary, namely 廣州市正大房地產開發有限公司 (Guangzhou Zheng Da Real Estate Development Company Limited) (“GZ Zheng Da”, held by Zheng Da Real Estate Development Company Limited (“HK Zheng Da”, a non-wholly owned subsidiary of the Group)), had filed to the court seeking for a liquidation of GZ Zheng Da in order to recover its entitled residual assets therein. During the year ended 31 December 2023, a final court decision was made which ordered GZ Zheng Da to be liquidated and a PRC law firm was appointed as the liquidator. However, pursuant to the court order, the allocation and distribution of residual assets of GZ Zheng Da between the Group and the JV Partner was not determined, and is to be resolved via legal actions during the liquidation proceedings.

Due to the compulsory liquidation judgement of GZ Zheng Da in May 2023, the Group had lost control therein, and had deconsolidated GZ Zheng Da in the same year. As at 31 December 2025, the Group recorded its equity interest in GZ Zheng Da as a non-current financial asset at fair value through profit or loss which amounted to HK\$1,005,789,000. As further explained in note 11 to the consolidated financial statements, other than the appointment of the liquidator, the legal actions surrounding the liquidation proceedings have not been substantively commenced. Accordingly, the determination of the allocation of the residual assets of GZ Zheng Da has not been concluded. Whilst the Group contends that HK Zheng Da has full entitlement to the residual assets pursuant to the joint venture agreements, there are potential legal risks that the JV Partner may claim part of the residual assets based on its basis of assets contribution (if any) in the past.

Due to the significant uncertainty of the outcome of the distribution of the residual assets upon liquidation, we were unable to obtain sufficient appropriate audit evidence to assess whether any additional residual assets should be allocated to the JV Partner as at 31 December 2024 and 2025 (collectively, “dates of measurement”) and, consequently, whether adjustments are necessary to the valuation of equity interest in GZ Zheng Da on the respective dates of measurement, which may impact the carrying amounts of the equity interest in an entity at fair value through profit or loss at 31 December 2025, and the fair value changes of this asset for the year ended 31 December 2025. Any adjustments as mentioned above found to be necessary would have a consequential effect on the Group’s net assets as at 31 December 2025, its result for the year ended 31 December 2025 and the related elements making up the statement of changes in equity.

A qualified opinion was also issued in our report dated 24 March 2025 on the consolidated financial statements of the Group for the year ended 31 December 2024 for the above matter.”

MANAGEMENT’S RESPONSE TO THE QUALIFIED AUDIT OPINION

It is noted that the Company’s auditor issued a qualified audit opinion on the Company’s consolidated financial statements for the year ended 31 December 2025 and the basis for qualified opinion is set out in the above section.

In late June 2023, the Group acknowledged that the Guangdong Province Higher People’s Court (廣東省高級人民法院) (the “Guangdong Court”) issued the Rescission Order (撤銷駁回裁定) (as defined and detailed below) on 15 May 2023 to the effect that the Guangdong Province Guangzhou Municipal Intermediate People’s Court (廣東省廣州市中級人民法院) (the “Guangzhou Court”) granted the New Liquidation Order (as defined and detailed below) against GZ Zheng Da on 7 August 2023.

Accordingly, the Directors considered that the Group lost the control over GZ Zheng Da (a former subsidiary) under HKFRS 10 *Consolidated Financial Statements* with effect from 15 May 2023 and GZ Zheng Da was derecognised as a then subsidiary during the year ended 31 December 2023 while the equity interest in GZ Zheng Da was then classified as financial asset at fair value through profit or loss and was included as “Equity interest in an entity at fair value through profit or loss” on the consolidated statement of financial position.

The New Liquidation Order was stemmed from a compulsory liquidation petition pleaded by 廣州市越秀房地產開發經營有限公司 (“Yuefang PE”), which is neither a registered shareholder nor a creditor of GZ Zheng Da, in January 2009 while GZ Zheng Da, the liquidation appellee, was not duly summoned by the court at that time.

Taking into account the facts and competent legal advice, together with legal grounds substantiated, the Management contends that Zheng Da Real Estate Development Company Limited (“HK Zheng Da”), a non-wholly-owned subsidiary which holds 100% equity interest (representing 100% registered capital) in GZ Zheng Da, shall have 100% entitlement to the residual assets of GZ Zheng Da pursuant to the terms of the joint venture agreement of GZ Zheng Da (as amended by supplemental agreements) under liquidation (*if it takes place and without prejudice*) pursuant to the relevant PRC laws and regulations. However, the Group’s legal advisers opine that there remains potential legal risk that Yuefang PE, the liquidation applicant, may claim for part of the residual assets of GZ Zheng Da based on its own presumptive evidence (such as its claim of capital or assets contribution made (if any) in the past). In any event, the Management remains optimistic in obtaining a favourable judgement if and when such potential disputes in specific asset allocation in accordance with the respective joint venture partners’ equity interests are brought to legal proceedings. Such legal proceedings never took place and are not yet initiated to-date, and the basis of claim, outcome and impact to the Group, if any, remain uncertainty to-date.

The Audit Committee of the Company (the “Audit Committee”), after reviewing the facts and information available to them and taking competent legal advice, endorses the views of the Management.

Further elaborations of the Management's actions taken against such potential claim(s) are disclosed below.

For the avoidance of confusion, the Management refers to the executive director, the non-executive director and senior management of the Company.

FINANCIAL REVIEW

The Group recorded a revenue of HK\$31,293,000 (2024: HK\$28,520,000) for the year ended 31 December 2025. Net loss attributable to ordinary equity holders of the Company for the year was HK\$14,958,000 (2024: HK\$46,133,000). There were no material changes in the Group's turnover during the year.

Adjusted EBITDA

The Adjusted EBITDA of the Group for the year ended 31 December 2025 was profit of HK\$4,590,000 (2024: HK\$1,612,000). Adjusted EBITDA refers to the earnings before interest, tax and depreciation and does not take into account the effect of changes in fair value of investment properties, loss on derecognition of a then subsidiary and changes in fair value of equity interest in an entity at fair value through profit or loss. EBITDA is a commonly used alternate measure of profitability to net income. By excluding depreciation and amortisation as well as taxes and debt payment costs, EBITDA attempts to represent the cash profit generated by the Group's operations. On this ground, the Group also excluded additional non-cash items (namely (i) changes in fair value of investment properties; (ii) loss on derecognition of a then subsidiary; and (iii) changes in fair value of equity interest in an entity at fair value through profit or loss) that significantly affected the Company's net income that are non-cash in nature to achieve this goal when reviewing the Company's performance.

Profit/(loss) attributable to equity holders of the Company

The Group's profit before tax and profit after tax for the year ended 31 December 2025 were HK\$355,000 (2024: loss before tax HK\$71,354,000) and HK\$12,983,000 (2024: loss after tax of HK\$78,668,000), respectively.

The turnaround from loss to profit for the year is mainly attributable to the fair value gain of equity interest in an entity of HK\$31,096,000 this year (2024: loss of HK\$55,779,000), which was mainly derived from appreciation of Renminbi during the retranslation process took place this year. Such fair value gain was non-cash transaction and unrealised in the Group's consolidated income statement.

After taking into account the non-controlling interests of the Group, the Group recorded a loss attributable to equity holders of the Company of HK\$14,958,000 this year as compared to a loss of HK\$46,133,000 last year.

Liquidity and Financial Resources

During the year ended 31 December 2025, the Group's operations were financed mainly by cash flows generated from business operations. The Group's net cash flows from operating activities during the year were HK\$19,537,000 (2024: net cash flows used in operating activities of HK\$15,967,000). The net cash flows from operating activities changes from net outflows of HK\$15,967,000 to net inflows of HK\$19,537,000 was mainly due to the timing differences in collection of trade receivables.

As at 31 December 2025, the Group had cash and bank balances of HK\$59,405,000 (2024: HK\$63,573,000) which were denominated in Renminbi and Hong Kong dollars.

The Group's gearing ratio was 0.09 as at 31 December 2025 (2024: 0.10), calculated based on an amount due to a director of HK\$130,639,000 (2024: HK\$140,882,000) over total assets of HK\$1,402,541,000 (2024: HK\$1,403,511,000). The Group maintained a relatively low gearing ratio in the past years. The Group's financial resources are able to meet its capital expenditure and working capital requirements for coming twelve months from the date of this announcement.

The Group's exposure to interest rate fluctuation was minimal in current year and last year.

Assets

As at 31 December 2025, the Group's net current assets, net assets and total assets amounted to HK\$2,303,000 (2024: HK\$20,289,000), HK\$998,452,000 (2024: HK\$978,126,000) and HK\$1,402,541,000 (2024: HK\$1,403,511,000), respectively.

Exchange Rate Risk

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

Significant investments

As at 31 December 2025, the Group held equity interest in an entity at fair value through profit or loss of HK\$1,005,789,000 (2024: HK\$974,693,000), representing approximately 72% (2024: 69%) of the total assets of the Group. This investment is held by HK Zheng Da, a 25% owned subsidiary of the Group and directly holds entire equity interest in GZ Zheng Da, details of which are disclosed in the section headed “Business Review” below. Gain on fair value changes in equity interest in an entity of HK\$31,096,000 was recognised in the income statement for the year ended 31 December 2025 (2024: loss of HK\$55,779,000). Save as disclosed above, the Group had no other significant investment of carrying value of 5% or more of the total assets as at 31 December 2025 (2024: Nil).

Charges on Assets

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

Contingent Liability

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

FUND RAISING ACTIVITIES

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

The net proceeds raised from the New Issue applied up to 31 December 2025 are as follows:

| Intended use of the net proceeds as stated in the New Issue Announcement | | | Proceeds utilised as at | Proceeds unutilised | |
|--|---------------------------------------|---------------|---------------------------------------|---|-------------------------------------|
| | | | 31 December 2025 | as at 31 December 2025 | |
| Category | Net amount (HK\$ in million) | Percentage | Net amount (HK\$ in million) | Remaining amount (HK\$ in million) | Expected schedule of use |
| Redevelopment costs of redevelopment project in Guangzhou, Chinese Mainland | 12.0 | 74.5% | – | 12.0 | On or before 31 December 2026 |
| General working capital | 4.1 | 25.5% | 4.1 | – | |
| Total | 16.1 | 100.0% | 4.1 | 12.0 | |

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

The Group held the unutilised net proceeds in short-term deposits with banks as at 31 December 2025. Save as disclosed above, there was no unutilised proceed brought forward from any issue of equity securities made in previous years.

BUSINESS REVIEW

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

Property Investment

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

For the year ended 31 December 2025, the Gang Yu Square provided a steady cash flow and substantiated the working capital requirements of the Group. As a result, the Group recorded an adjusted EBITDA of approximately HK\$4.6 million for 2025. Given the prime location of the investment property in the central business district (CBD) of Chongqing, the Directors will strive to enhancing the property’s competitive advantages and is confident that it will continue to provide a relatively steady revenue to the Group in the foreseeable future.

Property Development

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

As to-date, except for one block of building remained not yet vacanted and a few shops next to the premise continued to operate business as usual, the vacant site was leased to a third party for licensed carpark operation.

Pending to the evacuation of the last block of a 7-storey building by the legal enforcement order (強制執行裁定) already granted by the court, the re-development project is intended to be developed into a 22-storey versatile grade A commercial building complex with twin towers and 3-level of basement for wholesale and exhibition hall facilities, office and service apartment uses with ancillary facilities such as carpark and loading/unloading bays with total gross floor area of about 234,000 square metres.

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

Properties Held for Sale

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

New Business Venture

The Group has been continuously exploring investment and business expansion opportunities related to “novel and quality productivity” (“新質生產力”). Late last year, the Group established a new division within its construction engineering department to provide one-stop integrated photovoltaic power collection, electrical storage, and charging solutions for public and private sector clients in the Greater Bay Area. The business venture remains at its pilot stage and focuses on pilot operation of charging station specialising for heavy load trucks. It is expected the new venture will take one to two years for generating contributions to the Group.

Current Status of GZ Zheng Da

As to-date, the Enterprise Credit Information Publicity Report (企業信用信息公示報告), which is the public official corporate record, on GZ Zheng Da shows:

- (1) registration status (登記狀態): normal (operation normal, business normal, registration normal) (存續(在營、開業、在冊));
- (2) liquidation information (清算信息): the liquidator, Guangdong Guoding Law Firm (not Guangdong Jinzhen Law Firm) (*Note 1*);
- (3) registered (promoters) shareholders (登記(發起人)股東): HK Zheng Da (100% equity interests) and 廣州市越秀房地產開發經營公司 (“Yuefang SoE”) (0% equity interests) (not Yuefang PE) (*Note 2*); and
- (4) authorised representative (法定代表人): Ho Kam Hung, an executive Director (*Note 3*).

Notes:

- (1) Guangdong Guoding Law Firm should discharge its duties as the liquidator of GZ Zheng Da once the Liquidation Dismissal Order was granted in May 2021 but its registration remains on record and not yet replaced by its successor to-date.
- (2) Yuefang PE attempted to apply for change of name of registered shareholder of GZ Zheng Da from Yuefang SoE to Yuefang PE without provision of evidence of capital contribution but such application was declined by the Administration of Market Regulations.
- (3) Ho Kam Hung has been the authorised representative of GZ Zheng Da since its establishment in 1993.

Notwithstanding the New Liquidation Order (as defined and detailed below) is in force, GZ Zheng Da’s operation is as usual and the re-development site was leased to a third party for licensed carpark operation.

The Directors would like to draw its shareholders’ attention that:

- (i) there was no change in the Group’s effective equity interest (i.e., 25%) in HK Zheng Da (which in turn holds 100% equity interest in GZ Zheng Da) (a) before and after the derecognition of GZ Zheng Da from the Company’s consolidated financial statements with effect on 15 May 2023; (b) as at 31 December 2025; and (c) as to-date;
- (ii) HK Zheng Da, which held 100% equity interest in GZ Zheng Da, retained day-to-day operating and financing activities of GZ Zheng Da as to-date and HK Zheng Da would maintain such activities in GZ Zheng Da in the foreseeable future; and
- (iii) there was no change in the legal titles of the underlying assets of GZ Zheng Da (primarily two parcels of land pending for re-development and a portfolio of about 190 residential units) as to-date and any dispute (if any) to this by third parties shall be subject to final and absolute outcome of legal proceedings (not at the sole discretion of the liquidator) which are expected to last for a couple of years at least.

LIQUIDATION PETITION AGAINST GZ ZHENG DA

Background of the Liquidation Petition

In January 2009, Yuefang PE, which was neither a registered shareholder, proven beneficial shareholder (已核實持有實質權益股東) nor proven creditor (已核實債權人) of GZ Zheng Da, filed a disputable compulsory liquidation plead against GZ Zheng Da (the “Liquidation Petition”) at the Guangzhou Court based on the *pre-requisite* that GZ Zheng Da had triggered “company dissolution” (已出現公司解散事由) while GZ Zheng Da, the liquidation appellee, was not duly summoned by the Guangzhou Court at that time. Indeed, the so called “company dissolution” had never happened nor had never been put forward to a court for prior adjuration by the liquidation applicant as required by law.

The developments of the Liquidation Petition since January 2009 are summarised below.

In March 2009, the Guangzhou Court granted an order to suspend the Liquidation Petition (the “Suspension Order”) until a ruling of another related case was made but also did not duly serve the Suspension Order to GZ Zheng Da as required by law.

In March 2011, at the request of Yuefang PE, the Guangzhou Court granted a decision on appointment of liquidator (指定清算組決定書) (the “Liquidation Order”) appointing Guangdong Guoding Law Firm (廣東國鼎律師事務所) as the liquidator of GZ Zheng Da (the “Liquidator”) but again did not duly serve the Liquidation Order to GZ Zheng Da as required by law. Moreover, the Liquidation Order was apparently granted without a ruling on liquidation which was against then liquidation laws and regulations.

In September 2011, the Liquidator, without the consent of GZ Zheng Da and valid supporting documents, registered its duties (清算備案登記) at the Administration for Market Regulations (市場監督管理局) which was against then laws and regulations. It was the first acknowledgment of GZ Zheng Da that the Liquidator had been appointed by the court since some six months ago.

The Liquidator did not perform its duties in accordance with then liquidation laws and practices and the business of GZ Zheng Da remained usual since then. Meantime, GZ Zheng Da and HK Zheng Da, its sole shareholder, filed dozens of complaints against the Guangzhou Court about the undue judicial process of the Liquidation Petition and the Liquidation Order.

In May 2021 (i.e. about 10 years after the date of grant of the Liquidation Order), the Guangzhou Court issued a written judgement dismissing Yuefang PE’s liquidation petition (the “Liquidation Dismissal Order (駁回清算申請裁定)”). The Liquidator did not discharge its duties despite the Liquidation Petition was dismissed which was against then liquidation laws and regulations.

In August 2021, Yuefang PE submitted an appeal against the ruling of the Guangzhou Court at the Guangdong Court as permissible by law. A hearing was convened by the court in January 2022.

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

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

In September 2023, the New Liquidator posted the “Receiver Notice” (接管公告) in the court’s designated website requesting the management of GZ Zheng Da to co-operate with the liquidator for handover of books of accounts, assets and official seal. GZ Zheng Da declined to co-operate with the New Liquidator as permissible by law. No direct communication between GZ Zheng Da and the New Liquidator took place since then.

In September 2024, the New Liquidator posted the “Invalidation of Official Seal Announcement (印章作廢公告)” in the court’s designated website declaring that the official seal of GZ Zheng Da had been invalidated and expired from the date of acceptance (“受理日”) of the Liquidation Petition by the court (i.e., since January 2009). Indeed, the government authorities, the courts and even the New Liquidator continued to acknowledge GZ Zheng Da as a separate legal entity.

It was acknowledged that the New Liquidator did not make further action against GZ Zheng Da since September 2024 and the business of GZ Zheng Da remains to operate as usual to-date.

Meantime, HK Zheng Da and GZ Zheng Da filed dozens of complaints to the court officials about the undue judicial process of the Liquidation Petition and the New Liquidation Order.

Up to to-date, the Guangzhou Court convened two chamber hearings (庭詢) as fact findings and discussion forum for all interested parties (including HK Zheng Da) but not trial sessions. At the chamber hearings, HK Zheng Da challenged the lawful authority of the Liquidation Petition and the New Liquidation Order but the New Liquidator did not clarify all such legal disputes. Indeed HK Zheng Da demanded for dismissal of the Liquidation Petition as permissible by law but the court judge encouraged all parties to make off court settlement. Neither ruling nor directive was made by the court so far.

Further information on the “Liquidation Dismissal Order”, the “Rescission Order”, the “New Liquidator Order” and their respective lawful authority will be disclosed in the Company’s annual report for the year ended 31 December 2025.

Management' Representation

In summary, the Directors' views are as follows:

(1) GZ Zheng Da never triggered Company Dissolution

According to the relevant liquidation laws and regulations, there are two *pre-requisites* for lodging a compulsory liquidation: (i) the applicant should submit evidence of “*statutory company dissolution*” at the court; and (ii) the court should ascertain if the applicant has proven equity interest in or debt of the appellee company.

The “statutory company dissolution” refers to (i) the board resolves to dissolve the company (i.e. voluntary dissolution); (ii) the court orders to dissolve the company (i.e. dissolution by legal enforcement); or (iii) the administrative authority demands for company dissolution (i.e. compulsory dissolution).

GZ Zheng Da did not trigger any of the aforesaid company dissolutions in late 2008 as discovered in its court papers.

(2) Yuefang PE has never been an equity holder of GZ Zheng Da

The registered shareholders of GZ Zheng Da are HK Zheng Da (with 100% equity interest) and Yuefang SoE (not Yuefang PE) (with 0% equity interest) as recorded at the Administration of the Market Regulations to-date. That indicates that Yuefang SoE is only a promotor (without capital contribution) but not an equity shareholder of GZ Zheng Da. A promoter's rights will be ceased once the company is duly incorporated unless the promotor commits to capital contribution. Moreover, a non-registered shareholder is not permitted to sue its company by law.

In the re-organisation document of Yuefang SoE dated September 2005, its audited report stated that “no record of capital contribution or investment in GZ Zheng Da”. As such, subsequent to the re-organisation of Yuefang SoE from state-owned enterprise to privately owned company and renamed as Yuefang PE in early 2006, Yuefang PE attempted to apply for change of name of registered shareholder of GZ Zheng Da from Yuefang SoE to Yuefang PE but such application was declined by the Administration for Market Regulations unless Yuefang PE was able to provide evidence of capital contribution.

The relevant liquidation laws and regulations require the liquidation applicant to demonstrate its proven equity interest in the company appellee at the court. Yuefang PE, which is not yet a registered shareholder or a beneficial equity shareholder of GZ Zheng Da, has no right to plead the Liquidation Petition against GZ Zheng Da in 2009 as well as plead an appeal in 2021.

(3) The Liquidation Petition has been subject to undue judicial process

The relevant liquidation laws and regulations stipulate that the court (i) should ascertain if a liquidation petition fulfills the two aforesaid *pre-requisites*; and (ii) should summon all interested parties (including major shareholders) for hearing before acceptance of the petition (受理申請), and (iii) the court should decline the liquidation petition if (a) the pre-requisites are in doubt or without prior adjuration submitted by the petitioner; or (b) the interested parties raise objection to the liquidation petition with reasonable grounds.

As elaborated in the above section, that was not the case for GZ Zheng Da. GZ Zheng Da was not summoned by the court for attending the pre-liquidation hearing.

(4) No Rulings of Grant (受理裁定) for the Liquidation Petition

The relevant liquidation laws and regulations stipulate that (i) a ruling on “grant or dismissal” (受理或駁回裁定) should be made once a liquidation petition is accepted by the court; and (ii) a “ruling of grant (受理裁定)” should be made prior to the grant of decision of appointing liquidator (指定清算組決定).

Apparently there were no “rulings of grant (受理裁定)” when both the Liquidator and the New Liquidator were appointed by the court in 2011 and 2023, respectively.

(5) Plead for the Liquidation Petition Dismissal

Given the case is apparently “decided on mistaken and unfair basis (不公錯案)”, both GZ Zheng Da and HK Zheng Da are optimistic and would use their best endeavours to plead to the courts for granting “dismissal of liquidation petition (駁回清算申請)” by law again as soon as practicable.

(6) Preservation of HK Zheng Da’s rights in GZ Zheng Da

According to the relevant liquidation laws and regulations, residual assets of a company shall be distributed to shareholders pro rata to their respective capital contribution and such distribution plan proposed by the liquidator under liquidation shall be approved by its shareholders prior to adoption by the court. Given HK Zheng Da holds 100% equity interest in GZ Zheng Da, the Group is confident that HK Zheng Da is capable to preserve their rights in GZ Zheng Da *if liquidation proceeds*.

Actions Taken in Response to the Liquidation Petition

The Group had taken the following actions in response to the Liquidation Petition:

- (i) GZ Zheng Da has repeatedly filed complaints and petitions (信訪) to the Guangdong Court and the Guangzhou Court about the prejudiced legal procedures against GZ Zheng Da in the past years. The latest petition was made in August 2025.
 - (ii) In April 2024, HK Zheng Da, which held 100% equity interest in GZ Zheng Da, filed a writ at the Guangzhou Court to the effect, inter alia, that:
 - (a) to ascertain if 廣州市越秀國有資產經營有限公司 (“Yuexiu SoE”) (the vendor of Yuefang SoE) retains Yuefang SoE’s interest in GZ Zheng Da as a state-owned asset by law and if the *jural nexus* (法律關係) between Yuexiu SoE (the first defendant) and HK Zheng Da (the plaintiff) in the co-operative joint venture of GZ Zheng Da does substantiate; and
 - (b) to ascertain if the *jural nexus* between HK Zheng Da and Yuefang PE (the second defendant) in the co-operative joint venture of GZ Zheng Da does not substantiate.
- In September 2024, the Guangzhou Court dismissed the pleads made by HK Zheng Da. HK Zheng Da made an appeal with the Guangdong Court thereafter as permissible by law. The case was not yet heard to-date.
- (iii) Both GZ Zheng Da and HK Zheng Da confirmed with the Company that they would use their best endeavours to preserve their respective legal rights when the New Liquidator approached them. Up to to-date, there was no dialogue between GZ Zheng Da and the New Liquidator.
 - (iv) Both GZ Zheng Da and HK Zheng Da had taken other administrative and practical actions to solve the said deadlock and such actions were on good track.

MATERIAL ACQUISITION UPDATE

The Group was engaged in a material acquisition, details of which were disclosed in the Annual Report 2024. Latest development of the Acquisition (as defined in the Annual Report 2024) since 24 June 2024, the date of the Company's announcement pertaining to the previous extension agreement is summarised below.

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

MATERIAL LITIGATION

Following the derecognition of GZ Zheng Da from the Group in May 2023, and except for the litigation disclosed in the section headed "Actions Taken in Response to the Liquidation Petition" above, the Group did not engage in new litigation or had litigation outstanding during the year ended 31 December 2025 (2024: Nil).

PROSPECT

The year 2026 marks the starting point of the "15th Five-Year Plan" of China. According to the "Government Working Report" delivered by the Chinese Premier Li Qiang this early month, China's real estate industry has officially established the core goal of "striving to stabilize the real estate market", and fully migrated to a high quality development phase characterized by "inventory revitalization, quality improvement, sustainable and effective construction". Both official reports and authoritative interpretations indicate that the focus of real estate industry in China policy has shifted from acute risk decoupling to the new systematic construction and development model which pinpoints turnaround for the industry.

At the macro level, the Chinese national policy employs a combination of measures of “controlling bulk volume, reducing inventory, and optimizing supply with fine tuning to adapt local conditions”, which aims to digest inventory as well as to fill up shortfall in the market. On the demand side, the nation demonstrates application of precise policy and highly integrates commodity property policies with social development strategies. On this cornerstone, the real estate industry will comprehensively migrate to quality upgrades, including progressively promoting “quality properties” and implementing quality upgrade of commodity properties. This will signify a profound transformation of the industry’s practices from economy of scale expansion to quality commodity property market. In terms of risk management, the national policy demands a new construction model with intensive integration of the elements of “people, property, land, and capital” and motivates a closed loop economy in the long term.

Aligning with these macro trends, the Group will actively seek policy support from Chinese local governments in areas such as land replacement, urban re-development, environmental friendly and novel technologies, and persistently input novel technologies and environmental friendly concepts in real estate development with an objective of transforming policy bonus to corporate development momentum. On the investment front, the Group will adhere to focus and refocus strategy, strictly adapt the re-development principles of “good cities, good locations, good designs”. By strictly adhering to “market-oriented investment” and maintaining bottom line profit principles, the Group will resolutely avoid those redevelopment projects without market demand. This approach couples closely with the national macro policies on de-risk precaution and “optimizing supply”. In terms of products, the Group will comprehensively benchmark to the industry’s best practices, continuously enhance cost control, refine management capabilities, and uninterruptedly build up comprehensive competitiveness that can surpass product life cycles. Through these concrete actions and firm determination the Group will transform those macro policy guidelines into high-quality corporate development.

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

The real estate market in China continues to face challenges with inventory oversupply and weak demand, which are expected to persist for at least another two to three years before turnaround. In light of this and coupled with ongoing unresolved liquidation disputes, the timeline for the redevelopment project in the Yuexiu District, Guangzhou will be extended by one year. Full-scale construction is anticipated to commence in late 2027, aiming for the completion of the first phase by the fourth quarter of 2029, as a tribute to the 80th anniversary of the National Day.

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

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

The outline of China's "15th Five-Year Plan" explicitly includes the development of North Metropolis of Hong Kong which earmarks that the development of North Metropolis will be upgraded to national strategic level and become a key platform for Hong Kong-Shenzhen co-operation and high calibre development of the Greater Bay of Guangdong-Hong Kong-Macau. The Plan aims to transform the North Metropolis to an international novel technological centre and financial hub, and migrate to the development network of the national "15th Five-Year Plan". The Directors fully support the Hong Kong Administration to develop the North Metropolis comprehensively and full speedily.

On this occasion, the Directors pay tribute to the 90th anniversary of victory of the Red Army's Long March.

CORPORATE GOVERNANCE PRACTICES

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company had adopted the Model Code set out in Appendix C3 to the Listing Rules as its code of conduct regarding securities transactions by its directors. Having made specific enquiry to the Directors, the Company confirmed that the Directors had complied with required standards set out in the Model Code throughout the accounting period covered by the annual report.

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

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

SCOPE OF WORK OF THE COMPANY'S AUDITOR IN RESPECT OF THE PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's consolidated results for the year ended 31 December 2025 as set out in this preliminary announcement have been agreed by the Company's independent auditor, Messrs. Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Messrs. Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by Messrs. Ernst & Young on this preliminary announcement.

AUDIT COMMITTEE

The Annual Results has been reviewed by the Audit Committee.

DISCLOSURE OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

This annual results announcement is published on the Company's website (<https://www.irasia.com/listco/hk/zhonghua>) and the Stock Exchange's website (<http://www.hkexnews.hk>). The annual report of the Group for the year ended 31 December 2025 containing all information as required by the Listing Rules will be despatched to the shareholders of the Company as well as released on the aforesaid websites as soon as practicable.

By Order of the Board
Ho Kam Hung
Executive Director

Hong Kong, 30 March 2026

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